Review of RKC Specific Annex K

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Revised Kyoto Convention (RKC)

Body of the Convention

General Annex

Chapter 1
Specific Annex A
- Chapters

Chapter 2
Specific Annex B - H
- Chapters

Chapter 3
Specific Annex J
- Chapters

Chapters 4 - 10
Specific Annex K
- Chapters

Each Annex to be accompanied by non-binding Guidelines
Rules of Origin in RKC

• Specific Annex K not part of the revision of the Kyoto Convention in the 1990’s
  • The Harmonization Work Programme (HWP) in the WTO Agreement on Rules of Origin (ARO) had just started
  • WCO Members decided to update the Specific Annex K after the finalization of the HWP

• Specific Annex K has remained (more or less) unchanged since the 1970’s
  • Need modernization to match modern customs and trade practices
Rules of Origin in RKC

• Comprehensive modernization of Specific Annex K
• Comprehensive update of the text regarding Binding Rulings to be compatible with WTO TFA
• Need effectively enforceable and binding provisions
• Modern provisions will lead to increase in acceptance of Specific Annex K
Spaghetti bowl effect

- No Harmonization of Rules of Origin foreseen

- Need for enforceable, binding provisions in relation to origin procedures, especially certification and verification
  - Facilitating for Customs - streamlined, enforceable rules
  - Facilitating for Trade – gives transparency and predictability

- WCO Members and Secretariat have developed guidelines on origin procedures. Principles to be included in RKC as approved by Council
Possible areas for review

• Clear distinction between preferential and non-preferential rules of origin
• Use SA K as “toolbox” with clear concepts/common language
• Identify common approaches and recommended practices where possible
• Emphasis on (customs) origin procedures rather on the rules themselves
Components to include in the review

- Definitions including of “wholly obtained” and “substantial/sufficient transformation” – no attempt to harmonize the PSR
- Certification of origin, including self-certification
- Verification of origin taking into account current certification methods
- Transportation provisions
- Promotion of IT application, including for certification and verification
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