

**Artur BOUTEN**  
Secrétariat TIR  
Division des Transports  
Commission Economique pour l'Europe  
NATIONS UNIES

**The TIR Customs transit regime :**  
**Main principles, scope, functioning and actors involved**

**History of the TIR Convention.**

My story on TIR starts after World War II. At the same time when the European economies were recovering from the turmoil of the war and were starting to set up again international trade, the necessity grew to develop a reliable and stable system which would find a solution for the cumbersome and often lengthy customs procedures at border crossings.

Against this background of a growing spirit for co-operation, a conference was organised under the auspices of the United Nations Economic Commission for Europe with the aim to draw up an international Convention to facilitate the flow of goods by road. The negotiations resulted in the first TIR Agreement, which was drawn up in 1949 between a small number of European countries.

The Agreement was rather successful but had the flaw that it was only conceived to be used by a limited number of participants. Therefore, negotiations were started which led to the adoption of the TIR Convention in 1959, which came into force in 1960.

In 1975 the TIR Convention was revised in order to take into account the experiences gained in the operation of the system over the first 15 years and in order to include in the TIR Convention new technical utilities (such as the maritime and inland container, and the swap-body used in road/rail transport) as well as the changing Customs and transportation requirements. In consequence, the Convention 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 still has to be by road. Since 1975 the TIR Convention has been amended 19 times.

Like other Customs transit regimes, the TIR regime has been facing considerable difficulties as a result of the activities of international organised crime which abuses the facilities that are provided by the TIR Convention.

Therefore, an extensive revision process was started in 1996. As a first result phase I of the TIR revision process was adopted in October 1997 and has come into force on February 1999.

Phase I introduces controlled access for national associations and transport operators into the TIR procedure, provides for more transparency in the functioning of the international guarantee system and establishes an international supervisory organ, the TIR Executive Board

(TIRExB). Later on in my presentation I will explain more in detail what this all means in practice.

During Phase II of the TIR revision process a large number of amendments to the TIR Convention have been prepared, which stipulate clearly the legal and administrative responsibilities of Customs authorities, transport operators as well as all other actors in the TIR regime. Phase II has been concluded in October 2000. The depositary notification from the Secretary General of the UN, which is a first step for it to come into force was issued on February 2001. Unless there is an objection by a Contracting Party, Phase II will come into force on May 2002.

Right now, discussions are under way, on the third and final phase of the revision process, which is in particular aimed at computerising the TIR procedure.

### **Geographical coverage.**

At this moment the TIR Convention has 64 Contracting Parties, one of which is the European Union. It covers the whole of Europe and reaches out to North Africa (including Algeria, Morocco and Tunisia) and the Near and Middle East. The United States of America and Canada are Contracting Parties as well as Chile and Uruguay in South America. We hope that in the coming years we are able to attract more countries in the North African, Middle East and Asian region to join the TIR Convention.

In the more than 25 years of its existence the 1975 TIR Convention has proved to be a valuable asset to the facilitation of international trade. This is clearly shown by the growth in the number of TIR Carnets issued. In 2000 more than 2,780.00 TIR Carnets were issued. Even with the extension of the European Union the use of the TIR procedure is likely to increase, particularly once the countries of Northern Africa, the Middle East and Asia start applying the TIR procedure and China has acceded to the TIR Convention.

Regarding the Magreb area, unfortunately, there is not much interesting statistical information to mention in this context. Although Morocco and Tunisia both are Contracting Parties to the TIR Convention and a TIR transport operation can be established with both countries, no TIR Carnets have been issued in either country for the last five years. I suppose what happens in practice is that for transports starting in either country a national procedure is used until the port of exit. Then when entering for example the EU a Community transit procedure will be opened.

Algeria is a Contracting Party of the TIR Convention, but no TIR operation can be established, meaning that a TIR transport cannot start, transit or end in Algeria. This because no association exists which is able and willing to assume the responsibilities and liabilities that are connected to the role of being an authorised association.

### **Objectives.**

Having gone through the historic and statistical data it is now about time to explain to you in more detail what the TIR Convention is really all about.

As I already told you in my introduction the main objective for the creation of the TIR Convention was the wish from the side of Contracting Parties to create a set of efficient Customs procedures which would facilitate the border crossing of goods traffic.

Traditionally when goods cross the territory of one or more countries, the Customs authorities of each country apply their national controls and procedures, including the determination of a guarantee. These proceedings, which are repeated in every country of transit, lead to considerable expenses and delays. In providing an international guarantee, established at the beginning of a transport, which remains valid until its end, the TIR Convention offers a solution to one of the main hindrances to international goods transport.

In simplifying and harmonizing Customs procedures at the international level the TIR Convention offers trade simpler and faster border crossings, which in turn improve delivery times and reduce transport costs.

### Advantages.

Because the Convention stipulates that procedures and checks applied by the Customs authorities of one country are recognised by the Customs authorities of all other countries involved in the transport, the goods theoretically are only inspected at departure and again at destination. There is no need for physical checks of the goods while they are in transit (unless Customs authorities of course find a reason to do so). This saves a lot of time and manpower on the part of Customs.

In addition, because the Convention provides for an international guarantee system there is no need for the Customs authorities of each country to assess a guarantee to cover its territory (which will have to be returned when the goods leave the country again).

Because the TIR Convention provides for an international Customs document, the TIR Carnet, which is valid from the office of departure to the office of destination, there is no need to draw up national Customs documentation, nor is there the need to install a separate national system to control this flow of documentation. In contrast, the TIR system offers Customs authorities an established and well functioning system to check whether goods, that have entered the country under cover of a TIR Carnet, indeed have left the country.

The advantages for transport and trade industry are apparent as well. As a consequence of the fact that no national Customs procedure has to be started at each new Customs office of entry and that in principle the physical inspections are limited to the Customs offices of departure and destination, the procedures to be performed at each border crossing and the time spent there are reduced to a minimum.

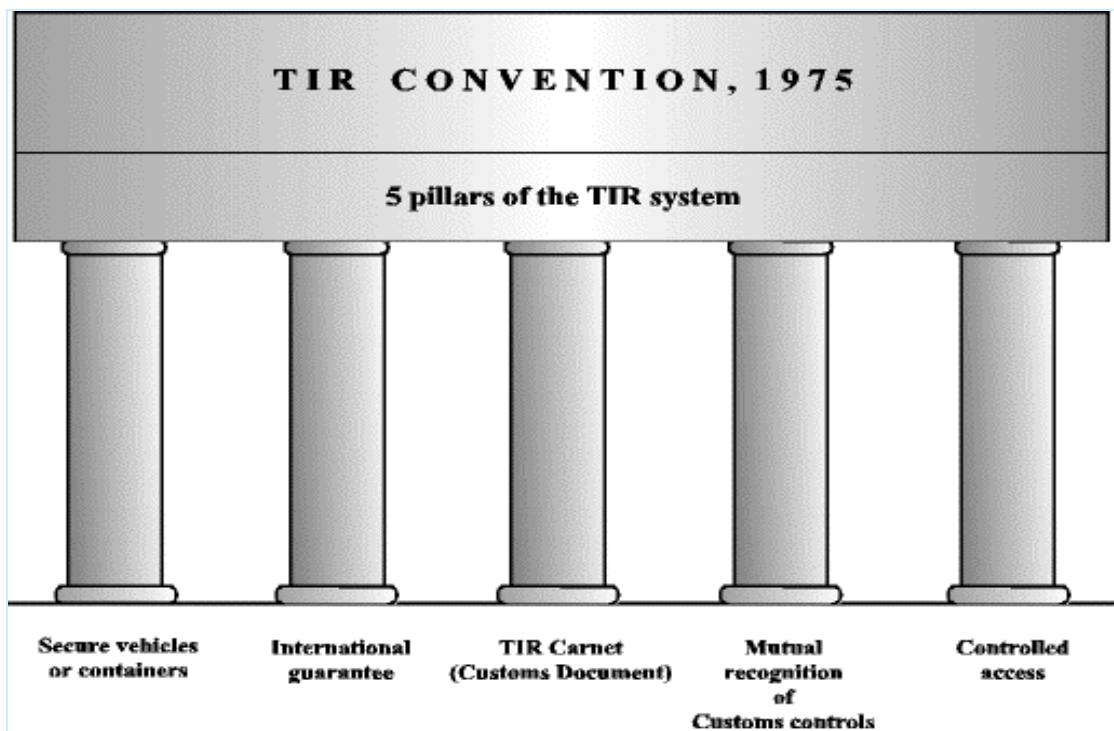
These limited border crossing times make that all in all transports reach their destination much quicker, thus reducing the overall transport costs considerably.

Since the TIR Convention also involves rail, inland waterway or maritime transport, as long as one part of the journey is performed by road, the use of specific Customs procedures for each single transport mode can be avoided.

Because the TIR system provides for a single Customs document and single guarantee, which is valid from departure to destination, no additional costs for transit or expensive export and imports costs are necessary. This fact again reduces the overall transport costs considerably.

**The five pillars of the TIR system.**

I have already mentioned some of the principles of the TIR Transit system, but the figure below gives you a nice overview of what are called the five pillars of the TIR system.



The first pillar concerns the fact that TIR transports are performed in Customs secured vehicles and/or containers. In order to ensure that the Customs checks can be as few as possible when the goods are in transit, the Convention sets out a set of standards of construction and approval procedures. Goods may only be transported under cover of a TIR Carnet if the road vehicle or the container is approved in accordance with requirements and specifications, which are set out in Annex 2 of the Convention. TIR approved containers or load compartments of vehicles obtain an approval certificate. Such an approval certificate can be given on an individual basis, but will mostly be done as serial approval for a certain type of truck or container.

The second pillar of the TIR system is the international guarantee system, which I have already mentioned a few times before. The idea behind is was to avoid that a transporter has to obtain a guarantee for the territory of every country through which his truck passes, at the same time avoiding that at any time in the course of a transport there would be no guarantee coverage at all for the Customs duties and taxes at stake.

The solution that has been found is simple and straightforward. In each country participating in the TIR Convention each association, which is authorised to issue TIR Carnets also acts as guarantor for any duties and taxes which may become due when an irregularity takes place in the territory of that specific country. This guarantee includes at the same time TIR carnets issued by this association to its own, national hauliers, as well as TIR Carnets issued by associations from another country, as long as the irregularity has taken place in the country.

By doing so, it is ensured that in each country Customs authorities have a national counterpart they can turn to in case it has been established that an irregularity has occurred with a TIR Carnet in the territory of that country.

In case of an irregularity, Customs authorities will first try to find the person or persons who are directly liable of the irregularity to ensure payment of the outstanding duties and taxes. If they do not succeed in that (because they cannot find the person liable or because he has gone bankrupt or so) they call upon the national association for payment. As can be understood, if it concerns payment for a carnet issued in another country the national association will of course seek to get their money back through the insurance system, connected to the international guarantee chain, which links all countries in which a TIR transport can be performed. This chain is administered by the IRU, the international road transport association. The next speaker, Mr Glyn Evans from the IRU, will tell you more about the role of the IRU in the whole TIR system in his presentation.

Although each Contracting Party can determine the maximum sum per TIR carnet, the recommended amount of guarantee at the moment is 50.000 dollar or the equivalent in national currency.

The third pillar refers to the TIR Carnet. The TIR Carnet forms the backbone of the TIR system for two reasons. On the one hand it provides all the administrative information that is/or becomes necessary in the course of a TIR transport operation and on the other hand the Carnet serves as proof that an international guarantee for the goods has been established. At the moment, the only international organisation authorised to centrally print and distribute TIR Carnets is the IRU.

The fourth pillar concerns the mutual recognition of customs control measures. The main idea behind this point is that all measures taken by the Customs authorities in the country of departure should be accepted and recognised by the competent authorities in the countries of transit as well as at destination.

As a consequence, with the aim of speeding up border crossings, goods carried under the TIR procedure in sealed load compartments of road vehicles or in containers will normally not be subjected to controls by Customs authorities during the transport. Normally means that of course Customs always may decide that an on the spot check is necessary, when they have reason to suspect that an irregularity has occurred.

In order to make this principle work it is very important that the office of departure does a thorough job when inspecting the goods before departure, because the TIR procedure depends on it.

The fifth pillar is a recently added pillar to the TIR temple and concerns the controlled access of associations and transport operators. These functions have been added to the TIR Convention in order to prevent organised crime from penetrating into the system and were introduced in Phase I, which as I have said in my introduction has come into force in February 1999.

« Controlled access for associations » means that they have to fulfil a certain amount of conditions and requirements before they can be authorised by the competent authorities in their country to act as issuing and guaranteeing associations. « Controlled access for legal or natural persons » means as well that they have to fulfil certain conditions and requirements before they are allowed by the competent authorities of their country to use TIR Carnets.

### **The international TIR structure.**

As you can imagine, the TIR Convention as a tool to manage the facilitation of international trade is not a static thing, but it constantly faces the challenges from a rapidly changing environment. Therefore, it can not do without an administrative structure.

At the top of this structure you will find the TIR Administrative Committee, which is composed of all Contracting Parties to the Convention and which serves as the highest organ under the Convention. It usually meets twice a year and is responsible for the adoption of the 19 amendments the 1975 TIR Convention has had so far and numerous resolutions, recommendations and comments.

The work of the Administrative Committee is supported and prepared by the *UN/ECE Working Party on Customs Questions affecting Transport*, which is perhaps better known as WP.30 and which is one of the Working Parties governed by the UN/ECE Inland Transport Committee.

One of the changes revision I of the TIR Convention has brought to the system is the establishment of the TIR Executive Board (also known as TIRExB). This intergovernmental body, which is composed of 9 members who are selected in their personal capacity by the Governments of Contracting Parties to the Convention for a period of 2 years, has as principal tasks to improve the international co-operation between the Customs authorities of the Contracting Parties and to harmonise, as much as possible, the application of the TIR system and the guarantee system at the international level.

The work of the TIRExB is supported by the TIR secretariat, which currently consists of 6 people. In addition the TIR secretariat maintains a data bank in which all authorised TIR operators, are contained as well as a register of TIR focal points in all TIR countries and a register for TIR Customs sealing devices. The TIR secretariat takes care of a growing number of questions it receives from Customs authorities or other interested parties on the functioning of the TIR system.

This basically sums up the function of the TIR system. If you are interested to read more about the background of the TIR Convention or study the text of the Convention or its annexes, you can consult the TIR Handbook, which exists also in Arabic and French. Hardcopies are distributed by the TIR Secretariat free of charge. Or you can consult it at the TIR website.