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Customs Convention on the International Transport

of Goods under Cover of TIR Carnets (TIR Convention, 1975):

Revision of the Convention–

Amendment proposals to the Convention

IRU Project on the Potential Reintroduction of TIR for Alcohol

Transmitted by the International Road Transport Union

I. Background

The potential reintroduction of TIR for alcohol was supported by IRU Members as one of the initiatives to improve the competitiveness of the TIR System. The IRU Secretariat initiated analysis of this possibility, as well as developed some related proposals which in principle gained the support of IRU Customs Affairs Commission Members at its meeting on 12-13 May 2016 in Geneva.

Preliminary results of this initial analysis conducted by the IRU Secretariat have shown that the tobacco sector is very specific in terms of the existing rules and regulations, as well as being associated with a high level of risk; the range of guarantee levels required for the transport of tobacco are significantly higher than those for alcohol. It was therefore decided to first concentrate on the potential reintroduction of TIR for alcohol and then proceed to the possibility of introducing TIR for tobacco at a later stage.

This document presents a summary of the outcomes of the analysis regarding the potential reintroduction of TIR for the transport of alcohol (including past use of TIR for the transport of alcohol and alternative mechanisms in place for the transport of alcohol currently in use).

II. Results of the analysis

A. TIR for the transport of alcohol and tobacco – a brief historical overview

This section presents a timeline and gives brief details regarding past use of TIR for the transport of tobacco and alcohol products.

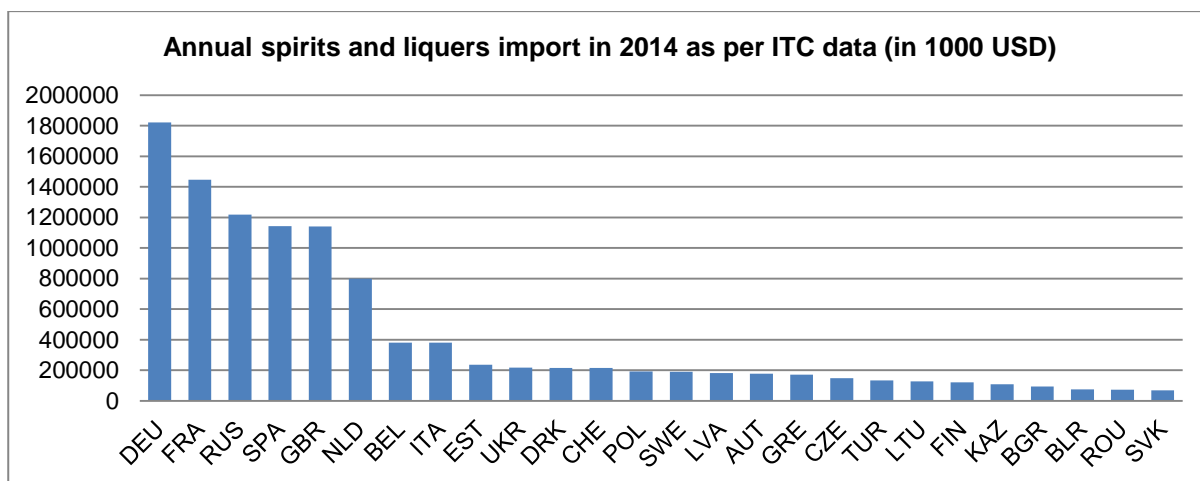
- **1968** – introduction of the special Tobacco TIR Carnet (with a guarantee level of 50,000 USD);
- **July 1993** – invalidation of the previous Tobacco TIR Carnets;
- **September 1993** – introduction of new Tobacco/Alcohol TIR Carnets with a guarantee level of 200,000 USD. The IRU price of TIR Tobacco/Alcohol was set at 60 CHF; and
- **November 1994** – suspension of TIR guarantee for Tobacco/Alcohol TIR Carnet further to the growing number of claims.

In 1994, alcohol and tobacco cases made up 17% of the total number of claims (1,019 out of over 6,000). Among those 1,019 cases, 94% were related to the transport of tobacco and 6% (or **62 cases**) were related to the **transport of alcohol**.

Today, the transport of tobacco (HS Codes 24.02.10, 24.02.20, 24.03.11, 24.03.19) and alcohol (HS 22.07.10, 22.08) is not covered by the TIR guarantee. However, the security of the TIR System overall has significantly evolved over the past 20 years, particularly thanks to the implementation of the advanced risk management tools. According to internal IRU analysis, the TIR claims rate ratio decreased more than 15 fold between 1995 and 2015.

B. Existing practices in transport of alcohol in various countries

The alcohol sector is very important for a number of TIR operational countries. In the EU, for example, spirits are the most valuable agro-food export product. Substantial amounts of spirits are currently moved between TIR operational countries by road transport. Below are some statistics on the import of alcohol by various TIR operational countries.



Various instruments are currently used to guarantee Customs payments and duties for the transport of alcohol that include:

- **Individual guarantees** used for one transport operation purchased at Customs brokers. T1 in the EU, Arsenal provide the guarantee in Russia, and Beltamozhservice provide the guarantee in Belarus;
- **Comprehensive** guarantees that cover several transport operations (in the EU with a potential guarantee reduction of waiver for AEOs or trusted economic operators);
- In some countries such as Belarus, alcohol is often transported by **carriers with the status of “Customs transporters”** - trusted operators who have a guarantee deposit with Customs of 200,000 EUR;
- **Bank deposits**; and
- **Escort of the vehicles** from the border to the place of delivery can be used as one instrument to guarantee the delivery of the goods.

Furthermore, some specific regulations apply to the transport of alcohol in certain countries. In the EU, many companies only allow the transport of alcohol in vehicles equipped in accordance with TAPA standards. Special rules apply to the use of excise stamps which vary from country to country, and the handling of excise stamps in most cases falls under the responsibility of consignors.

III. General views regarding TIR for alcohol in 2016

Below are the summarised general views of the IRU on the potential reintroduction of the TIR guarantee for alcohol:

- Enable the transport of alcohol (HS Codes 22.08-spirits and HS 220710 - Unsaturated spirits) **using specific tobacco/alcohol TIR Carnets** - as per Annexe 1 of the TIR Convention – Model of TIR Carnet, Version 2. The limitations of using the TIR tobacco/alcohol Carnet for alcohol only is to be included in contractual and pilot documentation;
- Use a separate insurance arrangement to ensure that there is no impact to the risk profile of ordinary TIR Carnets;
- Reintroduction of the TIR guarantee for tobacco will be assessed at a later stage, after the successful results of the pilot transport of alcohol;
- The TIR Carnet for alcohol will provide a higher level of guarantee and will be offered to transport companies at a higher price;
- TIR for alcohol will initially be launched in a number of interested pilot countries only. Results of the pilot transport of alcohol under TIR will be regularly reported to the UNECE and members to ensure transparency. It is expected, that the number of pilot countries could gradually increase;
- Special admission criteria will be applied to transport companies willing to use TIR Carnets for the transport of alcohol, as well as some specific rules will apply to drivers involved in the transport of alcohol under TIR; and
- Additional IT risk management tool components will be used to ensure enhanced security while transporting alcohol under TIR.

IV. Provisional risk management tools

In order to ensure the enhanced security level in relation to the use of TIR for alcohol, a draft overview of risk prevention and management tools was prepared by the IRU and is

outlined below for further discussion with members and potential pilot countries' Customs authorities. It is suggested that the rules and criteria are included in the contractual pilot documentation.

A. Pilot country criteria to qualify for participation in the pilot project

Any country interested in participating in the pilot project – reintroduction of TIR for alcohol - would need to comply with the following criteria:

- RTS fully implemented;
- TIR-EPD fully implemented;
- Active TIR user with clean claims record;
- Party to an important alcohol trade corridor and well-known supply chain (based on import/export flow data flow) to create demand; and
- No restrictions on the transport of alcohol under TIR in national legislation.

B. The use of a simplified procedure (TIR authorised consignor and consignee)

Given the increased level of risk associated with the transport of alcohol, it would not be permitted to start or terminate a TIR operation at a TIR authorised consignor/consignee premises (in the countries where such a facility is available) in a simplified manner, at least not in the initial pilot stage.

C. Potential instruction from Customs regarding the vehicles' itineraries

This measure from Customs authorities could enhance the security for the transport of alcohol under TIR.

D. Risk management to be performed by the association

Given the additional risk management measures that would apply to the use of TIR for alcohol, it would be suggested that associations perform additional activities related to risk management, namely:

- Conduct a specific admission procedure for companies allowed to use TIR for alcohol, in accordance with the criteria set (as included in *section e.* below);
- Ensure training regarding the use of both a GPS tracking function and TIR-EPD for all companies involved in the transport of alcohol; and
- Keep returned TIR for alcohol Carnets separately at the association premises, and separate them in packages when returning them to the IRU.

E. Potential special admission criteria and functions to be performed by transport companies

Those companies willing to use TIR for alcohol would have to go through an additional admission process that would be performed by the association. The scope of suggested additional admission criteria are presented below:

- At least 5 years experience working in the TIR System;
- No TIR claims for the last 2 years;
- Company is highly recommended (required) to use TIR-EPD for every alcohol transport using TIR for alcohol;
- Additional admission guarantees to be submitted to the association (for example twice the existing admission guarantee);
- Consent to use TIR for alcohol only on the territory of the countries included in the pilot (in the case that pilot countries form part of broader Customs unions);
- Ensure that only drivers who have been trained and instructed accordingly are involved in the transport of alcohol; and
- Ensure that all documents verifying the experience and required qualifications of the driver are provided to the association (as indicated in *section f.* below).

F. Potential special criteria to be applied to drivers

- At least 5 years experience working in international transport with a clean professional history and at least 2 years experience working with TIR;
- Has installed the TRANSPark application and is trained to use the GPS tracking function;
- The driver is highly recommended (required) to activate GPS (refer to *section g.* for further information) every time the transport operation, involving the transport of alcohol under TIR for alcohol, begins; and
- Formally obliged to follow the prescribed/agreed itinerary. In the case that the driver crosses the border of the country where the pilot is taking place into a country NOT participating in the pilot, financial penalties can occur (in the case where one of the pilot countries form part of a broader Customs union).

G. Additional IT risk management tools components suggested by the IRU

In order to enhance security of transport of alcohol under TIR, the IRU suggests introducing additional components to IT risk management tools as described below:

- Introduce additional control elements in the AskTIRWeb application (if used by the associations) to ensure proper management of TIR for alcohol Carnets as prescribed in the specific rules;
- Add additional control mechanisms to the TIR-EPD application; and
- Enable the use of GPS tracking through the TRANSPark application that would enable companies to track the movement of the vehicle via the TIR-EPD application.
