



Customs to Customs data exchange workshop Tbilisi, 23 June 2015

The Convention on a common transit procedure
(1987), its use of NCTS and main requirements for
accession

Contents

- 1. What is common transit?***
- 2. How is NCTS used for common transit?***

- 2. What is the process of accession to the Conventions?***
- 3. How to organise the preparation to accession to the Conventions?***
 - Organisational and legal steps***
 - NCTS implementation steps***

1. Common Transit

- (1) General information: (a) history, (b) scope, (c) figures, (d) characteristics***
- (2) NCTS***
- (3) Guarantees monitored in NCTS***
- (4) Enquiry procedure handled via NCTS***
- (5) Security measures and transit – combined declaration possible in NCTS***

a) History of Common transit

- 1968** *The European Community introduces 'Community transit'*
- 1972** *Separate transit agreements concluded between the European Community and Austria and Switzerland*
- 1987** *Convention on a common transit procedure / SAD Convention between the European Community and all EFTA countries (Austria, Finland, Iceland, Norway, Sweden, Switzerland)*
- 1996** *Conventions are extended to the Czech Republic, Hungary, Poland and the Slovak Republic*
- 2004** *Further "silent" extension took place when new Member States joined the EU such as in 2004 and 2007 and in 2013*
- 2006** *Romania joins*
- 2012** *Croatia (1 July) and Turkey (1 Dec.) join*
- 2015** *The former Yugoslav Republic of Macedonia will accede as of 1 July 2015*

b) Geographical scope today

Convention on a common transit procedure and SAD Convention apply between the EU, Iceland, Norway, Switzerland, Liechtenstein, Turkey and soon the former Yugoslav Republic of Macedonia, representing 34 countries

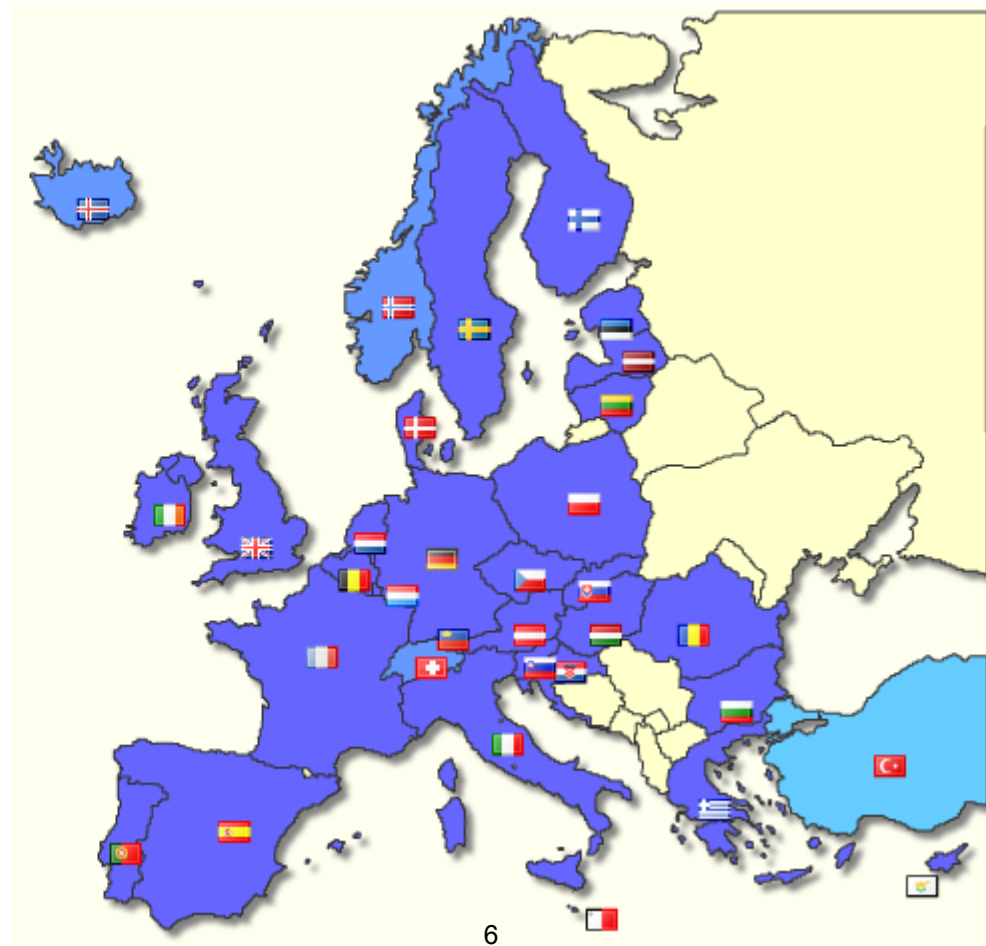
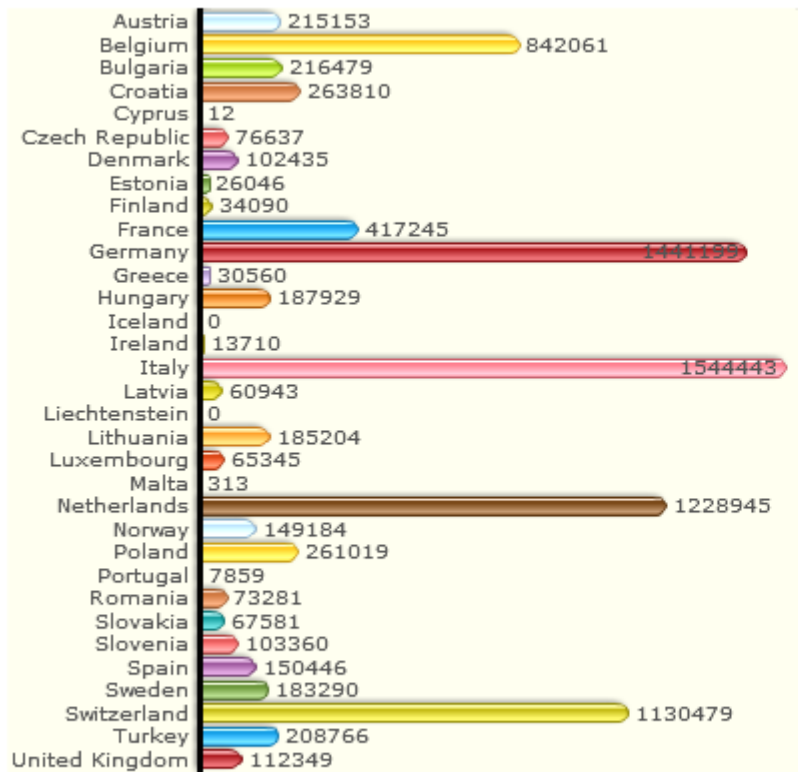
Union (Community) transit applies in the customs territory of the EU (28 MS) + Andorra & San Marino (the latter have Customs Unions with the EU)

Note: in the territory of the Union the common transit Convention follows the rules of Union transit

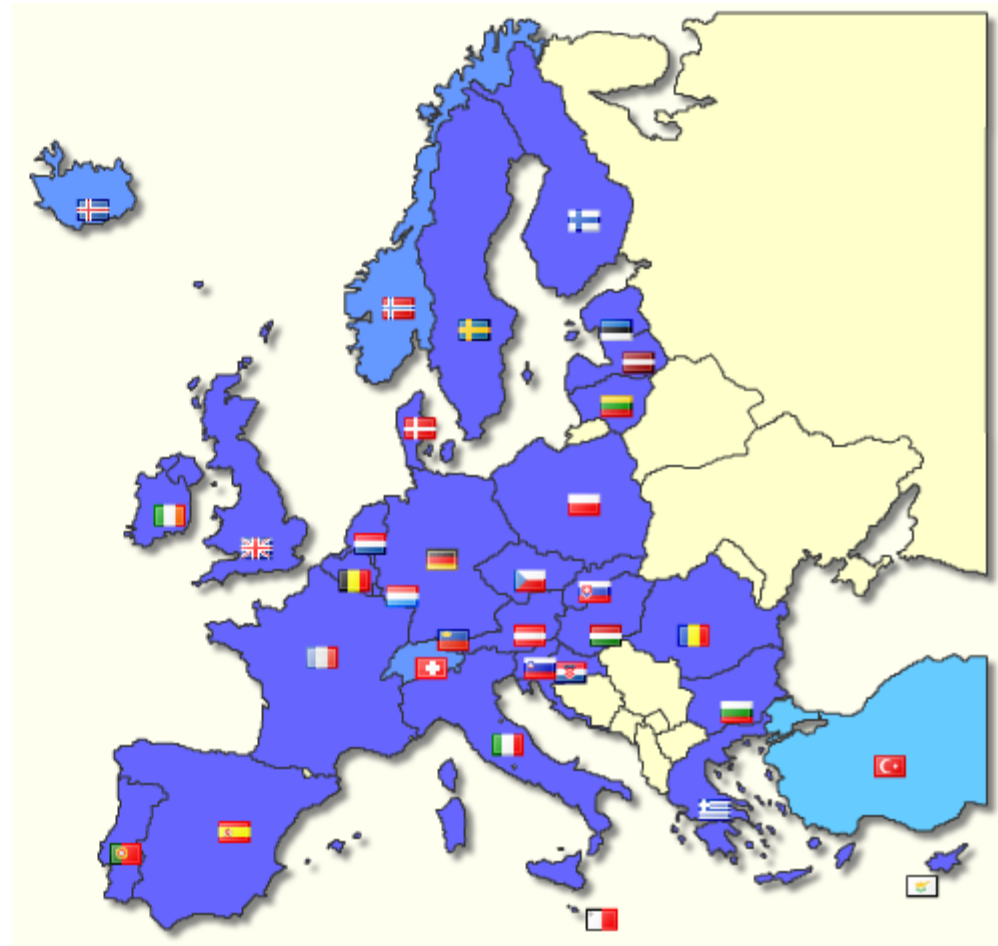
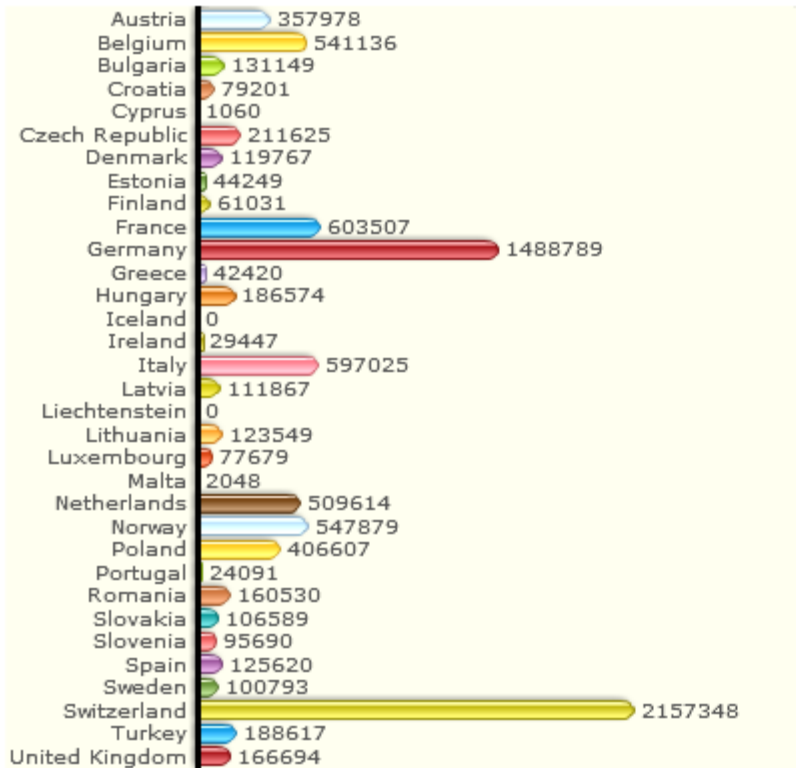


European
Commission

c) Union & common transit movements Per Year – Departure (last 12 months)

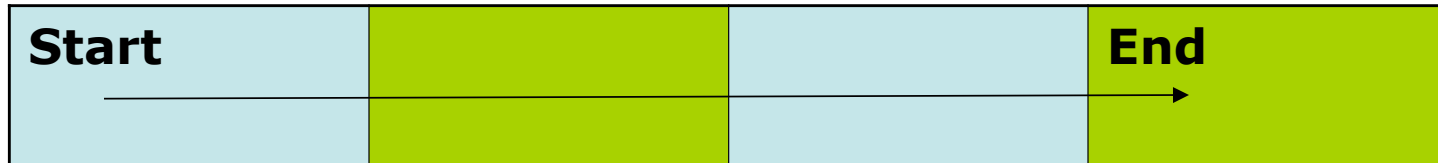


c) Union & common transit movements Per Year – Destination (last 12 months)

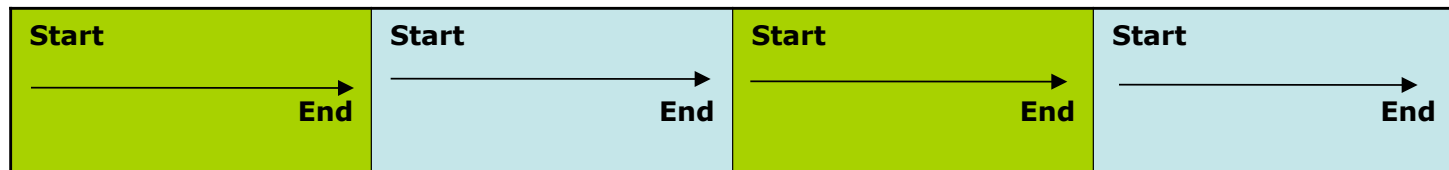


d) Main characteristic of the common transit procedure

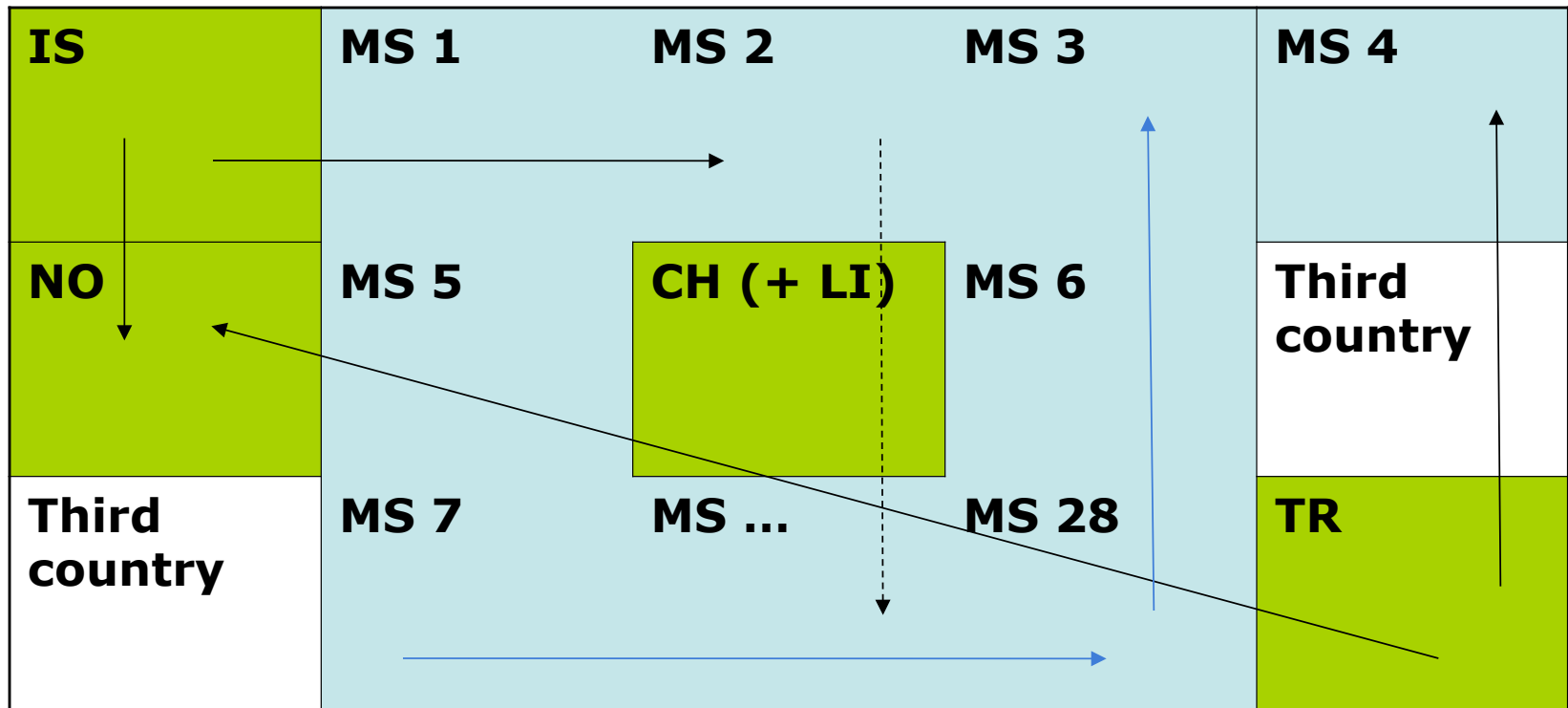
One single procedure from start to finish



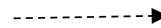
Compared to TIR movements which are a series of national transit procedures based on standardized rules of the TIR convention



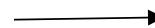
Movements of goods under the Community and common transit procedures



EU goods (free circulation) (common transit procedure T2):



Non-EU goods (common transit procedure T1):



Non-EU goods (external Community transit):



1.2. NCTS: principles and Benefits

For Customs

- ✓ ***'Real time' exchange of information (declaration, advance arrival information, guarantee check, etc.)***
- ✓ ***Customs authorities are linked electronically***
- ✓ ***More effective customs control (risk analysis, guarantee, discharge) Statistics***

For business

- ✓ ***Fast administrative process***
- ✓ ***Faster release of guarantee***
- ✓ ***More information available (e.g. movement status info)***
- ✓ ***Faster discharge (less open movements and enquire)***

Note: ***NCTS is just a means to operate Common transit
(and since January 2009 NCTS is also used for TIR movements
in the EU)***



European
Commission

NCTS architecture

Common domain



National domain

Customs
(Country A)



Customs
(Country B)



External domain

Economic Operator



Economic Operator



1.3 Guarantee registered in NCTS

Individual guarantee:

***Covers a single operation,
By cash deposit, by guarantor or by voucher (€ 7000),
Covers the full amount of potential customs debt***

Comprehensive guarantee (simplification):

***Covers several operations,
Calculated as the potential debt of one week's operations (reference amount),
Guarantee level 100% of potential debt or reduced to 50% or 30% or guarantee waiver (depending on meeting specific criteria)***

In the context of the guarantee , a reference amount is authorised and monitored via a module in NCTS.

1.4 Enquiry procedure and NCTS

- ***Objective is to determine how the debt incurred, identify the debtor(s) and determine the authorities for recovering the debt***
- ***Fast electronic procedure based on exchange of messages via NCTS (between office of departure and destination and/or principal)***
- ***Starts at the latest one week after the goods should have been presented at the office of destination***
- ***Recovery of customs debt starts at the latest seven months from the date the goods should have been presented at destination (shorter period in case the operator provides no or insufficient information)***

1.5 EU Security measures and transit

- Advance electronic cargo ('summary') declaration on import in or export from EU***
- Data requirements in Annex 30A of Reg. 2454/93***
- Time-limits as in WCO Framework of Standards (Safe)***
- Advantages for Authorised Economic Operators***
- Automated EU risk management framework***
- Declaration may be combined with the NCTS transit declaration***



European
Commission

Entry Summary Declaration may be combined with a transit declaration in NCTS

NON EU

EU



**Trader/
Principal**

Transit declaration+
safety&security data
(Annex 30A)



OoDep

IE050 + **S&S**



Risk analysis

Result
↑ **S&S**



**OoTransit/
OoEntry**

IE001 + **S&S**



OoDes

2.1 Accession to the Conventions

A country must be invited by the EU/EFTA Joint Committee

Formal accession procedure is described in Articles 15.5 and 15a of the common transit Convention (Articles 11.5 and 11a of the SAD Convention)

Communication (COM(2001)289 of 31.5.2001) sets out the general conditions that must be met by EU pre-accession countries, and

Communication (COM(2010)668 of 18.11.2010) sets out a strategy to prepare certain neighbouring countries for accession to the Conventions

2.2. Extension of the Conventions to new countries

Communication (COM(2010)668 of 18.11.2010) a strategy to prepare certain neighbouring countries for accession to the Conventions

- re-confirms the conditions for accession
- covers EU candidate and potential EU candidate countries and Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia and the Ukraine
- observer status: Belarus, Bosnia and Herzegovina, Georgia, former Yugoslav Republic of Macedonia, Moldova, Russia, Serbia, Turkey, Ukraine.

Council conclusions on a strategy to prepare certain neighbouring countries for accession to the Conventions (28.03.2011, 6800/2/11)

2.3 General conditions for accession

Ability to implement the whole acquis:

- ***adopt the legal provisions***
- ***have the operational administrative structure in place***
- ***implement the New Computerised Transit System (NCTS)***

2.4 Accession process in practice

- *A country signals its interest in acceding to the Conventions*
- *The country may receive technical assistance (e.g. on gap analysis, software development and through twinning, financing, Customs 2020, etc.)*
- *The country may be granted observer status in the EU/EFTA Working Group and Electronic Customs Coordination Group*
- *The country communicates that all conditions have been met*
- *The Contracting Parties monitor that conditions are met*
- *A formal invitation to join is adopted by the Joint Committee and sent to the country*
- *The country deposits its instrument of accession to the Council of the EU, to take effect the first day of the second following month*
- *The Conventions are amended by decision of the Joint Committee to take into account the impact of accession of a new country*
- *The country accedes and becomes a new Contracting Party*

3. Prepare accession

(a) Organisational steps

- ***constitute a team in charge of the preparation, the coordination with various bodies involved and the relations with the contracting parties, in particular the European Commission***
- ***establish a roadmap and an action plan allowing for review and reporting on progress***
- ***secure appropriate funding for hardware, software and external support (contractors) if needed***
- ***set up a forum and network with future users of the procedure and guarantors***

3. Preparation accession

(b) legal steps

- ***translate the Conventions in national language(s)***
- ***adopt national provisions on transit identical to the ones of the Conventions***
- ***determine customs authorities and offices competent for national (then common) transit***
- ***issue national instructions, guidelines, training***
- ***implement common transit- as national transit***

3. Prepare accession

(c) NCTS implementation steps

- ***Development***
- ***Testing***
- ***Organisational tasks***

3. Prepare accession

(c) NCTS implementation steps: Development

- ***National transit application including guarantee management:***
 - ✓ ***Office of Departure***
 - ✓ ***Office of Transit***
 - ✓ ***Office of Destination***
 - ✓ ***Office of Guarantee***
 - ✓ ***Competent Authority of Enquiry***
 - ✓ ***Competent Authority of Recovery***

- ***NCTS External domain (EDI Traders connection)***

- ***Connection to a network linking all Contracting Parties***

3. Prepare accession

(c) NCTS implementation steps: Testing

- **System (Mode 0) testing** performed during the development
- **Stand-alone (Mode 1) testing** the integration of the NTA at national level (preferably using the STTA) and the backup CCN gateway (loop back)
- **Conformance (Mode 2) testing** the integration of the NTA at common level using the TTA:
 - ✓ Pre - Conformance phase
 - ✓ Actual Conformance phase
- **International (Mode 3) testing** the connectivity with the production gateways involving other Contracting Parties
- **International (Mode 3+) testing** the end-to-end, involving other National Transit Applications and traders.

3. Prepare accession

(c) NCTS implementation steps: Organisational Tasks

- ***Translate common reference data***
- ***Update Customs Office List***
- ***Set up national help desk***
- ***Register guarantees***
- ***DG TAXUD & NCTS countries to adapt applications***
- ***Test the exchange of CS/RD and CS/MIS messages***
- ***Manage the EORI/TIN Correlation table***
- ***Participation in EU-EFTA Working Groups on the common transit procedure***

Further information:

TAXUD website – Transit Webpage:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/transit/common_community/index_en.htm

Contacts:

Michael Rathje Head of transit sector - legal aspects, TAXUD/A2)

Anna Dubielak Senior expert, Transit Sector, TAXUD/A2)