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**ADMINISTRATIVE COMMITTEE  
FOR THE TIR CONVENTION, 1975**

**TIR Executive Board (TIRExB)**

(Twenty-second session, 24 and 25 May 2004,  
agenda item 3)

**CURRENT PROBLEMS IN THE TIR SYSTEM**

**Security in the supply chain**

**Note by the TIR secretariat**

**A. BACKGROUND**

1. At its twenty-first session, when discussing the results of the ITC Bureau survey on the functioning of the TIR system, the TIRExB was of the view that some new issues would need to be addressed by the Board, amongst other, the newly emerged issues of security in the supply chain and how this issue can impact the TIR procedure (TIRExB/REP/2004/21draft, para.12).

**B. INTRODUCTION**

2. In the wake of the events of 11 September 2001, both Governments and international organizations have been confronted with a new challenge: how to effectively combat terrorism and prevent further terrorist attacks. This is, in particular, the case in the field of transport, as transport equipment was a key instrument of the attacks and the transport of dangerous goods or key transport infrastructures or vehicles were subsequently evoked as either the possible instrument or the target of possible further attacks. In subsequent incidents, just to mention a few, a terrorist bomb exploded in February 2004 in the Moscow metro, which carries upwards of 8 million passengers per day, killing 40 and injuring more than 100. In March, ten deadly bombs exploded in commuter trains and in three of Madrid's rail stations, killing 200 people and injuring more than 1000.

3. As a result of the recent terrorist actions, some countries, first and foremost the United States, have seen it as a necessity in order to protect their national interests to respond to the perceived increased security threat by introducing such unilateral measures. Such action could lead to a proliferation of unilateral and non-harmonized initiatives to introduce new controls at borders to the detriment of the flow of the international supply chain of goods.

4. As illustrated by the above described terrorist actions, security risks in transport may include dysfunctions, disruptions or misuse of the transport system, or of any of its components, caused intentionally and not as a result of the development of traffic or by a natural cause. Major security risks for the transport systems include: vehicle theft; vehicle misuse as bombs; theft of dangerous substances during their transport; illegal border crossing of elements contributing to terrorist attacks; and attacks to key infrastructure points like tunnels and bridges.

5. It should also not be forgotten that a number of traditional irregularities in transport operations, such as for instance transit fraud, contributes to deterioration of the supply chain security.

6. The present paper mainly considers the implications on how to secure the international goods supply chain in the framework of the TIR Convention.

### **C. SECURITY IN THE SUPPLY CHAIN**

7. Supply chain security is, at present, the object of intense examination of many national and intergovernmental bodies. In particular, the World Customs Organization is carrying out important work in this field. However, so far, no organizations have presented an integrated solution to supply chain security.

8. When considering the security of the international supply chain of goods, it is logic to take the outset with the origin of the goods. Thus, the first point that should be considered is the point of departure of the goods at the shipper's location. From this point of departure at list of actors and transfer points, who can be involved in a supply chain operation can be generated:

#### Transaction:

- Shipper (warehouse)
- Transaction agents (warehouse)
- Buyer

Transport:

- Forwarding agent, Customs broker (warehouse)
- Carrier
  - Transport mode (road/rail/inland waterway/maritime/air)
  - Intermediate transfer points (ports, rail terminals, road terminals, airports)

Authorities:

- Customs (terminal)
- Other control authorities (terminals)

9. The number of combinations of how to organize a supply chain operation from the above list are numerous and demonstrate that an approach to international supply chain security should be based on an intermodal approach.

10. The make up of the supply chain also suggests that the information flow derived from the supply chain operation is complex and possibly the most important element to control to with a view to control the supply chain.

11. The above facts demonstrates the difficulty of controlling the security of the international supply chain, in particular, due to the lack of international harmonized intermodal legal instruments, that could be the basis for implementing efficient control procedures.

12. In this context the question arises, how the international supply chain process impacts the TIR procedure and how the TIR procedure can assist in securing the supply chain.

#### **D. SUPPLY CHAIN SECURITY AND THE TIR CONVENTION**

13. In the present TIR environment the full supply chain is not included. Only the transport of goods, including, in part, the derived information flow, from a Customs of departure to a Customs office of destination in TIR Contracting Parties, provided some part of the journey is carried out by road, is covered by the TIR procedure.

14. Therefore, a considerable number of actions and significant information relevant to the supply chain, either occurring prior to and/or following the TIR procedure neither included nor documented in the TIR procedure. This relates for instance to information concerning the consignee and consignor, prior and subsequent transport modes and intermediate transport related operations. At present, the TIR procedure, basically, only relates to the goods and the transport operator carrying the goods at the time of control.

15. At the same time, the TIR procedure, at present, does not provide control authorities with the possibility to carry out proper risk management procedures, in particular, due to the lack of advanced cargo information.

16. In the context of supply chain security, risk management is a key element. Therefore, information of the entire supply and logistics chain, which is available in advance of the transport arriving for control, is essential to proper risk management. If such information is not provided, there could be a risk that the efficiency of the TIR procedure is endangered, in particular in view of the increased focus of supply chain security at national and international level.

17. Bearing the above conclusions in mind, the present developments in relation to the computerization of the TIR procedure seems very relevant and timely, both in relation to the sustainability of the TIR procedure and possibly also in relation to providing a solution for international supply chain security.

18. At present, part of the TIR procedure is to a certain extent computerized, namely through the IRU operated SAFETIR system. However, as mentioned above, this is only a minor part of the concerns surrounding the international supply chain security, in particular, because the SAFETIR system only relates to the termination of the operation and therefore, is not sufficient for implementing proper security risk management.

19. The process that has been initiated by the Contracting Parties to fully computerize the TIR procedure, the so-called e-TIR project, is presently at a stage where the procedural aspects of the present provisions and requirements in the TIR procedure are being considered in the context of technological transfer from a paper based system to a computerized environment. This stage of the computerization is coming to a conclusion in the near future.

20. The next stage to be considered in the framework of the e-TIR project is the future requirements of a computerized TIR procedure. In this context, it could be very important to consider if requirements concerning the international supply chain security should be integrated in such a procedure. As described above, it would be particularly relevant to consider the inclusion of information concerning consignor and consignee as well as prior and subsequent transport modes and to consider how such information can be introduced in a computerized TIR environment without duplication of work.

21. Computerization is not a panacea to supply chain security, but an important element. Therefore, it is also important to consider other relevant solutions. In this context issues such as authorizations and access to the TIR procedure as well as implementation and application of the procedure is of importance.

22. The TIRExB may wish to consider the issue described and to elaborate a position on this.

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