



**Economic and Social
Council**

Distr.
GENERAL

ECE/TRANS/WP.30/2010/1
14 January 2010

ENGLISH ONLY

ECONOMIC COMMISSION FOR EUROPE

INLAND TRANSPORT COMMITTEE

Working Party on Customs Questions affecting Transport

One-hundred-and-twenty-fourth session
Geneva, 2-5 February 2010
Item 4 of the provisional agenda

**ACTIVITIES OF OTHER ORGANIZATIONS AND COUNTRIES OF INTEREST
TO THE WORKING PARTY**

Implications of the World Customs Organization Framework of Standards
to Secure and Facilitate Global Trade for the TIR Convention

Note by the secretariat¹

I. MANDATE

1. At its 123rd session, the Working Party mandated the secretariat to study the implications of the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade (SAFE) for the United Nations Economic Commission for Europe (UNECE) legal instruments in the area of border crossing facilitation (ECE/TRANS/WP.30/246, para. 10), in particular the TIR Convention, 1975. The present document has been prepared in line with the above request and with the aim to analyse the key provisions of the TIR Convention vis-à-vis the relevant recommendations of the SAFE Framework of standards and to consider the possible incorporation of the latter into the TIR Convention.

¹ The present document has been submitted after the official document deadline due to resource constraints.
GE.10-

II. THE WORLD CUSTOMS ORGANIZATION FRAMEWORK OF STANDARDS TO SECURE AND FACILITATE GLOBAL TRADE IN A NUTSHELL

2. In the light of increasing threats of global terrorism, the issue of security of global trade has attracted considerable attention of the international community. It is often pointed out that Customs should play a vital role to secure and facilitate global trade, because of its unique authority and expertise to inspect cargo shipped in, through and out of a country. In response, the World Customs Organization, as the sole global organization in charge of Customs matters, has developed the Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework). The SAFE Framework was adopted in June 2005. Since then, around 160 WCO Members countries have expressed their intention to implement the Framework.

A. Aims

3. The SAFE Framework aims to:

- (a) Establish standards that provide supply chain security and facilitation at a global level;
- (b) Promote certainty and predictability;
- (c) Enable integrated supply chain management for all modes of transport;
- (d) Enhance the role, functions and capabilities of Customs to meet the challenges and opportunities of the 21st Century;
- (e) Strengthen cooperation between Customs administrations to improve their capability to detect high-risk consignments;
- (f) Strengthen Customs/Business cooperation;
- (g) Promote the seamless movement of goods through secure international trade supply chains.

B. Core elements

4. The SAFE Framework consists of four core elements:

- (a) Advance electronic cargo information requirements on inbound, outbound and transit shipments;
- (b) Consistent risk management approach to address security threats;
- (c) Outbound inspection of high-risk containers and cargo, preferably using non-intrusive detection equipment, such as large-scale X-ray machines and radiation detectors, by sending nation's Customs administration at the reasonable request of the receiving nation, based upon a comparable risk targeting methodology;
- (d) Benefits that Customs will provide to businesses that meet minimal supply chain security standards and best practices.

C. Two pillars

5. The SAFE Framework rests on two twin pillars:
 - (a) Customs-to-Customs network arrangements;
 - (b) Customs-to-Business partnerships.

6. Each pillar contains a set of Standards that have been consolidated to ease understanding and rapid global implementation.

7. Pillar I (Customs-to-Customs network arrangements) consists of the following 11 standards:
 - (a) Standard 1 – Integrated Supply Chain Management;
 - (b) Standard 2 – Cargo Inspection Authority;
 - (c) Standard 3 – Modern Technology in Inspection Equipment;
 - (d) Standard 4 – Risk-Management Systems;
 - (e) Standard 5 – High-risk Cargo or Container;
 - (f) Standard 6 – Advance Electronic Information;
 - (g) Standard 7 – Targeting and Communication;
 - (h) Standard 8 – Performance Measures;
 - (i) Standard 9 – Security Assessments;
 - (j) Standard 10 – Employee Integrity;
 - (k) Standard 11 – Outbound Security Inspections.

8. Pillar II (Customs-to-Business partnerships) consists of the following 6 standards:
 - (a) Standard 1 – Partnership;
 - (b) Standard 2 – Security;
 - (c) Standard 3 – Authorization;
 - (d) Standard 4 – Technology;
 - (e) Standard 5 – Communication;
 - (f) Standard 6 – Facilitation.

D. Concept of Authorized Economic Operator

9. The international end-to-end supply chain from a Customs point of view represents the process from manufacturing goods destined for export until delivery of the goods to the party whom the goods are actually consigned to in another Customs territory.

10. The international supply chain is an entity which comprises economic operators representing various trades in industry segments including international road haulage. In some

cases the operators are known to each other and a long time relationship may exist, whilst in other cases operators may be changed frequently or may only be assembled for a single shipment.

11. In accordance with the SAFE Framework, all operators in the supply chain that fall between the exporter/manufacturer and the consignee may be regarded as business partners. The business partners in a supply chain may have the option to apply for Authorized Economic Operator (AEO) status but if they choose not to exercise that option they should provide to the other members of the supply chain assurances regarding safety and security.

12. Authorized Economic Operator is defined in the SAFE Framework as a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards. AEOs include inter alia manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses and distributors.

13. The security elements for AEOs are specified in the SAFE Framework, 2007, and cover the following areas:

- (a) Demonstrated compliance with Customs requirements;
- (b) Satisfactory system for management of commercial records;
- (c) Financial viability;
- (d) Consultation, cooperation and communication;
- (e) Education, training and awareness;
- (f) Information exchange, access and confidentiality;
- (g) Cargo security;
- (h) Conveyance security;
- (i) Premises security;
- (j) Personnel security;
- (k) Trading partner security;
- (l) Crisis management and incident recovery;
- (m) Measurement, analysis and improvement.

14. AEOs can only be held responsible for their part of the supply chain, for the goods which are in their custody and for the facilities they operate. However, they are also dependent on the security standards of their business partners in order to ensure the security of the goods in their custody.

15. The Customs administrations work cooperatively with AEOs to maximize security and facilitation of the international trade supply chain originating in or moving through its Customs territory.

E. Benefits

16. The SAFE Framework provides a new and consolidated platform that will enhance world trade, ensure better security against terrorism and increase the contribution of Customs and its trade partners to the economic and social well-being of nations. It will improve the ability of Customs officials to detect and deal with high-risk consignments and increase efficiency in the administration of goods, thereby expediting the clearance and release of goods.

17. As for AEOs, the Framework suggests the following indicative list of possible benefits, separated into four categories and subject to specific Customs considerations, offering and approval:

- (a) Measures to expedite cargo release, reduce transit time and lower storage costs:
 - (i) A reduced data set for cargo release;
 - (ii) Expedited processing and release of shipments;
 - (iii) Minimum number of cargo security inspections;
 - (iv) Priority use of non-intrusive inspection techniques when examination is required;
 - (v) Reduction of certain fees or charges for AEOs in good standing;
 - (vi) Keeping Customs offices open on a continuous basis when a tangible need for such coverage has been specifically identified.
- (b) Providing access to information of value to AEO participants :
 - (i) Names and contact information for other AEO participants, with the consent of those participants;
 - (ii) List of all countries adopting the SAFE Framework;
 - (iii) List of recognized security standards and best practices.
- (c) Special measures relating to periods of trade disruption or elevated threat level:
 - (i) Accord priority processing by Customs during period of elevated threat conditions;
 - (ii) Priority processing following an incident requiring the closing and re-opening of ports and/or borders;
 - (iii) Priority in exporting to affected countries after an incident.
- (d) First consideration for participation in any new cargo processing programmes:
 - (i) Account-based processing rather than transaction-by-transaction clearance of accounts;
 - (ii) Simplified post-entry or post-clearance programmes;
 - (iii) Eligibility for self-audit or reduced audit programmes;
 - (iv) Expedited processes to resolve post-entry or post-clearance inquiries;

- (v) Favourable mitigation relief from Customs assessments of liquidated damages or non-criminal administrative penalties, except for fraud;
- (vi) Increased paperless processing of commercial shipments for both export and import;
- (vii) Priority response to requests for rulings from national Customs authorities;
- (viii) Eligibility for remote Customs clearance procedures;
- (ix) Ability to file a corrective action or disclosure prior to the initiation of a Customs non-criminal administrative penalty procedure, except for fraud;
- (x) No penalties or liquidated damages imposed for late payment of duties, with only interest accruing.

III. IMPLEMENTATION OF THE WORLD CUSTOMS ORGANIZATION FRAMEWORK OF STANDARDS TO SECURE AND FACILITATE GLOBAL TRADE AND TIR CONVENTION

A. Implementation: national or international basis

18. To facilitate the steady implementation of the SAFE Framework, the international Customs community has agreed to follow a phased approach. The Framework is going to be implemented at various stages in accordance with each country administration's capacity and legislative authority. To facilitate this process, WCO can assist each Member to determine its capacity building needs and suggest possible solutions. These capacity building initiatives will also cover the Customs integrity and training development considerations.

19. It has been debated whether the SAFE Framework of Standards should be categorized as a voluntary or a compulsory programme. On one hand, it is presented as a platform and is called a framework. Its initial version comprises only 40 pages and the WCO Members have only signed "letters of intent" to implement it, moreover no incorporation deadline has been set. On the other hand, considering the promotional power of WCO, one can be certain that the SAFE Framework will shape the vast majority of the future Customs security initiatives, which can only become effective when Customs administrations agree on bilateral or multilateral arrangements.

B. Study on the inclusion of the World Customs Organization Framework of Standards to Secure and Facilitate Global Trade into the TIR Convention

20. In 2008, the United States Chamber of Commerce undertook "A Study Evaluating International Agreements to Implement the SAFE Framework of Standards" which was subsequently submitted to the Working Party for consideration (ECE/TRANS/WP.30/2009/1). According to the study, the most effective global implementation of the SAFE Framework can be achieved through a multilateral international agreement. In this context, the study analysed three international conventions, namely the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention, 1999), the International Convention for the Safety of Life at Sea (SOLAS, 1974) and the TIR Convention. The study

came to the conclusion that the TIR Convention seems to be the best legal instrument for the purposes of implementation of the SAFE Framework.

21. The study presumes that the following standards of SAFE Framework have already been applied by the TIR Convention:

- (a) Standard 2 regarding Cargo Inspection Authority is referred to in Articles 5, 19, 23 and 24 and directly addressed in Article 21 of the TIR Convention;
- (b) Standard 5 regarding High Risk Cargo or Container is directly addressed in Annex 10 of the TIR Convention;
- (c) Standards 7, 9 and 11 regarding general security responsibilities of Customs administrations are currently addressed in Articles 49 and 50 of the TIR Convention.

22. Thus, the study concludes that several of the Customs-to-Customs standards in the SAFE Framework's Pillar 1 and Pillar II are currently applied by the TIR Convention and some other standards would require the adoption of a new security Annex to the Convention.

23. The study also considers the TIR Convention to be a comprehensive and multilateral platform for the mutual recognition of AEOs which are identified in the Convention as the natural and legal persons authorized to use TIR Carnets. The TIR Convention currently implements many of the AEO guidelines as outlined by the SAFE Framework.

24. In order to achieve the full implementation of the SAFE Framework AEO guidelines, two steps are proposed in the study:

- (a) First, a provision should be inserted into Annex 9 that states that the Authorized TIR Operator should be recognized as an AEO;
- (b) Second, Annex 9 of the TIR Convention should be amended to reflect all SAFE Framework AEO standards that are not currently implemented.

C. Position of the International Road Transport Union

25. The conclusions of the Study by the United States Chamber of Commerce were backed up by the International Road Transport Union (IRU). The IRU Resolution on the use of the TIR Convention to implement the requirements of the SAFE Framework of Standards, including the AEO status, calls upon governments, competent authorities, and international and European institutions like the European Commission and organizations like the WCO, and UNECE, as well as road transport's commercial partners, such as Chambers of Commerce, shippers and forwarders to:

- (a) Promote the use of the TIR Convention, as the best multilateral tool to fully implement the SAFE Framework of Standards, including the AEO status in a harmonized and effective manner; and
- (b) Promote the introduction in the TIR Convention and its annexes without delay the necessary adjustments to the TIR Convention to fully cover all the requirements of the SAFE Framework of Standards, including those concerning AEO status.

D. Considerations by the Working Party

26. At its 120th session (October 2008), the Working Party recalled a number of security elements that were already contained in the TIR Convention and which had been identified by the Multidisciplinary Group of Experts on Inland Transport Security (ECE/TRANS/WP.30/240, para. 7):

- (a) Access to the TIR system is granted only to transport operators who have been authorized by Customs authorities on the basis of strict criteria laid down in Annex 9, part II. The main objectives of these criteria are: sound financial standing; absence of serious repeated offences against Customs or tax legislation; proven experience or capability to engage in international transport and knowledge in the application of the TIR Convention;
- (b) A written declaration of commitment that the operator will comply with all Customs formalities and will pay the sums due if requested to do so by the competent authorities;
- (c) The authorization can be withdrawn if these criteria are no longer fulfilled;
- (d) Vehicles performing TIR transports need to be equipped with Customs secure loading units and need to fulfill specific sealing requirements (Annex 2);
- (e) Mutual recognition of Customs controls, aimed at reducing check procedures en route to a minimum. In particular, goods should be thoroughly checked at departure and put under Customs seal;
- (f) Use of a unique and secure document, the TIR Carnet, which serves as Customs declaration and guarantee (Annex 1);
- (g) The TIR Carnet contains a number of visible and invisible elements as a tool to reduce the risk of falsified TIR Carnets;
- (h) Opportunity to prescribe time-limits, itineraries and/or escorts in case of transport of high risk goods;
- (i) Establishment of a control system for the termination of TIR transports to facilitate trade insurers application of risk management tools in the commercial operation of the TIR system (Annex 10);
- (j) The UNECE has established and maintains the International TIR Database (ITDB) on all transport operators who have been admitted to the TIR system or excluded from the system. The ITDB is accessible online for Customs authorities;
- (k) A mechanism has been introduced (so-called Fraud Report Form) to share information about fraud among Customs authorities, national associations, insurers, IRU etc.;
- (l) At present, joint efforts by Customs and trade are undertaken to fully computerize the TIR system (so-called the eTIR project) with the aim to further enhance global facilitation. The main objective of the computerization is the establishment of an international, centralized database in order to facilitate the secure exchange of data between national Customs systems and the management by Customs of data

on guarantees. The availability of TIR related data in an electronic format as advance cargo information at a stage prior to the acceptance of the Customs declaration at the Customs office of departure or the arrival of goods at a Customs office en route or at destination, will allow Customs to develop and apply internationally integrated risk management tools. These activities are carried out in the Informal Ad hoc Expert Group on Conceptual and Technical Aspects of Computerization of the TIR Procedure.

27. At the same session, the Working Party took note of the above study by the United States Chamber of Commerce. The Working Party was also informed about the extensive WCO programme aiming at a step-by-step introduction of the SAFE Framework of Standards, as well as about various national and regional activities in this respect, in particular with regard to the implementation of the concept of AEO. The IRU pointed out that the TIR Convention (Annex 9, part II) should be brought in line with the AEO principles, to avoid the need for transport operators to undergo different authorization procedures in the future. The European Commission (EC) was of the view that national AEO programmes should first be established before addressing this issue. The Working Party was not in a position to agree that the TIR Convention should be amended to incorporate the SAFE Framework of Standards, but decided to continue its considerations on this subject at one of its next sessions (ECE/TRANS/WP.30/240, paras. 8 and 9).

28. At its 121st session (February 2009), the Working Party re-considered the study by the United States Chamber of Commerce and, in particular, its conclusion that the TIR Convention seems to be the best legal instrument for the purposes of implementation of the WCO Framework. The Working Party was not in a position to agree to this conclusion and supported the view expressed by the WCO secretariat (Informal document No. 3 (2009)) that the TIR Convention, being a Customs transit agreement with 68 Contracting Parties, did not match the multimodal, global reach of the SAFE Framework which had been accepted by 155 countries, and that the use of one Convention to implement an entirely separate legal instrument was likely to lead to legal difficulties.

29. The Working Party recalled the extensive WCO Columbus Programme assisting WCO member countries to gradually introduce the SAFE Framework of Standards at the national level, in particular the concept of AEO. In this context, the representatives of European Union and Norway informed the Working Party of the ongoing implementation of their AEO programmes. The EU considered that national AEO programmes needed first be established before an international agreement could implement SAFE.

30. The Working Party noted that the AEO concept had been introduced as a security tool to prescreen exporters and importers in the liberalized economy. However, it had failed to recognize the strict regulations already applicable in the transport sector, such as admission to profession, licensing of international transport, etc. The TIR Convention contains other elements, such as authorized access to the TIR system. Therefore, the Working Party considered that, if a transport operator meets the above criteria, this should be taken into account when granting the AEO status. It was also pointed out that access to the TIR system at present in any country was automatically recognized in all Contracting Parties to the Convention, while mutual recognition of AEO would first require the conclusion of numerous bilateral agreements. The Working Party

also noted that elements of SAFE which require data exchange between various players, for example advanced cargo information and risk assessment, could be easily addressed within the eTIR project. However, apart from those "technical" elements, the implementation of some other SAFE provisions would require more political and strategic discussions.

31. Bearing in mind the need to strike a delicate balance between security and facilitation, the Working Party decided to further explore the implications of the SAFE Framework of Standards for the UNECE legal instruments in the area of border crossing facilitation, with a view to identifying which SAFE elements could be incorporated in those agreements, where appropriate. The delegations were invited to volunteer for such a study and to provide their contributions to the secretariat prior to the next session of WP.30 (ECE/TRANS/WP.30/242, paras. 9-13).

E. Implications of the World Customs Organization Framework of Standards to Secure and Facilitate Global Trade for the TIR Convention

32. The SAFE Framework and the TIR Convention have different scopes: the former addresses the issue of supply chain security while the latter deals with an international Customs transit procedure and, inter alia, revenue protection. The TIR Convention is a legally binding treaty while the SAFE Framework is a set of standards whose implementation is optional and dependent on appropriate national legislation or additional bilateral or multilateral arrangements. From a legal point of view, both instruments are independent from each other and can be applied in parallel without any collision. The implementation of the SAFE Framework falls within the scope of Article 47 of the TIR Convention as a set of measures and controls imposed on grounds of public security.

33. The TIR Convention is essentially a tool to facilitate international transport of goods, in particular border crossing. Many barriers to international transport have been removed by means of the application of the TIR transit procedure. Although Customs transit is only one aspect of border crossing facilitation, its importance is crucial. However, if, in addition to Customs transit issues, many other requirements for international transport and trade are introduced, their application can inadvertently impede the facilities provided for in the TIR Convention. For example, if countries which are Contracting Parties to the TIR Convention apply, as part of the SAFE Framework, the obligatory submission of an advance electronic cargo declaration, this requirement may lead to border delays in the course of TIR transports. Therefore, the Contracting Parties should give proper consideration to various initiatives in the Customs area, especially of a global nature, study the implications that their implementation may entail for the smooth functioning of the TIR procedure and analyse whether it is feasible to harmonize the provisions of the TIR Convention and these initiatives.

IV. ANALYSIS OF THE WORLD CUSTOMS ORGANIZATION FRAMEWORK OF STANDARDS TO SECURE AND FACILITATE GLOBAL TRADE PILLAR I STANDARDS

A. Standard 1 – Integrated Supply Chain Management

34. This standard requires that the Customs administration should follow integrated Customs control procedures as outlined in WCO's Customs Guidelines on Integrated Supply Chain Management (ISCM Guidelines).

35. The comparative analysis of the TIR Convention and technical specification of Standard 1 (Annex I to the present document) shows the following consistencies between the Convention and the SAFE Framework of Standards:

- (a) TIR Convention ensures the integrity of the consignment from the time the goods are loaded into a container, or if not containerized, onto a vehicle or a combination of vehicles until they have been released from Customs control at destination;
- (b) the Customs office of departure must take all necessary actions to enable the identification of the consignment and the detection of any unauthorized interference within a TIR transport;
- (c) TIR Convention forms an integrated Customs control chain within a TIR transport;
- (d) Customs authorities verify the Customs seals integrity within a TIR transport;
- (e) TIR Convention institutes a legal basis for international cooperation between Customs administrations on Customs control over international road transport.

36. Further analysis (Annex I) reveals that a number of elements of the SAFE Framework may be incorporated into the TIR Convention in the course of the e-TIR project:

- (a) Submission of an advance electronic cargo declaration on inbound, outbound and transit goods for risk assessment for security purposes;
- (b) Use of the WCO Customs Data Model which defines the electronic message formats for relevant Cargo declarations and includes all the data elements listed in the SAFE Framework that may be required in advance for security purposes;
- (c) Creation of international electronic messaging system for the exchange of information on high-risk goods, departure notifications, including the control results, as well as corresponding arrival notifications for security purposes.

37. On the basis of the comparative analysis of Annex I, it may be considered that the following elements of the SAFE Framework are not incorporated into the TIR Convention and require amending the relevant Articles or adding a new security Annex to the Convention:

- (a) Obligation for TIR Carnet holders to submit advance electronic cargo declarations on inbound, outbound and transit goods for risk assessment for security purposes;
- (b) Time limit for the submission of an advance electronic cargo declaration;

- (c) Data structure of an advance electronic cargo declaration;
- (d) AEO status which can give the TIR Carnet holder an opportunity of becoming a part of an Authorized Supply Chain.

38. Lastly, according to the analysis, the following elements of the SAFE Framework are difficult to include in the TIR Convention, but they may be incorporated into the “Harmonization” Convention:

- (a) Single Window concept;
- (b) Integrated Border Management.

B. Standard 2 - Cargo Inspection Authority

39. Standard 2 of Pillar I requires that Customs administrations should have the authority to inspect cargo originating, exiting, transiting (including remaining on board), or being transshipped through a country. Likewise, according to the TIR Convention, all Customs offices involved in the TIR procedure have the authority to inspect originating, exiting, transiting cargo in course of a TIR transport.

C. Standard 3 - Modern Technology in Inspection Equipment

40. This standard requires that non-intrusive inspection (NII) equipment and radiation detection equipment should be available and used for conducting inspections, where available and in accordance with risk assessment. This equipment is necessary to inspect high-risk containers or cargo quickly, without disrupting the flow of legitimate trade.

41. In fact, the TIR Convention contains no obligation or recommendation to use modern inspection equipment for facilitation purposes. Taking into consideration the facilitating role of the TIR Convention, it seems that Standard 3 of Pillar I would require an amendment to the Convention in the form of an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to TIR Convention.

D. Standard 4 - Risk-Management Systems

42. Standard 4 requires that Customs administrations should establish a risk-management system to identify potentially high-risk shipments and automate that system. The system should include a mechanism for validating threat assessments and targeting decisions and identifying best practices. The relevant elements of this standard may be incorporated into the TIR Convention as a result of the eTIR project, namely:

- (a) Development of automated system that use risk management to identify cargo and container shipments that pose a potential risk to security and safety based on advance information and strategic intelligence;
- (b) The system should include a mechanism for validating threat assessments and targeting decisions and identifying best practices.

E. Standard 5 - High-Risk Cargo or Container

43. In accordance with Standard 5, Customs should use sophisticated methods to identify and target potentially high-risk cargo, including - but not limited to - advance electronic information about cargo shipments to and from a country before they depart or arrive; strategic intelligence; automated trade data; anomaly analysis; and the relative security of a trader's supply chain

44. High-risk cargo and container shipments are those for which there is inadequate information to deem shipments as low-risk, that tactical intelligence indicates as high-risk, or that a risk-scoring assessment methodology based on security-related data elements identifies the shipment as high-risk.

45. Comparative analysis of the TIR Convention and technical specification of this standard does not reveal any obligation or recommendation in the TIR Convention to use sophisticated methods to identify and target potentially high-risk cargo. Taking into account the facilitating role of the TIR Convention, it is possible to incorporate Standard 5 of Pillar I by making an amendment to the Convention in the form of an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to TIR Convention.

F. Standard 6 - Advance Electronic Information

46. Standard 6 of Pillar 1 demands that Customs administrations should require advance electronic information on cargo and container shipments in time for adequate risk assessment to take place. This standard is closely connected with the following issues contained in Standard 1 of the same Pillar:

- (a) Cargo declaration;
- (b) Time limit;
- (c) WCO Data Model;
- (d) Risk assessment.

47. In the course of the eTIR project, the following elements may be incorporated into the TIR Convention:

- (a) Creation of computerized Customs systems to process advance electronic information for security purposes;
- (b) Use of the electronic message specifications of the WCO Data Model;
- (c) Implementation of IT security, digital signatures, data privacy and data protection.

G. Standard 7 - Targeting and Communication

48. In accordance with this standard Customs administrations should provide for joint targeting and screening, the use of standardized sets of targeting criteria and compatible communication and/or information exchange mechanisms; these elements will assist in the future development of a system of mutual recognition of controls.

49. Taking into account that Targeting and Communication should be based on IT technologies, it may be suggested that Standard 7 of Pillar I be incorporated into the TIR Convention in the course of the eTIR project.

H. Standard 8 - Performance Measures

50. Standard 8 requires that Customs administrations should maintain statistical reports that contain performance measures including, but not limited to, the number of shipments reviewed, the subset of high-risk shipments, examinations of high-risk shipments conducted, examinations of high-risk shipments by NII technology, examinations of high-risk shipments by NII and physical means, examinations of high-risk shipments by physical means only, Customs clearance times and positive and negative results. Those reports should be consolidated by the WCO.

51. Obviously, this standard goes beyond the TIR Convention and cannot be implemented within its frame.

I. Standard 9 - Security Assessments

52. This standard requires that Customs administrations should work with other competent authorities to conduct security assessments involving the movement of goods in the international supply chain and to commit to resolving identified gaps expeditiously.

53. Comparative analysis of the TIR Convention and technical specification of this standard does not reveal "Security Assessments" elements in the TIR Convention but, taking into account that Standard 9 of Pillar I is a facilitating measure, it may be incorporated by amending the Convention by means of an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to TIR Convention.

J. Standard 10 - Employee Integrity

54. According to this standard Customs administrations and other competent authorities should be encouraged to require programmes to prevent lapses in employee integrity and to identify and combat breaches in integrity. It seems unreasonable to incorporate this standard into TIR Convention due to the fact that this element goes beyond the scope of the TIR Convention.

K. Standard 11 - Outbound Security Inspections

55. This standard requires that Customs administrations should conduct outbound security inspection of high-risk containers and cargo at the reasonable request of the importing country. The technical specification of this standard is not reflected in the TIR Convention but, taking into account that Standard 11 of Pillar I is a facilitating measure, it may be incorporated into the Convention through an amendment in the form of an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to TIR Convention.

L. Short summary of Pillar I analysis

56. The table below presents a short summary of the comparative analysis of the Pillar I standards and the TIR Convention:

| PILLAR I STANDARDS | TIR CONVENTION |
|--|---|
| Standard 1 – Integrated Supply Chain Management | Partially incorporated. Missing elements may be incorporated in the course of the eTIR project, by amending relevant Articles of the TIR Convention and/or by adding a new security Annex to the TIR Convention. |
| Standard 2 -Cargo Inspection Authority | Fully incorporated. |
| Standard 3 - Modern Technology in Inspection Equipment | Not incorporated. May be incorporated into the Convention by an amendment in the form of an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to the TIR Convention. |
| Standard 4 - Risk-Management Systems | Not incorporated. May be incorporated into the TIR Convention in the course of the eTIR project. |
| Standard 5 - High-risk Cargo or Container | Not incorporated. May be incorporated into the Convention by an amendment in the form of an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to the TIR Convention. |
| Standard 6 - Advance Electronic Information | Not incorporated. May be incorporated into the TIR Convention in the course of the eTIR project. |
| Standard 7 - Targeting and Communication | Not incorporated. May be incorporated into the TIR Convention in the course of the eTIR project. |
| Standard 8 - Performance Measures | Not incorporated. Not reasonable to incorporate into the TIR Convention because it goes beyond the scope of the Convention. |
| Standard 9 - Security Assessments | Not incorporated. May be incorporated into the Convention by an amendment in the form of an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to the TIR Convention. |
| Standard 10 - Employee Integrity | Not incorporated. Not reasonable to incorporate into the TIR Convention because it goes beyond the scope of the Convention. |

| | |
|---|---|
| Standard 11 - Outbound Security Inspections | Not incorporated. May be incorporated into the Convention by an amendment in the form of an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to the TIR Convention. |
|---|---|

V. ANALYSIS OF THE WORLD CUSTOMS ORGANIZATION FRAMEWORK OF STANDARDS TO SECURE AND FACILITATE GLOBAL TRADE PILLAR II STANDARDS

A. Standard 1 – Partnership

57. This standard stipulates that Authorized Economic Operators involved in the international trade supply chain will be engaged in a self-assessment process measured against pre-determined security standards and best practices to ensure that their internal policies and procedures provide adequate safeguards against the compromise of their shipments and containers until they are released from Customs control at destination.

58. The TIR Convention does not envisage partnership programmes aimed to enhance supply chain security. If Contracting Parties decide to implement the AEO concept within the TIR Convention, the modalities of such a programme are to be elaborated and incorporated into the Convention as a mutually recognized model. A new security Annex to the TIR Convention may be the right place for this model and the following technical elements can be used for programme modelling:

- (a) Customs-to-Business partnership programme should allow for the flexibility and customization of security plans based on the AEO's business model;
- (b) Customs administrations and AEO should jointly determine and document the appropriate partnership security measures that will be implemented and maintained by the AEO;
- (c) The jointly produced Customs-to-Business partnership document should have written and verifiable processes to ensure, as far as possible, and in accordance with the AEO's business model, that the AEO's business partners, including manufacturers, product suppliers and vendors, declare their intention to comply with the security standards set forth in the SAFE Framework;
- (d) Periodic reviews of the AEO's processes and security measures based on risk should be conducted and should be consistent with the security procedures set forth in the respective business security-related agreement.

B. Standard 2 – Security

59. Standard 2 demands that Authorized Economic Operators must incorporate pre-determined security best practices into their existing business practices. The specification of this standard comprises the following elements:

- (a) The Authorized Economic Operator will implement security measures that assure the security of buildings as well as those that monitor and control exterior and interior perimeters and access controls that prohibit unauthorized access to facilities, conveyances, loading docks and cargo areas;
- (b) Access control of facilities in the secure supply chain should incorporate managerial control over the issuance and adequate control of identification badges (employee, visitor, vendor, etc.) and other access devices, including keys, access cards, and other devices that allow for unfettered access to company property and assets;
- (c) Access control to facilities in the secure supply chain should incorporate prompt and thorough removal of a terminated employee's company-issued identification and access to premises and information systems;
- (d) Trade-sensitive data should be protected through use of necessary automated back-up capabilities, such as individually assigned password accounts that require periodic recertification, appropriate information system security training, and protection against unauthorized access to and misuse of information;
- (e) Personnel security programmes should incorporate screening of employees and prospective employees, as appropriate and as allowed for by national legislation. These programmes should include periodic background checks on employees working in security-sensitive positions, noting unusual changes in an employee's apparent social and economic situation;
- (f) In accordance with the AEO's business model, security programmes and measures should be in place to promote the integrity of a business partner's processes that are related to the transportation, handling and storage of cargo in the secure supply chain;
- (g) Procedures should be employed to ensure that all information used for cargo processing, both electronic and manual, is legible, timely, accurate, and protected against alteration, loss or introduction of erroneous data. The AEO and Customs will ensure the confidentiality of commercial and security-sensitive information. Information provided should be used solely for the purposes for which it was provided;
- (h) AEO shipping or receiving cargo should reconcile it with the appropriate shipping documentation. The AEO shall ensure that cargo information received from business partners is reported accurately and in a timely manner. Persons delivering or receiving cargo must be identified before cargo is received or released;
- (i) AEO should conduct specific training to assist employees in maintaining cargo integrity, recognizing potential internal threats to security and protecting access

controls. The AEO should make employees aware of the procedures the company has in place to identify and report suspicious incidents.

60. If Contracting Parties decide to implement the AEO concept within the TIR Convention, the above elements are to be incorporated into the Convention as requirements for the AEO authorization.

C. Standard 3 – Authorization

61. This standard envisages that Customs administrations, together with representatives from the trade community, will design validation processes or quality accreditation procedures that offer incentives to businesses through their status as Authorized Economic Operators. These processes will ensure that they see a benefit to their investment in good security systems and practices, including reduced risk-targeting assessments and inspections, and expedited processing of their goods.

62. If Contracting Parties to the TIR Convention decide to implement the AEO concept in the TIR Convention, the following elements of the Standard 3 specification are to be taken into account:

- (a) Customs administrations should cooperate (by various means) with business partners to determine joint benefits to be derived by collective participation in the secure supply chain;
- (b) Customs administrations should be receptive to the concerns of the AEO and its authorized representatives and determine, in consultation with them, a formalized method of communication that ensures that issues are properly received, addressed and resolved;
- (c) Customs administrations should document the tangible benefits that the administration expects to provide (within its jurisdiction) to fully engaged business partners in the secure supply chain. These benefits should be measured and reported, and should keep pace with obligations as Customs phase in national programmes;
- (d) Customs administrations should agree on mutual recognition of AEO status;
- (e) Customs administrations should, where appropriate, seek or amend provisions and implement procedures to expedite the processing for consumption or export of shipments that are determined to be in a low-risk category for security concerns;
- (f) Customs administrations will derive benefits through the enhanced security of goods in the international supply chain, where improved intelligence processes, risk-assessment capabilities and better targeting of high-risk consignments will lead to optimized use of resources;
- (g) Customs administrations, as well as AEOs, will derive benefits from the use of self-assessment and verification.

D. Standard 4 - Technology

63. In accordance with Standard 4 of Pillar II, all parties will maintain cargo and container integrity by facilitating the use of modern technology. This standard is a very important element which links the TIR Convention with the SAFE Framework and forms the basis for the incorporation of the AEO concept into the TIR Convention: AEOs should conform, at a minimum, to the current requirements as set forth in various international agreements, including, but not limited to, the 1972 Customs Container Convention and the TIR Convention, 1975.

64. If Contracting Parties to the TIR Convention decide to include Standard 4 of Pillar II into the TIR Convention, they are to follow these elements of its specification:

- (a) Customs administrations should encourage and facilitate, through appropriate incremental incentives, the voluntary use by AEOs of more advanced technologies beyond mechanical sealing for establishing and monitoring container and cargo integrity, as well as reporting unauthorized interference with container and cargo;
- (b) AEOs should have documented procedures that set forth their internal policy regarding the affixing and processing of cargo and containers that employ high-security seals and/or other devices that are designed to prevent tampering with cargo;
- (c) Customs administrations should have documented procedures that set forth its seal verification regime, as well as its operational procedures for addressing discrepancies;
- (d) Customs administrations and AEOs should maintain an open dialogue on areas of common concern to collectively benefit from advancements in industry standards and container integrity technologies, as well as mutual operational readiness as related to identified instances of security seal breach.

E. Standard 5 - Communication

65. In accordance with this Standard Customs administrations shall regularly update Customs-Business partnership programmes to promote minimum security standards and supply chain security best practices.

66. Should Contracting Parties decide to implement the AEO concept in the TIR Convention, the following elements of this standard can be useful for establishing communication procedures:

- (a) Customs should establish, in consultation with an AEO or its representatives, procedures to be followed in the event of queries or suspected Customs offences, including providing the AEO or its agents with telephone numbers where appropriate Customs officials can be contacted in an emergency;
- (b) Customs should be engage in regular consultation, at both the national and local level, with all the parties involved in the international supply chain to discuss matters of mutual interest including Customs regulations, procedures and requirements for premises and consignment security;

- (c) The AEO should be responsive to Customs coordination of the above-described outreach efforts and contribute to a dialogue that provides meaningful insight to ensure that the programme remains relevant and well-grounded in minimum security standards that benefit both partners.

F. Standard 6 - Facilitation

67. Standard 6 requires that Customs administrations must work cooperatively with AEOs to maximize security and facilitation of the international trade supply chain originating in or moving through its Customs territory.

68. If Contracting Parties to the TIR Convention decide to include Standard 6 of Pillar II into the TIR Convention, they are to follow these elements of its specification:

- (a) Customs administrations should seek or amend provisions and implement procedures that consolidate and streamline the submission of required information for Customs-related clearance to both facilitate trade and identify high-risk cargo for appropriate action;
- (b) Customs administration should establish mechanisms to allow for business partners to comment on proposed amendments and modifications that significantly affect their role in securing the supply chain.

G. Short summary of Pillar II analysis

69. The table below summarizes the comparative analysis of the Pillar II standards and the TIR Convention:

| PILLAR II STANDARDS | TIR CONVENTION |
|----------------------------|---|
| Standard 1 – Partnership | Not incorporated. May be incorporated into the Convention as a part of a new security Annex to the TIR Convention. |
| Standard 2 – Security | Not incorporated. May be incorporated into the Convention as a part of a new security Annex to the TIR Convention. |
| Standard 3 – Authorization | Not incorporated. May be incorporated into the Convention as a part of a new security Annex to the TIR Convention. |

| | |
|----------------------------|---|
| Standard 4 - Technology | Not incorporated. May be incorporated into the Convention as a part of a new security Annex to the TIR Convention. |
| Standard 5 - Communication | Not incorporated. May be incorporated into the Convention as a part of a new security Annex to the TIR Convention. |
| Standard 6 - Facilitation | Not incorporated. May be incorporated into the Convention as a part of a new security Annex to the TIR Convention. |

VII. POSSIBLE INCORPORATION OF PILLAR I AND PILLAR II STANDARDS INTO THE TIR CONVENTION

A. Core security elements to be incorporated

70. The above analysis has demonstrated that a lot of security elements of the SAFE Framework are not spelt out in the TIR Convention, due to the fact that these two international instruments deal with different subjects, namely with supply chain security and international Customs transit. If the Contracting Parties to the TIR Convention make a decision to incorporate the Pillar I and Pillar II standards into the TIR Convention, it makes sense to focus on the following core security elements envisaged by the SAFE Framework:

- (a) Advance electronic information;
- (b) Risk management;
- (c) Outbound security inspection;
- (d) Customs - business partnerships based on the AEO concept.

B. Advance electronic information for security purposes

71. As for the advance electronic information, joint efforts are undertaken by the Contracting Parties to fully computerize the TIR system. The main objective of the computerization is to establish an international, centralized database in order to facilitate the secure exchange of TIR related data between national Customs systems. The availability of TIR related electronic data as advance cargo information at a stage prior to the presentation of the consignment to the Customs office of departure, en route and of destination, will allow Customs to develop and apply internationally integrated risk management tools, which can be used also for security purposes.

72. The obligation of the TIR Carnet holder to submit electronic information for security purposes in the form of specific advance notification may be implemented by adding a new

paragraph to Article 47 which must have a direct reference to a new Annex on supply chain security measures within TIR transport. This new “security” Annex must contain the data model for TIR security notifications complying with the cargo declaration data model in the WCO Framework.

73. Furthermore, the above new paragraph of Article 47 should specify the exact time when the TIR security notification or declaration has to be lodged with the Customs authority. The WCO Framework of Standards defines that, in case of road transport operations, the Customs should not require the advance declarations to be submitted more than 1 hour prior to arrival of the goods at the border Customs office.

C. Risk management and outbound security inspections

74. Risk management and outbound security inspections are linked to advance electronic information for security purposes. That is why they can be mentioned without detailed specifications in a new paragraph to Article 47 as facilitation tools for security control. It is also possible to add a new comment to Article 47 with some explanations of risk management in the security context.

D. Business partnership

75. In accordance with Pillar II of the WCO Framework, each Customs administration shall establish a partnership with the private sector in order to involve it in ensuring the safety and security of the international trade supply chain. The main focus of this pillar is the creation of an international system for identifying private businesses that offer a high degree of security guarantees in respect of their role in the supply chain. These business partners should receive tangible benefits in such partnerships in the form of expedited processing and other measures.

76. Considerations of the inclusion of Customs-to-business partnership and the AEO concept in the TIR Convention are given below.

VIII. THE TIR CONVENTION AND AUTHORIZED ECONOMIC OPERATOR (AEO)

A. Concept of Authorized Economic Operator

77. The Authorized Economic Operator (AEO) is defined in the SAFE Framework as “a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards”.

78. The Authorized Economic Operator (AEO) is a voluntary scheme under which operators in the supply chain increase their security performance in exchange for incentives.

B. TIR Carnet holder and Authorized Economic Operator

79. The party practically involved in the international transport of goods under the TIR procedure is the TIR Carnet holder. The TIR Carnet holder status is granted only to international

road transport operators who have been authorized by Customs authorities on the basis of strict criteria laid down in Annex 9, part II. The authorization can be withdrawn if these criteria are no longer fulfilled.

80. The main criteria are:

- (a) sound financial standing;
- (b) absence of serious or repeated offences against Customs or tax legislation;
- (c) proven experience or capability to engage in international transport and knowledge in the application of the TIR Convention;
- (d) a written declaration of commitment that the operator will comply with all Customs formalities and will pay the sums due if requested to do so by the competent authorities.

81. Authorized access for operators to use the facilitation measures provided by the TIR Convention was introduced in 1999. The purpose of this measure was to prevent Customs fraud as well as to reduce the risk of non-payment of Customs duties and taxes.

82. As outlined in the table below, some criteria for the TIR Carnet holder are consistent with the conditions and requirements for AEO as specified by WCO in the Authorized Economic Operator Guidelines and SAFE Framework, 2007.

| Authorized Economic Operator | TIR Carnet holder |
|---|---|
| <p>Demonstrated compliance with Customs requirements This element requires that the AEO has not committed over a determined period an infringement/offence as defined in national legislation, which would preclude designation as an AEO.</p> | <p>Absence of serious or repeated offences against Customs or tax legislation. A written declaration of commitment that the operator will comply with all Customs formalities and will pay the sums due if requested to do so by the competent authorities.</p> |
| <p>Financial viability This element requires that the AEO has a good financial standing which is sufficient to fulfil its commitments with due regard to the characteristics of the type of business activity.</p> | <p>Sound financial standing</p> |

83. Additional security conditions and requirements for the TIR Carnet holder which are not stipulated by the TIR Convention, but envisaged for AEO in the WCO Authorized Economic Operator Guidelines, can be found in Annex II to this paper.

C. Incorporation of AEO security elements into the TIR Convention

84. If AEO security elements are included into the TIR Convention, this will not affect the current rights and responsibilities of TIR Carnet holders: they will continue to use benefits of the Convention without being necessarily certified as authorized economic operator for the purposes of security. However, bearing in mind the spirit of the TIR Convention and a general intent of the Contracting Parties to simplify administrative formalities in the field of international transport at frontiers, it may be argued that further facilitation could be provided by giving TIR Carnet holders, if they so wish, an opportunity of applying for a mutually recognized status of secure transport operator, being an equivalent to AEO in the SAFE Framework. It should be understood, however, that major benefits of such a status are likely to be realized outside the scope of the TIR Convention.

85. If the Contracting Parties to the TIR Convention take a decision to incorporate the AEO security elements into the Convention and provide TIR Carnet holders with the possibility to apply for the security status similar to the one AEO has in accordance with the SAFE Framework, all these elements should be used as conditions and requirements for the authorization of TIR Carnet holders.

86. There seem to be two ways how to incorporate the AEO security elements into the TIR Convention:

- (a) Add the missing elements to Annex 9, part II of the TIR Convention as specific requirements for the authorization of natural and legal persons to utilize TIR Carnets;
- (b) Add a new security annex to the Convention with the aim of giving each person authorized to utilize TIR Carnets (Annex 9, part II) the possibility to apply for the secure TIR operator status in accordance with additional security conditions and requirements which are defined in the SAFE Framework, 2007.

87. Approach (b) is more flexible. It will not change the requirements and conditions for the transport industry to utilize TIR Carnets, while giving each TIR Carnet holder a chance to be certified by the Customs as secure TIR operator that will be mutually recognized by the Contracting Parties to the TIR Convention. It is as a voluntary scheme for the TIR Carnet holders that can increase their security performance within the international supply chain.

88. This approach will not require re-examination of the conditions which have already been examined when granting authorization to utilize TIR Carnets, such as:

- (a) Sound financial standing;
- (b) Proven experience or capability to engage in regular international transport and proven knowledge in the application of the TIR Convention;
- (c) Absence of serious or repeated offences against Customs or tax legislation;
- (d) A written declaration of commitment that the operator will comply with all Customs formalities and will pay the sums due if requested by the competent authorities.

89. A TIR Carnet holder, seeking the status of secure TIR operator, should comply with the following additional minimum security conditions and requirements based on the SAFE Framework:

- (a) It must have a satisfactory system for management of commercial records which permits Customs to conduct any required security audit of cargo movements;
- (b) It must establish a working mechanism to maintain consultation, cooperation and communication with the Customs on security matters;
- (c) It must have and implement educational, training and awareness programmes on cargo integrity and supply chain security among its personnel;
- (d) It must have information exchange, access and confidentiality procedures to ensure accuracy of cargo information and its timely filing with Customs;
- (e) It must have a documented information security policy and procedures and/or security related controls to protect its data bases and archives against the loss of information and unauthorized access;
- (f) It must establish and maintain procedures in respect of cargo, conveyance, premises and personnel security;
- (g) It must implement measures allowing a clear identification of its business partners in order to secure international supply chain;
- (h) It must develop and document, in cooperation with the appropriate authorities where advisable or necessary, security crisis management programme and incident recovery plans;
- (i) It must regularly measure, analyse and improve assessments of the security risks in its operations and take appropriate measures to mitigate those risks.

90. A TIR Carnet holder who meets the above security criteria will be recognized by the Customs in all Contracting Parties to the TIR Convention as a safe partner in the international supply chain. This means that it does everything in its power to reduce threats in the supply chain where it is involved. The secure TIR transport operator status enhances its reputation and allows facilitations of security controls. It could therefore be chosen as a mutually recognized secure business partner, when another secure economic operator is looking for new partners for its secure supply chain.

91. If the Contracting Parties to the TIR Convention make a decision to incorporate the AEO security elements into the Convention, they will not only have to adopt the conditions and requirements for secure TIR Operators but also to indicate security benefits that can be enjoyed by them, based on the indicative list of possible benefits suggested by the SAFE Framework (see para. 17 of the present document), for example:

- (a) Expedited processing of the goods and documents for security purposes;
- (b) Minimum number of cargo security inspections;
- (c) Priority use of non-intrusive inspection techniques when examination of the goods is required;

- (d) Free access to names and contact information for other secure operators (AEO), with the consent of these operators;
- (e) Free access to information on recognized security standards and best practices.

92. In addition, the Contracting Parties should elaborate, possibly in a new security annex, general principles of validation and certification (authorization) procedures as well as conditions of denial, suspension, revocation or withdrawal of the AEO status, on the basis of principles outlined in para. 5.4 of the SAFE Framework.

D. Short summary of conditions required for the TIR Carnet holder to obtain Authorized Economic Operator status

93. The table below presents a short summary of the conditions required for the TIR Carnet holder to obtain the AEO status.

| SAFE FRAMEWORK | TIR CONVENTION |
|--|--|
| Demonstrated compliance with Customs requirements | Incorporated |
| Financial viability | Incorporated |
| Satisfactory System for Management of Commercial Records | Not incorporated. May be incorporated as a part of a new security Annex to the TIR Convention. |
| Education, Training and Awareness | Not incorporated. May be incorporated as a part of a new security Annex to the TIR Convention. |
| Information Exchange, Access and Confidentiality | Not incorporated. May be incorporated as a part of a new security Annex to the TIR Convention. |
| Cargo Security | Partially incorporated. Missing elements may be incorporated as a part of a new security Annex to the TIR Convention. |
| Conveyance Security | Partially incorporated. Missing elements may be incorporated as a part of a new security Annex to the TIR Convention. |
| Premises Security | Not incorporated. May be incorporated as a part of a new security Annex to the TIR Convention. |
| Personnel Security | Not incorporated. May be incorporated as a part of a new security Annex to the TIR Convention. |
| Trading Partner Security | Not incorporated. May be incorporated as a part of a new security Annex to the TIR Convention. |
| Crisis Management and Incident Recovery | Not incorporated. May be incorporated as a part of a new security Annex to the TIR Convention. |

| | |
|---------------------------------------|---|
| Measurement, Analyses and Improvement | Not incorporated. May be incorporated as a part of a new security Annex to the TIR Convention. |
|---------------------------------------|---|

IX. CONCLUSIONS

94. The TIR Convention already includes a number of elements which can be used with the aim to enhance international supply chain security and which are compatible with the relevant SAFE Framework standards. However, given the different scopes of the two legal instruments, a lot of elements from the SAFE Framework are not present in the TIR Convention.

95. In particular, the Contracting Parties to the TIR Convention are recommended to consider the following core elements of the SAFE Framework with a view to their inclusion into the TIR Convention:

- (a) Advance electronic information.
- (b) Risk management.
- (c) Outbound security inspection.
- (d) Customs-to-TIR Carnet holders partnership based on the AEO concept.

96. The incorporation of the “Advance electronic information” and “Risk management” elements can be achieved in the framework of the eTIR project, while the inclusion of “Outbound security inspections” may be done through an Explanatory Note or Comment to Article 47 on supply chain security or as a part of a new security Annex to TIR Convention. This Annex can also integrate other missing elements of the SAFE Framework, inter alia, Customs-to-TIR Carnet holders partnership based on the AEO concept.

97. According to the SAFE Framework, all SAFE standards and programmes, including AEO, are voluntary. Therefore, applying for the AEO status within the TIR Convention should remain optional for transport operators, and the incorporation of the AEO security elements into the TIR Convention should not lead to discrimination between TIR Carnet holders with and without the AEO status. In other words, all facilities provided for in the TIR Convention have to be offered to authorized TIR Carnet holders irrespective of their AEO status. This principle may lead to difficulties when Contracting Parties define the security benefits for the owners of the AEO status, as these benefits would go beyond the scope of the TIR Convention.

Annex I

Analysis of the World Customs Organization Framework of Standards to Secure and Facilitate Global Trade Standard 1 (Pillar I) technical specifications

| PARTS AND TECHNICAL ELEMENTS OF STANDARD 1 (PILLAR I) | RELEVANT TIR CONVENTION PROVISIONS AND ANALYTICAL COMMENTS |
|--|---|
| Part 1. General control measures | |
| <p>Customs control The Revised Kyoto Convention provides in the General Annex (Standard 6.1) that all goods, including means of transport, which enter or leave the Customs territory, shall be subject to Customs control. For the purpose of Standard 1, the integrity of the consignment has to be ensured from the time the goods are loaded into the container, or if not containerized, onto the means of transport until they have been released from Customs control at destination.</p> | <p>The “Customs control” element of Standard 1 is in conformity with the following provisions of the TIR Convention concerning Customs control and consignment integrity:</p> <ol style="list-style-type: none"> 1) As a rule, the goods are carried under the TIR procedure in secure road vehicles or containers the load compartments of which are so constructed that there shall be no access to the interior when secured by Customs seal and that any tampering will be clearly visible (Annexes 2 and 7). 2) Vehicles and containers must be previously approved for international transport under Customs seals. The Certificates of Approval are recognized in all Contracting Parties to the TIR Convention (Articles 3, 12, 13 and Annexes 3, 4 and 7). 3) The goods are carried under cover of an international Customs document, the TIR Carnet, which serves as a single Customs transit declaration and guarantee document (Annex 1). 4) The TIR Carnet includes the Goods Manifest which specifies the particulars of all the goods in the consignment for control purposes (Annex 1). 5) The TIR Carnet includes the Certified report which must be filled in when the Customs seals are broken or the goods are destroyed by accident en route (Annex 1). 6) The TIR Carnet may only be presented to Customs offices of destination if all Customs offices of departure have accepted the TIR Carnet (Article 18). 7) For purposes of control, the goods and the road vehicle, the combination of vehicles or |

| | |
|--|--|
| | <p>the container must be produced together with the TIR Carnet at the Customs office of departure, at the Customs offices en route and at the Customs office of destination (Articles 19, 21).</p> <p>8) The results of the Customs controls must be recorded by each Customs office in the TIR Carnet (Article 24, Annex 1).</p> <p>9) The provisions of the TIR Convention do not preclude the application of restrictions and controls imposed under national regulations on grounds of public morality, public security, hygiene or public health, or for veterinary or phytopathological reasons (Article 47, para. 1).</p> |
| <p>Risk assessment In the integrated Customs control chain, Customs control and risk assessment for security purposes is an ongoing and shared process commencing at the time when goods are being prepared for export by the exporter and, through ongoing verification of consignment integrity, avoiding unnecessary duplication of controls. To enable such mutual recognition of controls, Customs should agree on consistent control and risk management standards, the sharing of intelligence and risk profiles as well as the exchange of Customs data, taking into account the work which has been carried out within the context of the WCO Global Information and Intelligence Strategy. Such agreements should foresee the possibility of joint monitoring or quality control procedures to oversee the adherence to the standards.</p> | <p>Apart from the comment to Article 23 "Escort of road vehicles", the TIR Convention does not spell out risk assessment, but this element of Standard 1 can be incorporated into the Convention in the framework of the eTIR project and/or as a part of a new security Annex.</p> |
| <p>Controls at departure The Customs office of departure must take all necessary actions to enable the identification of the consignment and the detection of any unauthorized</p> | <p>A. This element of Standard 1 is in conformity with the following TIR provisions:</p> <p>1) The countries of transit and destination are given protection by the controls which are</p> |

| | |
|--|--|
| <p>interference along the supply chain. In respect of maritime containerized consignments, any such screening, risk assessment and action should be taken prior to loading the container onto the ship. The ISPS¹ Code (b1630-37) outlines in broad terms the measures which should be taken by the port facility. In addition, Customs administrations along the supply chain should agree to use an electronic messaging system to exchange Customs data, control results and arrival notifications, in particular for high-risk consignments. If necessary, Customs administrations should modify their enabling statutory authority, so that they can fully screen high-risk cargo.</p> | <p>carried out at departure and which are certified by the Customs authorities at the office of departure (Explanatory Note 0.5 to Article 5).</p> <p>2) The Customs authorities of the country of departure must take all measures that are necessary for satisfying themselves as to the accuracy of the goods manifest (Article 19).</p> <p>3) Particulars on the TIR Carnet relating to the goods must agree with the particulars given on the Customs documents which may be required in the country of departure (Explanatory Note 0.5 to Article 5).</p> <p>4) The requirement that the Customs office of departure should check the accuracy of the goods manifest implies the need to verify at least that the particulars in the goods manifest tally with those in the export documents and in the transport or other commercial documents relating to the goods; the Customs office of departure may also have to examine the goods.</p> <p>The Customs office of departure must also, before affixing seals, check the condition of the road vehicle or container (Explanatory Note 0.19 to Article 19).</p> <p>5) For the TIR system to operate smoothly it is essential that the Customs inspection at the office of departure should be stringent and complete, since the functioning of the TIR procedure depends upon it. The following in particular should be prevented:</p> <ul style="list-style-type: none"> - false declaration of goods allowing for other goods to be substituted during the journey; - carriage of goods not entered in the TIR Carnet manifest. <p>(Comment to Article 19 "Inspection at the office of departure").</p> <p>B. The "Controls at departure" element of Standard 1 requires that the Customs administrations along the supply chain should agree to use an electronic messaging system to exchange Customs data, control results and</p> |
|--|--|

¹ International Ship and Port Facilities Security

| | |
|---|--|
| | <p>arrival notifications, in particular for high-risk consignments. At present, the efforts are undertaken to fully computerize the TIR system (the eTIR project) and to establish an international database in order to facilitate the secure exchange of data between national Customs systems.</p> |
| <p>Sealing In the interest of supply chain security and the integrated Customs control chain, in particular to ensure a fully secure movement from stuffing of the container to release from Customs control at destination, Customs should apply a seal integrity programme as detailed in the revised Guidelines to Chapter 6 of the General Annex to the Revised Kyoto Convention. Such seal integrity programmes, based on the use of a high-security mechanical seal as prescribed in ISO² 17712 at the point of stuffing, include procedures for recording the affixing, changing and verification of seal integrity at key points, such as modal change. Additionally, Customs should facilitate the voluntary use of technologies to assist in ensuring the integrity of the container along the supply chain.</p> | <p>A. This element of Standard 1 is in conformity with the following provisions of the TIR Convention concerning the seals integrity:</p> <ol style="list-style-type: none"> 1) The Customs authorities of the country of departure shall take such measures as are necessary for affixing the Customs seals or for checking Customs seals affixed under the responsibility of the said Customs authorities by duly authorized persons (Article 19). 2) The Customs office of departure must also, before affixing seals, check the condition of the road vehicle or container and, in the case of sheeted vehicles or containers, the condition of the sheets and sheet fastenings, as this equipment is not included in the Certificate of Approval (Explanatory Note 0.19 to Article 19). 3) As a general rule, the Customs authorities of the Customs offices en route of each of the Contracting Parties accept the Customs seals of other Contracting Parties, provided that they are intact. The said Customs authorities may, however, if control requirements make it necessary, add their own seals (Article 22, para. 1). 4) The Customs seals accepted by a Contracting Party have in the territory of that Contracting Party the benefit of the same legal protection as is accorded to the national seals (Article 22, para. 2). 5) If the Customs authorities conduct an examination of the goods in the course of the journey or at a Customs office en route, they shall record in the TIR Carnet particulars of the new seals affixed (Articles 24, 35). |

² International Organization for Standardization

| | |
|--|---|
| | <p>6) If the Customs seals are broken en route otherwise than in the circumstances of Customs examination the certified report in the TIR Carnet must be completed (Article 25).</p> <p>B. As laid down in the comment to Article 22 "Specifications of Customs seals", the TIR Convention does not address the issue of standards and requirements for Customs seals. It only stipulates that, as a general rule, Contracting Parties must accept Customs seals affixed by other Contracting Parties. Thus, specification of Customs seals is left at the discretion of national Customs authorities. However, with a view to ensuring high security of Customs sealing, it is essential that Customs administrations use seals which conform to up-to-date international standards and requirements in this field. In this context, the attention of Customs authorities is drawn to the guidelines to Chapter 6 of the General Annex to the International Convention on the Simplification and Harmonization of Customs Procedures (revised Kyoto Convention) as well as to minimum requirements for Customs seals laid down in Specific Annex E, Chapter 1 of the said Convention elaborated under the auspices of the World Customs Organization (WCO).</p> |
| <p>Unique Consignment Reference (UCR) Customs administrations should apply the WCO Recommendation on the UCR and its accompanying Guidelines.</p> | <p>A. UCR is not mentioned in the TIR Convention. The primary role of the UCR is to establish a unique reference to the commercial layer of the transaction between the customer and the supplier. This reference must relate to the "Contract of Sale" between the Supplier and the Customer and has nothing to do with the relationship between the various players within the TIR procedure.</p> <p>B. The TIR Convention operates with its own reference - the TIR Carnet number. However, it does not exclude the possibility of indicating UCR in the TIR Carnet as data for official use on the basis of national or</p> |

| | |
|---|--|
| | international law. Moreover, the indication of UCR could be introduced in the framework of the eTIR project. |
| <p>Export Goods declaration The exporter or his/her agent has to submit an advance electronic export Goods declaration to the Customs at export prior to the goods being loaded onto the means of transport or into the container being used for their exportation. For security purposes the Customs should not require the advance export Goods declaration to contain more than the details listed in the SAFE Framework.</p> <p>The exporters have to confirm to the carrier in writing, preferably electronically, that they have submitted an advance export Goods declaration to Customs. Where the export Goods declaration was incomplete or simplified, it may have to be followed up by a supplementary declaration for other purposes such as the collection of trade statistics at a later stage as stipulated by national law.</p> | <p>A. The TIR Convention envisages neither the submission of an advance electronic export Goods declaration to the Customs by the exporter for security purposes, nor the obligation of the exporter to confirm to the carrier in writing, preferably electronically, that it has submitted an advance export Goods declaration to Customs.</p> <p>B. The TIR Convention does not cover the exportation procedures and, therefore, should not be modified with a view to incorporating the underlying element. It does not preclude, however, the use of an advance electronic export Goods declaration within a computerized TIR procedure in the future, for example, if there is an interface between the national electronic exportation system and the eTIR system.</p> |
| <p>Cargo declaration The carrier or his/her agent has to submit an advance electronic cargo declaration to the Customs at export and/or at import. For maritime containerized shipments, the advance electronic cargo declaration should be lodged prior to the goods/container being loaded onto the vessel. For all other modes and shipments, it should be lodged prior to arrival of the means of transport at the Customs office at export and/or import. For security purposes, Customs should not require more details than the details listed in the SAFE Framework.</p> <p>The advance cargo declaration may have to be followed by a supplementary</p> | <p>A. The TIR Convention does not provide for the “Cargo declaration” element of Standard 1, meaning that the carrier has no obligation to submit an advance electronic cargo declaration to the Customs at export and/or at import for security purposes.</p> <p>B. Taking into consideration that the advance electronic cargo information is one of the core principles of the SAFE Framework as well as one of the provisions of the modified EU Customs Code, it may be incorporated into the TIR Convention with the aim to enhance TIR transport security and to facilitate security checks at Customs borders.</p> <p>C. The best way to incorporate this element of Standard 1 into the TIR Convention is to</p> |

| | |
|---|--|
| cargo declaration as stipulated by national law. | address this issue in the course of the eTIR project. |
| <p>Import Goods declaration The importer or his/her agent has to submit an advance electronic import Goods declaration to the Customs at import prior to arrival of the means of transport at the first Customs office. For security purposes, Customs should not require more details than the details listed in SAFE Framework. Where the import Goods declaration was incomplete or simplified, it may have to be followed up by a supplementary declaration for other purposes such as duty calculation or the collection of trade statistics at a later stage as stipulated by national law. The Authorized Supply Chain provides the possibility to integrate the export and import information flows into one single declaration for export and import purposes, which is being shared between the Customs administrations concerned.</p> | <p>A. The TIR Convention does not envisage that the importer or his/her agent has to submit an advance electronic import Goods declaration to the Customs.</p> <p>B. It would not be logical to modify the TIR Convention with the aim to implement the “Import Goods declaration” element of Standard 1, because it covers a subsequent Customs procedure (importation) which follows the TIR regime.</p> |
| <p>Part 2. Submission of data</p> | |
| <p>Exchange of information for high-risk consignments As part of the integrated Customs control chain, Customs administrations along the supply chain must consider Customs-to-Customs data exchange, in particular for high-risk consignments, to support risk assessment and facilitate release. Such an electronic messaging system could include the exchange of notifications about the export transaction, including the control results, as well as a corresponding arrival notification. National legislation must contain provisions to allow Customs to transmit information they collect for their purposes to other Customs</p> | <p>A. “Exchange of information for high-risk consignments” element of Standard 1 is in conformity with the following provisions of the TIR Convention concerning the exchange of information: 1) The Contracting Parties shall communicate to one another, on request, information necessary for implementing the provisions of the TIR Convention (Article 50). 2) The TIR Executive Board shall coordinate and foster the exchange of intelligence and other information among competent authorities of Contracting Parties (Annex 8, Article 10).</p> <p>B. The modifications of the TIR Convention relating to electronic messaging system, exchange of information for high-risk goods,</p> |

| | |
|--|--|
| <p>administrations. If not, such provisions must be developed and enabled. The Guidelines for the Development of National Laws for the Collection and Transmission of Customs Information may be used as a basis to develop these provisions. In addition, existing WCO tools such as the Johannesburg Convention and the Model Bilateral Agreement may serve as a basis to exchange information on high-risk goods.</p> | <p>departure notifications, including the control results, as well as corresponding arrival notifications can be made in the framework of the eTIR project.</p> |
| <p>“No load”, “No unload” notification Customs should establish a system whereby notifications will be issued only for those consignments which cannot be loaded or unloaded. Such notifications should be issued within a specified time following the submission of data required for risk assessment.</p> | <p>These elements are not stipulated in the TIR Convention but can be incorporated within the eTIR project.</p> |
| <p>Time limit The exact time at which the Goods and Cargo declarations have to be lodged with the Customs administration at either export or import should be defined by national law after careful analysis of the geographical situation and the business processes applicable for the different modes of transport, and after consultation with the business sector and other Customs administrations concerned. Customs should provide equal access to simplified arrangements to Authorized Economic Operators regardless of the mode of transport. However, in order to ensure a minimum level of consistency and without prejudice to specific situations, Customs should not require the advance declarations to be submitted more than: <i>Maritime</i> Containerized cargo: 24 hours before loading at port of departure.</p> | <p>A. The “Time limit” and “Cargo declaration” elements of Standard 1 are interconnected and may be incorporated into the TIR Convention with the aim to enhance TIR transport security and to facilitate Customs and security checks at the borders.</p> <p>B. The best way to incorporate these elements into the TIR Convention is to do this in the course of the eTIR project and, possibly, reflect them both in a new security annex to the Convention.</p> |

| | |
|--|---|
| <p>Bulk/Break bulk: 24 hours before arrival at first port in the country of destination.</p> <p><i>Air</i> Short haul: At time of “Wheels Up” of aircraft. Long haul: 4 hours prior to arrival at the first port in the country of destination.</p> <p><i>Rail</i> 2 hours prior to arrival at the first port in the country of destination.</p> <p><i>Road</i> 1 hour prior to arrival at the first port in the country of destination.</p> | |
| <p>WCO Data Model Customs administrations should ensure that their respective IT systems are interoperable and are based on open standards. To this end, Customs should use the WCO Customs Data Model, which defines a maximum set of data for the accomplishment of export and import formalities. The Data Model also defines the electronic message formats for relevant Cargo and Goods declarations. The WCO Data Model includes all the data elements listed in the SAFE Framework that may be required by way of advance information for security purposes.</p> | <p>This element is taken into due consideration within the eTIR project.</p> |
| <p>Single Window Governments should develop co-operative arrangements between Customs and other Government agencies involved in international trade in order to facilitate the seamless transfer of international trade data (Single Window concept) and to exchange risk intelligence at both national and international levels. This would allow the trader to electronically submit the required information once to a single designated authority, preferably Customs. In this context, Customs should seek close integration with</p> | <p>The concept of “Single Window” could be addressed in the framework of the “Harmonization” Convention, rather than in the TIR Convention.</p> |

| | |
|---|---|
| <p>commercial processes and information flows in the global supply chain, for example, by making use of commercial documentation, such as the invoice and the purchase order, as export and import declarations.</p> | |
| <p>Integrated Border Management Governments should develop co-operative arrangements among their government agencies that are involved in international trade. Governments should also work with the border agencies of neighboring foreign governments in order to maximize the harmonization of border control functions. The implementation of such co-operative arrangements could address border issues such as national and international cooperation and co-ordination and the adoption of international standards. Integrated border management should lead to the facilitation of trade through a secure supply chain. In order to assist Customs administrations, the WCO has developed a guide to Integrated Border Management.</p> | <p>The concept of “Integrated Border Management” could be addressed in the framework of the “Harmonization” Convention, rather than in the TIR Convention.</p> |
| <p>Part 3. Authorized Supply Chain</p> | |
| <p>Authorized Economic Operators Authorized Economic Operators who meet the criteria specified by the Customs in accordance with SAFE Framework should be entitled to participate in simplified and rapid release procedures on the provision of minimum information. The criteria include having an appropriate record of compliance with Customs requirements, a demonstrated commitment to supply chain security by being a participant in a Customs-Business partnership programme, and a satisfactory system</p> | <p>A. The TIR Convention does not contain the AEO concept as such, in the sense of persons who meet specific criteria stipulated by the SAFE Framework for security purposes.</p> <p>B. The TIR Convention determines the status of the TIR Carnet holder as a transport (economic) operator authorized to utilize TIR Carnets. The TIR Carnet holders must have sound financial standing and have no serious or repeated offences against Customs and tax law, but they are not obliged to comply with the supply chain security criteria.</p> |

| | |
|---|---|
| <p>for managing their commercial records. Customs administrations should agree on mutual recognition of Authorized Economic Operator status.</p> | <p>C. Taking into consideration that the AEO concept is one of the cornerstones of the SAFE Framework as well as part of the modified EU Customs Code, it may be incorporated into the TIR Convention with the aim to give TIR Carnet holders an opportunity of becoming a part of the Authorized Supply Chain.</p> |
| <p>Authorized Supply Chain The Authorized Supply Chain is a concept under which all participants in an international trade transaction are approved by Customs as observing specified standards in the secure handling of goods and relevant information. Consignments passing from origin to destination entirely within such a chain would benefit from an integrated cross-border simplified procedure, where only one simplified declaration with minimum information would be required for both export and import purposes.</p> | <p>The concept of “Authorized Supply Chain” goes beyond the scope of the TIR Convention.</p> |

Annex II**Additional security conditions and requirements for the TIR Carnet holder which are not stipulated by the TIR Convention, but envisaged for Authorized Economic Operator in the World Customs Organization Framework of Standards to Secure and Facilitate Global Trade**

| SECURITY ELEMENT | ELEMENT'S SPECIFICATION |
|--|--|
| Satisfactory System for Management of Commercial Records | <p>a) AEO shall maintain records systems which permit Customs to conduct any required audit of cargo movements relating both to import and export.</p> <p>b) AEO shall give Customs full access to necessary records, subject to the requirements of national legislation.</p> <p>c) AEO shall have internal records access and control systems which are satisfactory to the approving Customs administration.</p> <p>d) AEO shall appropriately maintain and make available to Customs any authorizations, powers of attorney and licenses relevant to the importation or exportation of merchandise.</p> <p>e) AEO shall properly archive records for later production to Customs within any limitations provided in national legislation.</p> <p>f) AEO shall employ adequate information technology security measures which will protect against access by unauthorized persons.</p> |
| Consultation, Co-operation and Communication | <p>a) AEO shall provide clearly identified and readily accessible local points of contact or a corporate contact that can arrange immediate access to a local contact for all matters identified as being of compliance and enforcement interest to Customs (cargo bookings, cargo tracking, employee information, etc.).</p> <p>b) AEO shall take part individually or, as appropriate, via an industry association, in an open and continuing mutual exchange of information with Customs, exclusive of information that cannot be released due to law enforcement sensitivities, legal basis or other precedent.</p> <p>c) AEO shall notify through particular mechanisms, set forth in the national AEO programme, an appropriate Customs official of any unusual or suspicious cargo documentation or abnormal requests for information on shipments.</p> <p>d) AEO shall timely provide through particular mechanisms, set forth in the national AEO programme, notification to Customs and any other relevant authorities when employees discover illegal, suspicious or unaccounted cargo. Such cargo should be secured, as appropriate.</p> |

| | |
|--|---|
| | |
| Education, Training and Awareness | <p>a) AEO shall make every reasonable effort, as logically based on its business model, to educate its personnel, and where appropriate its trading partners, with regard to the risks associated with movements of goods in the international trade supply chain.</p> <p>b) AEO shall provide educational material, expert guidance and appropriate training on the identification of potentially suspect cargo to all relevant personnel involved in the supply chain, such as, security personnel, cargo-handling and cargo-documentation personnel, as well as, employees in the shipping and receiving areas to the extent they are within the AEO's control.</p> <p>c) AEO shall keep adequate records of educational methods, provided guidance and undertaken training efforts to document the delivery of such programmes.</p> <p>d) AEO shall make employees aware of the procedures the AEO has in place to identify and report suspicious incidents.</p> <p>e) AEO shall conduct specific training to assist employees in maintaining cargo integrity, recognizing potential internal threats to security and protecting access controls.</p> <p>f) AEO shall make Customs, upon request and if practicable, familiar with relevant internal information and security systems and processes, and assist Customs in appropriate training in search methods for those premises, conveyances and business operations, that AEO controls.</p> |
| Information Exchange, Access and Confidentiality | <p>a) AEO, being an importer, shall have appropriate procedures in place to ensure that all information used in the clearing of merchandise/cargo is legible, complete and accurate and protected against the exchange, loss or introduction of erroneous information. Similarly, being a carrier, AEO shall have procedures in place to ensure that the information in the carrier's cargo manifest accurately reflects the information provided to the carrier by the shipper or its agent, and is filed with Customs in a timely manner.</p> <p>b) AEO shall have a documented information security policy and procedures and/or security related controls, such as firewalls, passwords, etc., in place to protect the AEO's electronic systems from unauthorized access.</p> <p>c) AEO shall have procedures and back up capabilities in place to protect against the loss of information.</p> |
| Cargo Security | <p>a) AEO shall develop and maintain a security policy manual or other tangible guidance by making a relevant reference to the</p> |

| | |
|--|---|
| | <p>security related guidelines issued by the WCO which contains detailed guidelines on procedures to be followed to preserve the integrity of cargo while in its custody.</p> <p>b) AEO shall ensure that it and/or its business partners in the supply chain with sealing responsibilities have written procedures in place to properly seal and maintain the integrity of the shipment or transport conveyance while in its custody.</p> <p>c) AEO shall ensure that it and/or its business partners employ the use of seals that meet or exceed the then-existing ISO Standard.</p> <p>d) AEO shall ensure that written procedures are developed and utilized to stipulate how seals are to be controlled and affixed to loaded containers, to include procedures for recognizing and reporting compromised seals and/or containers to the Customs administration or the appropriate foreign authority.</p> <p>e) AEO shall ensure for integrity purposes that only designated personnel distribute container seals and safeguard their appropriate and legitimate use.</p> <p>f) AEO shall have procedures for inspecting the structure of the transport conveyance including the reliability of the access controls. When appropriate to the type of conveyance a seven-point inspection process is recommended :</p> <ul style="list-style-type: none">• Front wall• Left side• Right side• Floor• Ceiling/roof• Inside/outside doors• Outside/undercarriage. <p>g) AEO shall regularly examine, through particular mechanisms set forth in the national AEO programme, its security and control procedures to ensure that it is difficult for unauthorized persons to gain access to cargo or for authorized persons to manipulate, move or handle it improperly.</p> <p>h) AEO shall store cargo and transport conveyances in its custody in secure areas and have procedures in place for reporting detected unauthorized entry to cargo and transport conveyance storage areas to appropriate law enforcement officials.</p> <p>i) AEO shall verify the identity of the carrier collecting or delivering cargo and transport conveyances where existing business processes permit and, in the case of there being no such authority, take action to promptly achieve such mandate.</p> <p>j) AEO shall compare, where feasible, the cargo with its description in the documents or electronic information to be submitted to Customs for consistency.</p> |
|--|---|

| | |
|----------------------|--|
| | <p>k) AEO shall establish procedures to manage and control cargo within the cargo storage facility.</p> <p>l) AEO shall establish procedures to positively control all cargo being removed from the storage facility.</p> <p>m) AEO shall establish procedures to manage, secure and control all cargo in its custody during transport and while loading into or unloading from a transport conveyance.</p> |
| Conveyance Security | <p>a) AEO shall ensure, to the extent and scope of its authority and responsibility, that all transport conveyances used for the transportation of cargo within its supply chain are capable of being effectively secured.</p> <p>b) AEO shall secure transport conveyances within its supply chain, to the extent and scope of its ability and responsibility, when left unattended and check for security breaches upon return.</p> <p>c) AEO shall ensure, to the extent and scope of its authority and responsibility, that all operators of conveyances used for the transportation of cargo are trained to maintain the security of the transport conveyance and the cargo at all times while in its custody.</p> <p>d) AEO and its employees shall report, as specifically detailed in national AEO programmes, any actual or suspicious incident to designated security department staff of both the AEO and Customs for further investigation, as well as, to maintain records of these reports, which should be available to Customs, as legal and necessary.</p> <p>e) AEO shall ensure that potential places of concealment of illegal goods on transport conveyances are regularly inspected, and secure all internal and external compartments and panels, as appropriate. Records are to be made and maintained following such inspections, indicating the areas inspected.</p> <p>f) AEO shall notify Customs, or other relevant bodies, of any unusual, suspicious or actual breach of transport conveyance security.</p> |
| Security of premises | <p>a) AEO shall implement security measures and procedures in accordance with its business model and risk analysis to secure buildings, as well as, monitor and control exterior and interior perimeters and prohibit unauthorized access to facilities, transport conveyances, loading docks and cargo areas that may reasonably affect the security of its areas of responsibility in the supply chain. If access control is not possible, increased precautions in other security aspects may be needed.</p> <p>b) AEO shall provide, as required or upon request, Customs with access to security monitoring systems that are utilized for</p> |

| | |
|--------------------|---|
| | <p>security of premises.</p> <p>Premises security should include the following as appropriate and based on risk:</p> <ul style="list-style-type: none"> - Buildings must be constructed of materials that resist unlawful entry. - The integrity of structures must be maintained by periodic inspection and repair. - All external and internal windows, gates and fences must be secured with locking devices or alternative access monitoring or control measures. - Management or security personnel must control the issuance of all locks and keys. - Adequate lighting must be provided inside and outside the facility including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas. - Gates through which vehicles and/or personnel enter or exit must be manned, monitored or otherwise controlled. - The AEO should assure that vehicles requiring access to restricted facilities are parked in approved and controlled areas, and that their license plate numbers are furnished to Customs upon request. - Only properly identified and authorized persons, vehicles and goods are permitted to access the facilities. - Appropriate peripheral and perimeter barriers must be installed. - Access to document or cargo storage areas is restricted and there are procedures to challenge unauthorized or unidentified persons. - There should be appropriate security systems, such as, theft alarm and/or access control systems. - Restricted areas should be clearly identified. |
| Personnel Security | <ul style="list-style-type: none"> a) AEO shall take all reasonable precautions when recruiting new staff to verify that they are not previously convicted of security related, Customs or other criminal offences, to the extent permitted by national legislation. b) AEO shall conduct periodic or for cause background checks on employees working in security sensitive positions. c) AEO shall have employee identification procedures, and require that all employees carry proper company issued identification that uniquely identifies the individual employee and organization. d) AEO shall have procedures in place to identify, record and deal with unauthorized or unidentified persons, such as photo |

| | |
|---|--|
| | <p>identification and sign in registers for visitors and vendors at all points of entry.</p> <p>e) AEO shall have procedures in place to expeditiously remove identification, premises and information systems access for employees whose employment has been terminated.</p> |
| Trading Partner Security | <p>a) If necessary, when entering into negotiated contractual arrangements with a trading partner, AEO shall encourage the other contracting party to assess and enhance their supply chain security and, to the extent practical for their business model, include such language in those contractual arrangements. In addition, the AEO shall retain documentation in support of this aspect to demonstrate their efforts to ensure that their trading partners are meeting these requirements and make this information available to Customs upon request.</p> <p>b) AEO shall review relevant commercial information relating to the other contracting party before entering into contractual relations.</p> |
| Crisis Management and Incident Recovery | <p>a) AEO shall develop and document, in conjunction with the appropriate authorities, where advisable or necessary, contingency plans for emergency security situations and for disaster or terrorist incident recovery.</p> <p>b) AEO shall include periodic training of employees and testing of emergency contingency plans.</p> |
| Measurement, Analyses and Improvement | <p>a) AEO shall regularly undertake, as specifically outlined in the national AEO programme, assessments of the security risks in its operations and take appropriate measures to mitigate those risks.</p> <p>b) AEO shall establish and conduct regular self-assessments of its security management system.</p> <p>c) AEO shall fully document the self-assessment procedure and the responsible parties.</p> <p>d) AEO shall include in the review assessment results, feedback from the designated parties and recommendations for possible enhancements to be incorporated in a plan for the forthcoming period to ensure continued adequacy of the security management system.</p> |