



MANAGEMENT  
COMMITTEE  
Revised Kyoto Convention  
-  
20<sup>th</sup> Meeting  
-  
17 – 18 June 2019

PO0122E1b

Brussels, 11 June 2019.

**WGRKC PROGRESS REPORT**  
**(Item III on the Agenda)**

**I. Introduction**

1. Recognizing the need to ensure that the RKC remains the blueprint for modern and efficient Customs procedures in the 21<sup>st</sup> Century, as well as taking into consideration the rapid evolution of the trade environment since the entry into force of the RKC in 2006, the June 2018 Policy Commission and Council sessions approved the setting up of the Working Group on the comprehensive review of the RKC (WGRKC), based on recommendations made by the RKC Management Committee (RKC/MC).
2. Since September 2018, the WGRKC has held five meetings and has intensively discussed proposals concerning the RKC – Body, General Annex (GA) and Specific Annexes (SAs) – submitted by Members and external stakeholders, as well as explored various options on a number of horizontal issues, such as the “future proofing” of the Convention and the introduction of a robust mechanism for implementation and monitoring.
3. In addition, as the Secretariat estimated the comprehensive review would require three technical staff for a period of three years based on the previous revision of the Kyoto Convention and approved by the June 2018 Policy Commission and Council, the Secretariat hired two temporary staff and reallocated one existing WCO Technical Officer to support the task of WGRKC.
4. The purpose of this document is to submit the WGRKC progress report concerning the comprehensive review of the RKC as set out in Annex to this document.

**II. Discussions in the WGRKC**

5. At its 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> Meetings, the WGRKC discussed 107 proposals submitted by seventeen Members, namely Australia (AU), Bhutan (BT), Brazil (BR), China (CN), Cuba (CU), Egypt (EG), the European Union (EU), Japan (JP), Haiti (HT), India (IN), Morocco (MA), Myanmar (MM), New Zealand (NZ), Peru (PE), Philippines (PH), South Africa (ZA), Thailand (TH) and Uruguay (UY). and the WGRKC categorized the proposals in the following tracks :
  - Track A – general agreement: the proponent, together with other interested Members, develops a detailed component-based proposal where possible;

- Track B – no agreement, and proposal is put on hold; the proponent is asked to provide further information;
  - Track C - no agreement, and proposal is regarded as a non-active proposal until further information is shared; or
  - Track D – general agreement to develop text-based proposals.
6. During the WGRKC meetings, the Secretariat was asked to provide written inputs based on its experience and expertise. The inputs from the Secretariat were provided for information purposes only and were discussed together with Members' proposals and the recommendations from Virtual Working Group set up by the 14<sup>th</sup> RKC/MC in 2015 (Doc. PO0095E).
7. In accordance with a decision taken by the WGRKC, the Secretariat has also asked external stakeholders to provide inputs for the review of the RKC. The Secretariat has received 22 proposals submitted by Global Express Association, UN OCHA, IFRC, ITC and UNCTAD etc. These proposals were discussed exclusively during the Stakeholder session held on 6 June 2019 during the 5<sup>th</sup> WGRKC Meeting.
8. Furthermore, during the intensive discussions, delegates raised several essential issues requiring in-depth discussion, including:
- the importance of the RKC's role of promoting modern and efficient Customs procedures, while addressing the need to maintain the right balance between facilitating trade and ensuring security;
  - the significance and strengths of the binding nature of the RKC, recognizing the need for an embedded and periodic review mechanism;
  - the need for a robust implementation mechanism, supported by technical assistance and capacity building, utilizing the WCO's expertise;
  - the necessary move away from a traditional, paper-based declaration system to reflect the extensive use of electronic data submission, throughout Customs procedures as a whole, considering examples of data pipeline concepts and the use of advanced technologies such as blockchain and artificial intelligence; and
  - low acceptance of the Specific Annexes (ranging from 22 to 40 acceptances per SA) despite a significant increase in the number of CPs (standing at 118 in May 2019).
9. As a result of the discussions, the WGRKC agreed to earmark certain proposals (e.g. periodical review mechanism, monitoring, Advance Cargo Information, Authorized Economic Operator, Data issues, Perishable goods, Customs' role in security, Free Zones, Rules of Origin, and passenger control) for further development as joint proposals by several sponsoring Members. In addition, the Group agreed on moving the proposals to the next phase; an indication that a proposal should move towards the phase of text –based proposals, in light of its maturity.
10. This progress report contains all the proposals provisionally agreed by the WGRKC from its 2<sup>nd</sup> to 5<sup>th</sup> Meetings as Track A or Track D; each proposal being accompanied by components and/or texts to be further discussed and/or fine-tuned in the Meetings of the WGRKC. The proposals for which no consensus has been reached by the WGRKC are not placed in the progress report this time and the WGRKC will continue discussing those immature proposals with further information from the proponents in the future.

**III. The way forward**

11. Based on the Terms of Reference of the WGRKC approved by the June 2018 Policy Commission and Council, in undertaking the comprehensive review, the WGRKC needs to propose changes to the RKC in accordance with its findings. The outcome of the WGRKC should be approved by the RKC/MC in financial year 2020/2021.
12. In addition, at 18<sup>th</sup> RKC/MC, the Chairperson of RKC/MC explained that the comprehensive review process meant to examine each article of the RKC, then to come up with the need for revision, where required, and to recommend related draft text for the RKC/MC's consideration and decision, as appropriate (PO0109E1).
13. Thus, recognizing that the exercise on gaps and needs analysis based on Members' proposals, from conceptual bases with detailed components/elements, has been conducted intensively, the WGRKC will move on to the next phase, i.e., discussing text based proposals to reflect and capture provisionally agreed concepts/ components as changes to the RKC. The final WGRKC recommendation, with recommended text proposals as changes to the RKC, should be agreed by the RKC/MC by June 2021.

**IV. Action required**

14. The RKC/MC is invited to consider, and approve the progress report in the Annex.

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## WGRKC Progress Report (as of 7<sup>th</sup> June 2019)

### Concept No.1: Future proofing

<b>Current references to the RKC and related instruments/tools etc.</b>
<ul style="list-style-type: none"><li>- Article 6.5 (e) and 15.2 of the Body to the RKC</li></ul>
<b>Proposals</b>
<p><b>Sponsoring Members: JP</b> <b>Related proposals: No. 1/No.1C (Periodical review mechanism) - Track D</b></p> <ul style="list-style-type: none"><li>- While the frequent update may maintain the Convention always new, it may lack predictability for countries in the process of the acceptance of the RKC. Therefore, it seems ideal to establish a periodical review cycle which will enable us to maintain the RKC up-to-date without hindering the participation of new Contracting Parties (CPs).</li><li>- It is considered that the most appropriate way to establish a periodical review cycle is the establishment of such mechanism by the consensus of the CPs of the RKC.</li><li>- This way would swiftly realize the establishment of the mechanism of such review cycle than by the amendment of the Body to the RKC.</li></ul>
<b>Components to be included</b>
<p><u>Component 1: Establishment of the every-5-year periodical review cycle</u></p> <ul style="list-style-type: none"><li>- Introduction of 5 year periodical review cycle by consensus among the CPs as implemented in the HS Convention.</li><li>- This could realize maintaining the RKC up-to-date coping with the emerging issues not hindering the participation of new CPs, and respond to the national requirement of each CP in a timely manner. (It seems not appropriate to amend the body because it will consume considerable time.)</li></ul> <p><u>Component 2: The body responsible for the review</u></p> <ul style="list-style-type: none"><li>- The RKC/MC is the responsible body where the review process is carried out.</li><li>- [Rationale] A review working group could be established. However, this could create additional work which might not be necessary and not be directly linked to substantial points of the review. Because, the new review working group entails following affairs: the deliberation and then adoption of ToR, the selection of chair and moderator, the formulation of recommendation to the RKC/MC, etc. Besides, the amendments of the RKC is a task of the RKC/MC (Article 6.5 of the Body). Furthermore, according to the Body of the RKC and the ToR of RKC/MC, there is no limitation of the dates and frequency of RKC/MC. Hence, it seems rational for us to conduct the review work at the RKC/MC.</li></ul> <p><u>Component 3: Periodical review process</u></p> <ul style="list-style-type: none"><li>- Introduction of a periodical review process based on that of the HS Convention and the SAFE FoS. (see supplementary document to this proposal as a springboard for discussion. This supplementary annex has already contained establishing (a) communication procedure; (b) period for proposals and start of review; (c) entry into force that is stipulated in the Body to the RKC; and (d) management of objections. Although this annex is a springboard for discussion, rationales for (a) and (d) are provided as follows:)</li><li>-</li></ul> <p><u>Component 3-1: Communication procedure</u></p> <ul style="list-style-type: none"><li>- The Secretariat sends a letter to seek review proposals.</li><li>- [Rationale] Paragraph 6 of the ToR of RKC/MC stipulates the general administrative arrangements for the RKC/MC are the responsibility of the Secretary General.</li><li>-</li></ul> <p><u>Component 3-2: Management of objections</u></p> <ul style="list-style-type: none"><li>- As written article 15 of the Body, if an objection were lodged within 6 months, which is for GA and SAs, or 12 months, which is for the Body, after from the date of the communication of the recommendation of amendments, the amendments would not enter into force. If this happened, the amendments concerned will be sent to the next review cycle for further consideration.</li></ul>

- [Rationale] While the frequent update may maintain the Convention always new, it may lack predictability for countries in the process of the acceptance of the RKC.
- Therefore, it seems ideal to establish a periodical review cycle which will enable us to maintain the RKC up-to-date without hindering the participation of new CPs. In order to maintain a periodical review cycle, the amendments to which an objection issued need to be sent to the next review cycle.

Component 4: Scope of reviews

- Entire RKC.
- [Rationale] As conducted in HS, Members can propose amendments based on their findings.

**Text based proposal**

**RKC/MC' Decision No. X**

THE RKC/MC DECIDES as follows:

1. The RKC/MC shall carry out the periodical review process in order to maintain the RKC up-to-date coping with the emerging issues not hindering the participation of new Contracting Parties (CPs), and respond to the national requirement of each Contracting Parties in a timely manner;
2. The periodical review process shall be carried out every five years unless the RKC/MC decides otherwise; and
3. The following procedure shall apply whenever the RKC/MC carry out the periodical review process:
  - (a) Initiation of periodical review process:
    - the Secretariat sends a letter to seek review proposals (April of the first year);
    - the CPs Deadline for proposals from CPs (October of the first year); and
    - The Secretariat distributes all the proposals made by the CPs for consideration in the RKC/MC
  - (b) Discussion and agreement in the RKC/MC: The RKC/MC agrees the Recommendation for amendment (spring of the fourth year).
  - (c) Entry into force of the Convention:
    - In case that an objection is submitted, the amendment proposal concerned will be sent back to the RKC/MC for the next review process; or
    - In case that no objection is submitted, the revised Convention entry into force in Autumn of fourth year (for General Annex (GA) and Specific Annexes (SAs)).
  - (d) Implementation of GA & SAs by CPs:

Based on Article 13 of the RKC, time limit of implementation after the entry into force of GA, SA(s) and Chapters of SA(s) are:

    - 36 months for Standards in GA, SA or chapter(s) therein;
    - 60 months for Transitional Standards in GA; and
    - 36 months for Recommended Practices in SA(s) or Chapter(s) therein.

**Proposals**

**Sponsoring Members: EU**

**Related proposals: No.43 (EU) – Flexibility in adapting to new development – Track A**

Explanation:

-The EU acknowledges the importance of keeping the RKC a relevant and updated instrument to enhance modern Customs. Trade constantly changes and WCO should ensure that the reviewed Convention includes the appropriate level of flexibility to respond effectively to emerging challenges.

-There are different ways of so doing. One option could be making references to the main WCO tools and instruments, such as the SAFE Framework of Standards, in such a way that would ensure an 'automatic' update of the Convention when such WCO tools and instruments are being reviewed.

Rationale:

The constant evolution in global trade and the role of Customs in 21st century require that reviewed Convention include the appropriate level of flexibility to respond effectively to challenges.

Proposal:

Using a broader language during the drafting phase, which would ensure an 'automatic' update of the Convention when other WCO tools and instruments, such as the SAFE Framework of Standards, are being reviewed.

## Concept No. 2: Monitoring, Reporting and Evaluation (MRE)

### Concept Note<sup>1</sup>

Note1: This Concept Note is presented by the Moderator of Sub-Group 1 with a view to facilitate the discussions of Concept No. 2.

#### I. Background

The idea for establishing an MRE of the RKC mechanism has been previously supported by WCO Members. More specifically, during the 2012 December Policy Commission, WCO Members issued the "Kyoto Communiqué from the International Customs Community on the Revised Kyoto Convention and the Economic Competitiveness Package", declaring on paragraph 10 that:

"The Policy Commission considered that a system should be established to make it possible for countries to evaluate their level of compliance with the RKC standards."

Under the current framework of the comprehensive review of the RKC, the WCO working document containing the "Proposals and inputs for the Comprehensive Review of the RKC" include Concept No. 2 that refers to the Monitoring, Reporting and Evaluation (MRE) of the RKC. Under this Concept, delegations from Japan (JP), the European Union (EU) and New Zealand (NZ) have submitted proposals at the concept and component levels.

The three proposals coincide on the main objective that the monitoring on the implementation of the RKC should be strengthened, and that key performance indicators (KPI) should be developed for this purpose. However, the approaches to MRE are different, ranging from a mandatory to a voluntary basis mechanism, as well as from an all-Membership scope (individual assessment for each Contracting Party (CP)) to a limited-Membership-scope, primarily linked to capacity building activities.

Delegates have expressed different views during the RKCWG meetings, including some level of support for each of the three proposals currently on the table. The main arguments expressed by delegations in support of an MRE mechanism for the RKC are reflected in the WCO Secretariat's input (SE No. 1), namely:

- While it is stressed by many delegates on the importance of maintaining the binding nature of the RKC, the relevant notification/monitoring mechanism has not been in place to guarantee the proper implementation of the RKC provisions.
- Reporting, Monitoring and Evaluation of the RKC implementation is important to ensure the harmonized and effective implementation of the international standards provided by the WCO.
- If the RKC has adequate indicators to measure the level of implementation that is also very useful for Members to self-evaluation but also to know other Members implementation and practices. Robust implementation mechanism could include such indicators as monitoring tools.

With a view to identify Members' priorities and concerns that need to be addressed to make it feasible to establish of a mechanism for MRE of the RKC, key general questions for discussion are suggested. To provide further context to these discussions, key general assumptions are provided, based on elements that have been noted by a number of Members as reasonable basis for discussion.

The discussion around these questions should lead to a potential “landing zone” of concepts and components that could serve as a commonly agreed basis for the development of a draft proposal at a later stage.

## II. Key General Assumptions

- A. The methodology to follow for MRE would be the RKC Tool Kit, amended as necessary.
- B. MRE would be self-conducted.
- C. MRE will NOT represent a basis for sanctions, penalties or other actions similar nature.
- D. MRE is aimed for implementation at the individual country level. It is suggested that the discussion on the assessment of the Convention’s impact on global Customs practices will be treated separately within the context of Concept No. 1 “Future Proofing”.

## III. Questions for Discussion

- 1) What are the benefits of having an MRE for each individual RKC Contracting Party?
- 2) Are there any negative effects or potential pitfalls from implementing individual MRE systems – mandatory – for each RKC Contracting Party? If yes, what mechanisms can be put in place to address them?
- 3) Can the RKC MC take a decision under Art. 6.5 (e) to create a mandatory requirement for the establishment of an MRE mechanism that applies to all Contracting Parties?
- 4) Are there any areas in the RKC Tool Kit that require update/amendment, to make it more adequate for MRE purposes?
- 5) Should the MRE “exercise” be conducted only once by each RKC CP or should this be a periodic exercise? If periodic, what would be a reasonable period for review? Should the periodicity be defined by each CP or should there be a common period for review?
- 6) Should the WCO Secretariat be responsible to create a repository of the outcome of the MRE for each CP?
- 7) Should the outcome of MREs be made available for the public in general/Members website? If the outcome is to be made available, should this be the full report or only a summary of the report?
- 8) Should a mandate be given to a WCO body to discuss the outcome of CPs’ MRE report? If yes, which WCO body would be the most appropriate?
- 9) Should the WCO use the outcome reports of individual CPs’ MRE to identify areas for technical assistance for capacity building? Should the WCO be able to share these reports with partner international organisations for these same purposes?

### **Current references to the RKC and related instruments/tools etc.**

- Article 6.5 (e) and Article 15.2 of the body to the RKC
- RKC Tool kit
- ToR of the RKC/MC
- Kyoto communiqué issued by the Policy Commission in December 2012 (paragraph 10)
- SAFE FoS, Pillar 1, Standard 8
- Time Release Study Guidelines: The WCO Time Release Study (TRS) has been growing in importance internationally. The TRS was designed primarily to measure the time required to release goods and as a tool for identifying bottlenecks in border-related procedures.
- Customs benchmarking



- AEC: "Achieving Excellence in Customs (AEC)" survey was developed in this direction to collect key indicators across the membership that sought primarily to assess the status of implementation of WCO instruments and best practices.
- Maturity models can be used to facilitate the links between performance measurement (i.e. what to measure, how to measure and report the results) and management (i.e. how to use the measures to manage the performance of an organization)

### Rationales/Proposals

**Sponsoring Members: JP, EU, NZ**

**Related proposals: No. 3/No.3C (JP), No.44/No.44C (EU), No.68 (NZ) – Track A**

**Secretariat inputs: SEC No.1**

**[JP] (RME) (No. 3/No.3C)**

- The monitoring on the implantation of RKC among CPs should be strengthened.

**[EU] Peer review mechanism (No.44/No.44C)**

- A monitoring mechanism is important to ensure consistent and coherent implementation of the reviewed Convention.
- Monitoring is a process that could help improve performance and facilitate understanding of the causes of advanced and poor performance. Therefore, the EU recommends that a potential monitoring mechanism be linked with Performance Measurement and in particular with the outcome from the anticipated WCO Working Group.
- The necessity for a monitoring mechanism varies amongst the CPs; some being in greater need compared to others. Monitoring methods may also vary considerably.
- The EU recommends that an optional self-assessment monitoring method be provided in the new instrument. Capacity Building activities should also be linked to a monitoring exercise.

**[NZ] Reporting, Monitoring and Evaluation (RME) (No. 68)**

- It is proposed that RME should address review of implementation at the individual country level as well as of the Convention's impact on global Customs practices, and that such a provision should be included in the body of the Convention.

**[Secretariat] Reporting, Monitoring and Evaluation (RME) (SE no.1)**

- While it is stressed by many delegates on the importance of maintaining the binding nature of the RKC, the relevant notification/monitoring mechanism has not been in place to guarantee the proper implementation of the RKC provisions.
- Reporting, Monitoring and Evaluation of the RKC implementation is important to ensure the harmonized and effective implementation of the international standards provided by the WCO.

### Components to be included

**Component 1: Objectives of the monitoring mechanism**

[EU]

- To support Contracting Parties (CPs) in their assurance that they have fully and correctly comprehended and/or implemented the Convention.
- Increase transparency of and coherency in the RKC implementation and incentivize CPs to ensure correct and full implementation of the Convention.
- An optional self-assessment could be conducted by CPs who wish to improve their level of RKC implementation.
- Capacity Building activities should be linked to this exercise.
- Sanctions and/or penalties are excluded as the outcome of a monitoring exercise.

**Component 2: Self-monitoring and evaluation tool**

[JP]

- The utilization of the RKC tool kit (which needs to be reviewed in conformity with the result of the current review of the RKC.)
- [Rationale] Since the RKC tool kit is a comprehensive check sheet to monitor the level of implementation of each Standards, etc., if Contracting Parties (CPs) conduct a self-monitoring by the utilization of the RKC tool Kit, this exercise presents CPs with a clear and detailed picture of the level of implementation and rooms for improvements. The RKC tool kit also contains the utilization of TRS for GA 3.40. In addition, the self-monitoring with the RKC tool kit is also quite useful for non CPs, since this exercise clearly shows what non CPs have to do to accede to the RKC.

**Component 3: Tools for monitoring/evaluation**

[EU]

- CPs are encouraged to use tools, such as the Time Release Study and/or potential national systems, to measure their performance.
- The reviewed instrument should include General principles upon which performance measurement tools could be developed and applied to avoid duplication of efforts.

**Component 4: Monitoring and a peer review process**

[JP]

- Mentoring and a peer review process (\*further developed at the later stage (Secretariat or another Member))
  1. Addition of a new provision on monitoring mechanism to the ToR of RKC/MC;
  2. Introduction of a monitoring process as below:
    - (1) The implementation of self-monitoring by the utilization of the RKC tool kit;
    - (2) Submission of the result of self-monitoring to the Secretariat. Then the Secretariat compiles a summary report; and
    - (3) Sharing of the result of self-monitoring among the Contracting Parties in the RKC/MC at every Spring session, which is like a peer review process that has been implemented in the APEC Individual Action Plan (IAP);
  3. Addition a Standard on monitoring to the Chapter 1 of the GA, if necessary; and
  4. Addition a Standard on monitoring to each SA. However, since the acceptance of SA is voluntary and based on the initiative of each CP, the necessity to strengthen the monitoring mechanism for the implementation of the SAs needs sufficient discussion at the future WGRKC.
  5. Utilisation of staff of the Capacity Building Directorate, who have expertise in diagnostic, for the compilation of the abovementioned summary report. Since the RKC itself needs expertise, it seems necessary for staff of the Capacity Building Directorate to take the qualification for the WCO accredited expert for the RKC.

P.S. Future discussion at the Working Group on performance measurement could refine the abovementioned process in the course of two years, by June 2021.

[NZ]

- The RME of the RKC should be conducted in stages:
  - Measuring the performance of standards and recommended practices by individual countries. This is equivalent to the current WTO Trade Policy Review Mechanism and the APEC Peer Review mechanism. There are some proposals that address this method.
  - Additionally, it is also important to measure the performance of RKC standards and recommended practices themselves. In other words, how well they have contributed to the simplification and harmonisation of customs procedures as a whole. This would be similar to the periodic review of the HS.

**Concept No. 3: Structure**

Current references to the RKC and related instruments/tools etc.
Proposals
<p><b>Sponsoring Members: EU, CH</b> <b>Related proposals: No.45 (EU): Reduction of SAs – Track A</b></p> <ul style="list-style-type: none"><li>- A reduction in SAs by bringing the relevant standards to the level of the GA. At the moment, due to the number of SAs, one of the major goals of the RKC, global harmonisation of Customs procedures</li></ul>

falls short. By moving more standards to the GA, the global harmonisation will improve significantly. This will be beneficial for traders, especially small and medium sized enterprises that do not have the capability to investigate and adjust their procedures to individual markets.

## Concept No. 6: Enrichment of Definitions

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"> <li>- Chapter 2 of GA to the RKC</li> <li>- Each SA to the RKC</li> </ul>
Proposals
<p><b>Sponsoring Members: JP</b>  <b>Related proposals: No.28(JP), No.38 (JP): Enrichment of definitions – Track A</b></p> <p><u>Rational</u></p> <ul style="list-style-type: none"> <li>- The definitions of RKC serve as a world-wide definitions of terms related to Customs. Hence, the enrichment of them contributes to facilitating negotiations of Customs procedure chapters in Free Trade Agreements (FTAs) and Customs Mutual Cooperation Agreements.</li> </ul> <p><u>Proposal</u></p> <ul style="list-style-type: none"> <li>- The enrichment of definitions is worth exploring and elaborating at future WGRKC.</li> </ul>

## Concept No. 7: Data Issues

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"> <li>- Chapter 6 of the GA to the RKC</li> <li>- Chapter 1 of SA E to the RKC</li> <li>- Chapter 3 (Standard 3.12) of the GA to the RKC</li> <li>- Chapter 7 of the GA to the RKC</li> <li>- WCO Council Recommendation on the use of the WCO Data Model</li> <li>- WCO Council Recommendation on the dematerialization of the supporting document</li> <li>- WCO Council Recommendation on the guiding principle for data quality</li> <li>- (Draft) WCO Data Model Business Guide</li> </ul>
Proposals
<p><b>Joint proposal No.7 – Track D</b>  <b>Sponsoring Members: EU</b>  <b>Related proposals: No.46, No.47, No.48, No.49, No.57 (EU): Data Issues, information sharing and related use of technology<sup>1</sup></b>  <b>Secretariat Input: SEC No.10</b>  <b>VWG2015: V2.5 (Use of modern tools and technology to support Customs processes)</b></p> <p><small>Note1: <sup>1</sup> This is an initial proposal that contains components and concepts that still would need to be translated into legal language. The degree of commitment of the proposed provisions would still need to be determined at a later stage.</small></p>
Components to be included
<p><b>Component 1 Flexibility in declaring/acquiring data for Customs processes/procedures</b></p> <ul style="list-style-type: none"> <li>- Customs authorities should endeavour to pull data from the Economic Operator to provide more simplifications and increase efficiency. The Economic Operator is responsible for pushing this data to Customs.</li> <li>- Customs authorities should be able to acquire post clearance data on a periodic basis.</li> <li>- Customs authorities should endeavour to acquire data from other Cross Border Regulatory Agencies via the Single Window environment. Re-use of data should be enabled where possible, instead of requesting it repeatedly from economic operators.</li> </ul> <p><b>Component 2 Data quality</b></p> <p><u>Data sources</u></p> <ul style="list-style-type: none"> <li>- Customs authorities should be able to acquire data from a wide range of sources, economic</li> </ul>

operators other than the declarant, logistic operators and traders such as e-platforms, vendors, intermediaries etc.

**Timing**

- Customs authorities should be encouraged to acquire data at the earliest possible stage in the supply chain process.

**Component 3 Interoperability**

- CPs shall use international accepted standards for data modelling, such as the WCO Data Model and UN/CEFACT.
- CPs shall endeavour to align these international standards so as to make them interoperable.
- CPs shall use standard messages formats, such as XML, EDIFACT.

**Component 4 Use of advance technology to support Customs processes**

- Customs should provide for an enabling framework to allow Customs authorities to access, use and share information as necessary for Customs processes while evolving with advancements in technology (e.g. e-seals and other smart security devices, blockchain, etc).

**Component 5 Global cooperation on exchange of information and re-use of data**

- Customs shall exchange knowledge and experiences regarding data and information management and related technologies. As appropriate, they may identify and work cooperatively on, common information needs related e.g. to global trends and emerging risks in supply chains.
- Customs may cooperate on mutually agreed terms to enhanced exchange of information, re-use of data and/or access to relevant data sources, as appropriate, for the purposes of the smooth functioning of Customs daily operations and general risk management.

**Concept No. 8: Electronic Declarations**

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"> <li>- RKC Body (Appendix I, Preamble, 5th paragraph, 4th bullet point)</li> <li>-</li> </ul>
Proposals
<p><b>Sponsoring Members: EU, CH</b>  <b>Related proposals: No.51 (EU): Electronic declarations and placing goods under a Customs procedure – Track A</b></p>
Components to be included
<p>Given the global change and transformation to electronic ICT processes where declarations and other transactions are electronically exchanged and processed between trade and Customs throughout the entire supply chain, the norm of the RKC can no longer rest on a paper-based system where notably the electronic exchange is currently only reflected in the margins. In order to simplify and harmonise Customs declarations and procedures the general application need to reflect the current environment where Customs and trade operate. Hence it should be clearly stated throughout the RKC is based on the use of information technology.</p> <p><b>1) <u>RKC Body (Appendix I, Preamble, 5th paragraph, 4th bullet point)</u></b></p> <ul style="list-style-type: none"> <li>- Proposed text:</li> </ul> <p><i>“The adoption of modern techniques such as risk management and audit-based controls, and the <u>maximum practicable use of information technology in order to create a simple and paperless environment for Customs and trade.</u>”</i></p> <p><b>2) <u>General Annex, Chapter 2, Definitions, E19/F8 Goods declaration</u></b></p> <ul style="list-style-type: none"> <li>- Proposed text:</li> </ul>

*"Means an **electronic** statement in the agreed format prescribed by the Customs, by which the persons concerned indicate the Customs procedure to be applied to the goods and furnish the particulars which the Customs require for its application. "*

**3) General Annex, Chapter 3.11, 2<sup>nd</sup> para.**

- Proposed text:

*~~"For automated Customs clearance processes, The format of the electronically lodged Goods declaration shall be based on international standards for electronic information exchange as prescribed in the Customs Co-operation Council Recommendations on information technology."~~*

**4) General Annex, Chapter 3.16**

- Unless accompanying paper documents are required based on risk management techniques it is critical that no accompanying documents are required on regular base to hinder the simplification and facilitation effect electronic lodgement of declarations imply.
- Proposed text:

*~~"In support of the Goods declaration the Customs shall require only those documents necessary to permit control of the operation and to ensure that all requirements relating to the application of Customs law have been complied with. **Unless required for risk management, Customs shall allow accompanying documents to be kept at the premises of the trader.**"~~*

**5) General Annex, Chapter 3.20**

- Proposed text:

*~~"The Customs shall permit the lodging of the Goods declaration at any designated Customs office. **The Goods declaration shall be lodged at any designated Customs office.**"~~*

**6) General Annex, Chapter 3.21**

- This article is to be deleted due to its redundancy as the lodging of Goods declaration by electronic means is the norm.
- Consider deleting the entire article.

**7) General Annex, Chapter 3.22**

- As a consequence of the use of electronic systems, the need for designating specific hours for lodging of the declarations should be further explored.
- Consider deleting the entire article.

**8) General Annex, Chapter 3.41**

- Proposed text:

*"If the Customs are satisfied that the declarant will subsequently accomplish all the formalities in respect of clearance the shall release the goods, provided that the declarant produces a ~~commercial or official document~~ **simplified declaration** giving the main particulars of the consignment concerned and acceptable to the Customs, and that security, where required, has been furnished to ensure collection of any applicable duties and taxes."*

**9) Chapter 7 (Application of Information Technology), General Annex**

- Given the fundamental change the electronic processes and declarations imply it is of paramount importance that the entire RKC reflects the electronic process as the norm throughout the convention.
- Delete the entire chapter.

**10) General Annex, Chapter 3.11, 1st para.**

- This paragraph is to be deleted due to its redundancy.

~~“The contents of the Goods declaration shall be prescribed by the Customs. The paper format of the Goods declaration shall conform to the UN-layout key.”~~

## Concept No. 9: Advance Cargo Declaration

### Current references to the RKC and related instruments/tools etc.

- Chapter 1 of SA A to the RKC
- Chapter 6 of GA to the RKC
- 2.1.3. Submission of data and Standard 2.6 of SAFE Pillar 1
- WTO TFA 7.1 Release and Clearance of Goods
- Standard 1 of E-Commerce FoS

### Proposals

#### **Joint proposal No.9 – Track A**

**Sponsoring Members: JP, TH**

**Related proposals: No. 13/No.13C (JP), No.14 (TH)**

**Secretariat Input: SEC No.11**

[JP] *No.13 (JP)*

- Through the future work at the WGRKC, it seems appropriate to make the RKC consistent with the SAFE Framework of Standards in terms of the utilization of advance information on air cargo.
- At the same time, it is adequate to establish new standards in GA on the cooperation between Customs administrations and express shipment operators etc., for the utilization of information retained by such operators.

[TH] *No.14 (TH)*:

- Need to elaborate or add submission of import documentation and other information prior to arrival of goods to the GA (build upon Article 7 Paragraph 1 to the TFA).

### Components to be included

#### Component 1: Acquisition of advanced information (GA)

- Authorization of Customs administrations requiring the submission of the advanced information from relevant parties in the supply chain: importer/exporter, carrier, freight forwarder, express shipment operators, etc.
- In addition, in requiring the submission of the data, specification of the party to submit, required method and timeframes of transmissions of the data to enhance transparency of the Customs requirements are also needed.

Note: [Secretariat input] the submission Advance Cargo Declaration

1. For Security purpose: (data elements: minimum)

- Customs at import country receive the ACD from the carrier or his/her agent etc; For maritime containerized shipments: timing could be prior to loading; for other modes and shipments: prior to the arrival of the means of transport.

Note: The use of these data for the non-security purpose can also be discussed.

+ For Air cargo security purpose:

- Any entities such as the carrier, freight forwarder, integrator, postal operator or their agent in the air cargo supply chain may submit small number of data elements to the Customs and the cargo security authorities

#### Component 2: Data set (GA/ RKC Guideline)

- Necessary data set that the Customs Administrations require from relevant parties to submit in advance (This is related to Component 1) should be mentioned in GA.
- Examples of the data element could be listed in the RKC Guideline referring to the SAFE Framework of Standards.

Component 3: Data accuracy (GA)

- Measures including continuous consultation with the stakeholders to ensure the data quality of the information are accurate and authentic.

**Concept No. 11: Authorized Economic Operator (AEO)**

**Current references to the RKC and related instruments/tools etc.**

- Chapter 3, General Annex to the RKC– Transitional Standard 3.32 - Special procedures for authorised persons (Chapter 3)
- WCO SAFE FoS - Pillar 1 – Customs-to-Customs, Pillar 2 Customs-to-Business, Chapter VII Mutual recognition
- Other WCO Tools and Instruments such as AEO Compendium and Risk Management Compendium.
- Article 7.7 to the WTO TFA

**Proposals**

**Joint Proposal No.11 – Track A**

**Sponsoring Members: AU, EU, IN**

**Related proposals: BR/AU No.16/No.16C, IN No.76C, ZA No.53, EU No.54, No.55**

**VWG 2015: V1.2, V1.4, V4.2**

**Components to be included**

**Component 1: AEO Partnership programs**

- Customs administrations will endeavor to work cooperatively with AEOs to maximize security and facilitation of international trade moving across borders. To that effect, Customs will establish or maintain AEO partnership programs.
- AEOs operate in partnership with Government to support trade facilitation. The partnerships seek to improve two-way communication between businesses and Customs administrations to provide regular updates and to promote innovative approaches for streamlined clearance processes and enhanced security practices.
- The partnership may involve cooperation and information exchange beyond applicable minimum regulatory requirements, for example possible exchange of structured customs import, export and transit declaration data to facilitate the trade while enabling necessary risk management and controls based on the exchanged data. Customs authorities cooperate with other relevant authorities in the implementation of the program.
- Information on the AEO program shall be publicly available, covering the application criteria and conditions and the application process, including applicable appeal procedures. Customs administrations shall also provide, as appropriate, information and educational opportunities to explain how the AEO program works and is implemented.
- Members may offer trade facilitation measures through customs procedures generally available to all operators and is not required to establish a separate scheme. Customs administrations should be able to continue to offer special procedures for authorised persons, e.g. based on the current RKC Standard 3.32, alternatively or in addition to AEO programs.

**Component 2: AEO Criteria and conditions covering Compliance and Security**

- The use of common criteria and conditions should facilitate agreements among Parties or their customs authorities on possible mutual recognition of AEO validations and authorizations and recognition of AEO status for risk management and control purposes. The criteria should help ensuring that AEOs are demonstrating compliance with customs and other related laws and regulations.
- The AEO program shall set out the criteria that traders must fulfill in order to become accredited as an AEO. The criteria shall include:
  - a demonstrated record of compliance with customs and other related laws and regulations;
  - an appropriate system of managing commercial and transport records allowing for necessary internal controls;
  - financial viability;
  - appropriate professional qualifications and competencies related to the activities carried out;
 and



- application of appropriate security and safety standards, including security of premises, information systems, personnel and trading partners.

### **Component 3: AEO Benefits**

- AEO programs shall provide benefits to the AEOs meeting the specified criteria. The arrangements, specific benefits and facilitation measures should be determined by Customs. At the discretion of each member state possible expansions of benefits could be made possible through the assessment of relevant corresponding trade compliance conditions.
- As appropriate benefits may include:
  - low rate of physical inspections and examinations as appropriate;
  - prior notification in case of selection for physical or other Customs control;
  - priority treatment if selected for control;
  - rapid release time as appropriate;
  - deferred payment of duties, taxes, fees and charges;
  - use of comprehensive guarantees or reduced guarantees;
  - a single customs declaration for all imports or exports in a given period; and
  - clearance of goods at the premises of the Authorised Economic Operator or another place authorised by Customs.

### **Component 4: Authorization and validation process for AEOs**

- AEO programs define the application and authorization process to grant AEO status. Self-assessment by applicants prior to formal application shall be encouraged. Customs shall verify that applicants meet the specified criteria, including by examination of historic trading documents and verifications at the premises of the applicant. Once AEO status is granted, it shall be subject to regular monitoring by Customs authorities.
- AEOs need to perform continuous self-monitoring and, where applicable, adjust their internal policies and procedures to prevent non-compliance and maintain the integrity of the supply chain. AEOs must notify customs authorities of any changes in circumstances, incidents or risks that affect their AEO status.
- When significant irregularities are found undermining ongoing credibility, such entities are to be removed from the AEO program for risk management purposes.

### **Component 5: Technology**

- AEO Programs will seek to work with business to exploit leading edge technology.
- Consider referencing SAFE FoS standards relevant to Standard 3.32 in the GA.

### **Component 6: Trusted Trade Lanes**

- Customs authorities' cooperation may extend to facilitate highly compliant and secure trade flows through cross-border trusted trade lanes. Customs authorities may cooperate on mutually agreed terms to establish such trade lanes and determine the relevant operational arrangements.
- This may involve possible exchange of structured Customs import, export and transit declaration data as necessary for risk management and possible mutual recognition of control results, such as resulting from physical inspections of cargoes.

### **Component 7: AEO –Mutual recognition arrangements/agreements (MRAs)**

- MRAs contribute to ensuring secured movement of goods and smooth flow of international trade through the entire supply chain. Customs may establish mutual recognition arrangements/agreements to recognise equivalence of their AEO programmes and accord reciprocal benefits to their respective AEOs. Such reciprocal benefits should include taking AEO-status favourably into account to reduce physical inspections and possible other benefits.
- Mutual recognition arrangements/agreements provide for joint validations, monitoring, data and information exchange, reporting of control findings or trade non-compliances, as appropriate. Where the MRA participants agree, the MRA may cover further cooperation and facilitation measures to streamline processes and enhance predictability of trade flows at the respective borders involving AEOs.

### **Component 8: Cooperation**

- Cooperation and exchange of knowledge and experiences between customs administrations is important to support the growth of AEO programs globally, whilst ensuring a coherent implementation of AEO programs, assisting members in articulating benefits and adjustments to evolving safety and security standards in a balanced approach to customs controls and trade facilitation.



- Customs administrations should exchange knowledge, information and experience regarding AEO programs and trusted trade lanes, as appropriate encouraging data exchange on specific topics relevant for the support to AEO programs globally (such as clearance times).
- Customs administrations should promote, review and update security standards, where appropriate in cooperation with relevant international organizations.

### Rationals and Proposals

#### Sponsoring Members: CN

#### Related proposals: *CN No.105 AEO Program and Mutual Recognition – Track A*

#### [Rational]

- In view of the fact that the AEO systems applied by Members are set up on the basis of the WCO SAFE Framework, with certain discrepancies due to the different national situations, it should be specified that the bilateral mutual recognition of AEO should be conducted under the Framework, so as to prevent the variation of national legislations of members from undermining the stability of the valid overall framework for the global trade facilitation.

#### [Proposal]

- The RKC CPs should provide further details on the rules for the implementation of mutual recognition within the conditions and the procedures stipulated by the SAFE Framework.

### Components to be included

The TFA addresses all of the above issues, and the following components drawn from the TFA will not only improve RKC Standard 3.34 but also align it with the TFA provisions. It is recommended to add the definition of AEO in Chapter 2, GA

#### Component 1: Definition of AEO

- Although Standard 3.32 of GA, RKC, as a transitional standard, involves AEO, it only provides guiding principles for the benefits granted to authorized persons and does not give an exact definition of AEO. With the development of AEO systems and mutual recognition arrangement, the AEO programs have been universally recognized by the trade community and has turned into a green pass for the Customs clearance and "convincing credentials" of the traders engaged in the international trade. RKC has a specific chapter for definitions including Customs clearance, Customs duty, Customs control, etc. Thus, it is recommended to add the definition of the authorized economic operator (AEO).
- Add the definition of the authorized economic operator (AEO) in Chapter 2, Definitions GA:  
***“The AEO system is a regime under which the Customs administration carries out authorization or certification for the status or level of the trader's credit, compliance and security and grants the operators who have obtained the authorization with the benefits in clearance including lower inspection rate and the privilege of faster clearance. The AEO regime is applicable to all the parties in the supply chain including manufacturer, exporter, importer, consignor, consignee, Customs broker and cross-border e-commerce businesses.”***

#### Component 2: Definition of AEO Mutual Recognition

- It is intended to reduce duplicate verification and promote the security and facilitation of the global supply chain.
- Add the definition of AEO mutual recognition Chapter 2, Definitions GA:  
***“AEO mutual recognition is the system under which the Customs administrations which apply the AEO system make commitment to mutually recognize each other's AEO companies which have passed the authorization or certification by the Customs administration on each side, after confirming each other's AEO system and the result of compliance assessment through jointly-conducted activities including preparation, negotiation, observation of field authorization and signing of the mutual recognition agreement, and grant each other's AEO companies the benefits in clearance. During the process of mutual recognition, it is critical to conclude and review the outcomes of the practice and dynamically adjust the benefits under mutual recognition.”***

- RKC only provides guiding principles for the benefits granted to AEOs. Thus, it is recommended to add the provisions on the implementation of the AEO program to ensure the operators have easy access to the benefits. In addition, the assessment of the results derived from mutual recognition is another common concern of the Customs administrations. Therefore, it is also advisable to add provisions related to the assessment of mutual recognition.
- It is recommended to clearly define the principle of implementing the benefits and the assessment of the results.

#### **Component 2-1: Principles of Granting Benefits under Mutual Recognition**

- After the mutual recognition is implemented by both sides, either side should grant to the goods from the other side's AEO companies such benefits like reduced inspection and document examination and the privileges in the Customs clearance, so as to realize the fast clearance for AEO companies.

#### **Component 2-2: Assessment Mechanism of the Results of Mutual Recognition**

- After the mutual benefits are put in place on both sides, the assessment should be conducted to review the results, in order to check whether the inspection rate and the clearance time for AEO companies are less than those for non-AEO companies. Such assessment is instrumental to improve mutual recognition.

#### **Component 3: the conditions and procedure to obtain the AEO status**

- RKC only provides guiding principles for the benefits granted to AEO companies. It is recommended to clearly provide for the conditions and procedure to obtain the AEO status including re-verification, namely:

##### **Component 3-1: Application by Companies**

##### **Component 3-2: Initial examination by the Customs**

##### **Component 3-3: Validation on the Premises**

##### **Component 3-4: Authorization and Approval**

#### **Component 4: the cooperation and coordination between Customs and other agencies**

- In view of the varying mandates of the Customs administrations around the world (e.g. some Member Administrations have the mandates of both Customs and Tax, some have the mandates of both Customs and Quarantine, etc.), the AEO companies have high demand on concrete benefits for their AEO status and have access to benefits provided by more involved agencies. For example, some WCO Members provides joint incentives for AEO Companies by coordinating among multiple agencies and entities after signing an MoU, in order to better realize Pillar 3 of the SAFE Framework of Standards. Under such an MOU, the AEO companies are eligible for a large number of incentives, which promotes the development of an honest, self-disciplined and trustworthy business climate.
- In this regard, it is recommended to add the provisions on the cooperation and coordination between Customs and other agencies, including:

##### **Component 4-1:**

- Members should establish and enhance the mechanism of coordination and cooperation between Customs and other agencies.

##### **Component 4-2:**

- Customs and other agencies should provide joint benefits and incentives for AEO companies and exercise joint sanctions for those discredited companies.

### **Concept No. 12: Perishable Goods**

#### **Current references to the RKC and related instruments/tools etc.**

- Chapter 3, GA to the RKC
- Standard 3.34: "When scheduling examinations, priority shall be given to the examination of live animals and perishable goods and to other goods which the Customs accept are urgently required
- WTO TFA, Article 7 (Release and Clearance of Goods), Paragraph 9 (Perishable Goods)

**Rationals and Proposals**

**Sponsoring Members: NZ**  
**Related proposals: NZ No.77/No.77C**  
**VWG 2015: V.2.3**

[Rational]

- Noting the VWG recommendation (V.2.3) to amend the RKC to reflect current international practices concerning perishable goods.
- The current Standard 3.34 of the RKC regarding scheduling examinations of live animals and perishable goods and other similar goods, merely focuses on scheduling examination and not on clearance. It does not adequately address: requirements for clearance under normal circumstances or clearance under exceptional circumstances. The TFA talks about preventing avoidable loss or deterioration while the RKC is silent on this.
- Standard 3.34 does not address the requirement for storage facilities for perishable goods to be stored in an approved or designated facility pending release.
- When there is a significant delay in the release of perishable goods, Standard 3.34 does not include a requirement to provide advice to the importer of perishable goods outlining the reason for the delay.
- Standard 3.34 also does not address how additional cost or cost incurred as a result of working outside normal business hours, will be dealt with.

[Proposal]

- Update the GA to reflect current international practices concerning perishable goods in line with WTO TFA Article 7.9.

**Components to be included**

The TFA addresses all of the above issues, and the following components drawn from the TFA will not only improve RKC Standard 3.34 but also align it with the TFA provisions.

Component 1: Provision for clearance under normal circumstances (Refer to TFA Article 9.1(a))

Component 2: Provision for clearance under exceptional circumstances (Refer to TFA Article 9.1(b))

Component 3: Arranging or allowing to arrange proper storage facilities for perishable goods, approved or designated by the importing party, pending their release (Refer to TFA Article 9.3)

Component 4: Communication to the importer when there is a significant delay in the release of perishable goods (Refer to TFA Article 9.4))

**Concept No. 13: Electronic payment of duties**

**Current references to the RKC and related instruments/tools etc.**

- Chapter 3 of the GA to the RKC
- Article 7 para. 2 TFA

**Rationals and Proposals**

**Sponsoring Members: TH**  
**Related proposals: No. 17 (TH): Electronic payment of duties – Track A**  
**VWG 2015: V.2.7**

[Rational]

- The RKC should specify more standards that would reflect modern technology development in commerce and facilitate the customs clearance.

[Proposal]

- Need to elaborate or add the issue of electronic payment of duties, taxes, fees and charges to the GA (build upon Article 7 paragraph 2 TFA).

**Components to be included**

## Concept No. 14: Customs role in Security

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"><li>- GA to the RKC- Definitions (Chapter 2), Customs controls and risk management (Chapter 6)</li><li>- The Body to the RKC (preamble, scope)</li><li>- Punta Cana resolution and three key recommendations issued by WCO</li><li>- Recommendation Concerning the Use of Advance Passenger Information (API) and Passenger Name Record (PNR) for Efficient and Effective Customs Control (June 2015)</li><li>- Recommendation Concerning the Protocol Against the Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition (2002)</li><li>- Recommendation on the need to Develop and Strengthen the Role of Customs Administrations in Tackling Money Laundering and in Recovering the Proceeds of Crime (2005).</li><li>- SAFE FoS Pillar 3 Customs to other governmental and inter-government agencies</li></ul>
Proposals
<p><b>Joint proposal No. 14 – Track D</b> <b>Sponsoring Members: EU, IN, UY</b> <b>Related proposals: UY No.6/ No.6C, IN No.78C, EU No.79</b> <b>Secretariat Input: SEC 12</b> <b>VWG (VWG2015): V.1.1 Emphasize the role of Customs in security</b> <b>VWG (VWG2015): V.1.2 SAFE Framework of Standards</b></p>
Components to be included
<p><b><u>Component 1: Role of Customs in security</u></b></p> <ul style="list-style-type: none"><li>- There is a need to emphasize the role of Customs in ensuring security, to the extent that Customs have competence in security matters in accordance with national laws. Presently the role of customs in national security is not addressed by RKC: security is not covered in the Body (preamble) nor in standards in the Annexes. Further there is a need to make distinction between financial security (Chapter 5, GA) and the current understanding of definitions of security and the role of Customs the context of Punta Cana resolution.</li><li>- Punta Cana resolution essentially cover, three key Recommendations issued by the WCO. These Resolutions emphasize the key role that Customs Administrations have to play - and the critical space they occupy at the border - in the prevention of future terrorist attacks. For that reason, the cooperation between Customs administrations is relevant to the security of global supply chains. The role of Customs is more than national security as it covers international cooperation.</li><li>- CPs should enable close cooperation between Customs authorities and other government and inter-government agencies with a view to enhancing security. The cooperation may include, as appropriate, the sharing and/or access to information and participation in joint operations.</li></ul> <p><b><u>Component 2: Enhanced role of Customs in security</u></b></p> <ul style="list-style-type: none"><li>- The role of Customs and the mandatory functions it needs and can perform under national law as the essential Customs administration at the border need to be specified, as applicable in cooperation with other authorities. This can be done in a separate chapter or as part of relevant existing chapters, such as Chapters 3 and 6, reflecting that through clearance and other formalities Customs have various information and data and that risk management and controls allow them to contribute to enhanced protection against security risks.</li><li>- Mandatory functions of Customs may include (i) Clearance and other Customs formalities in relation to goods, passengers, means of transport; (ii) assessment and collection of duties and taxes; (iii) Customs control for ensuring compliance, enforcement of Customs and other relevant laws relating to import, export, movement or storage of goods; (iv) ensuring compliance with import, export regulations, fiscal restrictions/conditions (such as anti-dumping, safeguard), public health, safety, sanitary laws and regulations.</li><li>- Further, additional role in the context of transportation and aviation security, coastal patrolling, land border patrolling, immigration control, if any, given to Customs, as agency functions to be performed by Customs, may also be specified, as appropriate in a Specific Annex.</li></ul>

### **Component 3: Security risks**

- In the current and future scenario, the conditions and the cross-border movement of goods reactivate the duties and goals of Customs Administrations globally. We understand that not only the complexity of the current nature of these goods, but also the increasing probability of them being part of illicit acts, involve Customs in the combat against fiscal and also non-fiscal fraud. There is currently a greater acknowledgement of their role regarding the protection of society worldwide.
- There are many risks that have arisen and that have become new challenges. Trafficking in arms and illegal substances or substances that require special regulation or authenticity controls, are part of this new scenario. Money laundry and any other activity that accompanies or facilitates any of the aforementioned, even the already identified Customs risks, are part of this new scenario as well.
- While Chapter 6 of the General Annex provides the basic standards for Customs control and risk management, these standards have not evolved with the wider range of risks Customs have to deal with, including security and safety risks, counterfeits, combatting unfair and illegal trade, serious crime or terrorism. The standards should be revised to provide for coverage of a wider range of risks, including security risks, reflecting the evolving role of Customs and cooperation with other authorities.
- This new paradigm poses obligations to Customs regarding training and procurement of the necessary supplies in order to prepare themselves and address those risks in an effective and efficient manner. These efforts should not change their course, they should be intensified, and risk management should be diversified.

### **Concept No.16: Post-Clearance Audit**

#### **Current references to the RKC and related instruments/tools etc.**

- Chapter 3 of the GA
- Article 7 para 5 TFA
- Chapter 6 of the GA
- Para 7.2.1.1 of GA Guidelines (Chapter 6, Customs control)

#### **Rationals and Proposals**

##### **Sponsoring Members:**

**Related proposals: No. 18 (TH), No19 (UY) : Post-Clearance Audit – Track A**

**VWG 2015: V. 3.1 Audi-based Control , V.3.2 (VWG2015): Audit “Support the auditing of electronic declarants records using simplified procedures”**

**Secretariat’s input No. 13: Post-Clearance Audit**

##### **Rational**

[No. 18 (TH)]

- The RKC should specify more standards that would reflect modern technology development in commerce and facilitate the Customs clearance.

[No. 19 (UY) ]

- The para 7.2.1.1 of the GA Guidelines (Chapter 6 Customs Control) establishes that post-clearance audit refers to the persons involved in the international movements of goods. This is not totally accurate, since post-clearance audits are carried out on operators’ transaction records in regard with the declarations.

##### **Proposal**

[No. 18 (TH)]

- Need to elaborate or add post-clearance audit in a transparent and risk-based manner to the GA (build upon Article 7 para 5 TFA)

[No. 19 (UY) ]

- Throughout the document, the definition of audit, understood as the analysis and revision in depth of the Customs and international trade transaction records, is not clearly visible. It is advisable to strengthen this concept.

## Concept No. 18: Publication and Availability of Information

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"> <li>- Standard 9.1, Transitional Standard 9.3, Chapter 9 of the GA</li> <li>- TFA Article 1: Publication and availability of information</li> <li>- TFA Article 2: Opportunity to comment, information before entry into force ,and consultations</li> </ul>
Rationals and Proposals
<p><b>Sponsoring Members: TH</b>  <b>Related proposals: No. 24 (TH): Publication and availability of information –TRACK A</b>  <b>VWG 2015: V.4.6: Opportunity to Comments</b>  <b>VWG 2015: V.4.7: Use of Internet</b>  <b>VWG 2015: V.4.8: Enquiry Points</b>  <b>Secretariat's input No. 20: Publication and availability of information</b></p> <p>[Rational]</p> <ul style="list-style-type: none"> <li>- The RKC generally specify that the Customs shall ensure availability of relevant information to interested persons and use information technology to enhance the provision of information, without identifying which information needs to be published and mentioning availability of necessary information through the internet as minimum standards in order to facilitate the customs procedures and promote compliance with the regulations.</li> </ul> <p>[Proposal]</p> <ul style="list-style-type: none"> <li>- Need to elaborate or add following issues to the GA</li> <li>- publication in a non-discriminatory and easily accessible manner of information, such as procedures for importation, exportation and transit; duties, taxes, fees and charges rates; rules for products classification and valuation; rules of origin regulations; restrictions and prohibitions; penalties; appeal or review procedures; relevant international agreements, etc.(build upon Article 1 para 1 of WTO TFA)</li> <li>- availability through the internet of necessary information, such as practical steps for importation, exportation and transit; required forms and documents; contact information of 3enquiry points. (build upon Article 1 para 2 of TFA)</li> <li>- establishment of enquiry points to provide information and required forms and documents (build upon Article 1 para 3 TFA)</li> </ul>
Components to be included

## Concept No.19: Advance Rulings

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"> <li>- Standard 9.8 and 9.9 - Decisions and Rulings (Chapter 9) of the General Annex to the RKC</li> <li>- Chapter 9 of the GA to the RKC</li> <li>- WCO Guidelines on Advance Rulings for Classification, Origin and Valuation</li> <li>- Other WCO Tools and Instruments such as Technical guidelines on advance rulings for classification, origin and valuation</li> <li>- Article 3 to the WTO TFA</li> </ul>
Rationale and Proposals
<p><b>Sponsoring Members: IN, TH, EU</b>  <b>Related proposals: No. 25, No.84C – Track A</b>  <b>Related Secretariat input: SE15</b>  <b>VWG2015: (VWG1.5)</b></p> <p><b>[IN] Advance Rulings (No. 84C)</b>  <b>Rationale:</b></p> <ul style="list-style-type: none"> <li>- The binding nature of rulings, in the form of Advance Rulings have been found to provide certainty and predictability in determination of tax, compliance burden on goods traded across different member countries. The enlarging of the scope of Advance Rulings need to be elaborated for trade facilitation</li> </ul>



Proposal:

- In accordance with the detailed provisions for advance rulings given in TFA, it is proposed to make a separate chapter on Advance Rulings in the General Annex.

**[TH] Advance Rulings (No. 25)**

Rationale:

- The RKC generally specify that the Customs shall issue binding rulings at the request of the interested persons without mentioning "advance" rulings and identifying relevant rules as minimum standards that could facilitate/expedite customs procedures and decrease conflicts between the Customs and private entities.

Proposal:

- Need to elaborate or add new provision to the General Annex specifying that the Customs shall issue an advance rulings in accordance with the rules relating to refusal of issuance; modification and invalidation of advance rulings; binding force; publication of required information and formats and time period to issue advance rulings; review procedures, etc.

**Components to be included**

**Component 1: Definitions and scope of Advance Rulings**

- "Advance Ruling" for the purpose of this chapter means a written decision or a binding ruling, issued by Customs to an applicant in respect of the questions raised by the applicant in his application in respect of any goods prior to its importation or exportation.
- The questions on which advance ruling is sought may include,
  - (a) tariff classification of goods;
  - (b) origin of the goods;
  - (c) any other matter as the Member Customs administration may specify.
- An applicant seeking advance ruling may be an exporter, importer or any person with a justifiable cause having legal representation/ a representative thereof or registration in the territory of Member before whom the advance ruling is sought.

**Component 2: Application for Advance Rulings**

- An applicant desirous of obtaining an advance ruling may make an application in such form and in such manner as may be prescribed by Customs, stating the question on which the advance ruling is sought.

**Component 3: Declining and postponing issuance of Advance Rulings**

- The Customs after examining the application and the records relevant thereof, by an order, either allow or reject/decline to consider the application.
- If the Customs declines to issue an advance ruling, it shall promptly notify the applicant in writing, setting out the relevant facts and the basis for its decision.
- The Customs may decline to issue an advance ruling to the applicant where the question raised in the application:
  - (a) is already pending in the applicant's case before any governmental agency, appellate tribunal, or court; or
  - (b) has already been decided by any appellate tribunal or court.

**Component 4: Issuance of Advance Rulings**

- The Customs shall issue an advance ruling in a reasonable, time-bound manner, [not later than three months from the date of receipt of application] to the applicant that has submitted a written request containing all necessary information.

**Component 5: Effect of Advance Rulings**

- The advance ruling shall be valid for a reasonable period of time after its issuance unless the law, facts, or circumstances supporting that ruling have changed.
- An advance ruling issued by the Customs administration shall be binding on the jurisdictional authorities under that Customs administration in respect of the applicant that sought it and the applicant who had sought it.

**Component 6: Annulment, modification, revocation or invalidation of Advance Rulings**

- Where the Customs finds that the advance ruling had been obtained by an applicant by fraud or misrepresentation of facts, it may, declare such advance ruling to be void *ab initio* and thereupon all the legal provisions of Customs shall apply to the applicant as if such advance ruling had never

been made.

**Component 7: Effect of annulment, modification, revocation or invalidation**

- Where the Customs revokes, modifies, or invalidates advance rulings with retroactive effect, it may only do so where the ruling was obtained based on incomplete, incorrect, false, or misleading information.
- Where the Customs revokes, modifies, or invalidates the advance ruling, it shall provide written notice to the applicant setting out the relevant facts and the basis for its decision.

**Component 8: Right of Review and Appeal**

- The Customs shall provide, upon written request of an applicant, a review of the advance ruling or the decision to revoke, modify, or invalidate the advance ruling

**Component 9: Publication and confidentiality**

- The Customs shall publish, at a minimum:
  - (a) the requirements for the application for an advance ruling, including the information to be provided and the format;
  - (b) the time period by which it will issue an advance ruling; and
  - (c) the length of time for which the advance ruling is valid.
- The Customs shall endeavour to make publicly available any information on advance rulings which it considers to be of significant interest to other interested parties, taking into account the need to protect commercially confidential information.

**Concept No. 20: Measures to assure consistency in applying national legislation**

**Current references to the RKC and related instruments/tools etc.**

- Article 5.1 of the TPP (Customs Procedures and Facilitation of Trade)  
*“Each Party shall ensure that its customs procedures are applied in a manner that is predictable, consistent and transparent.”*

**Proposals**

**Sponsoring Members: JP**  
**Related proposals: No. 27/No.27C (JP) – Track A**

- There are articles in recent Free Trade Agreements (FTAs) to take necessary administrative measures to assure consistency in the implementation of FTAs.
- Assuring the consistency in the application of national legislation among Customs offices and Customs officers would not only relate to integrity of Customs, but also contribute to trade facilitation. (For this purpose, Japan Customs established various center offices to resolve discrepancies in the understanding of national legislation among Customs offices.)
- It is adequate to add a standard to assure consistency in the application of national legislation.

**Components to be included**

**Component 1: Application of the national legislation (GA)**

- Addition of a new standard to assure consistency in the application of national legislation.

**Component 2: Examples of measures to assure consistency (RKC Guidelines) (\* further discussion to take place for consistency)**

- Examples of measures to assure consistency. One of such examples from Japan is the establishment of national center in each filed such as classification and valuation which is one of the effective methods that contribute to the consistent application of the Customs legislation in different offices nationwide. Other examples from Tunisia to support coherent application: computerization of customs procedures; a unit in central office in charge of litigations especially on classification, valuation and origin.



## Concept No. 23: Warehouse

Current references to the RKC and related instruments/tools etc.
- Specific Annex D, Chapter 1
Proposals
<p><b>Sponsoring Members: IN</b>  <b>Related proposals: No. 86C (IN): Warehouse – Track A</b></p> <ul style="list-style-type: none"> <li>- In order to provide impetus to manufacture for export or under customs bonded premises, warehousing provisions have been framed in Chapter 1, SA D. With the increasing complexity in manufacture, resultant operations, more flexibility is proposed to provide by suitable amendments for elaborating the customs procedure under specified situations. This is being proposed, as the present Inward/Outward processing given under SA F, Chapter 1 &amp; 2 does not cover these issues.</li> <li>- It is proposed to add few elements such as additional activities that would enhance the efficiency of manufacturing and supportive operations, enlarge the scope of responsibility for warehouse operators commensurately and enhance the role of customs including enforcement in such areas.</li> </ul>
Components to be included
<p><u>Component 1: More activities permitted under Customs Warehousing procedures</u></p> <ul style="list-style-type: none"> <li>- Customs warehouses specified under chapter 1 of Specific Annex D, refers to a designated place in which imported goods are stored under customs control without payment of import duties and taxes.</li> <li>- The authorised operations specified in paragraph 10, in addition to the existing facilities, may include the following: <ul style="list-style-type: none"> <li>Any person entitled to dispose of the warehoused goods shall be allowed, for reasons deemed valid by the Customs: (a) to deal with their containers in such a manner as may be necessary to prevent loss or deterioration or damage to the warehoused goods; (b) showcase the goods for sale (c) allow Regulatory agencies to draw samples for testing</li> </ul> </li> </ul> <p><u>Component 2: Regulatory role of Customs in Customs warehouses</u></p> <ul style="list-style-type: none"> <li>- If any waste or refuse occur during the authorised operations, the duty involved on the inputs brought to the warehouse, waste or refuse proposed to be cleared out of the warehouse shall be subject to specified conditions which may include the following:</li> <li>- Warehoused goods at the time of delivery, if found to be deficient in quantity on account of deterioration or spoilt by accident or due to the nature of goods or manufacturing process, then Customs may allow remission of the duty on such deficient goods.</li> </ul> <p><u>Component 3: Additional facility and responsibility on warehouse operator:</u></p> <ul style="list-style-type: none"> <li>- Any person entitled to dispose of the warehoused goods shall be allowed, for reasons deemed valid by the Customs: <ul style="list-style-type: none"> <li>(a) to deal with their containers in such a manner as may be necessary to prevent loss or deterioration or damage to the goods;</li> <li>(b) showcase the goods for sale;</li> <li>(c) allow Regulatory agencies to draw samples for testing.</li> </ul> </li> </ul>

## Concept No. 24: Free Zones

Current references to the RKC and related instruments/tools etc.
- Chapter 2, Specific Annex (SA) D to the RKC
Proposals
<p><b>Joint Proposal No.24 – Track A</b>  <b>Sponsoring Members: CN, EU, ZA</b>  <b>Related proposals: No.60/No.60C, No.88/No.88C, No.61, No.62, No. 106</b>  <b>Secretariat Input: SEC No.2</b></p>

## Components to be included

### **Component 1 : Definition of free zones**

- It is necessary to revise the current definition of free zone to avoid ambiguity.
- The proposed definition allows for policy flexibility. In so far as other taxes are concerned, there relief thereof on goods entering the free zone can sometimes be partial. The definition however allows CPs to also have full relief of all duties and taxes should the trade policy dictates
- The current definition is misleading as some contracting parties interpret it in the sense that goods located in Free Zones are considered outside their Customs territory, which is not the case. In addition, the definition should include the characteristics that differentiate free zones from other facilities (e.g. enclosed areas).
- Proposed text to replace the current definition:

#### ***Definition***

#### ***For the purpose of this Chapter:***

***“free zone” means a part of the customs territory of a Contracting Party subject to customs controls and supervision which is an enclosed area. Goods entering this a free zone are not subject to duties and taxes, unless the concerned Contracting Party decides otherwise.***

### **Component 2: Leadership of Customs Authority:**

- All businesses and activities carried out within free zones must also be subject to Customs control. Customs authorities should be able to perform controls to goods, persons or activities within free zones. They should reject goods entering free zones for reasons of public policy. In view of the development of free zones and the demand of Customs control, Customs can encourage businesses to carry out operations in the free zone.
- Proposed text to be included as an additional paragraph in current standard 3:

***Such arrangements shall allow Customs to perform controls to any activity carried out within free zones. In order to ensure effective controls, all persons carrying out an activity involving the storage, working or processing of goods, or the sale or purchase of goods in free zones, shall keep appropriate records in a form approved by the Customs authorities.***

- Proposed text: It is recommended to add a recommendation following current Standard 3:

#### ***4. Recommended Practice***

***In view of the development of free zones and the demand of Customs control, Customs can encourage businesses to carry out operations in the free zone.***

- Proposed text to replace current Recommended Practice 6 including ‘public policy’ (which would become Recommended Practice 7 due to the addition of recommended practice 4):

#### ***7. Recommended Practice***

***Admission to a free zone of goods brought from abroad should not be refused solely on the grounds that the goods are liable to prohibitions or restrictions other than those imposed on grounds of:***

- ***public policy, public morality or order, public security, public hygiene or health, or for veterinary of phytosanitary considerations; or***
- ***the protection of patents, trademarks or copyrights,***

***irrespective of country of origin, country from which arrived or country of destination.***

**Goods which constitute a hazard, which are likely to affect other goods or which require special installations should be admitted only to free zones specially designed to receive them.**

- Development of free zones and the demand of Customs control should be both given due consideration. When the free zone is shut down or there is a solid evidence showing that the businesses concerned are in difficulty and as a result unable to move the goods into another zone or place them under another Customs procedure, it is advisable to provide the business with remedies for the sake of continuity and predictability of policies.
- Proposed text: It is recommended to add a Recommended Practice before Standard 21. As a Recommended Practice 4 was proposed to be introduced (see Component 2), and Standards 7, 8 and 18 were proposed to be deleted (see Components 4 and 7) it should be Recommended Practice 18 instead of 20:

#### **18. Recommended Practice**

***Where the person concerned fails to move the goods into another free zone or place them under another Customs procedure while having the need to do so, Customs may propose the Contracting Party to provide necessary remedies.***

***Customs may have the authority to propose to shut down the free zone.***

#### **Component 3: Need to provide the requested information to the Customs Authorities and use of modern technologies**

- Declaration covering goods introduced into a free zone: Transitional Standard 3.21 states that The Customs shall permit the lodging of the Goods declaration by electronic means. This provision does not cover the case in which Customs does not request a declaration to bring goods into a free zone.
- There is a need to provide the requested information to the Customs authorities and use of modern technologies in order to do so. This concept requires a review of Recommended Practice 9. As a Recommended Practice 4 was proposed to be introduced (see Component 2) and Standards 7 and 8 were proposed to be deleted (see Component 4), it should be Recommended Practice 8 instead of 9.
- Proposed text to replace current Recommended Practice 9:

#### **8. Recommended Practice**

***The person concerned should lodge a goods declaration in respect of goods introduced into or exiting from a free zone by using electronic data-processing techniques. Customs may accept the availability of the required data elements in the records of the person concerned as goods declaration.***

#### **Component 4: Processing in free zones/ Goods entering a free zone should be not subject to duties and taxes**

- There is no provision preventing Customs to allow home use processing inside the free zone with no obligation to export. Current Standard 20 even allows this possibility. The proposal in Component 5 also stresses the fact that goods are not only stored, but can also be processed, in free zones. Therefore, there is no need for a provision as regards this issue.
- Goods entering a free zone should be not subject to duties and taxes. Establishing an exemption could make some contracting parties interpret that such goods are subject to duties and taxes. The proposed definition already covers this issue and gives the possibility to the CPs to levy goods entering free zones because of the mention '*unless the concerned Contracting Party decides otherwise*'. This component requires the deletion of Standards 7 and 8.
- Proposed amendment: deletion of current Standards 7 and 8.

#### **Component 5: Goods entering a free zone may not only be stored**

- Goods entering a free zone may be not only stored, but also subject to different operations (e.g. processing). Therefore, the term "located" in Standard 4 should replace the term 'stored'. As a Recommended Practice 4 was proposed to be introduced (see Component 2), it should be Standard 5 instead of Standard 4.
- Proposed text to replace current Standard 4:

#### **5. Standard**

***The Customs shall have the right to carry out checks at any time on the goods located in a free zone.***

**Component 6: Duration of stay**

- Standard 14 in relation to duration of stay already establishes the possibility for CPs to establish a time limit on the duration of the stay of goods in a free zone. Establishing by default a maximum time limit would be in contradiction with the last proposal to component 2 (i.e. helping person concerned which is in difficulties to move goods from a free zone). Therefore, there is no proposal for amendment concerning this component.

**Component 7: Information to be conveyed to customs for goods exiting from a free zone to be sent directly abroad**

- Goods exiting from a free zone to be sent to a third country may have all the information that Customs need in the documents accompanying the goods (e.g. B/L or invoice). However, in some cases (i.e. when the goods are not sold but just sent from one country to another without change of ownership) the documents may not give enough information. Therefore, Recommended Practice 18 should be deleted.
- Proposed amendment: deletion of current Recommended Practice 18.

**Component 8: Sharing best practices**

- Standard 20 has already been put into practice in some Members, with the goods in part of free zones released for domestic use after the duties are determined. This has achieved quite good results. It is recommended to add in the Guidance the case of best practices from some Members in the field of the Customs release for domestic use for the goods in the free zones.

**Concept No. 25: Transit**

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"> <li>- Specific Annex E - Chapter 1 - Transit</li> <li>- WCO Transit Guidelines</li> <li>- WCO Transit Handbook</li> </ul>
Rationals and Proposals
<p><b>Sponsoring Members: JP</b>  <b>Related proposals: No. 41 (JP): Customs transit by Rail – Track A</b>  <b>VWG 2015: V.4.3: Transit and transshipment</b></p> <p><b><u>Rational</u></b></p> <ul style="list-style-type: none"> <li>- Japan does not have land borders nor Customs transit by rail. However, many Members may have a strong need for this in the RKC, since transportation by rail has been increasing as demonstrated by, for example, the China-Europe rail cargo.</li> </ul> <p><b><u>Proposals</u></b></p> <ul style="list-style-type: none"> <li>- Establishing standards on Customs transit by rail is worth exploring and elaborating at future WGRKC.</li> </ul> <p>[VWG V.4.3]</p> <ul style="list-style-type: none"> <li>- The challenge to reflect international supply chain practice rather than Customs best practice i.e. the increase in trade in intermediary goods and the rise of the hub and spoke model of international goods distribution – the global value chain</li> <li>- To amend the RKC to reflect current international practices and the changes in international trade and travel in relation to transit and transshipment.</li> </ul>
Components to be included

**Concept No. 27: Travellers (Specific Annex J, Chapter 1)  
No. 27-1 API/PNR**

**Current references to the RKC and related instruments/tools etc.**

- Standard 8 of SA J, Chapter 1 to the RKC
- Recommendation of the Customs Co-operation Council concerning the use of API/PNR in June 2012, subsequently amended in June 2015.
- Punta Cana Resolution in Dec. 2015
- (This resolves that the WCO invites Customs authorities to use the full range of detection and investigative techniques including API/PNR analysis.)
- Guidance for Customs administrations to use PNR/API
- (This was developed through the work by the VWG established under the Enforcement Committee subsequent to the Punta Cana Resolution for providing policy and technical guidance on the use of the PNR/API.)
- WCO Tools and Instruments such as API Guidelines and PNR reporting standards
- IATA/ Security Management System (SeMS) Manual
- IATA Guide to Facilitation (IGF) including advancements in API and other key procedures such as Electronic Travel Systems (ETS), Single Window, PNR and One ID.
- API Guidelines & PNR Reporting Standards
- <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/api-pnr.aspx>
- Chicago Convention, Annex 9 Chapter 9, ICAO.

**Rationale and Proposals**

**Joint proposal No.27-1 – Track A**

**Sponsoring Members: JP, EU**

**Related proposals: No. 39/No.39C (JP)**

**Related Secretariat input: SE16**

Rationale:

- API/PNR is the most useful and high quality information sources for risk analysis on passengers. Its global use would realize efficient and effective border enforcement by Customs administrations all over the world and contributes to the global safety without hampering the flow of goods and people.

Proposal:

- It is adequate to establish new standards in GA on API/PNR and complement the standards with guidelines.

**[Secretariat Input] *Advanced Passenger Information (API) and Passenger Name Record (PNR)* (Input No. 16)**

Traditionally the Kyoto Convention has been about standardizing practices about commercial cargo clearance procedures. In recent years the addition of Annex J – Special Procedures, Chapter 1 – Travellers attempts to standardize passenger processing procedures as well. The standardization of data formats for Advanced Passenger Information (API) through PAXLST messages and Passenger Name Record (PNR) PNRGOV messages, has been successfully completed through joint cooperation of the World Customs Organization (WCO), International Air Transport Association (IATA), International Civil Aviation Organization (ICAO) through the API and PNR Contact Committee.

- The WCO Security Programme, Passenger Controls Programme has focused on building capacity of member states to comply with the United Nations Security Resolutions (UNSCR's) calling on UN Member states to implement API and PNR systems.
- The UNSCR's go further by calling on member states to implement a system in efforts to interdict Foreign Terrorist Fighters (FTF's). This standardization of API and PNR data refers to air passengers. Specifically UN SCR 2396 (2017) on threat to international peace and security caused by terrorist acts.
- Under the Asia Pacific Security Project, funded by the Government of Japan, much work has been done to introduce training on end passenger processing. There needs to be recognition at the national level to cooperate with other agencies with border security responsibilities, such as police, immigration and in some cases military and recognition that not all countries share the same operating model to clear passengers i.e globally there is no standard for which agency receives API and PNR data, or even who is at the front line to process passengers as they depart an aircraft.
- Additionally API and PNR is only standardized for air mode; not maritime, rail and is impossible for land border.

### Components to be included

#### **Component 1: Authorization of access to and utilization of API/PNR (GA/Guideline)**

- Authorization of Customs administrations to access, require transfer, use or storage of advanced information on passengers submitted by airline companies, in accordance with the applicable national legal framework.
- In addition, guidelines could specify further details, as mentioned in Section 6.1 of the API/PNR Guidance, specification of the party to submit, required method, conditions, timeframes of transmissions of the data (including a possible Single Window facility), mechanism for the protection of pertinent data, etc., taking into account standards and recommended practices established by relevant international organisations.

#### **Component 2: data set (GA/ RKC Guideline)**

- Necessity of data set should be mentioned in GA. Examples of the data element could be listed in the RKC Guideline referring to the API/PNR Guideline.

#### **Component 3: data accuracy (GA)**

- Measures including continuous consultation with the aircraft operators to ensure the data quality of API/PNR in accordance with the cooperation and consultation mechanisms provided for in the applicable national legal framework.  
As explained in Section 8 of the API/PNR Guidance, PNR data frequently contains typographical mistakes and it is difficult to verify the data quality because the most of the data is captured during the customs process. It is also noted that PNR data is provided by passengers and collected by airlines for their own commercial purposes, and as such there are no guarantees as to their accuracy.

#### **Component 4: Standardized data format of API/PNR (GA)**

- Global use of the standardized data format such as PAXLIST and PNRGOV is encouraged in order to ensure the integrity of the Customs requirements.

#### **Component 5: Establishment of Passenger Information/Intelligence Unit (PIU) (RKC Guideline)**

- Recommend the establishment of national centralized Passenger Information/Intelligence Units which extensively work on the analysis and targeting of the high-risk passengers, based on interagency cooperation and uniformed national risk criteria. It also contributes to developing the pool of the experts of the field.

### **Concept No. 27: Travellers (Specific Annex J, Chapter 1) No. 27-2 Passenger Procedures**

#### **Current references to the RKC and related instruments/tools etc.**

- Specific Annex J – Chapter 1
- RKC Guidelines on Travellers
- Specific Annex J, Chapter 1: Travellers
- Field of application: Recommended Practice 8
- Field of Application Recommended Practice 9, Recommended Practice 25 and Standard 28
- Standard 6.4 of the GA

#### **Rationale and Proposals**

**Joint proposal No. 27-2**  
**Sponsoring Members: ZA, IN**  
**Related proposals: No.64/64C(ZA), 90C(IN)**  
**Related Secretariat input: SE17**  
**VWG2015: V4.4**

Rationale:

[IN] Passenger Procedures (No. 90C)

- In order to ensure that Customs administration at the international borders do take note of the challenges from various illegal entities and prevent, detect and suppress serious transnational crime, such as illicit trafficking in drugs, other contraband, human trafficking, terrorism and terror financing, unlawful activities of transnational crime organization, priority should be shown in these areas also.

[ZA] Travellers (application of Customs formalities) (No. 64)

- To assist efforts at international level to tackle crime and improve security by cracking down on money laundering, terrorism and criminality transit passengers should be required to declare currency in excess of the amounts stipulated in national legislation.

Proposal:

[IN] Passenger Procedures (No. 90C)

- To include modern developments in Customs passenger clearance system for facilitation and customs enforcement work. Further, incorporate the use of advanced information, latest technology in Customs enforcement and passenger facilitation programmes.

[ZA] Travellers (application of Customs formalities) (No. 64)

- To amend Standard 38 to provide this exception to the non- application of Customs formalities.

**Components to be included**

Component 1: Customs passenger clearance system:

[IN]

- The principles, infrastructure, facilities, duty-free allowances, system of assessment, personal effects, procedures for entry, departure, transit, exportation, handling aircraft, its fueling and stores, have been provided in an elaborate manner in the SA. However, the standard method of dual channel, needs further upgradation in order to meet the needs of the passengers and to address the risks involved from the security angle, risks arising from dual use materials, technology, prohibited or restricted goods.

Component 2: Use of advance information, recognition of the compliance level for passenger's facilitation and customs control:

[IN]

- In order to provide enhanced services to the international travellers, new technologies that have been developed for recognising frequent travelers who are complainant to customs laws and procedures could be subsumed in the customs procedures so as to give machine release in such cases, and thus utilising scarce human resources for surveillance and control purposes.
- It would be useful to provide new methods and technologies for passenger clearance in the RKC, so that these could be uniformly applied over the various customs administrations.

Component 3: Need to declare currency and other negotiable instruments

[ZA]

- Any traveler who physically transports more than an amount specified in the domestic legislation including negotiable instruments should declare.
- This declaration shall be filed upon the entry of the traveler to the country of destination or at the time the traveler leaves the country of departure, unless otherwise specified by the Customs authority
- 

Component 4: Documents to be used for the declaration

[ZA]

- Domestic agencies must have mechanisms to effect commercial declaration
- A discussion on what form should or could be used for this declaration needs to take
- The declaration should/could have a mandatory requirement to have as part of its minimal supporting docs- proof of purchase of the currency/high value items.

[ZA]

- Amend Standard 38 to provide for this exception to the non-application of Customs formalities.
- To assist efforts at international level to tackle crime and improve security by cracking down on money laundering, terrorism and criminality transit passengers must be asked to declare currency and other high value goods (ie gold and diamonds)



## Concept No. 28: Rules of Origin No. 28-1 Certification/Verification

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"><li>- Specific Annex K to the RKC</li><li>- WTO Guidelines on Certification of Origin</li><li>- Recommended Practice 12, Chapter 1, Specific Annex K</li></ul>
Proposals
<p><b>Joint proposal No. 28-1 – Track A</b> <b>Sponsoring Members: JP, NZ, EU</b> <b>Related proposals: No.40/40C, No.92</b> <b>Secretariat input: SEC No.3</b></p> <p><b>[JP] Self-certification system of Rules of Origin and verification procedures (No. 40)</b></p> <ul style="list-style-type: none"><li>- Self-certification system is based on traders' information on rules of origin and does not require them to obtain a certificate of origin issued by a competent authority. Thus, this system would be more advantageous for traders in terms of reducing costs and time which leads to facilitation of trade. Moreover, this enables Customs administrations to verify origins more practically.</li><li>- Therefore, a number of recent Free Trade Agreements (FTAs) have introduced self-certification of rules of origin.</li><li>- It is adequate to add Standards on the self-certification system of origin to SA K. In addition, requests for control (verification procedures) should also be amended in accordance with the Standards of the self-certification system.</li></ul> <p><b>[NZ] Self-certification (No. 92)</b></p> <ul style="list-style-type: none"><li>- Noting Secretariat's input No. 3: Rules of Origin which recognises that Specific Annex K was not part of the comprehensive revision of the Kyoto Convention in the 1990s as the harmonisation of non-preferential rules of origin was being negotiated in the WTO. This work is still pending and does not cover these procedures which sit under the Customs portfolio. It is appropriate for the RKC to address these issues and develop the accompanying guidelines.</li><li>- Develop guidelines for SA K including on self-certification.</li></ul>
Components to be included
<p><u>Component 1: Self-certification system of Rules</u></p> <ul style="list-style-type: none"><li>- Self-certification system is based on traders' information on rules of origin and does not require them to obtain a certificate of origin issued by a competent authority. Thus, this system would be more advantageous for traders in terms of reducing costs and time which leads to facilitation of trade. Moreover, this enables Customs administrations to verify origins more practically. Therefore, a number of recent FTAs have introduced self-certification of rules of origin.</li><li>- Include importer in the definition of 'declaration of origin' (consistent with WCO Guidelines on Certification of Origin 2014)</li></ul> <p><u>Component 2: verification procedures</u></p> <ul style="list-style-type: none"><li>- Requests for control (verification procedures) should also be amended in accordance with the Standards of the self-certification system. In particular, it should be stipulated in SA K that the Customs administration of a CP may request to carry out control of documentary evidence of origin directly or through the Customs administration of an exporting party to the producer, manufacturer, exporter or other competent person who has established such evidence following importer based inquiry.</li></ul> <p><u>Component 3: Denial of preferential treatment</u></p> <ul style="list-style-type: none"><li>- Besides, the conditions for denial of preferential treatment which are defined in many FTAs are not stipulated in SA K. Thus, it is also adequate to add them in SA K to increase the predictability for both Customs authority and traders.</li></ul>



- In particular, the conditions for denial of preferential treatment should include as below:
  - (a) it determines that the good does not qualify for preferential treatment;
  - (b) pursuant to a verification, it has not received sufficient information to determine that the good qualifies as originating; and
  - (c) the exporter, producer or importer fails to respond to an inquiry within a reasonable time period.

## Concept No. 28: Rules of Origin

### No.28-2 Rules of origin

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"> <li>- Specific Annex K to the RKC</li> </ul>
Proposals
<p><b>Joint Proposal No.28-2 – Track A</b>  <b>Sponsoring Members: JP, NZ, EU</b>  <b>Related proposals: No.93</b>  <b>Secretariat inputs: SE 3</b></p>
Components to be included
<p><b><u>Component 1: Direct Transport Rule</u></b></p> <ul style="list-style-type: none"> <li>- It is proposed that Recommended Practice 12 be redrafted to enable traders to utilise the transport routes that best meet their particular business requirements.</li> <li>- Proposed text:  <i>“Where provisions requiring the direct transport of goods from the country of origin are laid down, derogations therefrom should be allowed, in particular for geographical reasons (for example, in the case of landlocked countries) and in the case of goods which as long as the goods remain under Customs control in third countries (for example, in the case of goods displayed at fairs or exhibitions or placed in Customs warehouses) or are not released for domestic consumption (in the case of goods held in areas such as free trade zones).”</i></li> </ul> <p><b><u>Component 2: Documentary requirement for Direct Transport and Non-Alteration Rule</u></b></p> <ul style="list-style-type: none"> <li>- Parties to FTAs have been setting a variety of standards for documentary evidence for origin claims when goods pass through a non-FTA partner.</li> <li>- There is no standard or guidance on what documents can be requested by the importing country. Although we acknowledge that FTAs are agreements between a specific set of countries, we nevertheless believe that there should be a global standard on what documents are required when goods are transhipped. Transshipment and transit are regular practices within the trading process. The use of existing commercial documents, such as bill of lading or import and export entries to evidence the transshipment / transit should be promoted as opposed to the requirement to obtain additional documents in a transit country (such as certificate of non-manipulation or back-to-back certificate of origin).</li> <li>- The current reference to the derogations cite ‘geographical reason’ and ‘landlocked countries’. While these are still important, we should also recognise the evolving commercial reality, i.e., transshipment / transit occur also for economic or logistical reasons (for example, some transport route which involves going through a 3rd country may be cheaper or operations such as splitting consignments for market requirements in a port may be needed).</li> <li>- It is proposed that a new Standard be included in SA K that provides guidance on the documentary requirement to provide evidence of origin when a consignment passes through a 3rd country.</li> <li>- Proposed text:  <i>“The conditions for direct transport or non-alteration shall be considered fulfilled, unless the customs authority of the importing country has reason to believe the contrary. In such case, the customs authority of the importing country may request the importer or his or her representative to provide appropriate evidence of compliance, which may be given by any means, including contractual transport documents such as bills of lading or factual or concrete evidence based on marking or numbering of packages or any other evidence.”</i></li> </ul>

**Component 3: International Standard for proof of non-manipulation**

- Referring to the rationale of Component 2 it has been explained that there is no international standard or guidance on what documents can be requested by the importing country as evidence for origin claims, when goods have passed through a third country.
- As a general rule, existing commercial documents should be sufficient to provide evidence of compliance however, there may be rare occasions where authorities are not satisfied and as a last resort need additional proof. In such cases, authorities request proof of non-manipulation from authorities in the third country. As there is no official standard or guidance, the provision of such proof may be refused and the goods will not be granted the status of originating goods.
- It is proposed to add a new standard to be included in Annex K that provides guidance on the format of proof of non-manipulation in situations of last resort.

**Component 4: Non-alteration**

- Direct transport rules are used to ensure that products, for which preferential treatment is requested, are the same products as exported from the originating country. They are efficient in the case of FTA's between neighboring countries. However, as explained before, direct transport rules do not reflect the evolving commercial reality in which FTA's are concluded between far distant countries and goods are in general transited, transshipped or stored temporarily on their way. Therefore, recent FTAs have moved from the direct transport rule to the rule of non-alteration.
- Non-alteration places emphasis on goods not being altered rather than the geographical route they take on their way to the country of final destination. A non-alteration rule thereby offers both certainty for customs administrations that the goods do fulfill the criteria of originating goods while at the same time providing the flexibility needed in efficient global supply chains.
- In addition to Component 1 and the updated Component 2 it is proposed to add a new Standard to be included in SA K establishing the general principle of non-alteration.
- Proposed text:

*“Originating products, for which preferential tariff treatment is requested, shall be the same products as exported from another country. They must not be altered or transformed in any way nor undergo operations other than those to preserve their condition, adding or affixing marks, labels, seals or any documentation to ensure compliance with domestic requirements of the importing country, prior to being declared for preferential tariff treatment.*

*Transit, storage and splitting of consignments may take place, provided they remain under customs supervision.*

*These conditions shall be considered fulfilled, unless the customs authority of the importing country has reason to believe the contrary.”*

**Note: Secretariat input SEC 3**

**Background**

Specific Annex K was not part of the comprehensive revision of the Kyoto Convention in the 1990's as the harmonization of non-preferential rules of origin was being negotiated in the WTO. Members had decided to wait for the WTO Harmonization Work Programme before revising Specific Annex K. In the meantime it has become clear that rules of origin will not be harmonized and a spaghetti bowl of overlapping origin provisions currently exists.

The WTO Agreement on Rules of Origin does not address origin procedures and as these procedures are under the Customs portfolio, the origin procedures could rightly be covered by the RKC.

**Key elements to be considered**

The possible key elements to be considered by the WGRKC would be:

- the need to amend the Specific Annex K to reflect modern origin practices and to streamline origin procedures in order to counter the spaghetti bowl ; and
- the need for more enforceable and effectively binding rules

Questions to be discussed during the WGRKC meeting

**Question 1: The coverage of Specific Annex K (Preferential rules of origin and non-preferential rules)**

- The current Specific Annex K does not distinguish between preferential rules of origin and non-preferential rules of origin. Should the revised Specific Annex K cover both preferential and non-preferential rules of origin?

Answer (CH):

- At the level of the RKC there is no need to differentiate between preferential and non-preferential origin. Both benefit equally of the harmonization and standardization of procedural aspects and origin criteria and should remain covered by the RKC.

Answer(JPN):

- At least the revised Specific Annex K should cover preferential rules of origin. Although there is no need to cover non-preferential rules of origin at this moment, it is possible to consider it.

**Question 2: Necessity of reviewing procedural aspects and origin criteria**

- Should the review of Specific Annex K cover procedural aspects, i.e. certification (Chapter 2) and verification (Chapter 3), in relation to preferential trade arrangements only or origin criteria (Chapter 1) as well?

Answer (CH):

- The concept of the origin of goods enters into the implementation of many measures whose application is the responsibility of Customs. Thus, it makes sense to cover as many aspects as possible in the RKC, including origin criteria.
- It is therefore proposed that origin criteria remains covered by Annex K and is updated to reflect modern practices.

Answer(JPN):

- The revised Specific Annex K should cover procedural aspects, i.e. certification and verification. It might be enough that while maintaining the regulation on the current Specific Annex K, update at the minimum, where necessary.

**Question 3: Holistic review of Specific Annex K**

- As Members have agreed on a holistic review of the Specific Annex K, what specific elements should the new text incorporate? (The current proposals mention certification incl. self-certification, verification, direct transportation)

Answer (CH):

- In addition to the above mentioned proposals a general update of the existing provisions of Annex K is needed.
- Also, the Provisions need to be streamlined to allow for electronic certification and data transmission.

Answer(JPN)

- Other than Self-declaration and Verification, fundamental update for the current Specific Annex K is needed.

**Question 4: National coordination**

- What could be the best ways to ensure that national origin experts contribute to the review process?

Answer (CH):

- The national responsible for the Review of the RKC should actively engage his origin counterparts and seek their input as well as involve other relevant national authorities (e.g. trade ministries).
- In addition, the WCO should raise awareness in appropriate forums on the work underway to update RKC Specific Annex K.

## Concept No. 29 : Coordinated Border Management

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"><li>- RKC Guidelines - General Annex - Chapter 6, Standard 9 (Customs/Business Cooperation)</li><li>- Article 8 to the WTO TFA (Border Agency Cooperation)</li></ul>
Proposals
<p><b>Joint proposal No.29 – Track D</b> <b>Sponsoring Members: EU, EG, UY</b> <b>Related proposals: No. 94C, No.95C, No.96</b> <b>Secretariat input: SEC 6</b></p>
Components to be included
<p><b><u>Component 1: CBM national dimension</u></b></p> <ul style="list-style-type: none"><li>- CPs shall seek to enhance especially structured information sharing between relevant Cross Border Regulatory Agencies and between relevant Cross Border Regulatory Agencies and private sector stakeholders, where possible, to speed up the release and clearance of goods.</li><li>- CPs should align border procedures of relevant Cross Border Regulatory Agencies.</li><li>- Customs Administrations should endeavour to coordinate with relevant Cross Border Regulatory Agencies to establish standard operating procedures to coordinate the enforcement and controls of the goods targeted by risk management profiles, including, where relevant, for the whole business process.</li><li>- CPs should harmonize the regulatory and data requirements of Cross Border Regulatory Agencies.</li><li>- Customs Administrations shall endeavour to coordinate with relevant Cross Border Agencies to strengthen operational cooperation, e.g. by sharing resources, working hours and competences.</li><li>- CPs should establish cross-training programs to enable officials from relevant Cross Border Regulatory Agencies to perform the regulatory functions of the participating agencies, when necessary.</li></ul> <p><b><u>Component 2:CBM International dimension</u></b></p> <ul style="list-style-type: none"><li>- Customs Administrations should enhance cooperation with neighbouring Customs Administrations and relevant Cross Border Regulatory Agencies in the areas of information exchange, coordination of enforcement and controls for goods crossing the border.Regarding information exchange , relevant information quality should be endeavoured</li><li>- Customs Administrations should enhance cooperation with neighbouring Customs Administrations and relevant Cross Border Regulatory Agencies, e.g. to establish One Stop Border Post (OSBP), Joint Control Checkpoints, juxtaposed offices or any other arrangement that facilitates the movement of legitimate goods whilst enabling Customs and relevant Cross Border Regulatory Agencies to perform their legal tasks.</li></ul>

## Concept No. 29-2: Single Window

Current references to the RKC and related instruments/tools etc.
<ul style="list-style-type: none"><li>- Chapter 3 of the GA to the RKC</li><li>- Chapter 7 (Application of Information Technology) of the GA to the RKC</li><li>- Article 10, Para 4 (Single Window) to the WTOTFA</li><li>- WCO Single Window Compendium including Volume-I (Part-I to Part-IX) and Volume-2 (Part-I to Part-IX)</li><li>- UN/Economic Commission for Europe (ECE) - The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) recommendation No.33</li><li>- Other WCO Tools and Instruments such as Coordinated Border Management Compendium, AEO Compendium and Risk Management Compendium.</li></ul>

## Rationale and Proposals

### Joint proposal No. 29-2 – Track A

Sponsoring Members: TH, IN, EG

Related proposals: No. 21 (TH), No.97C(IN), No.98(EG)

Related Secretariat input: SE18

VWG2015: VWG 2.1

#### [TH] *Single Window (No. 21)*

##### Rationale:

- The RKC should specify more standards that would reflect modern technology development in commerce and facilitate the customs clearance

##### Proposal:

- Need to elaborate or add to the General Annex a provision on single window through which the documents and information are submitted and the examination results are notified without requesting the same documents and information again except in urgent circumstances and other exceptions (build upon Article 10 para 4 TFA)

#### [IN] *Single Window (No. 97C)*

##### Rationale:

- Single Window environment is considered as a major overarching process, for modernizing, streamlining of customs procedure allowing highest level of data harmonisation, dynamic information exchange among various Cross Border Regulatory Agencies (CBRA), ensuring coordinated border management, intended to benefit seamless international trade transactions and smooth flow of the e-commerce trade. It is also regarded as the highest standard of excellence in the area of delivery of public services through a single interface which offers transparency, increased efficiency of the government/CBRA and reduction in transaction costs. Hence, in the strategic interest of the customs, establishing or maintaining a single window is an essential element that should be built in the comprehensive review of RKC.
- In the case of inspection by any agency other than Customs, the importer is subjected to have interface with more than one office. Accordingly, documentation also increases. The formats of documents, the information required to be submitted may vary from agency to agency. The stake holders are subjected to tailor make their declarations according to the respective agencies needs. This may also lead to distortion of information. So lodgment of a single declaration at a single point containing all the information will have a seamless clearance has been preferred as provided in GA/ Chapter 3, Transitional standard 3.35.

##### Proposal:

- With the availability of well laid down guidelines developed by WCO – Building a single window environment – Part-I; From cross-border regulatory functions to single window services – Part-II; Single window as part of customs modernization – Part III, along with other tools such as WCO data model, SAFE FoS Pillar 3, UN/Economic Commission for Europe (ECE) - The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) recommendation No.33, it is proposed to establish a minimum level of single window mechanism for providing a single contact point for accepting the declarations in relation to import, export, transit and convey the decision of Customs and other participating CBRA to the trade in an expeditious and cost effective manner.
- Further, the modern technology tools such as block chain, Distributed Ledger Technology (DLT) enable building a secure platform for exchange of information with the entire trade ecosystem and other stakeholders in the Single Window.

#### **(EG) Use of Single Window (No. 98)**

##### Rationale:

- The agreement does not state for the use of a single window system, but it states only for the use of information technology.

##### Proposal:

- The agreement should state explicitly on the use of a single window system according to the international standards as indicated in Trade Facilitation Agreement and SAFE Framework of Standards.

### Components to be included

#### Component 1: Single Window Definition:

- Single Window environment is a cross border, intelligent facility that allows parties involved in trade and transport to lodge standardized information, mainly electronic, with a single entry point to fulfill all import, export and transit related regulatory requirements of various participating authorities or cross border regulatory agencies.
- Single window is a part of coordinated border management facility that provide a collection of services that support the core regulatory functions of import, export, transit and trade facilitation. These services are predominantly enabled by information and communications technologies and the results shall be notified to the parties involved in trade and transport through the single window in timely manner for speedy release and clearance of goods.

#### Component 2: CBM national dimension

- Cross Border Regulatory Agencies (CBRA) shall adopt a common scope and a clear definition of National Single Window (NSW) and its components. The collaboration between Customs and other partner CBRAs, shall aim at further simplification of trade procedures and unified data flows, so as to ensure single point contact for compliance with all regulatory requirements of CBRA in connection with import, export and transit.

#### Component 3: Single Window Interoperability

- Customs shall provide for single window interoperability by suitable incorporating internationally accepted standards, to the extent feasible, for submission of data, processing and exchange of information, adoption of technology, use of tools in the single window ecosystem.
- Customs, whenever is in the role of Operator and/or Coordinator of NSW, should endeavor to exchange information with other Customs, CBRAs or Single Window Operators to facilitate the importation, exportation and transit procedures with the country's neighboring and trading partners. The information exchange on bilateral/multilateral international level should involve all the necessary steps which are part of the development of GNC Utility Blocks, such as business layer, legal aspects, technical interoperability, etc.
- *If the goods must be inspected by other Competent authorities and Customs also schedules an examination, the Customs shall ensure that the inspections are coordinated and if possible, carried out at the same time. As provided in GA/ Chapter 3, Transitional standard 3.35 this could also be incorporated in Single Window.*

### Rationale and Proposals

**Sponsoring Members: CN**  
**Related proposals: No. 107 (CN) – Track A**  
**Related Secretariat input: SE18**  
**VWG2015: V 2.1**

- Over the past decades, promoted by the international organizations and driven by the governments, the concept of Single Window has been widely accepted and has increasingly become an indispensable regime and infrastructure in the major economies and various countries to facilitate the cross-border trade. The development of Single Window involves different dimensions including coordination among agencies, business process analysis, data model, ICT, Customs procedures and wide areas. Thus, the concept and practice of Single Window extends far beyond the concept of coordinated border management.
- It is recommended to separate the proposal on the Single Window for international trade from provisions under the Coordinated Border Management to a new chapter or provide a specific annex for it.

### Components to be included

- In order to enable RKC to provide effective guidance for member administrations and their implementing agencies on the development of Single Window, and in order to enhance the vitality of RKC, it is advisable to provide a clear description of the architecture design regarding the development of Single Window.
- The government of each member should spare no efforts to develop its Single Window. Through architecture design, members should designate a leading agency responsible for the coordination, in order to build the Single Window into a single-entry point to provide interface among business,

Customs administration and other border agencies. Meanwhile, members should also provide necessary fund for the long-term development of Single Window.

Component 1: Political commitment

- The government of each member should give priority to the development of its Single Window, and strive to enhance the development by modernizing and streamlining the relevant national legislations.

Component 2: Institutional arrangement Support

- A leading agency and the coordination mechanism should be clearly specified, and the border and trade agencies should actively participate in the development of the Single Window.

Component 3: Function of Single Window Application

- The Single Window should be the primary interface for businesses to process transactions with Customs and other border agencies. Members should continually improve the information systems of the concerned agencies and extend the functions of the Single Window for wider application.

Component 4: Technical Standards

- The development of the Single Window should follow international standards and national requirements. Members should maintain security of the Single Windows, to ensure its proper functioning and information security.

Component 5: Fund

- Members should provide necessary fund for the development and maintenance of the Single Window, to ensure the long-term development.

Component 6: Application of New Technology

- The development of the Single Window should be based on the need of businesses. Members should make efforts to enhance the application of the new technologies in the Single Window including big data, cloud computing, mobile internet, block chain and artificial intelligence (AI) , so as to constantly facilitate in trade and clearance and Increase user-friendliness.

- To support the development of the Single Window in each member, and also to contribute to trade facilitation and improvement of business environment, it is necessary for members to carry out cooperation and exchange with their counterpart administrations to share their knowledge and expertise and to provide capacity building, so as to realize the connectivity and exchange of information among their Single Windows and to ultimately establish an integrated Single Window environment for the global economies.
- Members should, to the extent possible, conduct exchange and cooperation in the development of the Single Window to jointly push forward the capacity building in the field of the Single Window. Based on their own requirement in control and service, they should actively put forward the need related to data interchange, and press ahead the data exchange and sharing through the Single Window, so as to materialize the connectivity of international Single Windows and finally the integrated Single Window environment for the global economy.

Component 1: Communication

- Members should sustain constant communication in the development of the Single Window, and develop Single Window by learning from each other, applying international standards and tapping the potential.

Component 2. Capacity Building

- The international organizations concerned should carry out necessary capacity building initiatives in the Single Window, so as to constantly improve the development of the Single Window and its application.

Component 3: Cross-border Exchange

- The interchange of the data on trade and clearance among Members should be conducted through the Single Window, which should be extended to cover the whole process of the international trade, and built into a "one-stop" service platform for trade. It should contribute to the improvement of business environment and the enhancement of the national competitiveness in international trade.



**Component 4: Connectivity**

- Members should provide the fast, seamless and safe connectivity between Single Windows based on the principle of equality, voluntariness and mutual trust, so as to promote trade facilitation and ultimately establish an integrated Single Window environment for the global economy, while ensuring effective control.

### Concept No. 30: Time Release Study (TRS)

#### Current references to the RKC and related instruments/tools etc.

- WCO Guide to measure the time required for the release of goods – Version 2
- WTO TFA Art. 7.6.1 and 7.6.2 (Establishment and publication of average release times)
- WCO Time Release Survey Guide -Article 7.6.1 and 7.6.2, WTO TFA

#### Proposals

**Joint proposal No.30 – Track A**

**Sponsoring Members: IN, MM**

**Related proposals: No.26 (MM), No.99C (IN): Establishment and publication of average release times (TRS)**

**Secretariat input: SEC 5**

**VWG 2015: V4.9**

**[MM]:**

- Establishment and publication of average release times (TRS)
- Need to add a new standard to the GA for Trade Facilitation and Trade Promotion.

**[IN]**

- TRS being one of the one of the tools of performance measurement, Member Customs Administration may decide on whether the dimension of Performance standard should be incorporated to measure the same.

**V.4.9 (VWG2015): Average Release Time:**

- To amend the RKC to stipulate that CPs should establish and publish their average release time of goods

**Secretariat's input No.5 Time Release Study**

- The standards in TFA (7.6.1 and 7.6.2) can be included in the Chapter 3 of the GA which deals with Clearance and other Customs formalities.

#### Components to be included

**Component 1: TRS – Effectiveness of Customs:**

- It is a matter of importance that the time required to release goods has been increasingly become the measure by which the international trading community assesses the effectiveness of a Customs administration. The Time Release Study provides guidance to Customs administrations on the best way to apply this method of internal review.

**Component 2: TRS – Standard method and software:**

- WCO has developed a standard set of guidelines for measuring the time release study and have also brought out the software. Hence, these tools could be incorporated in the RKC. The results of such TRS can also be published in a uniform manner for `1q`easy understanding by the trade, as it would in turn impact the schedule of their commercial operations and the cost involved in clearance of goods at the international border.

**Component 3: Average Release Times:**

- TFA encourages Members to share their experiences in measuring average release times, including methodologies used, bottlenecks identified, and any resulting effects on efficiency. Such an arrangement would provide for identifying the best practices and global benchmarking of the reforms initiated in customs procedures for release of goods.



**Component 4: Joint TRS:**

- Customs Administrations shall undertake a joint TRS to measure the release time of the cargo from the port of origin to release of cargo in the port of destination. Further, mutually agreed upon logistic operations can be worked out in the case of a bilateral/multilateral trade and can be taken up for measuring TRS.

**Concept No. 34 : Postal Traffic**

**Current references to the RKC and related instruments/tools etc.**

- Specific Annex J - Chapter 2 - Postal Traffic
- WTO TFA Article 7 (Release and Customs Clearance of Goods) , Article 8.1 (Expedited Shipments)

**Rationals and Proposals**

**Sponsoring Members: AU, UY**

**Related proposals: No. 100 (UY), No.101 (AU) – Track A**

**Rational**

[No.100 UY]

- The RKC does not adequately address risk management applied to postal traffic, for an effective development of Customs controls on this type of trade, and mainly with advanced, high quality information.
- Article 8.1 of the WTO TFA mentions, for example, that each member shall adopt or maintain procedures allowing for the expedited release of good, when among other requirements they “*submit in advance of the arrival of an expedited shipment the information necessary for the release*”

[No.101 AU]

- Since the RKC was last revised, the postal environment has evolved significantly, with item level electronic advance data (EAD) for international mail now available.
- The WCO and the Universal Postal Union have been supporting postal and customs administrations to build capability to generate and use EAD.
- There has been a significant shift from an entirely manual process for border clearance of international mail, to data and advanced technology being available to support border risk assessment and customs clearance.

**Proposals**

[No.100 UY]

- Need to add a new provision regarding advanced information and risk management applied to postal traffic, so that the RKC continues to be relevant for Customs Administrations.

[No.101 AU]

- That *Annex J Chapter 2 - Postal Traffic* be revised, as the postal environment has changed significantly since the last RKC review, due to the cross-border e-commerce boom and the availability of EAD for international mail.

**Components to be included**

**Concept No. 35: Expedited/Express Shipments**

**Current references to the RKC and related instruments/tools etc.**

- Specific Annex J - Chapter 2 - Postal Traffic
- Chapter 3 of the General Annex (GA)
- WTO TFA Article 7 (Release and Customs Clearance of Goods) , Article 8.1 (Expedited Shipments)
- WCO Cross Border E-Commerce Framework of Standards (June 2018)
- WCO Immediate Release Guidelines

### Rationals and Proposals

**Sponsoring Members: AU**

**Related proposals: No.103 (AU): E-Commerce principles and standards – Track A**

**VWG 2015: V4.5**

#### Rational

- The rapid growth in cross border e-commerce over the past 5 years has greatly impacted the nature of global trade, with changes to how goods are marketed, sold and transported across borders. Cross-border e-commerce has presented significant challenges to customs administrations, in terms of how best to manage high volumes of low value imports and address border risks, while not unnecessarily impeding the flow of goods across borders.
- The principles and standards relating to Cross-Border E-Commerce are set out in the *WCO Cross-Border E-Commerce Framework of Standards* (Framework of Standards), endorsed in June 2018.

#### Proposals

- - That the impact of the global e-commerce boom on trade is considered in the review.

### Components to be included