

**Economic and Social Council**Distr.: General
7 August 2018

Original: English

Economic Commission for Europe**Administrative Committee for the TIR Convention, 1975****Sixty-eighth session**

Geneva, 18 October 2018

Item 3 (b) (iii) of the provisional agenda

Activities and administration of the TIR Executive Board:**Administration of the TIR Executive Board
and the TIR secretariat****Procedure for financing the operation of the TIR Executive
Board and TIR secretariat****Note by the secretariat****I. Introduction and mandate**

1. At its sixty-seventh session (February 2018), the Committee took note that, in line with the procedure for the collection and transfer of the amount per TIR Carnet to finance the operation of TIR Executive Board (TIRExB) and the TIR secretariat (ECE/TRANS/WP.30/AC.2/89, para. 38 and Annex II), on 11 January 2018, the external auditor of International Road Transport Union (IRU) had produced an audit certificate which showed a total deficit (i.e. less was received than initially transferred) of SwF 260,256.79 for the years 2015 and 2017. After consideration of various aspects of the matter, the Committee decided to postpone a decision to its next session (ECE/TRANS/WP.30/AC.2/137, paras. 25–28).

2. The TIR secretariat prepared this document providing the applicable rules and outlining the main considerations on the deficit.¹

¹ See also document ECE/TRANS/WP.30/AC.2/2016/16 for a detailed description of the procedure for financing the operation of the TIRExB and the TIR secretariat.



II. Background

A. Nature of the deficit

3. The provisions of the TIR Convention, namely Annex 8, Article 13 and Explanatory Notes thereto, outline the basic principles of the financing mechanism, those being that:

(a) The operation of the TIRExB and the TIR secretariat will be financed through an amount per TIR Carnet distributed, until such time as alternative sources of funding are obtained;

(b) The amount per TIR Carnet shall be calculated on the basis of an annually prepared budget and cost plan as well as on the basis of a forecast of distribution of TIR Carnets provided by the international organization; and

(c) The procedure for the transfer and for dealing -in effect- with various outcomes and situations is to be decided by AC.2.

4. The procedure, therefore, was decided upon and adopted by the Committee at its forty-third session in 2007 (ECE/TRANS/WP.30/AC.2/89, para. 38 and Annex II) and subsequently incorporated into every UNECE²- IRU agreement concluded since then, as Annex IV. According to this procedure, the amount required for the operation of the TIRExB and the TIR secretariat is transferred by IRU in advance (in November every year). The transferred amount is collected from an amount, which is approved by the Committee, to be applied on each TIR Carnet to be distributed the next year. The amount per TIR Carnet is calculated on the basis of how many TIR Carnets IRU expects to distribute in the next calendar year; that is to say that IRU makes an estimate of the number of TIR Carnets that will be distributed to the associations the next year. What is important to note is that this forecast is a fairly inexact exercise by nature, as market demand cannot always be accurately predicted. For several years, IRU distributed a higher number of TIR Carnets than expected/forecasted. On some occasions (e.g. 2015 to 2017), the demand for TIR Carnets dropped, resulting in lower distribution volumes than expected. When this happens, the pre-calculated amount per TIR Carnet does not suffice to make up the total of the amount already transferred. For this reason, it appears in the IRU accounts that there is a deficit.

B. 2015 deficit

5. At its sixty-third session (February 2016), the Committee was informed that, according to the audit certificate produced by the external auditor of IRU, in 2015, there was a deficit of SwF 231,662 (rounded), due to the lower number of TIR Carnets distributed in 2015 than had originally been forecasted. Based on a proposal of IRU, the Committee was asked to approve a recalculation of the amount per TIR Carnet to be invoiced in 2016. The Committee decided to postpone a decision on the matter to its next session (ECE/TRANS/WP.30/AC.2/129, paras. 18–20).

6. At its sixty-fourth session (October 2016), the Committee agreed with the recommendation of IRU to take account of the deficit of the year 2015 in the calculation of the amount per TIR Carnet to be invoiced in 2017. In this regard, the amount per TIR Carnet for the year 2017 was approved as SwF 0.88 to cover both the net amount to be

² United Nations Economic Commission for Europe

transferred by IRU to the TIR Trust Fund for 2017 and the deficit from the year 2015 (ECE/TRANS/WP.30/AC.2/131, paras. 26–29).

C. 2016 deficit

7. At its sixty-fifth session (February 2017), the Committee was informed that, according to the audit certificate produced by the external auditor of IRU, in 2016, there was a deficit of SwF 295,554 (rounded), due to the lower number of TIR Carnets distributed in 2016 than had originally been forecasted. IRU recommended addressing the deficit accruing from 2016 in line with Article 12 (b) of the UNECE-IRU Agreement, namely to record the deficit in the IRU accounts for subsequent adjustment. The Committee decided to address the issue of the 2016 deficit at its next session (ECE/TRANS/WP.30/AC.2/133, paras. 28–30). At its sixty-sixth session (October 2017), the Committee endorsed the recommendation by IRU (ECE/TRANS/WP.30/AC.2/135, paras. 30–32).

D. 2017 deficit

8. As discussed at sixty-seventh session of the Committee (February 2018), the external audit certificate showed a total deficit of SwF 260,256.79 for the years 2015 and 2017 due to the lower number of TIR Carnets distributed than had originally been forecasted. The number of TIR Carnets distributed in 2017 (1,154,650 Carnets) was lower than the forecast at the end of 2016 (1,480,000 Carnets). Therefore, the amount collected in 2017 could not recover the deficit of SwF 231,662.15 from the year 2015 and resulted in a deficit of Swf 28,594.64 for the year 2017, which made SwF 260,256.79 in total.

9. On the subject matter, the Committee also took note of a letter by IRU (see Informal document WP.30/AC.2 (2018) No.1) in which it proposed that the deficits be recorded in its accounts and subsequently adjusted, in line with Article 12(b) of the UNECE-IRU Agreement, considering the difficult financial environment in which the transport industry is operating. The Committee decided to postpone a decision on this matter to its next session (ECE/TRANS/WP.30/AC.2/137, paras. 25–28).

III. Current status of the deficits and applicable rules

10. According to above mentioned background, the status of the deficits from the years 2015, 2016 and 2017 are shown in the table.

Status of the deficits

<i>Year</i>	<i>Deficit (Swiss francs)</i>	<i>Status</i>
2016	295 554	Recorded in IRU accounts for subsequent adjustment according to Article 12 (b) (sixty-sixth session of AC.2)
2017 (including non-recovered 2015 deficit)	260 256.79	Expected to be decided at the current (sixty-eighth) session of AC.2

11. The rules applicable to the adjustment of deficits are contained in Annex IV of the UNECE-IRU Agreement as follows:

"...

(8) IRU maintains a separate account detailing the number of TIR Carnets distributed and the related amounts received;

(9) IRU auditor produces an audit certificate providing an opinion of the above-mentioned account for the year in question showing the amount transferred and the total amount actually invoiced (15 January);

(10) The difference between the two amounts will need to be adjusted a posteriori;

(11) On the basis of the above-mentioned audit certificate, if there is an excess (i.e. more was received than initially transferred), the Administrative Committee, at its spring session, will be informed and IRU shall transfer the excess to the UNECE named bank account before 15 March. This amount will be reflected in the UNECE TIR accounts to be taken into account for the next budget year;

(12) On the basis of the above-mentioned audit certificate, if there is a deficit (i.e. less was received than initially transferred), the Administrative Committee, at its spring session, and on the proposal of IRU, shall approve the appropriate action, which shall be either:

(a) a recalculation of the amount per TIR Carnet referred to in Annex 8, Article 13.1, or

(b) the deficit will be recorded in the IRU account referred to above and shall, on the basis of a proposal from IRU as endorsed by the Administrative Committee, be subsequently adjusted."

12. In this regard, there are two actions foreseen in Annex IV, Article 12 of the UNECE-IRU Agreement for the adjustment of deficits: (a) the recalculation of the amount per TIR Carnet and (b) recording in the IRU account for subsequent adjustment.

13. In practice, Article 12 (a), i.e. recalculation of the amount per TIR Carnet, can be applied only at the spring session of the Committee since as at October session it is too late to approve this solution with retro-active effect.

14. With regard to the deficits to be considered at the current session of the Committee, the UNECE-IRU agreement foresees only one option, which is – in essence – to take note of the deficit and deal with it on the basis of a new proposal by IRU. The Committee may wish to note that IRU had proposed that the deficits be recorded in its accounts and subsequently adjusted, in line with Article 12(b) of the UNECE-IRU Agreement (See Informal document WP.30/AC.2 (2018) No.1).

IV. Considerations by the Committee

15. The Committee is invited to consider and confirm the suggested adjustment solution.
