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Working Party on Customs Questions

affecting Transport

(Ninety-ninth session, 23-26 October 2001,
agenda item 7 (b) (ii))

**CUSTOMS CONVENTION ON THE INTERNATIONAL TRANSPORT OF GOODS
UNDER COVER OF TIR CARNETS (TIR CONVENTION, 1975)**

Application of the Convention

Phase III of the TIR revision process

**Report of the second session of the Ad Hoc Expert Group
on the Computerization of the TIR Procedure
(21-22 June 2001)**

REPORT

ATTENDANCE

1. The Ad hoc Expert Group held its second session on 21 June 2001.

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2. The session was attended by representatives of the following countries: Austria; Belarus; Belgium; Bulgaria; Croatia; Czech Republic; Estonia; Finland; France; Germany; Greece; Hungary; Italy; Latvia; Lithuania; Netherlands; Norway; Poland; Romania; Russian Federation; Slovakia; Spain; Sweden; Switzerland; The former Yugoslav Republic of Macedonia; Turkey; United Kingdom; Yugoslavia. Representatives of the European Community (EC) were also present.

3. The following inter-governmental organization was represented: United Nations Conference for Trade and Development (UNCTAD).

4. The following non-governmental organization was represented: International Road Transport Union (IRU).

ADOPTION OF THE AGENDA

Documentation: TRANS/WP.30/2001/11.

5. The Expert Group adopted the provisional agenda, prepared by the secretariat (TRANS/WP.30/2001/11).

6. Mr. J. Ille (Czech Republic) acted as Chairman of the Expert Group for its second session in 2001.

MANDATE

Documentation: (TRANS/WP.30/194, para. 37).

7. The Expert Group has been convened in accordance with the decision of the Working Party on Customs Questions affecting Transport (WP.30) at its ninety-seventh session, with a view to arriving at a consensus on the objectives to be achieved and on Customs requirements to be taken into account in the computerization of the TIR procedure (TRANS/WP.30/194, para. 37).

BACKGROUND AND ISSUES FOR DISCUSSION BY THE EXPERT GROUP

Documentation: TRANS/WP.30/2001/5; Informal document No. 12 (2001).

8. Following the first session of the Expert Group, on 19 February 2001, the secretariat, in consultation with the Chairman, has prepared a document containing a summary of the deliberations made at the first session as well as detailed information on the background and earlier discussions held in this respect in the Working Party and the TIR Administrative Committee (TRANS/WP.30/2001/5).

9. At its first session, the Expert Group had identified the following aspects of the computerization process, which were the object of consideration at its second session:

- (a) Objectives of the computerization process;
- (b) Elements for computerization at the international level;
- (c) Repercussions of the computerization process on the existing legal provisions of the TIR Convention and current national administrative procedures;
- (d) Role of the various actors in the TIR procedure in the computerization process (Governments, trade, national associations, IRU, secretariat, Working Party and TIR Administrative Committee);
- (e) Technical aspects accompanying the computerization process (standardization of information as a prerequisite for achieving an effective exchange of electronic messages)
(TRANS/WP.30/2001/5, para. 81).

10. The secretariat informed the Expert Group of a questionnaire, which it had prepared and which had been sent to Customs authorities and selected transport operators of the Contracting Parties. The aim of the questionnaire had been to gather in-depth information on the requirements of computerization of Customs transit procedures at the national level as well as on the technologies used to capture and disseminate them.

11. The secretariat presented the first, preliminary results of this questionnaire, which are contained in Informal document No. 12 (2001). Inter alia it had become clear that a growing number of Customs authorities were using electronic means to capture and process data on the TIR operations in their country. Indeed many countries had indicated that, at a national level, the main Customs procedures (import, export and transit) had already been computerized and that their offices disposed of the electronic tools to exchange information between the various Customs offices and/or with the central databases. A considerable amount of countries had indicated that the necessary legal steps had been taken to ensure that the acceptance of electronically lodged Customs declarations, including the use of the electronic signature, was in accordance with their national legislation.

12. The Expert Group welcomed the preparation of the questionnaire and requested the secretariat to prepare a document containing an in-depth analysis of all received data and providing information on the countries concerned so that the results of the questionnaire would not just give statistical information on the number of countries involved, but would also reflect the geographical coverage.

OBJECTIVES OF THE COMPUTERIZATION PROCESS

Documentation: TRANS/WP.30/190; TRANS/WP.30/2001/5; Informal documents No. 1 (2000), No. 7 (2000) and No. 8 (2000).

13. At its ninety-fifth session, the Working Party had already considered in some detail the objectives to be achieved in the computerization of the TIR procedure as well as the elements to be addressed. The Working Party recognized that the introduction of modern technologies in the TIR procedure was inevitable in the light of:

- (a) today's extremely rapid technological developments, particularly affecting international transport and trade;
- (b) the ever increasing need for improved efficiency of Customs transit procedures; and
- (c) the fight against fraudulent activities which must be conducted with the most appropriate and effective means (TRANS/WP.30/190, paras. 25-30).

14. The Expert Group was of the view that objective (b) should be more precise and that it should not only be restricted to Customs' requirements to improve efficiency, but should also take the needs of trade into consideration. Therefore, the Expert Group amended objective (b) with the following text, to read as follows:

- (b) the ever increasing need to improve the efficiency of:
 - (i) Customs procedures, in particular with regard to speeding up procedures at the offices of departure, en route and at destination with a view to avoiding lengthy and burdensome discharge procedures and
 - (ii) trade practices, in particular with regard to the processing of the required Customs declaration.

The IRU offered to submit a document containing its objectives regarding the need for improved efficiency on the part of trade.

15. The Expert Group requested the secretariat to prepare, together with interested parties a document containing the main objectives of the computerization of the TIR procedure together with the key elements to be addressed.

ELEMENTS FOR COMPUTERIZATION AT THE INTERNATIONAL LEVEL

Documentation: TRANS/WP.30/190; TRANS WP.30/2001/5; Informal document No. 13 (2001).

16. At its ninety-fifth meeting, the Working Party had already expressed the opinion that the computerization of the TIR procedure would have to focus on the possibility of linking national Customs transit procedures via a standard electronic and/or paper-based data file containing all information of the TIR Carnet. The newly to be created electronic data file would need to be compatible with most, if not all, possible technical EDI solutions applied or yet to be applied in the Contracting Parties to the Convention.

17. The Expert Group noted that the link between national Customs procedures and the transfer of data files could be possible via:

- (a) International EDI systems, such as has been done in the New Computerized Transit System (NCTS), providing for international exchange of EDI messages between participating countries or has been conceived by the secretariat in informal document No. 13 (2001), paras. 15-18, whereby participating countries utilize data provided electronically through a server, hosted by a Governmental body such as the TIRExB, to administer, control and discharge the TIR procedure at the national level;
- (b) Computerization of the TIR Carnet by means of supplementing it with a bar code and TIR Carnet holder identification systems or complementing or replacing it by a portable data file (e.g. diskette or the so-called Smart Card) that could be filled-in and carried along by the transport operator as well as filled-in, read and validated by Customs authorities (TRANS/WP.30/190, paras. 27 and 28).

18. The Expert Group reconsidered these two fundamental approaches for computerization of the TIR procedure and agreed that none of these options could be excluded for the time being. Computerization of the TIR procedure should be regarded as an ongoing process, involving various stages of development. In order to determine what should be considered as a first step, further and more detailed studies of all available options would be necessary.

19. At the same time, efforts should be pursued at the national level to prepare the national Customs legislation for the acceptance of electronic data processing and interchange techniques and the electronic signature. A next step would then be to assure that the competent authorities of the Contracting Parties would mutually recognize the use of these authenticated data.

20. Within the framework of the TIR Convention, continued effort should be made to harmonize and standardize the use of electronic data techniques, making use of the experiences achieved in this field by other international bodies, such as the United Nations and the World Customs Organization.

REPERCUSSIONS OF THE COMPUTERIZATION PROCESS ON EXISTING LEGAL PROVISIONS AND ADMINISTRATIVE PROCEDURES

Documentation: TRANS/WP.30/2001/5; Informal document No. 13 (2001).

21. At its first session, the Expert Group had established that the main objective of Phase III of the TIR revision process was to allow for the introduction of modern information, management and control technologies based on automated and secured electronic procedures. However, these procedures should not affect the basic philosophy of the TIR procedure, even if some of the legal and administrative structures would need to be revised (TRANS/WP.30/2001/5, para. 11).

22. The Expert Group discussed the possible extent of the computerization process on the basis of an informal document, which was prepared by the secretariat and which outlined the possible repercussions on the legal provisions of the Convention and its annexes as well as on existing administrative procedures (Informal document No. 12 (2001)).

23. In the document the secretariat described the changes, that would be necessary when either the use of portable electronic data files or an international EDI system would be introduced into the text of the Convention. In both situations the secretariat had considered that, from a legal point of view, the amount of changes to be made could be limited. It would basically be sufficient to amend the Convention with either a definition of the TIR Carnet, that would include the use of portable electronic files or introduce one new article which would allow for the use of new technologies in general including the acceptance of electronic signatures, leaving the existing text of the Convention as it stands. Special provisions, dealing with the legal and technical specifications of the accepted new technologies could be inserted into a separate, newly to be created Annex.

24. The Expert Group considered that, although from a legal point of view possible changes to the text of the Convention might be minor, a more profound study of the subject would be necessary, once the outlines of the strategical and technical steps to be taken to computerize the TIR procedure would have been more clearly defined. Such a study should then not be limited to the legal implications of the introduction of electronic data processing techniques in the TIR Convention itself, but should also address possible repercussions on international private law.

ROLE OF THE VARIOUS ACTORS IN THE TIR PROCEDURE IN THE COMPUTERIZATION PROCESS

Documentation: TRANS/WP.30/2001/5.

25. Modern Customs transit systems, such as the TIR procedure, consist of thousands of operations every day, involving a large number of, often repetitious, actions. Controlling, processing and managing these procedures has become a complicated and complex task, in which many actors play a role, both at the national and international level.

26. The Expert Group agreed that the computerization of the TIR procedure would have consequences for the persons and organizations dealing with the issuance and management of the guarantee system, as well as on Customs authorities, whose task it is to check and process the provided data and ensure the goods' unaltered arrival at the Customs office of destination. In addition, the use of automated risk management would influence the work of Customs authorities and associations at the national level, as well as of the IRU, the insurers and the TIRExB.

27. The Expert Group felt that, at this stage, it was not appropriate to pursue the subject, as it depended on a variety of, as yet unknown, factors. However, it decided to follow the subject carefully, ensuring that the interests of all parties concerned would be taken into consideration in the ongoing discussions on the computerization of the TIR procedure and invited all actors to bring forward their own ideas on the subject at the appropriate moment.

TECHNICAL ASPECTS ACCOMPANYING THE COMPUTERIZATION PROCESS

28. In a computerized environment the electronic exchange of information between the various actors in the TIR procedure (TIR Carnet holder, Customs administrations, national associations, IRU and TIRExB) can only be effective if done by means of standardized messages.

29. The Expert Group took note that various international organizations were already active in the field of standardization of format and content of electronic messages. Inter alia, some time ago UN/EDIFACT had been especially designed to serve as such a tool and the World Customs Organization (WCO) has recently amended the so-called Kyoto Convention with a general annex dealing, inter alia, with the application of information technology. The Expert Group was informed that currently the European Community was conducting a study on the use of electronic messages and was looking forward to receiving more information on the subject, once the study would have been rounded off.

30. The Expert Group requested the secretariat to conduct a new survey, addressed at those Customs authorities which had indicated in the questionnaire that they are currently keying-in certain data from the TIR Carnet into their national databases. It would be interesting for the Expert Group to be informed in greater detail exactly which data were concerned. The results of such a survey could serve as a guideline when drawing up the necessary standardized electronic messages to be used within the TIR system.

FOLLOW-UP ACTIVITIES BY THE EXPERT GROUP, THE TIREXB AND WP.30

31. The Expert Group, taking account of the considerations at its second session, mandated the secretariat to convene meetings of a special group of experts. These expert groups should address the two major problems the Expert Group had encountered so far in the pursuit of its work:

- (a) To study the conceptual and technical aspects of the computerization process of the TIR Convention, including the financial and administrative implications of its introduction, both at the national and at the international level, and prepare a draft set of electronic messages to allow for an interchange of electronic data, nationally, between Contracting Parties and with the international organizations;
- (b) To study in detail the impact of the various approaches that had been identified by the Expert Group on the existing legal text of the TIR Convention as well as the repercussions it could have on international private law, national administrative procedures and to draft a description of the role the various actors (in particular: national associations, international organization, insurers and TIRExB) could play in the TIR Convention, once the paper based system would be complemented and/or replaced by a system functioning on the basis of the electronic interchange of information.

32. These expert groups should report to the Working Party. Once the results of their work had been considered in the Working Party, a meeting of the TIR Contact Group could be convened, with the aim of considering the envisaged strategies for computerization of the TIR procedure among all parties concerned.

33. The Expert Group requested the secretariat to finalize the report of its second session, taking account of comments received from participants following the session.
