

**Brussels, 09 October 2017**

**FINAL REPORT OF THE VIRTUAL WORKING GROUP  
TO THE REVISED KYOTO CONVENTION MANAGEMENT COMMITTEE**

**13-14 November 2017**

**1. Introduction**

The Revised Kyoto Convention Management Committee (RKC/MC) at its 15<sup>th</sup> Meeting in November 2016 agreed that there was a general view amongst delegates that the RKC should be reviewed and updated to ensure that it remains relevant and continues to meet the needs of modern Customs administrations. This should include a review of the Body of the Convention, General Annex, Specific Annexes, and Guidelines. To advance the work on such a review, a Virtual Working Group of interested Members was established with the mandate to:

- map out the process,
- develop a plan including key objectives, broad approach, tasks, and roadmap,
- examine how other international organizations updated their respective conventions,
- develop a detailed impact analysis of conducting a review including associated benefits, challenges and potential solutions

As mandated by the RKC/MC the established RKC/VWG discussed and examined how the Convention could be reviewed in a comprehensive manner.

The RKC/VWG developed an Interim Report (Annex III) which included a roadmap with tasks and steps for its implementation that was presented at the 16<sup>th</sup> Meeting of RKC/MC in April 2017.

The Interim Report identified two key objectives:

- i) an updated Convention that responds to the future developments, expectations and requirements of governments and private sector to reflect the dynamic, rapid and changing role of Customs and
- ii) mechanisms to “future proof” the Convention to ensure its ongoing currency and relevance while minimizing the need for parliamentary approval, noting that this is subject to individual sovereignty requirements which might differ from country to country. It also highlighted the tasks that should be included in the implementation plan and identified benefits and challenges of the recommended implementation plan.

The RKC/MC on its 16<sup>th</sup> Meeting unanimously endorsed the interim report, including the recommendations of the 2016 WG, and decided to conduct a comprehensive review of the Convention (including the Body, the General Annex, the Specific Annexes, and the Guidelines).

Against this background, the RKC/VWG has finalized its report which provides among others an Implementation Plan (project and action plan) as appended in Annex I for a complete review of the Convention together with a thematic approach for stakeholder engagement (Annex II) and a recommendation to establish a WG to carry out the complete review process.

## **2. Implementation Plan**

### **General objective**

The RKC Implementation Plan describes the main steps that will be deployed for the comprehensive review of the RKC, as agreed in the 16th Meeting of RKC/MC in April 2017. The Plan contains an overview of the scheduled major tasks involved in the implementation process and a proposed timeline. It is, however, a living document that will require changes depending on future research and decisions by the RKC/MC.

The suggested annual workflow, as set out in the timetable (Annex I), should continue until the review process has been fully completed. At the end of the review process the RKC/MC should be presented with a complete reviewed RKC for adoption. The RKC/VWG recommends that the new WG discuss whether the RKC should remain a Convention or become a Framework of Standards (FoS) and make a recommendation to the RKC/MC in spring 2018.

It is recalled that the overall objective of the complete review of the RKC is to ensure that the Convention is updated and modernized to meet its overall objective to facilitate trade, to improve the efficiency and effectiveness of compliance with Customs legislation and to encourage non-contracting Members to accede to the Convention. Furthermore, the implementation process for such review provides an opportunity to eliminate the risk of a non-standardized approach. It would also be important to establish a future-proof mechanism; that enables the Convention to cater for future developments in important areas such as e-commerce, security, digital Customs, Customs and tax cooperation; etc.

### **Implementation process**

The Working Group (WG), based on its new mandate should be composed of all interested WCO Members (contracting parties as well as non-contracting parties) and the WCO Secretariat.

The primary tasks for the new WG would be to address fundamental horizontal issues; and consider the outcome of the Secretariat's study on 'How International Organisations review / update and monitor the implementation of their respective Conventions' and provide recommendations as to the future structure of the instrument. Preliminary discussions on these essential structural issues should be held in the spring 2018 RKC/MC meeting, based on the WG's recommendations.

Recognizing the considerable task at hand, it is recommended that three Sub-Groups are established, each reporting directly to the WG. The Sub-Groups should work in parallel to ensure coherency and report directly to the WG on a quarterly basis. The WG is expected to provide feedback to the respective Sub-Groups through meetings scheduled for no later than two weeks after the receipt of the Sub-Groups progress reports.

It is suggested that the three Sub-Groups would be accountable as follows:

- The RKC body and relevant horizontal issues.
- The RKC General Annex.
- The RKC Specific Annexes and Guidelines.

For each Sub-Group the main tasks have been identified, but are by no means exhaustive and are subject to change at different stages of the implementation process. It is recalled that the work already carried out by the previous (2015/2016) RKC/VWG, and subsequently endorsed by the RKC/MC in 2016 should be fully taken into account.

### **3. Financial implications**

The RKC/VWG has tasked the Secretariat to prepare, for the 17<sup>th</sup> Meeting of the RKC/MC, an estimate of the financial implications, including staffing requirements for the review of the RKC.

### **4. Stakeholder engagement**

In order to effectively engage with external stakeholders it is prudent to approach such engagement based upon a thematic approach. It is envisaged that all stakeholders will be able to approach the review of the RKC in a more holistic manner and therefore engage effectively with Customs administrations in the course of executing the implementation plan. The details of the proposed Stakeholder Engagement are appended at Annex II to this report.

### **5. A study and Future proof of the Convention**

As agreed in the 16th meeting of the RKC/MC the Secretariat was requested to carry out a study on how other similar international organizations review/update and monitor the implementation of their respective conventions, to provide legal counsel and to recommend a framework that would future proof the Convention by accommodating regular changes including those associated with updated WCO tools and instruments. It has been necessary for the Secretariat to outsource this work to be concluded by the end of 2017 and the Secretariat will inform the RKC/MC, at the 17<sup>th</sup> Meeting, of the progress of the study.

### **6. Conclusion**

In order for the RKC to remain relevant for today's Customs administrations and trade environment, there is a need for a revision that will reinforce the global leadership position of the WCO as a forward-looking International Organization.

It is recommended that the RKC/MC establish the mandate for a Working Group to conclude the review of the RKC. Bearing in mind that the Implementation Plan is a living document the RKC/MC should evaluate and assess the implementation process and progress, and, where considered necessary, adjust the Implementation Plan. The RKC/MC should also hold an additional meeting (spring 2018) to accelerate the review process.

#### **Action Requested:**

**The RKC/MC is invited to:**

- **examine and approve the final Report of the RKC/VWG on the review of the RKC;**
- **establish a WG, including its Terms of Reference, for the review process of the RKC.**