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

**Customs Convention on the International Transport of
Goods under Cover of TIR Carnets (TIR Convention, 1975):
Revision of the Convention:
Preparation of Phase III of the TIR revision process**

Report of the Informal Ad hoc Expert Group on Conceptual and Technical Aspects of Computerization of the TIR Procedure on its twenty-eighth session

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I. Attendance

1. The Informal Ad hoc Expert Group on Conceptual and Technical Aspects of Computerization of the TIR Procedure (further referred to as “the Expert Group”) held its twenty-eighth session on 28 and 29 June 2018 in Geneva.
2. The session was attended by experts from Belgium, the Netherlands, Poland, Sweden, and Turkey. Experts from the European Commission (EC) and the International Road Transport Union (IRU) also attended the session.

II. Adoption of the agenda (agenda item 1)

Documentation: Informal document GE.1 No. 1 (2018)

3. The Expert Group adopted its provisional agenda as contained in Informal document GE.1 No. 1 (2018).

III. Election of officers (agenda item 2)

4. The Expert Group elected Mr. Hans Greven from the Netherlands as Chair for the year 2018.

IV. New information and communication technology developments in the TIR system (agenda item 3)

5. The Expert Group welcomed a presentation by a representative from the EC on the possible use of the blockchain technology for the Excise Movement and Control System (EMCS) of the European Union and in a project to digitalize the Carnet Admission Temporaire/Temporary Admission (eATA). Recalling the similarities between the eATA and the eTIR projects, the Expert Group noted that the blockchain-eATA proof of concept was not yet finalized and expressed interest in receiving the final report, once available. It also invited the EC to give a demonstration at one of its future sessions. The Expert Group further requested the secretariat to circulate the final report of the proof of concept to eTIR focal points as soon as it would receive it.

6. The presentation triggered many questions and an interesting discussion. Noting that the most significant characteristic of blockchain technology is to ensure trust between parties without having to rely on a third party, the Expert Group recalled that in the eTIR project there is no trust issue related to the exchange of data on TIR operations, as customs administrations can rely on the eTIR international system to securely exchange data and have no reason not to trust each other.

7. The Expert Group also stressed that, based on the available information, it did not seem useful to use a blockchain rather than a centralized system – such as the eTIR international system – to exchange data among the eTIR stakeholders. However, it agreed to continue looking into the possible usage of that technology, e.g. to ensure trust by recording transactions on a public or private blockchain (notarization). Simultaneously, the Expert Group noted that the cost of writing on a public blockchain could be as high as several dollars per transition.

8. The Expert Group regretted the absence of an expert who could present how eTIR could benefit from transboundary trusted environments, a technology that the Russian

Federation has been promoting as possible alternative to the currently envisaged mutual recognition of the authentication of the holder.

V. eTIR pilot projects (agenda item 4)

A. Projects related to the Memorandum of Understanding between UNECE and IRU

9. Recalling the signature on 6 October 2017 of a five years Memorandum of Understanding (MoU) on cooperation between UNECE and the International Road Transport Union (IRU) in the field of computerization of the TIR procedure and of the supporting Contribution Agreement (CA) towards enhancement of the full computerization of the TIR procedure, the Expert Group took note that two new eTIR projects were under preparation, i.e. an intermodal eTIR project between Azerbaijan, Georgia, Kazakhstan and Ukraine and a bilateral eTIR project between Ukraine and Turkey.

10. The Expert Group also took note that IRU, together with State Customs Committee of Azerbaijan, the Black Sea Economic Cooperation (BSEC), the Union of Road Transport Associations of BSEC (BSEC URTA) and the Azerbaijan International Road Carriers Association (ABADA) and in collaboration with UNECE, would organize a seminar on “International trade and transport facilitation through digitalization of the TIR procedure”, on 5 September 2018 in Baku.

B. eTIR pilot project between Georgia and Turkey

11. The Expert Group took note of the progress in the Georgia-Turkey eTIR pilot project launched in the framework of the United Nations Development Accounts project “Strengthening the Capacities of Developing Countries and Countries with Economies in Transition to Facilitate Legitimate Border Crossing, Regional Cooperation and Integration”, and, in particular, that the customs-to-customs data exchange was now taking place via the Central Exchange Platform (CEP) production environment and that efforts would be undertaken to ultimately merge the CEP with the eTIR international system.

VI. Annex 11 of the TIR Convention (agenda item 5)

Documentation: ECE/TRANS/WP.30/2018/16

12. The secretariat informed the Expert Group of the current state of play of new Annex 11, as contained in document ECE/TRANS/WP.30/2018/16. In particular, the Expert Group took note (a) of the newly formulated article 60 *bis*, which, at the proposal of the Office of Legal Affairs – Treaty Section (OLA-TS), now stipulates that Annex 11 will enter into force for all contracting parties except those that notify the depositary in writing of their non-acceptance of the annex; (b) that, as proposed by the delegation of the European Union, the text of article 3 of Annex 11 had been amended to introduce a distinction between contracting parties having accepted Annex 11 and those connecting their national customs systems to the eTIR international system; (c) of its accompanying Explanatory Note, recommending that ideally that should not be more than one year between acceptance and connection; (d) of the amended formulation of article 10 of Annex 11, which now clarifies that it will not be UNECE itself that will host the eTIR international system, but rather that UNECE will be in charge of organizing how and where the eTIR international system will be hosted at any premises under the United Nations flag.

13. With regard to the issue of mutual recognition of the authentication of the holder raised by the Russian Federation at the 149th session of the Working Party, the Expert Group recalled the discussions it had had under agenda item 3 and confirmed that, at this stage, it was not possible to identify any alternative technical solution.

14. The Expert Group took note that, even if the Working Party would decide, at its October 2018 session, to transmit Annex 11 (together with the necessary amendments to the body of the TIR Convention) to the Administrative Committee and the Administrative Committee would then adopt Annex 11 at its February 2019 session and send it to the Secretary-General, Annex 11 would not come into force before June 2020. With that in mind and taking note of the support expressed by IRU for an early adoption of Annex 11, the Expert Group recommended countries which are delaying the adoption of Annex 11 to let Annex 11 enter into force and use the provisions of the new Article 60 *bis* to notify the Secretary-General of their non-acceptance of Annex 11. This would allow those countries interested in moving forward with eTIR to make progress. The Expert Group recalled that, similarly to the eTIR specifications, Annex 11 can still be amended at a later stage if new technologies that would further improve the functioning of eTIR would arise.

VII. eTIR conceptual, functional and technical documentation (agenda item 6)

A. Contributions by the network of eTIR focal points

Documentation: Informal document GE.1 No. 2 (2018)

15. The Expert Group took note of Informal document GE.1 No. 2 (2018) and, in particular, that thirty-six countries have nominated one or more eTIR focal points¹. The Expert Group decided to discuss the feedback received from the Netherlands and Serbia on the procedure related to the usage of the accompanying document under agenda item 6 (C).

B. eTIR conceptual, functional and technical documentation

Documentation: Informal document GE.1 No. 5 (2017), Informal document GE.1 No. 6 (2017), Informal document GE.1 No. 7 (2017), Informal document GE.1 No. 8 (2017) and Informal document GE.1 No. 3 (2018)

16. The Expert Group welcomed Informal document GE.1 No. 3 (2018) which contains all the amendment already approved by the Expert Group and to be included in the next version of the eTIR specifications (the latest published version of which (version 4.2) is now contained in Informal documents GE.1 No. 5, 6, 7 and 8 (2017)).

17. The Expert Group requested the secretariat to prepare a text to further clarify when and how the refusal to start a TIR operation message should be used as well as when a termination message should be sent with type “Accident or incident”.

C. Amendments

Documentation: Informal document GE.1 No. 4 (2018)

¹ The list of eTIR focal points is on the eTIR web site: www.unece.org/trans/bcf/eTIR/focals.html.

18. The Expert Group carefully considered the various amendment proposals and considerations contained in Informal documents GE.1 No. 4 and 5 (2018) and took the following decisions:

1. Accompanying document

19. The Expert Group considered the draft accompanying document and the summary description of its usage as prepared by the secretariat. It took note of the positive feedback received from the Netherlands and agreed with the changes proposed by Serbia.

20. Furthermore, the Expert Group considered the proposal for the accompanying document in combination with Chapter 1.2 (fallback) of the eTIR functional specifications and highlighted several discrepancies, in particular the possibility to begin a TIR transport under the fallback procedure. It also took note that Chapter 1.2 still makes reference to a fallback eTIR website and noted that developing such a web site could be quite costly. It agreed to consider the possibility to replace the eTIR fallback website by systems developed by the guarantee chain and welcomed the offer by the IRU to give a demonstration at the next session on the so-called "IRU Customs Portal". The Expert Group also requested the secretariat to propose a revised text of Chapter 1.2 which would reflect those changes.

2. Hash code

21. The Expert Group took note of the proposal by the secretariat to include a hash code in the advance cargo information messages to ensure that the information provided by the transport operator would not be modified along the route. However, the Expert Group was of the view that the inclusion of the hash code would complicate the submission of the advance cargo information for transport operators. Furthermore, it underlined that, upon registration of the declaration by the custom office of departure in the eTIR international system, the data was not only forwarded to all customs offices en route and of destination but also to the guarantee chain. Thus, the information could easily be shared with the transport operator to ensure that the data is identical to the data contained in the advance cargo information he submitted originally, but could also be used as evidence in case of claims or court cases.

22. In view of the above, the Expert Group decided not to revert to this matter in the future.

3. Reconciliation procedure

23. The Expert Group discussed the various options to introduce a reconciliation procedure in eTIR, as contained in Informal document GE.1 No. 5 (2018). The Expert Group was of the view that expanding the reconciliation procedure to all eTIR messages would go beyond the scope of Annex 10 and, thus, the appropriate provisions would have to be added in Annex 11 or in the eTIR specifications. The Expert Group also pointed out that any request to start a reconciliation procedure should be addressed to national helpdesks and welcomed the proposal by the EC to present at the next session the rules and procedures related to communications among helpdesks in the New Computerized Transit System (NCTS).

24. The Expert Group also underlined that in some cases, the reasons for missing messages could be more functional (e.g. the start of a claims procedure) and that this should also be taken into account when elaborating a procedure to reconcile messages missing for technical reasons.

VIII. Other business (agenda item 7)

A. World Customs Organization activities

25. The Expert Group welcomed the information regarding the activities of the World Customs Organization (WCO), in particular that:

- by the end of 2018, the Data Model Project Team (DMPT) should have finalized its work on version 3.8 of the WCO data model, a version which would, at the request of the European Union, include a significant number of amendments as a consequence of to the new Union Customs Code. However, this new version would remain compatible with the eTIR data model (which is based on version 3.7).
- at its April 2018 session, the WCO Permanent Technical Committee (PTC) discussed the issue of the use of Transit Office Master Data. The WCO secretariat updated the PTC about the ongoing work of the DMPT to develop Master Data, the use of which could support the establishment of transit interconnectivity. This could be achieved by enabling a customs office to recognize other customs offices in the transit route and to determine the customs office to and from which transit information should be sent or received in a harmonized and standardized manner. Information such as the address of the office, contact person, and means of communication of the contact person as well as the office, could be considered to be part of the proposed Office Master Dataset. The PTC supported the work of the DMPT to continue the development of Transit Office Master Data and encouraged the use of the standardized office coding systems (five digits of UN/LOCODE plus additional user code) as recommended in the WCO Data Model in relation to transit interconnectivity.
- in an effort to move the eATA project forward, nine WCO members had volunteered to become part of the Mercury II Pilot Project. The Mercury II Pilot Project will start with 3-4 countries (customs and national guaranteeing associations) selected on the basis of a set of criteria that had been communicated to the volunteering countries. The pilot project is planned to start in October 2018 and finish in March 2019. In addition, The European Union Directorate-General for Taxation and Customs Union (DG TAXUD), in collaboration with the International Chamber of Commerce-World Chambers Federation (ICC WCF), is undertaking a proof of concept on the use of blockchain technologies for the purpose of the eATA initiative. Outcomes are expected towards September 2018.
- at its April 2018 session, the PTC devoted one full day to disruptive technologies, organized under the umbrella of the “Future of Customs” agenda. It brought together speakers and delegates in four workshops to discuss blockchain technology, artificial intelligence, the “Internet of Things”, biometrics, drones and other latest technologies. It also explored strategies supporting the introduction of new technologies. The PTC supported a draft study report on disruptive technologies, currently under development and which will be revisited at its spring 2019 meeting.

B. Other activities of interest

26. The Expert Group took note that the usage of ITDB became mandatory in the European Union since 1 January 2018 and that the number of ITDB users has since then significantly increased. The Expert Group also welcomed the release of the first phase of the Customs Offices module. Furthermore, the Expert Group was informed on the

developments with regard to the ITDB Web Service and took note of the planned improvements of the ITDB.

27. The Expert Group also took note that, in February 2018, the secretariat had met with experts from the European Commission to assess the feasibility of interconnecting the eTIR international system with the European Union Common Communication Network/Common System Interface (CCN-CSI), thus avoiding that each European Union Member State would have to undertake this process individually. As a follow up, the secretariat had been invited to present the eTIR project to the Electronic Customs Coordination Group (ECCG) at its March 2018 session. Further work will be undertaken between the EC and UNECE to possibly launch an eTIR project aimed at operationalizing eTIR in the European Union with minimal changes to NCTS.

C. Date and place of next session

28. The Expert Group was not yet in a position to agree on a date for its next session. It requested the secretariat, in coordination with the Chair, to propose dates, possibly towards the end of November or the beginning of December 2018.
