



**Economic and Social
Council**

Distr.
GENERAL

TRANS/WP.30/AC.2/2005/2
3 December 2004

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE
INLAND TRANSPORT COMMITTEE
Administrative Committee for the TIR Convention, 1975
(Thirty-eighth session, 3 and 4 February 2005,
agenda item 3 (a) (i))

**ACTIVITIES AND ADMINISTRATION OF THE TIR EXECUTIVE BOARD
(TIRExB)***

Activities of the TIRExB

Report by the Chairman of the TIRExB

Report of the TIRExB at its twenty-third session

ATTENDANCE

1. The TIR Executive Board (TIRExB) held its twenty-third session on 14 June 2004 in Geneva.
2. The following members of the TIRExB were present: Mr. M. Amelio (Italy); Mr. S. Bagirov (Azerbaijan); Mr. G.-H. Bauer (Switzerland); Mr. R. Boxström (Finland); Mrs. Y. Kasikçi (Turkey); Mr. J. Marques (European Community); Mrs. H. Metaxa-Mariatou (Greece); Mrs. N. Rybkina (Russian Federation). Mr. O. Fedorov (Ukraine) was not present.

* The present documentation has been submitted after the official documentation deadline by the Transport Division due to resource constraints.

3. The International Road Transport Union (IRU) attended the session as observer in accordance with Annex 8, Article 11, paragraph 5 of the Convention and was represented by Mr. J. Aciri, Head, TIR System.

ADOPTION OF THE AGENDA

4. The TIRExB adopted the agenda of the session as prepared by the TIR secretariat (TIRExB/AGE/2004/23) with the inclusion of the following subjects under agenda item 7 "Other matters":

- Vacuum-packed goods;
- Risk management measures applied by national issuing associations.

ADOPTION OF THE REPORT OF THE TWENTY-SECOND SESSION OF THE TIRExB

Documentation: TIRExB/REP/2004/22draft.

5. The TIRExB adopted the report of its twenty-second session (TIRExB/REP/2004/22draft), subject to the following modifications:

Paragraph 3

Modify the paragraph to read as follows:

"3. In accordance with Annex 8, Article 11, paragraph 5 of the Convention, the International Road Transport Union (IRU) attended the session as observer, except for the discussion reflected in para. 51 below, and was represented by Mr. J. Aciri, Head, TIR System.

Paragraph 5

Modify the title before paragraph 36 of the report of the twenty-first session (TIRExB/REP/2004/21) to read as follows:

"NOMINATION OF THE TIR SECRETARY"

Paragraph 7

Modify the first sentence to read as follows:

"7. The TIRExB welcomed Informal document No. 4 (2004) made available during the meeting, prepared by the secretariat, even if no time was given for proper evaluation due to the last minute availability of the document, containing a first overview of the newly emerged issue of security in the supply chain and its possible impact on the TIR procedure. This document will serve as a basis for further discussions and considerations by the Board."

Paragraph 8

Modify the last but one sentence to read as follows:

"This relates, for instance, to information concerning the consignee and consignor, prior and subsequent transport modes and intermediate transport related operations, even if those data are available through the commercial and connected documents (Article 19 of the TIR Convention)."

Paragraphs 9 and 10

Modify paragraphs 9 and 10 to read as follows:

"9. At the same time, the TIR Convention, at present, does not provide control authorities with the possibility to carry out full risk management procedures in the framework of security of the whole supply chain, in particular, due to the lack of advanced cargo information. In the context of supply chain security, risk management is a key element. Therefore, information on the entire supply and logistics chain, which is available in advance of the transport arriving for control, is essential to improve further risk management. If such information is not provided, the efficiency of the TIR procedure could be endangered in view of the increased focus on supply chain security at national and international level.

10. The TIRExB had a provisional exchange of views as to how the TIR procedure could assist in securing the supply chain. In particular, the Board felt that the following elements could contribute to that objective:

- providing advanced cargo information for risk assessment purposes;
- computerization of the TIR procedure (so-called e-TIR project);
- introduction of high-security Customs seals in the framework of the TIR procedure;

- stringent control measures at the Customs office of departure, in particular, Customs officials being present at the loading of road vehicles or containers;
- strict implementation of the provisions of the TIR Convention related to approval of road vehicles for transport of goods under Customs seal and controlled access to the TIR procedure.

It was also mentioned that the TIR Convention already contains some provisions satisfying basis conditions for security related issues such as controlled access, unique Holder number, secure vehicles, security features of the TIR Carnets, SafeTIR and CUTE-Wise. Contributions by IRU on this subject would also be welcome for the next session to allow continuation of discussions."

Paragraph 16

Modify the second sentence to read as follows:

"Therefore, it is essential that such training be conducted by well-qualified Customs experts, for instance, from the TIRExB or TIR secretariat, possibly in cooperation with experts from the transport industry."

Paragraph 18

Modify the paragraph to read as follows:

"18. The Board also considered the idea to establish an on-line training module for Customs officials. In this context, the IRU informed the Board of its experience in training of all actors involved since 1995 as well as of a distance learning package development by the IRU. According to the IRU, computerized training could be one of the solutions provided that the training targets are clearly defined. However, special attention must be paid to the update of such tool. IRU also drew the attention of the Board to the necessity to avoid duplication of the work in those fields. Therefore, the Board was of the view that, as a first step, less time-consuming activities should be undertaken, as indicated above. In the future, other options, such as on-line training, and their consequences for the TIRExB budget could be explored."

Paragraph 23

Modify the second sentence to read as follows:

"For instance, some cases of thefts and robberies reported had been committed through negligence of the holder and persons acting on his behalf or even with their direct complicity (e.g. simulation of being a crime victim)."

Paragraph 39

Modify the title before paragraph 39 to read as follows:

"NOMINATION OF THE TIR SECRETARY"

Paragraph 51

Delete the last sentence of the paragraph.

Paragraph 51 bis

Insert a new paragraph 51 bis to read as follows:

"51 bis. In this context, the TIR Secretary also informed the Board that, due to the enlargement of the geographic scope of the TIR Convention and training needs in new Contracting Parties, it might be possible that, in the future, the amount allotted to cover travel expenses of the TIR secretariat would not correspond to the activities carried out by the TIR secretariat."

6. The revised text of the report of the twenty-second session of the Board is contained in document TIRExB/REP/2004/22.

BY-ELECTIONS IN CASE OF RESIGNATION OF A TIRExB MEMBER

Documentation: Informal document No. 15 (2004).

7. The TIRExB discussed Informal Document 15 (2004), prepared by the secretariat. The Board came to the conclusion that it had reached fundamental agreement on the introduction of a procedure for by-elections. As of the next election for new TIRExB members (spring 2005), the AC.2 will be requested to equally elect, at the same time but in a separate election round, two replacement members, who will be elected from those candidates who have postulated to become

member of the TIRExB, but who have not been elected. The secretariat will announce the order in which the replacement members have been elected.

8. In case the TIRExB is informed that a member resigns or can no longer hold office, the highest ranking replacement member shall become member of the Board. In case a member is regularly absent from the sessions, the Board shall ask the body that nominated him/her for clarification. If no clarification is given or in case the clarification does not satisfy the Board, it shall remove the respective member and the highest ranking replacement member shall become member of the Board. The replacement member shall only hold office for the unexpired portion of the term of office of his/her predecessor. To ensure a smooth application, the AC.2 will be requested to endorse the replacement of a member. In case no replacement member is available, the AC.2 shall elect a new member as soon as possible.

9. The Board was not sure whether this new procedure would require a change in the legal text of the Convention (amendment of the existing text of Annex 8, Article 9 and/or the introduction of Explanatory Notes). However, a majority of the members expressed their preference not to touch the provisions of the Convention within this context. The TIRExB requested the secretariat to submit the proposal to the Office of Legal Affairs in New York to seek its opinion. Pending additional information, the TIRExB decided to adopt the amended Rules of Procedure, possibly by means of a written procedure, so that the decision could be submitted for endorsement by AC.2 at its forthcoming session. Thus, the amended election procedure could apply as of the next elections.

LOST AND STOLEN TIR CARNETS

10. Some TIRExB members expressed their concerns over a sudden increase in the list of lost and stolen TIR Carnets, as reported by the IRU. It was considered remarkable that only few national issuing associations and transport companies seemed to have lost a great number of TIR Carnets. At the request of the Board, the IRU informed of the circumstances of those cases and of measures taken in this respect.

11. According to the IRU, the issue of lost and stolen TIR Carnets had always been considered by the IRU and national issuing associations as a priority item. Strict rules had been introduced with regard to the safekeeping of TIR Carnets at the premises of the associations and holders of TIR Carnets. All cases of theft and loss should immediately be reported to the IRU, to allow for the invalidation of the TIR Carnets.

12. Lost and stolen TIR Carnets could be divided into two groups:
 - (i) TIR Carnets lost or stolen after their use or after their validity has expired. They can no longer be used and, thus, involve no further risk;
 - (ii) TIR Carnets lost or stolen before use and still valid. These TIR Carnets involve high risk of misuse.

Since January 2000, about 11,000 TIR Carnets have been reported lost/stolen and subsequently invalidated by the IRU. However, the current list of high-risk TIR Carnets (group (ii) above) contains only 315 TIR Carnets. Following the expiry of their validity, the TIR Carnets will be removed from the list. Information on such TIR Carnets is regularly distributed by fax or by e-mail throughout Customs administrations and also made available in the CuteWISE system.

13. Regarding the recent cases, the IRU informed that they were related to the two following incidents. In one Contracting Party a batch of TIR Carnets had been stolen when being transported from the airport to the national association. In another Contracting Party, a holder had sent a package of unused TIR carnets to its branch abroad via an express mail company, and the whole package had been lost.

14. The TIRExB also recalled that recently another type of invalid TIR Carnets had come into being: unused TIR Carnets issued in advance to a person who afterwards has not respected internal rules of the international guaranteeing chain and, as a result, has been refused to obtain new TIR Carnets from the association. One member of the Board informed about practical problems encountered by the Customs authorities in this situation and proposed to complement listings of invalid TIR Carnets with a number of additional data elements. The IRU would consider these proposals.

15. The TIRExB pointed out that the TIR Convention does not address the issue of lost, stolen or invalidated TIR Carnets. The Board also recalled the opinion by WP.30 that, in principle, all TIR Carnet should be considered as bearing a valid TIR guarantee (TRANS/WP.30/162, para.55). The TIRExB invited the IRU, in cooperation with the secretariat, to prepare a document on the relevant issues for consideration at one of the future sessions.

ISSUANCE OF TIR CARNETS FOR TRACTOR UNITS

16. The TIRExB was informed that the Customs authorities of some countries request the issuance of a TIR Carnet also for the tractor unit to which a semi-trailer travelling under cover of another TIR Carnet is coupled. In particular, it happens at Customs offices of entry (en route) located at sea ports where semi-trailers arrive by ferry, to be picked up by tractor units for the remainder of the journey.

17. The TIRExB was of the view that such a practice was not in line with the provisions of Article 17 of the TIR Convention and comments thereof, according to which a decision regarding the number of TIR Carnets is taken by the Customs office of departure, and Customs offices en route may not review this decision and require additional TIR Carnets. Moreover, if a TIR Carnet is issued for the tractor unit, the goods manifest should remain empty, unless the tractor unit itself is considered as goods. On the other hand, it is important that the registration numbers of the tractor unit be inserted under box 8 on the cover page and box 7 on all remaining vouchers of the original TIR Carnet.

18. The Board also recognized that the underlying issue is closely linked to the problem of so-called subcontractors (TIRExB/REP/2004/22, para. 26), as the transport operator who takes over the semi-trailer at the port is normally not the holder of the TIR Carnet. Finally, the TIRExB decided to revert to this matter at one of the future sessions.

POSSIBILITY OF USING THE TIR PROCEDURE FOR AIR TRANSPORT

19. On request of one EU Member State, the TIRExB discussed if and under which conditions the TIR procedure may apply to transport operations where a part of the journey is made by air. The Board felt that, as in the case of other modes of transport, the TIR procedure may become applicable to such transport operations if the conditions laid down in Article 2 are fulfilled, in particular, the goods are transported without intermediate reloading, for example, in a special container suitable for both air- and road transport, approved in accordance with the TIR Convention. Regarding practical arrangements, the TIRExB recalled that in 2001-2002 it elaborated a new comment to Articles 2 and 26 of the TIR Convention on the use of the TIR procedure in case a part of the journey is not made by road. This comment was adopted by the TIR Administrative Committee in October 2002 (TRANS/WP.30/AC.2/67, Annex 4). The Board decided to evaluate all possible trends in the transport field and to come back to this issue, should there be a need from the industry.

OTHER MATTERS

Vacuum-packed goods

20. The TIRExB was informed that the Russian Customs authorities had recently come across some problems, when conducting Customs control and clearance of certain goods. Goods originating from China (usually clothes) are packed by sucking out air from the packing material. As a result, the goods volume shrinks to, at least, one-third of its original volume. Thus, the load compartment of a road vehicle can squeeze considerably more goods than in case of normal packing. The problem arises when Customs authorities have to conduct physical inspection of such goods. When the packing is opened, it loses its impermeability, and the goods expand back

to their original volume. As a consequence, after the inspection is completed, it is not possible to put all goods back into the load compartment. As usual, the transport operator is not in a position to provide, without delay, additional vehicles to pick up the rest of the load. On top of that, there is even a problem with that part of the load which is squeezed back into the load compartment and which may continue its journey, because transport and other accompanying documents contain information on all goods which have originally been loaded into the load compartment. Under these circumstances, the Customs authorities have to arrange storage of the unloaded goods, which is not easy at border crossing points. In addition, in such situations, the TIR guarantee limit is always exceeded. Therefore, in case of infringements, Customs duties and taxes due are put at risk. In view of the Russian Customs, vacuum packed goods could be an obstacle for conducting Customs controls and a means to avoid guarantees to cover Customs payments.

21. The TIRExB noted that, on the one hand, vacuum packing is justified for economical reasons and is a part of modern logistic procedures. On the other hand, the above problems negatively affect both Customs and transport industry and impede border crossing procedures. Therefore, the Board felt that all persons dealing with vacuum packed goods (consignees, consignors, transport operators, etc.) should be informed of problems which could occur at border and of the need to rapidly provide solutions for transport and/or storage of such goods in case they are inspected. The IRU offered its assistance in this respect.

Risk management measures applied by national issuing associations

22. At the request of the IRU, the TIRExB discussed risk management measures and procedures applied by national issuing associations and the international organization to prevent fraud and to ensure sustainability of the TIR system. In particular, the Board addressed the issue of a limitation of the number of TIR Carnets being in the possession of a single holder at a given time.

23. The TIRExB recalled that, according to Annex 9, part II to the TIR Convention, the authorization for access to the TIR procedure, granted by Customs to transport operators, does not constitute in itself the right to obtain TIR Carnets from the associations, and that the associations may introduce additional and more restrictive conditions and requirements for access to the TIR procedure, unless the competent authorities decide otherwise. Moreover, according to a comment to Article 28 of the TIR Convention, the return of used TIR Carnets to the issuing association and the IRU is considered as a precondition to issue new Carnets to the holder, since the number of Carnets in use (in the holder's possession) at any one time may be limited. The TIRExB also pointed out that the TIR Carnet represents not only a Customs document, but also a financial

guarantee amounting to US\$ 50.000. By definition, it implies the necessity to limit the number of TIR Carnets in circulation to limit the risk of abuse and theft.

24. In this context, the TIRExB was informed of a very positive experience in Contracting Parties where the application of the TIR procedure had been stabilized by using a limitation of the number of TIR Carnet in the holder's possession. The Board was of the view that such risk management measures are essential for the efficient functioning of the TIR system. Finally, the TIRExB requested the secretariat to transmit the above considerations to the IRU.

Restriction on the distribution of documents

25. The TIRExB decided that there should be no restrictions with respect to the distribution of documents issued in connection with its present session.

DATE AND PLACE OF NEXT SESSIONS

26. The TIRExB decided to hold its twenty-fourth session in Geneva on 7 and 8 October 2004, in conjunction with the 108th session of the UNECE Working Party on Customs Questions affecting Transport (WP.30). The TIRExB also provisionally decided to convene its twenty-fifth session in January 2005.
