

## The Revised Kyoto Convention

Back in the early 1970's, the World Customs Organization (then still the Customs Co-operation Council) identified standardized, harmonized and simplified Customs procedures as a means to generate substantial benefits for trade and governments alike. The Kyoto Convention, adopted in 1973 and revised in 1999, is the repository of best practices that, when applied, can lead to increased economic growth, competitiveness and development, something recently quantified by both the WEF and the OECD.

With 85 Contracting Parties, the Revised Kyoto Convention is already a success story. But the best is still to come. More countries should ratify it, and those who have should spare no effort in implementing the best practices and guiding principles contained in the Convention. This will help countries to become more competitive, increase their border efficiency and enable the global economy to grow and prosper.

The Global Express Association wishes to congratulate the World Customs Organization on the 40th Anniversary of the signing of the Kyoto Convention. We stand ready to support initiatives that will further reinforce the Convention, and look forward to continuing our strong partnership with the WCO and its members.

Carlos Grau Tanner  
Director General  
June 2013

## About Us

The Global Express Association is the trade association of the global express carriers: DHL Express, FedEx Express, TNT express and UPS.

- 30 million shipments daily
- 220 countries and territories
- 1,700 aircraft
- 200,000 ground vehicles
- 2.75 million jobs world-wide (1.3 million direct jobs)



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## Efficient Borders for Economic Growth and Competitiveness

The role of the Revised Kyoto Convention

Presented by the Global Express Association on the Occasion of the 40th Anniversary of the WCO Kyoto Convention

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## Customs and Trade Facilitation

Customs and all other government agencies with authority over the admission of goods entering or leaving their territory, play a critical role in protecting the safety and security of its people and economy as well as collecting revenues. At the same time, they can also be a vital factor in their country's competitiveness.

## Made in the world

Today, the WTO estimates that 50% to 60% of world trade is comprised of 'components' as opposed to finished goods. This reflects the emergence of global supply chains – the WTO now speaks about goods being 'made in the world' rather than in a specific country. In a global supply chain, an import can become an export a few days, or hours, later.

## Trade facilitation means competitiveness

Trade facilitation matters a lot for a country's competitiveness. A recent study by the Organisation for Economic Cooperation and Development (OECD)<sup>1</sup> suggests that trade facilitation in developing nations would mean a 15% reduction in the cost of trade.

The World Economic Forum goes further. It states, "if all countries reduce supply chain barriers halfway to global best practice, global GDP could increase by 4.7% and world trade by 14.5%, far outweighing the benefits from the elimination of all import tariffs. In comparison, completely eliminating tariffs could increase global GDP by 0.7% and world trade by 10.1%."<sup>2</sup>

## Trade facilitation can be vastly improved

The GEA has measured 'border holds' for the last two years on a quarterly basis. By that, the GEA means express consignments that are not immediately released by any border agency (not just Customs). And in more than half the countries and territories in which the express industry operates, there is a one in four chance that a shipment will be held at the border.

## Best

On average, the border agencies of the 32 'best performing nations' hold less than 7 % of inbound shipments, which in turn leads to an immediate release rate of express shipments of over 93 %.

The 'best in class' nations tend to share common features: They have efficient border management procedures, which reflect the best international policies and recommended practices such as the Revised Kyoto Convention and the Immediate Release Guidelines. They operate risk-management systems that allow Customs to receive advance shipment data electronically and assess that shipment even before it reaches the border. Many operate single windows.

Not surprisingly, shipment volumes into these countries tend to be much higher. Their efficiency makes them more attractive to companies that operate global supply chains.

## Worst

At the bottom end, over 32 countries in the world hold, on average, more than 63 % of all inbound express shipments. Only less than 40 % of all expedited shipments are released immediately upon arrival.

These countries will find it difficult to attract investment and participate in global supply chains.

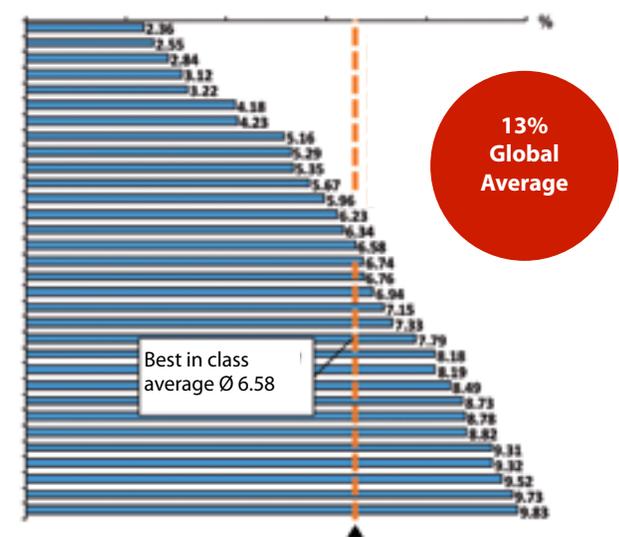
## Look no further

More widespread ratification of the Revised Kyoto Convention, and better implementation of its standards, can significantly improve this picture. That would generate significant economic benefits for those countries involved.

<sup>1</sup> Moisé, E. and S. Sorescu (2013), "Trade Facilitation Indicators: The Potential Impact of Trade Facilitation on Developing Countries' Trade", OECD Trade Policy Papers, No. 144, OECD Publishing. <http://dx.doi.org/10.1787/5k4bw6kg6ws2-en>

<sup>2</sup> Enabling Trade Valuing Growth Opportunities, WEF, 2013

Best in Class Border Clearance Performance 2012, in %



Source: Global Express Association

Worst in Class Border Clearance Performance 2012, in %



13% Global Average    Ø 63.51 - Worst in Class Average

Source: Global Express Association