



MANAGEMENT  
COMMITTEE  
Revised Kyoto  
Convention

PO0063E1a

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11<sup>th</sup> Meeting

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14 - 15 November 2012

Brussels, 16 October 2012

**REVISED KYOTO CONVENTION (SPECIFIC ANNEX K – ORIGIN) :**  
**Examination of the possibilities to update the Annex**

**(Agenda Item IV)**

1. In accordance with Article 6, paragraph 6 of the Revised Kyoto Convention (RKC), European Union has sent the Secretariat a request for the inclusion of an item on the agenda of this meeting. The item concerns the possibility to update the Specific Annex K to the RKC. The document attached as annex is issued by European Union for this purpose.
2. On the basis of the foregoing, the Management Committee is invited to examine the various questions raised by European Union and to give an opinion on the EU's suggestions.

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**Subject: WCO RKC – Specific Annex K – Origin: examination of the possibilities to update the Annex**

### **Introduction**

The International Convention on the simplification and harmonisation of Customs procedures was concluded in 1973. It included, among others, an Annex D concerning rules of origin. When the work on the revision of the Convention and its Annexes was undertaken in the 1990s, it was decided not to substantially amend the Annex on origin. This decision was well founded at the time, because the negotiations on the Harmonisation Work Program (HWP), created by the WTO Agreement on Rules of Origin, had started in 1995 and there was a strong wish to finalize the HWP within the next few years. There would then be no need for an instrument in the Revised Kyoto Convention (RKC) on Rules of Origin, or at least the principles agreed upon in the WTO context could simply be transposed in the RKC.

The negotiations on the HWP have not yet been concluded, and it is unlikely that any binding rules will be agreed in the near future.

### **Present situation of Kyoto Convention Annexes**

Annex D to the Kyoto Convention had been the subject to the acceptance of 15 - 23 Members (depending on the Chapter), with a few reservations on parts of it. The Annexes to the Kyoto Convention were reproduced in Specific Annexes to the RKC. The "new" Specific Annex K of the RKC is almost an exact copy of the old Annex D.

The specific mechanism governing the transition between the original and the revised Convention has the effect that these acceptances become null and void as soon as a Member accepts the RKC and its General Annex. Bearing in mind that acceptance of the Specific Annexes of the RKC is not mandatory, Members can accept any or none of them. This in turn has led to the situation that only two Members are still bound by Annex D of the Kyoto Convention. All other Members who have accepted the RKC are no longer bound by Annex D of the Kyoto Convention. However, only 10 Members have accepted the Specific Annex K of the RKC.

It is difficult to assess in how far that acceptance rate is influenced by the fact that the Specific Annex K can be considered as no longer reflecting the current state of accepted practises in the origin area. It would therefore in the opinion of the EU be worthwhile to examine whether a revision of the Specific Annex K could improve the situation as to the number of countries bound by international standards relating to origin determination.

### **Possible principles for a revision**

A possible revision of the Specific Annex K should not be considered as an alternative to the HWP. The EU expressly declares its continuing commitment to the continuation of the work on the HWP with the aim of finalizing it as soon as possible.

Considerations for and a possible review of the Specific Annex K of the RKC could proceed in parallel with the on-going negotiations of the HWP. The fact that a number of results are already achieved in that context could be beneficial to the discussions on a possible review of the Specific Annex K.

Annex to  
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Such review should in the first instance be limited to Chapter 1 of the Specific Annex K, containing the rules for the determination of origin. This is the only area covered by the HWP and it could serve as inspiration for the review.

The EU is of the opinion that the time is ripe to reflect on a possible revision of the Specific Annex K of the RKC taking into account the developments of customs practises relating to origin determination on the one hand and the slowing down of progress in the negotiations of the HWP on the other hand. The Revised Kyoto Convention Management Committee is invited to express its view and make recommendations with regard to the appropriateness of reviewing the Specific Annex K of the Revised Kyoto Convention.

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