



**Economic and Social  
Council**

Distr.  
GENERAL

TRANS/WP.30/198  
3 December 2001

Original: ENGLISH

---

**ECONOMIC COMMISSION FOR EUROPE**

INLAND TRANSPORT COMMITTEE

Working Party on Customs Questions  
affecting Transport

**REPORT OF THE WORKING PARTY ON CUSTOMS QUESTIONS  
AFFECTING TRANSPORT ON ITS NINETY-NINTH SESSION  
(23-25 October 2001)**

**CONTENTS**

	<u>Paragraphs</u>
Attendance	1-4
Adoption of the agenda	5 and 6
Activities of UNECE bodies and other United Nations organizations of interest to the Working Party	7-9
Activities of other organizations of interest to the Working Party	10 and 11

## CONTENTS (CONT'D)

	<u>Paragraphs</u>
Customs Convention on the Temporary Importation of Private Road Vehicles (1954) and Commercial Road Vehicles (1956)	12-19
(a) Status of the Conventions	12-14
(b) Application of the Conventions	15-19
International Convention on the Harmonization of Frontier Controls of Goods, 1982 ("Harmonization Convention")	20-24
Preparation of a new Annex on efficient border crossing procedures	20-24
Draft UNECE Conventions on International Customs Transit Procedures for the Carriage of Goods by Rail	25-29
Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention, 1975)	30-108
(a) Status of the Convention	30-42
(b) Revision of the Convention	43-68
(i) Adoption of amendment proposals and examples of best practices under Phase II of the TIR revision process	43-47
(ii) Preparation of Phase III of the TIR revision process	48-68
(c) Extension of the scope of the Convention	69
(d) Application of the Convention	70-108
(i) Settlement of claims for payments	71-74
(ii) Introduction of an identification number for the TIR Carnet holder	75-78

## CONTENTS (CONT'D)

	<u>Paragraphs</u>
(iii) Re-introduction of the guarantee for sensitive and other excluded goods	79-86
(iv) Measures to reduce the number of lost, stolen and falsified TIR Carnets	87-91
(v) Application of Article 38 of the Convention	92-94
(vi) Road vehicles considered as heavy or bulky goods	95-98
(vii) TIR Handbook	99 and 100
(viii) Other matters	101-108
Prevention of the abuse of Customs transit systems by smugglers	109-111
Programme of work for 2002 to 2006	112
Other business	113-115
(a) Dates of the next sessions	113 and 114
(b) Restriction on the distribution of documents	115
Adoption of the report	116

\* \* \*

Annex 1: Smuggling of tobacco and alcohol: Information provided by the United Kingdom

Annex 2: Programme of work for 2002 to 2006

\* \* \*

## **REPORT**

### **ATTENDANCE**

1. The Working Party held its ninety-ninth session from 23 to 26 October 2001.
2. The session was attended by representatives of the following countries: Albania; Austria; Belarus; Belgium; Bulgaria; Croatia; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Italy; Iran (Islamic Republic of); Japan; Jordan; Kuwait; Latvia; Lebanon; Lithuania; Morocco; Netherlands; Norway; Poland; Portugal; Republic of Moldova; Romania; Russian Federation; Slovakia; Slovenia; Spain; Sweden; Switzerland; The former Yugoslav Republic of Macedonia; Turkey; United Kingdom; Yugoslavia. Representatives of the European Community (EC) were also present.
3. The following inter-governmental organization was represented: United Nations Conference on Trade and Development (UNCTAD).
4. The following non-governmental organizations were represented: International Road Transport Union (IRU); International Touring Alliance (AIT) / International Automobile Federation (FIA); and Transfrigoroute International.

### **ADOPTION OF THE AGENDA**

Documentation: TRANS/WP.30/197 and Add. 1.

5. The Working Party expressed genuine dissatisfaction with the fact that the large majority of documentation in the French and Russian language versions had not been made available in advance of the meeting including its agenda, thus rendering it impossible for delegations to prepare adequately for the session and thereby delaying the decision process of the Working Party. The Working Party requested the Inland Transport Committee (ITC) to address this issue towards the proper authorities within the United Nations organs with the aim of rectifying the situation in the future. The Working Party also invited delegations to address the Director-General of the United Nations Organization in Geneva (UNOG) to protest against this unacceptable situation.
6. The Working Party adopted the provisional agenda prepared by the secretariat (TRANS/WP.30/197 and Add.1) with the addition of the following items under point 7 (d) (viii) of the agenda:

- Requirement for an additional authorization to transit the territory of the Russian Federation;
- Problems for transport operators using TIR Carnets filled in by hand.

## **ACTIVITIES OF UNECE BODIES AND OTHER UNITED NATIONS ORGANIZATIONS OF INTEREST TO THE WORKING PARTY**

Documentation: UNECE document on international agreements and conventions in the field of transport; Informal document No. 24 (2001).

7. The Working Party was informed about a meeting organized by the UNECE Transport Division with Permanent Representatives of UNECE member countries, where concerns about possible conflicts between transport facilitation and security had been raised in the wake of the tragic events of 11 September 2001. As a result, UNECE subsidiary bodies have been requested to take account of those concerns in their work on transport facilitation.

8. The secretariat informed the Working Party of modifications made to the web site of the Border Crossing Facilitation Section of the UNECE Transport Division ([www.unece.org/trans/new\\_tir/home.html](http://www.unece.org/trans/new_tir/home.html)) based on suggestions made by the Working Party as contained in Informal document No. 24 (2001).

9. The Working Party took note of the UNECE document on the status of international agreements and conventions in the field of transport.

## **ACTIVITIES OF OTHER ORGANIZATIONS OF INTEREST TO THE WORKING PARTY**

10. The Working Party was informed by the representative of the European Commission of the recent publication of a provisional edition of a transit manual for the Community and Common Transit systems. The manual is available from the following web site: [www.europa.eu.int/comm/taxation\\_customs/publications/info\\_doc/customs/transit/transitmanual\\_en.htm](http://www.europa.eu.int/comm/taxation_customs/publications/info_doc/customs/transit/transitmanual_en.htm).

11. The Working Party also took note of information provided by the European Commission on the availability of an electronic database containing information on Customs offices in the Community/Common Transit areas. The database is available from the following web site: [www.europa.eu.int/comm/taxation\\_customs/dds/en/csrdhome.htm](http://www.europa.eu.int/comm/taxation_customs/dds/en/csrdhome.htm).

## **CUSTOMS CONVENTIONS ON THE TEMPORARY IMPORTATION OF PRIVATE ROAD VEHICLES (1954) AND COMMERCIAL ROAD VEHICLES (1956)**

Documentation: ECE/TRANS/107/Rev.1; ECE/TRANS/108; Informal document No. 23 (2001).

### **(a) Status of the Conventions**

12. The Working Party was informed that the number of Contracting Parties to the Customs Conventions on the Temporary Importation of Private Road Vehicles (1954) and Commercial Road Vehicles (1956) is at present 76 and 37 respectively.

13. The full text of the Conventions in English, French and Russian as well as complete lists of Contracting Parties to the Conventions are available on the UNECE web site: [www.unece.org/trans/conventn/legalinst.html#customs](http://www.unece.org/trans/conventn/legalinst.html#customs).

14. The Working Party noted that there seem to be a number of linguistic differences between the English and French versions of the Conventions. Similar differences may exist with the Russian language version of the Conventions. The Working Party invited all Contracting Parties to inform the secretariat of any differences that they have discovered and requested the secretariat to align the various language versions of the Conventions.

### **(b) Application of the Conventions**

15. The Working Party took note of a presentation made by AIT/FIA on the functioning of the Carnet de Passage (CDP) system, which is an integral part of and based on the Customs Conventions on the Temporary Importation of Private Road Vehicles (1954) and Commercial Road Vehicles (1956).

16. The Working Party also took note of information provided by AIT/FIA on the application of the two Conventions (Informal document No. 23 (2001)). The AIT/FIA informed the Working Party that a number of countries, which had not ratified the Conventions, nonetheless accept and apply them. This situation created considerable difficulties for AIT/FIA.

17. As a result, the Working Party requested the secretariat to invite the countries in question to accede to the two Conventions.

18. The Working Party was informed about the status of the Convention on Temporary Admission (Istanbul Convention), administered by the World Customs Organization (WCO), which was intended to consolidate all provisions governing temporary admission into a single legal instrument. The Working Party took note that not many of the Contracting Parties to the Conventions on the Temporary Importation of Private Road Vehicles (1954) and Commercial Road Vehicles (1956) have so far ratified Annex C of the Istanbul Convention concerning means of transport.

19. The information about the Carnet de Passage (CDP) system contained in the presentation given by the AIT/FIA will be made available on the UNECE Transport Division web site: [www.unece.org/trans/new\\_tir/home.html](http://www.unece.org/trans/new_tir/home.html).

### **INTERNATIONAL CONVENTION ON THE HARMONIZATION OF FRONTIER CONTROLS OF GOODS, 1982 (“HARMONIZATION CONVENTION”)**

Documentation: ECE/TRANS/55; [www.unece.org/trans/new\\_tir/conventions/list.htm](http://www.unece.org/trans/new_tir/conventions/list.htm); TRANS/WP.30/2001/16; TRANS/WP.30/AC.3/8; TRANS/WP.30/2000/16; TRANS/WP.30/2000/11.

#### **Preparation of a new Annex on efficient border crossing procedures**

20. The Working Party recalled that the objective of preparing a new Annex 8 to the "Harmonization Convention", was to address in a comprehensive and consistent manner all major elements important for efficient border crossing procedures in international road transport of goods, covering different types of cargoes, particularly perishable foodstuffs, the road vehicles, the drivers as well as border crossing procedures and infrastructures.

21. The Working Party noted with appreciation that the secretariat had prepared a consolidated text of the new Annex 8 taking account of previous considerations of the Working Party and the Administrative Committee of the Convention (TRANS/WP.30/2001/16). This draft contained detailed technical provisions on an International Technical Inspection Certificate as provided for in the Agreement Concerning the Adoption of Uniform Conditions for Periodical Technical Inspections of Wheeled Vehicles and the Reciprocal Recognition of such Inspections, which had been signed by 22 UNECE countries in 1997 and had at present 6 Contracting Parties. The draft also contained a new International Vehicle Weight Certificate, which intended to do away with repetitive weighing procedures at border crossings.

22. Considering the text of the draft Annex, the Working Party felt that, at this stage, except for the provisions of Article 2 on the facilitation of visa procedures for professional drivers, where reservations have been formulated by certain delegations, as well as possibly for those of Article 4, paragraph 1, the other Articles of the new Annex 8 seemed to be acceptable in principle. The representatives of the IRU and Transfrigoroute International both emphasized the importance of obtaining visas for professional drivers.

23. The Working Party, recalling that the administration of the "Harmonization Convention" fell within its mandate of work, decided to consider the results of national consultations with competent authorities and Ministries on the acceptability of the various provisions of the new Annex 8 at its next session in February 2002. At this session, it would decide whether further considerations on some of the technical provisions of the new Annex 8 were necessary, possibly by specific ad hoc expert groups to be established by the Working Party. The complete text of the new Annex 8 could then be finalized at the summer session of the Working Party and transmitted to the Administrative Committee of the Convention for adoption at its fifth session, scheduled to be held in October 2002.

24. In this context, the Working Party took note of a study prepared by the IRU on visa problems faced by professional drivers in international road transport.

#### **DRAFT UNECE CONVENTIONS ON INTERNATIONAL CUSTOMS TRANSIT PROCEDURES FOR THE CARRIAGE OF GOODS BY RAIL**

Documentation: TRANS/2001/10; TRANS/WP.30/194; TRANS/WP.30/2000/17; TRANS/WP.30/164; TRANS/WP.30/R.141.

25. The Working Party recalled that, at its ninety-sixth session, it had terminated its activities towards the preparation of harmonized pan-European Customs transit procedures for international rail transport. It had decided to transmit the two draft conventions it had prepared for this purpose, via diplomatic channels, to the Contracting Parties to the COTIF Convention and to the SMGS Agreement respectively with a view to soliciting their views on the approach taken and on the Customs transit procedures proposed therein (TRANS/WP.30/192, paras. 14-21).

26. The Working Party was informed that the Executive Secretary of the UNECE, on 30 May 2001, had transmitted a letter to all Contracting Parties of the COTIF and SMGS Agreements soliciting their views on the two draft Conventions. At present, the secretariat has received 6 replies. The Working Party invited the Contracting Parties to the COTIF and SMGS Agreements, that had not yet done so, to provide the secretariat with their comments



concerning the two draft Conventions as soon as possible. One delegation noted that, while awaiting the outcome of the negotiations concerning the two draft Conventions, the COTIF and SMGS agreements continued to co-exist in several countries.

27. The Working Party was also informed that the International Union of Railways (UIC) had proposed that it should be considered to invite more countries to become Parties to the International Convention to Facilitate the Crossing of Frontiers for Goods Carried by Rail (TIF Convention, 1952).

28. The Working Party noted that the secretariat planned to convene an ad hoc informal expert group meeting of interested countries and international organizations to review once more the provisions of the draft convention based on the SMGS consignment note and to possibly prepare a revised draft for consideration of the Working Party at one of its forthcoming sessions. This meeting may be held in December 2001 or January 2002.

29. The Working Party was also informed about a study tour conducted by the secretariat to the Belarus/Polish border to analyze Customs transit procedures for international rail transport. One of the conclusions of the study tour had been that international rail transport could be considerably improved by providing efficient international Customs transit procedures.

### **CUSTOMS CONVENTION ON THE INTERNATIONAL TRANSPORT OF GOODS UNDER COVER OF TIR CARNETS (TIR CONVENTION, 1975)**

Documentation: ECE/TRANS/17 and Amendments 1-19; 1999 TIR Handbook; ([www.unece.org/trans/new\\_tir/welctir.htm](http://www.unece.org/trans/new_tir/welctir.htm)).

#### **(a) Status of the Convention**

Documentation: TRANS/WP.30/2001/17; TRANS/WP.30/AC.2/61, annex 1; [www.unece.org/trans/new\\_tir/welctir.htm](http://www.unece.org/trans/new_tir/welctir.htm); Depositary Notification C.N.36.2001.TREATIES-1; Depositary Notification C.N.37.2001.TREATIES-2; Depositary Notification C.N.503.2001.TREATIES-4; Depositary Notification C.N.688.2001.TREATIES-4; Depositary Notification C.N.688.2001.TREATIES-4.

30. The Working Party was informed that the TIR Convention, 1975 has at present 64 Contracting Parties.

31. The secretariat informed the Working Party that, as of 1 October 2001, TIR operations can be established with Turkmenistan. The Turkmen Association of International Road Carriers (THADA) has been designated as issuing and guaranteeing association of TIR Carnets in Turkmenistan.
32. With the addition of Turkmenistan, TIR operations can be established in 51 Contracting Parties, according to information provided by the IRU.
33. A complete list of Contracting Parties to the Convention as well as a list of countries in which TIR operations can be undertaken is annexed to the report of the thirtieth session of the TIR Administrative Committee (TRANS/WP.30/AC.2/63, annex 1).
34. Permanent updated information on the scope of the TIR Convention is available on the TIR web site ([www.unece.org/trans/new\\_tir/welctir.htm](http://www.unece.org/trans/new_tir/welctir.htm)).
35. The Working Party was informed that a national TIR seminar had been organized on 25 and 26 July 2001 in Belgrade. Subsequently, on 27 September 2001, an agreement had been signed between the Federal Customs Administration of Yugoslavia and the Yugoslav Chamber of Commerce, which established the legal and administrative basis for the re-establishment of the TIR system in Yugoslavia. The target date for resuming TIR operations with Yugoslavia is 1 December 2001.
36. The Working Party noted that a Regional TIR Seminar for the Central Asian and Transcaucasus region has been held in Baku, Azerbaijan from 2 to 3 October 2001. The Seminar had been organized in co-operation with the State Customs Committee of the Republic of Azerbaijan.
37. The Working Party recalled that the TIR Administrative Committee in October 2000 had adopted a large number of amendment proposals to the Convention (TRANS/WP.30/AC.2/59 annexes 3 and 4 and Corrs. 1 and 2).
38. Following verification of these amendment proposals by the secretariat, the Secretary-General of the United Nations has issued the necessary Depositary Notifications relating to the amendments.

39. Depositary Notification C.N.36.2001.TREATIES-1 contained all amendment proposals contained in TRANS/WP.30/AC.2/59, annex 3 referring to Phase II of the TIR revision process. These amendments would come into force 3 months after the expiry of a period of 12 months following the date of issuance of the Depositary Notification during which no objection to the proposed amendments had been raised, i.e. on 12 May 2002. Comments to these proposed amendments, adopted by the UNECE Working Party, are contained in document TRANS/WP.30/AC.2/59, annex 5.

40. Depositary Notification C.N.37.2001.TREATIES-2 contained amendment proposals relating to amendments on vehicles with sliding sheets and to Article 3 of the Convention as contained in document TRANS/WP.30/AC.2/59, annex 4. The amendments with regard to vehicles with sliding sheets had come into force already on 12 June 2001 as contained in Depositary Notification C.N. 503.2001.TREATIES-4 issued by the Secretary-General of the United Nations on 23 May 2001. The amendments relating to Article 3 of the Convention would come into force 3 months after the expiry of a period of 12 months following the date of issuance of the Depositary Notification during which no objection to the proposed amendments had been raised, i.e. on 12 May 2002.

41. On 24 July 2001, the Secretary-General of the United Nations has issued Depositary Notification C.N.688.2001.TREATIES-4 containing corrections to Depositary Notification C.N.37.2001.TREATIES-2. These corrections are contained in document TRANS/WP.30/AC.2/59, Corrs. 1 and 2. As no objections have been received by 22 October 2001, these corrections have come into force as indicated in Depositary Notification C.N.1106.2001.TREATIES-5 dated 23 October 2001.

42. The corrections contained in Depositary Notification C.N.688.2001.TREATIES-4 had become necessary due to the fact that the TIR Handbook, maintained by the UNECE secretariat and containing the consolidated text of the TIR Convention, contained an error in the numbering of the sketches appended to Annexes 2 and 7 of the Convention. As the TIR Handbook has been used to prepare and adopt the above amendment proposals concerning sliding sheets, the amendments relating to these Annexes also contained the same error, which is now corrected by the issuance of this Depositary Notification. An explanatory note prepared by the secretariat on the corrections effected by this Depositary Notification is contained in document TRANS/WP.30/2001/17. Further corrections to the French and Russian texts of the amendment proposals adopted by the Administrative Committee in October 2000 are contained in Corrs. 3 and 4 to document TRANS/WP.30/AC.2/59.

(b) **Revision of the Convention**

(i) **Adoption of amendment proposals and examples of best practices under Phase II of the TIR revision process**

Documentation: TRANS/WP.30/2001/14; TRANS/WP.30/AC.2/59 and Corrs.1 and 2; TRANS/WP.30/192; TRANS/WP.30/2000/18.

43. The Working Party recalled that, at its ninety-sixth session, it had finalized work on Phase II of the TIR revision process by agreeing on a complex package of amendment proposals to the Convention and by adopting examples of best practices. The TIR Administrative Committee, at its twenty-ninth session (19-20 October 2000), had adopted the amendment proposals prepared by the Working Party together with comments thereto (TRANS/WP.30/AC.2/59, annexes 3 and 5 and Corrs.1 and 2). The Administrative Committee also endorsed examples of best practices prepared by the Working Party (TRANS/WP.30/AC.2/59, annex 7).

44. The main objective of Phase II of the TIR revision process had been to facilitate the application of the Convention at the national level. For this purpose, the roles and responsibilities of the various parties involved in the TIR procedure have been clearly defined and specified. Furthermore, guidance has been provided on the required national administrative procedures providing for an efficient functioning of the TIR procedures and, if required, for a speedy recovery of Customs duties and taxes at risk from the person directly liable (for example, the holder of the TIR Carnet) or, if this turned out not to be possible, from national associations.

45. In the framework of developing best practices, the Working Party took note that, in accordance with its mandate, the TIR Executive Board (TIRExB) had prepared an example authorization and agreement, containing minimum conditions and requirements, as contained in document TRANS/WP.30/2001/14.

46. The Working Party found that a number of elements would need to be considered further and invited delegations to submit their written observations to the secretariat allowing the TIRExB to deliberate further on these issues. Nonetheless, the Working Party considered that the example authorization and agreement contained in document TRANS/WP.30/2001/14 provides valuable guidance for Customs authorities in the process of negotiating or re-negotiating such authorizations and agreements.

47. The Working Party took note that the secretariat, once the amendments under Phase II of the TIR revision process enter into force, would produce a document on possible modifications to resolution No. 49 of 3 March 1995 adopted by the Working Party and to the recommendation of 20 October 1995 adopted by the TIR Administrative Committee.

**(ii) Preparation of Phase III of the TIR revision process**

Documentation: TRANS/WP.30/2001/19; TRANS/WP.30/2001/18; TRANS/WP.30/2001/15; TRANS/WP.30/2001/13; TRANS/WP.30/2001/12; TRANS/WP.30/2001/11; TRANS/WP.30/2001/9; TRANS/WP.30/2001/8; TRANS/WP.30/2001/6; TRANS/WP.30/2001/5; Informal document No.20 (2001); Informal document No.15 (2001); Informal document No.14 (2001); Informal document No.13 (2001); Informal document No.12 (2001); Informal document No.8 (2000); Informal document No.7 (2000); Informal document No.1 (2000); TRANS/WP.30/1999/5; Informal document No.5 (1997).

48. The Working Party recalled that, at its ninety-sixth session, it had been decided to start work on Phase III of the TIR revision process which would include a study of the following elements (TRANS/WP.30/192, para. 33):

- Revision of the TIR Carnet, including the insertion of additional data elements (ID number, HS code, value of goods, etc.) (TRANS/WP.30/188, para. 31);
- Increase in the number of places for loading and unloading under Customs seal (TRANS/WP.30/186, paras. 42 and 43);
- Possibilities for the reduction of the legally required delays for notification of non-discharge of TIR Carnets (TRANS/WP.30/188, para. 38);
- Use of new technologies in TIR operations also with a view to reducing the delay in notification of non-discharge (TRANS/WP.30/188, para. 31).

49. At its ninety-seventh session, the Working Party decided to consider also under Phase III of the TIR revision process amendment proposals on the definition and voting rights of regional economic integration organizations (TRANS/WP.30/194, para. 43).

- Regional economic integration organizations

50. The Working Party considered information transmitted by the European Commission contained in document TRANS/WP.30/2001/15 as well as Informal document No. 20 (2001) prepared by the UNECE secretariat concerning the use of the term “regional economic integration organizations” in international agreements and conventions.

51. The Working Party considered once more in detail the various elements relating to this issue. It was of the view that information concerning the areas of competence which had been transferred from its member States to the European Community, as a regional economic integration organization, would facilitate the decision-making process in the TIR Administrative Committee and by the Contracting Parties to the Convention. The European Commission was invited to provide such information, if possible.

52. The Working Party took note that, in order to be considered as a regional economic integration organization with a supra-national status, certain criteria might need to be clarified, such as its legal status and competence. In this context, delegations were invited to provide the secretariat with relevant information about other regional economic integration organizations to which they are members.

53. The Working Party decided to transmit the proposal of the European Commission to the next session of the TIR Administrative Committee. The European Community informed the Working Party that it would consider making some modifications to the original proposals before their submission to the TIR Administrative Committee.

54. The representatives of Turkey reserved their position concerning the proposal of the European Community. The Turkish delegation, requesting to have its position reflected in detail, expressed the view that, considering the EU’s possible enlargement, the proposal by the European Community could in the future possibly block the decision-making process of the TIR Administrative Committee. It also requested the Working Party to consider the situation where, in future, other regional economic integration organizations might accede to the TIR Convention, which could lead to the situation of double representation of certain Contracting States in the TIR Administrative Committee.

- Revision of the TIR Carnet

55. The Working Party recalled that, at its ninety-eighth session, it had discussed extensively the usefulness of including additional data elements into the TIR Carnet. The Working Party had been of the opinion that additional data elements could be useful in

relation to the procedures for recovery of debt and facilitating subsequent Customs procedures (TRANS/WP.30/196, paras. 35-39). As requested, the secretariat has prepared a document on the possibilities of establishing an inquiry procedure to provide data necessary in relation to the initiation of procedures for the recovery of Customs claims (TRANS/WP.30/2001/18).

56. The Working Party was informed by the representative of the European Commission about the findings of the European Commission sub-group on data consisting of representatives from both Customs authorities and industry. The findings of the sub-group seemed to indicate that transport operators often cannot provide the HS code and the value of the goods as this information is not available to them. Furthermore, Customs authorities did not seem to have a unified position as to the usefulness of this type of information. It was pointed out that the reference made in secretariat document TRANS/WP.30/2001/18 to the availability of a pro forma invoice for the transport operator was not a conclusion drawn from the work of the sub-group.

57. The Working Party decided to continue further discussion on the inclusion of the HS code and the value of goods when the final results of the European Commission sub-group on data were available. However, the Working Party was of the view that the conclusions of the sub-group could only be taken as one of the elements for a discussion in the framework of the TIR Convention as the procedures and conditions between the TIR and the Community/Common transit systems differed considerably. Therefore, the Working Party felt that the specific requirements concerning documentation required in addition to those stipulated in the TIR Convention might need to be studied separately.

58. The Working Party agreed to further study the proposal contained in separate document TRANS/WP.30/2001/18 to make use of additional data elements in case of the initiation of a procedure for recovery of Customs claims. It also agreed that such a procedure would need to be established between the Customs offices of destination and departure in different countries and that it therefore might not be practical to incorporate such a procedure into the national inquiry procedure already established for Customs authorities in case of non-discharge of TIR Carnets (TRANS/WP.30/AC.2/59, para. 47 and annex 7). A procedure to provide for additional data elements might instead be considered as a case of mutual assistance, which the TIR Convention already provides for in general terms in Articles 42 and 50.

59. The Working Party invited delegations to inform the secretariat of their views on the feasibility and usefulness of developing a mutual assistance procedure in the framework of the TIR Convention and requested the secretariat to prepare for its next session a proposal in this respect.

- Increase in the number of loading and unloading places

60. The Working Party considered document TRANS/WP.30/2001/19 prepared by the secretariat containing proposals for three alternative solutions to increase the number of loading and unloading places.

61. The Working Party decided to defer the in-depth discussion of this point until the next session of the Working Party, as document TRANS/WP.30/2001/19 had not been available in all language versions. Nevertheless, following a preliminary exchange of views on the issue, some delegations felt that, in case that there was a need to increase the number Customs offices of departure and destination, an amendment to the TIR Convention might be preferable compared to an attempt to seek a solution through a broader interpretation of the existing provisions in the Convention.

- Possibilities for the reduction of the legally required delays for notification of non-discharge of TIR Carnets

62. The Working Party recalled its decision, at its ninety-seventh session, that Customs authorities could not accept any reductions in the legally prescribed time-limits for notification of non-discharge as provided in the Convention (TRANS/WP.30/194, para. 41).

63. The Working Party was informed that the IRU would revert to the issue and the question of pre-notification of non-discharge, once a revision of the inquiry procedure in the Community and Common transit systems had been undertaken in the European Community.

64. The IRU requested the Working Party to consider, at one to its future sessions, how TIR Carnet holders could be notified in parallel with the guaranteeing association in case of non-discharge of the TIR Carnet.

- Use of new technologies

65. The secretariat informed the Working Party of the results of the second session of the ad hoc expert group on the computerization of the TIR procedure, which had taken place in Geneva on 21 June 2001 (TRANS/WP.30/2001/13). The Working Party also took note of the



final results of a questionnaire on the requirements of computerization of Customs transit procedures at the national level and on technologies used to capture and disseminate data, that had been transmitted by the secretariat to the Customs authorities of Contracting Parties to the TIR Convention and to a selected number of transport operators (Informal document No. 21 (2001)).

66. The Working Party felt that, having assessed the general outline of the computerization process, the time had come to be more specific, both legally and technically, in order to make progress in the work. As the questionnaire had shown, computerization was well advanced at the national and at the regional level. Therefore, computerization of the TIR Convention should be compatible with computerized Customs transit systems developed elsewhere.

67. In order to pursue the computerization process, the Working Group mandated the secretariat to organize meetings of informal ad hoc groups of experts. These expert groups should:

- (a) study the conceptual and technical aspects of the computerization process of the TIR Convention, including the financial and administrative implications of its introduction, both at the national and at the international level, and prepare a draft set of electronic messages to allow for an interchange of electronic data, nationally, between Contracting Parties and with international organizations;
- (b) study in detail the impact of the various approaches identified by the ad hoc expert group on the existing legal provisions of the TIR Convention as well as on the repercussions it might have on international private law, national administrative procedures and to analyze the role of the various actors (Customs authorities, national associations, international organization, insurers and the TIRExB) in the TIR Convention, once the paper based system would be complemented and/or replaced by electronic data interchange (EDI).

68. The Working Group invited all Contracting Parties and observers to communicate to the secretariat not later than 15 November 2001 their interest to participate in the work of one or both of the ad hoc expert groups. Delegated experts should have a good working knowledge of English. A first meeting of the expert group could take place in the last week of January 2002. The expert groups would prepare first concrete proposals for the introduction of technical and legal provisions into the TIR Convention to be considered by the Working Party at its June 2002 session.

(c) **Extension of the scope of the Convention**

Documentation: TRANS/WP.30/194; TRANS/WP.30/192; TRANS/WP.30/190.

69. The Working Party was of the view that further considerations on this issue should be postponed to one of its future sessions, when it has been clarified if progress can be made on the two draft Conventions on Customs Transit Procedures for the Carriage of Goods by Rail (see also paras. 25-29).

(d) **Application of the Convention**

Documentation: [www.unece.org/trans/new\\_tir/welctir.htm](http://www.unece.org/trans/new_tir/welctir.htm).

70. The Working Party took note that permanently updated information on the application of the Convention is available on the TIR web site: [www.unece.org/trans/new\\_tir/welctir.htm](http://www.unece.org/trans/new_tir/welctir.htm).

(i) **Settlement of claims for payments**

Documentation: TRANS/WP.30/196.

71. The Working Party was informed by the IRU that there were no new developments concerning the cases in front of the Court of Arbitration in Paris resulting from the denouncement of the contract of the insurance pool that formerly insured the guaranteeing chain managed by the IRU.

72. The representative of the European Commission recalled that the European Court of Justice was evaluating the lack of payments of duties due to the European Community by member States in connection with the outstanding claims for TIR operations and stressed the serious backlash it could have if the Court of Justice would rule in favour of the European Community.

73. The Working Party took note of information provided by the IRU that, with regard to the new insurance pool, the share of claims registered from EU countries was gradually decreasing as a share of the total number of claims.

74. No new information or remarks were provided by Customs authorities concerning the situation with regard to settlement of claims for payments.

**(ii) Introduction of an identification number for the TIR Carnet holder**

Documentation: TRANS/WP.30/2001/9; TRANS/WP.30/AC.2/59.

75. The Working Party recalled that, on 20 October 2000, the TIR Administrative Committee had adopted a Recommendation stipulating the insertion of the individual and unique identification (ID) number of the TIR Carnet holder (as prescribed since 1999 in the Model Authorization Form (MAF) contained in Annex 9, Part II of the TIR Convention) into each TIR Carnet used (TRANS/WP.30/AC.2/59, annex 2).

76. The Recommendation had come into force on 1 April 2001. At the ninety-eighth session of the Working Party, no problems had been reported concerning the introduction of the ID number (TRANS/WP.30/196, para. 58). The Working Party welcomed the fact that no problems were reported concerning the introduction of the ID number at the present session.

77. The Working Party was informed that, until 22 October 2001, the TIR secretariat had received 21 requests for contact information of TIR Carnet holders as part of inquiry procedures undertaken by Customs authorities.

78. The Working Party decided to revert to this issue at its next session when more experience had been gained with the application of the ID number.

**(iii) Re-introduction of the guarantee for sensitive and other excluded goods**

Documentation: TRANS/WP.30/196; TRANS/WP.30/194; TRANS/WP.30/192; TRANS/WP.30/190; TRANS/WP.30/188; TRANS/WP.30/AC.2/2000/1; TRANS/WP.30/184; TRANS/WP.30/178.

79. The Working Party recalled that some guaranteeing associations, in countries of the European Community and the IRU, had denounced their guarantees for a number of so-called sensitive goods. The Working Party also recalled its position requesting the IRU and the international guaranteeing chain to re-establish full guarantee coverage for these sensitive goods as soon as possible (TRANS/WP.30/196, para. 61; TRANS/WP.30/194, para. 53, TRANS/WP.30/192, paras. 46-48; TRANS/WP.30/188, paras. 48-51; TRANS/WP.30/184, paras. 48-50; TRANS/WP.30/178, paras. 80-81).

80. The Working Party was informed by Mr. Olszewski, Chairman of the TIRExB that the TIRExB had been of the opinion that there should not be a distinction between different categories of goods as the Convention does not provide for such a provision, with the exception of tobacco and alcohol. The TIRExB had stressed that it was not acceptable for any party to the TIR system to assume only part of its responsibilities. The TIRExB urged the IRU and the insurers to take all measures, in co-operation with the European Commission, to restore a full guarantee for the excluded goods as soon as possible.

81. The Working Party stressed once more that several measures had been put in place in the TIR framework, such as SAFETIR and Phase I of the TIR revision process, which should provide for sufficient security of the TIR system for the IRU and the guaranteeing associations to re-introduce the guarantee for the categories of goods excluded on the territory of the European Community. Being the guardian of the TIR Convention, the Working Party expressed the view that it was not satisfied with the present situation since the risk existed of a proliferation of special measures to be introduced for certain goods, which would jeopardize the functioning of the Convention.

82. The Working Party took note that the European Community, given its specific nature, intended to undertake appropriate control measures to safeguard its own interests.

83. The Working Party, welcoming the efforts made by the IRU and its guaranteeing chain to find a solution, requested the IRU to provide for a rapid re-introduction of the goods categories presently excluded, with the exception of tobacco and alcohol. In this context, the European Commission was invited to cooperate with the IRU, to the extent possible.

84. The representatives of the Italian Chamber of Commerce (UICCIAA), with support of the IRU, reiterated that:

- (a) the goods contained in the IRU sensitive goods list are also considered as sensitive in the Common Transit area. Specific rules have been elaborated by the Commission and the Contracting Parties to the Common Transit Convention for such goods;
- (b) none of the transporters of UICCIAA, nor other associations, were requesting that these goods could be transported under cover of the TIR Carnet on the territory of the European Union;
- (c) these goods represent less than 1 per cent of all TIR operations.

The UICCIAA and the IRU expressed the view that so-called sensitive goods could only be reintroduced in the TIR system once the foreseen control measures (such as SafeTIR and its reconciliation procedure) are applied satisfactorily. A rapid reintroduction would be prepared by the IRU and the European Commission. Until such time the IRU and the UICCIAA expressed the view that they would not be able to provide a guarantee for such goods.

85. The Working Party was informed by the secretariat of the results of a questionnaire, which had been sent in July 2001 to all those 45 countries, where the IRU SafeTIR system was in use. So far, 33 countries had replied to the questionnaire.

86. As a means to evaluating the results of the questionnaire, the secretariat is working closely together with the IRU in a so-called "Task Force SafeTIR". The secretariat will keep the Working Party informed of progress made by the Task Force.

**(iv) Measures to reduce the number of lost, stolen and falsified TIR Carnets**

Documentation: TRANS/WP.30/196; TRANS/WP.30/194; Informal document No. 26 (2001).

87. The Working Party recalled that, at its ninety-eighth session, it had been informed that the printer used by the IRU had been forced to change the supplier of the paper for TIR Carnets as of September 2001 and, as a result, was forced to change some of the security features in the TIR Carnet, as the new paper supplier could not provide one of these features. The IRU had proposed to the TIRExB to change, at the same time, the design related features of the TIR Carnet as well as to add other security features in order to make falsification more difficult (TRANS/WP.30/196, paras. 68-69).

88. The TIRExB had decided to accept the changes in the lay-out of the TIR Carnet as proposed by the IRU since they did not modify the relevant provisions of the Convention.

89. The Working Party was informed by the secretariat about the procedures for the introduction of the new version of the TIR Carnet (Informal document No. 26 (2001)). It is expected that the new version of the TIR Carnet will start to be presented to Customs offices in December 2001. With the introduction of the new TIR Carnet, three different versions of the TIR Carnet will be in circulation for some time:

- TIR Carnets with numbers up to 25.000.000, with a numeric code and with red print on the top of the cover page (according to information provided by the IRU these TIR Carnets are no longer issued);
- TIR Carnets with numbers between 25.000.000 and 35.000.000, with an alpha-numeric code and with red print on the top of the cover page;
- TIR Carnets with numbers above 35.000.000, with an alpha-numeric code and with blue print on the top of the cover page.

All three versions of the TIR Carnet remain valid if presented to Customs offices before the expiry of the validity date of the TIR Carnet.

90. The TIR secretariat has informed all TIR Customs Focal points in detail about these modifications, including information about the security features built into the TIR Carnet. The information will also be provided in French and Russian following this session of the Working Party. Information concerning the introduction of the new version of the TIR Carnet and the security features is also available from the TIR web site ([www.unece.org/trans/new\\_tir/tir-news/8october.htm](http://www.unece.org/trans/new_tir/tir-news/8october.htm)).

91. The Working Party took note of information provided by the IRU on new procedures for the distribution of information by the IRU to Customs authorities concerning lost and stolen TIR Carnets. In this context, the IRU stressed that, only eight lost or stolen TIR Carnets had resulted in payment requests.

(v) **Application of Article 38 of the Convention**

Documentation: TRANS/WP.30/196; TRANS/WP.30/194; TRANS/WP.30/AC.2/2000/14 and Corr.1.

92. The Working Party recalled that, at the invitation of the TIR Administrative Committee, the Working Party, at its ninety-seventh session, had considered the underlying reasons for the exclusion of persons from the TIR procedure in accordance with Article 38, paragraph 1 of the Convention. The TIR Administrative Committee had noted that the reasons for exclusion were quite different in the Contracting Parties to the Convention. This was mainly due to different national interpretations of the conditions for such exclusion as stipulated in Article 38, i.e. "guilty of a serious offence" (TRANS/WP.30/194, para. 74).

93. The Working Party had, at its previous session, taken note of the proposals prepared by the TIR Secretary on the harmonized application of Article 38 and Annex 9, Part II of the Convention as contained in document TRANS/WP.30/AC.2/2000/14 and Corr.1. At its ninety-eighth session, the Working Party had agreed, as a first step, to facilitate the application of national legislation with regard to Article 38 and, for this purpose, at the recommendation of the TIRExB, had decided to consider the deletion of Explanatory Note 0.38.1 to Article 38, paragraph 1 of the Convention (TRANS/WP.30/196, para. 75).

94. The Working Party, following an in-depth discussion of the issues addressed in secretariat document TRANS/WP.30/AC.2/2000/14 and Corr.1, decided to revert to this issue at its next session. Nevertheless, the Working Party took note that Explanatory Note 0.38.1 to Article 38 seemed not to be in line with the philosophy of the TIR Convention, which was based on the notion that as much competence as possible should be left to national legislation, particularly with regard to irregularities contained in Articles 36 and 38 of the Convention.

(vi) **Road vehicles considered as heavy or bulky**

Documentation: TRANS/WP.30/2001/20; TRANS/WP.30/2001/10; TRANS/WP.30/AC.2/61; TRANS/WP.30/AC.2/59.

95. The Working Party recalled that the TIR Administrative Committee, at its twenty-ninth session (19-20 October 2000), had adopted a comment on the application of the newly adopted Article 3 of the Convention concerning road vehicles considered themselves as heavy or bulky goods (TRANS/WP.30/AC.2/59, paras. 61-62 and annex 6).

96. Following the adoption of this comment, Estonia had submitted a proposal for modifications to be made to this comment. The TIR Administrative Committee, at its thirtieth session, had invited the Working Party to consider this proposal contained in document TRANS/WP.30/2001/5 and to report back to the Committee at its next session (TRANS/WP.30/AC.2/61, para. 53).

97. The Working Party considered the proposal for modifications submitted by Estonia and the document prepared by the secretariat (TRANS/WP.30/2001/10), providing an interpretation of the reasons that had led to the adoption of the comment on the application of the newly adopted Article 3 of the Convention. The Working Party invited the delegate of Estonia to submit a written document for the ninety-ninth session of the Working Party containing detailed information about the proposed modifications. The Working Party took note of the document submitted by the Government of Estonia (TRANS/WP.30/2001/20).

98. The Working Party took note that different interpretations existed concerning the procedures for heavy and bulky goods in general.

### **TIR Handbook**

Documentation: UNECE document; [www.unece.org/trans/new\\_tir/welctir.htm](http://www.unece.org/trans/new_tir/welctir.htm).

99. The Working Party noted that the secretariat had prepared an update of the TIR Handbook, including amendments to the TIR Convention, that have come into force on 12 June 2001. The up-dated version is being available in English, French and Russian. A new version of the TIR Handbook will be produced once the period for objections to Phase II of the TIR revision process has ended in spring 2002.

100. The complete text of the TIR Handbook is available on the UNECE TIR web site in Arabic, Chinese, Czech, English, French, German, Italian, Russian, Spanish and Turkish ([www.unece.org/trans/new\\_tir/welctir.htm](http://www.unece.org/trans/new_tir/welctir.htm)). For the time being, only the English, French and Russian versions will include the latest modifications. The other language versions will be up-dated gradually.

### **(viii) Other matters**

101. The representatives of the European Community and Finland informed the Working Party of difficulties encountered by operators as a result of the introduction of a requirement for an additional authorization for certain goods to transit the territory of the Russian Federation.

102. The representative of the Russian Federation informed the Working Party that, due to an increasing number of “false” transit operations, which entered but never left the territory of the Russian Federation, the Russian State Customs Committee had introduced special transit regulations for the following types of goods: electronics, domestic appliances and furniture. In case such goods are intended to transit the territory of the Russian Federation, the Russian Customs point of entry is required to seek approval from the Russian State Customs Committee before accepting the transit operation.

103. The secretariat was requested to make detailed information available on the TIR web site, if possible. The Working Party also requested the TIRExB to consider whether these regulations were in line with the provisions of the TIR Convention.



104. The Working Party was informed by the IRU of difficulties for transport operators using TIR Carnets filled in by hand as certain Customs authorities did not accept TIR Carnets filled in by hand.

105. Some delegations informed the Working Party that, according to national instructions, based on an interpretation of the English version of Annex 1 of the TIR Convention (Rules regarding the Use of the TIR Carnet, paragraph 10. b)), it was not permissible in their countries to lodge TIR Carnets filled in by hand.

106. Other delegations informed the Working Party that, according to the French version of Annex 1 of the TIR Convention (Rules regarding the Use of the TIR Carnet, paragraph 10. b)), it is permissible to lodge TIR Carnets filled in by hand as long as the information is clearly legible.

107. The Working Party noted that the wording of paragraph 10. b) of the English version of Annex 1 of the TIR Convention (Rules regarding the Use of the TIR Carnet) is used in the conditional sense of the word “should”. Consequently, the Working Party felt it permissible to lodge TIR Carnets filled in by hand.

108. The Dutch delegate requested the Working Party to consider, at one of its future sessions, the question of including information on the exact placement and number of seals on the load compartment in the Model Certificate of Approval of a Road Vehicle, contained in Annex 4 of the TIR Convention.

## **PREVENTION OF THE ABUSE OF CUSTOMS TRANSIT SYSTEMS BY SMUGGLERS**

Documentation: TRANS/WP.30/127; Informal document No. 22 (2001); Informal document No. 25 (2001).

109. Having discussed at earlier sessions a number of drug seizures involving TIR vehicles, the Working Party felt that it should be informed of any special devices and facilities used by smugglers abusing the TIR transit system. The Working Party invited all Contracting Parties to the TIR Convention, 1975, to transmit all relevant information on such cases so that it could take the necessary steps, falling within its competence and mandate, to prevent such occurrences (TRANS/WP.30/127, paras. 55-57).

110. The Working Party was informed by the representative of the United Kingdom of a new seizure policy for heavy goods vehicles involved in the smuggling of tobacco and alcohol as contained in Informal document No. 22 (2001). The text of the declaration made by the representative of the United Kingdom is contained in Annex 1 to this report.

111. The Working Party was also informed by the representative of Sweden of a sealing device for multiple use as contained in Informal document No. 25 (2001). The representative of Germany offered to investigate the feasibility of the use of such a seal in the TIR system and to report to the Working Party at one of its forthcoming sessions.

## **PROGRAMME OF WORK FOR 2002 TO 2006**

Documentation: TRANS/WP.30/197/Add. 1.

112. The Working Party adopted its programme of work covering the years 2002 to 2006 as contained in Annex 2 to this report.

## **OTHER BUSINESS**

### **(a) Dates of the next sessions**

113. The Working Party decided to convene its one-hundredth session of the Working Party during the week of 11 to 15 February 2002, in conjunction with the thirty-second session of the TIR Administrative Committee. The deadline for submission of documentation to be included in the agenda as official documents is 26 November 2001.

114. The one-hundredth-and-first session of the Working Party is tentatively scheduled to be held in the week from 17 to 21 June 2002.

### **(b) Restriction on the distribution of documents**

115. The Working Party decided that there should be no restriction on the distribution of documents issued in connection with its current session.

## **ADOPTION OF THE REPORT**

116. The Working Party adopted the report of the ninety-ninth session.

---

## Annex 1

### Smuggling of tobacco and alcohol: Information provided by the United Kingdom

#### **The UK Government Tobacco initiative**

In order to provide some insight as to why the seizure policies are somewhat severe, it is necessary to give the background as to why this strategy has been introduced.

#### **Background information**

Smoking is the single greatest cause of premature death and preventable illness in Britain, and so reducing smoking is one of the UK Government's key health objectives. Increasing the price of cigarettes through duty increases is a key instrument for lowering smoking, especially among the young. Unfortunately the resulting increase in the price of cigarettes in the UK compared with elsewhere provides an opportunity, which criminals have exploited. Almost one in five cigarettes smoked in the UK is now smuggled, and without Government action, this ratio could increase to one in three, within a few years. The increased availability of cheap smuggled cigarettes is undermining the Government's health objectives. Smuggling also undermines law and order, and costs £2.5 billion in lost tax revenue.

The UK Government asked for an independent enquiry into a Customs and Excise tobacco and alcohol strategy and what is the best way forward. This strategy consists of:

- the deployment of a national network of scanners to detect high volume smuggling in freight containers;
- prominent fiscal marks on packs to make identification of smuggled product easier;
- increased punishment for those caught with smuggled goods;
- greater numbers of Customs officers, both at the key entry points, and inland; and
- a publicity campaign to increase public awareness.

Smuggling is on a strong upward trend. Without these measures there would be a substantial further increase. This strategy should slow the increase of smuggling in 2001-02 and within three years put tobacco smuggling into decline. This would represent a reduction of over a third by 2003-2004 compared with no action. But this would still leave around one in five cigarettes smoked being smuggled. This is clearly not acceptable. The longer-term aim is to do better than this and to get the share of smuggled cigarettes down below current levels.

Initially, the problem of smuggling was confined to cross-Channel smuggling of hand rolling tobacco. But more recently smuggling of cigarettes especially in freight containers has increased very rapidly. Customs estimate that now about 70 to 80 per cent of smuggled cigarettes are transported by freight and "roll-on roll-off" lorries. The bulk of the remainder is smuggled in vehicles through the Channel ferry ports and Channel tunnel - the so called "white van trade". Customs has worked closely with the industry in estimating the size of the problem. The best assessment is that currently around 18 per cent, nearly one in five cigarettes smoked, is smuggled. Without action this could rise to more than one in three, as criminals build up chains of distribution.

But the average price of cigarettes, including illicit cigarettes, has increased by less than this, reflecting the availability of cheap smuggled supplies. The illicit street price of a premium UK brand of cigarettes averages around £25 for a pack of 200, the equivalent of £2.50 for a packet of 20. The legal price of the same packet of 20 is £4.20 after the latest increase in duty. Purchasing illicit rather than legal product offers a saving of around £1.70 per packet, or 40 per cent. The growing availability of cheap smuggled cigarettes means that the effect of duty increases in discouraging cigarette consumption is considerably less than it would otherwise be.

<b>£ Million</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Cross-Channel smuggling of hand rolling tobacco	500	630	685	720
Cross-Channel smuggling of cigarettes and other tobacco	180	160	250	340
Total cross-Channel smuggling of tobacco	680	790	935	1035
Cigarettes smuggling by air passengers	n/a	50	50	50
<b>Cigarette smuggling in freight consignments</b>	<b>n/a</b>	<b>n/a</b>	<b>700</b>	<b>1400</b>
<b>All forms of tobacco smuggling</b>	<b>-</b>	<b>-</b>	<b>1700</b>	<b>2500</b>

Some have argued that the answer is to cut duty. But this would undermine the nation's health and would in any case probably not eradicate smuggling. A very substantial proportion of the cigarettes smuggled into the UK come from parts of the world where duty is negligible. Bringing UK tobacco duty rates closer to those of other EU states would have little impact on these smugglers. It is worth noting that many EU Member States, including Italy and Spain, with relatively low tobacco taxes suffer significant smuggling, indicating that even low tax rates do not protect against smuggling from countries where duty rates are even lower.

The UK have made a substantial investment around £45 million in scanners, fixed installations at major ports and transportable equipment for use elsewhere, so that five to ten times more freight can be inspected.

With the new equipment an increase in staff and the strategy, it is hoped that this should stop smuggling being profitable.

Customs expect to raise the number of cigarettes they seize to over 2 billion in 2001-02, 3.5 billion in 2002-.03 and to 5 billion in 2003-4. At the same time we will seek to curb the law and order problems associated with cross-Channel smuggling by means of a concerted attack on the relevant crossing points. We aim to reduce the revenue loss from such smuggling by 10 per cent a year. At the same time through our enhanced investigative effort, Customs plan to break or disrupt at least 50 tobacco smuggling gangs next year, 55 the year thereafter and 75 in 2003-4. For the first time Customs will also introduce financial targets against tobacco smuggling involving asset seizures (benefit determined by the courts) of £15 million, £16.5 million and £18 million over the next three financial years.

Other enforcement measures such as the number of vehicles seized, the number of organisations broken up and the range of financial assets confiscated will be important indicators of the extent to which the strategy is increasing the penalties of being caught.

The strategy should yield at least an additional £2¼ billion in tobacco revenue over the next three years and, together with the duty increase in the budget, reduce cigarette consumption, thereby making an important contribution to meeting the Government's health objectives.

From April 2001 the Government have introduced pack marks to identify smuggled tobacco more readily. The pack mark will take the form of a prominent simple statement "UK DUTY PAID" printed on the cigarette packets and pouches of hand rolling tobacco. The absence of a mark will be a highly visible indication that cigarettes and hand rolling tobacco have not borne excise duty.

As far as statistics on vehicles are concerned, for the financial year ending March 2001, UK Customs seized 10 200 vehicles of which 2 200 were freight vehicles of one kind or another. Since the new policy was introduced in July 2001 the number of freight vehicles being seized is increasing considerably and the use of the new scanners can only increase this number still further. It must be stressed that we do not want to disrupt nor expect to disrupt and seize vehicles from legitimate haulage companies. Of the 2 200 freight vehicles seized last year only 0.7% (14 or 15) were members of either the Freight Transport Association or Road Haulage Association.

## **HEADLINE MESSAGES**

- Tobacco smuggling undermines Government health objectives, reduces Government revenue and involves serious crime. The Government will not allow criminals to undermine these important aims.
  
- The Government's strategy aims to put tobacco smuggling into decline in three years. The strategy is still in its infancy and we are confident it can deliver its aims over its first three years.
  
- In the coming year Customs expect to be able to take the fight even more to the criminals behind tobacco smuggling as the extra Customs officers and the new powers the Government has provided begin to come on line:
  - since April Customs have 650 new officers in post with another 300 coming over the next year;
  - Customs already have three scanners and expect to have more being delivered in the coming months - these scanners can examine a full container the size of a London double decker bus in minutes rather than hours.

- We are under no illusions about the scale of the task but the Government's investment is beginning to deliver:
    - 2.1 billion cigarettes seized in first nine months of this financial year - 1.4 billion in UK and 700m overseas - compared to 1.7 last financial year and 560m the previous financial year;
    - scanners have seized over 13 million cigarettes and over 1 tonne of hand rolling tobacco in the last few weeks.
  
  - This is not about tax or duty differentials; its about serious, organised criminals seeking to make money - nothing else. The criminals involved in tobacco smuggling are serious, organised gangs who will smuggle anything to make money. The National Criminal Intelligence Service (NCIS) "UK Threat Assessment" published in May 2000 estimated that:
    - 19% of all identified organised crime groups are engaged in excise fraud:
    - 21% of drug trafficking gangs also engage in excise smuggling.
  
  - Some criminal gangs use tobacco smuggling to fund drugs smuggling activity. Amongst the previous convictions of those detected by Customs involved in tobacco smuggling are heroin and cocaine trafficking, manslaughter, arson, Grievous Bodily Harm (GBH) and a variety of other violent crimes.
-

Annex 2

Programme of work for 2002-2006<sup>22</sup>

**PROGRAMME ACTIVITY 02.10: CUSTOMS QUESTIONS  
AFFECTING TRANSPORT**

**Harmonization and simplification of requirements for border crossing procedures  
concerning modes of inland transport**

**Priority: 1**

Description:

- (a) Preparation, review, implementation and, where appropriate, modification of international legal instruments.
- (b) Simplification of administrative formalities, documents and procedures.

Work to be undertaken: The Working Party on Customs Questions affecting Transport will pursue the following activities:

**CONTINUING ACTIVITIES**

- (a) Study of specific legal and other measures to combat fiscal fraud resulting from simplified Customs and other border crossing procedures, such as the TIR regime, including periodic review of the status of implementation of resolution No. 220 (prevention of the abuse of Customs transit systems by drug smugglers). Setting-up of mechanisms and administrative procedures for the regular exchange of information with other Governmental and non-governmental organizations to combat such fraud.

**Priority: 2**

**Output expected in 2002:**

Preparation of adequate instruments and measures to improve international cooperation among Contracting Parties to the TIR Convention, 1975 and concerned national and international organizations to prevent fraud.

---

<sup>22</sup>Text in bold characters indicates newly proposed text; text in square brackets ([...]) refers to text proposed for deletion.



Activities towards implementation of the Recommendation adopted by the TIR Administrative Committee on 20 October 1995 on an international EDI control system for TIR Carnets.

Exchange of intelligence among Customs authorities of Contracting Parties to relevant ECE Conventions on border crossing facilitation on abuses with a view to identifying measures to combat such occurrences.

- (b) Study of the possible extension of relevant ECE conventions on border crossing facilitation to other regions, particularly relating to legal and administrative aspects. Priority: 3

Output expected in 2002:

Preparation of regional and/or national workshops, possibly in cooperation with ESCAP and ESCWA, on the implementation of relevant ECE Conventions on border crossing facilitation in Asia and the Middle East.

- (c) Periodic review of relevant ECE conventions on border crossing facilitation in order to ensure their coherence with other international or sub-regional treaties and to keep them in line with modern transport and border control requirements. Priority: 2

Output expected in 2002:

Analysis of the application of the following ECE conventions on border crossing facilitation: TIR Convention 1975; Customs Conventions on the Temporary Importation of Private (1954) and Commercial (1956) Road Vehicles; Customs Convention Concerning Spare Parts Used for the Repair of EUROPE Wagons; and Convention on Customs Treatment of Pool Containers Used in International Transport.

- (d) Study to facilitate formalities for container pools in international transport and follow-up activities within the framework of the Convention on Customs Treatment of Pool Containers Used in International Transport. Priority: 2

Output expected in 2002:

Preparation and negotiation of two model container pool agreements providing guidance to the transport industry and the Contracting Parties on the implementation of the provisions of the "Customs Container Pool Convention" covering international rail and international maritime transport.

- (e) Analysis of difficulties encountered relating to border crossing formalities with a view to devising administrative procedures eliminating such difficulties. The analysis will cover health, phytosanitary, veterinary and quality controls, application of standards, public safety controls, etc., including the promotion of the implementation and extension of the scope of the International Convention on the Harmonization of Frontier Controls of Goods of 1982 (Harmonization Convention). Priority: 1

Output expected in 2002:

Study of the possibilities to prepare and negotiate a new annex to the "Harmonization Convention" on road transport, including possibly an international lorry weight certificate, in close cooperation with the Working Party on Road Transport.

Study of concrete measures facilitating border crossing procedures for railway transport in cooperation with the Working Party on Rail Transport.

- (f) Study of Customs questions with a view to simplification of Customs formalities and documents in the field of transport, in particular taking account of the possibility of electronic data interchange solutions, including UN/EDIFACT messages. Priority: 2

Output expected in 2002:

Analysis of the impact on the TIR regime of the New Customs Transit System (NCTS) to be applied in the countries of the Common Transit System (European Community, EFTA and Visegrad countries) and coordination of work with the relevant bodies within the European Community on this subject.

**ACTIVITIES OF A LIMITED DURATION**

- (a) Revision of the TIR Convention, 1975 with a view to stabilizing the TIR Customs transit procedure.

Priority: 1

Output expected in 2002:

**Continuation** of work on phase III of the **TIR revision procedure**, focusing on the revision of the TIR Carnet and on provisions for a modernized, possibly EDI-based Customs administration and control system.

- (b) Study to facilitate railway transit traffic on the basis of the CIM and the SMGS Consignment Notes, including the preparation of a new Customs transit regime allowing the use of the CIM and the SMGS consignment notes as a Customs document.

Priority: 2

Output expected in 2002:

[Study on legal and administrative requirements for using the CIM and SMGS consignment notes as a Customs document (2001).]

Preparation of a draft Customs transit convention covering international rail transport in all COTIF and SMGS member States (2002).

---