

Distr.: General
26 May 2017

English only

Economic Commission for Europe

Inland Transport Committee

Working Party on Customs Questions affecting Transport

146th session

Geneva, 13-16 June 2017

Item 7 of the provisional agenda

Customs Conventions on the Temporary Importation

of Private Road Vehicles (1954) and Commercial Road Vehicles (1956)

Customs Conventions on the Temporary Importation of Private Road Vehicles (1954) and Commercial Road Vehicles (1956)

**Difficulties in the application of the terms of the United Nations
Conventions. Non-observance by Egypt and by Jordan of the deadlines
in the Conventions**

**Note by the Fédération Internationale de l'Automobile/Alliance
Internationale de Tourisme (FIA/AIT)**

I. Introduction

1. The FIA and AIT as the international organizations globally administering the "Carnet de Passages en Douane" system wish to bring to the attention of the Working Party on Customs Questions affecting Transport (WP.30) the difficulties faced by the CPD system in Egypt and Jordan in handling customs claims in due time and in accordance with the provisions of the 1954 Convention.
2. The FIA / AIT wish to solicit the opinion of WP.30 on the issues described in this document and would also welcome suggestions on actions which might be taken to alleviate these difficulties.
3. As WP.30 is aware, the CPD is required both in Egypt and in Jordan. The CPD guaranteeing associations in both countries have expressed their concerns that the corresponding customs authorities do not respect the deadlines and procedures laid down in the Convention, mainly at notifying claims out of time (among others). Whilst not respecting the provisions of the Convention, the customs authorities request the

guaranteeing associations to pay for these invalid claims, otherwise they freeze the associations' bank accounts or take cases to Court.

4. The FIA and AIT have repeatedly called for:

- Strict compliance by the customs authorities and guaranteeing associations with the provisions of the 1954 Convention;
- Clear and comprehensive information on temporary importation procedures, including rules which apply in case of non-re exportation of vehicles, seizures, fines and fees, etc;
- Adequate communication between the customs authorities and guaranteeing association in all matters related to the temporary importation of vehicles under cover of CPDs.

5. To date, our interventions to assist in correcting deficiencies and in reaching agreements between the customs authorities and guaranteeing associations, always in the interest of ensuring the correct application of the Convention, have failed.

6. While the casuistry differs from one country to another, the dysfunctional situation generally leads to one and the same result: payment of old, invalid claims. This leads to a considerable economic loss, since payment of invalid claims is not included in the insurance cover and many times the issuing associations cannot contact or even act against CPD holders for cases they become aware of 20 year after the document was issued.

7. This generates a situation of defenselessness, in as much as the terms that must be equal for all parties involved are not respected. Guaranteeing associations are faced with the requirement of managing claims that do not conform to the terms of the Convention. This produces a large imbalance throughout the system.

8. Regrettably, neither the Egyptian nor the Jordanian customs administrations seem to be able to implement the necessary measures to ensure compliance with the provisions of the conventions in the short term.

9. The next Parts provide notes on terms of the 1954 Convention which have not been respected by each of the customs authorities.

II. Difficulties encountered in Egypt

Non-observance by Egypt of the 1954 Convention

FIA & AIT comments

FIA & AIT: The 1954 Convention refers throughout to the “customs authorities of the Contracting Parties”. However, problems arise in Egypt due to lack of coordination between entry and exit posts, and the lack of a centralized customs administration. This generates: high number of unfounded claims, notification of claims out of time, cases remaining outstanding dating several decades back and long and cumbersome procedures for recording claim payments which affects to have reliable and updated information on what the real claim status is.

(See Annex below)

Art. 13.3

3. The Customs authorities shall notify, so far as possible, to the guaranteeing association, seizures made by or on behalf of these Customs authorities of vehicles admitted under cover of temporary importation papers guaranteed by that association and shall advise it of the measures they intend to take.

FIA & AIT: Seizures are frequent in Egypt and they often result in customs claims. The guaranteeing association is not always informed of seizures. The customs authorities often neglect to advise the guaranteeing association of measures they intend to take. Seized vehicles are often sold in auction by the customs authorities without prior notification to the guaranteeing association, issuing association and CPD holder, however the claim remains outstanding in the registers of the customs authorities.

In some cases, first notice that a guaranteeing association has received of a seizure is the notification from a Court informing about the lodging of a complaint by the customs authorities against the guarantor association.

Article 24.1

1. If temporary importation papers have not been regularly discharged, the Customs authorities of the country of importation shall (whether the papers have expired or not) accept as evidence of re-exportation of the vehicle or component parts the presentation of a certificate based on the standard form shown in Annex 4 of this Convention issued by an official authority (consul, Customs, police, mayor, judicial officer, etc.), attesting the facts that the vehicle or component parts in question have been presented to it and are outside the country of importation. As an alternative they shall accept any other valid documentary evidence that the vehicle or component parts are outside the country of temporary importation. In the case of papers, other than the "carnets de passages en douane", which have not expired, the papers shall be produced at the same time as the evidence referred to above. In the case of carnets the Customs authorities shall accept, as evidence of re-exportation of the vehicles or component parts, the visas entered thereon by the Customs authorities of countries subsequently visited.

FIA & AIT: Certificates of Location (CoL) are systematically refused unless they are “legalized” or stamped by an Egyptian official. This is often impossible, inconvenient and costly. Other valid documentary evidence is often refused (e.g. proof of subsequent entry into other countries).

As in the case above mentioned, the non-acceptance by the customs authorities of CoL and other valid documentary evidences of re-export entails that many claim cases end up in Court, via lawsuits filed by the customs authorities.

Article 25 bis

The competent Customs authorities shall not require payment of import duties and import taxes where it is proved to their satisfaction that a vehicle imported under cover of temporary importation papers can no longer be re-exported because it has been destroyed or irrecoverably lost for reasons **of force majeure**. (e.g. vehicles stolen at gunpoint, vehicles stolen and then found absolutely irrecoverable for use)

FIA & AIT: Evidences proving cases of force majeure are refused by customs authorities.

If not paid, these cases end up in Court too, via lawsuits filed by the customs authorities.

Article 26

Customs authorities shall not have the right to require from the guaranteeing association payment of import duties and import taxes on vehicles or component parts temporarily imported when the non-discharge of the temporary importation papers has not been notified to the guaranteeing association within a year of the date of expiry of the validity of those papers. The Customs authorities shall provide the guaranteeing associations with details of the amount of import duties and import taxes within one year from the notification of the non-discharge. The guaranteeing associations' liability for these sums shall cease if such information is not furnished within this one-year period.

FIA & AIT: Notifications of claims are sometimes presented after the one-year deadline, yet the guaranteeing association is held responsible.

In Egypt, the guaranteeing association has even been requested to pay claims dating back to the early 70's, when the first notice they have had of the existence of the case is a Court requirement to pay received in the 2000's.

Details of duty calculations are not always provided or, at least, given within one year – the claim remains active nevertheless.

These cases considered as time-barred (non-valid as per the provisions of the Convention) end up in Court too, via lawsuits filed by the customs authorities

Article 27

1. The guaranteeing associations shall have a period of one year from the date of notification of the non-discharge of temporary importation papers in which to furnish proof of the re-exportation of the vehicles or component parts in question under the conditions laid down in this Convention. Nevertheless, this period can come into force only as of the date of expiry of the temporary importation papers. If the Customs authorities contest the validity of the proof provided they must so inform the guarantor within a period not exceeding one year.

FIA & AIT: Proof of clearance (CoLs & other evidences of re-export) is sometimes contested beyond the one-year deadline (sometimes, 3-4 years later)

Annex I: List of outstanding claim cases (1966-2010) as per the information provided by the Egyptian customs authorities to the FIA (February 2017) and contrasted with the registers kept at the Egyptian guaranteeing association (February 2017)

| Currency: EGP | | | | | | | | | | |
|---------------|-----------------|-------------------------|-----------------------|----------------------|----------------------------|-----------------------------|--------------------------------|-----------------------------------|---------------------------|------------------------------|
| Year | Court Cases (*) | Duty on Court Cases (*) | Outstanding Cases (*) | Duty Outstanding (*) | Time Barred Cases (*) (**) | Duty Time Barred claims (*) | Cases already cleared (*) (**) | Duty on cases already cleared (*) | Cases not logged (*) (**) | Duty on cases not logged (*) |
| 1966 | 0 | 0 | 1 | 1,774 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1967 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1968 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1969 | 0 | 0 | 2 | 1,540 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1970 | 0 | 0 | 1 | 350 | 0 | 0 | 1 | 299 | 0 | 0 |
| 1971 | 0 | 0 | 4 | 4,271 | 0 | 0 | 1 | 362 | 0 | 0 |
| 1972 | 2 | 4,147 | 5 | 8,934 | 0 | 0 | 1 | 1,288 | 0 | 0 |
| 1973 | 0 | 0 | 1 | 1,345 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1974 | 0 | 0 | 1 | 1,162 | 1 | 584 | 0 | 0 | 0 | 0 |
| 1975 | 1 | 3,914 | 7 | 12,540 | 0 | 0 | 1 | 1,788 | 0 | 0 |
| 1976 | 2 | 4,474 | 12 | 49,130 | 0 | 0 | 3 | 17,713 | 1 | 8,330 |
| 1977 | 2 | 7,833 | 10 | 72,893 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1978 | 0 | 0 | 10 | 91,877 | 3 | 15,869 | 2 | 8,639 | 0 | 0 |
| 1979 | 0 | 0 | 5 | 26,590 | 2 | 39,297 | 3 | 22,452 | 0 | 0 |
| 1980 | 0 | 0 | 4 | 39,105 | 1 | 14,607 | 1 | 7,335 | 0 | 0 |
| 1981 | 0 | 0 | 4 | 2,745 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1982 | 1 | 3,774 | 1 | 2,991 | 0 | 0 | 1 | 6,073 | 0 | 0 |
| 1983 | 1 | 11,427 | 1 | 13,891 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1984 | 1 | 5,782 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1985 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1986 | 0 | 0 | 1 | 27,752 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1987 | 0 | 0 | 1 | 56,252 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1988 | 0 | 0 | 1 | 87,502 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1989 | 1 | 55,971 | 1 | 100,000 | 1 | 67,605 | 0 | 0 | 0 | 0 |
| 1990 | 1 | 58,415 | 2 | 48,051 | 0 | 0 | 2 | 2,174 | 0 | 0 |
| 1991 | 0 | 0 | 2 | 5,424 | 2 | 332,743 | 1 | 95,400 | 0 | 0 |
| 1992 | 0 | 0 | 1 | 74,300 | 0 | 0 | 1 | 166,600 | 0 | 0 |
| 1993 | 0 | 0 | 2 | 350,065 | 0 | 0 | 1 | 49,200 | 1 | 105,655 |
| 1994 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 218,379 | 0 | 0 |
| 1995 | 0 | 0 | 1 | 168,000 | 0 | 0 | 1 | 7,775 | 0 | 0 |
| 1996 | 0 | 0 | 2 | 371,662 | 1 | 103,099 | 0 | 0 | 0 | 0 |
| 1997 | 1 | 189,366 | 3 | 347,337 | 0 | | 0 | 0 | 0 | 0 |
| 1998 | 0 | 0 | 2 | 588,100 | 0 | | 0 | 0 | 0 | 0 |
| 1999 | 0 | 0 | 3 | 338,430 | 1 | 139,137 | 0 | 0 | 0 | 0 |
| 2000 | 1 | 201,295 | 1 | 64,945 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2001 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2002 | 0 | 0 | 0 | 0 | 1 | 125,730 | 0 | 0 | 0 | 0 |
| 2003 | 2 | 389,210 | 1 | 1,415 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2004 | 1 | 421,899 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | |
|--------------|-----------|-------------------|------------|------------------|-----------|----------------|-----------|----------------|----------|----------------|
| 2005 | 7 | 2,965,870 | 2 | 23,435 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2006 | 2 | 178,415 | 1 | 94 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2007 | 8 | 2,714,872 | 2 | 790,129 | 0 | 0 | 1 | 169,114 | 0 | 0 |
| 2008 | 9 | 3,377,560 | 1 | 194,194 | 0 | 0 | 1 | 13,000 | 0 | 0 |
| 2009 | 10 | 4,328,390 | 4 | 1,990,888 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2010 | 29 | 14,726,444 | 9 | 3,889,028 | 0 | 0 | 1 | 184,044 | 1 | 471,999 |
| Total | 82 | 29,649,058 | 112 | 9,848,141 | 13 | 838,671 | 24 | 971,635 | 3 | 585,984 |

(*) *NB: Definitions*

Court Cases

Customs claims that have been put in to the courts in Egypt by any of the customs authorities (reason(s) why the customs would put these claims in to court are already mentioned above); by a holder of the CPD for particular reasons; by the CPD holder and/or the Issuing club as evidences have not been accepted by the Egyptian customs in line with the terms of the 1954 convention.

Duty on Court Cases

This is the total amount of duties lodged as outstanding and due for payment to the customs authorities for all 82 cases that are in court. The amount for the 82 cases amounts to EGP 29,649,058 (70.71% of the overall amount payable on ALL old claims).

Outstanding claims

These claims are categorized where customs have advised that they recognize that the claim is still open, where they are awaiting evidences, agreeing evidences or are unable to marry up the importation and exportation vouchers between customs posts.

Duty Outstanding

This is the total amount of duties lodged as outstanding and due for payment to the customs authorities for all 112 cases that the authorities state are still outstanding. The amount for the 112 cases amounts to EGP 9,848,141 (23.57% of the overall amount payable on ALL old claims).

Time Barred cases

These are claims that remain outstanding by customs or are in court. However, these cases were not provided to the guarantee association in due time as described in Article 26 of the corresponding notes.

Duty on Time Barred cases

This is the total amount of duties lodged as due to customs on all Time Barred claims which we know are not lodged by the Egyptian customs in line with Article 26 of the 1954 Convention. For the 13 cases, the total amount of duty requested by customs is EGP 838,671 (2.00% of the total amount requested from Egyptian Customs on all claims).

Cases already cleared

These are cases lodged by the Egyptian customs where, over time, it has been cleared by our guaranteeing association, on the authority of the Egyptian customs. For unknown reasons the claim is opened again.

Duty on cases already cleared

This is the amount of duties lodged as due to customs on all cases previously cleared. The amount due to customs for previously cleared cases is EGP 971,635 (2.32% on total amount of duty requested on ALL old claims).

Cases not logged

These are cases that we have only just been notified of by the Egyptian customs in February 2017.

Duty on cases not logged

This is the amount of duties lodged as due to customs on all cases where we have only just been advised of the claim. The amount due to customs for cases not previously advised is EGP 585,984 (1.4% of the total amount requested on ALL old claims).

*(**) NB: These cases (40) were registered as time-barred, cleared or were not even notified to the guaranteeing association, however in the list provided by the customs authorities in February 2017 these cases appear either as court cases either as outstanding, amounting to EGP 2,396,290.*

III. Difficulties encountered in Jordan

Non-observance by Jordan of the 1954 Convention

FIA & AIT comments

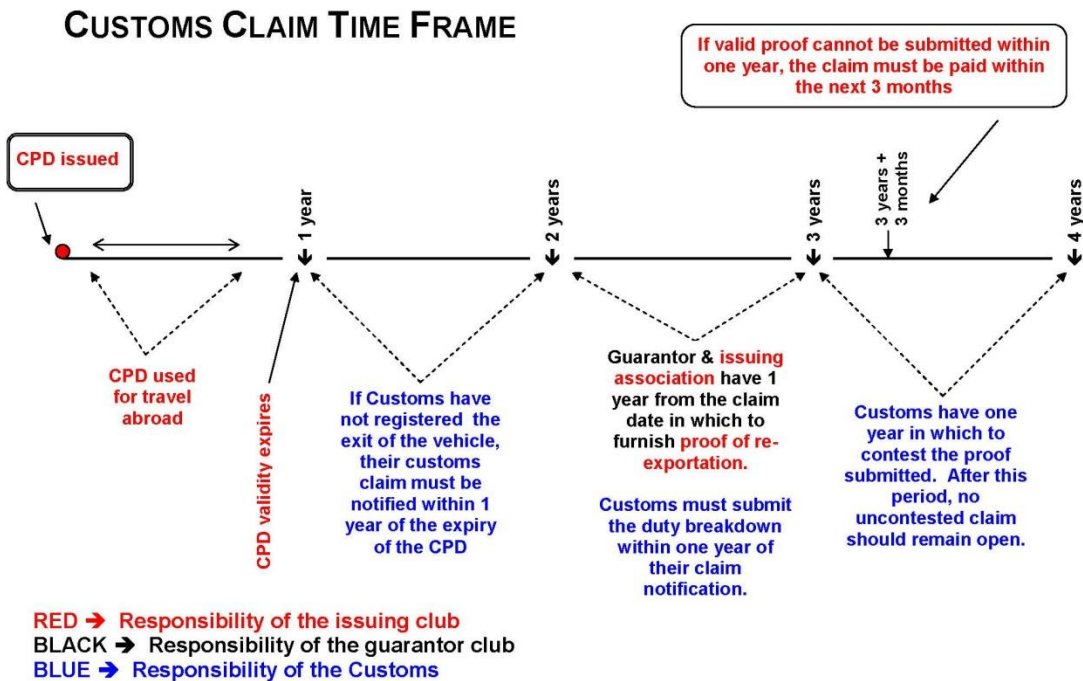
FIA & AIT: The 1954 Convention refers throughout to the “customs authorities of the Contracting Parties”. However, problems arise in Jordan due to lack of coordination between entry and exit posts and inefficient communication with the guaranteeing association which impedes that claims are notified in due time as per the terms of the Convention.

Article 26

Customs authorities shall not have the right to require from the guaranteeing association payment of import duties and import taxes on vehicles or component parts temporarily imported when the non-discharge of the temporary importation papers has not been notified to the guaranteeing association within a year of the date of expiry of the validity of those papers. The Customs authorities shall provide the guaranteeing associations with details of the amount of import duties and import taxes within one year from the notification of the non-discharge. The guaranteeing associations' liability for these sums shall cease if such information is not furnished within this one-year period.

FIA & AIT: Notifications of claims are sometimes presented after the one-year deadline, yet the guaranteeing association is held responsible.

Annex I – Customs claim time frame as per Art. 26 and Art. 27 1954 United Nations Convention on temporary importation of private vehicles.



Maria Luz Martínez – AIT & FIA Mobility

Annex II – Sample list of claim cases where the above mentioned deadlines have not been respected

| | CPD Number | | CPD Expiry date | Claim notification date | Years between dates |
|----|------------|--------|-----------------|-------------------------|---------------------|
| 1 | Det | 461395 | 9.09.2006 | 27/12/2016 | 10 |
| 2 | Cat | 48540 | 20.10.2004 | 22/01/2017 | 13 |
| 3 | Cat | 89827 | 28.12.2004 | 22/01/2017 | 13 |
| 4 | Cat | 90811 | 3.03.2006 | 22/01/2017 | 10 |
| 5 | Cat | 89722 | 15.12.2004 | 22/01/2017 | 13 |
| 6 | Cat | 48164 | 28.09.2004 | 23/04/2017 | 13 |
| 7 | Cad | 299269 | 1.11.2005 | 23/04/2017 | 12 |
| 8 | Det | 127417 | 10.07.2004 | 27/12/2016 | 12 |
| 9 | Cat | 48189 | 29.09.2004 | 02/09/2010 | 6 |
| 10 | Ddd | 992566 | 13.11.2013 | 27/12/2016 | 3 |
| 11 | Ddd | 992114 | 12.9.2013 | 27/12/2016 | 3 |
| 12 | Ddt | 917993 | 2.02.2013 | 27/12/2016 | 3 |

| | | | | | |
|----|-----|--------|------------|------------|---|
| 13 | Ccd | 143233 | 9.05.2009 | 03/02/2013 | 3 |
| 14 | Ccd | 143233 | 9.05.2009 | 03/02/2013 | 3 |
| 15 | Cad | 574868 | 4.10.2008 | 02/09/2010 | 2 |
| 16 | Ddd | 550715 | 27.10.2011 | 19/06/2013 | 2 |
| 17 | Cbt | 33808 | 23.03.2008 | 02/09/2010 | 2 |
| 18 | Cad | 697691 | 25.10.2008 | 02/09/2010 | 2 |
| 19 | Des | 158945 | 6.10.2014 | 27/12/2016 | 2 |
| 20 | Des | 4468 | 26.03.2014 | 27/12/2016 | 2 |