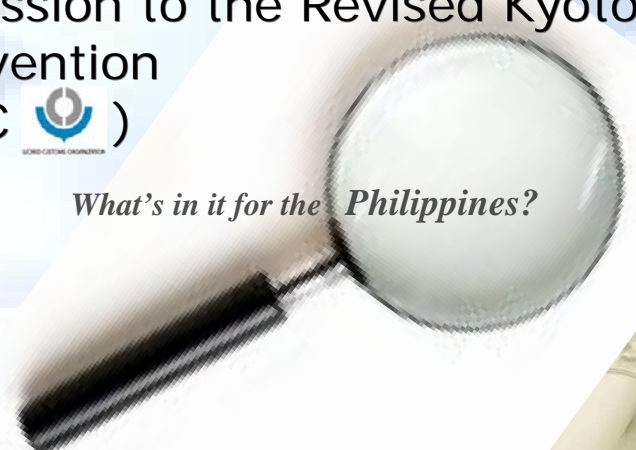




# Accession to the Revised Kyoto Convention (RKC)



What's in it for the Philippines?



Accession to the International Convention on the Harmonization and Simplification of Customs procedures, also known as the Revised Kyoto Convention (RKC) supports the competitiveness agenda of the Philippine Government.



RKC standards & best practices prescribes principle of **good governance** in Customs Operations. They are primarily designed to increase the Contracting Party's **trade efficiency & competitiveness** which benefit individual firms as well as the general public: a catalyst towards the **economic growth & development** of the country.

## GOOD GOVERNANCE

### PREDICTABILITY

- Customs procedures under the RKC rests on the principle of informed compliance by the transacting public. When trade rules and regulations are well disseminated and informed to the public, uncertainties involving the clearance of shipments are eliminated and transaction costs are reduced.
- Global business and investment will flow into countries with predictable Customs procedures based on the standards and the recommended practices of the RKC"

### TRANSPARENCY

- RKC, prescribing maximum use of information technology, will minimize human-to-human interface/transactions, hence will facilitate the reduction of opportunities for extortion of facilitation/grease payments.
- RKC Standards will provide a benchmark for assessing the status of Philippine trade efficiency & competitiveness.
- Clear information to stakeholders concerning rights and obligations, as customs rules & policies will be made easily available to public (e.g. thru internet).

### ACCOUNTABILITY

- Foreign companies and countries can express grievance to the RKC Management Committee for customs service that does not comply with the country's accession to RKC.
- Business and trade will have protection against issuances that are contrary to the basic principles, standards and recommended practices of the RKC that are accepted by the country per its Instrument of Accession. The commitment to comply with RKC standards and recommended practices serves as a solid foundation for reforming and strengthening the legislative base.

### RKC Key Principles

- Higher transparency and predictability
- Standardized and simplified documents
- Minimum necessary intervention
- Use of risk management & audit-based control
- Simplified procedures for authorized traders
- Maximum use of information technology
- Partnership with the trade
- Systems of appeals on Customs matters

## ECONOMIC GROWTH & DEVELOPMENT

### LOWER COST OF DOING BUSINESS

- Reduced time & cost of clearing goods at customs
- Greater predictability of customs entry/release processes will reduce inventory costs
- With greater transparency and automation, there will be reduced opportunities for corrupt "facilitation payments", and a quicker process for low-risk approved importations

### INCREASED REVENUE GENERATION, & INVESTMENTS

- Increase in the collection efficiency due to adoption of modern Customs techniques in the RKC, estimated at **P137 Billion** in five years, with the stream of incremental income continuing even beyond the first five years.
- Increase in trade, and hence the tax base, as trading partners are assured of transparent procedures. Among 52 countries that acceded prior to 2007, 43 countries posted an average of 8% increase in the ratio of trade to GDP.
- Among the 59 RKC contracting parties in 2008 had already accounted for a significant proportion of RP trade: **83.5% of exports, 60.5% of imports, & 71.2% of total trade**. By acceding, we will further strengthen our trade relationship to these, as well as with other countries.

Failure to accede will penalize us in a way that investment opportunities will shy away from us as a trading partner.