



# Economic and Social Council

Distr.: General  
17 December 2013

Original: English

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## Economic Commission for Europe

### Inland Transport Committee

#### Seventy-sixth session

Geneva, 25–27 February 2014

Item 4 (h) of the provisional agenda

#### Strategic questions of a sectoral nature:

#### Strengthening border crossing facilitation

(Harmonization Convention, TIR Convention, eTIR Project  
and other Customs transit facilitation measures)

### **Strengthening border crossing facilitation (Harmonization Convention, eTIR project and other customs transit facilitation measures)**

#### Note by the secretariat

#### *Summary*

The present document contains a summary of activities of the Working Party on Customs Questions affecting Transport (WP.30) and the secretariat with a view to enhancing border crossing facilitation and relevant legal instruments under the auspices of WP.30 (Harmonization Convention, TIR Convention, etc.), including the computerization of the TIR system in the framework of the eTIR project. The document is submitted to the Committee for information and endorsement of the above activities. The Committee is also invited to support the continuation of the eTIR project and to prolong the mandate of the Group of Experts (WP.30/GE.1) to the year 2014.

## **I. Background and mandate**

1. At its previous session, the Committee noted and supported activities of the Working Party on Customs Questions affecting Transport (WP.30) with a view to strengthening the TIR Convention, in particular by means of its computerization in the framework of the eTIR project. Among other considerations, the Committee welcomed the finalization of the cost-benefit analysis (CBA) of the eTIR project and supported the continuation of the project and the prolongation of the mandate of the Informal Ad hoc

Expert Group on Conceptual and Technical Aspects of Computerization of the TIR Procedure (GE.1) to the year 2013. It also invited WP.30 to develop a business plan to implement the eTIR Project and urged it to start working on the legal aspects of computerization of the TIR procedure without further delay.

2. The present document has been prepared in accordance with the programme of work of the Inland Transport Committee (ITC) (ECE/TRANS/224, para. 94; and ECE/TRANS/2012/12, programme activity 02.10: Customs questions affecting transport). It reports on the progress made in 2013 by the Contracting Parties, WP.30 and secretariat in the area of border crossing facilitation, including:

- Developments in the International Convention on the Harmonization of Frontier Controls of Goods, 1982 (Harmonization Convention), as well as monitoring and capacity-building initiatives to assist in the proper application of this Convention at the national level;
- Activities and developments as regards the TIR Convention and the functioning of the TIR system;
- The entry into force of the new Annex 9, part III of the TIR Convention on the conditions and requirements for authorizing an international organization to organize the functioning of the TIR guarantee system and the new UNECE-IRU agreement;
- Progress made in developing the technical aspects of the eTIR project the main results of the cost/benefit analysis, the developments in the eTIR pilot project between Italy and Turkey and the efforts towards the development of the appropriate legal instrument to frame the operationalization of the computerized TIR procedure;
- The UNDA project “Strengthening the capacities of developing countries and countries with economies in transition to facilitate legitimate border crossing, regional cooperation and integration”.

## **II. Harmonization Convention**

### **A. Activities to facilitate the implementation of Annex 9 on rail border crossing**

3. The Secretary-General of the United Nations, acting in his capacity as depositary, had issued Depositary Notification C.N.534.2011.TREATIES-1 of 1 September 2011, communicating the entry into force on 30 November 2011 of a new Annex 9 on rail border crossing to the International Convention on the Harmonization of Frontier Controls of Goods, 1982 (Harmonization Convention). The new annex introduced, among others, the following key principles to facilitate border crossing procedures for international rail freight:

- simplified procedures for crossing of borders by officials and other persons engaged in international rail transport, including granting them visas;
- minimum infrastructure and staff requirements for border (interchange) stations in order to rationalize and expedite the necessary formalities at those stations, including information technology and communications systems to enable the exchange of advance cargo information;
- cooperation and coordination of actions between adjacent countries at border (interchange) stations; reciprocal recognition of all forms of control of rolling stock, containers, piggyback semi-trailers and goods;

- carrying out selective Customs controls on the basis of risk assessment and management;
- simplified controls at border (interchange) stations and moving, as far as possible, of certain forms of controls to the stations of departure and destination;
- setting up time limits for border clearance and monitoring actual delays of the trains or wagons at border (interchange) stations;
- reducing paper documents and simplifying documentation procedures by using electronic systems for the exchange of information;
- use of the joint International Convention concerning the Carriage of Goods by Rail/Agreement on International Railway Freight Communications (CIM/SMGS) railway consignment note, also as a Customs document.

4. The Working Party on Rail Transport (SC.2), in cooperation with WP.30, have undertaken to develop possible implementation mechanisms for the new Annex 9 at the national level. Against this background and at the request of Contracting Parties, the secretariat prepared a questionnaire (ECE/TRANS/SC.2/2013/6) on actions regarding possible implementation mechanisms of the provisions in the new Annex 9 to the Harmonization Convention for the facilitation of rail border crossings in the pan-European region. The questionnaire was approved and will be distributed by the secretariat to the participating governments (ECE/TRANS/SC.2/220, para.65). On the basis of replies, the secretariat will prepare a background document/action plan.

## **B. Results of the recurrent survey on the implementation of Annex 8 on road border crossing**

5. In 2013, WP.30 finalized its considerations of the outcome of the 2012 survey concerning the implementation of Annex 8 on road border crossings at the national level (ECE/TRANS/WP.30/2013/7) and noted that the next survey would be undertaken in 2014, in line with Annex 8 to the Convention. In general, the outcome of the 2012 survey has reconfirmed that the Contracting Parties are well aware of and are taking seriously their obligations under Annex 8 to the Harmonization Convention. Faster progress was observed in meeting the requirements concerning the transfer of controls from the borders to inland offices, treatment of urgent consignments and infrastructure requirements for border crossing points. On the other hand, the areas of visa procedures for professional drivers and the International Vehicle Weight Certificate require further attention.

6. When replying to various questions, countries often referred to regional regulations, such as EU and CIS, which they have to take into account when implementing the provisions of Annex 8. This aspects merit further consideration, in particular, the CIS form of the International Vehicle Weight Certificate that is slightly different for the one provided for in the Harmonization Convention.

## **C. OSCE-UNECE “Handbook on Best Practices at Border Crossings: A Transport and Trade Facilitation Perspective”, benchmarking and performance measurement**

7. The OSCE-UNECE joint publication called “Handbook on Best Practices at Border Crossings: A Transport and Trade Facilitation Perspective”, which was published in 2012, has developed into a flagship publication, and is in the process of being translated in several languages. In 2013, the Albanian and Macedonian versions were launched.

8. The Handbook has, thus, become a reference document not only for national policymakers and senior customs and border officials, but also for representatives of transport agencies, the business community and civil society. It has contributed to further dialogue on these issues and is starting to be used as a reference when drafting border management policies aimed at facilitating legal trans-border commercial movement while paying due attention to the necessary security aspects.

9. The Committee may wish to recall that the main purpose of the Handbook is to assist countries in developing more efficient border and customs policies by promoting existing best practices in this field. It provides concrete examples from across the ECE region and beyond on how border crossing points can be made increasingly efficient and secure, thereby allowing smooth trade and transport operations while at the same time reducing the possibilities for corruption, illicit trafficking and transnational crime and terrorism. It pays particular attention to road border crossing points but also touches upon border crossing points along railways and at sea ports.

10. The chapter in the Handbook which describes different techniques to measure performance of various border control agencies may become a useful tool to promote border crossing facilitation by means of better monitoring of the actual situation at borders. With this in mind, WP.30 is considering a set of options (ECE/TRANS/WP.30/2013/4) for introducing systematic benchmarking and performance indicators into the Harmonization Convention, as a tool for monitoring its implementation of the Harmonization Convention.

### **III. International Convention to Facilitate the Crossing of Frontiers for Passengers and Baggage carried by Rail, of 10 January 1952**

11. Following lengthy considerations, WP.30 noted the views of various countries, as well as of the Organisation for Co-operation between Railways (OSJD) and the Intergovernmental Organisation for International Carriage by Rail (OTIF), that the 1952 Convention seems to be outdated and that, instead, a new convention to facilitate the crossing of frontiers for passengers and baggage carried by rail should be prepared. This new convention would respond to the current industry needs for the introduction of new EDI technologies and other innovative solutions to ensure fast border crossing procedures. Once ITC endorses this idea, OSJD and OTIF will prepared a first draft of the new convention for consideration by WP.30 and SC.2.

### **IV. The TIR Convention**

12. An extensive package of amendments to the TIR Convention entered into force on 10 October 2013 (C.N.433.2013.TREATIES-XI.A.16), including a new Annex 9, part III to the TIR Convention. These amendments introduced the conditions and requirements for the authorization of an international organization — presently the International Road Transport Union (IRU) — to take on the responsibility for the effective organization and functioning of an international guarantee system and to print and distribute TIR Carnets.

13. The introduction of a new Part III in Annex 9 complements the purpose of that Annex by defining clearly the roles and responsibilities of all actors in the TIR system and will increase the transparency of its management. The introduction of these conditions and requirements in the legal text of the TIR Convention also simplify the text of the written agreement between UNECE and the international organization (IRU), which was renewed on 28 October 2013 for the years 2014–2016 (inclusive) in accordance with Explanatory Note 0.6.2 bis-2 to Article 6 paragraph 2 of the TIR Convention.

14. The Committee may also wish to note that, on 4 September 2013, the TIR system was been reactivated in Afghanistan.

15. The Administrative Committee of the TIR Convention (AC.2) is also in the process of developing a new recommendation on the introduction of a structured code system to report defect remarks in the Certificate of Approval.

16. Finally, WP.30 is currently discussing amendment proposals in order to add to the TIR Convention a new design of a vehicle and container with sliding sheets and a sliding roof. During its 133rd session, WP.30 attended a live demonstration of a semi-trailer with sliding sheets and a sliding roof arranged by the International Association of the Body and Trailer Building Industry (CLCCR) at the United Nations premises in Geneva. WP.30 found its construction to be generally Customs secure and agreed that this new design of vehicles and containers with sliding roof could be incorporated into Annexes 2 and 7 of the Convention, subject to several rectifications that are now being streamlined for adoption at forthcoming sessions.

#### **A. International TIR Data Bank and electronic tools of the TIR secretariat**

17. Twenty – seven Contracting Parties of the TIR Convention are now transmitting their TIR Carnet holders' data to the International TIR Data Bank (ITDB) by using the ITDB online+ website and, since the launch of this tool in March 2012, over 10 per cent of the TIR Carnet holder's data in ITDB have been amended either directly by Customs authorities or in collaboration with the national associations. The ITDB online+ website is appearing to be efficiently contributing to the electronic data transmission to TIRExB and the TIR secretariat as well as to the dissemination of the ITDB contents with more than 1,500 registered users. It should be further noted that Customs users of the ITDB online+ website may also access the UNECE Register of Customs Sealing Devices and Customs Stamps website.

18. Finally, after the successful tests on integrating ITDB with the Finnish Customs Authorities the New Computerised Transit System (NCTS)/TIR system to automatically query the TIR Carnet holder's status by using a secure web service provided by the TIR secretariat. The International TIR Data Bank Web Service (ITDBWS) has been launched successfully as of 2 December 2013 in Finland.

#### **B. National and regional TIR workshops and seminars**

19. A technical seminar on capacity-building of competent authorities to facilitate a more effective implementation of the provisions of the TIR Convention related to the construction, approval and control of Customs secure vehicles for TIR operations was organized by Finnish Customs, in cooperation with the TIR Executive board on 18 and 19 June 2013 in Helsinki (ECE/TRANS/WP.30/AC.2/2013/8)

20. The seminar was designed for Customs officials from the Contracting Parties of the TIR Convention who are responsible for the approval and control of TIR vehicles and was also open to officials responsible for Customs and transport policies. The first day was open to participants of the private sector interested in the topic whereas the second day was restricted to Customs official. The seminar included presentations by Customs experts from various countries as well as the United Nations Economic Commission for Europe (UNECE) TIR secretariat.

21. The main conclusions of the seminar include that:

- More details are required for some of the provision related to the construction and approval of Customs secure vehicles for TIR operations (in the form of sketches, explanatory notes, comment, best practices, practical guide or a repository of approved vehicles types). Furthermore, some designs in the convention are outdated as new types of secure constructions have been introduced;
- The security requirement currently vary for different vehicle types (curtain siders versus refrigerated vehicles);
- The model approval report is very useful and should be made available in electronic editable format on the UNECE web site (ready to be used or translated in national languages);
- Certification processes (registries) are more and more computerized at national level. The creation of an international database should be pursued, while keeping in mind issues related to data protection;
- Certificates printed on multiple pages should be secured by means of stamps on every page or secure bindings;
- The importance of keeping inspectors up to date (continuous learning) should be further promoted by means of seminars and workshops. TIR Customs focal points could also have a role to play in the exchange of information and good practices regarding the approval procedure;
- The costs of the issuance of certificates of approval vary between countries. In some cases, the use of forms sold by associations is mandatory;
- Some provisions of Annex 3 might require clarification. Customs officers feel unsecure about their powers related to foreign vehicles which in their eyes should not have been approved;
- The provisions related to the fastening of the thongs seem unclear and possibly not provide sufficient security. It might be necessary to add securing stiches on top of the rivets.

## V. TIR Crisis

22. In July 2013, the Federal Customs Service of the Russian Federation (FCS), announced — and eventually implemented — its decision to introduce measures which involved non-acceptance of the TIR guarantee and the requirement for operators to obtain national guarantee coverage. The basis of this decision was that the current TIR guarantee system does not adequately protect Customs revenues and that the national TIR guaranteeing association in the Russian Federation (ASMAP) had accumulated large debts towards Customs. At that stage, the secretariat, in cooperation with affected parties and stakeholders endeavoured to analyse the situation in depth, both from a legal and practical perspective, as well as facilitate dialogue with a view to having the measure withdrawn. Against this background, the TIR Executive Board (TIRExB), held an extraordinary session on 27 August 2013, in order to discuss and react to the emerging crisis situation.

23. After a short period of postponement, the measures are now being implemented almost on the entirety of the territory of the Russian Federation. In addition, the FCS had initially notified ASMAP that the agreement between them would be terminated on 1st December 2013. As a result, the TIR system was briefly at risk of being entirely inoperable on the territory of the Russian Federation as of that date, affecting thousands of transport operators. Thankfully, on 29 November 2013, FCS informed ASMAP that the termination of their agreement will be deferred to 1 July 2014. Despite this positive step forward, the

national measures will continue to be implemented at most border-crossing points during this period. By December 2013 (time of writing this report) outstanding disagreements are still to be resolved between the actors involved within the Russian Federation.

24. The Administrative Committee of the TIR Convention – its highest decision making body – pronounced that these measures constitute a breach of the Convention (ECE/TRANS/WP.30/AC.2/115, para.14). This reaction of Contracting Parties is unprecedented and reflects their serious concerns for the current situation. The secretariat has prepared a separate document for the present seventy-sixth session of the ITC, dedicated to the details of the TIR crisis (ECE/TRANS/2014/19).

## **VI. The eTIR project**

25. The Committee may wish to recall that the Contracting Parties to the TIR Convention launched in 2003 the so-called “eTIR Project” with the aim to replace the use of the paper TIR Carnet by an exchange of electronic messages between the actors involved in the TIR regime. A computerized TIR system will offer significant additional security and risk management opportunities, thus reducing the risk of fraud. Furthermore, advanced international cooperation will allow all actors to significantly reduce their administrative burden and to maximize the benefits of integrated supply chain management. Finally, the provision of advance cargo information and the exchange of information in real time will speed up the TIR procedure.

26. Since the launch of the eTIR project, various initiatives have been initiated by Customs administrations and the private sector to overcome some of the limitations of the paper-based TIR system. In most TIR Contracting Parties, the management of TIR operations is now ensured by IT Customs systems that in some countries allow, or even require, transport operators to provide TIR related data in advance and in electronic format. The private sector, in particular the IRU, in its efforts to better manage the risks of providing guarantees covering international transit, also computerized the management of most of its TIR related activities.

27. The eTIR project certainly leverages these initiatives, however, it should be stressed that, unlike any other, it will provide all TIR Contracting Parties with a unique platform to exchange Customs-to-Customs (C2C) information, as well as provide Customs with the opportunity to manage data on guarantees issued by guarantors to authorized TIR Carnet holders.

### **A. Developments in the Ad hoc Expert Group on Conceptual and Technical Aspects of Computerization of the TIR Procedure (GE.1)**

28. The Ad hoc Expert Group on Conceptual and Technical Aspects of Computerization of the TIR Procedure (GE.1) held two sessions in 2013 during which it finalized the introduction of an international declaration mechanism into the eTIR project, extensively discussed the results of the Cost Benefit Analysis of the eTIR system,<sup>1</sup> and completed version 4.0a of the eTIR Reference Model (Informal document GE.1 No.4 (2013)).

29. Against this background, the Expert Group considered all tasks and activities listed in its Terms of Reference (TRANS/WP.30/2002/11, Annex 1), and was of the opinion that

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<sup>1</sup> The report of the twenty-second session of GE.1 (ECE/TRANS/WP.30/2013/10) was endorsed by the Working Party on Customs Questions affecting Transport (WP.30) at its 135th session.

the eTIR Reference Model fully covers the mandate entrusted to it by WP.30. At the same time, GE.1 acknowledged that, ultimately, it is the task of the WP.30 to endorse the eTIR Reference Model and consider if the Expert Group has satisfactorily fulfilled its mandate. The report of the latest (twenty-third) session (ECE/TRANS/WP.30/2014/4) and the eTIR Reference Model will be submitted to WP.30 at its 136th and, respectively, 137th sessions.

30. Furthermore, it should be noted that the work of GE.1 has already been used in two important projects: (a) the Systematic Electronic Exchange of Data (SEED) project which aims at connecting Information Technology (IT) systems of Customs administrations in the Balkan region, and (b) the eTIR pilot project launched by Turkey that is aimed at testing in a real world environment, the eTIR concepts and messages among a limited number of countries, i.e. Bulgaria, Italy, Romania and Turkey (see section D below).

## **B. Cost Benefit Analysis of the eTIR project**

31. At its forty-eighth session, further to requests from the Committee, WP.30 and GE.1, the TIR Executive Board (TIRExB) mandated the secretariat to conduct a Cost Benefit Analysis (CBA) of the eTIR Project (TIRExB/REP/2011/48final, para. 10). The final version of the CBA of the eTIR system, as delivered by the consultants who were awarded the contract, is contained in Informal document GE.1 No.12 Rev.1 (2012). On the basis of this document and at the request of GE.1, the secretariat prepared a document (ECE/TRANS/WP.30/2013/11), containing a summary of the consultants' CBA, in combination with an assessment by the secretariat, as well as recommendations. GE.1, at its May 2013 session, requested the inclusion of this document as an annex to the eTIR Reference Model version 4.0 (Informal document GE.1 No.4 (2013)). On the basis of the results of the CBA and its own expertise, the GE.1 made the following recommendations:

(a) Considering that the eTIR project seems to be highly profitable for all parties involved in the TIR procedure, it is recommended that the eTIR system should be implemented, including at national level, as soon as the legal provision would be prepared and ratified, the technical specification completed and a project road map agreed on.

(b) Considering the large benefits for TIR Carnet holders, a potential avenue to explore for the financing of the eTIR international system seems to be through a contributory system per TIR transport, similar to the one used for TIRExB.

(c) Considering the commercial sensibility of the data that will be handled by the eTIR international system and in view of the relatively small costs differences with the cloud solution recommended in the CBA, it is recommended that the eTIR international system be hosted at UNICC or UNOG data centres.

(d) Considering the availability of message broker software on the market, it is recommended to consider the use of "off the shelf" solutions, including open source, for the development of the eTIR international system.

## **C. Legal aspects of the eTIR project**

32. With the recent completion of the eTIR CBA, the circumstances have matured as to allow a shift of the work focus from the technical to the legal aspects. The main issues for consideration include, among others: the way(s) to incorporate the computerized system into the TIR legal framework and the impact of this incorporation on the existing legal provisions of the TIR Convention; the repercussions it might have for international private law and national administrative procedures and legal structures; as well as the role and responsibilities of the various actors (Customs authorities, national associations,

international organization, insurers and TIRExB) in the TIR Convention, once the paper based system would be replaced by electronic data interchange (EDI).

33. Against this background, WP.30 and the TIRExB considered document ECE/TRANS/WP.30/2013/8, containing an assessment of the various options available to introduce the legal provisions required to enable a fully computerized TIR system. It discussed the pros and cons of the various options and, at first, preferred the idea of a protocol or amending the current convention. Then it also stressed that a new convention could also bring additional opportunities to further modernize transit. No final conclusion has been reached as of yet, but major work is expected to commence on this topic in 2014.

#### **D. eTIR pilot project between Italy and Turkey**

34. Italian and Turkish customs administrations met on 22 November 2013 to continue their work on an eTIR pilot project. Despite a lack of resources, in particular on the Italian side, they agreed on various steps to move the project forward. They amended and refined the draft Terms of Reference (ToR) for the project with the objective of having them signed in the beginning of 2014. The new version of the ToR foresees a step by step implementation of the project. At first the pilot will only cover transports from Turkey to Italy (and vice-versa) with only one customs office of departure and one customs office of destination. More complex scenarios will be added during the next steps of the project.

#### **E. UNDA project: “Strengthening the capacities of developing countries and countries with economies in transition to facilitate legitimate border crossing, regional cooperation and integration”**

35. Finally, under the eighth tranche of the United Nations Development Account Project (2012–2013), a global project closely related to eTIR is being implemented. The objective of the project is to strengthen the capacities of developing countries and countries with economies in transition to facilitate legitimate border crossing, by means of increased exchange of secure electronic information between Customs administrations and an increased use of internationally standard electronic messages. The project is consistent with the scope and priorities of the strategic frameworks for 2012–2013 of the relevant sub-programmes of UNECE, UNESCAP, UNECA, UNESCWA and UNECLAC and is directly linked to the Internationally Agreed Development Goals (IADGs), including the Millennium Development Goals (MDGs) and Development Agenda. The project builds on the experience of the WP.30 and, in particular, eight years of work of GE.1. A detailed analysis of the UNDA project and its current status are discussed in document ECE/TRANS/2014/8 under agenda item 3(e).

### **VII. Considerations by the Committee**

36. The Committee may wish to take note of and support the above activities of the secretariat, Contracting Parties and WP.30. It is also invited to support the continuation of the eTIR project and to prolong the mandate of WP.30/GE.1 to the year 2014.

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