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Working Party on Customs Questions

affecting Transport

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agenda item 6 (b) (ii))

**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

Increase in the number of loading and unloading places

Note by the secretariat

A. BACKGROUND

1. The Working Party, at its ninety-eighth session, considered documents TRANS/WP.30/2001/12 and Informal document No. 14 (2001) transmitted by the IRU. The IRU had proposed to allow, by modifying Article 18 of the Convention, an increase in the maximum permissible number of Customs offices, possibly up to six, but to leave the number of corresponding boxes in the TIR Carnet indicating the Customs offices involved unchanged; i.e. at four. In case more than four Customs offices were involved in a TIR transport, two TIR Carnets, sealed together by Customs authorities at the Customs office of departure, might be used (TRANS/WP.30/196, paras 41-43).

2. The Working Party, at its one-hundredth session, considered document TRANS/WP.30/2001/19/Rev. 1 prepared by the secretariat containing proposals for three alternative solutions to increase the number of loading and unloading places (Customs offices of departure and destination) in the TIR procedure. Some delegations expressed the view that an extension of the number of loading and unloading places in the TIR Carnet would provide operators with an operational and economic advantage which the two other already existing alternatives described in TRANS/WP.30/2001/19/Rev.1 did not provide. Other delegations, recognizing the possible commercial advantages, felt that an extension of the number of loading and unloading places could jeopardize Customs control possibilities, in particular in case several partial loading and unloading places were involved. It should also be taken into consideration that, at present, there exists neither a uniform standard for filling-in the TIR Carnet nor a uniform approach on how to administer, at a national level, the information flow concerning partial loading/unloading procedures. This could lead to problems in the application of the Convention, which could even increase if more loading and unloading places were accepted.

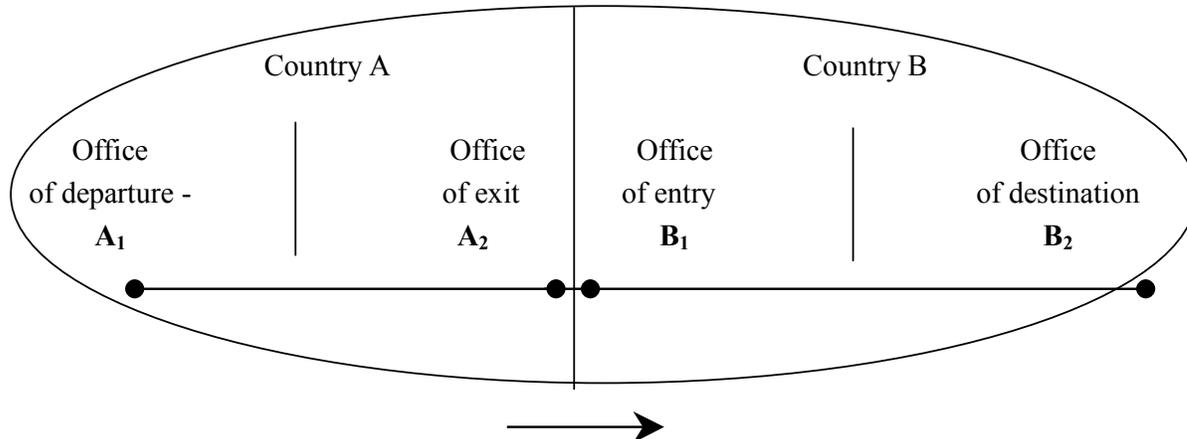
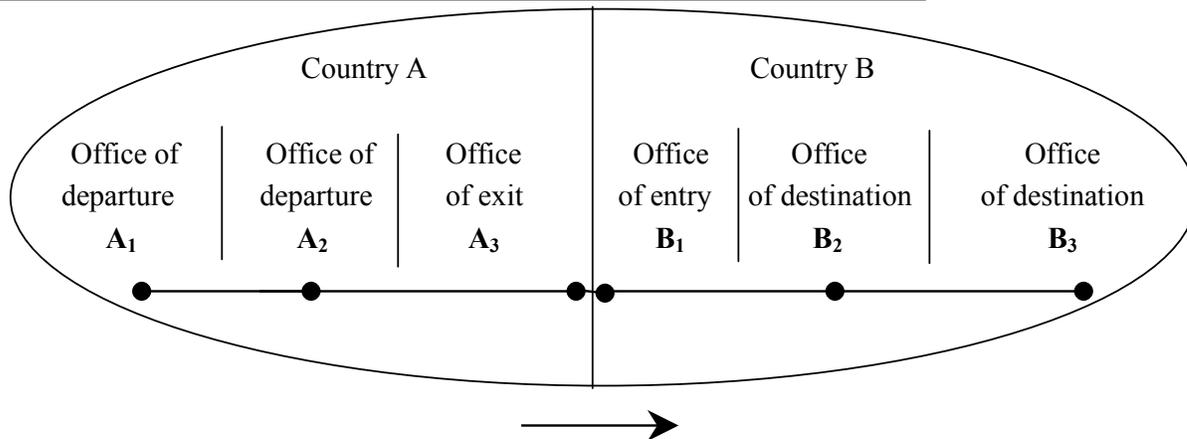
3. The Working Party requested the secretariat to prepare for its next session a document describing a scenario of six places of loading and unloading, including a description of the document flow in accordance with national Customs procedure for the administration of partial loading/unloading operations (TRANS/WP.30/200, paras. 40-42).

B. INCREASE IN THE NUMBER OF CUSTOMS OFFICES OF LOADING AND UNLOADING TO SIX

4. Article 18 of the Convention prescribes:

“A TIR operation may involve several Customs offices of departure and destination, but the total number of Customs offices of departure and destination shall not exceed four. The TIR Carnet may only be presented to Customs offices of destination if all Customs offices of departure have accepted the TIR Carnet.”

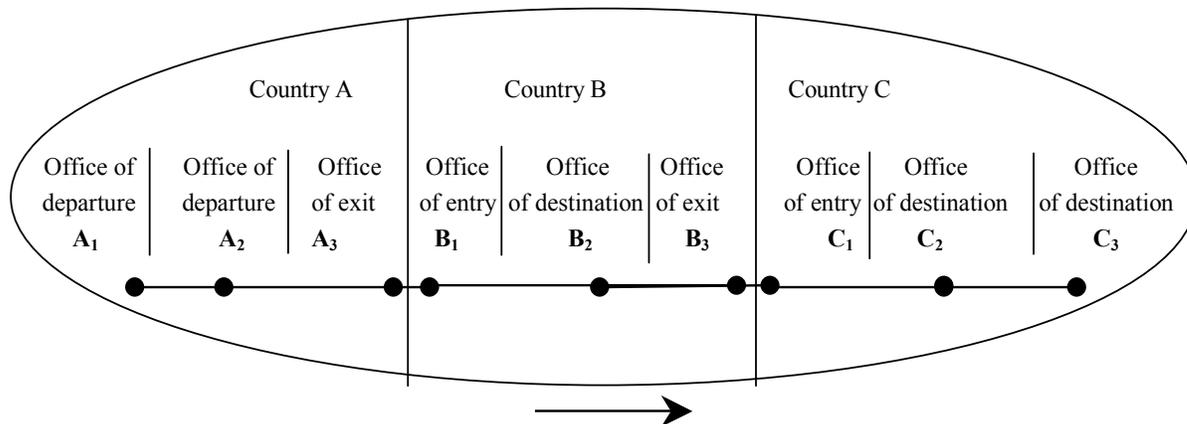
5. The provisions of Article 18 of the Convention provide for the use of the TIR procedure to carry out TIR transports involving a minimum of one Customs office of departure and one office of destination, including two Customs offices en route, as illustrated in Example 1 below. According to the provisions of Article 18, the maximum number of Customs offices of departure and destination is limited to a total of four. An illustration of a TIR transport involving four Customs offices of departure and destination is provided in Example 2.

Example 1**TIR transport with one office of departure and one office of destination**Example 2**TIR transport with two offices of departure and two offices of destination**

6. If the provisions of Article 18 of the Convention were to be amended so as to allow a maximum of six Customs offices of departure and destination, this would mean that the number of theoretical possibilities for combining departure and destination Customs offices within one TIR transport would increase exponentially. An illustration of a TIR transport involving five Customs offices of departure and destination in three countries is provided in Example 3 below and an illustration of six Customs offices of departure and destination in three countries is provided in Example 4.

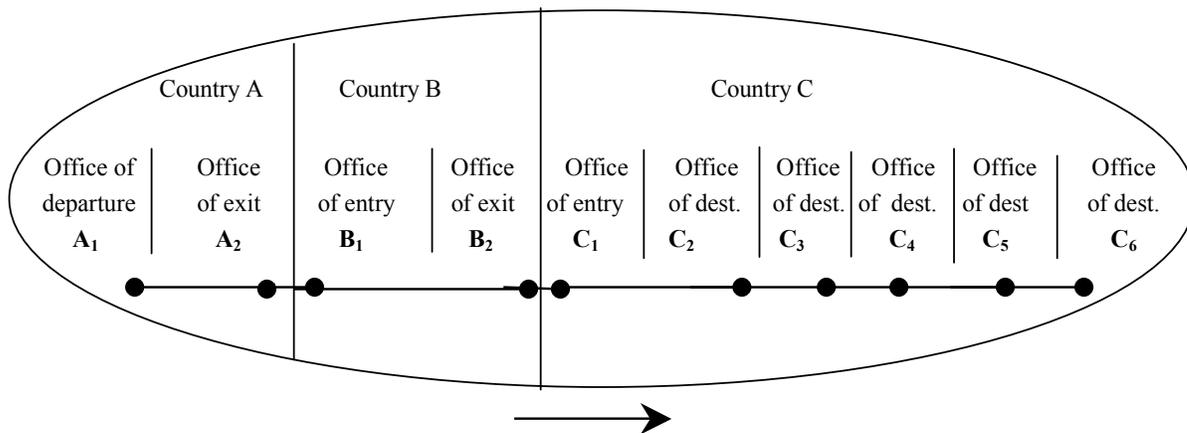
Example 3

TIR transport with two offices of departure and three offices of destination



Example 4

TIR transport with one office of departure and five offices of destination



C. DOCUMENTATION FLOW

7. As such, a revision of the Convention to allow for more Customs offices of departure and destination would not affect the flow of documentation at international level within the TIR procedure. In this respect the transfer of the TIR Carnet from one national Customs authority to the next would continue unaffected.

8. With the entry into force of Phase II of the TIR revision process, a “TIR operation” has been defined as “.....part of a TIR transport that is carried out in a Contracting Party from a Customs office of departure or entry (en route) to a Customs office of destination or exit (en route)” (Art. 1, para. (b)). As a consequence, several TIR operations can take place in one country. Therefore, the question concerning the documentation flow is, in particular, relevant where there are several Customs offices of departure or destination in one country. However, the text of the Convention, for good reasons, does not provide clear guidance on how the documentation should flow as the specific procedures are left to national regulations.

9. In 2000, the TIR Executive Board (TIRExB) considered an analysis by the European Commission (TAXUD) of the specific case of several Customs offices of destination located within one and the same country. The basic results of this analysis showed that Contracting Parties to the Convention apply different procedures to manage the TIR Carnet documentation. Even though the TIR Convention has been amended since then, this analysis of the basic principles for the management of the documentation flow still applies.

10. Below follows an example of the different possible documentation flow based on the part of a TIR transport in country C as illustrated in Example 4.

11. In line with the above definition, there are five TIR operations in country C: C₁C₂; C₁C₃; C₁C₄; C₁C₅ and C₁C₆. Legs C₂C₃; C₃C₄; C₄C₅ and C₅C₆ cannot be considered as TIR operations.

12. For each of the TIR operations a set of vouchers is required. The question is how to use these additional vouchers. According to the information provided by the European Commission three different options could be applicable. The examples do not take into consideration the situation where a central office is involved in the management of the discharge of TIR operations.

Option 1

13. When several TIR operations start at C₁, this Customs office of entry detaches all five vouchers No.1 at once and prescribes, using the respective vouchers No.2, five Customs offices (C₂, C₃, C₄, C₅ and C₆) where the goods and the TIR Carnet have to be presented. Office C₂ certifies the termination of the C₁C₂ TIR operation in the first voucher No.2 and counterfoil No.2. Then office C₂ sends the return slip of voucher No.2 to office C₁ to allow for a discharge of the C₁C₂ TIR operation. Office C₂ also crosses out the unloaded packages from the goods manifest in the remaining vouchers of the TIR Carnet (starting from the next unpaired voucher No. 2 to be used by office C₃). Offices C₃, C₄, C₅ and C₆ follow a similar procedure and also

send the return slip of the respective vouchers No.2 to office C₁ to allow for discharge these TIR operations. In other words, office C₁ keeps control over all subsequent national TIR operations and is responsible for their discharge.

Option 2

14. One pair of vouchers is used between offices C₁ and C₂ and subsequent pairs are used for each of the subsequent legs C₂C₃; C₃C₄; C₄C₅ and C₅C₆. Office C₁ detaches the first voucher No. 1 and when the TIR operation C₁C₂ is terminated office C₁ returns voucher No. 2 to office C₁ for discharge. Then office C₂ detaches the next voucher No. 1 and the subsequent TIR operations are terminated and discharged according to the same procedure. Control over the TIR operation(s) is passed from one Customs office to the next, i.e. from for instance, C₁ to C₂. Office C₂ plays a double role: It is office of destination for the goods to be unloaded there and it is office en route for the rest of the load. Discharge of the various national TIR operations is managed sequentially by the Customs offices of entry and en route.

Option 3

15. This option consists of a cascading procedure and combines Option 1 and Option 2 described above. In this option, pairs of vouchers are used for each of the legs C₁C₂; C₂C₃; C₃C₄; C₄C₅ and C₅C₆ as in Option 2. However, discharge of the various national TIR operations follows a reverse cascading principle, starting with office C₆ sending the return slip of voucher No. 2 back to C₅ to allow for discharge of the C₅C₆ TIR operation. Only when this discharge has taken place, will C₅ send back the return slip for the preceding TIR operation C₄C₅ to allow for discharge at office C₄ etc.

D. REPERCUSSIONS FOR CUSTOMS AUTHORITIES

16. When considering the possible repercussions for Customs authorities of an increase in the number of loading and unloading places (Customs offices of departure and destination) from four to six, it should be kept in mind that the facilities of the TIR Convention can only be provided if Customs authorities are able to control and administer the transit operation without undue complications.

17. The possible repercussions listed below are based on a paper based document flow and do not take into account computerized procedures, either at national or international level.

18. The mere increase in the number of loading and unloading places (Customs offices of departure and destination) from four to six could lead to an increase in the administrative tasks for Customs authorities as there is a possibility that more Customs offices of departure and destination will be involved in one or more of the countries involved in the TIR transport.

19. As illustrated in section C of this document, there exists, at present, no uniform approach on how to administer, at a national level, the information flow concerning partial loading/unloading procedures. This might possibly complicate the proper functioning of the TIR procedure since operators could be confused about the different applications and the resulting different number of vouchers remaining in the TIR Carnet. An increase in the number of places of loading and unloading could even jeopardize the proper functioning of the TIR procedure as it could become more difficult for Customs authorities to trace the vouchers for a TIR operation when more places of loading or unloading are involved in cases when errors have occurred.

20. Furthermore, an increase in the number of vouchers circulating between Customs offices at national level to allow for the discharge of terminated TIR operations, is almost sure to lead to an increase in the risk of human errors in the dispatch and matching of vouchers within Customs authorities.

21. As a result of the above it could also be envisaged that the discharge procedure could be prolonged, in particular if Option 3 is applied or that, in an increased number of cases, discharge could not be established by Customs authorities. This could lead to an increase in the number of notifications of non-discharge to be administered by Customs authorities. This, in turn, would obviously have an impact on the management of the TIR Carnet distribution and the guarantee system managed by the IRU.

22. At the national level it seems that the administration of the TIR procedure would become more burdensome for Customs authorities if transport operators would use the TIR procedure for distribution purpose as illustrated in Example 4. This is in particular true if the sequence of the places of loading and unloading (Customs offices of departure and destination) are changed by the operator compared to the sequence listed in the TIR Carnet, which constitute a particular risk in countries applying the documentation flow illustrated under Option 1.

23. At the international level, an increase in the number of loading and unloading places, even though this would not have an impact on the international documentation flow as such, might lead to an increased risk of fraud, since multiple entries of loading and unloading in the TIR Carnet constitute an increased opportunity to change the description or quantity of the goods.

24. In addition to the possible control problems for Customs authorities, an increase in the number of loading and unloading places could result in some practical problems concerning the TIR Carnet. It is very possible that the space available on the manifest and the vouchers for description of the goods would not be sufficient to enumerate up to five part loads, and in particular the space available for Customs authorities to verify the termination for each part load. In such cases, separate loading lists or commercial documents might need to be attached (Rule 10 (c)). Furthermore, it should be considered if the number of vouchers presently contained in TIR Carnets would be sufficient for TIR operations involving up to five places of loading and unloading.

25. As mentioned previously the repercussions for Customs authorities described above are based on a paper-based documentation flow and do not take into consideration electronic procedures, either at national or international level. Full computerization of the TIR procedure and the subsequent disappearance of a paper-based documentation flow, would eliminate errors caused by vouchers being lost or sent to the wrong Customs offices, save for human errors, and facilitate tracing of TIR operations. However, Customs authorities would still need to undertake physical control of the TIR operations in order to detect possible fraud or fake declarations.
