



Economic Commission for Europe**Inland Transport Committee****Working Party on Customs Questions affecting Transport****157th session**

Geneva, 9 and 10 June 2021

Item 4 (c) (vi) a of the provisional agenda

**Customs Convention on the International Transport of Goods
under Cover of TIR Carnets (TIR Convention, 1975):****Application of the Convention:****Other matters:****Decline in the sale of TIR Carnets****Note by the secretariat**

1. At the request of the TIR Administrative Committee (AC.2), at its seventy-first session (October 2019), the secretariat transmits, in Annex (TIRExB informal document No. 13 (2019)), a study by the secretariat of the decline in the sale of TIR Carnets, as amended with comments provided by the TIR Executive Board (ECE/TRANS/WP.30/AC.2/145, para. 76).
2. The TIR Executive Board (TIRExB), as part of the programme of work for its 2019-2020 term of office, decided to study the reasons resulting in the decreasing number of TIR Carnets sale and to prepare an action plan to address the underlying causes (see item 13 of the programme of work). At its eighty-second session (June 2019), the Board considered possible mechanisms of conducting such a study. The Board concluded that it would be appropriate to start an analysis with the input from Board members and the International Road Transport Union (IRU) and extend it to a wider audience after having obtained first results of this analysis. In this regard, the Board requested the secretariat to start the study with the Board members and IRU, as described in Informal document No. 8 (2019), reflect the findings in a document and circulate them via email for feedback. The Board further decided that, depending on the results of informal contacts, the document would then be submitted either to TIRExB for further consideration or to AC.2 which might then decide to distribute the document to competent authorities and the private sector, seeking their views. The secretariat assured that it would also try to include in the document some statistical data about the use of TIR Carnets in the last decade on a country-by-country or region-by-region basis (TIRExB/REP/2019/82draft, paras. 44–47).
3. The secretariat prepared the attached study for consideration by the Board.

Annex

Study of the reasons for the decline in sale of Carnets over the years and action plan to address the underlying causes

November 2020

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I. Introduction – Mandate

1. The report of the United Nations Office of Internal Oversight Services (OIOS) of its “Audit of management of the transport International Routier Trust Fund” recommends, inter alia, that the United Nations Economic Commission for Europe (ECE) should bring to the attention of AC.2 the need to study and analyse the causes of this decline and develop an action plan to address them.¹

2. The OIOS report mentions that the interim arrangement for the financing of the TIR Executive Board (TIRExB) and the TIR secretariat was linked to the number of TIR Carnets forecasted and distributed. However, there had been a steady decrease in the number of TIR Carnets distributed since 2015. In 2017, TIR Carnet sales reduced to 1.15 million, or 9.4 per cent lower than in 2016. As the financing of the operation of TIRExB and the TIR secretariat was linked to the sale of TIR Carnets, AC.2 approved a higher amount per TIR Carnet to meet the estimated expenditure. The approved amount per TIR Carnet for 2018 was \$1.43 compared to \$0.60 in 2015. However, the external partner informed AC.2 in January 2018 that it would continue to charge the 2017 approved amount of \$0.88 per TIR Carnet due to the difficult financial environment of the transport industry. Previously, since the number of TIR Carnets distributed was higher than the number forecasted, there were surpluses in the collected amounts whereas during the last three years, there were deficits despite the increase in the amount per TIR Carnet

Figure I
TIR Carnets forecasted and distributed

Year	Forecasted number of TIR Carnets to be distributed		TIR Carnets actually distributed	Difference	Amount per TIR Carnet approved by the Administrative Committee (in \$)
2015	1 900 000		1 500 450	(399 550)	0.60
2016	1 550 000		1 223 400	(326 600)	0.87
2017	1 480 000		1 154 650	(325 350)	0.88
2018	1 088 000		Not available ²	Not available	1.43

Source: OIOS report, March 2019

3. ECE stated that one of the reasons for the decline in the sale of TIR Carnets was the delay in implementing the eTIR system, as well as increased competition with other customs transit systems. Considering that the sustainability of TIRExB and the TIR secretariat is linked to the sale of TIR Carnets, OIOS recommends that ECE needs to bring to the attention of AC.2 the need to study and analyse the causes of this decline and develop an action plan to address them.

4. Following the recommendation by OIOS as well as the decision of TIRExB (TIRExB/REP/2019/82, paras. 44–47), the TIR secretariat prepared the current study. The main objective of the study is to analyse the causes of the decline in sales of TIR Carnets as well as the development of an action plan, for consideration by TIRExB and, consequently, AC.2.

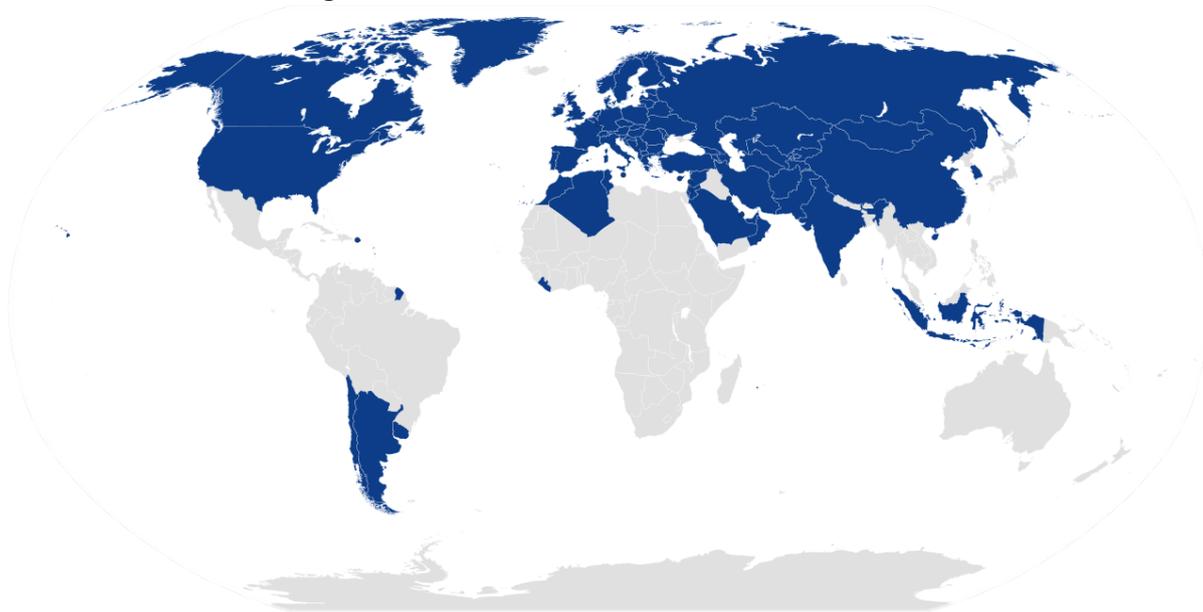
¹ For the full report, please refer to:
www.unece.org/fileadmin/DAM/trans/bcf/ac2/documents/2019/ECE-TRANS-WP30-AC2-2019-25e.pdf

² The table is copy pasted from the OIOS report and the time that it was prepared those figures were not available. Since we are quoting the OIOS recommendations / report the secretariat decided to reproduce the table as it was mentioned in the OIOS report.

II. Historical Review - Statistics

5. The TIR Convention has seventy-six Contracting Parties.

Figure II
TIR Convention Contracting Parties



Source: TIR secretariat

6. Out of these seventy-six contracting parties, twenty-one³ contracting parties have never used the system or have not used it for the last three years, nine⁴ of them are rather new and either have not conducted any TIR transport yet or conducted just a few during 2018, and one⁵ of them is a customs union and only its member States can undertake TIR transports. Therefore, practically forty-five contracting parties are really using the system today.

7. In the period 2001–2019, a total of 47,390,600 TIR Carnets were distributed.

8. The highest amount of TIR Carnets was issued in 2006, with 3,599,850 and the lowest one in 2019, with 858,100.

9. Figure III illustrates the TIR Carnets issued over all these years. Apart from the big decline that occurred in 2009, the dramatic decline started in the period 2013–2014 where 1,000,000 TIR Carnets less were issued in one year!

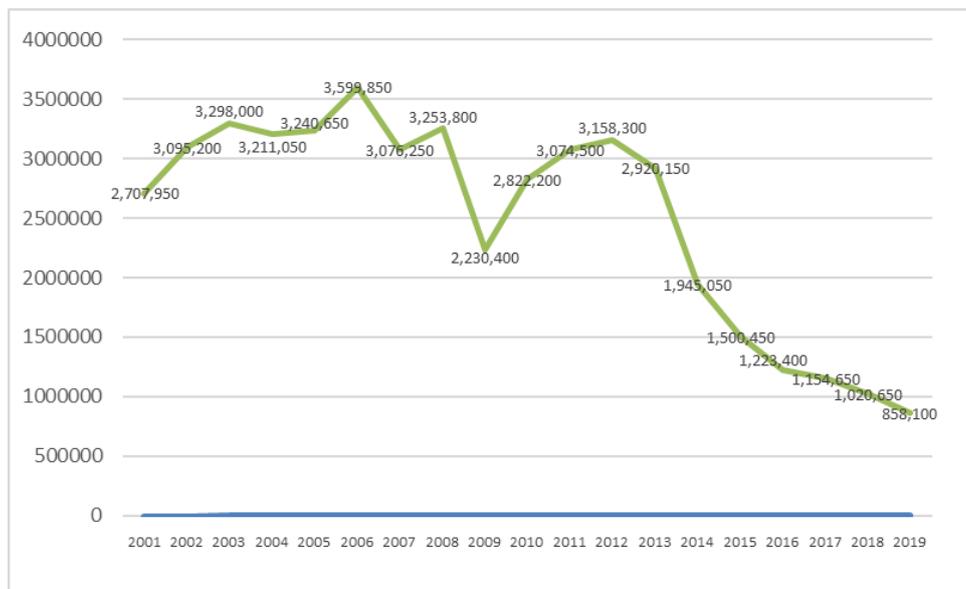
10. Since then, the decline is steady, ending up with 858,100 TIR Carnets in 2019.

³ Afghanistan, Algeria, Armenia, Canada, Cyprus, Indonesia, Ireland, Israel, Kuwait, Liberia, Malta, Morocco, Norway, Portugal, Republic of Korea, State of Palestine, Sweden, Tunisia, United Kingdom of Great-Britain and Northern Ireland, United States of America and Uruguay

⁴ Argentina, Chile, China, India, Oman, Pakistan, Qatar, Saudi Arabia, United Arab Emirates

⁵ European Union

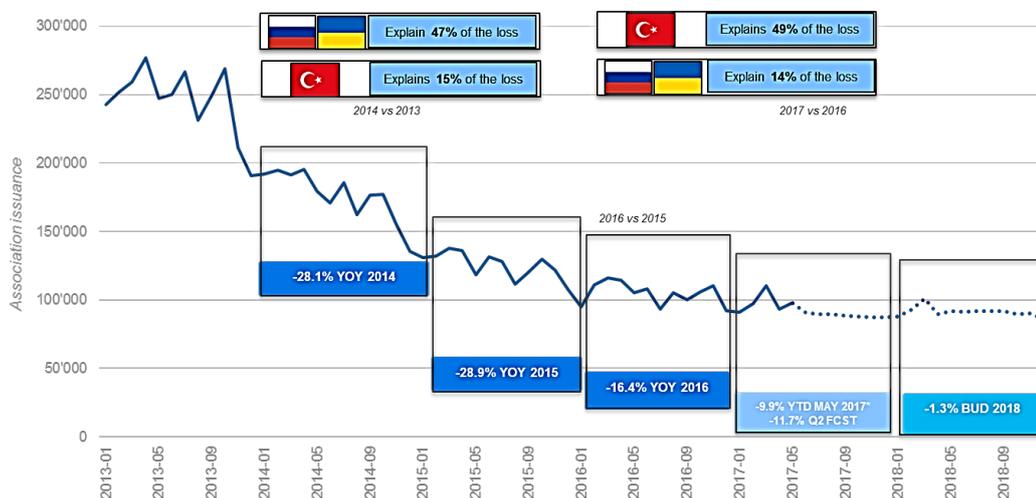
Figure III
TIR Carnet issuance 2001–2019



Source: TIR secretariat

11. According to IRU and based only on statistics and not any reasons behind them, 47 per cent of loss that happened between 2013 and 2014 was due to a lower issuance of TIR Carnets from Ukraine and the Russian Federation. Another 15 per cent was due to a lower issuance of TIR Carnets to Turkish transport operators. Furthermore, another big decline happened between the years 2016 and 2017 where 49 per cent less TIR Carnets were issued in the Russian Federation and Ukraine.

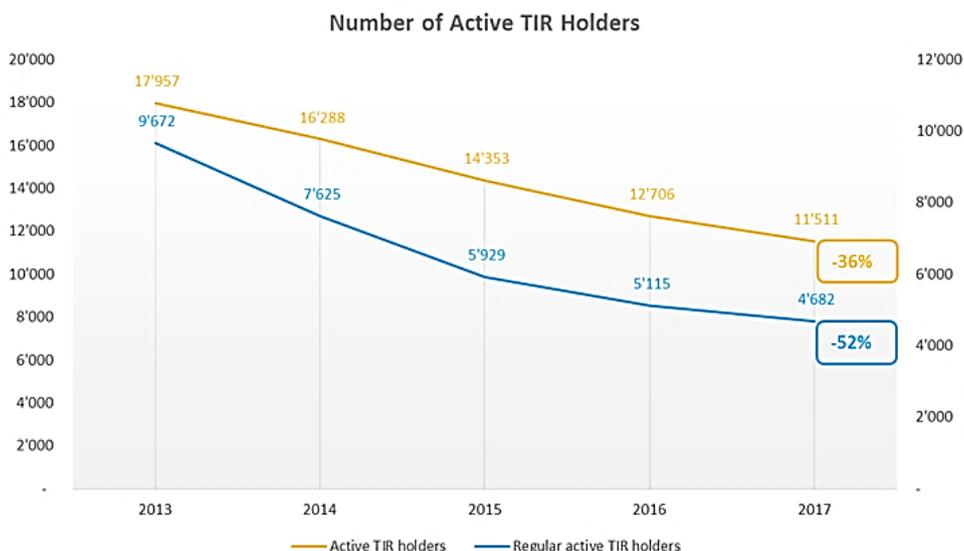
Figure IV
Dramatic decline in the issuance of TIR Carnets since 2014



Source: IRU

12. In the period 2013–2017, regular active TIR Carnet holders (good clients of the system) were using less TIR Carnets on a weekly basis!

Figure V
Number of active holders



Source: IRU

13. According to IRU, TIR is fast losing relevance in Europe. TIR is used less and less for goods entering the European single market:

- T⁶ is convenient: no paper, large number of brokers and agents who can support operators anytime, anywhere;
- T is generally cheaper, except for consolidated cargo;
- T provides powerful simplified procedures: authorized consignor and consignee, comprehensive guarantees, guarantee waivers;
- T is a modern and flexible system that fully reflects the needs and requirements of doing business in 2020.

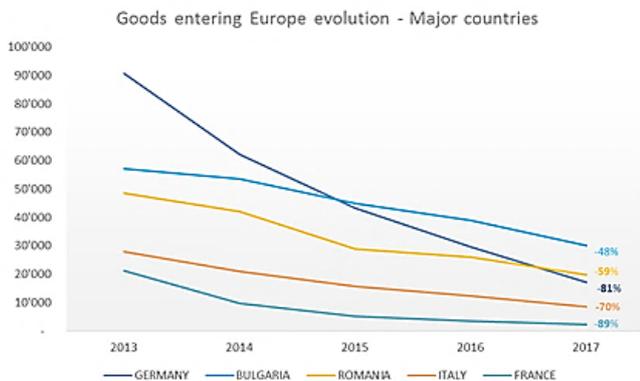
14. At the current pace, in countries such as Germany, the use of TIR may stop completely before even 2020 (figure VI).

⁶ External Transit (T1) is generally applicable to non-Union goods. - The external transit procedure allows by default for non-Union goods to be moved from one point to another point within the customs territory of the Union so that customs duties and other charges are suspended.

Internal Transit (T2) is generally applicable to Union goods. - The internal transit procedure allows and economic operator to temporarily leave and re-enter the customs territory of the Union while maintaining the Union status of his goods.

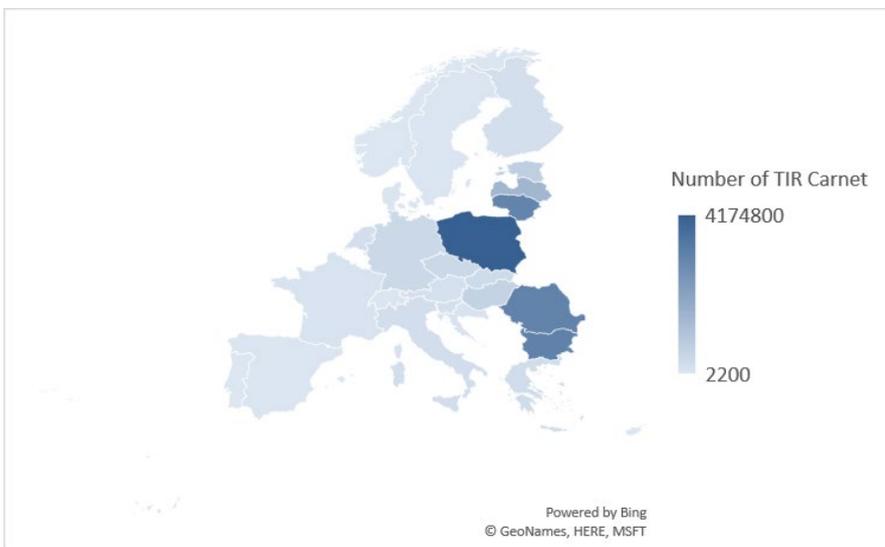
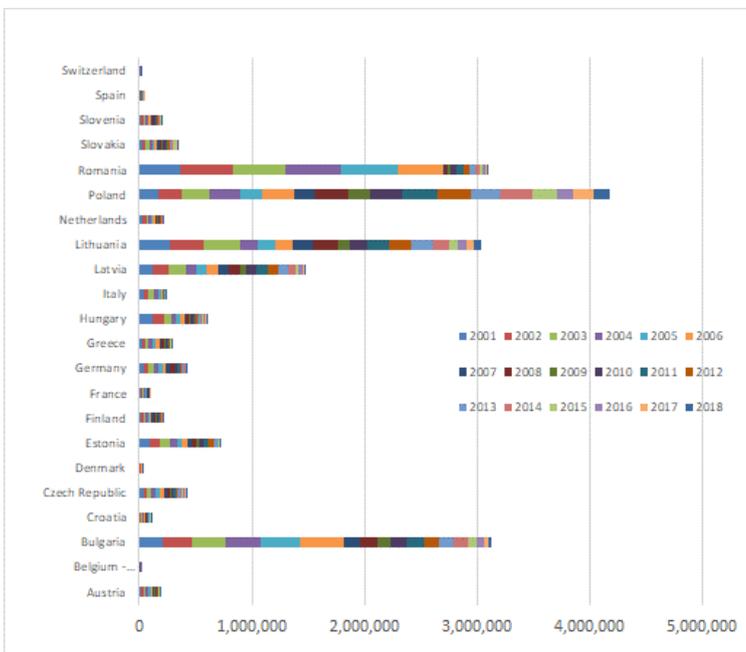
ec.europa.eu/taxation_customs/sites/taxation/files/11_taxud_ucc_customs_transit_quick_info_en.pdf

Figure VI
TIR is fast losing relevance in Europe



Source: IRU

Figure VII
TIR Carnet issuance in the territory of the European Union (2001–2018)



Source: TIR secretariat

15. Poland is the champion in TIR Carnet issuance during the period 2001–2018 with 4,174,800 in total, followed by Bulgaria with 3,124,500, Romania with 3,095,350 and Lithuania with 3,028,000.

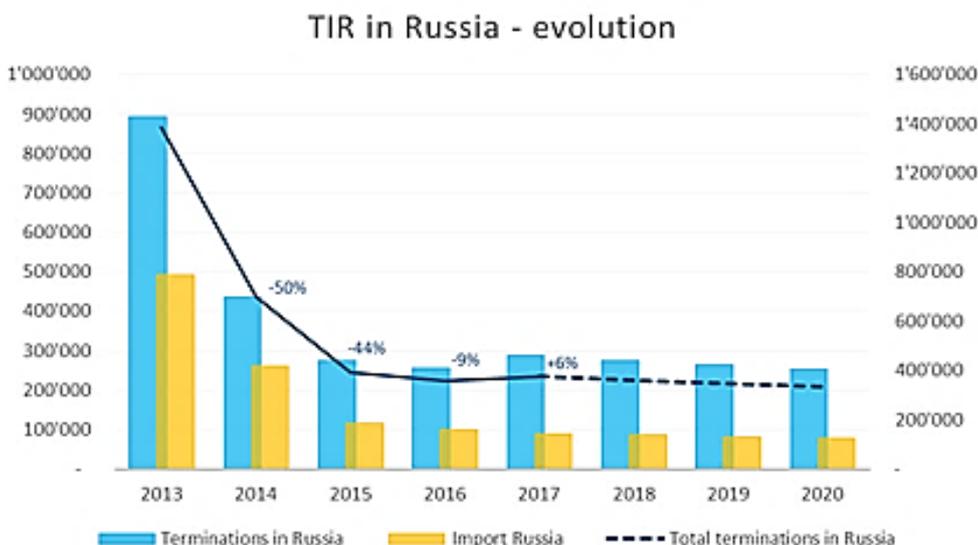
16. The countries that issued the lowest amount of TIR Carnets in the territory of the European Union during that same period were Portugal with 5,600 and Cyprus with 5,800.

17. Figure VIII illustrates the evolution of the issuance of TIR Carnets in the Russian Federation. There was an increase in the termination of TIR Carnets in the Russian Federation, mainly due to an increase in the issuance of TIR Carnets to Polish transport operators.

18. The new system introduced by the Eurasian Commission (EEC) is more flexible. The recent efforts made by IRU to promote TIR in the region have generally failed.

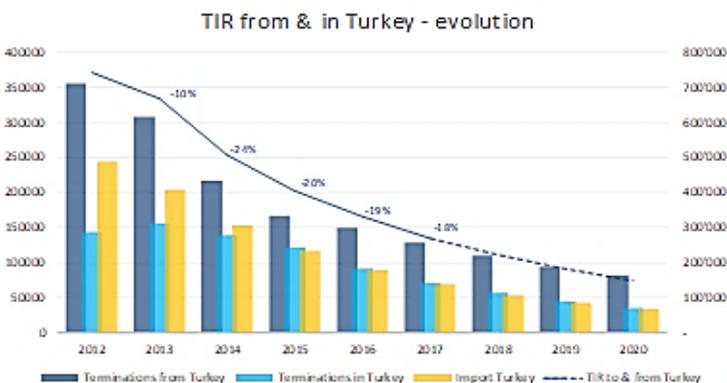
19. In 2020, IRU is expected to distribute 45,000 TIR Carnets less to the Russian Federation than in 2017 and this is a largely optimistic scenario. This scenario does not take into account the announcement made by the Federal Customs Services of the Russian Federation that paper procedures will be discontinued in 2020 as well as the continuing efforts to extend the Eurasian Customs Union to neighbouring countries.

Figure VIII
TIR evolution in the Russian Federation



Source: IRU

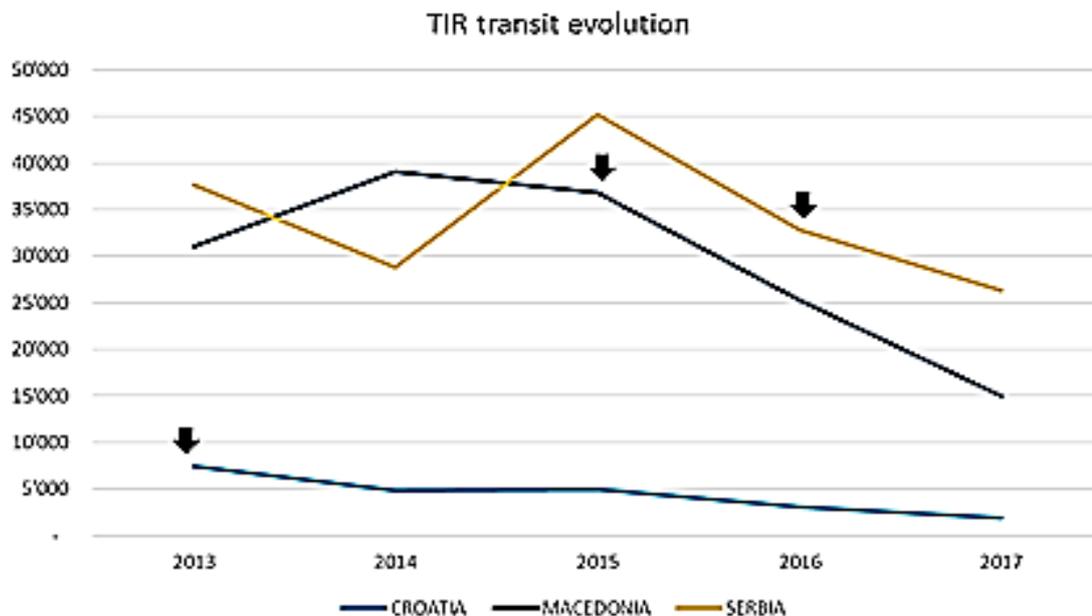
Figure IX
TIR evolution in Turkey



Source: IRU

20. Since December 2012, following joining of Turkey to NCTS, with the shift of operators' preferences from TIR to NCTS, the issuance of TIR Carnets to and from Turkey has decreased by 64 per cent. This trend is expected to continue. In 2020, IRU is expected that it will distribute 120,000 TIR Carnets less to Turkey than in 2017 and this is the best-case scenario.

Figure X
Impact of countries joining NCTS in the Balkan region



Source: IRU

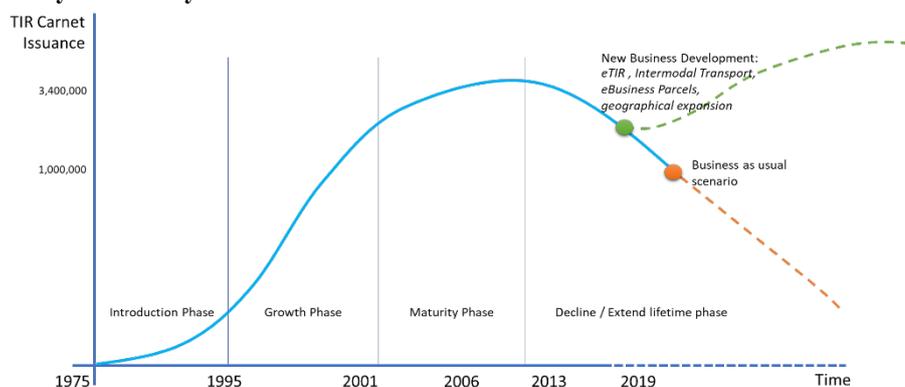
21. Croatia joined the NCTS system in July 2012, North Macedonia joined in July 2015 and Serbia joined in February 2016.

22. Albania, Bosnia, and Montenegro are preparing to join NCTS in 2022 and it is expected that 30,000 TIR Carnets less than in 2017 will be issued.

23. According to IRU, the customs authorities of Ukraine confirmed in March 2018, that their priority is to join NCTS (as early as in 2020).

24. Azerbaijan, Georgia and the Republic of Moldova are also taking steps towards joining NCTS. In 2022, they are expected to issue at least 90,000 TIR Carnets less than in 2017.

Figure XI
TIR system life cycle



Source: TIR secretariat

25. Figure XI illustrates the life cycle of the issuance of TIR Carnets since the conclusion of the current TIR Convention in 1975. Due to the facts analysed earlier, it is clear that the issuance of TIR Carnets has passed its maturity phase and has entered the phase where either further decline will occur in the coming years, leading possibly towards an obsolete TIR Convention, or actions will / must be taken to revitalize the TIR system and, consequently, the TIR Convention, leading to a new growth phase. The actions that have to be undertaken should touch upon different levels: from operational issues such as eTIR, pricing and business procedures to strategic geographical expansion, niche markets and products as well as the modernization of the TIR Convention.

26. There is an undisputable fact: the TIR Convention is outdated, is not a modern tool adapted to current business requirements but rather an old legal instrument that failed to foresee the future business requirements and needs, having as its main and only advantage its five principles / pillars.

27. If the business-as-usual scenario continues, the decline in the issuance of TIR Carnets in the coming years will be so dramatic that it might cause an interruption of the system. The new growth phase scenario demands radical and direct solutions and proposals. Practice has shown that accession by strategic countries such as China, India and Pakistan is not enough to stabilize the system and bring a change towards the growth phase, at least not for the next three years. At this stage, efforts should be made in order to stabilize the system and ensure that the annual issuance of TIR Carnets issuance will remain close to 1 million. In parallel, multiple actions should be performed in order to initiate the growth phase – new business era.

28. The following part of the study analyses the reasons for the decline in TIR Carnets sales over the year in the form of a strengths, weaknesses, opportunities and threats (S.W.O.T.) matrix, including recommendations. This SWOT analysis is based on inputs received from members of TIREXB but also from TIR and eTIR focal points, from both the customs authorities and national associations, to whom the secretariat distributed the study seeking their comments / views.

29. Furthermore, during the year 2020 when countries around the world began closing borders and imposing lockdowns due to the COVID-19 pandemic, the global supply chains were heavily hit, including the use of the TIR procedure. Thousands of trucks were stuck at borders, preventing their deliveries of foods and other essential goods to the markets. Truck drivers and transport companies could not access information on border openings and restrictions.

30. The UNECE, IRU and the Contracting Parties to the TIR Convention have been working on an electronic version of the TIR system for a few years. This allows for a paperless and contactless operating environment while continuing to ensure the safe and secure transport of goods. During the pandemic it was decided to accelerate implementation of the eTIR system contactless environment to assist if possible in the non-spreading of the virus. The secretariat prepared a brochure on the benefits of eTIR and initiated a campaign on the interconnection of national customs systems with the eTIR international system.

31. The eTIR International System was recognised as the UN tool / convention that protects people from the virus while facilitating and simplifying borders crossing procedures by the UN system and Governments.

32. The United Nations (UN) Secretary-General's report entitled "Shared responsibility, global solidarity: Responding to the socioeconomic impacts of COVID-19", published in March 2020 mentions: "Innovative tools such as UN eTIR/eCMR systems and other tools that allow the exchange electronic information without physical contact and facilitate the flow of goods across borders should be used".

33. The COVID 19 pandemic is still ongoing. This experience show us that a new culture for border crossings operations must be created. In February and March borders were used as the "ancient walls" that would save the cities from the "enemies". It took humanity just a few days to revert to a logic used in the middle ages. Closing the borders was not a solution. Rather, this would only cause bigger problems and even turn a potential economic crisis into a social unrest. This made us realise how fragile the international transport system is. Going

forward, TIR Convention and its electronic version the eTIR international system can play a crucial role in further enriching and inspiring towards a world without obstacles, but with the safe, secure and efficient delivery of essential goods. This brings all Contracting Parties, all partners, and international institutions to work in solidarity and work further in coordination to meet requirements of our shared responsibility.

III. Strengths – Weaknesses – Opportunities – Threats (SWOT) Analysis of the issuance of TIR Carnets

34. The following table summarizes the responses received from contracting parties / customs authorities.

Study the reasons for the decreasing number of the TIR Carnets used

Strengths

- The five pillars of the Convention, especially the mutual recognition, are the major competitive advantage that the TIR Convention brings;
- It is the only global transit system; it is not regional and is open for accession by all United Nations member States;
- It is not limited to one mode of transport, it is intermodal and can easily meet the requirements of transport industry, including but not limited to the containerized cargo;
- It is adapted to a certain extent to the modern trade requirements for instance the increase of guarantee, the possibility to use authorized consignor and consignee;
- TIR Carnet as a transit document is recognized globally;
- Many other regional legal instruments adopted under the auspices of regional inter-governmental organizations refer to TIR system. For example, the Economic Cooperation Organization (ECO) Transit Transport Framework Agreement and the Lapis Lazuli Agreement;
- Simple procedure and documentation;
- It cannot be entirely replaced by other regional systems;
- Existence of international guarantee scheme-a single guarantee enabling movement of goods in transit across TIR countries;
- Existence of public-private partnership;
- More countries are joining to the TIR system, therefore providing unique opportunity for sustainable development, economic prosperity and trade boost;
- Transport of goods in customs secure vehicles or containers by authorized persons;
- Reduced customs formalities at the border crossing points;
- The most extensive unique and harmonized customs

Weaknesses

- Although the number of contracting parties is 76, the system is operational in 64 CPs and less than 45 CPs are really using it;
- Although the system can apply to intermodal transport it is either suspended during the rail and sea legs of the transport or not being used at all; Actually, it is not well known (customs and market) that the TIR system can be used for intermodal transport;
- The amount of guarantee is not flexible and has certain limitation. The issue of unresolved tobacco and alcohol guarantees is another weakness;
- Low speed of digitalization;
- Limitation for use only by authorized transport operators. Although this aspect can be considered as a strength from the side of customs administrations, for transport industry it is a limitation;
- TIR Carnet prices are not competitive anymore;
- Transports with TIR Carnets often are not given priority at borders, therefore TIR and non TIR transports are treated in the same way, losing the advantages that the five pillars bring;
- Use of pre-arrival declaration (TIR-EPD) is not mandatory and therefore has low contribution to risk management in many of the CPs;
- Cumbersome since it is still paper based;
- Not connected to electronic systems (private or customs);
- Cumbersome legal procedures concerning claims (IRU/AXA; courts);
- Adoption to modern techniques, business needs is rather slow;
- Computerization process took too long, and yet not completed;
- Modern concepts such as sub-contractors, authorized consignee/consignor, use of electronic devices etc. still not integrated into the system, even as best practices or recommended practices;
- Decision making process takes too long, and even one country which is not ready at that time to implement a new

Study the reasons for the decreasing number of the TIR Carnets used

Transit system;

- A rising interest from numbers of countries;
- Affordable transit solution.

development/technique, simply blocks all countries;

- Sometimes use of enforced collection of amounts due;
- Limited guarantee;
- A large number of contracting parties to the TIR Convention (It is difficult to implement universal solutions that could be applied in all contracting parties without withdrawals (peculiarities, exceptions));
- The need to pass by customs offices, especially at departure/destination;
- The need to use customs seals only;
- The long process to access to the TIR system (traders, vehicle agreements...);
- Long border crossing checks;
- Lack of data in TIR Carnet (other data such as Safety/Security data asked by several CP).

Recommendations:

- To carry out a study on the implementation of TIR system in different CPs, to clarify region/country specific problems/challenges/opportunities. Study report can serve as a source of information with best examples for other CPs and will encourage them to improve their operations;
- To increase visibility of the TIR system, by participating as ECE in the transit and trade working group meetings of different intergovernmental organizations, such as ECO, Lapis Lazuli agreement working group etc.;
- Expansion to other regions;
- Actions to increase transparency as regards functioning of public-private partnership is recommended;
- Setting guiding rules to reinforce sustainable functioning of the international guarantee chain may be of use (relation between the international organization and national associations, relation between ECE and international organization etc.);
- Reduce customs formalities en route (for example: at the customs office of exit);
- Computerize the TIR procedure;
- To assess the effectiveness of the TIR Convention primarily by the number of TIR Carnets implemented in different countries rather than the number of contracting parties acceded to it;
- Re-establish communication in favour of TIR (e.g. in Brexit context);
- Reinforce actions concerning training activities in contracting parties;
- Introduce a new TIR World Customs Organization

Recommendations:

- As ECE, to work more with new CPs and CPs that have not yet made TIR system operational despite having been contracting parties to the TIR Convention for many years, to try to clarify the reasons for low progress and assist them in implementation;
- To consider the use of TIR system in road-rail intermodal transport, where a TIR Carnet can be accepted as a transit declaration and guarantee coverage and could be also in force for the rail leg of the transport;
- To work towards establishing flexible guarantee system, where the TIR Carnet prices that also includes guarantee insurance amount, differ not only based on the number of vouchers, but also on the amount of the guarantee to be covered;
- To accelerate the process of digitalization;
- To enable the priority passage of TIR transports across the borders, there can be legal provision in the text of convention that can include that, contracting parties consider establishing separate TIR lanes at borders. Also to elaborate a recommendation on risk based controls for TIR operations. Such a recommendation together with a legal provision of establishment of TIR lanes, can provide stronger basis for priority service for TIR transports at borders;
- Completion of an in-depth study on promotion of intermodal transport is recommended. This study should identify the bottlenecks and problems. Methods/solutions to overcome the problems, recommended actions, and also best practices need to be incorporated in the study;
- Speeding up the computerization process should become the utmost priority;
- Prioritization of the agenda items, work programme of the decision-making bodies might be a solution. A target oriented approach is necessary;
- Priority issues should be dealt immediately, sufficient time should be allocated for settlement of these issues, and

Study the reasons for the decreasing number of the TIR Carnets used

(WCO) expert accreditation for reinforcement capacity training in field of customs;

- Keep the 5 pillars, even in an IT environment.

points for information or traditional agenda items may be dealt at a later stage;

- Exploring different approaches for introduction of new techniques to the TIR system may be useful;
- Linking several issues with the United Nations Sustainable Development Goals and 2030 strategy for Sustainable Inland Transport may be of help for programming;
- Reduce the price of the TIR Carnets;
- Clarify the procedure for collecting duties and taxes with minimum national requirements in case of irregularities in TIR operations;
- To assess the effectiveness of the TIR Convention primarily by the number of TIR Carnets implemented in different countries rather than the number of contracting parties acceded to it;
- Use facilitations (authorized consignor, consignee, and use of special seals...);
- In general, better rely on trusted holders and their subcontractors;
- Use Authorized Economic Operator (AEO) status in order to ease access to TIR and TIR facilitations;
- Facilitate agreement vehicle process (ideally internalization the approval of the vehicle by trusted traders);
- Avoid customs offices “en route”: only keep office(s) of departure and office(s) of destination between CP open to this major change.

Opportunities

- Can be expanded more to new countries, especially after the accession of China, Pakistan, India and Arab countries;
- Potential of growth;
- E-Commerce;
- Countries such as China, India, Pakistan joined the TIR system and expansion of the system provides a unique opportunity for increasing global effectiveness of the system;
- Expansion of the TIR system provides also new business opportunities and opens practical corridors to implement multi-modal, intermodal transport;
- eTIR system offers a unique opportunity for modernization of the TIR system set in the 1970s. eTIR scheme includes wide range of benefits for all actors both in terms of security of transit operations and for facilitation of procedures;
- Use the TIR procedure in intermodal transport;
- Additional facilitations for the transport operators (for example: reduce the customs control at the customs office of departure/destination; use a special TIR carnet to waive the guarantee);
- New Transit corridors such as North-South corridor in the TIR system;

Threats

- Regional integration processes also entail creation of common transit and trade areas. Therefore, the members of this economic unions tend to use more the regional transit systems in trade among themselves. NCTS, transit system of Eurasian Economic Union are examples of this. To take into account the expansion of the European Union's trade and transit policy also to Eastern Partnership countries and to European Union neighbourhood, more and more countries consider creating alternatives to existing national and international transit systems they apply. For example, after Ukraine and Georgia start fully implement NCTS, T1 procedure will be used in transport to/ from European Union member states and other NCTS CPs;
- TIR system at some point recently has faced considerable limitations, especially by countries that are the largest users of TIR Carnets. This has also connection with regional integration processes;
- Potential of irrelevance;
- If the system cannot respond to the needs and expectations of these countries, the use of the system will stay low. Enlargement of the system would not lead a raise without computerization or promotion of inter-modal use;
- Further delay in computerization process, will undermine the preference towards use of the TIR system, and may

Study the reasons for the decreasing number of the TIR Carnets used

- Congestion of other means of transport (especially maritime transport and air transport);
 - The opening of new commercial road (e.g. The news silk road);
 - The possibility to combine road, maritime, air and rail transport;
 - The rise of postal cargo in the future.
- even endanger its survival;
 - Opting out modern concepts may prevent further facilitation of TIR transactions, and lead to negative effects on use of TIR Carnets;
 - Diversity in the levels of development and expectations
 - of countries may continue to be a problem in reaching ultimate common goals;
 - New and more sophisticated methods of fraud and smuggling;
 - New trends in trade patterns;
 - Slowness in implementing eTIR;
 - Lack of proper support for eTIR in members;
 - Non-competitive with parallel e-systems;
 - Mutual recognition of customs control measures; (The possibility of importing prohibited goods and goods other than those declared in manifest);
 - Availability of financial guarantee within the established limit (Financial guarantee is valid only if it does not exceed the established limit);
 - TIR Carnet can only be used in paper form;
 - Insufficient amount of information on the transported goods, which is indicated in the TIR Carnet. Lack of possibility of their automated processing;
 - Monopoly of the IRU as the international organization referred to in Article 6 of the TIR Convention. (Possibility of adopting unilateral measures similar to those adopted for the Moldovan and Romanian associations);
 - Non-transparent activities of the international organization referred to in Article 6 of the TIR Convention;
 - Difficult neighbouring relationship between several contracting parties.

35. The following table summarizes the responses received from the private sector and the international organization.

Study the reasons for the decreasing number of the TIR Carnets used

*Strengths**Weaknesses*

Study the reasons for the decreasing number of the TIR Carnets used

- Tried and tested trade & transit facilitation tool
- Worldwide system already acceded by 70+ countries and used by 60+ CP's and continuously expanding
- One transit document and guarantee with enhanced security for all stakeholders
- Controlled access to the TIR system and mutual recognition of customs controls
- Centralized guarantee system with clearly identified liabilities managed by an int'l organization mandated by all CP's
- Joint and several liability (holders + associations) vis-a-vis customs authorities
- Customs have always a local national corresponding association, which is liable viz. customs by virtue of a national guarantee agreement concluded between them
- Coverage of up to EUR100'000 per TIR transport for all transports
- TIR is a multi-lateral transit system, which reduces customs procedures compared to undertaking a series of national customs procedures
- Transit documents and guarantees are recognized internationally
- Private sector procedures are highly harmonized, almost fully computerized and operational.
- TIR can be particularly efficient for consolidated cargo as the procedures relate to the entire truck, not the individual consignments within it
- TIR-EPD (fully in line with national requirements)
- Multi-lateral legal and institutional framework that governs the implementation of the system
- Still paper-based procedure
- Manual work by TIR stakeholders (filling out and stamping)
- Paper TIR Carnet format and set up is difficult to fill in
- More time-consuming procedure because of manual work by all stakeholders
- Insufficient integration between private and public stakeholder IT systems can impact negatively on the efficiency of the system for users
- Difficult to accommodate to modern business practices (computerization, ACC, increasing loading and unloading places, intermodal application of TIR)
- Heavy and lengthy decision-making process (e.g. amendments to TIR Convention)
- Incomplete TIR computerization concept not fully in line with current customs and business practices (e.g. additional data requirements are not agreed upon, hence the use of alternative middleman services is necessary, which leads to additional costs and hurdles)
- No or reduced access to the International TIR Databank (ITDB) information for TIR holders and IRU
- Lack of synchronization mechanism between the public and the private sector for repository data entries and management of ITDB
- Unclear regulation and administration of repository information concerning TIR holders by the competent authorities of CP's leading to mismatch or lack of data or to publishing information in contradiction with existing provisions in the TIR Convention
- Unfair treatment of information (the private sector is forced to publish TIR prices which is used to the benefit of competitive transit systems - dumping)
- Implementation of the TIR system by national authorities is not always harmonized – unclear pathways to quickly resolve potential issues that impact on the efficiency of the system for users

IV. Next Steps – Action plan

36. Based on the results of the analysis and the recommendations provided by the TIR /eTIR focal points as well as TIRExB members on the reasons behind the decline of TIR Carnet sales over the years, the secretariat prepared the following action plan (Figure XII)

Figure XII
Action plan



Source: TIR secretariat

37. “The world changed and the TIR system unfortunately stayed in 1975”. This is one comment received from focal points which it was not included in the SWOT analysis and the secretariat believes that it fully reflects the situation that the TIR system is facing today.

38. The action plan proposed is a for four-years one and includes two phases: the stabilization phase, which should start immediately and finish around 2022 and the new growth phase which will start also immediately and in parallel with the stabilization phase and the results of which should appear as of 2024.

39. The proposed actions are divided in three parallel and interconnected areas:

- (a) modernization of the TIR Convention;
- (b) efficient operations; and
- (c) business development.

40. The secretariat is of the opinion that these three areas touch upon all the recommendations suggested by the experts and provide a concrete and specific plan of actions to be taken. Recognizing the bureaucratic environment and the lengthy decision-making process of AC.2, the support and active contribution of the contracting parties should be warranted in order to ensure a rapid implementation of the proposed actions. Further delays in the implementation of the reforming and revitalizing actions will only lead to further decline of the number of TIR Carnets to be issued in the future.

41. Specifically, the actions include:

- (a) Modernization of the TIR Convention:
 - (i) Adoption and implementation of Annex 11;
 - a. Adopt the technical specifications of the eTIR international system, based on the provisions of Annex 11 and ensure that they will come into force;
 - b. Finalize the development of the eTIR international system and ensure interconnection with as many national central customs systems as

possible, until the moment Annex 11 comes into force, in order to ensure a smooth and rapid transition from a paper to electronic environment;

(ii) Identification of provisions of the TIR Convention that need to be modernized:

a. Prepare a study that analyses the advantages of other regional systems in order to identify good practices implemented that could be incorporated in the TIR system;

b. Prepare an analysis of specific needs / requirements of different geographical regions of strategic importance such as Middle East. North African countries (MENA region), Eastern Asia and Sub-Saharan Africa;

c. Prepare an analysis that identifies in detail the disadvantages / weaknesses of the TIR Convention, including feedback from the market;

d. Prepare an analysis based on input received from the business development analysis (third area of proposed actions) to identify possible needs to amend the TIR Convention;

e. Based on the above-mentioned input, identify the provisions of the Convention that need to be modernized / amended, prepare the appropriate amendment proposals in the framework of AC.2 and proceed with their final adoption.

(b) Operations of the system:

(i) Connect as many as possible national central customs systems to the International TIR Data Bank (ITDB), ensuring in parallel the finalization of ITDB modules (holders and customs offices) and its smooth and rapid connection with the eTIR international system;

(ii) Connect as many national central customs systems as possible to the eTIR international system well before Annex 11 comes into force;

(iii) Initiate and perform efficient connections of the eTIR international system with well-established regional transit solutions such as NCTS, the EEC transit system etc;

(iv) ;

(c) Business development:

(i) A very thorough, detailed and strategic analysis should be undertaken in order to identify new markets for the eTIR international system / TIR Convention, identify contracting parties that would benefit from re-activated of the TIR system or countries that should become contracting parties;

(ii) Create a competitive package for TIR users: eTIR, facilitation of visa for drivers, eCMR including digitalization of other relevant United Nations conventions as well as ensuring cooperation with other initiatives by the transport sector to digitalize transport documents, such as freight forwarders, rail operators etc;

(iii) Perform collaborative (with other regional commissions? regional organizations?) and intensive efforts to operationalize TIR in the identified strategic geographic regions;

a. Geographical expansion of the TIR Convention:

i. Asia: efforts should be strengthened to encourage Southeast Asian countries and more South Asian countries to become contracting parties in order to have the guarantee chain completed and intensive efforts to make the system operational with the support / contribution / active collaboration of regional organizations such as the UNESCAP, ADB, ASEAN, SAARC, BIMSTEC etc;

ii. Middle East and North Africa – Arabic countries: with the

support of ESCWA, the guarantee chain in the region should be completed (Iraq?) and workshops organized to help the region to start using the TIR system in a regular and systematic way;

iii. Sub-Saharan Africa: with the support of ECA and the UNCTAD – ASYCUDA team transport corridors should be identified where high trade volumes exist and missions / workshops and studies be organized that would activate the system in the region / make countries decide to accede to the system. Cooperation with corridor organizations is crucially important;

iv. Latin America: the same approach should be followed in Latin America. A trade corridor should be identified, if possible, involving countries already being contracting parties to start operations in the region. The role of IADB role would be instrumental in these efforts. Sub regional cooperation programmes are important. ECLAC can be also a key partner;

v. In general, an action plan for all these regions should be prepared where the United Nations regional commissions and organizations including other regional organizations will have a role to play, not only in the initial phase of business development but also during the operational phases, making them part of the TIR system and the TIR secretariat. Only like that, the long-term sustainability of the TIR system in these regions could be warranted;

(iv) Sustainability of the eTIR international system and identification of niche markets for its implementation:

a. **Intermodal transport and logistics:** the sector has specific requirements and there are specific benefits that TIR can offer. These benefits are not common in all geographic areas. On top of the analysis that is being taken place in the framework of TIRExB, an informative / detailed / marketing package should be prepared for intermodal transport and logistics market, informing the market about the possible benefits and trying to organize as many real pilot tests as possible that justify those benefits; An intermodal transport analysis should include all transport scenarios including rail, maritime and air transport;

b. **eBusiness Parcels/ TIR for cargo post:** for the moment, the TIR Convention does not promote its use for postal services which are being regulated mainly through the Revised Kyoto Convention (see comment to Article 3 of the Convention). However, postal services have changed, especially after the introduction of eBusiness / ecommerce where billions of packages, being transported from, one continent to the other, mainly carrying goods. Postal services need a global system, such as the TIR Convention, and the eTIR international system to control these flows and reduce customs fraud. This business opportunity should be further analysed;

c. **Sustainable future for the eTIR international system:** Annex 11 stipulates the main principles under which the eTIR international system will function, operate and develop. In parallel, the formal Group of Experts on the Conceptual and Technical Aspects of Computerization of the TIR Procedure (WP.30/GE.1) is working on preparing and finalizing the technical specifications (version 4.3.) of the eTIR international system, based on which the secretariat has developed / is developing the eTIR international system. However, since we are dealing with technology and since no decision has been taken so far by the contracting parties on the actual operations, financing and sustainable maintenance and development of the system, a study should be prepared like a business plan that addresses all possible issues connected with the sustainability of the system

42. The action plan should be proposed by TIRExB to AC.2 for adoption in order to provide a clear mandate to the secretariat on the actions that have to be undertaken during

the coming years in order to revitalize the TIR system and increase the number of TIR Carnets / electronic guarantees that will be issued.
