

# TIR Transit System: Facilitating Cross-Border Movements

**T**he Transport Internationaux Routiers Agreement (TIR) transit system is the only international customs transit system in force, facilitating cross-border movements by providing a single procedure from the point of departure to the point of destination. Fifty-five countries, including six Central Asia Regional Economic Cooperation (CAREC) participating countries, are using the TIR system. Its success rests on public-private partnership to ensure (i) controlled access to the system for the international and national issuing and guaranteeing organizations and the customs and national transport operators qualifying for the TIR procedures, and (ii) effectiveness of the guarantee system to protect revenue collection in the event of non-compliance with customs procedures.

As part of the CAREC's Trade Facilitation Program supporting the transit initiative, a forum on TIR Customs Transit was held on 19–21 October in Shanghai, People's Republic of China (PRC). Cosponsored by the General Administration of China Customs and the Asian Development Bank, the forum brought together 22 customs officials and 7 representatives of national transport associations from Azerbaijan, PRC, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. The forum was supported by CrimsonLogic, International Road Transport Union (IRU), United Nations Economic Commission for Europe (UNECE), United Nations Economic and Social Commission for Asia and Pacific, and World Customs Organization (WCO).

## Applicability of the TIR transit system

The TIR transit system is often misconstrued and seen as only applicable to long-distance road transport involving more than two countries in transit trade. During the forum, however, it was clarified that the TIR system has been increasingly used for short-distance and bilateral transit trade to circumvent complicated national transit systems and to address the lack of logistical support in some countries. The TIR system has also

been increasingly used in multi-modal transport arrangements as long as one leg of the journey is carried out by road transport. Further, it was noted that the TIR Convention is open to all United Nations member countries, although it is administered by the UNECE.

## Relationship with national and regional transit systems

In countries and regions where the TIR coexists with national, bilateral, and regional transit systems, transport operators are free to choose a transit system with the understanding that operators are not forced to switch from one system to another once transit transport has started from the customs office or departure. The application of the TIR procedures is not an obligation but the choice of the transport operators. When a customs office of departure accepts a TIR carnet, that transport should be performed under the TIR system until its destination.

## Regional customs cooperation and national customs control

The forum stressed that customs cooperation is the most important element of the system as it depends on mutual trust and confidence in the customs control measures, particularly those implemented by customs offices of departures. To strengthen the system, customs should strive to further enhance cooperation by exchanging information regarding transit trade, including the use of information and communication technology (ICT). In this context, a general consensus exists that a fully computerized TIR procedure would be beneficial. However, in particular circumstances such as transport of high-value goods when the taxes and duties of the goods exceed the \$50,000 guarantee limit, customs may impose additional control measures, such as customs escorts, fixed itineraries, and time limits. In particular, the use of customs escorts should be based on a risk assessment in each individual case. In general, these national measures should comply with the TIR Convention and be communicated to all parties concerned.

## International guarantee system in support of transit under the TIR

The guarantee system ensures that customs duties and taxes at risk are covered up to a fixed amount by a national guaranteeing association during a TIR transit movement. The monetary limits to the guarantee are determined for each country separately. The maximum recommended amount to be claimed from each national association is at present limited to \$50,000 for each TIR carnet. All national guaranteeing associations are part of a guarantee chain administered by the IRU and backed-up by international financial institutions. While the IRU-administered guarantee system was recognized as the only effective and successful transit system in the world, it could further be enhanced (particularly for the CAREC participating countries) by (i) providing greater flexibility in the guarantee amount; and (ii) minimizing TIR-related costs at the national level such as the cost of vehicle and transport charges, which will make transit under the TIR system more affordable.

## TIR and technical specification of vehicle

The forum clarified that the TIR Convention is a customs convention, and does not deal with transport issues concerning transport rights such as weight standards for vehicles, and cross-country differences in environmental regulation such as pollution standards. With respect to transport vehicles, the TIR Convention only stipulates technical specifications for the load compartment/container, not the vehicle itself. The competent national authorities in the country of registration of the operator must approve the technical standards of the load compartment/container for TIR transport. Thus, the common complaint that the TIR system cannot be implemented because “the vehicle required for TIR transport is too expensive” reflects a misunderstanding of the requirements stipulated in the TIR Convention.

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**TIR CUSTOMS TRANSIT:** (From top left, clockwise) (1) J. Liang, Principal Trade Economist, Governance, Finance and Trade Division, ADB; S. Yibiao, Head and Director General of the Shanghai Customs; and W. Donghong, Deputy Director General, PRC Customs' International Cooperation Department lead the Forum on TIR Customs Transit System in Shanghai in October 2005; (2) Shanghai Customs officer discusses the H986 System; (3) Heads of national transport associations meet at the forum; and (4) Participants listen to the discussion in Shanghai

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### TIR and technology

The forum welcomed the use of ICT for the day-to-day management of transit under the TIR System, particularly developing (i) the “eTIR” procedures, in which advance information on each TIR transport will be exchanged electronically between competent authorities through an international database; and (ii) the existing SafeTIR System, which provides data on the issuance and termination/cancellation of TIR carnets. Other possible options to automate TIR procedures in the future were also presented.

### PRC’s TIR accession

The PRC’s customs and transport sector have taken measures toward accession to the TIR Convention by preparing feasibility studies, conducting study tours to UNECE and IRU, and organizing TIR seminars. On the PRC’s accession to TIR Convention, the

following key issues were identified: (i) establishment of transport and transit rights with other countries; (ii) agreement between the PRC’s customs and transportation associations; (iii) coordination with other relevant government agencies; and (iv) integration of the TIR system with the PRC’s national transit system. UNECE and IRU offered further assistance to the PRC’s customs and transport associations on the accession procedure and the implementation of the Convention.

### TIR and WCO

The implementation of the TIR transit system fully complies with the WCO’s 2005 framework of standards to secure and facilitate global trade. This framework aims to strengthen cooperation between customs administrations to improve their capability to detect high-risk consignments and strengthen customs and business cooperation, which are essential for secured and efficient transit under the TIR System. ■

## CAREC NEWS

The quarterly newsletter of CAREC is a joint effort of multilateral institutions (MIs)—ADB, EBRD, IMF, IsDB, UNDP, and WB—aimed at enhancing communications among MIs and CAREC participating countries. *News from CAREC* disseminates information on CAREC activities and provides a forum on development issues in the CARs. Articles in the newsletter, however, do not necessarily reflect the official views of the MIs and participating governments. We welcome readers’ comments and suggestions.

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