Organisation and Functioning of the TIR Guarantee Chain

WP.30 Geneva, 12 October 2004
IRU is authorised by the Administrative Committee to take on responsibility for the effective organisation and functioning of an international guarantee system (article 6.2 bis)

“A Credible, Reliable & Solid financial back-up”
Association & Holder

• Association submits Holder’s application to National Customs

• Holder lodges an Admission Guarantee of minimum $5’000

• A quota of TIR Carnets is allocated to each Holder

The Declaration of Engagement includes a written undertaking by the Holder to comply with Customs rules.
The Holder, as the Customs Declarant …

- presents TIR Carnet, goods and vehicle to Customs
- alerts Customs in case of incidents
- assists with enquiries and identification of “Person(s) Directly Liable”.
Guaranteeing Association & Customs

Article 1.q: TIR Convention:

- A Guaranteeing Association is approved by the Customs authorities of a Contracting Party to act as surety for persons using the TIR procedure.

DEED of GUARANTEE (Surety)

Guaranteeing Association

Customs
Current Global Contract (Zurich)

- Territorial limit
- Maximum coverage of carnets as defined in the Deed of Guarantee at national level in each country. Annual aggregate indemnity limit = CHF 300’000’000
- No arbitration clause
- Claims handling
- National layer: covers responsibility of Holder to the guarantee chain (clause 31)

- Risk Management & SafeTIR
- Annual Certificate of cover.
DEED OF GUARANTEE (SURETY)

- subject to national legislation
- sets the maximum amount of surety
- national and foreign holders

DEED OF ENGAGEMENT

backing-up the surety provided by the association to Customs

ASSOCIATION

International Financial Institution
GLOBAL CONTRACT

backing-up the surety provided by the Guarantee chain to Customs

ASSOCIATION

Natl. Fin. Inst. / Holder

IRU

CUSTOMS
Case handling process

Person(s) Directly Liable

CUSTOMS

Payment

NO REPLY

OBJECTION

NO CASE

CASE HANDLING PROCESS
Involvement of Surety

Customs debt defined

Surety provider

- Same rights as Customs debtor
- Own rights based on guarantee documents (national legislation)

Person directly liable

Customs debtor identified

- Goods in possession
- Introduced the goods
- Customs declarant
  - Usually the Holder
Case handling process

1. Holder
2. Issuing Association
3. IRU
4. National Guaranteeing Association
5. Customs
6. Case Closed

Flow diagram showing the process from Holder to Customs to Case Closed, with interactions between international and national financial institutions.
Payment

CUSTOMS

NATIONAL GUARANTEEING ASSOCIATION

IRU

International Financial Institution

National Financial Institution

HOLDER
### Claims Statistics

**Dec. 1994 - Sept. 2004**

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed without payment</td>
<td>1,527</td>
</tr>
<tr>
<td>Cases paid</td>
<td>4,167</td>
</tr>
<tr>
<td>Claims under dispute</td>
<td>4,536</td>
</tr>
<tr>
<td>Total Cases handled</td>
<td>10,230</td>
</tr>
</tbody>
</table>

In this period 26’000’000 TIR Carnets were issued
IRU performs its responsibilities with:

- Equity
- Neutrality
- Independence
Chain of Guarantee

Holder Association IRU Financial Institutions
Life Cycle of the TIR Carnet
• Authorisation: to print & distribute TIR Carnets, plus 6.2 bis

• Admission of TIR Associations
  - Selects Associations
  - Legal requirements
  - TIR Training
  - Technical requirements
  - SafeTIR

• TIR Audit
Association

• Selects reliable Holders and handles the admission procedures

• Issues TIR Carnets according to rules (quotas etc.)

• Reacts by revoking Holder status if Association or Customs rules are infringed

• Handles claims for national Customs

• Performs physical check of TIR Carnets and cross-check against SafeTIR data.
A Holder must have at ALL times:

- Proven capability to engage in international transport
- Be of sound financial standing
- Proven knowledge in the application of the TIR Convention
- Written undertaking to comply with Customs rules, to pay taxes that are due, & to assist with enquiries
- Absence of serious or repeated offences against Customs or tax legislation
- Acceptance by Customs.
At all times, the Holder must be aware that..

Using the TIR System is a privilege - NOT a right
To become an authorised TIR Association:

- Proven existence of representing the transport sector
- Proof of financial standing
- Absence of serious or repeated offences against Customs or tax legislation
- Proven staff knowledge in the proper application of the TIR Convention.
• Apply TIR procedures as defined in the TIR Convention

• Organise rapid discharge procedures (sending termination certificates)

• Send SafeTIR information on termination of all TIR operations (with unloading or partial unloading).
Risk Management

Archiving information

Initial issue data:
which Association; TIR Carnet; type; language; status

Final check information:
status of TIR Carnet

Information on issue:
TIR Carnet; when; to whom; HVG

Information on return:
TIR Carnet; by whom; when; status

Termination information:
TIR Carnet; voucher page; when; where; reservations

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Working together for a better future

since 1948