

Distr.: General  
3 October 2016  
English  
Original: English, French and  
Russian

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## **Economic Commission for Europe**

### **Inland Transport Committee**

#### **Working Party on Customs Questions affecting Transport**

##### **144th session**

Geneva, 11–14 October 2016

Item 3 (b) (i) of the provisional agenda

##### **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 and general IRU vision**

Potential reintroduction of the TIR guarantee for transport of alcohol was supported by IRU Members as one of the initiatives to improve the competitiveness of the TIR System as it is demanded by the transport industry representatives. The transport of alcohol and tobacco (HS Codes 24.02.10, 24.02.20, 24.03.11, 24.03.19) and alcohol (HS 22.07.10, 22.08) has not been covered by the TIR guarantee since 1994; however, the overall security of the TIR System has significantly evolved over the past 20 years, particularly thanks to the implementation of advanced risk management tools. According to internal IRU analysis, the TIR claims rate ratio decreased more than 15 fold between 1995 and 2015. Initial considerations related to the reintroduction of Tobacco/Alcohol TIR Carnet for transport of alcohol were shared by IRU with the Working Party in the Informal document WP.30 No. 9 (2016), as well as briefly discussed at the last WP.30 session that took place on 31 May 2016. As a consensus was not reached during the discussion and as per the request of the Working Party, IRU has prepared the present document with further suggestions.

First of all, in order to contribute to the optimal assessment of the necessary adjustments to Explanatory Note to Art. 0.8.3, IRU suggests conducting a limited number of monitored pilot

transport operations involving the transport of only alcohol<sup>1</sup> (HS. 22.08 and 22.07.10) using Tobacco/Alcohol TIR Carnets under the conditions included in the TIR Convention (USD 200,000 guarantee per Tobacco/Alcohol TIR Carnet). Availability of a USD 200,000 guarantee per T/A TIR Carnet was confirmed by the insurers to IRU, and according to industry information and feedback of certain Customs Administrations, corresponds to an important share of the transport operations of alcohol type of goods between TIR operational countries requiring TIR facilitation. Assessment of the results of the pilots will allow to see the practical implications of transport of alcohol, which has been outside of TIR guarantee coverage for over 20 years, especially taking into account that the pilots will take place with the use of the enhanced TIR IT risk management tools (TIR-EPD, RTS, GPS tracking via TRANSPark application). Furthermore, a more constructive basis would be provided for assessment of the necessity to adjust the guarantee levels provided by TIR A/T Carnet.

Moreover, IRU humbly considers that to further strengthen the basis of a constructive discussion on the necessary adjustments to Explanatory Note to Art. 0.8.3 of the TIR Convention and the analysis of the required guarantee level, a survey among WP.30 Members on the average levels of guarantee used for transport of alcohol (HS 22.08 and 22.07.10) would be of particular benefit.

Section II of the document describes IRU's suggested framework for TIR for Alcohol pilot project, while Section III contains an overview of the outcomes of the IRU analysis related to guarantee levels and practicalities related to the transport of alcohol (HS. 22.08 and 22.07.10).

## II. Suggested Pilot Framework

The Section below presents the IRU suggested pilot framework for the conducting of the pilots, as previously discussed with the Members of Customs Affairs Experts group.

### A. Suggested timelines

**Estimated start of the pilot project:** ~ beginning of 2017.

**Suggested duration of the pilot project:** 100 pilot transport operations of alcohol are completed within 1 year.

### B. Participants of the pilot and relevant documentation

**Countries participating in the pilot project:** Any interested Contracting Parties with TIR-EPD and RTS implemented, having a border with another TIR operational country, where TIR can be used as a transit and guarantee mechanism. Negotiations between the pilot countries are to be facilitated by IRU.

**Documentation, regulating the pilot project:** Memorandum of Understanding (MoU) between the National Guaranteeing Association, Customs Administration and IRU will include the general framework of the pilot and will describe the responsibilities of the parties involved. Furthermore, addenda to the Guarantee Agreements will be introduced and signed

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<sup>1</sup> As previously reported in the Informal Document WP.30 No. 9 (2016), results of the 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 specific transport practices also 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 (~ USD 2-4 million). 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.

by the Customs Authorities and Associations participating in the pilot project. Additionally, Associations will be asked to sign an addendum to the Deed of Engagement while transport companies willing to participate in the pilot project will be required to sign an addendum to the Declaration of Engagement, containing additional obligations and rules related to participation in the pilot transport of alcohol.

**Role of the Guaranteeing Associations in the pilot project:** Conduct an additional selection process of those transport companies willing to participate in the pilot; participate in the monitoring of pilot transport operations; and facilitate communication between IRU and the National Customs Authorities if necessary.

**Role of the Customs Administration in the pilot project:** Determine the customs offices that will be open for the pilot project; possibly participate in admission process of transport companies participating in the pilot; determine route to be followed by the vehicles participating in the pilot transport; and use TIR-EPD data for risk management purpose.

**Role of IRU in the pilot project:** Develop all the necessary pilot documentation; organise guarantee chain and settle all the necessary insurance matters; issue specific TIR Carnets; provide all the necessary IT tools and support to enhance the security of the transport; monitor the pilot transport operations; report on the outcomes of the pilots when the pilots are finalised to IRU Members and the Contracting Parties; and analyse possible developments of the project after the pilot phase.

**Role of the transport companies participating in the pilot project:** Follow all the specific rules included in pilot documentation; ensure secure delivery of the goods.

### C. Type of goods allowed to be transported in the pilot project and TIR Carnet type to be used

**Type of goods allowed to be transported:** Alcohol products only falling under HS Codes 22.08 – Spirits and HS 22.07.10 – Ethyl spirits and spirits over 80%. Tobacco transport is not allowed in the pilot project.

**Type of TIR Carnet to be used:** 6 volet Tobacco/Alcohol TIR Carnets – as per Annexe 1 of the TIR Convention – Model of TIR Carnet, Version 2. The stamp “TIR for Alcohol pilot project” will be placed on the cover and every page of the TIR Carnet. New layout of the TIR Carnet to be used (same as for the ordinary TIR Carnets). HS codes related to tobacco on the "List of goods that must be transported under TIR for A/T Carnet" page of the TIR Carnet to be crossed out when printed (see the sample in Annexe I).

### D. Insurance and guarantee matters

**Insurance arrangement to be used for the pilot project:** A separate insurance arrangement of CHF 2.5 million for 100 pilots will be used.

**Guarantee level provided by alcohol TIR Carnet within the framework of the pilot project:** USD 200,000 (as included in the TIR Convention) was confirmed by the insurers. Insurance premium specially offered by the insurers to support the pilot project is CHF 100.

Deposit guarantee will be obligatory for all the transport companies participating in the pilot project.

## E. Risk Management

IT tools to be used: The TIR-EPD application obligatory is to be used for every transport operation taking place within the framework of the pilot project. In addition, a GPS tracking function is to be activated via the TRANSPark application that will enable the monitoring of the vehicle's movement via the TIR-EPD application. Additional control functions will be introduced to TIR-EPD and AskTIRWeb applications to further enhance the security of alcohol transport using TIR-EPD.

Limited number of Customs Offices: A limited number of customs offices duly informed about the pilot project rules will participate in the pilot project and will accordingly be open for start and termination of TIR for Alcohol pilot operations.

Itinerary to be followed by the vehicle participating in the pilot transport will be determined by the Customs of departure and Customs of entry participating in the pilot project.

Suggested additional admission criteria and functions to be performed by transport companies:

- At least 5 years experience working with the TIR System (preferable with experience in the transport of alcohol). Possible participation of companies that have extensive experience and good standing in the transport of alcohol and known to the local market who are willing to become TIR Carnet Holders (standard admission process to be followed + additional pilot specific admission criteria to be applied).
- No TIR claims for the last 2 years and no customs claims for at least 2 years.
- Company is highly recommended (required) to use TIR-EPD for every alcohol transport using TIR for Alcohol.
- Additional deposit guarantee to be submitted to the association (for example, x2 the existing admission guarantee).
- Consent to use TIR for Alcohol only in 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.
- Ensure that all documents proving the experience and required qualifications of the driver are provided to the association (as indicated below).

Suggested criteria to be applied to drivers:

- At least 5 years experience working with international transport with a clean professional history and at least 2 years experience working with TIR or at least 2 years experience in alcohol transport industry.
- Has installed the TRANSPark application and is trained to use the GPS tracking function.
- The driver is highly recommended (required) to activate GPS every time the transport operation involving the transport of alcohol under TIR for Alcohol commences.
- Consent to always follow the itinerary prescribed by the Customs Authorities. In case 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 that one of the pilot countries form part of a broader Customs union).

### III. Practices in transport of alcohol and guarantee level information

#### A. Transport of alcohol on a truck

As per the information received from industry experts, on average, capacity of one truck, usually used as TIR transport is 15-20 tonnes; therefore, it can be estimated, that one truck on average fits up to 10,000 one-litre alcohol bottles (assuming that the weight of a bottle itself is 1 kg + weight of the alcohol ~1 kg).


Aggregate value of the products transported on a truck depends on the type of alcohol beverages transported and the respective price- similarly to other types of goods transported using TIR Carnet. The prices per bottle may vary from very economic types of less than 10 EUR per bottle and to up to several thousands. IRU conducted research on the average prices of types of alcohol in most TIR operational countries and prepared some required guarantee level projections, taking into account the value of goods transported, customs duties, VAT and excise tax rates in several TIR operational countries. In addition, to projections made by IRU, feedback of industry representatives was collected on real guarantee levels required for the concrete transport operations of alcohol (HS. 22.08 and 22.07.10). Summary of the results are of the projections and the information reported presented in the table below.

Country	Type of goods	Level of guarantee required (EUR)	Comments
Import to BLR	Vodka	23,000	
Import to BLR	Vodka	190,000	
Import to POL from BLR	Vodka	180,000	
Import to CZE	Alcohol	80,000	
Import to LVA	Alcohol	44,080	
Import to GER via POL	Vodka produced in RF	40,000	
Import to RUS from the EU	Vodka	>86,000	
Import to RUS	Whiskey	43,040	
Import to CHE	Alcohol 40° vol.	168,000	
Import to TUR	Spirits	350,000	
Import to MDA from UKR	Vodka	95,000	
Import to LTU	Any type of alcohol	Any	Escort is mostly used

			for transport of alcohol
Import to GEO	Vodka	Any	Escort is mostly used for transport of alcohol

# Annexe I

Specimen of the Tobacco/Alcohol TIR Carnet to be used for pilot project



**IRU**  
International Road Transport Union



## CARNET TIR \*

### 6 volets

1. Valable pour prise en charge par le bureau de douane de départ jusqu'au \_\_\_\_\_ (valeur)  
Valid for the acceptance of goods by the Customs office of departure up to and including \_\_\_\_\_


2. Délivré par \_\_\_\_\_  
Issued by \_\_\_\_\_  
(nom de l'association titulaire / name of issuing association)

3. Titulaire \_\_\_\_\_  
Holder \_\_\_\_\_  
(numéro d'identification, nom, adresse, pays / identification number, name, address, country)

4. Signature du dépositaire de l'association  
et cachet de cette association:  
Signature of authorized official of the  
issuing association and stamp of that  
association:

5. Signature du secrétaire  
de l'organisation internationale:  
Signature of the secretary of the international  
organization:

TIR FOR ALCOHOL  
PILOT PROJECT



(à remplir avant l'utilisation par le titulaire du carnet / To be completed before use by the holder of the carnet)

6. Pays de départ  
Country/Country of departure (?) \_\_\_\_\_

7. Pays de destination  
Country/Country of destination (?) \_\_\_\_\_

8. No(s) d'immatriculation du (des) véhicule(s) routier(s) (?)  
Registration No(s) of road vehicle(s) (?) \_\_\_\_\_

9. Certificat(s) d'approbation du (des) véhicule(s) routier(s) (No et date) (?)  
Certificate(s) of approval of road vehicle(s) (No. and date) (?) \_\_\_\_\_

10. No(s) d'identification du (des) conteneur(s) (?)  
Identification No(s) of container(s) (?) \_\_\_\_\_

11. Observations diverses \_\_\_\_\_  
Remarks \_\_\_\_\_

12. Signature du titulaire du carnet  
Signature of the carnet holder:

(?) Réviser la mention (nulle),  
Reviser sur whichever does not apply.

TIRAC  
ALCOHOL  
TOBACCO  
ALCOHOL

\*Selon l'article 1 de la Convention TIR, 1975, qui sera sous les auspices de la Commission économique des Nations Unies pour l'Europe.  
\*In accordance with Article 1 of the TIR Convention, 1975, prepared under the auspices of the United Nations Economic Commission for Europe.

**Liste des marchandises devant être impérativement transportées sous le couvert de ce carnet TIR tabac/alcool**

- (1) Alcool éthylique non dénaturé d'un titre alcoométrique volumique de 80% vol ou plus (code SH: 22.07.10)
- (2) Alcool éthylique non dénaturé d'un titre alcoométrique volumique de moins de 80%; eaux-de-vie, liqueurs et autres boissons spiritueuses; préparations alcooliques composées des types utilisés pour la fabrication des boissons (code SH: 22.08)
- ~~(3) Cigares (y compris ceux à bout coupé) et cigarettos, contenant du tabac (code SH: 24.02.10)~~
- ~~(4) Cigarettes contenant du tabac (code SH: 24.02.20)~~
- ~~(5) Tabac à fumer, même contenant des succédanés de tabac en toute proportion (code SH: 24.03.10)~~

**TIR FOR ALCOHOL  
PILOT PROJECT**

**List of goods which must be transported under cover of this tobacco/alcohol TIR carnet**

- (1) Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher (HS code: 22.07.10)
- (2) Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages; compound alcoholic preparations of a kind used for the manufacture of beverages (HS code: 22.08)
- ~~(3) Cigars, cheroots and cigarillos, containing tobacco (HS code: 24.02.10)~~
- ~~(4) Cigarettes containing tobacco (HS code: 24.02.20)~~
- ~~(5) Smoking tobacco, whether or not containing tobacco substitutes in any proportion (HS code: 24.03.10)~~

**ТАБАК  
АЛКОГОЛЬ**

**Перечень грузов, которые должны перевозиться с применением настоящей книжки МДП "Табачные изделия/Алкогольные напитки"**

- 1) Неденатурированный этиловый спирт, содержащий по объему не менее 80% чистого спирта (код СС: 22.07.10)
- 2) Неденатурированный этиловый спирт, содержащий по объему менее 80% чистого спирта; спирты, ликеры и другие спиртные напитки; соединения на спиртовой основе, используемые для изготовления напитков (код СС: 22.08)
- ~~3) Сигары, манильские сигары и сигары типа «сигарилло», содержащие табак (код СС: 24.02.10)~~
- ~~4) Сигареты, содержащие табак (код СС: 24.02.20)~~
- ~~5) Курительный табак, содержащий заменители табака в любой пропорции или не содержащий их (код СС: 24.03.10)~~