



# Economic and Social Council

Distr.: General  
14 January 2011

English only

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## Economic Commission for Europe

### Administrative Committee for the TIR Convention, 1975

#### Fifty-first session

Geneva, 3 February 2011

Item 8 (a) of the provisional agenda

#### Application of the Convention:

**Recommendation on the introduction of Harmonized System code in the TIR Carnet**

## Outcome of the Survey on the Application of the Recommendation on the Introduction of the Harmonized System Code in the TIR Carnet

### Note by the TIR secretariat

#### I. Background

1. At its forty-ninth session, the Administrative Committee for the TIR Convention, 1975 (AC.2) considered and approved a draft survey concerning the implementation of the Recommendation on the introduction of Harmonized System (HS) code in the TIR Carnet, as prepared by the secretariat in Informal document No. 2 (2010). The survey included two different questionnaires, one for Customs administrations and one for national guaranteeing associations.
2. The secretariat sent out the questionnaires to TIR focal points on 25 June 2010, providing respondents time until 15 September 2010 to gather the requested information and reply. The questionnaires were sent out by email and by regular mail, where required.
3. At its fiftieth session, the AC.2 took note of the preliminary results of the survey, as contained in Informal document No. 8 (2010). It urged those countries and associations that had not yet replied to do so and asked the secretariat to send a reminder. Consequently, on 5 November 2010, the secretariat sent a reminder to those countries and associations that had not yet replied, extending the deadline to 15 December 2010.

4. To date, 30<sup>1</sup> out of the 59 addressed Customs administrations and 26<sup>2</sup> out of the 61 addressed associations have replied.

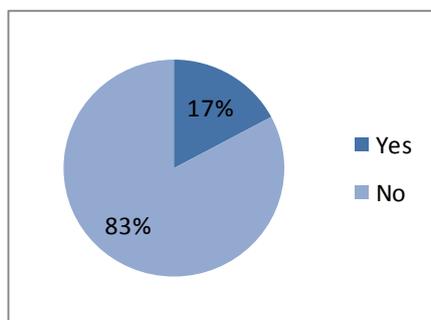
## II. Summary of replies

5. Before going into the details of the results, it is important to indicate that not all respondent have replied to all the questions. Therefore, the sum of replies for each question can diverge and be not equal to the total number of respondents. Furthermore, where appropriate, the secretariat has quoted the text of the Recommendation that relates to the question *in italics*.

### (a) Replies from Customs administrations

Question 1: Does your administration require the indication of HS codes in the TIR Carnet?

Yes	5
No	24



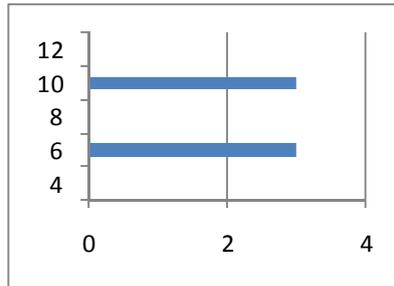
Question 2: How many digits<sup>3</sup> does your administration require to indicate in the TIR Carnet?

4 digits	0
6 digits	3
8 digits	0
10 digits	3
12 digits	0

<sup>1</sup> Armenia, Austria, Belarus, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Kyrgyzstan, Lithuania, Luxembourg, Malta, Montenegro, Netherlands, Norway, Poland, Portugal, Russian Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, Republic of Moldova, Tunisia, Turkey

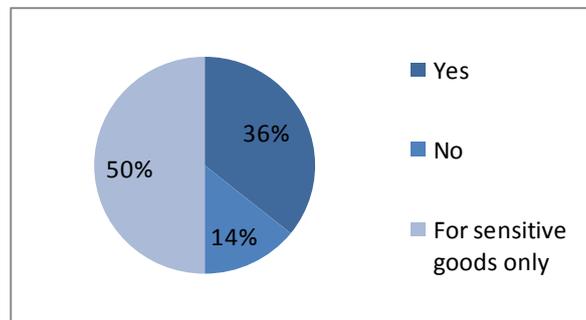
<sup>2</sup> AIRCA, AISÖ, ABADA, AEBTRI, CESMAD BOHEMIA, DTL, ERAA, OFAE, ICCIM, UICCIAA, KAZATO, KYRGYZ AIA, LATVIJAS AUTO, SIEV, ZMPD, AITA, UNTRR, ASMAP, CESMAD SLOVAKIA, SA, ASTAG, SNC ICC, CCIT, TOBB, THADA, AIRCU

<sup>3</sup> By definition, the HS code is composed of 6 digits, but the International Convention on the Harmonized System also foresees that developing countries can use a simplified version where the last, or two last digits, are replaced by zeros (Art. 4.3) and that nothing prevents a Contracting Party from establishing, in its Customs tariff or statistical nomenclatures, subdivisions classifying goods beyond the level of the Harmonized System (Art. 3.3).



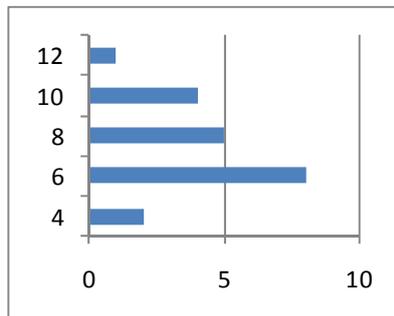
Question 3: Does your administration require the indication of HS codes on the national Customs transit declaration?

Yes	10
No	4
For sensitive goods only	14



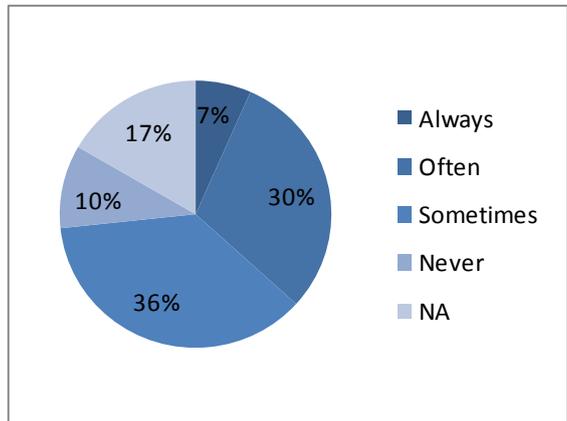
Question 4: If so, how many digits are required?

4 digits	2
6 digits	8
8 digits	5
10 digits	4
12 digits	1



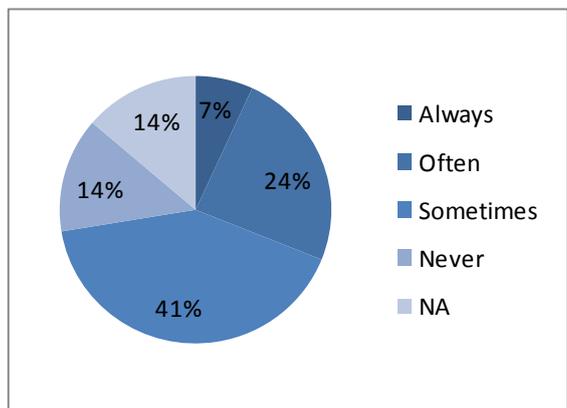
Question 5: Do national transport operators indicate the HS Code in the TIR Carnet?

Always	2
Often	9
Sometimes	11
Never	3
NA	5



Question 6: Do foreign transport operators indicate the HS Code in the TIR Carnet?

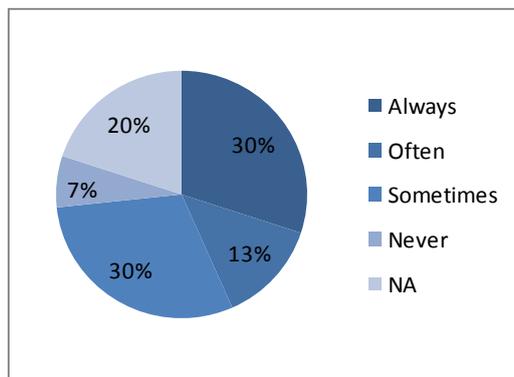
Always	2
Often	7
Sometimes	12
Never	4
NA	4



Question 7: Do you check that the HS Code in the TIR Carnet is identical to the one provided on the export declaration?

Always	9
Often	4
Sometimes	9
Never	2
NA	6

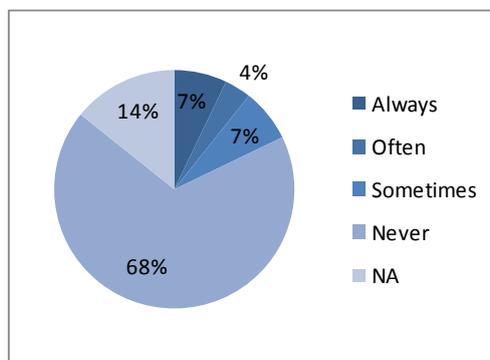
*"The Administrative Committee urges the Customs authorities at the Customs office of departure to check, where applicable, whether the HS code shown on the goods manifest tallies with the HS code shown on the export Customs declaration and/or other commercial or transport documents."*



Question 8: Do you require to add the HS code at Customs offices en route or at destination when the code was not indicated at the Customs office of departure?

Always	2
Often	1
Sometimes	2
Never	19
NA	4

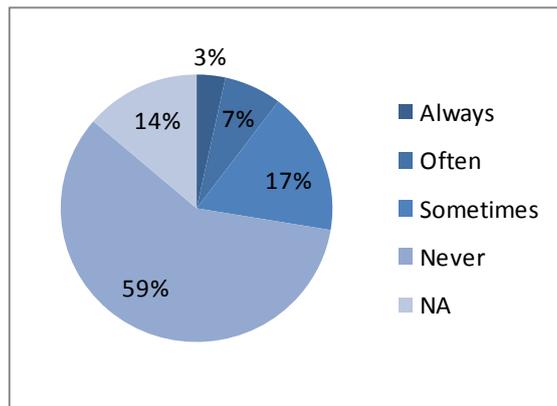
*"If the TIR Carnet has been accepted by the Customs office of departure without indication of the HS code, the HS code should not be required either by subsequent Customs offices en route or by Customs offices of destination."*



Question 9: Does the absence of HS codes in the TIR Carnet lead to additional delays?

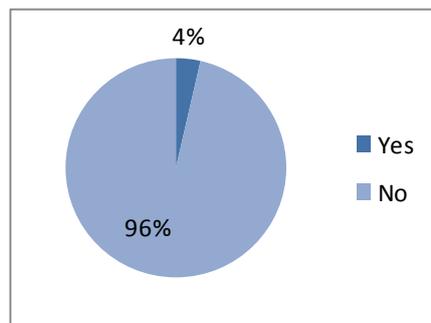
Always	1
Often	2
Sometimes	5
Never	17
NA	4

*"The absence of the HS code of the goods in the TIR Carnet shall not lead to delays during a TIR transport and shall not be an obstacle to the acceptance of TIR Carnets."*



Question 10: Do you consider the absence of HS code as an infringement?

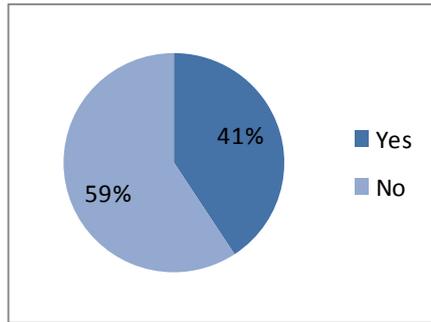
Yes	1
No	27



*"The absence of the HS code shall not be considered as an infringement of the Convention and shall not lead to any liabilities of the TIR Carnet holder."*

Question 11: Do you consider discrepancies between the HS code and the plain language description as an infringement?

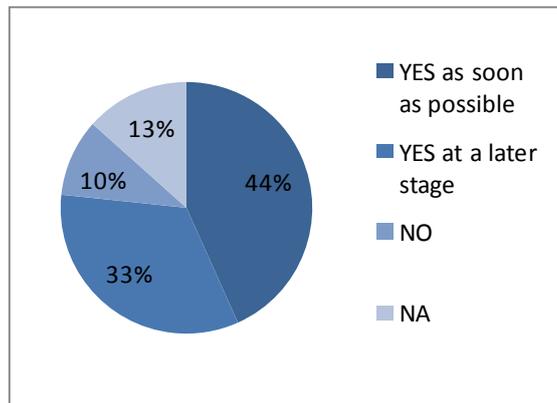
Yes	11
No	16



*"The same shall apply in those cases where the Customs authorities suspect that the HS code may be incorrect or where there are inconsistencies between the plain language description of the goods and the HS code."*

Question 12: Do you think that it should be mandatory to indicate the HS code in the TIR Carnet and that the TIR Convention should be adequately amended in this respect?

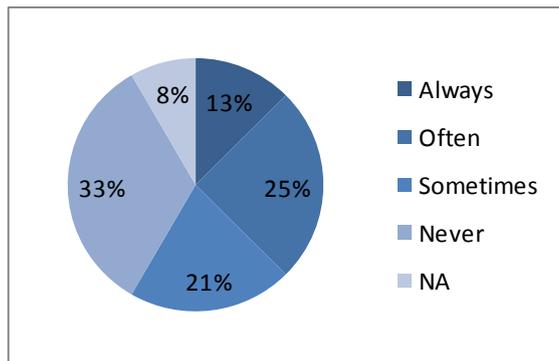
YES as soon as possible	13
YES at a later stage	10
NO	3
NA	4



**(b) Replies from Associations**

Question 1: Do TIR Carnet holders affiliated to your association voluntarily indicate the HS Code in the TIR Carnet?

Always	3
Often	6
Sometimes	5
Never	8
NA	2



Question 2: Please indicate in which countries and which Customs offices (departure, entry, exit or destination) require the mandatory indication of the HS codes in the TIR Carnet, as reported by your members

At departure	Belarus, Bulgaria, Finland, Kazakhstan, Russian Federation, Turkey, Ukraine (the European Union and former Soviet Union countries have also been indicated, without specific mentioning of the countries concerned)
At entry	Belarus, Bulgaria, Georgia, Hungary, Kazakhstan, Russian Federation, Slovakia, Ukraine (the European Union and former Soviet Union countries have also been indicated, without specific mentioning of the countries concerned)
At exit	Belarus, Russian Federation, Ukraine (former Soviet Union countries have also been indicated, without specific mentioning of the countries concerned)
At destination	Belarus, Finland, Russian Federation, Turkey, Ukraine (former Soviet Union countries have also been indicated, without specific mentioning of the countries concerned)

Question 3: In which countries your members have been requested to indicate HS codes with more than 6 digits in the TIR Carnet?

Belarus, Bulgaria, Finland, Georgia, Hungary, Kazakhstan, Russian Federation, Turkey, Ukraine (former Soviet Union countries have also been indicated, without specific mentioning of the countries concerned)

Question 4: In which countries do your members experience additional delays when HS codes were not mentioned in the TIR Carnet?

Belarus, Bulgaria, Georgia, Hungary, Russian Federation, Slovakia, Turkey (former Soviet Union countries have also been indicated, without specific mentioning of the countries concerned)

Question 5: In which countries is the absence of HS code considered as an infringement?

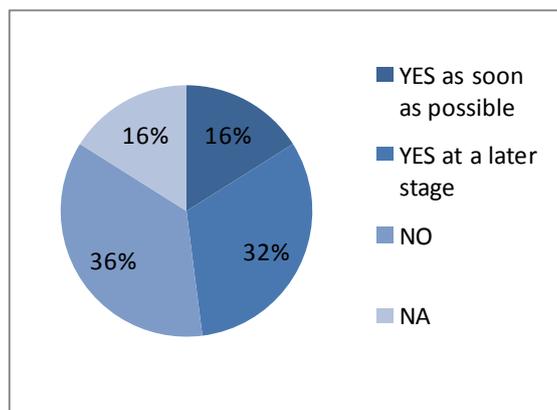
Belarus, Kazakhstan, Russian Federation, Ukraine

Question 6: In which countries are discrepancies between the HS code and the plain language description considered as an infringement?

Belarus, Russian Federation, Republic of Moldova, Ukraine

Question 7: Do you think that it should be mandatory to indicate the HS code in the TIR Carnet and that the TIR Convention should be adequately amended in this respect?

YES as soon as possible	4
YES at a later stage	8
NO	9
NA	4



### III. Analysis of the results

6. The underlying analysis is divided in five sections. First, section (a) focuses on the participation level and the representativeness of the answers. Then, section (b) compares the results of Customs administrations and association, where possible. Sections (c) and (d) provide an analysis of the results specific to Customs administrations and associations, respectively. Finally, section (e) concludes.

#### (a) Participation

7. Overall, 43 percent of associations and 52 percent of Customs administrations have responded to the survey. The respondents are representative of a wide geographical range and most major players in the TIR system, in terms of issuance and termination of TIR Carnets, have contributed. Furthermore, from a statistical point of view, the answers received provide a good sample, sufficient to be representative for all associations and Customs administrations. Nevertheless, participation rates, in particular from associations, suggest possible difficulties in gathering the required information.

#### (b) Common issues

8. First, the results show some differences in perception or experience with the implementation of the Recommendation on the introduction of HS code in the TIR Carnet.

Indeed, only 5 Customs administrations<sup>4</sup> report that the indication of the HS code in the TIR Carnet is mandatory, whereas associations report that transport operators have been requested to indicate the HS code in the TIR Carnet in 10 different countries<sup>5</sup>. This does not take into account that 2 associations have indicated that the European Union (EU), in general, requires the HS code at departure and entry Customs offices and 1 that former Soviet Union countries always require the HS code at all Customs offices. When looking more closely at the replies, it is nevertheless surprising that only Belarus, Russian Federation and Ukraine are mentioned by more than 2 associations. This and other details (see below) could either indicate that some associations might have confused the requirements for the TIR Carnet with those for other Customs procedures or that the established Customs procedures are not equally implemented in all Customs offices of a specific country. Coming back to the 3 most mentioned countries, a cross-check is possible for both Belarus and the Russian Federation, but unfortunately not for Ukraine, as the reply from Ukrainian Customs is missing. Whereas the reply from Russian Customs confirms the experiences of transport operators, the reply from Belarus Customs seems to indicate that the implementation is not harmonized among its national Customs offices. Further investigation might be necessary. Finally, it remains surprising that some of the countries that have indicated that they require the HS code are not mentioned by any association.

9. Along the same lines, only 3 countries<sup>6</sup> report that they ask for commodity codes longer than six digits to be indicated in the TIR Carnet, whereas the answers from associations seem to indicate that 9 Customs administrations<sup>7</sup> do so. Surprisingly, none of the countries mentioned reported that it requires more than 6 digits. When it comes to national transit, 10 countries<sup>8</sup> have indicated that they request a commodity code comprised of more than 6 digits.

10. With regard to the voluntary provision of the HS code in the TIR Carnet – and not taking into account the answers indicating “Information not available (or unknown)”–, Customs and associations are more in agreement with each other. Indeed, 44 percent of Customs indicate that domestic TIR Carnet holders always or often indicate spontaneously the HS code in the TIR Carnet, respectively 36 percent of foreign ones. 41 percent of associations are also of this view. In contrast, only 12 percent of Customs indicate that domestic TIR Carnet holders never indicate the HS code on a voluntary basis, respectively 16 percent in the case of foreign TIR Carnet holders, whereas as much as 36 percent of associations report that operators never do so. This difference might be due to the fact that some operators indicate the HS code in anticipation of a Customs requirement and this might be perceived by some Customs administration as a voluntary action from the operator.

11. With regard to the idea of amending the TIR Convention to introduce the indication of the HS code in the TIR Carnet, the private sector remains more cautious than Customs administrations. Only 4 association (representing 19 percent of those having responded<sup>9</sup>) believe that such a change should be made as soon as possible, whereas 50 percent of Customs administrations would be in favour of this idea (mainly for improving and

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<sup>4</sup> Kyrgyzstan, Lithuania, Montenegro, Russian Federation, Spain

<sup>5</sup> Belarus(4), Bulgaria(2), Finland(2), Georgia(1), Hungary(1), Kazakhstan(2), Russian Federation(7), Slovakia(1), Turkey(1), Ukraine(5) (in brackets the number of replies indicating that Country).

<sup>6</sup> Kyrgyzstan, Montenegro, Spain

<sup>7</sup> Belarus(2), Bulgaria(2), Finland(1), Georgia(1), Hungary(1), Kazakhstan(1), Russian Federation(6), Turkey(1), Ukraine(3)

<sup>8</sup> Germany, Hungary, Kyrgyzstan, Lithuania, Montenegro, Serbia, Spain, Republic of Moldova, Tunisia, Turkey

<sup>9</sup> Not counting the answers indicating “Information not available (or unknown)”.

automating risk management procedures). The comments from the associations underline that the major fear of the private sector lies with the legal responsibility of the TIR Carnet holder with regard to the correctness of the HS code, which is often provided by third parties (e.g. importers and exporters). Other comments from Customs administrations, mainly those that made the HS code mandatory, indicate that operators have no apparent problems in complying with such requirement. When taking into account also those respondents that are in favour of an introduction at a later stage, 57 percent of associations and 88 percent of Customs administrations would like to introduce the HS code in the TIR carnet.

**(c) Results specific to Customs administrations**

12. 36 percent of Customs administrations require in all cases the indication of the HS code for national transit procedures. Furthermore, they require the HS code to have more than 6 digits in 50 percent of the cases. This indicates that more often than not the requirements for national transit are much stricter than those of the Recommendation.

13. With regard to checking the HS code in the TIR Carnet, 30 percent of Customs administrations always ensure that it matches the one indicated on the export declaration. Taking into account that the TIR procedure is not yet computerized, this is already very positive and a significant step towards ensuring that export, transit and import declarations refer to the same goods and, therefore, avoid the submission of fraudulent declarations.

14. If only one Customs administration states that the absence of the HS code is an infringement, 41 percent would sanction discrepancies between the HS code and the plain language description. Considering that the HS code is likely to be used for automatic screening of declarations in the framework of risk analysis, such practice can be reasonably explained. Indeed, an incorrect HS code could very easily be used to mislead Customs administrations with regard to the exact nature of the cargo if a matching HS code and plain-language description are not required. Some comments highlight that the systematic use of the HS code would also ensure the proper understanding of the goods manifest by Customs administrations. Indeed, if the plain-language description is written in the language of the country of departure, Customs officials along the route may face difficulties in understanding the goods manifest in the TIR Carnet.

**(d) Results specific to Associations**

15. Replies from associations seem to indicate that a number of countries go beyond the requirements of the Recommendation. At the same time, most of these countries are mentioned by only one or two associations. The specific case of one association indicating all countries of the former Soviet Union might require further investigation. Similarly, when it comes to indicating the HS code at departure and entry, the European Union is mentioned by two associations. These answers point at a large number of countries and do not match the observations reported by other associations. They can be either the results of a miscommunication or they would indicate some kind of discrimination of transport operators from some countries.

**(e) Conclusions**

16. In summary, the provisions of the Recommendation seem to be respected in most countries. However, a few key TIR countries seem to have turned the provisions of the Recommendation into requirements and have gone beyond them by making the HS code

mandatory and, sometimes, requesting even more than six digits. At the same time, the majority of respondents are of the view that, ultimately, the HS codes should become a mandatory element of the TIR Carnet.

#### **IV. Considerations by the committee**

17. AC.2 may wish to discuss the final results presented in this document with a view to determining whether to make the HS code mandatory in the TIR Carnet and by which timeframe.

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