

1 THE TIR CUSTOMS TRANSIT SYSTEM

1.1 INTRODUCTION

1.1.1 BACKGROUND

A Review Conference convened in November 1975 under the auspices of the United Nations Economic Commission for Europe (UNECE) produced the TIR Convention of 1975 that came into force in 1978. Since that time the TIR Convention has proved that it is one of the most successful international transport conventions and is in fact so far the only universal Customs transit system in existence. The idea behind the TIR Convention and its transit regime has formed the basis for many regional transit systems and has thus, directly and indirectly, contributed to the facilitation of international transport, especially international road transport, not only in Europe and the Middle East, but also in other parts of the world, such as Africa and Latin America.

Anyone who has ever travelled on European roads will recognize the familiar blue and white TIR plate borne by thousands of lorries and semi-trailers using the TIR Customs transit system. For the driver, the transport operator and the shipper, this plate stands for fast and efficient international transportation by road.

Work on the TIR transit system started soon after the Second World War under the auspices of the United Nations Economic Commission for Europe (UNECE). The first TIR Agreement was concluded in 1949 between a small number of European countries. The success of this limited scheme led to the negotiation of a TIR Convention which was adopted in 1959 by the UNECE Inland Transport Committee and entered into force in 1960. This first TIR Convention was revised in 1975 to take account of practical experience in operating the system and to give effect to technical advances and changing Customs and transportation requirements.

The experience gained in the first 10 to 15 years of operating the system was thus used to make the TIR system more efficient, less complex and at the same time more Customs secure. Another reason why the original TIR system had to be modified was that in the early 1960's a new transport technique emerged: the maritime container. That was followed a little later by the inland container used by the European railways and by the swap-body introduced for improving the efficiency of road/rail transport. These new combined or multimodal transport techniques necessitated the acceptance of the container, under certain conditions, as a Customs secure loading unit. It meant also that the TIR regime no longer only covered road transport, but was extended to rail, inland waterways and even maritime transport, although at least one part of the total transport operation still has to be made by road.

Upon its entry into force the new Convention terminated and replaced the old Convention of 1959. However, the former Convention is still in force for various reasons, one of which is that one of the Contracting Parties to the old Convention (Japan) has not yet acceded to the TIR Convention of 1975.

1.1.2 GEOGRAPHICAL COVERAGE

The TIR Convention has proved to be one of the most effective international instruments prepared under the auspices of the United Nations Economic Commission for Europe (UNECE). To date, it has 64 Contracting Parties, including the European Community. It covers the whole of Europe and reaches out to North Africa and the Near and Middle East. Countries in Asia have been informed about the facilities of this global Customs transit system and their interest has shown that they may well join the TIR Convention in the not too distant future. Already today, the United States of America and Canada are Contracting Parties as well as Chile and Uruguay in South America (see Section 3 of the TIR Handbook).

The success of the TIR system may also be judged by the number of TIR Carnets distributed and issued every year. Whilst in 1952 only a little over 3,000 TIR Carnets were issued, this number increased steadily reaching 100,000 in 1960, then 800,000 in 1970. During the seventies and eighties the demand for TIR Carnets floated between around 500,000 and 900,000. This can be explained by the enlargement of the European Community which utilizes its own Community Transit System within its territory. Thus, TIR Carnets cannot be used for Customs transit operations within its member countries.

As a result of the expanding East-West European trade, particularly since 1989, and the corresponding tremendous increase in international road transport, the number of TIR Carnets issued, exceeded one million in 1992 and has now reached 2.7 million (2001) which represents the start of nearly 8.000 TIR transports every day in more than 50 countries and well over 50.000 TIR border crossing procedures daily. The number of transport companies authorized by national Customs authorities to utilize TIR Carnets amounts to more than 34.000 (for details see Section 1.8 of the TIR Handbook).

With the accession of a number of Central European countries to the European Community in the next few years the number of TIR transport operations is expected to decrease in this part of Europe. But this development may well be compensated by an increase in TIR transport operations in and to the countries of the Middle East and Asia.

In substance, the tremendous increase in the use of the TIR Customs transit system can be explained by the special features of the TIR regime which offer transport operators and Customs authorities a simple, flexible, cost-effective and secure Customs regime for the international transport of goods across frontiers.

1.1.3 DEVELOPMENT OF THE TIR CONVENTION

Since 1975 the TIR Convention has been amended more than twenty times. The latest amendments to the Convention that came into force on 17 February 1999 and 12 May 2002 were the result of an extensive revision process which has been initiated by the UNECE Inland Transport Committee in January 1995.

In 1994, following considerable difficulties in the application of the Convention as a result of the activities of international organized crime trying to abuse the Customs facilities provided by the Convention, concerned Contracting Parties, the UNECE secretariat and the International Road Transport Union (IRU) have taken a number of short-term measures to safeguard the TIR system. These included in particular the establishment of an international EDI control system for TIR Carnets, operated jointly by national Customs authorities, national transport associations and the IRU (so-called SAFETIR). Today more than 80 per cent of all TIR transport operations are centrally recorded and analysed by the system.

However, in order to stabilize the TIR system in the long term, more profound modifications in its operation and in the Governmental cooperation and control mechanisms were felt to be required. Therefore, in 1995 the UNECE Working Party on Customs Questions affecting Transport (WP.30), supported by several ad hoc expert groups, began work on a major overhaul of the TIR system. The main objective of this most comprehensive revision process ever undertaken in the history of the TIR system is the establishment of a stable, unambiguous, transparent, modern and global Customs transit system built on the basic philosophy of the TIR procedure: a succession of national Customs transit operations linked by a standard set or file of data (TIR Carnet) and an international guarantee chain.

Phase I of the TIR revision process was successfully concluded in 1997 and its amendments came into force in all Contracting States to the TIR Convention on 17 February 1999. It included controlled access to the TIR system for transport operators, national TIR Carnet issuing and guaranteeing associations as well as for the international organization responsible for the centralized printing and distribution of TIR Carnets. Phase I also provided for transparency in the functioning of the international guarantee system and established an inter-governmental supervisory organ, the TIR Executive Board (TIRExB).

A second package of amendments to the TIR Convention (Phase II) came into force on 12 May 2002. It clearly and unequivocally stipulates the legal and administrative responsibilities of Customs authorities, transport operators and the international organization which, since that date, has also become responsible for the effective organization and functioning of the international guarantee system.

In the year 2000 work started on Phase III of the TIR revision process with a view to allowing inter alia for the use of modern electronic data processing mechanisms in the TIR system without changing its basic philosophy nor its recently modernized legal and administrative structure.

With the conclusion of this TIR revision process, possibly in the year 2005, the TIR regime will be well positioned to cope with the future requirements of efficient international transport and trade as well as Customs procedures. At the same time, the revised TIR Convention will provide Governmental control, security and, if necessary, intervention in order to ensure an efficient Customs transit procedure indispensable for modern transport and trade.

1.1.4 OBJECTIVE AND ADVANTAGES

Customs transit systems are devised to facilitate to the greatest possible extent the movement of goods under Customs seals in international trade and to provide the required Customs security and guarantees. For such a system to function satisfactorily, it is essential that any formalities involved are neither too burdensome for the Customs officials nor too complex for the transport operators and their agents. Therefore, a balance needs to be struck between the requirements of the Customs authorities on the one hand and those of the transport operators on the other.

Traditionally when goods crossed the territory of one or more States in the course of an international transport of goods by road, the Customs authorities in each State applied national controls and procedures. These varied from State to State, but frequently involved the inspection of the load at each national frontier and the imposition of national security requirements (guarantee, bond, deposit of duty, etc.) to cover the potential duties and taxes at risk while the goods were in transit through each territory. These measures, applied in each country of transit, led to considerable expenses, delays and interferences with international transport.

In an attempt to reduce these difficulties experienced by transport operators and, at the same time, to offer Customs administrations an international system of control replacing traditional national procedures, whilst effectively protecting the revenue of each State through which goods were carried, the TIR system was devised.

(a) Advantages for Customs administrations

As regards Customs control measures at frontiers, the TIR system clearly has advantages for Customs administrations as it reduces the normal requirements of national transit procedures. At the same time the system avoids the need - expensive in manpower and facilities - for physical inspection in countries of transit other than checking seals and the external conditions of the load compartment or container. It also dispenses with the need to operate national guarantees and national systems of documentation.

In addition, advantages arise from the fact that the international transit operation is covered by a single transit document, the TIR Carnet, which reduces the risk of presenting inaccurate information to Customs administrations.

In case of doubt, Customs authorities have the right to inspect the goods under Customs seal at any time and, if necessary, to interrupt the TIR transport and/or to take adequate measures in accordance with national legislation. In view of the strict provisions of the TIR Convention and the interest of all Customs authorities and transport operators to apply these provisions, such interventions should remain exceptional. Customs authorities can therefore reduce routine administrative Customs procedures to a minimum and devote their limited resources to specific control measures based on risk assessment and intelligence information.

The TIR Executive Board (TIRExB), as an inter-governmental organ, ensures that each of the actors in the TIR procedure adequately applies the provisions of the Convention. In case of difficulties in the application of the TIR Convention at the international level, Customs authorities may wish to address the TIRExB for guidance and support. The TIRExB is also at the disposal of all Contracting Parties to coordinate and foster the exchange of intelligence and other information.

(b) Advantages for the transport industry

The advantages of the TIR Convention to commerce and to transport interests are also obvious. Goods may travel across national frontiers with a minimum of interference by Customs administrations. By easing traditional impediments to the international movement of goods, the TIR system encourages the development of international trade. By reducing delays in transit, it enables significant economies to be made in transport costs.

The TIR Convention also provides, through its international guarantee chain, relatively simple access to the required guarantees which are a sine qua non for the transport and trade industry to benefit from the facilities of Customs transit systems.

Finally, in reducing the impediments to international traffic by road caused by Customs controls, it enables exporters and importers to select more easily the form of transport most suitable for their needs.

1.2 PRINCIPLES

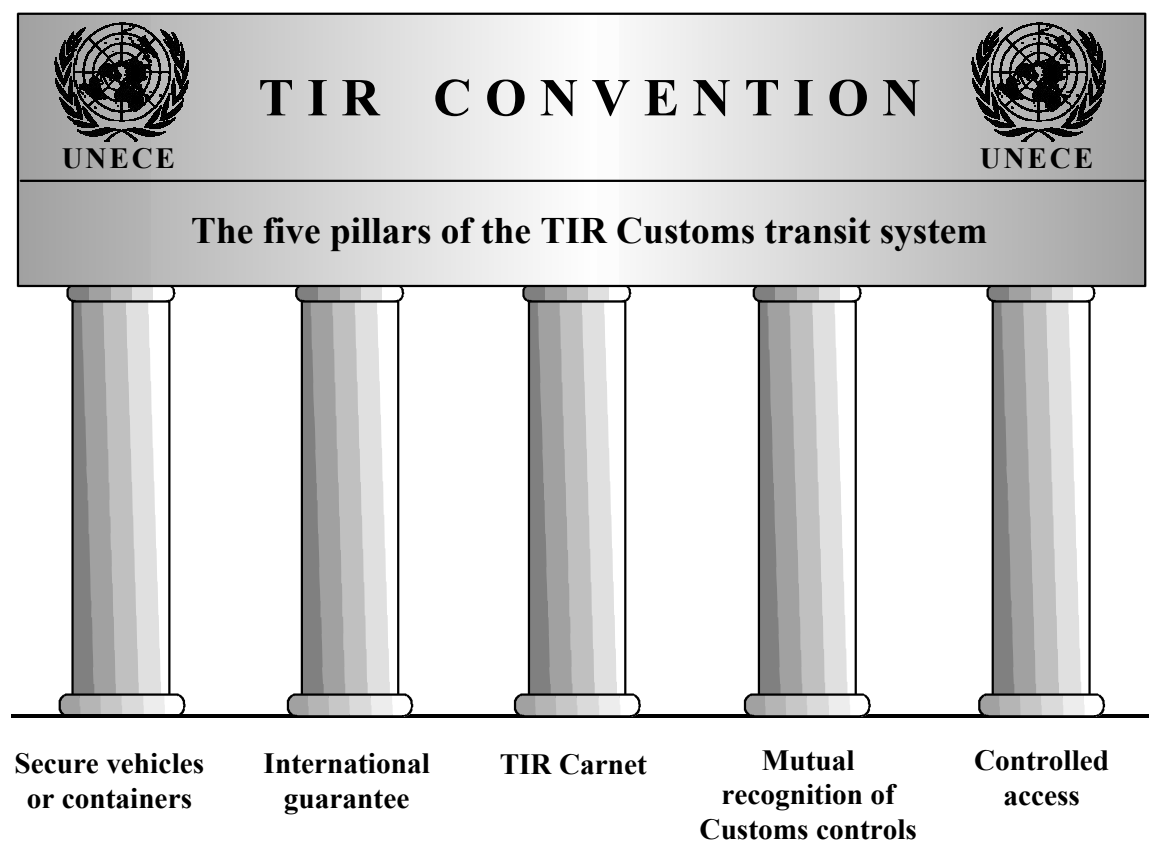
A short description of the principles of the TIR Customs transit regime as stipulated in the TIR Convention of 1975 is given below. It shows how attractive the system is to transport operators and Customs authorities because of its simplicity and effectiveness.

In order to ensure that goods may travel with a minimum interference "en route" and yet offer maximum safeguards to Customs administrations, the TIR regime contains five basic requirements – the five pillars of the TIR Customs transit system (see Figure 1):

- (1) Goods should travel in Customs secure vehicles or containers;
- (2) Throughout the journey, duties and taxes at risk should be covered by an internationally valid guarantee;
- (3) Goods should be accompanied by an internationally accepted Customs document (TIR Carnet), opened in the country of departure and serving as a Customs control document in the countries of departure, transit and destination;
- (4) Customs control measures taken in the country of departure should be accepted by all countries of transit and destination;

- (5) Access to the TIR procedure for
- national associations to issue TIR Carnets; and
 - natural and legal persons to utilize TIR Carnets shall be authorised by competent national authorities.

Figure 1: Principles of the TIR System



1.2.1 APPROVAL OF ROAD VEHICLES AND CONTAINERS

Concerning the requirement of security, the TIR Convention stipulates that goods shall be carried in containers or road vehicles the load compartments of which are so constructed that there shall be no access to the interior when secured by Customs seal and that any tampering will be clearly visible.

Towards this aim, the Convention sets out standards of construction and approval procedures, and goods may only be carried under cover of a TIR Carnet if the load compartment of the road vehicle or the container is approved in accordance with such requirements. If a container or a load compartment fulfils the requirements of the Convention, relevant national approval or inspection authorities issue so-called approval certificates for road vehicles or containers. In principle, these certificates shall be recognized in all Contracting Parties to the TIR Convention.

If national approval or inspection authorities are in doubt whether new constructions proposed by manufacturers are in line with the technical provisions of the TIR Convention, they may address themselves through their respective Governmental authorities to the TIR Executive Board and the TIR secretariat, to the TIR Administrative Committee or to the UNECE Working Party on Customs Questions affecting Transport (WP.30) and ask for an opinion on this matter. The UNECE Working Party and the TIR Administrative Committee may issue a comment or, if it is a major and generally applicable new construction not yet covered by the TIR Convention, prepare, if necessary, an amendment proposal for modification of the Convention.

1.2.2 INTERNATIONAL GUARANTEE SYSTEM

The second basic element of the TIR transit regime is its international guarantee system. This system was devised to ensure that Customs duties and taxes at risk during transit operations are covered at any moment by a national guaranteeing association, if the TIR transport operator cannot be held responsible.

The operation of the TIR guarantee system is straightforward. Every national association representing the interests of the transport sector in a particular country and authorized by the Customs administration of that country, guarantees payment within that country of any duties and taxes which may become due in the event of any irregularity occurring in the course of the TIR transport operation. This national guaranteeing association thus guarantees the payment of duties and taxes of national and foreign carriers under TIR Carnets which have been issued by this national guaranteeing association itself or by an association in some other country.

Every country therefore has the benefit, for all TIR transport operations within its territory, of a guarantee provided in its territory. There is, so to speak, always a national partner to which the Customs authorities can address themselves in cases of irregularity, irrespective of whether this irregularity was caused by a national or foreign transport operator. The TIR transit system may therefore be considered as a succession of national transit movements relying on international rather than national guarantees. However, the arrangements governing the establishment of the guarantee are based on national law and are usually contained in an agreement between the national Customs authorities and the national associations (an example agreement is contained in Section 6 of the TIR Handbook).

All national guaranteeing associations constitute a guarantee chain linking all TIR countries. Today the only existing and well functioning guaranteeing chain is administered by the International Road Transport Union (IRU) in Geneva (Switzerland), a non-governmental organization representing the interests of road transport operators world-wide. The guarantee chain is backed-up by several large international insurance companies and is supervised by the TIR Executive Board (TIRExB).

In the event of any irregularity, before approaching the guaranteeing association, the Customs authorities should, where possible, seek payment from the person(s) directly liable. If the guarantee has to be applied (for instance because of the bankruptcy of the person(s) directly liable), it is always the guaranteeing association of the country where the irregularity has been found which is called upon by the Customs authorities of that country, so that the matter can be settled within the country on the basis of national law. This guaranteeing association will however apply, through the international guarantee chain, for reimbursement of their expenses.

The monetary limits to the guarantee are determined for each country separately. The maximum recommended amount to be claimed from each national association is at present limited to US \$ 50.000 for each TIR Carnet (US \$ 200.000 for Tobacco/Alcohol TIR Carnets).

1.2.3 THE TIR CARNET

The TIR Carnet, an international Customs document, constitutes the administrative backbone of the TIR system and also provides proof of the existence of an international guarantee for the goods transported under the TIR system.

Under the supervision of the TIR Executive Board (TIRExB), the IRU is, at present, the only international organization authorized to centrally print and distribute TIR Carnets to its national guaranteeing associations under conditions set out in a contractual commitment approved by the TIR Administrative Committee. Each national association in turn issues the TIR Carnets to transport operators in its country in accordance with the conditions set out in the declaration of commitment concluded between each transport operator and the association.

The cover page of the TIR Carnet and the series of vouchers and counterfoils, in sets of two inside, represent the essential function of the TIR Carnet from the standpoint of controls to be carried out by Customs authorities and for the operation of the guarantee system. A set of two vouchers and two counterfoils is used in each country where a TIR operation is carried out.

The presentation of a valid TIR Carnet bearing the names, stamps and signatures of the international organization and those of the issuing association and duly filled-in by the transport operator is in itself proof of the existence and validity of the guarantee. The TIR Carnet remains valid until completion of the TIR transport at the Customs office of final destination, provided it has been brought into operation at the Customs office of departure within the time prescribed by the issuing association.

1.2.4 INTERNATIONAL RECOGNITION OF CUSTOMS CONTROL MEASURES

The fourth element on which the TIR transit system rests, is the principle that Customs control measures taken in the country of departure should be accepted by the countries of transit and destination.

As a consequence of this principle, goods carried under the TIR procedure in sealed load compartments of road vehicles or in containers will not, as a general rule, be examined at Customs offices in transit, and that is where the main advantages of the TIR system for the transport operator come into play. This does not exclude the right of Customs offices to carry out spot checks in cases where they suspect irregularities, but it is understood and even stipulated in the Convention, that such checks should be exceptional.

This procedure, very attractive for the transport operator, essentially means that the checking undertaken by the Customs office of departure is acceptable to all other Customs offices during the TIR transit operation. As a consequence, and in order to have trust in the effective functioning of the TIR system by all Customs authorities involved, the Customs office of departure plays a crucial role.

It is therefore essential that the Customs inspection at the office of departure should be stringent and complete, since the functioning of the whole TIR procedure depends upon it. The Customs office of departure must also, before affixing seals, check the condition of the load compartment of the road vehicle or the container and, in the case of sheeted load compartment or containers, the condition of the sheets and sheet fastenings, as this equipment is not included in the certificate of approval.

1.2.5 CONTROLLED ACCESS TO THE TIR SYSTEM

In 1999, Phase I of the current TIR revision process, has brought a number of modifications to the TIR Convention establishing further requirements and obligations for the transport industry to utilize the TIR system. These measures have been introduced to safeguard the system against fraudulent activities, committed in particular by internationally organized crime.

In a new Annex 9 to the Convention, providing for authorization by national competent authorities (usually Customs authorities) of national associations to issue TIR Carnets, minimum conditions and requirements for such authorization are stipulated (details of such authorization can be provided by the conclusion of a written contract or by a State Decree). In addition to commercial requirements which may be demanded by the international organization (i.e. the IRU), the revised Convention stipulates that national associations are only allowed to be authorized if these associations already exist for at least one year, are financially sound, have experienced staff and have not committed any serious or repeated offences against Customs or tax legislation. Furthermore, these associations must establish a written agreement with the competent authorities of the country in which they are established and must inter alia provide proof of guarantee coverage for all of their possible liabilities vis-à-vis national Customs authorities (an example authorization agreement is contained in Section 6 of the TIR Handbook).

The new Annex 9 to the Convention introduces also the requirement that Customs authorities shall control access to the TIR system for all its users, i.e. transport operators. The minimum conditions and requirements stipulated in the Convention include sound financial standing, absence of serious or repeated offences against Customs or tax legislation and the deposit of a written declaration with the national association issuing TIR Carnets specifying the responsibilities of the transport operator. Information on all transport operators authorized to use TIR Carnets are centrally stored in the International TIR Data Bank (ITDB) by the TIR Executive Board (TIRExB) in Geneva using a unique identification (ID) code system. Any withdrawal of authorization by Customs authorities as well as exclusion from the system under Article 38 of the Convention are also recorded.

1.3 ADMINISTRATIVE STRUCTURE

The TIR Convention, 1975, is one of the most modern and up-to-date international Customs Conventions. It is working efficiently with only a limited number of incidences of litigation, resulting from unclear and vague provisions and different interpretations.

Several reasons for the smooth functioning of the Convention exist, one of which is the interest of all Parties concerned, be it transport operators or Customs authorities, to keep the system in operation as it saves time and money for all concerned.

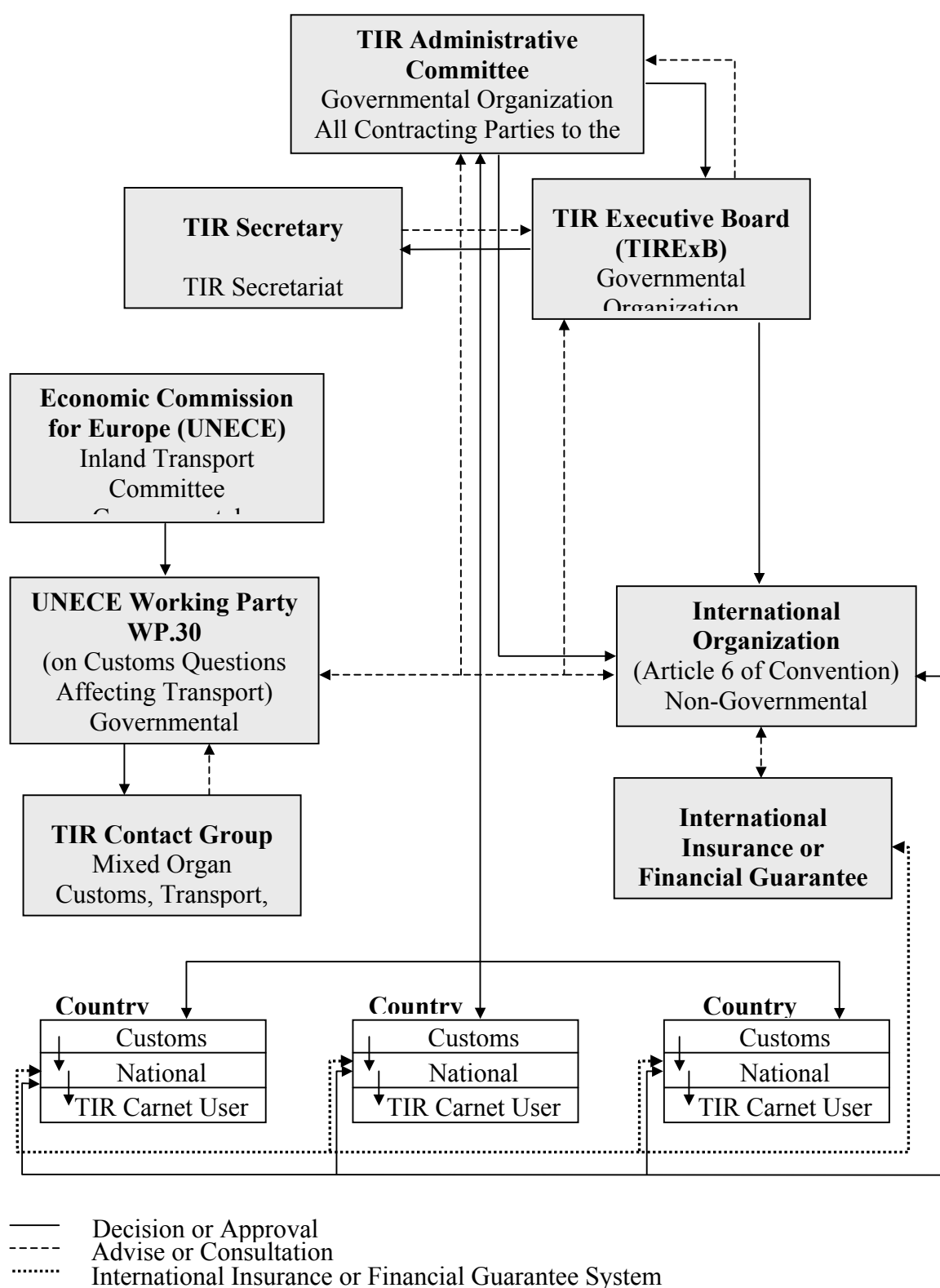
Another reason lies in the fact that the authors of the TIR Convention have already provided some interpretation of the legal text through the introduction of Explanatory Notes into the Convention. These Explanatory Notes, contained in Annex 6 of the Convention, form an integral part of the Convention. They interpret certain provisions of the Convention and its Annexes and describe recommended practices for the everyday functioning of the TIR system. These Explanatory Notes do not modify the provisions of the Convention, but make their contents, meaning and scope more precise.

Technological changes occur very rapidly today, and what was "state of the art" in 1975 when the Convention was created, is not necessarily valid today. This affects not only Customs techniques, but also vehicle and container manufacturing and smuggling techniques. In addition, as smuggled goods, particularly drugs, become more and more expensive, profits for smugglers soar, with the result that more and more elaborate smuggling techniques evolve. In view of these developments, the TIR system, and the TIR Convention as its legal base, have to be constantly kept up-to-date. This task has been entrusted to the TIR Administrative Committee, the TIR Executive Board (TIRExB) and to the United Nations Economic Commission for Europe (UNECE) in Geneva.

An overview of the administrative structure of the TIR Convention is provided in Figure 2 below.

An overview of the main steps to be taken by all parties to the TIR system - Governments, national guaranteeing associations, transport operators and international organizations - in order to adhere to and to implement the provisions of the TIR Convention, is given in Section 1.9 of the TIR Handbook.

Figure 2: Administrative Structure of the TIR System



1.3.1 THE TIR ADMINISTRATIVE COMMITTEE

The Administrative Committee, composed of all Contracting Parties to the Convention, is the highest organ under the Convention. It usually meets twice a year in spring and autumn under the auspices of the UNECE in Geneva to approve amendments to the Convention and to give all countries, competent authorities and concerned international organizations an opportunity to exchange views on the functioning of the system. Until today more than twenty amendments to the TIR Convention have been adopted and numerous resolutions, recommendations and comments have been approved by the Committee.

1.3.2 TIR EXECUTIVE BOARD (TIREXB)

The TIR Executive Board (TIRExB) has been established by the Contracting Parties to the Convention in 1999. Its objective is to enhance international cooperation among Customs authorities in the application of the TIR Convention and to supervise and to provide support in the application of the TIR system and the international guarantee system. The TIRExB is composed of 9 members who are elected in their personal capacity by the Governments which are Contracting Parties to the Convention for two year terms of office.

The TIRExB is inter alia mandated to supervise the centralized printing and distribution of TIR Carnets, to oversee the operation of the international guarantee and insurance system and to coordinate and foster exchange of intelligence among Customs and other Governmental authorities.

The decisions of the TIRExB are executed by the TIR Secretary who is assisted by the TIR secretariat. The TIR Secretary shall be a member of the UNECE secretariat.

The operation of the TIRExB is financed, for the time being, through a levy (tax) on each TIR Carnet issued.

1.3.3 THE UNECE WORKING PARTY ON CUSTOMS QUESTIONS AFFECTING TRANSPORT (WP.30)

The work of the TIR Administrative Committee is supported by the UNECE Working Party on Customs Questions affecting Transport (WP.30) which holds between two and three sessions a year in Geneva, usually in conjunction with the sessions of the TIR Administrative Committee. Participation in the Working Party is open to all member States of the United Nations and to interested international organizations.

The Working Party also regularly adopts comments on certain provisions of the Convention. These comments are not legally binding for the Contracting Parties to the Convention, such as are the Articles and the Explanatory Notes of the Convention. However, they are important for the interpretation, harmonization and application of the TIR Convention because they reflect a consensus opinion of the Working Party in which the majority of the Contracting Parties and the major users of the TIR system are represented (comments adopted by the Working Party are usually transmitted to the TIR Administrative Committee for consideration and endorsement).

1.3.4 THE TIR CONTACT GROUP

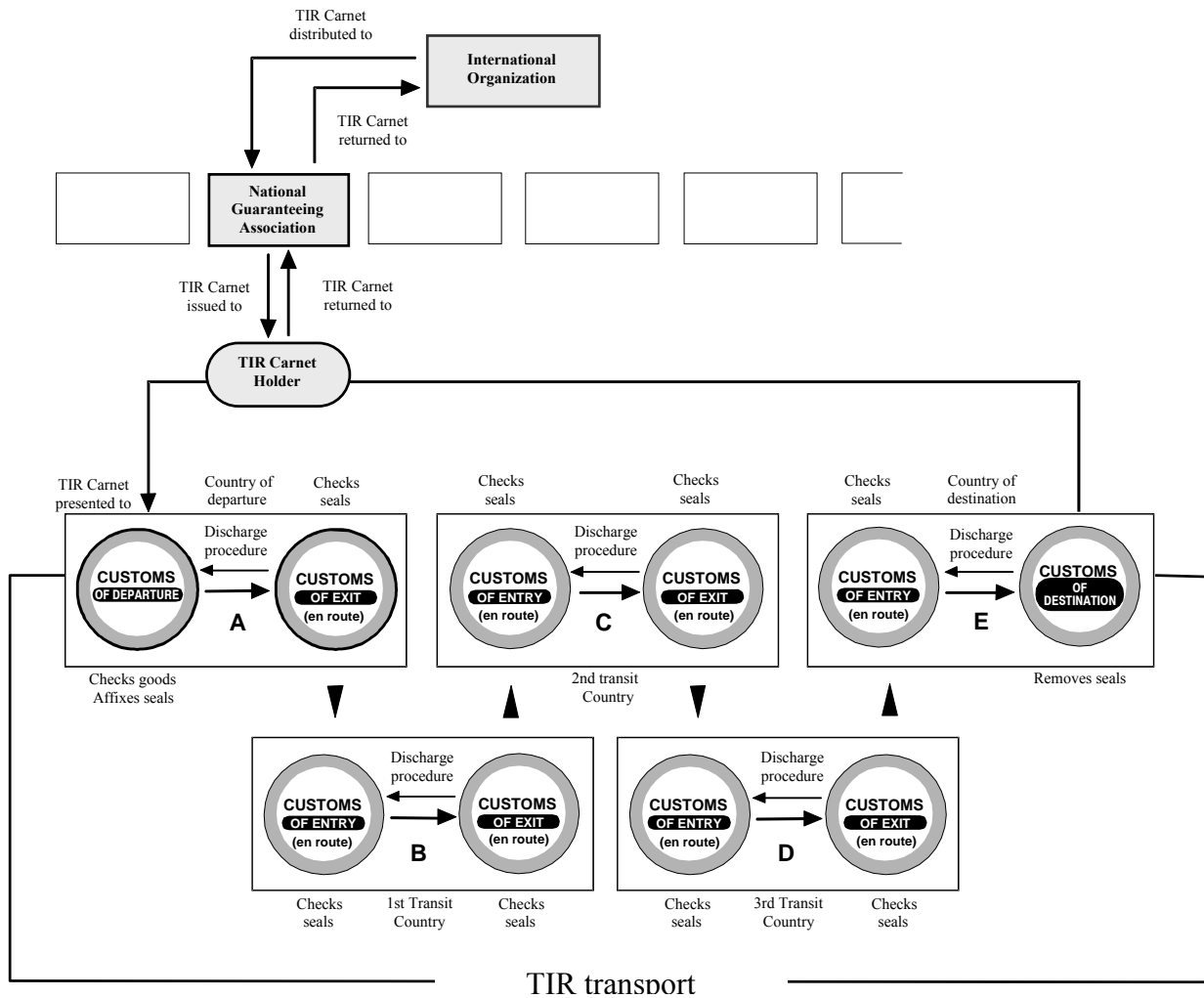
The TIR Contact Group has been established in October 1994 by the UNECE Working Party on Customs Questions affecting Transport (WP.30) to provide for a consultative mechanism among UNECE member Governments, Contracting Parties to the TIR Convention and non-governmental organizations concerned in order to react quickly to new emerging problems in the application of the TIR system and to provide an internationally harmonized approach in the implementation of the TIR Convention at the national level.

The TIR Contact Group reports directly to the UNECE Working Party on Customs Questions affecting Transport (WP.30) and is serviced by the UNECE secretariat.

1.4 THE TIR SYSTEM IN OPERATION

The procedures described below show in a schematic way the operation of the TIR system in practice, with particular reference to the Customs control procedures (see [Figure 3](#) below).

Figure 3: The TIR System in Operation



At the Customs office of departure, which usually is the one where export formalities are performed, the Customs authorities check the load on the basis of information supplied in the TIR Carnet (goods manifest) completed by the transport operator. Customs seals the load compartment, reports it in the TIR Carnet, keeps one sheet (white voucher) and fills-in the corresponding counterfoil. The TIR Carnet is handed back to the transport operator, who starts the transport operation. When crossing the outgoing border of that country, Customs checks the seals, detaches a second sheet (green voucher) from the TIR Carnet and fills-in the corresponding counterfoil. The vehicle may leave the country. The filled-in counterfoils by Customs provide evidence to the transport operator that the TIR operation in that country has been terminated.

Customs authorities will then proceed with the discharge of the TIR operation; i.e. the recognition by Customs that the TIR operation has been terminated correctly according to the following procedure (although other procedures, including the use of electronic means or central offices, may also be applied): the outgoing Customs office (i.e. that at the border) sends the detached sheet (green voucher) to the office of departure. The latter compares the received sheet with the one it initially retained. If there are no objections and no reservations by the outgoing office, the TIR operation can be discharged by the Customs authorities.

If the sheet, detached by the outgoing office, contains reservations, if it does not reach the Customs office of departure or if Customs authorities have any other reason to question the proper application of the TIR operation, an internal inquiry will be launched. Also the transport operator and the national guaranteeing association concerned will be informed that the termination of the TIR operation has been certified with reservations, or has not taken place at all or that other reasons have led to doubts about the proper application of the TIR operation and that they are requested to provide explanations. If these explanations do not satisfy the Customs authorities, they apply the provisions of the TIR Convention and national legislation to determine the taxes and duties due to Customs. If it appears impossible to collect these from the person(s) directly liable, Customs authorities advise the guaranteeing association that it will have to pay the claimed amount in accordance with the deadlines stipulated in the Convention.

In every traversed country, the system is similar to the one implemented in the country of departure. The incoming Customs office of transit checks the seals and withdraws one sheet from the TIR Carnet, and the outgoing office proceeds likewise. Both sheets are compared for a final control and the TIR operation can be discharged or, in the case of irregularities, submitted to the procedure outlined above. In the country of destination, if the incoming border office also is the office of destination, it fills-in the TIR Carnet, retains two sheets and becomes responsible for the goods to be transferred to another Customs procedure (warehousing, import clearance, etc.). If the load has to be carried to another Customs office in the same country, the incoming office acts like an incoming border office, and the next office inside the country becomes that of final destination.

The system normally is implemented as explained above, but the national administrative procedures and control prerogatives of every Customs office involved remain unaffected. If an office suspects fraud, finds seals faulty or fears the TIR Carnet has been tampered with, it will check the goods and it may, if appropriate, interrupt the TIR operation.

To provide more efficient controls, Customs may prescribe a transport route along which vehicles are easily spotted with the TIR plate they must bear. The journey should also be performed within a reasonable time limit. Transport operators who cannot abide by travel times or routes for any reason (flood, snow, breakdown of the vehicle, etc.) should be able to justify themselves. In more serious cases (broken seals, need for the transshipment of goods onto another vehicle, total or partial destruction of the load, etc.) the transport operator should obtain an official statement from any available local authority utilising the Certified Report contained in the TIR Carnet. On the basis of such a report, Customs authorities may start any inquiry needed.

Examples of best practices for the termination and inquiry procedure are contained in Section 5 of the TIR Handbook.

1.5 FUTURE DEVELOPMENT OF THE TIR SYSTEM

1.5.1 WORLD-WIDE APPLICATION OF THE TIR SYSTEM

The TIR system is promoted under the auspices of the United Nations to make it as widely available as possible for all countries wishing to make use of it. In 1984, the Economic and Social Council of the United Nations (ECOSOC) adopted a Resolution (1984/79) which recommends that countries world-wide examine the possibility of acceding to the Convention and introducing the TIR system. Furthermore, it recommends that international, intergovernmental and non-governmental organizations, and in particular the Regional Commissions of the United Nations, promote the introduction of the TIR system as a universal Customs transit system.

In accordance with this ECOSOC Resolution, activities have been undertaken to promote the application of the TIR Convention beyond the present 64 Contracting Parties. Several regional and sub-regional seminars and workshops have already been organized in Europe, Asia and the Middle East to familiarize Governments, trade and the transport industry with the facilities of the Convention.

Currently work is under way to extend the scope of the TIR system to Asia and to the Middle East. This work is undertaken in particular by the secretariats of the UNECE and the United Nations Economic and Social Commissions for Asia and the Pacific (UN ESCAP) and Western Asia (ESCWA) which promote the TIR system as one of the cornerstones for efficient international land transport in Asia and the Middle East. These efforts are supported by various international bodies and banks, such as the European Commission and the Asian Development Bank (ADB) which see the TIR system as an important element in facilitating road transport along the historic Silk route or in the Greater Mekong sub-region in Far-East Asia.

1.5.2 THE TIR SYSTEM AND ELECTRONIC DATA PROCESSING

World-wide, the replacement of paper documents by electronic data processing is an ongoing process which will continue to gain further importance, also for Customs administrations and transport operators. This trend will increasingly affect Customs procedures and the documents used by Customs authorities.

The reasons are that Customs administrations are confronted with an enormous dilemma. On the one hand they are governed by laws which oblige them to collect and account for revenues in an effective and efficient manner and to prevent fraud and smuggling of contraband. On the other hand they are increasingly criticized by trading parties (importers, exporters, transport operators, freight forwarders) for not facilitating the speedy throughput of cargo.

Taking into account the limitations of Customs manpower and the increasingly sophisticated methods of Customs fraud and smuggling, there seems to be no other way than to increase productivity and Customs control by adapting national and international administrative procedures, making use of the latest technologies and electronic data processing.

Paper based systems, such as the present TIR Carnet, are in fact a very inefficient medium for data capture and data control. Therefore, as early as 1985, the UNECE has developed some ideas on the introduction of a dedicated microcircuit "smart card" or electronic TIR Carnet for international transport of goods by road which could replace the present paper-based TIR Carnet. While, at that time, it would have been complicated and expensive to put these ideas into reality, today structures like the Internet and universal formats such as XML (Extensible Markup Language), not only used by the private but also by the public sector, would allow a simple, secured and cost effective data exchange for the TIR system.

The introduction of an electronic control system for TIR Carnets, already devised and recommended by the TIR Administrative Committee in October 1995, was a first step in this direction. While the so-called SAFETIR system, developed and operated by the IRU on the basis of this recommendation of the Administrative Committee, cannot substitute the required national Customs transit procedures, it is already a very important tool to be used by the transport industry and the international guarantee chain in the application of risk management in the commercial operation of the TIR system. Access to the SAFETIR database by Customs authorities has also facilitated considerably inquiry procedures following the termination of national TIR operations.

The Contracting Parties to the TIR Convention have included the computerization of the TIR procedure into Phase III of the TIR revision process. They recognized that computerization of the TIR procedure was inevitable in the light of:

- today's extremely rapid technological developments, based on Internet and Smart Card technologies, particularly affecting international transport and trade;

- the ever increasing need for improved efficiency of Customs procedures and trade practices; and
- the fight against fraudulent activities which must be conducted with the most appropriate and effective means.

Given the large number and the diversified administrative structure of the more than 60 Contracting Parties to the TIR Convention, any computerized system must be able to function in a very decentralized and flexible manner on the basis of only a few internationally accepted standard features. This is a difficult, but challenging task. But there can be no doubt: The TIR system must be kept in line with the latest developments in electronic data processing techniques which have already and increasingly will change all related Customs, transport and trade activities. If not, the TIR system, particularly the paper-based TIR Carnet, will become an obstacle to efficient international transport and trade and will jeopardize effective national Customs procedures and controls.

This challenge will have to be met by all Contracting Parties to the TIR Convention, by national and international organizations as well as by the transport industry involved.

1.6 CONCLUSION

The TIR system, created more than 50 years ago and the TIR Convention, have proved to be a very effective international Customs transit system and have played an important role in facilitating international trade and transport, primarily within Europe, but more recently also between Europe and neighbouring areas.

With the rapid increase of East-West European traffic and with the emergence of many newly independent countries in Central and Eastern Europe, the TIR system is today faced with new and, to this extent, unprecedented challenges. At the same time Customs authorities are faced with an unparalleled amount of Customs fraud and smuggling as a result of changing political, economic and social situations in many countries in the region and due to often heavily increasing Customs duties and taxes.

Furthermore, the management and the control of the TIR system pose problems for national Customs authorities which, mainly in newly independent countries, sometimes still have to acquire the necessary experience and often do not have sufficient and adequately trained personnel.

To counter some of these unwanted developments, Governments and other actors in the TIR system sometimes impose unilateral measures, such as the requirement of additional guarantees for TIR transit operations or the exclusion of certain categories of goods which are not in line with the provisions and the spirit of the TIR Convention.

While such measures may provide some temporary relief, they will induce in the long run not only other countries to introduce similar measures, but they will also make international trade and transport more expensive and, eventually, may lead to a total collapse of the TIR transit system - with no viable alternative in sight.

The TIR Convention itself provides already a number of measures to safeguard the legitimate interests of Customs authorities, such as the requirement for escort services, prescription of transit routes and reduced transit times. Other measures may be prepared if Contracting Parties to the TIR Convention so wish.

Stable and long-term solutions can only be found in joint and concerted action by all concerned Contracting Parties to the TIR Convention. The TIR Executive Board (TIRExB) as well as the UNECE and its Working Party on Customs Questions affecting Transport (WP.30) provide a forum for such cooperation and coordination. Experience has shown that solutions to many recently emerged problems in the application of the TIR Convention have been found within the organs and bodies established in the framework of the TIR Convention and the UNECE.

It is the aim of the UNECE and the TIR secretariat to continue to work in this direction and to provide a well-functioning international machinery to further improve cooperation and coordination among Contracting Parties to the TIR Convention and the transport industry. It is essential to continuously improve the legal framework within which the TIR transit system operates and to streamline its operation so that the TIR transit system is always in line with the requirements of the transport industry and of the Customs authorities.

The United Nations, as a universal organization, is the depositary of the TIR Convention and provides the framework and the services to administer and, where necessary, adapt the TIR Convention to changing requirements. Past experience has shown that the TIR Convention, as part of the transport facilitation work undertaken within the UNECE, has served the interests of all concerned, Customs authorities and transport operators alike, and there is every reason to believe that it will continue to do so in the future.

1.7 INFORMATION ABOUT THE TIR SYSTEM

Apart from the present TIR Handbook which exists in hard copy and electronic version in numerous languages, several other sources of information about the TIR Convention and its application in its Contracting Parties exist.

The most complete and permanently updated source of information is the UNECE TIR web site, jointly administered by the UNECE and TIR secretariat (http://www.unece.org/trans/new_tir/welctir.htm). This web site provides, in addition to the numerous language versions of the TIR Handbook, up-to-date information on the administration and application of the TIR Convention in all Contracting Parties. It contains the latest information on legal interpretations of the TIR Convention, on Depositary Notifications and on national and international control measures introduced by Customs authorities and the TIR Administrative Committee. The TIR web site also contains all documents and reports issued in connection with the sessions of the TIR Administrative Committee and the UNECE Working Party (WP.30) and its ad hoc expert groups (in English, French and Russian).

Furthermore, the UNECE secretariat maintains an international directory of national TIR Focal Points in all countries applying the TIR system. These experts from national Customs authorities and national associations may be contacted on the application of the Convention at the national level. Information on TIR Focal Points is also available on the TIR web site (password may be provided by the UNECE and TIR secretariat on request).

The UNECE and TIR secretariat also maintains an international register of Customs sealing devices and Customs stamps used under the TIR Convention which is available for restricted use by concerned Customs authorities.

The UNECE secretariat, the TIR Executive Board (TIRExB) and the TIR secretariat can be reached as follows: Office 410, Palais des Nations, CH-1210 Geneva (Switzerland); Tel: +41-22-917-2453; Fax: +41-22-917-0039 or +41-22-917-0614; E-mail: tirexb@unece.org.

1.8 TIR CARNETS ISSUED BY THE IRU TO NATIONAL ASSOCIATIONS

Countries	1996	1997	1998	1999	2000	2001
Albania	1,200	200	0	0	0	250
Austria	21,000	25,150	34,550	11,150	15,100	21,000
Armenia	-	-	-	-	-	200
Azerbaijan	-	300	600	650	4,000	3,600
Belarus	110,200	160,000	157,000	201,000	230,200	232,000
Belgium/Luxemburg	4,700	3,850	2,900	2,600	2,400	2,200
Bulgaria	136,000	215,000	181,000	149,000	205,000	211,000
Croatia	2,650	11,600	7,800	6,650	7,700	7,900
Cyprus	950	1,400	800	1,050	1000	1,150
Czech Republic	66,050	63,450	41,400	34,750	32,550	34,700
Denmark	20,000	11,500	5,500	12,900	7,350	6,350
Estonia	41,000	63,000	77,000	61,500	79,600	97,000
Finland	28,200	65,500	36,500	20,700	17,000	20,300
France	21,150	21,350	21,650	19,500	18,750	14,250
Georgia	300	500	300	900	1000	2,500
Germany	77,200	67,500	41,500	31,250	41,400	42,950
Greece	22,500	34,150	27,500	18,500	20,000	22,000
Hungary	267,300	261,450	234,000	180,400	150,600	123,500
Iran (Islamic Republic of)	20,000	30,000	30,000	30,000	30,000	15,000
Ireland	50	0	0	0	0	0
Israel	-	-	-	-	500	0
Italy	37,000	42,000	41,000	33,000	40,000	41,000
Jordan	2,000	2,500	2,000	700	0	150
Kazakhstan	2000	0	3,500	9,000	10,400	5,000
Kuwait	-	-	500	0	500	0
Kyrgyzstan	-	-	-	-	100	550
Latvia	71,400	106,200	111,300	88,500	127,500	110,300
Lebanon	-	-	-	150	0	0
Lithuania	105,700	177,000	195,000	178,000	247,000	265,900
Morocco	0	0	0	0	0	0
Netherlands	103,650	96,300	73,800	28,150	46,450	35,450
Norway	1,500	2,000	1,000	500	500	24,500
Poland	367,300	317,350	323,100	293,000	244,500	167,000
Portugal	100	100	0	100	0	0
Republic of Moldova	8,500	15,000	12,000	18,050	18,000	21,100
Romania	138,000	177,500	239,800	227,400	333,000	363,800
Russian Federation	145,000	191,500	218,000	174,350	236,800	192,800
Slovakia	102,800	112,800	80,950	40,700	35,550	31,100
Slovenia	38,000	28,100	42,100	16,900	20,500	19,300
Spain	3,000	2,000	2,000	1,000	1,000	2,000
Sweden	19,900	6,700	7,600	5,300	4,900	5,200
Switzerland	5,050	4,000	4,800	2,000	2,200	3,200
Syrian Arab Republic	-	-	-	500	700	1,400
The Former Yugoslav Republic of Macedonia	48,000	32,550	19,400	26,100	17,050	22,100
Tunisia	-	-	-	-	-	-
Turkey	263,000	307,000	307,000	279,000	336,000	327,000
Turkmenistan	-	-	-	-	-	150
Ukraine	91,000	113,000	128,000	128,000	184,000	200,000
United Kingdom	27,900	19,900	19,600	10,500	10,900	9,800
Uzbekistan	600	250	450	600	900	600
Yugoslavia	-	-	-	-	-	700
Total	2,422,350	2,789,650	2,732,900	2,344,000	2,782,600	2,707,950

1.9 ADHERENCE TO AND IMPLEMENTATION OF THE TIR CONVENTION, 1975

An overview of the steps to be taken by all parties to the TIR system - Governments, national guaranteeing associations, transport operators and international organizations - in order to adhere to and to benefit from the provisions of the TIR Convention are given below.

1.9.1 RESPONSIBILITY OF THE GOVERNMENT

- Acceptance of the TIR Convention in accordance with national law (i.e. publication in the national public law journal);
- Deposit of an instrument of accession at the Legal Office of the United Nations in New York (depository) (Article 52 of the Convention);
- Authorization of (a) national guaranteeing organization(s) (Article 6 and Annex 9, Part I of the Convention);
- Authorization of persons to utilize TIR Carnets Article 6, Annex 9, Part II of the Convention);
- Publication of a list of Customs offices approved for accomplishing TIR operations (Article 45 of the Convention);
- Training of Customs officials in the operation of TIR Customs procedures;
- Establishment or designation of an authority responsible for the approval of road vehicles and containers (Article 12 of the Convention);
- Deposit of the following documentation and information with the TIR Executive Board (TIRExB):

International guarantee system

- A certified copy of the written agreement or any other legal document between the competent authorities (Customs) and the national associations as well as any modifications thereto (Deadline: as soon as possible);
- A certified copy of the insurance or financial guarantee contract as well as any modifications thereto (Deadline: as soon as possible);
- A copy of the (annually to be renewed) insurance certificate (Deadline: as soon as possible).

Controlled access to the TIR procedure

- The particulars of each person authorized by the competent authorities to use TIR Carnets or whose authorization has been withdrawn (Deadline: within one week);

- A complete and updated list of all persons authorized by the competent authorities to use TIR Carnets or whose authorization has been withdrawn (Deadline: as per 31 December each year and as soon as possible);
- The particulars of each person excluded from the operation of the Convention in accordance with Article 38 (Deadline: within one week).

National control measures

The details of any national control measures that competent national authorities intend to introduce in accordance with Article 42 bis (deadline: as soon as possible).

1.9.2 RESPONSIBILITY OF THE NATIONAL GUARANTEEING ASSOCIATION

- Conclusion of a contract (agreement) of commitment with the national Customs authorities;
- Conclusion of a written agreement on the functioning of the international guarantee system with an international organization (at present the International Road Transport Union, (IRU) is managing the only existing international guarantee system) (Explanatory Note 0.6.2 bis);
- Conclusion of a declaration of commitment with the transport operator requesting TIR Carnets (the guaranteeing association can require a bank guarantee or a deposit);
- Issuance of TIR Carnets to approved transport operators (Article 6, paragraph 3 of the Convention);

- Transmission to the competent national authority of the following documentation and information:

International guarantee system

- A certified copy of the insurance or financial guarantee contract as well as any modifications thereto (Deadline: as soon as possible);
- A copy of the (annually to be renewed) insurance certificate (Deadline: as soon as possible).

Controlled access to the TIR procedure

- The particulars of each person requesting authorization from the competent authorities to use TIR Carnets;
- A complete and updated list of all persons authorized by the competent authorities to use TIR Carnets or whose authorization has been withdrawn (Deadline: as per 31 December each year within one week following 31 December).

1.9.3 RESPONSIBILITY OF THE TRANSPORT OPERATOR

- Conclusion of a declaration of commitment with the national guaranteeing association (stipulating the conditions for use of TIR Carnets);
- Procurement of a certificate of approval for road vehicles and containers to be delivered by competent national inspection authorities;
- Mounting of the TIR plate on road vehicles and containers (Article 16 of the Convention).

1.9.4 RESPONSIBILITY OF THE INTERNATIONAL ORGANIZATION (AT PRESENT: IRU)

- Procurement of the acceptance of the national guaranteeing association by an international insurance or guarantee system;
- Procurement of the authorization to print and distribute TIR Carnets, granted by the TIR Administrative Committee (Annex 8, Article 10 (b));
- Procurement of the authorization to take on responsibility for the effective organization and functioning of an international guarantee system, granted by the TIR Administrative Committee (Article 6, paragraph 2 bis of the Convention);
- Conclusion of written agreements on the functioning of the international guarantee system with national guaranteeing associations, (Explanatory Note 0.6.2 bis);
- Information to all national guaranteeing associations and to national Customs authorities on the authorization of new guaranteeing associations;
- Administration of the TIR Carnet system, including central printing and distribution of TIR Carnets to national guaranteeing associations;
- Administration of the TIR guarantee system;
- Representation concerning the TIR system and participation in the:
 - TIR Administrative Committee (Annex 8, Article 1 (ii) of the Convention);
 - TIR Executive Board (TIRExB) (Annex 8, Article 11, paragraph 5 of the Convention);
 - UNECE Working Party on Customs Questions affecting Transport (WP.30);
 - TIR Contact Group.