

Istanbul Convention

Date 15 June 2008



Purpose

To request that the Committee approves accession to Annexes B2 to B9, C, D, and E of the Convention on Temporary Admission, Istanbul Convention

Background (I)



The WCO:

- Represents 173 Customs administrations
- They process 99% of all international trade transactions

The mission:

- To simplify and facilitate international trade - standardizing and harmonizing Customs formalities and by facilitating cooperation between Customs administrations
- South Africa is a Contracting Party to 13 of the 17 WCO Conventions

Background (II)

The Council of the World Customs Organization (WCO) adopted the Convention on Temporary Admission (i.e. the “Istanbul Convention”) on 26 June 1990 and it opened for signature until 30 June 1991 and entered into force on 27 November 1993.

South Africa has previously acceded to the General Provisions, as well as Annexes A and B1 and is now in a position to accede to the remaining Annexes.

Istanbul Convention – (I)

Objectives:

- Simplified and harmonized procedures
- Standardized model Customs documents for temporary importation of goods and means of transport
- Alleviates duties and Vat on Temporary Admission
- Governs the requirements for temporary duty-free admissions of reasonable number of goods from participating countries

Istanbul Convention (II)

Benefits:

- Simplifies and harmonizes customs formalities in connection with temporary admission
- Contributes to the promotion and development of trade
- Allows commercial and professional travellers to make customs arrangements in advance of a visit to a country – quickly and at a predetermined cost
- Single document for many countries – enables travellers to use a single carnet document for goods that will pass through several customs administrations during one trip
- Gathers all existing temporary admission facilities under a single instrument and provides a framework for dealing with any new categories of goods requiring temporary admission facilities

Istanbul Convention – (III)

Procedure:

- Application to the issuing authority (SACOB) for ATA / CPD carnet
- Carnet Holder / representative must present the Carnet to Customs administration
- Carnet Holder must ensure the country into which goods are going to be imported accepts Carnets for the goods concerned (National Prohibition & Restriction list applies)
- No customs duties and VAT is payable
- The ATA Carnet is limited to a period of 6 months
- The CPD carnet is limited to a period of 12 months
- Controlled under export procedure by Customs

Carnet



Your passport for goods

What is a Carnet

Illustration of how close cooperation between business and customs can facilitate international trade.

Each country in the ATA system has a single guaranteeing body approved by the national customs authorities and IBCC – SA Chamber of Business

The guaranteeing organization is entitled to issue Carnets and to authorize local chambers on the national territory to deliver Carnets on its behalf.

In major trading nations, dozens of local chambers have that authority.



ATA Carnet:

Provides reciprocal guarantees assuring customs administrations that duties and taxes due in case of misuse will be paid – for example the sale instead of re-export of the goods.

Operates under international customs conventions administered by the World Customs Organization (WCO).

A World ATA Carnet Council manages the system in cooperation with the WCO.

The Council has set up regional task forces to promote the ATA Carnet in Africa, Asia and Pacific, Latin America, eastern Europe and the Middle East.



Advantages of an ATA Carnet

- ATA Carnets cut costs to exporters by eliminating value-added tax (VAT) and customs duties.
- Carnet holders are not required to post securities with customs.
- Carnets simplify customs border crossing and cut red tape by allowing importers and exporters to use a single document for all customs formalities.
- ATA Carnets cut costs to exporters by eliminating value-added tax (VAT) and customs duties.

Armed with an ATA Carnet, salesmen, exhibitors and other business travellers can:

- make advance customs arrangements at predetermined cost;
- visit more than one country;
- use their ATA Carnet for several trips during its one-year validity return to their home country with their goods and without problems or delays.

What goods are covered?

Virtually all goods that are "tools of the trade" are covered by ATA Carnets in the following broad categories:

- Computers
- photographic and film equipment
- musical instruments
- industrial machinery
- Vehicles
- Jewellery and clothing
- medical appliances
- race horses
- aircraft

What goods are not covered?

Merchandise that does not qualify as "tools of the trade" is not eligible to be covered by an ATA Carnet.

Who can apply for and use a Carnet?

The ATA Carnet service is available to business and sales representatives, exhibitors at trade fairs and any travelling professionals, such as film crews, architects, artists, engineers, entertainers, photographers, sports teams.

A carnet may be issued to a Company or Individuals.

It may be used by anybody provided the user has a letter from the named holder authorising such use.

The holder may also allow an Agent to handle the carnet through customs on his behalf provided the Agent holds a Letter of Authority.

In either eventuality, it is important that the carnet states it can be used by 'Any authorised representative'.

WHO ELSE BENEFITS?

- Trade shows and fairs that can more easily attract foreign exhibitors;
- the tourism and transport industries, as more business people travel;
- the entertainment industry and concert promoters;
- sports events like the Olympic Games;
- any country that wants to take full advantage of the global economy.



DETAILED SLIDES



Istanbul Convention (I)

The Convention consists of two parts, namely a body of 34 articles and a set of 13 annexes.

The main body of the Convention contains the basic principles underlying the Convention and provisions necessary for uniform implementation.

Istanbul Convention (II)

The 34 articles of the main body are contained in five chapters dealing, respectively, with:

General provisions: This chapter consists of one article with definitions;

Scope of the Convention: This chapter consists of two articles dealing with the scope of the Convention and the structure of the annexes;

Special provisions: This chapter consists of 11 articles dealing with documentation and security, temporary admission papers, identification, re-exportation period, transfer and termination of temporary admission and other possible cases of termination;

Miscellaneous provisions: This chapter consists of 7 articles dealing with reduction of formalities, prior authorization, minimum facilities, customs or economic unions, prohibitions and restrictions, offences and Exchange of information; and

Final provisions: This chapter consists of 13 articles dealing with issues such as the settlement of disputes, signature, ratification, accession, entry into force and reservations.

Istanbul Convention (III)

The first Annex, Annex A, concerns temporary admission papers, and the last Annex, Annex E, concerns goods imported with partial relief from import duties and taxes. The remaining 11 Annexes deal with a specified category of goods and are numbered B.1 to B.9, C and D.

Annex A deals with two international customs documents namely the *Carnet de Passage en Douane* (CPD) and *admission temporaire* / temporary admission (ATA) carnets. These two documents respectively provide for the temporary importation of motor vehicles and trailers (i.e. the CPD carnet) and other goods (i.e. the ATA carnet) and must be accepted by Contracting Parties *in lieu* of national customs documents and as due security for the payment of import duties and taxes that are payable in case of failure to re-export.

The other annexes are :

Annex B.1: this Annex deals with temporary admission of goods for display or use at exhibitions, fairs, meetings or similar events;

Istanbul Convention (IV)

The annexes requesting approval are described below:

Annex B.2: this Annex deals with temporary admission of professional equipment:

The term professional equipment means:

- equipment for the press or for sound or television broadcasting
- cinematographic equipment
- any other equipment necessary for the exercise of the calling, trade or profession of a person visiting the territory of another country to perform a specified task - does not include equipment which is to be used for the industrial manufacture or packaging of goods or (except in the case of hand tools)
- ancillary apparatus for the equipment

For the facilities granted by this Annex to apply, the professional equipment shall be :

- owned by a person established or resident outside the territory of temporary admission;
- imported by a person established or resident outside the territory of temporary admission;
- used solely by or under the personal supervision of the person visiting the territory of temporary admission

Istanbul Convention (V)

The annexes requesting approval are described below:

Annex B.3: this Annex deals with temporary admission of containers, pallets, packings, samples and other goods imported in connection with a commercial operation:

The following goods imported in connection with a commercial operation shall be granted temporary admission in accordance with Article 2 of this Convention :

- packings which are imported filled for re-exportation empty or filled, or are imported empty for re-exportation filled
- containers, whether or not filled with goods, and accessories and equipment for temporarily admitted containers, which are either imported with a container to be re-exported separately or with another
- component parts intended for the repair of containers granted temporary admission under Item (b) of this Article
- pallets (a device on the deck of which a quantity of goods can be assembled to form a unit load for the purpose of transporting)
- samples (articles which are representative of a particular category of goods already produced or are examples of goods the production of which is contemplated)
- advertising films (recorded visual media, with or without sound track, consisting essentially of images showing the nature or operation of products or equipment put up for sale or hire by a person established or resident outside the territory of temporary admission)
- any other goods imported for which does not in itself constitute a commercial operation

Istanbul Convention (VI)

The annexes requesting approval are described below:

Annex B.4: this Annex deals with temporary importation of goods to be used in a manufacturing operation:

For the purposes of this Annex, the term "goods imported in connection with a manufacturing operation" means :

-matrices, blocks, plates, moulds, drawings, plans, models and other similar articles

- measuring, controlling and checking instruments and other similar articles, special tools and instruments, imported for use during a manufacturing process; and

"Replacement means of production" :

- instruments, apparatus and machines made available to a customer by a supplier or repairer, pending the delivery or repair of similar goods

Applies to :

goods imported in connection with a manufacturing operation must be owned by a person established outside the territory of temporary admission and intended for a person established in that territory

Istanbul Convention (VII)

The annexes requesting approval are described below:

Annex B.5: this Annex deals with temporary admission of goods imported for educational, scientific or cultural purposes:

Term "goods imported for educational, scientific or cultural purposes" means :

- the term "scientific equipment and pedagogic material" means any models, instruments, apparatus, machines or accessories therefore used for purposes of scientific research or educational or vocational training
- the term "welfare material for seafarers" means material for the pursuit of cultural, educational, recreational, religious or sporting activities by persons charged with duties in connection with the working or service at sea of a foreign ship engaged in international maritime traffic.

For the facilities granted by this Annex to apply :

- goods imported for educational, scientific or cultural purposes must be owned by a person established outside the territory of temporary admission - imported by approved institutions in reasonable quantities - not be used for commercial purposes
- welfare material for seafarers must be used on board foreign ships engaged in international maritime traffic, or must be unloaded from the ship to be temporarily used ashore by the crew, or must be imported for use in - places of worship where services for seafarers are regularly held.

Istanbul Convention (VIII)

The annexes requesting approval are described below:

Annex B.6: this Annex deals with temporary admission facilities for two categories of goods, namely travellers' personal effects and goods imported for sports purposes:

Goods imported for sports purposes" means - sports requisites and other articles for use by travellers in sports contests or demonstrations or for training in the territory of temporary admission.

Personal effects and goods imported for sports purposes shall be granted temporary admission in accordance with Article 2 of this Convention.

For the facilities granted by this Annex to apply :

- personal effects must be imported on the person or in the baggage (whether or not accompanied) of the traveller
- goods imported for sports purposes must be owned by a person established or resident outside the territory of temporary admission, and must be imported in reasonable quantities in the light of their intended use.

Istanbul Convention (IX)

The annexes requesting approval are described below:

Annex B.7: this Annex deals with temporary admission, subject to re-exportation, of tourist publicity material:

For the purposes of this Annex the term "tourist publicity material" means :

Goods imported for the purpose of encouraging the public to visit another foreign country, in particular in order to attend cultural, religious, tourist, sporting or professional meetings or demonstrations held there

For the facilities granted by this Annex to apply, tourist publicity material must be owned by a person established outside the territory of temporary admission, and must be imported in reasonable quantities in the light of its intended use.

Istanbul Convention (X)

Annex B.8: this Annex deals with temporary admission of goods imported as frontier traffic, for example goods carried by frontier zone inhabitants in the performance of their profession or trade:

Term "goods imported as frontier traffic" means :

- those carried by frontier zone inhabitants in the performance of their profession or trade (doctors, craftsmen, etc.)
- personal or household effects of frontier zone inhabitants imported by them for repair, manufacture or processing
- equipment intended for working on land located within the frontier zone of the territory of temporary admission
- equipment owned by an official body, imported in connection with a relief operation (fire, floods, etc.)

For the facilities granted by this Annex to apply :

- goods imported as frontier traffic must be owned by a frontier zone inhabitant of the frontier zone adjacent to that of temporary admission
- equipment for working on land must be used by frontier zone inhabitants of the frontier zone adjacent to that of temporary admission who work on land located in the latter frontier zone
- frontier traffic for repair, manufacture or processing must be of a strictly non-commercial nature.

Istanbul Convention (XI)

Annex B.9: this Annex deals with goods such as medical, surgical and laboratory equipment that are imported on a temporary basis for humanitarian purposes:

Term "goods imported for humanitarian purposes" means :

medical, surgical and laboratory equipment and relief consignments (all goods, such as vehicles and other means of transport, blankets, tents, prefabricated houses or other goods of prime necessity, forwarded as aid to those affected by natural disaster and similar catastrophes)

For the facilities granted by this Annex to apply :

- goods imported for humanitarian purposes must be owned by a person established outside the territory of temporary admission and must be loaned free of charge
- medical, surgical and laboratory equipment must be intended for use by hospitals and other medical institutions which, finding themselves in exceptional circumstances, have urgent need of it, provided this equipment is not available in sufficient quantity in the territory of temporary admission
- relief consignments must be dispatched to persons approved by the competent authorities in the territory of temporary admission

Istanbul Convention (XII)

Annex C: this Annex provides for temporary admission facilities of means of transport and covers any water, air, road or rail means of transport:

Term "Means of transport" means :

any vessel (including lighters and barges, whether or not ship borne, and hydrofoils), hovercraft, aircraft, motor road vehicles (including cycles with engines, trailers, semi trailers and combinations of vehicles) and railway rolling stock; together with their normal spare parts, accessories and equipment carried on board means of transport

The following shall be granted temporary admission in accordance with Article 2 of this Convention :

- means of transport for commercial use or for private use;
- spare parts and equipment imported for the repair of a means of transport already temporarily admitted. Replaced parts and equipment which are not re-exported shall be liable to import duties and taxes except where they are disposed of as provided for in Article 14 of this Convention.

Istanbul Convention (XIII)

Annex D: this Annex provides for temporary admission of live animals:

For the facilities granted by this Annex to apply :

- animals must be owned by a person established or resident outside the territory of temporary admission
- draught animals which are to be used for working on land situated in the frontier zone of the territory of temporary admission, must be imported by frontier zone inhabitants of the frontier zone adjacent to that of temporary admission:
 - "frontier zone" means - an area of the Customs territory adjacent to the land frontier, the extent of which is determined in national legislation and whose limits serve to distinguish frontier traffic from other traffic
 - "frontier zone inhabitants" means - persons established or resident in a frontier zone

Istanbul Convention (XIV)

Annex E: this Annex covers all goods that are imported temporarily but which do not fulfil the conditions necessary for granting a total relief from import duties and taxes:

For the purposes of this Annex :

Term "goods imported with partial relief" means :

goods which are mentioned in the other Annexes to this Convention but which do not fulfil all the conditions stipulated therein for the granting of temporary admission with total relief from import duties and taxes, and goods which are not mentioned in such other Annexes and which are imported to be temporarily used for, for example, production or work Projects

Term "partial relief" means :

relief from payment of a part of the total amount of import duties and taxes which would otherwise be payable had the goods been cleared for home use on the date on which they were placed under the temporary admission procedure

For the facilities granted by this Annex to apply, goods imported with partial relief must be owned by a person established or resident outside the territory of temporary admission.

Thank you

Varsha Singh & Erich Kieck

