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Working Party on Customs Questions

affecting Transport

(Ninety-eighth session, 19-22 June 2001,
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**CUSTOMS CONVENTION ON THE INTERNATIONAL TRANSPORT OF GOODS
UNDER COVER OF TIR CARNETS (TIR CONVENTION, 1975)**

Application of the Convention

Phase III of the TIR revision process

**Report of the Ad Hoc Expert Group on the Computerization of
the TIR Procedure and issues for consideration**

Note by the secretariat ^{*/}

^{*/} Mention of firm names and commercial products does not imply endorsement by the United Nations

REPORT

INTRODUCTION

1. The present document has been prepared by the secretariat in consultation with the Chairman of the first session of the ad hoc expert group on the computerization of the TIR procedure. The report not only summarizes the presentations made, the views expressed and some of the conclusions drawn during this session of the group of experts, but also refers in detail to earlier discussions on the modernization of the TIR procedure in the Working Party, the TIR Administrative Committee as well as to numerous documents submitted in this context. The purpose of this report is to provide an overview on the status of work on the computerization of the TIR procedure and to provide the basis for further activities at the international level.

ATTENDANCE

2. The expert group held its first meeting on 19 February 2001 under the chairmanship of Mr. J. Ille (Czech Republic).

3. The session was attended by representatives from the following countries: Belgium; Croatia; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Iran; Italy; Latvia; Lithuania; Netherlands; Norway; Poland; Republic of Moldova; Romania; Russian Federation; Slovakia; Slovenia; Spain; Sweden; Switzerland; The former Yugoslav Republic of Macedonia; Turkey; Ukraine; United Kingdom; European Community (EC).

4. The following inter-governmental organization was represented: United Nations Conference on Trade and Development (UNCTAD).

5. At the invitation of the secretariat (TRANS/WP.30/192, para. 36), the following non-governmental organizations and trade representatives attended the meeting: International Road Transport Union (IRU); PricewaterhouseCoopers; Tatis S.A.; Transnational Telematics Transactions (3T).

ADOPTION OF THE AGENDA

Documentation: Informal Document No. 2 (2001).

6. The expert group adopted the provisional agenda prepared by the secretariat.

MANDATE

Documentation: TRANS/WP.30/AC.2/59; TRANS/WP.30/192.

7. The Working Party, at its ninety-sixth session has mandated the ad hoc group of experts to highlight the weaknesses and limitations of the TIR procedure and, in particular, to:

- (a) identify the objectives, procedures and required resources for the computerization of the TIR procedure and determine the role of the various actors involved (secretariat, Governments, IRU, etc.) in this process;
- (b) analyze all administrative and legal requirements relevant for the computerization of the TIR regime;
- (c) study suitable technological solutions in this respect; and
- (d) take account of experiences made with similar automated systems at the national as well as sub-regional levels, such as the NCTS, with a view to preparing possible alternative solutions and scenarios, specifying the benefits as well as the disadvantages of the various approaches (TRANS/WP.30/192, para. 37).

8. The TIR Administrative Committee, at its twenty-ninth session, took note that the Working Party had established an ad hoc group of experts to study the use of new technologies in the TIR procedure which should be composed of experts from interested countries and industry groups (TRANS/WP.30/AC.2/59, paras 51-52).

COMPUTERIZATION OF THE TIR PROCEDURE AS PART OF THE TIR REVISION PROCESS

9. The TIR revision process has been initiated by the Contracting Parties to the TIR Convention with a view to stabilizing the TIR Customs transit system in the long term and to bring its administrative requirements and legal provisions in line with modern Customs and international transportation and trade procedures.

10. Phase I of the TIR revision process, which had come into force in February 1999, introduced controlled access to the TIR regime, both for national associations and transport operators, provided for more transparency in the functioning of the international guarantee system and established an inter-governmental supervisory organ, the TIR Executive Board (TIRExB) in Geneva. During Phase II of the TIR revision process, a large number of amendments to the TIR Convention have been prepared, stipulating clearly the legal and administrative responsibilities of Customs authorities, transport operators as well as all other actors in the TIR regime. Phase II has been concluded in October 2000 and its provisions are expected to come into force by mid-2002.

11. Following the conclusion of Phases I and II of the TIR revision process, the main objective of Phase III is to allow for the facilitation of the introduction of modern information, management and control technologies based on automated and secured electronic procedures. These procedures should not affect the basic philosophy of the TIR procedure, even if some of the legal and administrative structures may need to be revised.

12. With the conclusion of the TIR revision process, possibly in the year 2003, the TIR Customs transit procedure should be well positioned to cope with the future challenges faced by international transport and Customs authorities not only on a pan-European, but also on a global level.

13. While the already enacted, newly proposed as well as envisaged new computerized TIR procedures should ensure an efficient functioning of the TIR Convention in the years to come, attention must be given to other Customs elements in the international transport chain which are increasingly targeted by organized crime, such as double invoicing, false declarations and the emergence of bogus or so-called "one day consignees"; issues which must all be addressed by the international community, but cannot be resolved within the framework of the TIR Customs transit procedure.

ISSUES FOR CONSIDERATION

Documentation: TRANS/WP.30/AC.2/59; TRANS/WP.30/192; TRANS/WP.30/190; TRANS/WP.30/188; TRANS/WP.30/186; Informal Documents Nos. 1, 7, 8 (200) and No. 5 (1997).

14. Already in June 2000, the Working Party had considered in some detail the objectives to be achieved in the computerization of the TIR procedure as well as the elements to be addressed. The Working Party felt that the introduction of modern technologies in the TIR procedure was inevitable:

- (a) in the light of today's extremely rapid technological developments, particularly affecting international transport and trade;
- (b) the ever increasing need for improved efficiency of Customs transit procedures; and
- (c) the fight against fraudulent activities which must be conducted with the most appropriate and effective means (TRANS/WP.30/190, paras. 25-30).

(a) Technological developments in international transport, trade and Customs procedures

15. The extremely rapid technological developments in Internet applications, world-wide wireless communication systems and smart card technologies have led to simple and cost effective data transmission possibilities on a world-wide level with increasingly secure authentication procedures.

These technologies have and increasingly will affect profoundly the ways and means how international transport and trade operations as well as Customs procedures are carried out.

16. EDI technologies are today used by all major freight forwarding companies and by many road transport companies engaged in international transport. Also Customs authorities increasingly use these technologies to enhance efficiency of internal administrative and control mechanisms and to improve service quality at border crossing points.

17. The reasons for such rapid introduction of EDI technologies - unthinkable only five years ago - are cost benefits and the superior service quality in terms of accuracy, speed, tracing, controlling, billing and other value-added features which are associated with the use of these computer-based technologies. Traditional paper-based documents and procedures no longer fit into such an environment unless they are accompanied or supported by computer readable data files. Any modern international Customs transit system with the objective of facilitating international transport and trade simply cannot ignore these rapid developments.

(b) Efficiency of the TIR Customs transit procedure

18. Freight forwarding and transport companies as well as Customs authorities constantly have to improve the efficiency of their operations and to increase service quality. This will become increasingly important since international goods transport, particular road transport, is forecast to increase considerably in the coming years, also along the East-West European transport corridors (European Union – Russian Federation, CIS countries and beyond) and on the Southeast-European axis (European Union – Turkey –Iran (Islamic Republic)/Middle East). These trends, together with the tremendous growth of smaller and time-sensitive shipments, will substantially increase the volume of international shipments and thus the workload of Customs authorities. At the same time the resources allocated to Customs services, both in terms of manpower and installations, are decreasing in many countries.

19. Statistics show that there exist no alternatives to the TIR Customs transit procedure for international road transport. In 2000 more than 500,000 TIR operations were terminated in the Russian Federation. The CIS countries alone accounted for more than half a million of TIR Carnets issued. Bulgaria, Iran (Islamic Republic of), Romania and Turkey also issued more than 900,000 TIR Carnets to their transport operators in 2000. Even with the extension of the Community and Common Transit Systems to the EU accession countries in the coming years, the use of the TIR procedure will probably further increase, particularly once the countries in the Middle East, Northern Africa and Asia apply fully the TIR procedure and China accedes to the TIR Convention.

20. Thus, the TIR Customs transit regime will remain the backbone for efficient international road transport at the pan-European level and it seems thus indispensable to adapt it to the already existing and emerging needs of the transport industry and the Customs authorities involved.

21. In the 1970's, when the paper-based TIR Carnet was introduced in its present form, it not only provided proof of the required guarantee coverage, but it also constituted the administrative basis for further trade facilitation as well as effective Customs administration and control of transit operations. Today the TIR Carnet has lost this role to a large extent (apart from the fact that it is no longer in line with the format and layout of modern trade documents as recommended in the UN Layout key). In fact, there are even situations where the use of the TIR Carnet interferes with the concept of effective Customs transit administration and control, as the information contained in the TIR Carnets is often no longer used directly by Customs authorities, but has to be inserted manually into the various national computer systems which are increasingly used by Customs authorities. In some cases the white and green vouchers in the TIR Carnet are no longer used for Customs control, even though they still have to be filled-in by TIR Carnet holders. Apart from the risk of errors during repetitive data entry (ironically this had been one of the major advantages of the TIR Carnet replacing national Customs documents) these manual procedures are time-consuming and require resources which Customs authorities should use more effectively for other purposes.

22. The TIR Carnet also seems to become a burden for TIR Carnet holders as it is difficult, expensive and time-consuming to be filled-in and requires tailor-made software and hardware solutions, while multiple data entries in the TIR Carnet vouchers are often no longer needed for Customs control purposes (see above). Furthermore, the use of TIR Carnets results in millions of physical handling and shipment operations between a centralized printer and the IRU in Switzerland, between national associations and TIR transport operators in more than 40 countries and vice versa, until their final storage at the IRU premises in Switzerland. All these physical movements are a potential source for errors and fraud. They also are reflected in the costs of TIR Carnets, not to mention those incurred by the international EDI Carnet control system.

23. In terms of Customs efficiency, the paper-based TIR Carnet therefore has already and will increasingly become the weakest link in the TIR transport chain, unless it is complemented and ultimately replaced by electronic procedures. The introduction of new Customs procedures, such as the New Computerized Transit System (NCTS), client-oriented automated Customs declarations systems already available or being installed in virtually all major ports and airports or the electronic Customs procedures applicable for land transport in North America support this view.

24. Experience shows that automated Customs transit systems do not only reduce processing times at border crossing and final destination, but also allow Customs authorities to offer value-added services to transport operators and freight forwarders, such as on-line information on the status of transit operations. There is no reason why only the road transport industry should not be allowed to benefit from the possibilities of modern technologies in dealing with Customs authorities.

(c) **The fight against fraudulent activities**

25. The fight against misuse of Customs transit systems is of utmost importance to all parties, as the facilities of these procedures can only be granted if Customs duties and taxes at risk are not jeopardized or can be easily recovered in case of misuse.

26. In contrast to its modest origins, Customs transit systems involve today thousands of operations every day. In such an environment, individual and manual processing and control of documentation by Customs officers, as in the past, has become ineffective and is no longer possible without causing long delays. The visual checking of paper-based documents, Customs stamps, ID-numbers, etc. must be complemented and/or replaced by automated systems which can verify authenticity of persons and data (documents) and automatically generate data for risk assessment of sensitive cargoes, destinations, etc. Effective risk management systems with the capability to act in anticipation of emerging problems are not only indispensable at the national level (Customs authorities and national associations), but, as a result of the centralized TIR guarantee system and the increase in international organized crime, also at the international level (international insurers, IRU, TIR Executive Board (TIRExB). The revised TIR Convention (Phase I) has provided the legal and administrative means to establish such a coordinated approach and modern EDI technologies allow its efficient functioning.

27. The IRU, acting in accordance with Article 6 of the TIR Convention, maintains data banks with commercial information of their member associations and on the TIR Carnet users as well as information on stolen, misused or otherwise risk-prone TIR Carnets. By means of the SafeTIR system, the IRU also obtains from Customs authorities on-line information on terminated TIR Carnets covering more than 80 per cent of all TIR transports.

28. The international insurers certainly also have detailed information available on all Customs claims lodged in the framework of the TIR Convention which should comprise information on the reasons for such claims, countries, operators and types of goods involved as well as the amount of duties and taxes thereon.

29. The TIRExB, as a governmental organ, also has detailed information on all TIR Carnet holders as well as on their status (authorized, excluded or withdrawn). It also has detailed information on approved Customs seals and stamps as well as on the numerous legal arrangements made between national associations and Customs authorities in the Contracting Parties to the Convention.

30. Some of this information is already today available to Customs authorities or to the private sector, but no concerted efforts have yet been made to share or combine this information neither at the national and international levels nor between these levels. With a view to enhancing pro-active risk management capabilities by Customs authorities, private associations and the international guarantee providers of the TIR system, it seems therefore indispensable that Customs enforcement authorities, the TIRExB as well as the international TIR guarantee providers pool their knowledge and data. In line with national data protection laws, such information could, in the future, be made available on-line and on the basis of well-defined criteria. An integrated information system would not only provide for systematic information about trends in criminal activities, but could also allow automated risk assessment on a case by case basis, thus speeding-up border crossing and termination procedures for the very large majority of transport operators.

APPROACH TOWARDS COMPUTERIZATION OF THE TIR PROCEDURE

31. As pointed out, the Working Party had already stressed in June 2000 that for all these reasons the use of new electronic data interchange (EDI) technologies in the framework of the TIR Convention was inevitable (TRANS/WP.30/190, para. 26). Taking account of the above considerations as well as the structure of the TIR Convention (consisting of a succession of national Customs transit systems), there exist basically only two main targets for computerization of the TIR procedure at the international level.

32. The first obvious target for computerization at the international level is the TIR Carnet, prescribed in Annex 1 of the TIR Convention. The TIR Carnet provides for (a) the international administrative link between the various national Customs transit procedures, (b) Customs control at the national level (vouchers No.1 and 2), (c) evidence to the TIR Carnet holder and the guarantor about the completion of national transit procedures or termination of the TIR transport and finally (d) proof for the subscription of the necessary international guarantee. These functions of the TIR Carnets, complemented possibly by others, need to be addressed during computerization.

33. The second target for computerization at the international level is the exchange of information and data, possibly on-line, both at the national and international levels.

34. Computerization of these two elements, i.e. the TIR Carnet as well as the electronic data interchange among the various national and international information sources available in the framework of the TIR Convention would provide operational strength to and would complement the new provisions of the Convention adopted under Phases I and II of the TIR revision process.

35. The Working Party had also stressed in this context that the strategy, the structures and the electronic platforms to be used during the computerization process of the TIR regime had to be identified and determined at an early stage in close consultation with all national Customs authorities and transport interests in order to provide national Customs authorities and the transport industry with the necessary long-term stability in its administrative procedures and the underlying legal framework (TRANS/WP.30/190, paras. 25-30).

36. In line with these considerations, the Working Party had felt that the existing and widely varying national Customs procedures, administrative practices and legal requirements in the Contracting Parties to the Convention should be taken into account during this process. Computerization of the TIR procedure would therefore have to focus in a first step on the possibility of linking national Customs transit procedures via a standard electronic and/or paper-based data file containing all information of the TIR Carnet. The newly to be created electronic data file would need to be compatible with most if not all possible technical EDI solutions applied or yet to be applied in the Contracting Parties to the Convention (TRANS/WP.30/190, para. 27).

37. Such an approach would leave the structure and the basic philosophy of the revised TIR Convention intact and would bring the present paper-based TIR Carnet, linking the national Customs transit systems, in line with modern trade, transport and Customs requirements.

38. The preparation, adoption and entry into force of the required technical, legal and administrative measures will take considerable time and efforts while more and more Customs authorities, trade and transport companies introduce computerized systems. Thus, the computerization of the TIR Carnet must now be tackled by the Working Party and its ad hoc group of experts in order to safeguard the future of the TIR Customs transit system as an important element for the facilitation of international transport and trade.

39. The Working Party as well as all Contracting Parties to the Convention have the duty to provide the transport industry and the Customs authorities of the countries utilizing the TIR procedure at an early stage with guidance on the approach taken by the international community in the computerization of the TIR procedure and on the time frames involved, so that they have a sound basis for strategic planning and long-term investment decisions. This view was supported by the Working Party when it stressed that, whatever system is to be used, the approach taken in computerization of the TIR regime must be courageous and forward looking and should be able to accommodate all possible technological solutions likely to be implemented in the years ahead (TRANS/WP.30/190, paras. 25-29).

TECHNOLOGICAL APPROACHES AND SOLUTIONS CONSIDERED BY THE AD HOC EXPERT GROUP

(a) **Objectives and issues for consideration at the first session of the ad hoc expert group**

40. Against this background, it was felt that the first session of the ad hoc expert group should be used to create awareness among Customs officials on experiences made already in the computerization of Customs transit procedures and on possible technical approaches in this field. Many countries in the region have already or are in the process of computerizing their Customs transit procedures. Thus considerable expertise is already available in this field which must be taken into account.

41. Focusing, in a first step, on the computerization of the TIR Carnet, the link between national Customs procedures and the transfer of data files in the framework of the TIR Convention would be possible in principle via:

- (a) Portable data files replacing or complementing the present paper-based TIR Carnet and covering all information contained in the TIR Carnet as well as, possibly additional information and features, such as Carnet holder identification keys, etc. Smart Cards that could be filled-in and carried along by transport operators as well as modern bar-code systems could provide technical solutions in this respect.
- (b) International EDI systems establishing on-line links between all Customs posts in all countries utilizing the TIR system. This approach is followed in the framework of the so-called New Computerized Transit System (NCTS) to be established in the countries using the Community and Common transit systems. Such an approach is, however, not in line with the basic philosophy and structure of the TIR Convention as it would require the acceptance of a common Customs code, close cooperation and exchange of data among participating national Customs authorities and facilitation of common enforcement procedures. Since these issues are not on the agenda for most of the Contracting Parties to the TIR Convention, this approach does not seem to be appropriate for a (basically) global Customs transit system. NCTS is, however, important for the computerization of the TIR Carnet in so far as 22 of the presently 64 Contracting Parties to the TIR Convention will utilize NCTS in the near future. Its data requirements and underlying Customs procedures may thus have an impact on the functioning of a computerized TIR procedure.

42. In view of the above considerations, the first session of the ad hoc expert group on the computerization of the TIR procedure focused its considerations on the available technologies and on experiences already made by Customs authorities and international organizations in computerizing Customs procedures, particularly transit procedures.

(b) "Smart document" technology

Documentation: Informal Document No. 3 (2001).

43. The expert group was informed by representatives of TATIS Ltd. of the so-called "Smart Document" technology and its possible application in the framework of the TIR system (Informal Document No. 3 (2001)).

44. The "Smart Document" technology (a web-enabled application, designed to jointly manage and distribute both digital information and secure paper documents) offers the possibility to produce an electronically readable version of the TIR Carnet without replacing the current paper-based Customs document, thus allowing the traditional paper control to continue in those countries which do not yet dispose of the required technical means, until all Contracting Parties to the Convention are equipped to switch to the full use of electronic technology. This is achieved through the printing of a two-dimensional bar code on the TIR Carnet.

45. The printed bar code contains all information contained in the TIR Carnet and offers additional (secured) information (e.g. on Customs control), if required. When applied, the bar coded Carnet would follow the existing system, ensuring that traditional Customs procedures could remain unchanged. However, the Smart Document technology would offer the opportunity to undertake the entire TIR process electronically from issue to discharge in case the Contracting Parties involved in the transit have enabled the technology. Smart Document would also provide for the use of electronic transmission of data for any part of the process from application, issue and transit to the discharge of the guarantee and would ensure the security and portability of the data. Paper-based information would remain available, whenever required.

46. A transport operator may obtain a TIR Carnet in the traditional way. The TIR Carnet could also be provided on-line, under the assumption that the issuing association's signature and stamp is accepted as authenticated when printed electronically. If the TIR Carnet is processed in the traditional way, it would be printed out with a two-dimensional bar-code attached to it. If processed on-line, the Carnet would be printed out at the applicant's premises after security checks, such as PIN authentication. Printing the TIR carnet would activate the guarantee and create an electronic record of the transit application.

47. In case the country of departure would use Smart Document technology, the competent authority could read the two-dimensional bar code using, inter alia, a simple hand held scanner. The scanning would update electronically the central transit record for the consignment and would automatically update the relevant Customs records in the country of departure. In case Smart Document technology is not being used, the present paper-based control procedure would be applied.

48. In each country of transit, the TIR Carnet would be presented to the Customs authorities at entry and exit as it is done today. If Smart Document technology would be used, all the required information would be taken from the bar code by scanning it and the information would automatically update the transit country's database, including - at the office of exit - electronic termination. If Smart Document technology is not being used, the necessary information will be recorded manually (possibly into a national computer system) in accordance with the present system.

49. Customs authorities could insert specific parameters into the Smart Document so as to give warning of excessive transit times or to highlight sensitive or high duty goods for enhanced control. Should the Smart Document be only partially implemented in the country of transit (for example: enabled at entry but not at exit), then the current manual system would be used at the office of exit until such time as the country would be fully enabled at all entry and exit points.

50. Each transit country could inform a central monitoring point of the start and termination of the transit operation in that country. The country of final destination could submit the paper TIR Carnet to this central point. If Smart Document technology is fully applied, termination could be notified electronically, thus even enabling electronic discharge of the TIR operation.

51. Each Customs authority reading the data electronically could transmit the data required to the central monitoring point. In doing so the uncertainty about non-termination of a TIR operation could be reduced and eventually eliminated, as the electronic tracking of the transit movement would work in real time.

52. The main advantage of the Smart Document technology is that it can be introduced with a minimum disruption to the present system and that it is fully in line with the structure and philosophy of the TIR Convention. In addition, the pace of its implementation is flexible. Customs authorities can decide themselves when they are ready to use the bar-coded information instead of the present paper-based information. The introduction of Smart Document technology does not require major investments. The necessary hardware (such as scanners) can be bought at very competitive prices.

(c) **Smart Card technology**

Documentation: Informal Document No. 4 (2001).

53. The expert group was informed by the representative of the 3T project on the use of smart cards within the framework of the TIR system (Informal Document No. 4 (2001)).

54. A smart card is like a traditional credit card, but it has an electronic micro processor (chip) embedded in it. The chip has the capacity to retain and protect critical information stored in electronic form through encryption technology. In the vision of 3T, the current paper-based TIR Carnet could be replaced by a smart card, containing all the information of the carnet. This card should be used in combination with a second card, necessary for authenticity and signature requirements. This combination would ensure optimum security. Additional (expensive) network security would not be required.

55. The lorry driver would submit to the Customs authorities the smart card, which would contain all the necessary details with regard to the TIR Carnet as well as other required information on the goods and/or the journey. Each shipment would be recorded at a central point (registry) in a country. This registry would support the authentication of all messages through access to a directory service. It would also support the tracking and reporting of shipments. Thus, fraud should be minimized as the transmission of all data would be signed and the signature could be verified by Customs.

56. In the long run the 3T project could provide a complete solution to the automation of Customs transit. 3T could develop on-line systems to allow exchange and control of transit information together with off-line mechanisms to allow local control where data communication services would not exist.

57. The costs involved with the introduction of the smart card are rather low. The price of the device to transfer data to and encode data from a smart card is around US\$ 1,000. Smart card reading devices would cost around US\$ 100-150 each. The smart card itself would cost in the order of US\$ 1 to 2.

(d) **The NCTS approach**

Documentation: Informal Document No. 6 (2001).

58. Representatives of the European Community informed the expert group about the development and the status of the New Computerised Transit System (NCTS), which is currently being introduced in the territory of the European Union and in seven other Contracting Parties to the Common Transit Convention (Informal Document No. 6 (2001)).

59. Based on the use of advanced computer systems and electronic processing of data, NCTS is a centralized system designed to guarantee a modern and efficient management of the Community and Common transit system. Its goal is to replace the existing paper-based system. The procedure within the system is based on EDI between Customs authorities using the Internet, giving full information about the specific transit operation to all Customs offices involved. All information is stored in a database operated by the European Commission. In order to make the system work, close cooperation between Customs authorities is required.

60. In an NCTS environment the transit declaration is presented at the Customs office of departure (or directly at the consignor's premises), either in paper form (in which case the data will be introduced in the system by the Customs authorities) or in a computerized form. The declaration must contain all data required and comply with the system specifications, since the system codifies and validates the data automatically. If there is an inconsistency in the data, the system will indicate this and inform the trader, so that he can make the necessary corrections before the declaration is finally accepted. After the corrections have been entered and the declaration is accepted, NCTS will assign to the declaration a unique registration number, the movement reference number (MRN).

61. Once any inspections have been carried out and the guarantees are accepted, the goods will be released for transit. To that end, NCTS will print a transit accompanying document and, if appropriate, the list of items shipped. The accompanying document and the list of items must travel with the goods and be presented at any office of transit and at the office of destination.

62. When printing the transit accompanying document and the list of items, the Customs office of departure will simultaneously send an anticipated arrival record to the declared Customs office of destination. Should the movement have to pass an office of transit, it will also send an anticipated transit record, so that the office of transit has prior notification of the consignment concerned and can check the passage of the movement. Specific procedures deal with situations where there is a difference between the declared and the actual office of transit and/or office of destination.

63. Upon arrival, the goods must be presented at the Customs office of destination (directly or via an authorized consignee), together with the transit accompanying document and the list of items. Customs authorities, having already received the anticipated arrival record, will have full details about the operation and therefore will have had the possibility to decide beforehand what controls are necessary.

64. When Customs authorities enter the movement reference number into the NCTS, it will automatically locate the corresponding anticipated arrival record which will be used as a basis for any action or control, and send an arrival advice message to the office of departure. After the relevant controls have been carried out, the Customs office of destination will notify the office of departure of the results of the control using a control results message, stating which, if any, irregularities have been detected. The control results message is necessary to discharge the transit operation and liberate the guarantees that were used for it.

65. NCTS is gradually being introduced. At present only seven of the 22 Contracting Parties to the Common Transit Convention are linked to the NCTS with a limited number of Customs offices in each of these countries. Full functional expansion and full geographical coverage, linking all 3000 Customs offices involved, will not be achieved before the end of 2004.

66. The representatives of the European Community stressed that any future computerized TIR procedure should be compatible with the NCTS. As far as the European Community and its partner countries in the common transit system are concerned, the integration of TIR into the NCTS will be studied.

(e) **Automated System for Customs Data (ASYCUDA)**

Documentation: Informal Document No. 8 (2001).

67. The ad hoc expert group was informed by a representative of the United Nations Conference on Trade and Development (UNCTAD) of the latest developments in the Automated System for Customs Data (ASYCUDA), a software developed and implemented by UNCTAD with the aim of facilitating international trade.

68. ASYCUDA provides Customs authorities in more than seventy countries with a set of functional modules covering the various aspects of Customs procedures. These modules, along with other Customs clearance functions, cover the management of declaration processing, manifest and cargo control, automated selectivity, cash accounting and Customs transit.

69. In its current status of development and implementation, the computerized transit system of ASYCUDA aims to support the existing paper-based procedure. This feature is a mandatory condition to be actually operational, as there is presently no legal framework allowing for a complete paperless Customs transit system in any of the ASYCUDA user countries. Customs regulations need to be updated to bring them in line with the already existing technological possibilities.

70. The information is processed in the Customs office of departure. Upon validation of the transaction, a message containing the electronic copy of the document is generated and automatically transmitted to the Customs office of destination prior to the arrival of the goods. At the Customs office of destination the document is retrieved and processed when the cargo arrives. Upon validation of the transaction, an electronic message that acknowledges the processing of the documents is generated and automatically returned to the Customs office of departure where the transit operation is closed.

71. ASYCUDA has recently started to co-operate with IRU in order to further improve the secure use of TIR Carnets. Whenever the termination of a TIR operation is registered at a Customs office of destination, a message is sent to SafeTIR, the database held by the IRU.

72. For the time being, ASYCUDA is designed as a national application. However, there is no real impediment to changing it into an application functioning as well in an international environment.

THE IRU SAFETIR APPROACH AND ITS PERSPECTIVES CONSIDERED BY THE AD HOC EXPERT GROUP

73. The IRU informed the ad hoc group of experts about the IRU SafeTIR system which is based on the recommendation of the TIR Administrative Committee on the introduction of a control system for TIR Carnets (20 October 1995). The IRU also dwelled on its possible future perspectives and on the approach to be taken in computerizing the TIR procedure.

74. The IRU felt that, before making a choice on the technology to be adopted, the goals of the computerization process of the TIR procedure would need to be defined and then questions concerning means and responsibilities, timing and deployment could be addressed. When defining the objectives, one had to be realistic and take into account the limited resources available to accompany the computerization process. Knowing that Governments are not likely to invest in separate systems, the computerization of the TIR procedure should not interfere with other ongoing computerization processes at the national and sub-regional level, such as the NCTS.

75. With regard to the requirements of trade and transport operators, the computerization process should meet the following objectives:

- (a) provide swift and secure evidence of termination and discharge of a TIR procedure;
- (b) provide swift notification in case of non-discharge;
- (c) ensure fast processing at the Customs offices of departure, transit and destination;
- (d) avoid language barriers;
- (e) protect commercially sensitive information (HS-code, value of goods), if it were decided to put such information into a revised TIR Carnet.

76. In any case, the solution to be adopted for the computerization of the TIR procedure, should be as simple as possible, allowing for a natural evolution and for a variety of techniques to co-exist.

77. For several years national Customs administrations as well as national guaranteeing associations were developing and using their own software applications as a management tool for TIR operations. These developments seriously complicated the computerization process of the TIR procedure. In order to overcome such problems, the IRU had developed an integrated system (SafeTIR), allowing Customs administrations and associations to exchange and share information on the termination of TIR Carnets.

78. In response to the Recommendation adopted by the Administrative Committee for the TIR Convention on 20 October 1995, which also requested national guaranteeing associations and the IRU to allow Customs authorities access to their respective data banks on TIR Carnets, the IRU has developed the so-called CUTE-Wise application as part of the SafeTIR architecture. It allowed Customs authorities to query the IRU database for information on the termination of TIR Carnets as well as for information on invalid TIR Carnets.

79. Looking at the development of the NCTS for the Common transit area, the IRU advocates a gradual evolution of the TIR system towards the NCTS. This could be achieved by encouraging transport operators to transfer more data to Customs, requiring transport operators to provide the data in an agreed format and by tempting the market with the offer of faster transit procedures. In this integration process, SafeTIR could act as a means to input information into the Customs networks.

80. Generally speaking, in order to avoid conflicts with the already existing computer based EDI systems, a computerized TIR system should re-inforce and upgrade the existing systems, maintain flexible access, encourage the use of more advanced technology, when appropriate, integrate the capture of data as much as possible with normal import/export procedures and computerized systems and aim to reduce work, improve quality and reduce delays.

81. In the vision of the IRU, the computerization process should first deal with reaching agreement on the problems to be solved, the constraints involved and the principles to be used before embarking on the formulation of approaches and possible solutions.

FOLLOW-UP ACTIVITIES BY THE EXPERT GROUP, THE TIREXB AND WP.30

82. The ad hoc group of experts proposed to convene a second meeting to continue its considerations on the computerization of the TIR procedure. At that meeting, particular attention could be paid to the following aspects of the computerization process:

- (a) the objectives of the computerization process (in continuation of earlier considerations by the Working Party at its ninety-fifth session; see paragraph 14);

- (b) the elements for computerization at the international level (see paras. 31-34);
- (c) the repercussions of the computerization process on the existing legal provisions of the TIR Convention and the current national administrative procedures (see paras. 36-38);
- (d) the role of the various actors in the TIR procedure in the computerization process (governments, trade, national associations, IRU, secretariat, Working Party and Administrative Committee);
- (e) the technical aspects accompanying the computerization process (standardization of information as a prerequisite for achieving an effective exchange of electronic messages).

83. In preparation for the second meeting of the expert group, the secretariat has prepared a questionnaire, aimed at both Customs and trade, to gather in-depth information on the requirements of computerization of Customs transit procedures at the national level as well as on the technologies used to capture and disseminate data.

84. Only after having assessed all aspects involved in the process, the group of experts would revert to the various technological solutions, such as those that had been presented during its first meeting.

DATE OF NEXT SESSION

85. In line with the mandate given by the Working Party, the next meeting of the group of experts will be held on 21 June 2001, in conjunction with the ninety-eighth session of the Working Party (19-22 June 2001).
