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Working Party on Customs Questions affecting Transport

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Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention, 1975): Revision of the Convention:
- Preparation of Phase III of the TIR revision process

Direct submission of declarations to all countries along the itinerary of a TIR transport

Note by the secretariat

I. Introduction

1. At its twenty-third session, the Informal Ad hoc Expert Group on Conceptual and Technical Aspects of Computerization of the TIR Procedure (further referred to as "the Expert Group") took note of Informal document GE.1 No. 9 (2013), containing a revised comparison between the data contained in message E9 and national data requirements for the TIR procedure. After having compared the mapping undertaken by Austria, Belgium, Hungary and Poland, the Expert Group requested the secretariat to seek further clarifications from these countries about certain differences and stressed the possible need, at a later stage, to organize workshops aimed at ensuring uniform mappings across all countries implementing eTIR. The Expert Group also noted that eTIR focal points had intentionally not included data elements required for safety and security purposes in their replies. The Expert Group recalled that all data elements identified in the WCO SAFE as required for safety and security in the framework of transit had already been included in the eTIR messages. Nevertheless, the Expert Group took note that, while implementing TIR-EPD, the IRU had had to adapt its system to allow TIR Carnet holders to provide data elements that go beyond the safety and security data of WCO SAFE. The Expert Group questioned whether it would still be possible to completely harmonize the data requirements for eTIR, including those related to safety and security, knowing that so many countries already have a fully functional IT system in place with safety and security data defined nationally. The Expert Group decided to ask WP.30 if it should pursue its efforts to

fully harmonize the eTIR data requirements or whether it has now become unavoidable to accept that transport companies would be required to electronically send safety and security related data directly to (all) customs administrations (involved in a TIR transport), despite the complications of the electronic submission of electronic information in foreign countries as previously mentioned by the Expert Group (ECE/TRANS/WP.30/2014/4, para. 10).

2. Furthermore, while revising version 4.0a of the eTIR Reference Model, the Expert Group reconsidered if it was necessary to keep UN/EDIFACT message descriptions for a newly devised system such as eTIR, in particular considering that it could ultimately further complicate the process envisaged to ensure the integrity of the data submitted, i.e. the use of hash codes. Taking into account that some countries will use legacy systems based on UN/EDIFACT to allow for the submission of eTIR data (such as, but not necessarily limited to, Belgium) the Expert Group decided to keep UN/EDIFACT as a possible option for communicating TIR data to customs administrations. As a consequence and while taking into account the outcome of its earlier discussions, the Expert Group decided to consider if the direct submission of TIR data by the transport operator to customs administrations could replace the hash code mechanism to ensure the integrity of the data. The Expert Group acknowledged that, today, this is a current practice in all countries requiring the submission of electronic advance cargo information, either using nationally provided declaration mechanisms or the TIR-EPD system of the IRU. The Expert Group requested the secretariat to present an informal document on this issue to WP.30 at its February 2014 session and ask WP.30 whether the eTIR project should abandon the objective to request the submission of electronic information only in countries with customs offices of departure. It also requested the secretariat to analyse the consequences of such a change on the eTIR Reference Model as a whole, including on the fall-back scenarios (ECE/TRANS/WP.30/2014/4, para. 12).

3. In line with the request by the Expert Group, the secretariat prepared this informal document to present to the Working Party the issues at stake, possible solutions as well as the implications on trade and transport facilitation in general and on the eTIR Reference Model and the work of the Expert Group in particular.

II. Detailed description of the issues

1. Diverging data requirement

4. In the course of the elaboration of the eTIR Reference Model and the eTIR messages in particular, while trying to stick to the principles contained in the TIR Convention, special attention was given to include modern needs of both customs and transport. Among those, since 11 September 2001, safety and security have become priority issues in most countries and have led customs administrations to require additional data from the private sector, including for transit. With this in mind and being aware of the existence of the WCO SAFE Framework of Standards, which was devised, among other things, to standardize such

requirements, the data elements listed in the SAFE transit model were added to the eTIR messages in 2008.[1]

5. In their process of computerizing customs procedures, several countries are not only requesting the electronic submission of TIR data by transport companies, but also safety and security data elements that are currently not in the TIR Carnet. Often, those requirements do not match with those listed in the WCO SAFE and, thus, differ from one country to the next. Some might argue that such requirement is not related to TIR as such and, in principle, does not differ from the existing practice to require the presentation of documents, such as the CMR or the invoice.

6. It is important to recall that the eTIR principles on which the Expert Group is working are those described in its mandate and, in more details, in Chapter II of the eTIR Reference Model which the Working Party endorsed at its 117th session (ECE/TRANS/WP.30/234, para. 22) and the Administrative Committee of the TIR Convention at its forty-fourth session (ECE/TRANS/WP.30/AC.2/91, para. 19). Furthermore, at its 121st session, the Working Party confirmed the principle under which declarations should be processed in eTIR by requesting the inclusion of document ECE/TRANS/WP.30/2008/8/Rev.2 as an Annex to the eTIR Reference Model (ECE/TRANS/WP.30/242, para 27). The eTIR declaration mechanism description is now contained in Annex VI.

7. On that basis, the Expert Group has continuously been seeking to align the data requirements for eTIR so that the declaration submitted in the country of departure could be forwarded to all countries en route without further actions by the transport operator, i.e. without a need to directly submit declarations to all countries involved in a TIR transport. While considering the results of a short survey among eTIR focal points (Informal document GE.1 No.9 (2013)) together with information gathered by the IRU while implementing their TIR-EPD, the Expert Group found out that today's national data requirements for a TIR transit already differ from country to country. Taking into account that those data requirement have already been used to design and develop national customs systems, it questioned whether it was still realistic to try to harmonize data requirements for TIR operations for all TIR countries and if a single declaration in the country of departure was still a realistic solution.

8. Would the eTIR messages only contain a part of the data required to allow customs to undertake their risk assessment, the situation might arise where transport companies would send a single eTIR advance cargo information to the country of departure but would then have to send, additionally, advance information to all the other countries along the itinerary for safety and security (or other) purposes. The provision of such electronically authenticated information, in particular in countries other than the country of residence of

[1] Among the various focus groups organised in the framework of the WCO Data Model Project Team (DMPT), the body in charge of developing and maintaining the WCO data model, one focus group deals with advance electronic information with the aim to possibly include in the WCO data model a part (a so-called "information package") that would standardise the data requirements for safety and security. This focus started to gather the data requirements of the numerous security initiatives launched by governments around the world. So far it analysed the major security initiatives in Canada, European Union, Israel, Japan, Namibia, Nigeria, South Korea and the United States of America. If the DMPT would succeed in developing an information package that would include safety and security data requirements of the major economies, it could quickly be reused in the eTIR project. In the same way that the SAFE transit data elements were added as optional elements to the eTIR declaration, the new information package would certainly extent the number of such data elements and possibly provide a basis on which TIR Contracting Parties could develop a set of safety and security data elements required for TIR purposes.

the transport company, would bring the same difficulties as those that led to the decision to integrate international declaration mechanisms in the eTIR system.

2. Ensuring the integrity of the declaration data

9. The eTIR declaration mechanism description also explains how the integrity of the declaration can be ensured. By mean of a mathematical function, known as a "hash" function, both the holder and customs are able to calculate a "hash" code on the basis of the complete declaration or key parts of it. The integrity of the declaration information is ensured if the calculated codes are identical.

10. The easiest way to implement such mechanism would be to "hash" the whole content of the declaration. Alternatively, the "hash" code could be calculated on the concatenation[2] of some or all data elements contained in the declaration, i.e. without the technical elements that are specific to the message format (e.g. the tags in XML messages), thus allowing to calculate the same hash code regardless of whether messages are UN/EDIFACT or XML.

11. Considering that a number of legacy systems might be used to implement the national systems managing eTIR operations, the Expert Group decided that both UN/EDIFACT and XML messages would be considered as standards, even though all data exchanges between the various systems and the eTIR international system would be carried out only in XML. This implies that only the second method to ensure integrity can be used.

III. Possible solution

12. If holders are requested to send electronically additional safety and security data directly to each and every country along the itinerary (this is already the case in numerous countries today), sending the complete declaration, complemented by the safety and security data elements, would not pose a further complication. In addition, it would remove the requirement of ensuring the integrity of the data forwarded by the country of departure through the eTIR international system, as the declaration would also be directly sent by the holder. Furthermore, this would slightly simplify the legal framework that would allow eTIR to function. Indeed, apart from solving possible data protection issues that would allow customs to exchange data with other customs, such a solution would make the requirement to describe the indirect declaration mechanisms in the TIR Convention obsolete.

13. The data sent by the holder would be compared by customs risk assessment tools with those sent by the country where the TIR transport began and where the content of the vehicle was checked. Discrepancies would then lead to inspections.

IV Consequences for trade and transport facilitation

14. If this new way to submit declarations to each and every country along the itinerary of a TIR transport might seem convenient from the customs' perspective, one needs to also recall that, compared to the system described in the eTIR Reference Model, such a solution provides much less facilitation to the transport industry. Transport companies would have to ensure that they are in a position to send authenticated electronic messages to all the

[2] Arrangement of string of characters into a chained list

countries they will transit, using diverging authentication methods and different message contents.

15. Alternatively, transport companies could use the IRU's TIR-EPD system, which allows them, already today, to send their advance cargo information to all customs along the itinerary. This service is currently included in the price of a TIR Carnet. In a fully computerized environment, this will most likely translate into a free service for companies that have purchased an IRU electronic guarantee. It nevertheless seems unlikely that IRU would provide this service for TIR transports covered by guarantees that would be issued by other guarantee chains. Furthermore, the development of a system such as TIR-EPD, by other potential guarantee chains would then almost become a de-facto prerequisite for providing TIR guarantees. Considering that the development of such a system would require significant investments, this might prevent potential guarantors from considering the issuance of TIR guarantees.

V. Consequences for the eTIR Reference Model and the work of the Expert Group

16. On the basis of the mandate provided by the Working Party, the Expert Group is about to finalize its work and present a final version of the eTIR Reference Model. The eTIR Reference Model describes an eTIR system that follows a number of key principles, among which the fact that transport companies only need to send their declarations to customs offices of departure. If the Working Party would decide to change this principle, and introduce the need for transport companies to send their declarations to each and every country along the itinerary of a TIR transport, the eTIR Reference Model would need to undergo a number of significant revisions that would entail further activities of the Expert Group.

VI. Further considerations by the Working Party

17. The Working Party may wish to consider and discuss the pros and cons of the alternative concept for the submission of declarations and instruct the Expert Group how it should proceed with this issue. Furthermore, it may wish to instruct the Expert Group whether it should pursue its efforts to try to incorporate data elements related to safety and security of a transit procedure into eTIR declarations (or wait for the outcome of the on-going work on advance electronic information at WCO which is not realistically expected before the end of 2014). Finally, the Working Party might wish to bear in mind that any changes to the eTIR Reference Model require further activities of the Expert Group, thus requiring a prolongation of its mandate.