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**Economic Commission for Europe****Inland Transport Committee****Working Party on Customs Questions affecting Transport****154th session**

Geneva, 4–7 February 2020

Item 4 (c) (iv) b of the provisional agenda

**Customs Convention on the International Transport of Goods  
under Cover of TIR Carnets (TIR Convention, 1975):****Application of the Convention:****Other matters:****Decline in the sale of TIR Carnets****Note by the secretariat**

1. At the request of the TIR Administrative Committee (AC.2), at its seventy-first session (October 2019), the secretariat transmits, in Annex (TIRExB informal document No. 13 (2019)), a study by the secretariat of the decline in the sale of TIR Carnets, as amended with comments provided by the TIR Executive Board (ECE/TRANS/WP.30/AC.2/145, paragraph 76).

2. The TIR Executive Board (TIRExB), as part of the programme of work for its 2019-2020 term of office, decided to study the reasons resulting in the decreasing number of TIR Carnets sale and to prepare an action plan to address the underlying causes (see item 13 of the programme of work). At its eighty-second session (June 2019), the Board considered possible mechanisms of conducting such a study. The Board concluded that it would be appropriate to start an analysis with the input from Board members and the International Road Transport Union (IRU) and extend it to a wider audience after having obtained first results of this analysis. In this regard, the Board requested the secretariat to start the study with the Board members and IRU, as described in Informal document No. 8 (2019), reflect the findings in a document and circulate them via email for feedback. The Board further decided that, depending on the results of informal contacts, the document would then be submitted either to TIRExB for further consideration or to AC.2 which might then decide to distribute the document to competent authorities and the private sector, seeking their views. The secretariat assured that it would also try to include in the document some statistical data about the use of TIR Carnets in the last decade on a country-by-country or region-by-region basis (TIRExB/REP/2019/82draft, paras. 44–47).

3. The secretariat prepared the attached study for consideration by the Board.

## **Annex**

### **Study of the reasons for the decline in sale of Carnets over the years and action plan to address the underlying causes**

**September 2019**

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## I. Introduction – Mandate

1. The report of the United Nations Office of Internal Oversight Services (OIOS) of its “Audit of management of the transport International Routier Trust Fund” recommends, inter alia, that the United Nations Economic Commission for Europe (ECE) should bring to the attention of AC.2 the need to study and analyse the causes of this decline and develop an action plan to address them.<sup>1</sup>

2. The OIOS report mentions that the interim arrangement for the financing of the TIR Executive Board (TIRExB) and the TIR secretariat was linked to the number of TIR Carnets forecasted and distributed. However, there had been a steady decrease in the number of TIR Carnets distributed since 2015. In 2017, TIR Carnet sales reduced to 1.15 million, or 9.4 per cent lower than in 2016. As the financing of the operation of TIRExB and the TIR secretariat was linked to the sale of TIR Carnets, AC.2 approved a higher amount per TIR Carnet to meet the estimated expenditure. The approved amount per TIR Carnet for 2018 was \$1.43 compared to \$0.60 in 2015. However, the external partner informed AC.2 in January 2018 that it would continue to charge the 2017 approved amount of \$0.88 per TIR Carnet due to the difficult financial environment of the transport industry. Previously, since the number of TIR Carnets distributed was higher than the number forecasted, there were surpluses in the collected amounts whereas during the last three years, there were deficits despite the increase in the amount per TIR Carnet.

Figure I  
**TIR Carnets forecasted and distributed**

Year	Forecasted number of TIR Carnets to be distributed		TIR Carnets actually distributed	Difference	Amount per TIR Carnet approved by the Administrative Committee (in \$)
2015	1 900 000	1 500 450		(399 550)	0.60
2016	1 550 000	1 223 400		(326 600)	0.87
2017	1 480 000	1 154 650		(325 350)	0.88
2018	1 088 000	Not available		Not available	1.43

Source: OIOS report, March 2019

3. ECE stated that one of the reasons for the decline in the sale of TIR Carnets was the delay in implementing the eTIR system, as well as increased competition with other customs transit systems. Considering that the sustainability of TIRExB and the TIR secretariat is linked to the sale of TIR Carnets, OIOS recommends that ECE needs to bring to the attention of AC.2 the need to study and analyse the causes of this decline and develop an action plan to address them.

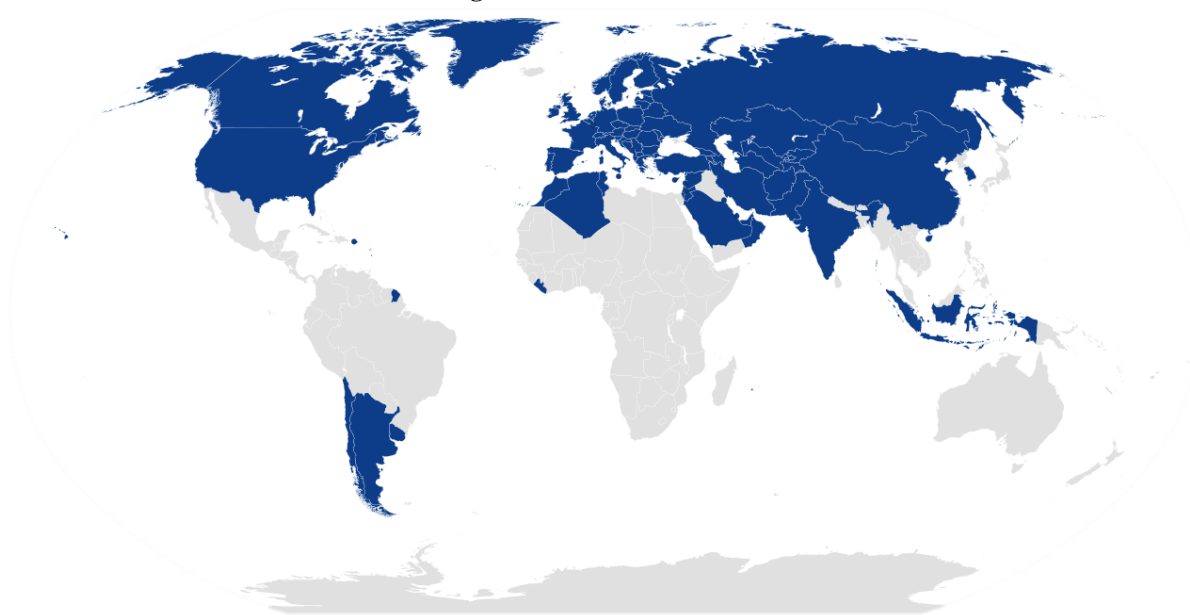
4. Following the recommendation by OIOS as well as the decision of TIRExB (TIRExB/REP/2019/82, paras. 44–47), the TIR secretariat prepared the current study. The main objective of the study is to analyse the causes of the decline in sales of TIR Carnets as well as the development of an action plan, for consideration by TIRExB and, consequently, AC.2.

<sup>1</sup> For the full report, please refer to:  
[www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-25e.pdf](http://www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-25e.pdf)

## II. Analysis of statistics / facts

5. The TIR Convention has seventy-six Contracting Parties.

Figure II  
TIR Convention Contracting Parties



Source: TIR secretariat

6. Out of these seventy-six contracting parties, twenty-one<sup>2</sup> contracting parties have never used the system or have not used it for the last three years, nine<sup>3</sup> of them are rather new and either have not conducted any TIR transport yet or conducted just a few during 2018, and one<sup>4</sup> of them is a customs union and only its member States can undertake TIR transports. Therefore, practically forty-five contracting parties are really using the system today.

7. In the period 2001–2018, a total of 46,532,500 TIR Carnets were distributed. Etc. etc.

8. The highest amount of TIR Carnets was issued in 2006, with 3,599,850 and the lowest one in 2018, with 1,020,650.

9. Figure III illustrates the TIR Carnets issued over all these years. Apart from the big decline that occurred in 2009, which was due to the economic crisis and, therefore, connected with a crisis in trade, the dramatic decline started in the period 2013–2014 where 1,000,000 TIR Carnets less were issued in one year!

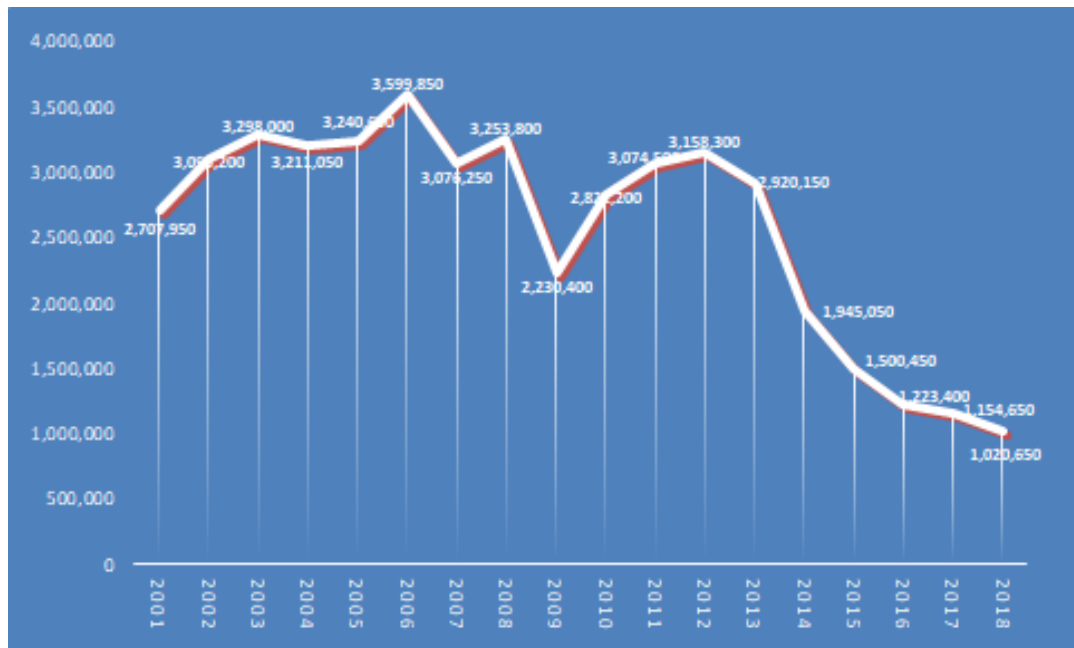
10. Since then, the decline is steady, ending up with 1,020,650 TIR Carnets in 2018.

<sup>2</sup> Afghanistan, Algeria, Armenia, Canada, Cyprus, Indonesia, Ireland, Israel, Kuwait, Liberia, Malta, Morocco, Norway, Portugal, Republic of Korea, State of Palestine, Sweden, Tunisia, United Kingdom of Great-Britain and Northern Ireland, United States of America and Uruguay

<sup>3</sup> Argentina, Chile, China, India, Oman, Pakistan, Qatar, Saudi Arabia, United Arab Emirates

<sup>4</sup> European Union

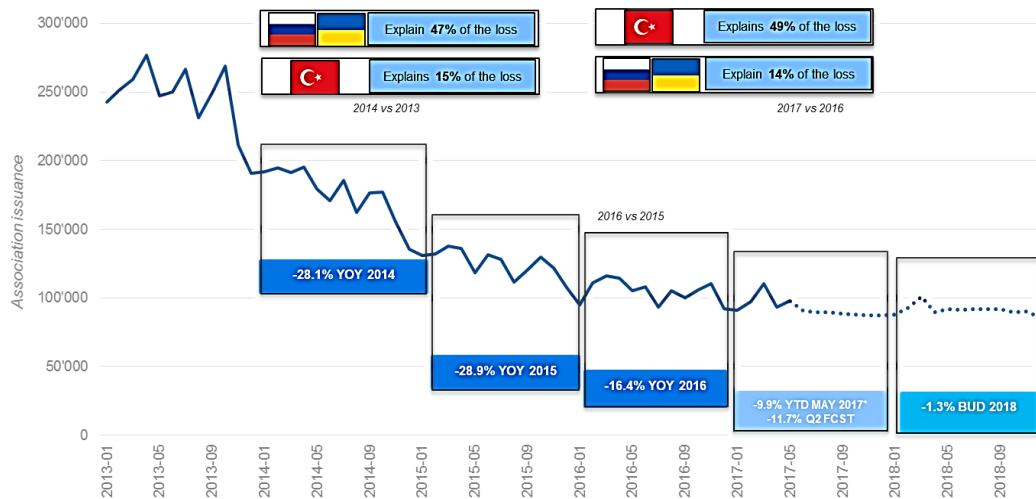
Figure III  
TIR Carnet issuance 2001–2018



Source: TIR secretariat

11. According to IRU, 47 per cent of loss that happened between 2013 and 2014 was due to the reduction of trade between the Russian Federation and Ukraine. Another 15 per cent loss was the result of Turkish transport operators stopping to use the TIR system. Another big decline happened between the years 2016 and 2017 where 49 per cent was due to a decreased use of TIR system by Turkish transport operators and a further reduction of trade between the Russian Federation and Ukraine.

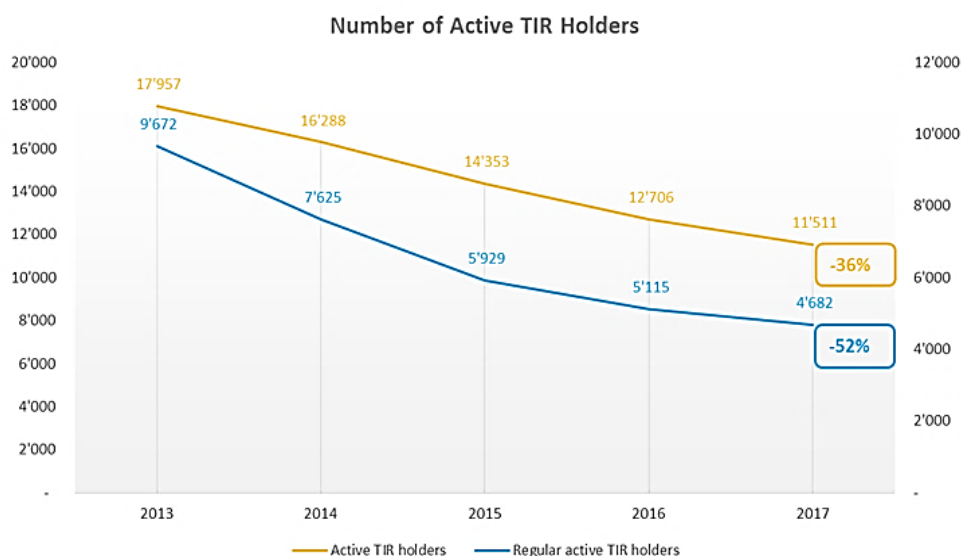
Figure IV  
Dramatic decline in the issuance of TIR Carnets since 2014



Source: IRU

12. In the period 2013–2017, the regular active TIR Carnet holders (good clients of the system) were using less TIR Carnets on a weekly basis!

Figure V  
Number of active holders



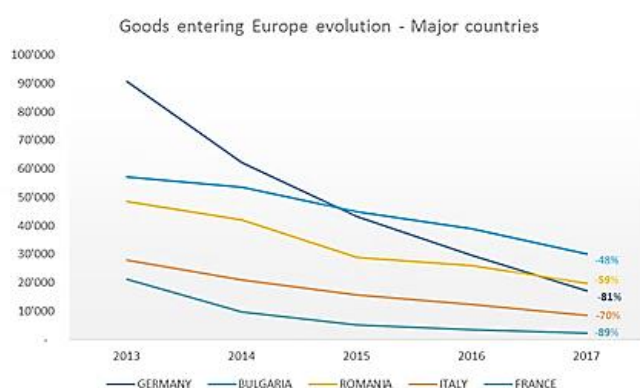
Source: IRU

13. According to IRU, TIR is fast losing relevance in Europe. TIR is used less and less for goods entering the European single market:

- T<sup>5</sup> is convenient: no paper, large number of brokers and agents who can support operators anytime, anywhere;
- T is generally cheaper, except for consolidated cargo;
- T provides powerful simplified procedures: authorized consignor and consignee, comprehensive guarantees, guarantee waivers.

14. At the current pace, in countries such as Germany, the use of TIR may stop completely before even 2020 (figure VI).

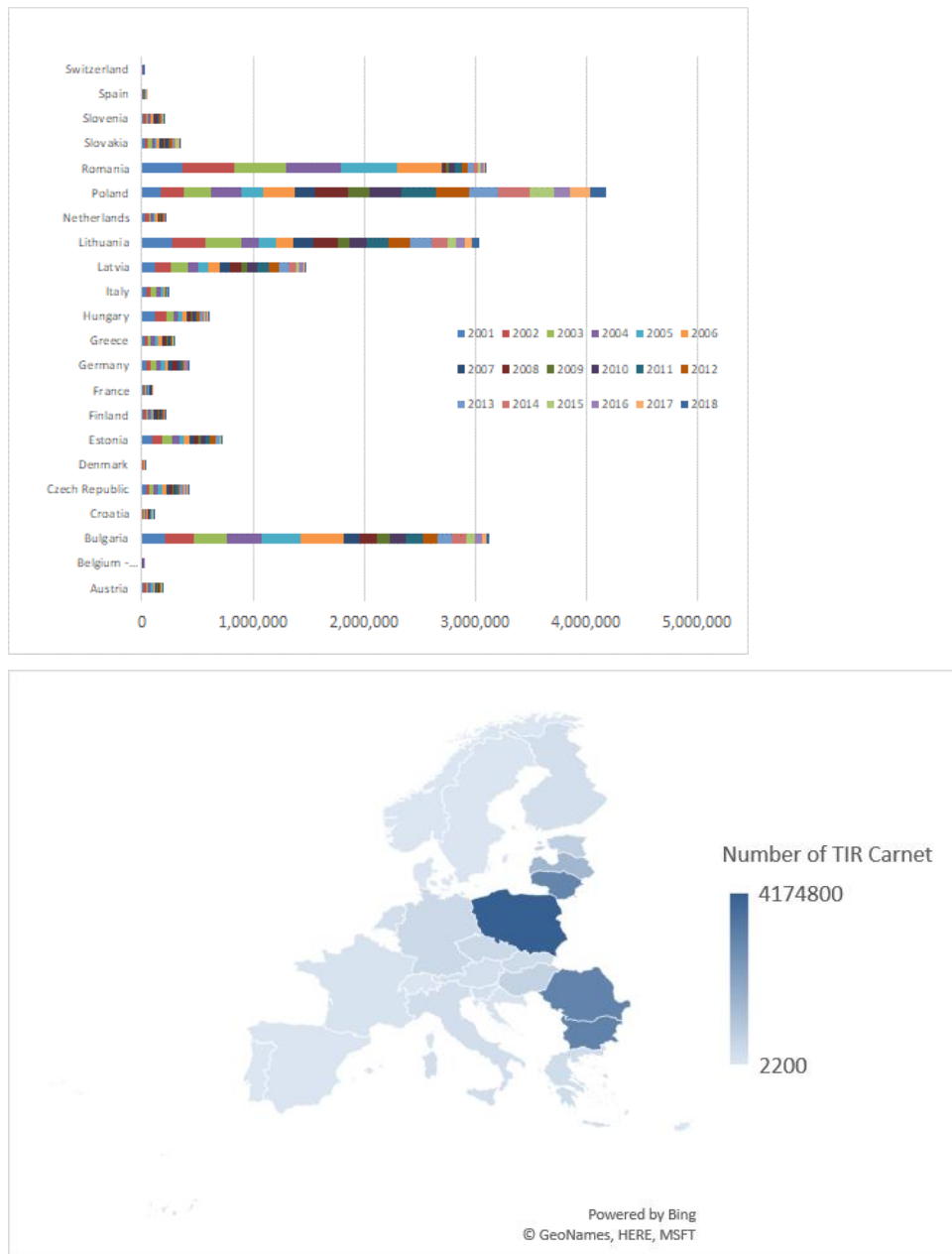
Figure VI  
TIR is fast losing relevance in Europe



Source: IRU

<sup>5</sup> External Transit (T1) is generally applicable to non-Union goods. - The external transit procedure allows by default for non-Union goods to be moved from one point to another point within the customs territory of the Union so that customs duties and other charges are suspended. Internal Transit (T2) is generally applicable to Union goods. - The internal transit procedure allows and economic operator to temporarily leave and re-enter the customs territory of the Union while maintaining the Union status of his goods. [ec.europa.eu/taxation\\_customs/sites/taxation/files/11\\_taxud\\_ucc\\_customs\\_transit\\_quick\\_info\\_en.pdf](http://ec.europa.eu/taxation_customs/sites/taxation/files/11_taxud_ucc_customs_transit_quick_info_en.pdf)

Figure VII  
**TIR Carnet issuance in the territory of the European Union (2001–2018)**



Source: TIR secretariat

15. Poland is the champion in TIR Carnet issuance during the period 2001–2018 with 4,174,800 in total, followed by Bulgaria with 3,124,500, Romania with 3,095,350 and Lithuania with 3,028,000.

16. The countries that issued the lowest amount of TIR Carnets in the territory of the European Union during that same period were Portugal with 5,600 and Cyprus with 5,800.

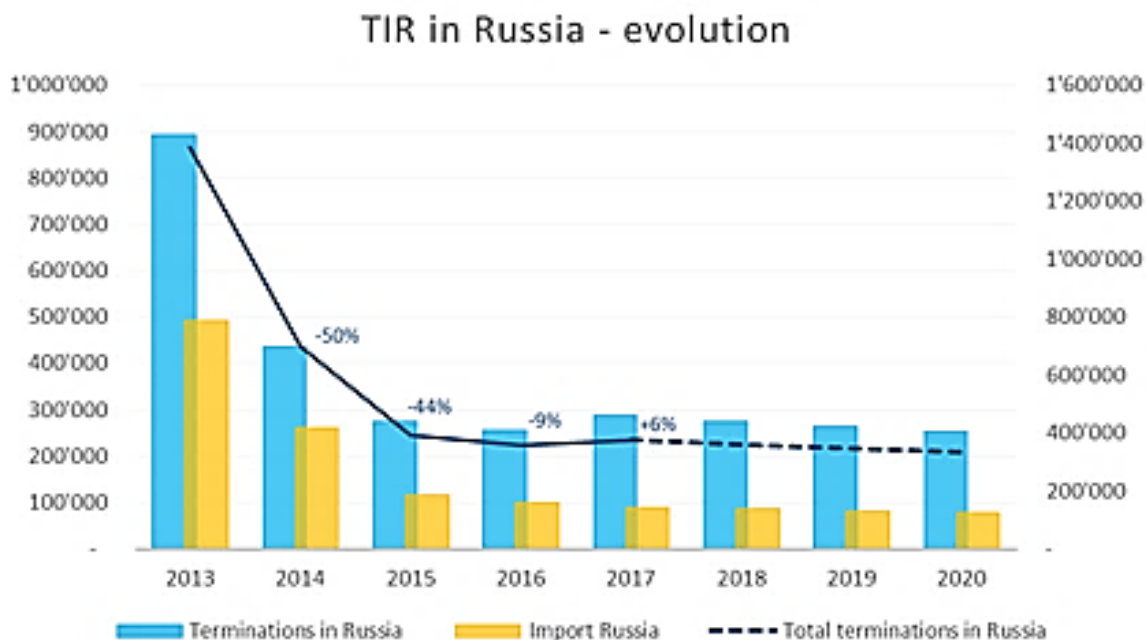
17. Figure VIII illustrates the evolution of the issuance of TIR Carnets in the Russian Federation. The increase that appeared in 2017 was due to the fact that a longstanding problem with transport permits for Polish transporters was solved.

18. The new system introduced by the Eurasian Commission (EEC) is more flexible. The recent efforts made by IRU to promote TIR in the region have generally failed. Furthermore, economic sanctions imposed on the Russian Federation that impact trade are not expected to be lifted anytime soon.



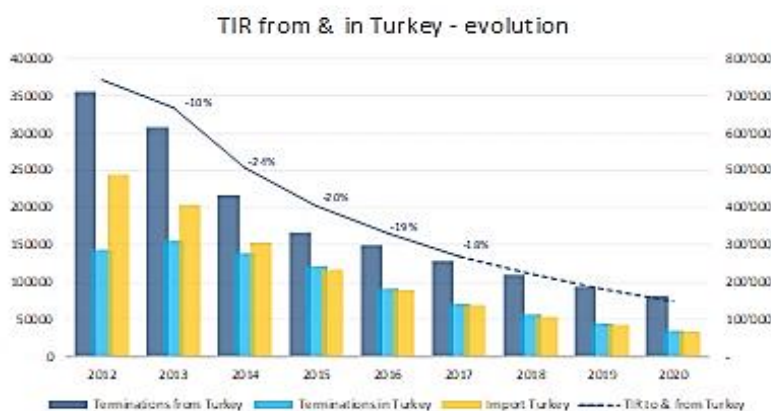
19. In 2020, IRU is expected to distribute 45,000 TIR Carnets less to the Russian Federation than in 2017 and this is a largely optimistic scenario. This scenario does not take into account the announcement made by the Federal Customs Services of the Russian Federation that paper procedures will be discontinued in 2020 as well as the continuing efforts to extend the Eurasian Customs Union to neighbouring countries.

Figure VIII  
**TIR evolution in the Russian Federation**



Source: IRU

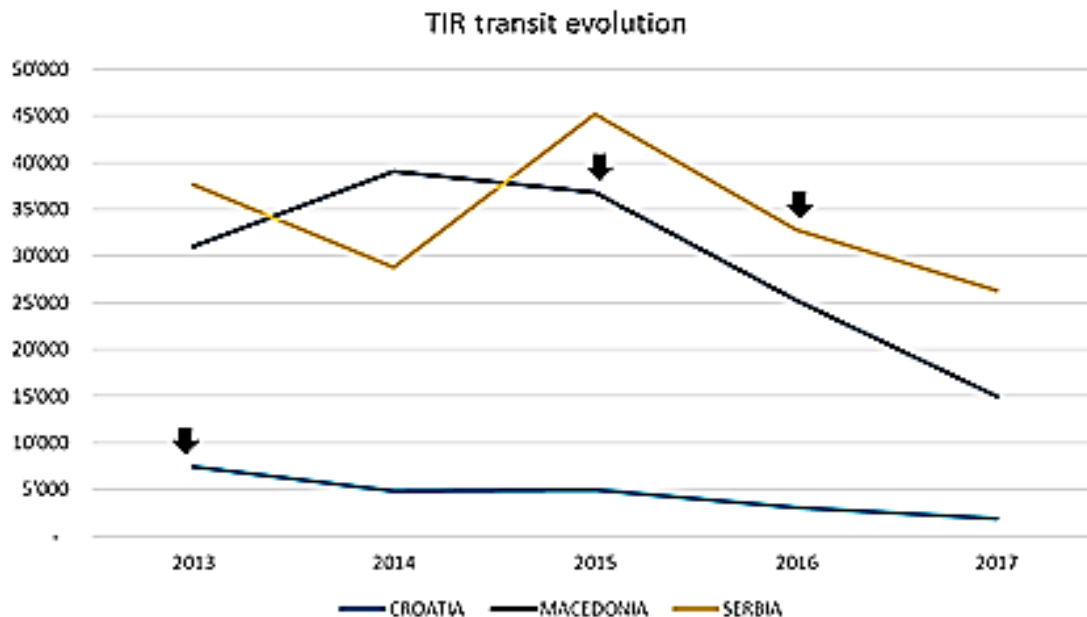
Figure IX  
**TIR evolution in Turkey**



Source: IRU

20. Since December 2012, the issuance of TIR Carnets to and from Turkey has decreased by 64 per cent. This trend is expected to continue. In 2020, IRU is expected that it will distribute 120,000 TIR Carnets less to Turkey than in 2017 and this is the best-case scenario.

Figure X  
**Impact of countries joining NCTS in the Balkan region**



Source: IRU

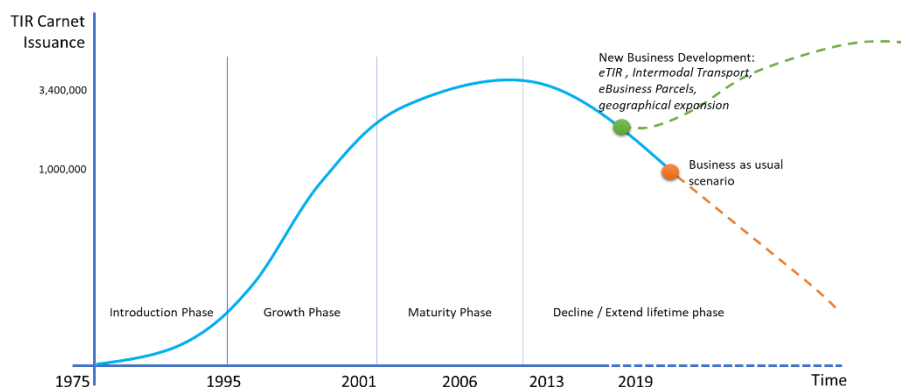
21. Croatia joined the NCTS system in July 2012, North Macedonia joined in July 2015 and Serbia joined in February 2016.

22. Albania, Bosnia, and Montenegro are preparing to join NCTS in 2022 and it is expected that 30,000 TIR Carnets less than in 2017 will be issued.

23. According to IRU, the customs authorities of Ukraine confirmed in March 2018, that their priority is to join NCTS (as early as in 2020). Furthermore, Ukrainian authorities pointed out that, currently, work on eTIR is not a priority. This would impact not only trade to and from Ukraine but also, and more importantly, substantial traffic through Ukraine.

24. Azerbaijan, Georgia and the Republic of Moldova are also taking steps towards joining NCTS. In 2022, they are expected to issue at least 90.000 TIR Carnets less than in 2017.

Figure XI  
**TIR system life cycle**



Source: TIR secretariat

25. Figure XI illustrates the life cycle of the issuance of TIR Carnets since the conclusion of the current TIR Convention in 1975. Due to the facts analysed earlier, it is clear that the issuance of TIR Carnets has passed its maturity phase and has entered the phase where either further decline will occur in the coming years, leading possibly towards an obsolete TIR

Convention, or actions will / must be taken to revitalize the TIR system and, consequently, the TIR Convention, leading to a new growth phase. The actions that have to be undertaken should touch upon different levels: from operational issues such as eTIR, pricing and business procedures to strategic geographical expansion, niche markets and products as well as the modernization of the TIR Convention.

26. There is an undisputable fact: the TIR Convention is outdated, is not a modern tool adapted to business requirements but rather an old legal instrument that failed to foresee the future business requirements and needs, having as its main and only advantage its five principles / pillars.

27. If the business-as-usual scenario continues, the decline in the issuance of TIR Carnets in the coming years will be so dramatic that it might cause an interruption of the system. The new growth phase scenario demands radical and direct solutions and proposals. Practice has shown that accession by strategic countries such as China, India and Pakistan is not enough to stabilize the system and bring a change towards the growth phase, at least not for the next three years. At this stage, efforts should be made in order to stabilize the system and ensure that the annual issuance of TIR Carnets issuance will remain close to 1 million. In parallel, multiple actions should be performed in order to initiate the growth phase – new business era.

28. The following part of the study analyses the strengths, weaknesses, opportunities and threats of the issuance of TIR Carnets and provides recommendations accordingly. Initially, the SWOT analysis is based on the views and recommendations of TIRExB members only. When this first draft has been approved by TIRExB, the study will be presented to AC.2, seeking the views and recommendations of the contracting parties.

### III. Strengths – Weaknesses – Opportunities – Threats (SWOT) Analysis of the issuance of TIR Carnets

*Study the reasons for the decreasing number of the TIR Carnets used*

#### *Strengths*

- It is the only global transit system, it is not regional and is open for accession by all United Nations members;
- It is not limited to one mode of transport, it is intermodal and can easily meet the requirements of transport industry, including but not limited to the containerized cargo;
- It is continuously adapted to the modern trade requirements, such as increase of guarantee, legal possibility of use of authorized consignor and consignee;
- TIR Carnet as a transit document is recognized globally;
- Many other international legal instruments adopted under the auspices of regional inter-governmental organizations refer to TIR system. For example, the Economic Cooperation Organization (ECO) Transit Transport Framework Agreement, Lapis Lazuli Agreement refer to the use of TIR as an international transit system;
- Universal/global usage, under all circumstance (weather, internet connection, etc);

#### *Weaknesses*

- Although the number of contracting parties etc. Etc. are 76, the system is operational only in more than 60 CPs;
- Although it is intermodal, the TIR transit system is suspended during the rail and sea legs of the transport;
- The amount of guarantee is not flexible and has certain limitation. The issue of unresolved tobacco and alcohol guarantees is another weakness;
- Low speed of digitalization;
- Limitation for use only by authorized transport operators. Although this aspect can be considered as a strength from the side of customs administrations, for transport industry it is a limitation;
- TIR Carnet prices;
- Transports with TIR Carnets, often are not given priority at borders, which means despite having main 5 pillars, TIR and non TIR movements are treated as same in practice;
- Use of pre-arrival declaration (TIR-EPD) is not mandatory and therefore has low contribution to risk management in many of the CPs;
- Cumbersome, as paper based;

*Study the reasons for the decreasing number of the TIR Carnets used*

- Simple procedure;
- Clear chain of reasonability;
- It cannot be entirely replaced by other systems (ex: Turkey/NCTS, still 50% with the European Union etc.);
- As the only global transit system existing today, the TIR system functions as a major facilitation tool for international transit;
- Existence of international guarantee scheme-a single guarantee enabling movement of goods in transit across TIR countries;
- TIR Convention is under the aegis of United Nations, so there are efficient United Nations governing bodies established for the supervision and implementation of TIR. Several inter-governmental platforms enable TIR Contracting Parties (CPs) and stakeholders to supervise, monitor, update, and revise the existing practices and norms;
- Existence of public-private partnership;
- More countries are joining to the TIR system, therefore providing unique opportunity for sustainable development, economic prosperity and trade boost;
- Simplified documentation;
- Transport of goods in customs secure vehicles or containers by authorized persons;
- Reduced customs formalities at the border crossing points;
- Availability of international guarantee chain;
- The most extensive unique and harmonized customs Transit system;
- Risk management;
- Facilitation;
- Transparency and accountability;
- A large number of contracting parties to the TIR Convention (TIR Convention has all the characteristics of a global agreement);
- A single guarantee to cross several contracting parties;
- No Information Technology (IT) dependency;
- A clear process (5 pillars);
- A rising interest from numbers of countries;
- Affordable transit solution;
- Tried and tested trade & transit facilitation tool;
- Not connected to electronic systems (private or customs);
- Cumbersome legal procedures (IRU/AXA; courts);
- Lack of intermodality, flexibility,
- Adoption to modern techniques, business needs is rather slow;
- TIR is still paper-based;
- Computerization process took too long, and yet not completed;
- TIR Carnets are commonly used for road transport and limited use for inter-modal transport undermines the prospects that it could bring;
- Modern concepts such as sub-contractors, authorized consignee/consignor, use of electronic devices etc. still not integrated into the system, even as best practices or recommended practices;
- Decision making process takes too long, and even one country which is not ready at that time to implement a new development/technique, simply blocks all countries;
- Expensive transportation;
- Frequent use of enforced collection of amounts due;
- Limited guarantee;
- Use of a paper TIR Carnet which cannot be easily updated;
- Relatively high TIR Carnet price;
- No proper support of decision makers in members;
- Being non-electronic;
- A large number of contracting parties to the TIR Convention (It is difficult to implement universal solutions that could be applied in all contracting parties without withdrawals (peculiarities, exceptions));
- The need to pass by customs offices, especially at departure/destination;
- The need to use customs seals only;
- The long process to access to the TIR system (traders, vehicle agreements...);
- Long border crossing checks;
- Absence of anticipation for customs;
- Lack of data in TIR Carnet (other data such as Safety/Security data asked by several CP);
- Still paper-based procedure;
- Manual work by TIR stakeholders (filling out and stamping);
- Paper TIR Carnet format and set up is difficult to fill in;

*Study the reasons for the decreasing number of the TIR Carnets used*

- Worldwide system already acceded by 70+ countries and used by 60+ CP's and continuously expanding;
- One transit document and guarantee with enhanced security for all stakeholders;
- Controlled access to the TIR system and mutual recognition of customs controls;
- Centralized guarantee system with clearly identified liabilities managed by an int'l organization mandated by all CP's;
- Joint and several liability (holders + associations) vis-a-vis customs authorities;
- Customs have always a local national corresponding association, which is liable viz. customs by virtue of a national guarantee agreement concluded between them;
- Coverage of up to EUR100'000 per TIR transport for all transports;
- TIR is a multi-lateral transit system, which reduces customs procedures compared to undertaking a series of national customs procedures;
- Transit documents and guarantees are recognized internationally;
- Private sector procedures are highly harmonized, almost fully computerized and operational;
- TIR can be particularly efficient for consolidated cargo as the procedures relate to the entire truck, not the individual consignments within it;
- TIR-EPD (fully in line with national requirements);
- Multi-lateral legal and institutional framework that governs the implementation of the system;
- More time-consuming procedure because of manual work by all stakeholders;
- Insufficient integration between private and public stakeholder IT systems can impact negatively on the efficiency of the system for users;
- Difficult to accommodate to modern business practices (computerization, authorized consignors/consignors (ACC), increasing loading and unloading places, intermodal application of TIR);
- Heavy and lengthy decision-making process (e.g. amendments to the TIR Convention);
- Incomplete TIR computerization concept not fully in line with current customs and business practices (e.g. additional data requirements are not agreed upon, hence the use of alternative middleman services are necessary, which leads to additional costs and hurdles);
- No or reduced access to TIR databank information for TIR Carnet holders and IRU;
- Lack of synchronization mechanism between the public and the private sector for repository data entries and management of the TIR databank;
- Unclear regulation and administration of repository information concerning TIR Carnet holders by the competent authorities of CP's leading to mismatch or lack of data or to publishing information in contradiction with existing provisions in the TIR Convention;
- Unfair treatment of information (the private sector is forced to publish TIR prices which is used to the benefit of competitive transit systems - dumping);
- Implementation of the TIR system by national authorities is not always harmonized – unclear pathways to quickly resolve potential issues that impact on the efficiency of the system for users;

*Recommendations:*

- To carry out a study on the implementation of TIR system in different CPs, to clarify region/country specific problems/challenges/opportunities. Study report can serve as a source of information with best examples for other CPs and will encourage them to improve their operations;
- To increase visibility of the TIR system, by participating as ECE in the transit and trade working group meetings of different intergovernmental organizations, such as ECO, Lapis Lazuli agreement working group etc.;
- Expansion to other regions;
- Actions to increase transparency as regards functioning of public-private partnership is recommended;

*Recommendations:*

- As ECE, to work more with new CPs and CPs that have not yet made TIR system operational despite having been contracting parties to the TIR Convention for many years, to try to clarify the reasons for low progress and assist them in implementation;
- To consider the use of TIR system in road-rail intermodal transport, where TIR Carnet can be accepted as a transit declaration and guarantee coverage is also in force for rail leg of the transport;
- To work towards establishing flexible guarantee system, where the TIR Carnet prices that also includes guarantee insurance amount, differ not only based on the number of vouchers, but also on the amount of the guarantee to be covered;
- To accelerate the process of digitalization;

*Study the reasons for the decreasing number of the TIR Carnets used*

- Setting guiding rules to reinforce sustainable functioning of the international guarantee chain may be of use (relation between the international organization and national associations, relation between ECE and international organization etc.);
- Reduce customs formalities en route (for example: at the customs office of exit);
- Computerize the TIR procedure;
- To assess the effectiveness of the TIR Convention primarily by the number of TIR Carnets implemented in different countries rather than the number of contracting parties acceded to it;
- Reinforce communication in favour of TIR (e.g. in Brexit context);
- Reinforce actions training activities in contracting parties;
- Introduce a new TIR World Customs Organization (WCO) expert accreditation for reinforcement capacity training in field of customs;
- Keep the 5 pillars, even in an IT environment;
- Expansion of TIR to new countries worldwide thus linking existing TIR contracting parties to new ones in Asia, Middle East, Africa and the Americas;
- Extending TIR benefits to intermodal practices thus optimising int'l door to door transport;
- Abolish unnecessary red tape and controls;
- Use risk management procedures and best practices rather than excessive controls that penalise legitimate users of the TIR system;
- To enable the priority passage of TIR transports across the borders, there can be legal provision in the text of convention that can include that, contracting parties consider establishing separate TIR lanes at borders. Also to elaborate a recommendation on risk based controls for TIR operations. Such a recommendation together with a legal provision of establishment of TIR lanes, can provide stronger basis for priority service for TIR transports at borders;
- Completion of an in-depth study on promotion of intermodal transport is recommended. This study should identify the bottlenecks and problems. Methods/solutions to overcome the problems, recommended actions, and also best practices need to be incorporated in the study;
- Speeding up the computerization process should become the utmost priority;
- Prioritization of the agenda items, work programme of the decision-making bodies might be a solution. A target oriented approach is necessary;
- Priority issues should be dealt immediately, sufficient time should be allocated for settlement of these issues, and points for information or traditional agenda items may be dealt at a later stage;
- Exploring different approaches for introduction of new techniques to the TIR system may be useful;
- Linking several issues with the United Nations Sustainable Development Goals and 2030 strategy for Sustainable Inland Transport may be of help for programming;
- Reduce the price of the TIR Carnets;
- Clarify the procedure for collecting duties and taxes with minimum national requirements in case of irregularities in TIR operations;
- Use an electronic system in the TIR procedure;
- To assess the effectiveness of the TIR Convention primarily by the number of TIR Carnets implemented in different countries rather than the number of contracting parties acceded to it;
- Use facilitations (authorized consignor, consignee, and use of special seals...);
- In general, better rely on trusted holders and their subcontractors;
- Use Authorized Economic Operator (AEO) status in order to ease access to TIR and TIR facilitations;
- Facilitate agreement vehicle process (ideally internalization the approval of the vehicle by trusted traders);
- Introduce eTIR for two main aspects: anticipation, less time border checks;

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*Study the reasons for the decreasing number of the TIR Carnets used*


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- Avoid customs offices “en route”: only keep office(s) of departure and office(s) of destination between CP open to this major change;
- Adopt Annex 11 as soon as possible etc.;
- Implement eTIR ASAP;
- Minimize or avoid manual work;
- Gradually start using available IT tools instead of waiting for completion of eTIR development and implementation in all CP’s based on mutually agreed practices (MoU’s between CP’s and IRU);
- Use “print@home” version of the TIR Carnet as a parallel procedure in addition to the available agreed EDI systems;
- Incorporate best practices from pilot projects, possibly in corridor-based approach;
- Improve amendment procedures for the TIR Convention;

*Opportunities*

- Can be expanded more to new countries, especially after the accession of China, Pakistan, India and Arab countries;
- Universal usage;
- Potential of growth;
- E-Commerce;
- Countries such as China, India, Pakistan joined the TIR system and expansion of the system provides a unique opportunity for increasing global effectiveness of the system;
- Expansion of the TIR system provides also new business opportunities and opens practical corridors to implement multi-modal, intermodal transport;
- eTIR system offers a unique opportunity for modernization of the TIR system set in the 1970s. eTIR scheme includes wide range of benefits for all actors both in terms of security of transit operations and for facilitation of procedures;
- Use an electronic system;
- Use the TIR procedure in intermodal transport;
- Additional facilitations for the transport operators (for example: reduce the customs control at the customs office of departure/destination; use a special TIR carnet to waive the guarantee);
- Large economies that have recently joined the TIR system;
- New Transit corridors such as North-South corridor in the TIR system;
- Start implementing eTIR between members;

*Threats*

- Regional integration processes also entail creation of common transit and trade areas. Therefore, the members of this economic unions tend to use more the regional transit systems in trade among themselves. NCTS, transit system of Eurasian Economic Union are examples of this. To take into account the expansion of the European Union’s trade and transit policy also to Eastern Partnership countries and to European Union neighbourhood, more and more countries consider creating alternatives to existing national and international transit systems they apply. For example, after Ukraine and Georgia start fully implement NCTS, T1 procedure will be used in transport to/ from European Union member states and other NCTS CPs;
- TIR system at some point recently has faced considerable limitations, especially by countries that are the largest users of TIR Carnets. This has also connection with regional integration processes;
- Replacement by other systems;
- Potential of irrelevance;
- If the system cannot respond to the needs and expectations of these countries, the use of the system will stay low. Enlargement of the system would not lead a raise without computerization or promotion of inter-modal use;
- Further delay in computerization process, will undermine the preference towards use of the TIR system, and may even endanger its survival;
- Opting out modern concepts may prevent further facilitation of TIR transactions, and lead to negative effects on use of TIR Carnets;

*Study the reasons for the decreasing number of the TIR Carnets used*

- Mutual recognition of customs control measures (No need to do inspection in each transit country);
- Availability of financial guarantee within the established limit (No need for providing financial guarantees in each transit country);
- Congestion of other means of transport (especially maritime transport and air transport);
- The opening of new commercial road (e.g. The news silk road);
- The possibility to combine road, maritime, air and rail transport;
- The rise of postal cargo in the future;
- Expansion of TIR to new countries worldwide thus linking existing TIR CP's to new ones in Asia, Middle East, Africa and the Americas;
- Extending TIR benefits to intermodal practices thus optimising int'l door to door transport;
- TIR deregulation to be initiated;
- Internal hotline service with clear involvement of TIR secretariat TIRExB and IRU to deal with malpractices in the TIR system in a timely manner;
- Interlinking transit to pre and post transit procedures services;
- Diversity in the levels of development and expectations of countries may continue to be a problem in reaching ultimate common goals;
- A large number of contracting parties with different economic and political forces;
- New and more sophisticated methods of fraud and smuggling;
- New trends in trade patterns;
- Slowness in implementing eTIR;
- Lack of proper support for eTIR in members;
- Non-competitive with parallel e-systems;
- Mutual recognition of customs control measures; (The possibility of importing prohibited goods and goods other than those declared in manifest);
- Availability of financial guarantee within the established limit (Financial guarantee is valid only if it does not exceed the established limit);
- TIR Carnet can only be used in paper form;
- Insufficient amount of information on the transported goods, which is indicated in the TIR Carnet. Lack of possibility of their automated processing;
- Monopoly of the IRU as the international organization referred to in Article 6 of the TIR Convention. (Possibility of adopting unilateral measures similar to those adopted for the Moldovan and Romanian associations);
- Non-transparent activities of the international organization referred to in Article 6 of the TIR Convention;
- Other transit systems (international or national);
- Difficult neighbouring relationship between several contracting parties;
- IRU dependency;
- Growing competition by alternative transit systems with commercial interests to create/ increase revenue streams for locally operated systems;
- Diverting legitimate use of TIR to national or regional guarantees;
- Extra costs for TIR Carnet holders;
- Any delay in adopting and implementing Annex 11;
- Improper use of ITDB to block TIR Carnet holders;
- Further decline in the use of the TIR system;
- More outgoing TIR Carnet holders;
- Unfamiliarity of some stakeholders on the use of TIR system;



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*Study the reasons for the decreasing number of the TIR Carnets used*


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*Recommendations:*

- E-TIR;
- Connected to customs/private sector;
- Providing more support by the TIR secretariat to acceding countries is recommended. Preparation of training materials, providing technical assistance programs for promotion and implementation of TIR system may be of use. Organization of seminars, workshops at national/regional level is recommended;
- Monitor, and improve implementation by regular updates: explore best practices, good examples (possibly by launching regular surveys);
- Further actions may be taken for geographic expansion. Awareness raising activities or TIR training programs may focus on continents where TIR system is not widely implemented i.e. Africa. For this task, cooperation with other international and regional organizations is also recommended;
- Introduce regulations for the use of TIR Carnets in intermodal transport;
- Introduce clear regulations for the additional facilitations for authorized persons;
- I can give an overall recommendation: I believe our mandate overall in TIRExB, WP30, AC.2 is promotion of the TIR system and also increase in usage of TIR Carnet, in rational way, I think TIR Carnet should be used again within European Union, transport operators should be able to use TIR Carnet in European Union and data in electronic form like TIR-EPD or any other way could be fabricated into NCTS system, so in that case we have provided equal platform, and accordingly competitiveness. The same could be connected to Eurasia customs union system. Working towards facilitation is challenges of all us in various economic committees in United Nations. If we don't think different we cannot bring changes for better trade and transport for new horizon;
- To use a balanced approach in identifying additional simplifications for economic operators in the TIR Convention;
- To end the practice of setting a limit on the financial guarantee under the TIR Carnet;
- Increase the use of intermodal TIR;
- Secure stakeholders about the use of intermodal TIR operations;

- National regulations indirectly linked to TIR, implying third parties services;
- External political/economic factors (sanctions, high fuel prices, shortage of drivers etc.);

*Recommendations:*

- To work towards eliminating the weaknesses of the TIR system in order to make it resistible to the threats;
  - Increase of attractively;
  - Future success of the TIR system is dependent on digitalization and geographic expansion; any problem delaying the process needs to be identified and tackled with appropriate actions;
  - Promote intermodal use of the TIR procedure with the support of main stakeholders;
  - Promote full computerization of the TIR procedure; sustain more efforts to complete the ongoing studies for legal framework and technical structure;
  - Explore facilitation tools applicable to TIR transactions at national/regional level and inform all TIR stakeholders (The OSCE-UNECE Handbook of Best Practices at Border Crossings is a good example for a similar kind of activity-this example may be taken on board for TIR focused facilitative activities);
  - ECE web site on TIR, especially TIR training page is a very good source of information. Allocating resources for further development of this service is recommended. Also, availability of TIR training page in more languages is highly recommended. So far, the TIR training page is available only in English. Availability of this efficient training tool in certain languages should be considered as a prerequisite for successful implementation of the TIR system. Exploring resources for providing this tool for a broader community is highly recommended;
  - To respond to the expectations of different countries and regions, more ECE led activities encouraging the share of experience, knowledge and technical expertise may be organized. Awareness raising activities may also be a good method for international cooperation when a major development or innovation is about to be introduced. Annual programming and cost plan of these events and activities may be considered beforehand, in conjunction with the ongoing legal and technical studies;
  - Computerize the TIR procedure;
  - Control the compliance with the provisions of the TIR Convention;
  - To use a balanced approach in identifying additional simplifications for economic operators in the TIR Convention;
  - To end the practice of setting a limit on the financial guarantee under the TIR Carnet;
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*Study the reasons for the decreasing number of the TIR Carnets used*

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- Create regular new fora with Rail companies to better interconnect TIR and rail transport;
  - Develop a new approach for TIR postal in collaboration with actors involved;
  - Adapt the TIR Convention for postal item (e.g. eTIR postal Carnet with greater facilitations);
  - Consolidation of various data sources with access to all TIR stakeholders;
  - United Nations to play proactive role in expansion of the TIR system in new countries;
  - Create a real monitoring mechanism and package of services for TIR CP's to facilitate correct implementation of the system;
  - Increasing visibility for side-requirements for the TIR system to function properly (e.g. visas for drivers, permits etc.) and try and accommodate such conditions in framework agreements to package with TIR.
- Implement eTIR technology, while maintaining the benefits for the "private sector" and ensuring its safe application for customs authorities;
  - Design eTIR more simple than other transit system;
  - Offer robust eTIR web service, free of charges;
  - Under auspices of AC.2 open ad hoc groups to solve neighbouring issues;
  - Set up of a guarantee fund TIR if a change of guaranteeing association is needed;
  - Strengthening the control of IRU records;
  - Diversify and increase funding and number of employees of TIR secretariat and/or permanent employment in ECE;
  - Provide more detailed description in the TIR Carnet of goods transported under the TIR procedure;
  - Activities of the international organization referred to in Article 6 of the TIR Convention on an alternative basis;
  - Implementation of measures aimed at transparency of the activities of the international organization referred to in Article 6 of the TIR Convention;
  - Implement eTIR ASAP
  - Make the International TIR Data Bank transparent and give access to TIR Carnet holders and IRU;
  - Digitalize TIR customs offices databank and ensure online access to such information for all stakeholders with the necessary navigation coordinates;
  - Advance cargo information – to become a part of TIR Convention;
  - Next step – fully consolidated and integrated IT solutions for TIR.
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#### **IV. Next Steps – Action plan**

29. Based on the recommendations provided by the TIRExB experts in the previous section of the study, the secretariat prepared an action plan. Figure XII illustrates this action plan.

Figure XII  
Action plan



Source: TIR secretariat

30. It is a four-year action plan and includes two phases: the stabilization phase, which should start immediately and finish around 2022 and the new growth phase which will start also immediately and in parallel with the stabilization phase and the results of which should appear as of 2024.

31. The proposed actions are divided in three parallel and interconnected areas: (a) modernization of the TIR Convention; (b) efficient operations; and (c) business development. The secretariat is of the opinion that these three areas touch upon all the recommendations suggested by the experts and provide a concrete and specific plan of actions to be taken. Recognizing the bureaucratic environment and the lengthy decision-making process of AC.2, the support and active contribution of the contracting parties should be warranted in order to ensure a rapid implementation of the proposed actions. Further delays in the implementation of the reforming and revitalizing actions will only lead to further decline of the number of TIR Carnets to be issued in the future.

32. Specifically, the actions include:

(a) Modernization of the TIR Convention:

(i) Adoption and implementation of Annex 11;

a. Prepare and adopt the technical specifications of the eTIR international system, based on the provisions of Annex 11;

b. Perform pilot tests of the eTIR international system with as many national central customs systems as possible, until the moment Annex 11 comes into force, in order to ensure a smooth and rapid transition from a paper to electronic environment;

(ii) Identification of provisions of the TIR Convention that need to be modernized:

a. Prepare a study that analyses the advantages of other regional systems in order to identify good practices implemented that could be incorporated in the TIR system;

b. Prepare an analysis of specific needs / requirements of different geographical regions of strategic importance such as Eastern Asia and Sub-Saharan Africa;

c. Prepare an analysis that identifies in detail the disadvantages / weaknesses of the TIR Convention, including feedback from the market;

d. Prepare an analysis based on input received from the business development analysis (third area of proposed actions) to identify possible needs to amend the TIR Convention;

e. Based on the above-mentioned input, identify the provisions of the Convention that need to be modernized / amended, prepare the appropriate amendment proposals in the framework of AC.2 and proceed with their final adoption.

(b) Operations of the system:

(i) Connect as many as possible national central customs systems to the International TIR Data Bank (ITDB), ensuring in parallel the finalization of ITDB modules and its smooth and rapid connection with the eTIR international system;

(ii) Initiate and perform efficient connections of the eTIR international system with well-established regional transit solutions such as NCTS, the EEC transit system etc;

(iii) Prepare a study / analysis with concrete recommendations on the eTIR international system pricing including flexible guarantee systems that ensure a sustainable future for its operations as well as the development of a competitive / modern system adapted to current and future business requirements;

(c) Business development:

(i) A very thorough, detailed and strategic analysis should be undertaken in order to identify new markets for the eTIR international system / TIR Convention, identify contracting parties that would benefit from re-activated of the TIR system or countries that should become contracting parties;

(ii) Create a competitive package for TIR users: eTIR, facilitation of visa for drivers, eCMR etc;

(iii) Perform collaborative (with other regional commissions? regional organizations?) and intensive efforts to operationalize TIR in the identified strategic geographic regions;

a. Geographical expansion of the TIR Convention:

i. Asia: efforts should be strengthened to encourage Southeast Asian countries and more South Asian countries to become contracting parties in order to have the guarantee chain completed and intensive efforts to make the system operational with the support / contribution / active collaboration of regional organizations such as the UNESCAP, ADB, ASEAN, SAARC, BIMSTEC etc;

ii. Middle East and North Africa – Arabic countries: with the support of ESCWA, the guarantee chain in the region should be completed (Iraq?) and workshops organized to help the region to start using the TIR system in a regular and systematic way;

iii. Sub-Saharan Africa: with the support of ECA and the UNCTAD – ASYCUDA team transport corridors should be identified where high trade volumes exist and missions / workshops and studies be organized that would activate the system in the region / make countries decide to accede to the system. Cooperation with corridor organizations is crucially important;

iv. Latin America: the same approach should be followed in Latin America. A trade corridor should be identified, if possible, involving countries already being contracting parties to start operations in the region. The role of IADB role would be instrumental in these efforts. Sub regional cooperation programmes are important. ECLAC can be also a key partner;

v. In general, an action plan for all these regions should be prepared where the United Nations regional commissions and organizations including other regional organizations will have a role to play, not only in the initial phase of business development but also during the operational phases, making them part of the TIR system and the TIR secretariat. Only like that, the long-term sustainability of the TIR system in these regions could be warranted;

(iv) Identification of niche markets for the implementation of the eTIR international system:

a. Intermodal transport and logistics: the sector has specific requirements and there are specific benefits that TIR can offer. These benefits are not common in all geographic areas. On top of the analysis that is being taken place in the framework of TIRExB, an informative / detailed / marketing package should be prepared for intermodal transport and logistics market, informing the market about the possible benefits and trying to organize as many real pilot tests as possible that justify those benefits; An intermodal transport analysis should include all transport scenarios including rail, maritime and air transport;

b. eBusiness Parcels: for the moment, the TIR Convention does not promote its use for postal services which are being regulated mainly through the Revised Kyoto Convention (see comment to Article 3 of the Convention). However, postal services have changed, especially after the introduction of eBusiness / ecommerce where billions of packages, being transported from, one continent to the other, mainly carrying goods. Postal services need a global system, such as the TIR Convention, and the eTIR international system to control these flows and reduce customs fraud. This business opportunity should be further analysed;

33. The action plan should be proposed by TIRExB to AC.2 for adoption in order to provide a clear mandate to the secretariat on the actions that have to be undertaken during the coming years in order to revitalize the TIR system and increase the number of TIR Carnets / electronic guarantees that will be issued.