

IN THE THIRD MEETING OF THE SECOND SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA

**REPORT OF THE FINANCE COMMITTEE ON THE PROTOCOL OF
AMENDMENT TO THE INTERNATIONAL CONVENTION ON THE
SIMPLIFICATION AND HARMONIZATION OF CUSTOMS PROCEDURES**

1.0 INTRODUCTION

The request for ratification of the Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures was presented to the House on 17th July, 2018 in accordance with Article 75 of the 1992 Constitution.

The Rt. Hon Speaker referred the request to the Finance Committee for consideration and report in accordance with Order 169 of the Standing Orders of the House.

The Committee was assisted in its deliberations by a Deputy Minister for Finance, Hon. Kwaku Kwarteng, the Commissioner-General, Mr. Kofi Nti and a team of officials from the Ministry of Finance and Ghana Revenue Authority.

The Committee is grateful to the Deputy Minister and officials for attending upon it to assist in the deliberations.

2.0 REFERENCE DOCUMENTS

In considering the referral the Committee availed itself of the under listed documents.

- a. The 1992 Constitution
- b. The Standing Orders of Parliament

- c. The International Convention on the Simplification and Harmonization of Customs Procedures
- d. The Customs Act, 2015 (Act 891)

3.0 BACKGROUND

Customs administration plays an important role in the growth of global international trade and development. The efficiency and effectiveness of customs procedures can greatly influence and advance competitiveness and social development.

Customs systems and processes must therefore be re-aligned to serve as an impetus to international trade and growth. In today's challenging world, trade and investment turn to flow towards efficient, supportive and facilitative locations and would move away from locations which are perceived to be bureaucratic, lacking good governance and synonymous with high business cost.

The International Convention on the Simplification and Harmonization of Customs Procedures (as amended) informally referred to as the Revised Kyoto Convention (RKC), originated from the Kyoto Convention adopted in 1973 at the World Customs Organization (WCO) Council Sessions in Kyoto, Japan, and entered into force in 1974. The Protocol of Amendment to the 1973 Convention was adopted at the WCO Council Sessions in 1999, and entered into force on 3rd February 2006. As of May 2017, the RKC had a total of 110 contracting parties who have acceded to the treaty.

The WCO revised and updated the Kyoto Convention to ensure that it meets the current demands of international trade. Modern production and delivery systems linked with the dramatic potential of new forms of electronic commerce make swift and predictable customs clearance a prerequisite for national prosperity and economic development.

The RKC is an international agreement that provides a set of comprehensive customs procedures to facilitate legitimate international trade while effecting customs controls including the protection of customs revenue and ensuring public safety. It deals with key principles of simplified and harmonized customs procedures, such as predictability,

transparency, due process, maximum use of information technology, and modern customs techniques (e.g. risk management, pre-arrival information, and post- clearance audit).

The Revised Kyoto Convention (RKC) provides a comprehensive set of uniform principles for simple effective and predictable customs procedures with effective customs control. It therefore responds to the key needs of both modern day customs administrations and the demands of international trade by providing a balance between customs functions of control and revenue collection and that of trade facility.

There are 600 standards, recommendations and practices contained in the RKC. The new structure of the RKC provides a comprehensive package of up to date customs procedures but its content could be considered separately.

The Revised Kyoto Convention (RKC) contains a General Annex and a number of Specific Annexes to make its structure more logical. The General Annex deals with the core principles for all procedures and practices to ensure that these are uniformly applied by custom administration.

The Specific Annexes cover the individual customs procedures and practices. The General Annexes forms the basic core and roots while the Specific Annexes are branches that can be added at the pace desired or required by the custom administration.

The provisions of the General Annex also apply to the procedures and practices set out in the Specific Annexes. The Convention covers not only customs procedures relating to import, export, transit and processing, among others, but also Customs practices concerning rules that are not necessarily applicable to goods but are required to regulate other matters as custom control, the application of information technology, appeals, offences or relations with the business community.

The body of the convention relating to the procedures for its adoption and administration and the General Annex are binding on contracting parties and form the minimum requirement of the contract. This is essential to ensure harmonization of procedures in all

countries that become contracting parties. However, any contracting party can choose which specific annexes or chapters to accept.

The General Annex is the nucleus of how a modern customs administration should operate. Its principles from clearance, duties and taxes, guarantees, controls, information technology, relationships with third parties information and decisions and appeals are common to every customs activity worldwide.

The structure permits a flexible choice of commitments by the contracting party. This makes it possible to take into account the peculiarities of each customs administration yet without losing sight of the final objective which is total accession to the convention.

There are new features such as the transitional standards and guidelines to aid governments to meet the obligations undertaken and a management committee to give all Contracting Parties a voice in the future development and administration of the convention.

The WCO has encouraged its members to accede to the RKC, believing that more benefits would accrue as a result of early implementation of the Convention by more economies in a coordinated way. It is regarded as the blueprint for modern and efficient customs procedures in the 21st century and once implemented widely will provide international commerce with the predictability and efficiency that modern trade requires.

Ghana is a member of the World Customs Organization. In order to benefit from the gains to be obtained from the Revised Kyoto Convention (RKC), Ghana needs to ratify and become a party to the Convention. It is in this vain that the request for ratification has been brought to Parliament in accordance with the 1992 Constitution.

4.0 PURPOSE OF THE REQUEST

The purpose of the request is to seek parliamentary ratification to enable Ghana to become a party to the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention).

indirectly for both customs administration and businesses. It will also enable customs administrations to process more transactions without delay at borders, so that they can deploy their limited resources to high-risk cargoes.

- e. RKC measures would have the potential to strengthen the capacity of customs administrations to improve revenue collection. Firstly, revenue could increase as a result of a larger tax base with the increase in imports, attracted by faster release of goods and lower trade costs as mentioned above. Also, a specific customs technique such as post-clearance audit could enhance revenue collection and trade facilitation measures could reduce the incentives for smuggling.

The Committee was informed that implementing the provisions of the RKC can promote protection of security, society and human health. Standardized information technology helps in the detection of movements of illicit goods or people across borders by enabling a customs administration to coordinate in a timely manner not only with other agencies and the private sector, but also with international partners. Further, sound RKC implementation helps to facilitate inbound and outbound flows of goods and people in the event of natural disasters and other emergencies.

The RKC presents a blueprint for modern and efficient customs procedures in the 21st century to facilitate legitimate trade while not compromising the customs control function. It provides a comprehensive and basic set of international customs standards and tools which constitutes a benchmark for successful capacity building activities. In this regard, acceding to and implementing the RKC could be highly beneficial to the Customs Division of the Ghana Revenue Authority and the Ghanaian economy as a whole.

5.2 Financial Impact

The Committee noted that the State would not incur any financial obligation for acceding to this Convention except for the cost of implementation. It is however expected that the implementation of the Protocol will lead to an increase in revenue.

5.3 Implementing the provisions of the Revised Kyoto Convention

The committee learnt that on ratifying the Protocol, Amendments have to be made to the Customs Act and Regulations to synchronize it with the tenants of the Convention. Further, customs officers will be trained on the new procedures adopted after the amendment has passed. There will be a sensitization workshop for stakeholders on the new procedures adopted after amendment of the Customs Act and Regulations.

6.0 CONCLUSION

The committee has examined the Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures and is of the view that it would enable Ghana play a vital role in improving world trade.

The committee accordingly recommends to this House to adopt its report and ratify the Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures in accordance with Article 75 (2) (b) of the Constitution.

Respectfully submitted.


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EVELYN BREFO-BOATENG
CLERK TO THE COMMITTEE