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

**Customs Convention on the International Transport of Goods
under Cover of TIR Carnets (TIR Convention, 1975):**

Revision of the Convention: Amendment Proposals to the Convention

**Analysis of results of the survey conducted among TIR
Customs Focal Points to support the discussion on the
amendment proposals to the Explanatory Note to Article 8,
paragraph 3 (Explanatory Note 0.8.3) of the TIR Convention
relating to the use of Tobacco/Alcohol TIR Carnet***

Submitted by the International Road Transport Union

I. Introduction

The survey was conducted between December 2016 and September 2017 to support the discussion regarding the potential introduction of amendments to the Explanatory Note to Article 8, paragraph 3 of the TIR Convention relating to the use of Tobacco/Alcohol TIR Carnet and respective guarantee levels. A total number of 27 respondents (19 from European Union (EU) countries and eight from non-EU countries) provided feedback to the survey with different degree of completeness - some of the feedback received contained partial answers to the questions. Taking into account that 90 per cent of information was provided in EUR, the currency used in the analysis below is EUR.

* The present document contains the text submitted to the secretariat reproduced without any changes.

II. Results of the survey

A. Number of transit operations of alcohol and tobacco products included in the Explanatory Note to Article 8, paragraph 3 of the TIR Convention relating to the use of Tobacco/Alcohol TIR Carnet

<i>HS Code/goods description</i>	<i>Number of transit operations in 2016</i>	
	<i>Started</i>	<i>Terminated</i>
22.08/ Udenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages	31 048 (based on 18 replies received)	31 990 (based on 19 replies received)
22.07.10/ Udenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher	1 143 (based on 18 replies received)	1 065 (based on 19 replies received)
24.02.10/ Cigars, cheroots and cigarillos, containing tobacco	5 913 (based on 17 replies received)	4 883 (based on 19 replies received)
24.02.20/ Cigarettes containing tobacco	14 491 (based on 17 replies received)	11 320 (based on 18 replies received)
24.03.11/ Water-pipe tobacco	4 540 (based on 17 replies received)	331 (based on 14 replies received)
24.03.19/ Other manufactured tobacco and manufactured tobacco substitutes; 'homogenised' or 'reconstituted' tobacco; tobacco extracts and essences	3 720 (based on 18 replies received)	4 414 (based on 19 replies received)

Conclusion on the number of transit operations of alcohol and tobacco products:

- Certain product categories and respective HS Codes are absent from transit movement portfolios in different countries. Most commonly those were HS Codes 22.07.10 and 24.03.19, but in some countries also others.
- Certain product categories and respective HS codes are predominant in aggregate number of transit operations. 51 per cent of all the transit operations started and 59 per cent of all the transit operations terminated are related to transport of alcohol falling under the HS Code 22.08. The second biggest category in terms of total number of transit operations started and terminated are cigarettes (HS 24.02.20), making 24 per cent of total number of transit operations started and 21 per cent of operations terminated respectively.

- A total of 60,855 transit operations of tobacco and alcohol products falling under the relevant HS codes were started and 54,003 terminated in the territory of the respondent countries.

B. Average level of duties and taxes (including the excise tax) required for transit procedure of alcohol and tobacco products included in the Explanatory Note to Article 8, paragraph 3 of the TIR Convention relating to the use of Tobacco/Alcohol TIR Carnet^{1, 2}

- 22.08/ Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages

The average level of guarantee taking into account all 19 responses provided to the question = 242,052 EUR. However, the average guarantee level indicator is strongly impacted by one of the outlier indicators that equals to 1,882,422 EUR and is 14 times higher than the indicator of average between the remaining 18 answers provided. The average level of guarantee excluding the outlier indicator = 132,694 EUR.

- 22.07.10/ Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher

The average level of guarantee taking into account all 10 responses provided to the question = 248,464 EUR. No outliers observed.

- 24.02.10/ Cigars, cheroots and cigarillos, containing tobacco

The average level of guarantee taking into account all 13 responses provided to the question = 233,390 EUR. No outliers observed.

- 24.02.20/ Cigarettes containing tobacco

The average level of guarantee taking into account all 19 responses provided to the question = 2,274,993 EUR. No major outliers observed.

- 24.03.11/ Water-pipe tobacco

The average level of guarantee taking into account all 14 responses provided to the question = 305,032 EUR. No major outliers observed.

- 24.03.19./ Other manufactured tobacco and manufactured tobacco substitutes; 'homogenised' or 'reconstituted' tobacco; tobacco extracts and essences

¹ Several EU Member States representatives made a disclaimer about the accuracy of the guarantee levels data provided. In fact, the figures provided are average amounts calculated on the basis of guarantee amounts declared in electronic declarations for each transit operation (data from the New Computerized Transit System (NCTS)). However, the number of transit operations in NCTS is not equal to the number of transports. In contrary to TIR procedure, one vehicle can contain goods covered by more than one transit declaration and by more than one guarantee.

² Given the above, in the third round of survey that took place between August and September 2017, additional information was collected to ensure better accuracy of the information. As a result, for some of the countries, guarantee levels were calculated for the full truck load based on the customs duties and taxes rates provided by the TIR Customs Focal Points. Calculation for the HS codes 22.08 and 24.02.20 were made based on the assumption that one full truck load can fit on average 15,000 1 litre bottles of alcohol (of 40% vol. of spirit) and 15,000,000 cigarettes accordingly. Assumptions made based on industry data.

The average level of guarantee taking into account all 12 responses provided to the question = 283,895 EUR. No major outliers observed.

Conclusion average duties and taxes level:

- The average cross-category guarantee level for both alcohol and tobacco goods = 579,735 EUR.
- The average guarantee level for the alcohol production falling under HS Codes 22.08 and 22.07.10 is 190, 579 EUR(excluding the outlier encountered in average indicators for HS 22.08).
- The average guarantee level for the tobacco products under the HS codes 24.02.10, 24.02.20, 24.03.11, 24.03.19 is 774 312 EUR.
- The difference between the guarantee levels required for transport of alcohol and tobacco production appears to be significant. The difference between the average level of guarantee used for tobacco products in certain cases is **17 times higher** than the ones required for transport of alcohol products (guarantee level required for goods falling under the HS Code 22.08 vs. guarantee level required for goods falling under the HS Code 24.02.20).

C. Average claims rate (% to the all transported goods of the mentioned HS codes) per year and average claimed amount in case of irregularities related to the transit procedure of alcohol and tobacco products included in the Explanatory Note to Article 8, paragraph 3 of the TIR Convention relating to the use of Tobacco/Alcohol TIR Carnet

<i>HS Code/goods description</i>	<i>Claims situation</i>	
	<i>Average Claims Rate</i>	<i>Average Amount Claimed</i>
22.08/ Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages	0.367%	6 616 EUR
22.07.10/ Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher	0%	0 EUR
24.02.10/ Cigars, cheroots and cigarillos, containing tobacco	0%	36 363 EUR
24.02.20/ Cigarettes containing tobacco	0.040%	200 520 EUR
24.03.11/ Water-pipe tobacco	0.01%	3 707 EUR
24.03.19/ Other manufactured tobacco and manufactured tobacco substitutes; 'homogenised' or 'reconstituted' tobacco; tobacco extracts and essences	0.013%	6 090 EUR

Conclusion on average claims rate and average claimed amount in case of irregularities:

- The average cross category claims rate for both alcohol and tobacco products = 0.0717 per cent.
- The average cross-category claimed amount for both alcohol and tobacco products = 42,216 EUR.
- The average claimed amount for certain categories of tobacco, namely cigarettes is 30 times higher than the one claimed for alcohol. (claimed amount falling under the HS Code 22.08 vs. claimed amount for goods falling under the HS Code 24.02.20).

D. Type of guarantee usually covers the transit of the alcohol and tobacco products included in the Explanatory Note to Article 8, paragraph 3 of the TIR Convention relating to the use of Tobacco/Alcohol TIR Carnet

A total of 19 responses were provided to this question. Over 85 per cent of responses indicated that a comprehensive guarantee is most commonly used to cover transit of alcohol and tobacco products falling under the HS Codes of interest. Two respondents indicated that a “cash deposit” can also be used as one of the guarantee levels.

E. Specific rules applied by Customs to the transit operations of the alcohol and tobacco products included in the Explanatory Note to Article 8, paragraph 3 of the TIR Convention relating to the use of Tobacco/Alcohol TIR Carnet

Only two of the respondents reported on the existence of specific rules.

In Turkey those rules apply only for the goods falling under HS code 22.07.10 that are qualified as “risky goods” according to Turkish Customs Regulations. If there is any data on risk analysis on the goods or transporter, or suspicion of smuggling, a Vehicle Tracking System (VTS) is used as an additional risk management tool.

In the Republic of Macedonia, import, export and transit of alcohol and tobacco goods can only be handled in specially designated customs offices.

F. Relevance to keep both alcohol and tobacco under the same type of TIR Carnet (Tobacco/Alcohol TIR Carnet)

- 17 respondents consider that it is relevant to keep both alcohol and tobacco under the same type of TIR Carnet.
- 4 respondents consider that separation should be considered because of the different guarantee levels required.
- Some of the respondents did not provide their opinion on that matter.

G. Reference to tobacco products should still be kept in the Explanatory Note to Article 8, paragraph 3 or should the possibility to exclude tobacco transport from the TIR guarantee coverage be considered given the degree of sensitivity of transport of those goods and the specificity of such practice

- 17 respondents indicated that tobacco transport should be included in TIR guarantee coverage.
 - 3 respondents indicated that tobacco should be excluded from TIR guarantee coverage.
 - 2 respondents did not have a defined position.
 - Several respondents noted in the comments that in case tobacco is kept under TIR guarantee coverage, the guarantee level should be adjusted accordingly.
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