Transit Guidelines
Route for efficient transit regime
World Customs Organization
Foreword

The economic development of many countries “locked in” by those around them is often hindered by their lack of access to the sea. Even if their industrial or agricultural products are attractive and affordable for domestic consumers, they will eventually lose their competitiveness after the long journey to global markets. The World Customs Organization (WCO) is fully aware of these challenges and believes that the key to unlocking the potential of landlocked countries and linking them to the rest of the world is the adoption of an efficient regional transit regime.

The WCO has contributed to improving transit systems for landlocked developing countries (LLDCs), as well as for transit countries, by setting standards for simplified and harmonized border procedures, delivering capacity building projects and enhancing cooperation and coordination with other development partners. By way of example, the WCO introduced the Transit Handbook at the United Nations Conference on LLDCs in 2014. The WCO Mercator Programme was launched in 2014 and under its tailor-made track, the WCO provides customized support in TFA implementation, including transit-focused areas.

WCO Member Customs administrations have shown a strong interest in transit issues, and the Secretariat has received many requests for the delivery of capacity building and technical assistance projects. In order to support its Members in establishing more effective transit regimes, the WCO decided to convert the Transit Handbook into WCO Transit Guidelines, which set out clear guiding principles and recommended practices for transit regimes. In order to develop practical and up-to-date guidelines, operational experiences of transit regimes needed to be collected. For this purpose, several regional workshops were organized and more than 100 transit experts from Customs administrations and international and regional organizations have contributed to the development of the Transit Guidelines.

The key to unlocking the potential of LLDCs is the implementation of international standards for efficient transit regimes, thus boosting international and regional trade for all countries. The development of the WCO Transit Guidelines, containing 150 guiding principles for efficient transit regimes, is an important milestone, not only for LLDCs but also for other Members, in particular transit countries. Given that there are countless regional and national initiatives on transit, the WCO Transit Guidelines will contribute significantly to the harmonization of different regional transit projects, support the economic growth of LLDCs, and promote regional economic integration.

The WCO continues to deliver capacity building, technical assistance and training to requesting Customs administrations to assist them with reform and modernization. The Transit Guidelines will be used as a practical tool to assess their national and regional transit regimes, develop tailor-made assistance plans, and support the modernization of the transit procedures of LLDCs and transit countries. We strongly encourage our partner organizations to integrate the Transit Guidelines into their own transit projects.

Kunio Mikuriya
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I. Introduction

1. Background

The fundamental relationship between Customs and the free movement of goods is frequently noted. The free movement of goods cannot, however, be complete without freedom of transit, but this is still marred by the complexities generated by red tape and high trade costs. The Revised Kyoto Convention (RKC), Article V of the General Agreement on Tariffs and Trade (GATT), and Article 11 of the Trade Facilitation Agreement (TFA) frame the nature of transit by prohibiting the application of any duties and taxes for goods in transit and ensuring their free flow. For Customs administrations, however, transit still causes concerns vis-à-vis the Customs debt and its recovery, as well as transit fraud. Transit is included in multiple international legal instruments subject to implementation by the contracting parties, such as the WTO Trade Facilitation Agreement and the UN Vienna Programme of Action (VPoA). Both the WTO and the UN highlight the role of transit for developing countries, especially landlocked developing countries (LLDCs), which face much higher trade costs due to their greater distances from the main markets, additional border crossings, cumbersome transit procedures and inadequate infrastructure. According to the estimates of the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), LLDCs on average manage only 60 per cent of the trade volume of the developing coastal economies, and their trade costs are 45 per cent higher than in the respective coastal economies. According to the World Trade Organization (WTO), the trade costs in developing countries are over 219 ad valorem tariff equivalent, which means that, for each dollar it costs to manufacture a product, another USD 2.19 will be levied. The scholars Borchert et al. (2012) note that landlocked countries face trade costs 40% above those of coastal countries. Against this background the need to develop clear steps for transit facilitation cannot be overestimated. The new WCO tool, Transit Guidelines, has been launched to help WCO Members to cope with the existing challenges relating to transit.

Besides its development function, Customs transit is one of the cornerstones of regional economic integration. It enables goods to move freely within a particular geographic region, and makes Customs formalities more accessible by ensuring the suspension of the duties and taxes that are normally payable on imported goods. Transit therefore brings countries closer in economic, political and social terms. Nowadays there are multiple examples of regional agreements that either focus specifically on transit, such as the TIM (International Transit of Goods, Spanish acronym) project in Central America, or the ASEAN Framework Agreement on the Facilitation of Goods in Transit, or include transit as one aspect of broader Customs cooperation, such as, for example, by establishing Customs unions. Such regional initiatives definitely facilitate the transit of goods and contribute to the overall freedom of

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2 Ibid, p.76.
movement of goods worldwide. For instance, Carballo et al. (2016) show that the TIM has been associated with an increase in Salvadoran firms’ export growth rates of 2.7 percentage points³.

The role of Customs is crucial in ensuring efficient and effective transit procedures. Establishment of real-time information exchange, use of Information and Communication Technology (ICT) solutions, coordination between border regulatory agencies, making information on transit procedures easily accessible, facilitation of the requirements for Customs guarantees, adjoining regional and international guarantee systems and the application of risks management are among the main issues to be considered in transit facilitation. Effective application of these measures can give rise to a framework which enables economic diversification by creating new niches for transport and logistics services, increasing trade volumes, and improving the predictability of delivery times.

The World Customs Organization, as an active international player in the field of standard setting for global trade, focuses its efforts on the development and maintenance of instruments and tools related to all Customs competencies. The WCO therefore recognizes its Members’ needs specific to transit facilitation instruments. Moreover, WCO Members have revealed a strong interest in transit matters that influenced the decision to develop these Transit Guidelines and support WCO Members in implementing the WTO TFA and VPoA.

The Transit Guidelines are the logical consequence of the Transit Handbook released by the WCO in 2014. While the Transit Handbook provides an overview of the available approaches to transit facilitation, these Transit Guidelines provide a clear path to implementing the efficient transit procedures that are of high economic importance for LLDCs and transit developing countries. In other words, the Transit Handbook answers the question “What is efficient transit?”, while the Transit Guidelines answer the question “How can efficient transit be implemented?”. The Transit Guidelines cover all aspects of transit, from ensuring guarantees that cover any potential Customs liability, to the sealing of goods, and implementation of programmes for improving the integrity of Customs and other border control agencies.

The Transit Guidelines are not legally binding. However, Customs administrations and other relevant stakeholders are encouraged to improve their transit operations on a voluntary basis, based on these Guidelines.

2. Objective

The Transit Guidelines serve three main objectives: 1) to provide national governments with clear guiding principles on how to implement an efficient transit regime; 2) to support national governments in implementing the relevant international agreements, conventions and programmes; 3) to raise awareness of existing Customs transit practices.

The main objective of the Transit Guidelines is to render practical support to WCO Members in implementing efficient and effective transit regimes on their territories. There is no doubt that transit plays a crucial role for all parties involved in the global supply chain, on both the macro and the micro levels. On the macro level, exporting, importing, and transiting economies are interested in facilitating transit and reaching out to new markets and products, and diversifying their economies. LLDCs play a special role in this regard as their economic wellbeing is dependent on transit conditions through other countries, which makes their economies most vulnerable and affected by the inefficiencies, red tape and related trade costs of the transit countries. On the meso and micro levels, transit operators are interested in transit facilitation, as transporting companies, warehouse operators, exporters and importers face the challenges of transit operations directly and on a daily basis. The Transit Guidelines therefore provide clear recommendations and guiding principles demonstrating how the modern transit regime should be structured in order to benefit stakeholders on all levels.

The Transit Guidelines cover thirteen aspects of transit, for which they set out guiding principles: 1) Legal framework; 2) ICT and efficient information management; 3) Guarantee system; 4) Fees and charges; 5) Simplification of formalities; 6) Risk management; 7) Authorized Economic Operators (AEO); 8) Customs seals and other security measures; 9) Coordinated border management; 10) Hard infrastructure and equipment; 11) Transparency and anti-corruption; 12) Partnership with business; 13) Performance measurement. All of these aspects are included in the WTO Trade Facilitation Agreement, the WCO Revised Kyoto Convention, the UN Vienna Programme of Action, and other international legal instruments. The Transit Guidelines therefore serve a second objective also – that of providing support to governments for implementing the relevant international Conventions and Agreements.

The Transit Guidelines also serve the purpose of raising awareness about existing practices in transit regimes around the globe. WCO Members from all six regions submitted their practices to the Secretariat, and these have been incorporated into these Guidelines for the information of other interested parties.
3. Scope and structure

The Transit Guidelines include recommendations for transit operations by inland modes of transportation, i.e. road and rail. The Guidelines are applicable to all types of goods; however, the most relevant goods are those transported in containers and/or bulky goods. Goods transited by pipelines and electricity grids are not considered in these Transit Guidelines, as both technical and legal requirements for such goods differ from the requirements for conventional goods.

The Transit Guidelines address thirteen aspects of the transit procedure: 1) Legal framework; 2) ICT and efficient information management; 3) Guarantee system; 4) Fees and charges; 5) Simplification of formalities; 6) Risk management; 7) Authorized Economic Operators (AEO); 8) Customs seals and other security measures; 9) Coordinated border management; 10) Hard infrastructure and equipment; 11) Transparency and anti-corruption; 12) Partnership with business; 13) Performance measurement. For each of the aspects, the Transit Guidelines provide particular milestones that need to be reached by Customs administrations and their governments to ensure adherence to the globally endorsed work on transit facilitation by the VPoA, the RKC, and the TFA.


The Introduction provides background information on the development of the Transit Guidelines, sets out the objectives, defines the scope, describes the structure of the Guidelines, acknowledges the cooperation and support of partner organizations, and provides the list of definitions and acronyms used.

Section II is devoted to the Transit Guidelines themselves. It is divided into thirteen subsections related to particular aspects of transit, as mentioned above. Each sub-section refers to the existing international legal framework under the title “Relevant international agreements/standards”. All thirteen aspects are relevant to both road and rail transit unless otherwise specified. All aspects of transit considered are the Customs competences that are already addressed by other WCO tools; in these cases, a link is provided to the existing WCO tool to avoid duplication. Other WCO tools relevant to the implementation of the current Transit Guidelines are mentioned under the title “Further WCO reading”. Most subsections are supported by the Members’ practices which were provided to the WCO Secretariat during the survey on transit in August-September 2016.

The list of all guidelines is provided in Section III for further easier access and reference. Section IV, International Framework, provides extracts from the texts of relevant international legal instruments related to transit and used as a reference in the current Transit Guidelines.
4. Acknowledgements

The WCO Secretariat acknowledges the support it received from partner organizations in developing the Transit Guidelines, in particular the financial and expert support rendered by Japan International Cooperation Agency (JICA), and the extraordinary expert support from the following organizations: African Development Bank (AfDB), African Union Commission, Asian Development Bank (ADB), Community of European Railway and Infrastructure Companies (CER), Eurasian Economic Commission (EEC), Inter-American Development Bank (IADB), International Rail Transport Committee (CIT), International Road Transport Union (IRU), Organization for Cooperation between Railways (OSJD), Intergovernmental Organisation for International Carriage by Rail (OTIF), United Nations Economic Commission for Europe (UNECE), United Nations Conference on Trade and Development (UNCTAD), United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), World Bank (WB), World Trade Organization (WTO); regional economic communities in Africa such as the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), Southern African Customs Union (SACU), Southern African Development Community (SADC), West African Economic and Monetary Union (UEMOA); regional economic organizations in the Americas and Caribbean region such as the Caribbean Customs Law Enforcement Council (CCLEC), General Secretariat of the Andean Community (SGCAN), Secretariat for Central American Economic Integration (SIECA); and from accredited WCO experts and Customs officers who attended the WCO transit workshops in 2016-2017.
5. Definitions

“AEO” means a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards.

“Authorized consignee” means a person empowered by Customs to receive goods directly at his/her premises without having to present them at the office of destination.

“Authorized consignor” means a person empowered by Customs to send goods directly from his/her premises without having to present them at the office of departure.

“ATA Carnet” means an international Customs document which, issued under the terms of the ATA Convention and the Istanbul Convention on Temporary Admission, incorporates an internationally valid guarantee and may be used, in lieu of national Customs documents and as security for import duties and taxes, to cover the temporary admission of goods and, where appropriate, the transit of goods. It may be accepted for controlling the temporary exportation and re-importation of goods but, in this case, the international guarantee does not apply.

“CPD Carnet” means an international Customs document which incorporates an internationally valid guarantee and may be used, in lieu of national Customs documents and as security for import duties and taxes, to cover the temporary admission of means of transport and, where appropriate, the transit of means of transport. It may be accepted for controlling the temporary exportation and re-importation of means of transport but, in this case, the international guarantee does not apply.

“Customs seal” means an assembly consisting of a seal and a fastening which are joined together in a secure manner. Customs seals are affixed in connection with certain Customs procedures (Customs transit, in particular) generally to prevent or to draw attention to any unauthorized interference with the sealed items.

“Electronic seal” means a Customs seal equipped with a mechanism for online tracking of the means of transport to which the electronic seal is affixed.

“Customs transit operation” means the transport of goods from an office of departure to an office of destination under Customs transit.

“National Customs transit”: when the transit procedure applies to one country or Customs territory only and the office of departure and the office of destination are in the same territory. Any security required relates only to the transit movements in the Customs territory concerned.

“International Customs transit”: when the transit movements are part of a single Customs transit operation during which one or more Customs frontiers are crossed in accordance with a bilateral or multilateral agreement. This agreement generally sets
out the form of the Goods declaration for Customs transit and, if required, a security acceptable in each of the administrations which are parties to this agreement.

“Guarantee” means an undertaking which ensures to the satisfaction of the Customs that obligations towards the Customs will be fulfilled.

“Individual guarantee” means a Customs guarantee furnished for only one transit transaction in a predefined Customs territory/territories.

“Comprehensive guarantee” means a Customs guarantee covering a number of transit transactions through a predefined Customs territory/territories;

“National guarantee” means a Customs guarantee legally applicable only within one country according to national legislation of that country;

“Regional guarantee” means a Customs guarantee legally applicable within the Customs territory of several countries, that is legally binding pursuant to any regional agreement between the respective countries.

“International guarantee” means a Customs guarantee legally applicable in several Customs territories that is legally binding pursuant to international agreements or conventions.

“Guarantee waiver” means conditional revocation of the requirement to furnish a Customs transit guarantee for economic operators meeting specific requirements or for specific types of transport.

“Guarantor” means a natural or legal person who guarantees to pay the Customs debt of the economic operator in the event he or she fails to fulfil his/her obligations to Customs.

“Principal (holder) of transit procedure” means a natural or legal person on whose behalf the transit declaration is made, or a natural or legal person to whom the rights and obligations in respect of transit procedure have been transferred.

“Office of departure” means any Customs office at which a Customs transit operation commences.

“Office of destination” means any Customs office at which a Customs transit operation is terminated.

“Office en route”/“Office of transit” means any Customs office located on the route of Customs transit operations.

“Office of entry” means any office en route where transit goods enter a Customs territory.
“Office of exit” means any office en route where transit goods leave a Customs territory.

“Single Window” (SW) means a facility that allows parties involved in trade and transport to lodge standardized information and documents at a single entry point to meet all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once.

“TIR Carnet” means an international Customs document and constitutes the administrative backbone of the TIR system. It also provides proof of the existence of an international guarantee for the goods transported under the TIR system.

“Transit Operator” means any natural or legal person performing a Customs transit operation.

“Transport unit” means any means of transporting goods suitable for use in a Customs transit operation or under a Customs seal.

Note: The Transit Guidelines do not provide guidelines on transhipment.

Chapter 2 of Specific Annex E to the RKC defines transhipment as follows.

“Transhipment” means the Customs procedure under which goods are transferred under Customs control from the importing means of transport to the exporting means of transport within the area of one Customs office which is the office of both importation and exportation.
6. Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AEO</td>
<td>Authorized Economic Operator</td>
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<tr>
<td>CBM</td>
<td>Coordinated Border Management</td>
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<tr>
<td>CIM</td>
<td>Uniform Rules Concerning the Contract of International Carriage of Goods by Rail (CIM - Appendix B to the COTIF)</td>
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<td>CMAA</td>
<td>Agreement on Mutual Administrative Assistance in Customs Matters</td>
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<tr>
<td>COTIF</td>
<td>Convention concerning International Carriage by Rail</td>
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<td>CPMM</td>
<td>Corridor Performance Measurement and Monitoring</td>
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<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<tr>
<td>IADB</td>
<td>Inter-American Development Bank</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IRU</td>
<td>International Road Transport Union</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<td>LLDCs</td>
<td>Landlocked Developing Countries</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OGAs</td>
<td>Other Government Agencies</td>
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<td>OSBP</td>
<td>One stop border post</td>
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<td>OSJD</td>
<td>Organization for Co-operation between Railways</td>
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<td>OTIF</td>
<td>Intergovernmental Organisation for International Carriage by Rail</td>
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<td>RKC</td>
<td>Revised Kyoto Convention</td>
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<td>SMEs</td>
<td>Small and Medium-sized Enterprises</td>
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<td>SMGS</td>
<td>Agreement on International Goods Transport by Rail (SMGS is the Russian acronym)</td>
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<td>TFA</td>
<td>Trade Facilitation Agreement</td>
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<td>TFIIs</td>
<td>Trade Facilitation Indicators</td>
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<td>TRS</td>
<td>Time Release Study</td>
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<td>UNECE</td>
<td>United Nations Economic Commission for Europe</td>
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<td>UN-OHRLLS</td>
<td>United Nation Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States</td>
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<td>VPoA</td>
<td>Vienna Programme of Action</td>
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<td>WCO</td>
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<td>WTO</td>
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II. Transit Guidelines

1. Legal framework

The prerequisite for an efficient transit regime is a rigorous and realistic legal framework that is endorsed by governments and assigned to Customs administrations. The difficulties faced by transit cannot be solved by the government of one country alone. In this area, as in many others, it is essential that governments unite their efforts as much as possible. In this respect, a cohesive legal framework is the basis for both bilateral transit facilitation and further multilateral cooperation on transit.

Transit is subject to numerous bilateral and regional agreements that are either directly related to transit or cover transit as one aspect of broader trade agreements. Examples include: the 1987 Convention on Common Transit Procedure that initially enabled free transit between the European Community (now the European Union) and the European Free Trade Area (EFTA) countries, and now has 35 Contracting parties including Turkey, Serbia, and Macedonia; the 2009 Customs Code of the Customs Union of Russia, Kazakhstan, and Belarus (subsequently the Customs Code of Eurasian Economic Union), the COMESA-EAC- SADC Tripartite Free Trade Area Agreement, the ASEAN Framework Agreement on the Facilitation of Goods in Transit, and many others. The scope of these regional agreements varies and includes such matters as information exchange, harmonization of legal requirements, harmonization of the guarantee system, establishment of joint controls, etc. The implementation of cooperation agreements that have already been concluded by governments, or development of such agreements by governments that have not so far done so, is essential. Bilateral, regional and international agreements are not mutually exclusive; rather, the international legal framework encourages such cooperation and implementation of the agreed provisions on bilateral, and regional levels related to transit facilitation.

The international legal framework for transit facilitation consists of several international agreements and conventions that address the issues of transit facilitation and efficiency. In the contemporary history the earliest transit convention goes back to the year 1921 when Barcelona Convention and Statute on Freedom of Transit were adopted by the League of Nations. The further developments in the area of freedom of transit included an extensive range of international conventions and agreements adopted in the 20th century, including the GATT, UNCLOS regime and more than fifty (50) other UN Conventions. These Guidelines focus mainly on the most actual developments in the field of the freedom of transit and, therefore, make reference to the WCO Revised Kyoto Convention, the GATT, the WTO Trade Facilitation Agreement, the UN Vienna Programme of Action, the UN TIR Convention, the UN Harmonization Convention. All of them call for better cooperation

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4 The list of current regional agreements on transit is provided at the end of this sub-section; reference to all existing bilateral agreements is hardly possible, and is not necessary for the purposes of these Transit Guidelines.
among nations, a reduction in transit red tape, and establishment of non-discriminatory conditions for all goods in transit regardless of their flag of origin.

Definitely, for implementation of international legal documents at the national and regional levels, Customs administrations need special authorisation for exchange information, acceptance of particular forms of guarantees, recognition of the results of a risk assessment carried out by another Customs administration, or conduct of joint control with other border control agencies. Therefore, governments should consider concluding bilateral agreements, or acceding to regional or international agreements on cooperation on transit issues with other governments and Customs administrations in order to streamline the transit flow of goods, and Customs administrations should initiate such steps, wherever possible. It is important to note that different modes of transport used for transit, i.e. road and rail\(^5\), may have different requirements, procedures, sets of data, response times in the IT systems, risk criteria, etc. Therefore, in these agreements, governments should carefully consider the specifics and peculiarities, and provide special provisions for Customs transit for different modes of transport.

To take into account all the relevant provisions of cooperation agreements on Customs transit, Customs administrations are invited to use as a template the WCO Model Bilateral Agreement on Mutual Administrative Assistance in Customs Matters (CMAA). This is available to download on [http://www.wcoomd.org/en/topics/enforcement-and-compliance/instruments-and-tools/~/media/DFAAF3B7943E4A53B12475C7CE54D8BD.ashx](http://www.wcoomd.org/en/topics/enforcement-and-compliance/instruments-and-tools/~/media/DFAAF3B7943E4A53B12475C7CE54D8BD.ashx).

Bearing in mind the broad scope of potential cooperation on Customs transit, all aspects of which will be considered in detail in these Transit Guidelines, this sub-section focuses on the need to formalize such cooperation – in other words, the need to conclude new agreements on transit, where they do not exist, or to accede to existing agreements, and to consider in the provisions of such agreements those aspects highlighted in the international legal documents mentioned above: the WTO TFA, the VPoA, the RKC, the TIR Convention, the Harmonization Convention, the Container Convention, and the Arusha Declaration. General guidelines on the legal framework for cooperation on transit matters are therefore provided below. Detailed guidelines, relating specifically to information exchange, guarantees, risk management, coordinated border management, etc. are then considered. Each set of guidelines is followed by references to the relevant current international agreements and standards, and then by links to further reading on the relevant WCO instruments. At the end of this sub-section there is a list of the existing regional agreements regarding cooperation on transit matters.

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5 These Guidelines refer only to inland modes of transport – road and rail – and do not cover river and maritime transport.
Guidelines on the legal framework on Customs transit:

1. Governments should conclude/accede to, and implement, existing bilateral, regional and international agreements/arrangements with other governments to provide a framework for cooperation on transit.

2. Bilateral, regional and international agreements/arrangements on transit cooperation should be concluded with the aim of ensuring freedom of transit and facilitating transit operations, and should not hinder the trade/transit flows of other countries who are not parties to those agreements/arrangements.

3. Governments should review existing bilateral, regional and international agreements/arrangements on transit cooperation before they conclude new international agreements/arrangements to avoid any possible conflict with the existing agreements.

4. Bilateral, regional and international agreements/arrangements on transit cooperation should be based on the general principles of freedom of transit, access to the markets, non-discrimination, no voluntary restraints, and transparency.

5. Governments are encouraged to include, in bilateral, regional and international agreements/arrangements on transit cooperation, provisions on information exchange, guarantee mechanisms, harmonized legal and security requirements, fees and charges, joint controls, coordinated border management, mutual recognition of Customs seals, and other facilitation measures.

6. Governments are encouraged to consider differences in procedures and the requirements of different modes of transportation, including road and rail, when developing new legal frameworks on transit.

Relevant international agreements and standards:

WTO TFA, Article 11
16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:
   (a) charges;
   (b) formalities and legal requirements; and
   (c) the practical operation of transit regimes.

WTO TFA, Article 12
12.1 Nothing in this Article shall prevent a Member from entering into or maintaining a bilateral, plurilateral, or regional agreement for sharing or exchange of Customs information and data, including on a secure and rapid basis such as on an automatic basis or in advance of the arrival of the consignment.
12.2 Nothing in this Article shall be construed as altering or affecting a Member’s rights or obligations under such bilateral, plurilateral, or regional agreements, or as governing the exchange of Customs information and data under such other agreements.
RKC Specific Annex E, Chapter 1, Recommended Practice 26

Contracting Parties should give careful consideration to the possibility of acceding to international instruments relating to Customs transit. When they are not in a position to accede to such international instruments they should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices in the present Chapter.

VPeA

Paragraph 26. LLDCs and transit countries:

(a) To endeavour to accede to and ratify in a timely fashion relevant international, regional and sub-regional conventions and other legal instruments related to transit transport and trade facilitation;
(b) To ensure effective implementation of international and regional conventions and bilateral agreements on transit transport and trade facilitation, as applicable, also with a view to reducing transport prices and time;
(c) To enhance coordination and cooperation of national agencies responsible for border and Customs controls and procedures between them and with the respective agencies in transit countries. In this regard, transit countries are encouraged to share information with landlocked developing countries regarding any change in regulations and procedures governing transit policies as early as possible before their entry into force, in order to enable traders and other interested parties to become acquainted with them;
(d) To collaborate on exchanging trade and transport data with a view to conducting cross-border transactions faster and more efficiently.

TIR Convention

Annex 1 of the TIR Convention describes the TIR Carnet, an international Customs document which constitutes the administrative backbone of the TIR system and allows Customs to exchange information with regard to the goods transported as well as the controls they carry out.

COTIF Convention

According to COTIF, OTIF has the aim to promote, improve and facilitate international traffic by rail, in particular by contributing to the removal of obstacles to the crossing of frontiers.

Article 6 § 7 of CIM (Appendix B to COTIF) lays down that for Customs purposes on the territory of the EU and where the common transit procedure is applicable each consignment must be accompanied by a consignment note satisfying CIM requirements.

The International Convention on the Harmonization of Frontier Controls of Goods of 21 October 1982 provides, in article 9 of Annex 9, the possibility of using CIM/SMGS consignment note as a Customs document.

Further WCO reading:


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6 The Convention of 20 May 1987 on a common transit procedure regulates the movement of goods between the 28 EU Member States, the EFTA countries (Iceland, Norway, Liechtenstein and Switzerland), Turkey (since 1 December 2012), the former Yugoslav Republic of Macedonia (since 1 July 2015), and Serbia (since 1 February 2016).
### Regional agreements related to transit

#### East Asia and Pacific
- ASEAN Trade in Goods Agreement
- ASEAN Comprehensive Investment Agreement
- ASEAN Framework Agreement on the Facilitation of Goods in Transit
- Greater Mekong Subregion Cross-Border Transport Agreement
- Ministerial Understanding on ASEAN Cooperation in Transportation
- Agreement on the Recognition of Commercial Vehicle Inspection Certificates for Goods Vehicles and Public Service Vehicles
- Ministerial Understanding on the Development of the ASEAN Highway Network Project
- ASEAN Preferential Trading Arrangements
- Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area
- ASEAN Agreement on Customs
- ASEAN Framework Agreement on Mutual Recognition Arrangements
- e-ASEAN Framework Agreement
- Protocol Governing the Implementation of the ASEAN Harmonized Tariff Nomenclature
- ASEAN Framework Agreement for the Integration of Priority Sectors
- Agreement to Establish and Implement the ASEAN Single Window

#### Europe and Central Asia
- The Convention on a Common Transit Procedure
- The Convention on Simplifications of Formalities in Trade in Goods
- European Agreement on Main International Traffic Arteries (AGR)
- European Agreement on Main International Railway Lines (AGC)
- European Agreement on Important International Combined Transport Lines and Related Installations (AGTC)
- Basic Multilateral Agreement on International Transport for Development of the Europe–the Caucasus–Asia Corridor
- Customs Code of the Customs Union
- Customs Code of the Eurasian Economic Union

#### Latin America and the Caribbean
- Cartagena Agreement
- Central American Economic Integration Secretariat (SIECA)
- Central America-4 Border Control Agreement
- Communidad Andina (CAN)
- Pacific Corridor of the Mesoamerican Integration and Development Project
- Southern Common Market (MERCOSUR)
- International Land Transport Agreement Between Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay (ATIT)

#### Middle East and North Africa
- Greater Arab Free Trade Agreement (GAFTA)
- Gulf Cooperation Council (GCC)
- Convention of Cooperation in Transit and Road Transport between State Members of the Community of Sahel-Saharan States (CEN-SAD)
- Cooperation Agreement in Maritime Transport between Members of the Community of Sahel-Saharan States
**South Asia**
- SAARC (South Asian Association for Regional Cooperation) Preferential Trading Agreement (SAPTA)
- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)
- South Asia Free Trade Area (SAFTA)
- India-Bangladesh Trade Agreement
- Agreements between India and Nepal
- Bhutan-India Trade Agreement

**Sub-Saharan Africa**
- Inter-State Convention on Road Transport of General Cargo
- The Economic and Monetary Community of Central Africa (CEMAC) Framework for Multimodal Transport Operations
- Inter-State Regulation on Licensing of Road Carriers
- Central Corridor Transit Transport Facilitation Agency Agreement
- COMESA-EAC-SADC Tripartite Free Trade Area Agreement
- Recommendation No. 02/2002/CM/UEMOA on the Simplification and Harmonization of the Administrative Procedures and Port Transit within the West African Economic and Monetary Union (UEMOA)
# Customs transit procedure – the Eurasian Economic Union (EEU)

## Background

The EEU is an international organization of regional economic integration with legal personality. It was established by the EEU Treaty of 24 May 2014. The EEU provides for the free movement of goods, services, capital and labour, and ensures that, within the EEU, there are coordinated, harmonized and single policies in the spheres determined by the Treaty and international agreements.

The EEU consists of five Member States (the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic and the Russian Federation). The EEU was created to comprehensively enhance and raise the competitiveness of the national economies, to increase cooperation between them and to promote stable development, and thus raise living standards within the Member States.

Under the EEU Customs Code, the Customs transit procedure (CTP) is applied to the transportation of goods under Customs control within the EEU. The procedure is easy to use, has a wide range of principals (holders), and ensures an effective mechanism of Customs control during transit operations.

The CTP is applicable to all means of transport and ensures Customs clearance within the shortest possible time. Although the EEU Customs Code establishes fundamental approaches and unified procedures for all Member States, it also allows for national procedures for transportation of goods within the territory of one Member State.

1. **Under the CTP, foreign goods can be transported within the Customs territory of the EEU from:**

   - a Customs office of entry (crossing the Customs border of the EEU) to a Customs office of exit (through transit);
   - a Customs office of entry to an inland Customs office (for importation);
   - an inland Customs office to a Customs office of exit (with re-export of goods);
   - one inland Customs office to another (without crossing the Customs border of the EEU).

EEU goods can be transported between two inland Customs offices within the Customs territory of the EEU through the territory of a non-Member State. This applies to the territories of the EEU that do not have a common border with the rest of the EEU, for example:

- between the Republic of Armenia and "the rest" of the territory of the EEU;
- between the Kaliningrad region of Russia and "the rest" of the territory of the EEU.

2. Principals of the CTP

The transit declaration can be lodged by carriers, freight forwarders, consumers and the recipients of the goods in the EEU, as well as by international organizations, and by consular and diplomatic missions.

3. Transit document

To declare goods under the CTP, a Customs transit declaration (a special form) is used. The following documents can be lodged with the Customs authority as a transit declaration: supporting documents (such as CMRs), TIR Carnets and ATA Carnets. If these documents are used as a transit declaration, they should also be lodged with the Customs authority electronically.

4. The transportation of goods under the CTP can be ensured by means of:

a) security for payment of Customs duties: cash, bank guarantee, pledge, insurance;
b) Customs convoy. Such a decision is made by the Customs authority when:
- it is so determined by the risk management system;
- no (or insufficient) security for payment of Customs duties is provided;
- the carrier repeatedly neglects its duties;
- the obligation to pay Customs duties for the transported goods is not met.

In addition, Customs authorities can prescribe the route of transportation. The route is determined by the Customs authorities on the basis of the data in the supporting documents. Changes to a route are allowed with the written consent of the Customs authority of departure or the Customs authority of transit.

If there are no violations, the security is released after delivery of the goods at the place determined by the Customs authority.

When goods are transported under the CTP, the security for payment of Customs duties can be submitted to the Customs office of departure or the Customs office of destination (before the start of the procedure).

No security for payment of Customs duties is required for:
- Customs carriers;
- AEOs;
- goods transported by rail and pipeline;
- goods transported under cover of TIR Carnets (if the amount of the Customs duties does not exceed the maximum amount guaranteed by the TIR Carnet);
- goods transported under cover of ATA Carnets.

5. The time limit for the transit procedure
The Customs authority of departure determines the time limit for the transit procedure. The time limit is calculated based on the accepted standard of 2000 km per month.

6. Carrier’s responsibilities
The carrier should:
- deliver the goods and documents to the place of destination within a fixed period of time;
- ensure the safety and security of goods and Customs seals;
- prevent any operations with goods in transit without the permission of the Customs authority (if any breach of seals is assumed), or without notifying the Customs authority (if no such breach is assumed, or seals were not applied).

7. Cooperation between the Customs authorities

The Customs authority of departure enters pre-arrival information on the anticipated transportation into the electronic information system. The system automatically sends a message to the Customs authority of destination and the Customs of transit (if the route is established).

On arrival of the goods at the Customs office of transit, a message with relevant information is sent by the system to the Customs office of departure and destination. On arrival of the goods at the Customs office of destination, a message with relevant information is sent by the system to the Customs office of departure so that the Customs office of destination can terminate the procedure.

The exchange of information between Customs authorities of the Member States is carried out by Customs information systems, which ensure control of delivery of the goods under the Customs transit procedure.
8. Interaction between the users of the procedure and the Customs authorities

The principal of the CTP submits a transit declaration (including in electronic format) and the supporting documents to the Customs office of departure. The Customs office of departure, after checking the documents and the necessary information, releases the goods for transit by affixing seals and marks to the declaration, and gives it back to the declarant for further transportation. In order to terminate the CTP, the principal should submit the transit declaration and present the goods with affixed seals to the Customs authority of destination. The Customs authority of destination, after checking the transit declaration and the supporting documents and (if necessary) examining the goods, terminates the CTP by affixing seals and marks to the transit declaration. If the transit route has been prescribed by the Customs authority of departure, special marks which confirm compliance with the route should be affixed to the transit declaration in the Customs of transit. In the event of force majeure, carriers should approach the nearest Customs office to decide on further action (whether to proceed with transportation or terminate the procedure).

9. Next steps for improving the CTP

Within the framework of the EEU, work is under way on computerization of the CTP to provide paperless transit and implementation of the pre-arrival declaration of goods under the CTP. Pilot projects on computerization of the CTP in the Member States have already created the basis for further elaboration of unified approaches throughout the territory of the EEU. These unified approaches to computerization of the CTP are expected to be implemented after the new EEU Customs Code enters into force in 2018.

Source: Eurasian Economic Commission EEC
2. ICT and efficient information management

(1) Exchange of information

Transit goods cross multiple borders and pass multiple Customs and border controls before they reach their destination. Each transit operation is accompanied by the submission of data on the goods, destination and transit guarantee to the Customs offices of departure and Customs offices en route. With the aim of both securing and facilitating the transit operations, Customs administrations should establish effective information sharing among Customs offices and other related agencies en route, including railways. This will help to monitor the transit movement, and ascertain whether the goods have been correctly declared for transit and whether the transit procedure has been correctly completed at each stage of the transit route up to the final destination. An effective exchange of information helps gather intelligence, and allows all border agencies involved to take appropriate decisions concerning the applicable control measures. Effective exchange of information reduces the unnecessary administrative burden on both Customs administrations and economic operators.

Information exchange is a first step towards the general cooperation and coordination of controlling measures emphasized by the TFA, the RKC and the VPoA. As mentioned above, bilateral, regional, or international agreements may be focused primarily on the exchange of information, or may be broader in scope, comprising exchange of information as just one part of the agreement. In any event, an agreement to exchange information should consider the following guidelines.

Guidelines on the exchange of information:

7. Bilateral, regional, and international agreements/arrangements on transit should consider provisions for effective information exchange, including information protection issues, limitations on the use of the information, provide for harmonization of information requirements in line with international standards, and encourage electronic information exchange.

8. Bilateral, regional, and international agreements/arrangements on transit should envisage obligations for Customs administrations to ensure the integrity of the information exchanged, provided by transit operators.

9. Bilateral, regional and international agreements/arrangements should allow for immediate exchange of information, whether electronically (the preferred method) or manually; i.e. an explicit request from the Customs office to obtain the information should not be required.

10. Bilateral, regional and international agreements/arrangements should provide for information exchange between all agencies involved en route, including Customs,
transport control, police, migration, quarantine, phytosanitary agency, and railways.

Relevant international agreements and standards:

WTO TFA, Article 11
16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:
   (a) charges;
   (b) formalities and legal requirements; and
   (c) the practical operation of transit regimes.

WTO TFA, Article 12
12.1 Nothing in this Article shall prevent a Member from entering into or maintaining a bilateral, plurilateral, or regional agreement for sharing or exchange of Customs information and data, including on a secure and rapid basis such as on an automatic basis or in advance of the arrival of the consignment.
12.2 Nothing in this Article shall be construed as altering or affecting a Member's rights or obligations under such bilateral, plurilateral, or regional agreements, or as governing the exchange of Customs information and data under such other agreements.

RKC Specific Annex E, Chapter 1, Recommended Practice 26
Contracting Parties should give careful consideration to the possibility of acceding to international instruments relating to Customs transit. When they are not in a position to accede to such international instruments they should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices in the present Chapter.

VPoA
Paragraph 26. LLDCs and transit countries:
(c) To enhance coordination and cooperation of national agencies responsible for border and Customs controls and procedures between them and with the respective agencies in transit countries. In this regard, transit countries are encouraged to share information with landlocked developing countries regarding any change in regulations and procedures governing transit policies as early as possible before their entry into force, in order to enable traders and other interested parties to become acquainted with them;
(d) To collaborate on exchanging trade and transport data with a view to conducting cross-border transactions faster and more efficiently.

TIR Convention
Annex 1 of the TIR Convention describes the TIR Carnet, an international Customs document which constitutes the administrative backbone of the TIR system and allows Customs to exchange information with regard to the goods transported as well as the controls they carry out.

(2) Type of information exchanged

The most important consideration is that governments ensure that all relevant information about the transit goods is shared between the Customs office of departure, Customs offices en route and the Customs office of destination. The availability of data at the Customs
offices involved significantly improves the efficiency of risk management systems, helps to focus on high-risk consignments, and prevents impediments to trade flows. A number of different messages are exchanged in communications between the Customs offices, and their structure and content must be agreed by the relevant authorities involved. Each input or amendment of information should be recorded along with other details relevant to this action, the date and time, and the name of the person performing the action. The type of information exchanged along the transit route varies depending on the origin of this information, i.e. the office of departure sends the initial information from the transit declaration, information about the transit operator, and the possible prescribed itinerary or time limit, to other offices en route, including the office of destination; the office of transit notifies the office of departure about the arrival of goods, control results if controls were carried out, and other useful information; the office of destination informs the office of departure and the offices of transit about the arrival of goods and relevant documents, and their examination if necessary. When the transit operation is complete, information about the discharge of the guarantee is to be sent by the office of destination to the operator. All parties involved in exchanging information must bear responsibility for the accuracy, timeliness, and correctness of the information provided.

The guidelines below give an example of the comprehensive exchange of information between the Customs offices involved in transit, and between Customs offices and transit operators. These guidelines presuppose the existence of an electronic information system that allows sending of the messages described below. However, the pattern can also apply to the manual exchange of information.

The guidelines in this section are applicable to transit operation by road. It should be noted that they do not apply to information exchanged in railway transit operations.

**Guidelines on the type of information exchanged along the transit route:**

11. The agreement on information sharing should clearly stipulate the responsibility of Customs offices, including actions to be taken in cases where incorrect and/or misleading information is shared.

12. To ensure the traceability of the goods throughout the transit operation, Customs administrations are encouraged to use a unique identification number that can be recognized by all relevant Customs offices of transit operation.

13. Once the office of departure allows the transit operation to begin, it should provide the transporter with an accompanying document (preferably an electronic document), which must be shown at any office en route, as well as at the office of destination.

14. An anticipated arrival record should be shared with the office of destination and other relevant Customs offices immediately after the office of departure accepts the transit declaration.
15. The anticipated arrival record should contain information from the transit declaration and inspection results that enables the office of destination and other relevant Customs offices to take the necessary action when the transit goods arrive.

16. When a Customs office inspects transit goods, the results of the inspection and any other useful information should be shared immediately with all other relevant Customs offices of transit.

17. Once transit goods cross the border, a notification on crossing frontier should be sent to all relevant Customs offices of transit.

18. If the transit goods arrive at an office of transit different to the office declared, the factual office of transit shall send a message to the office of departure and request the anticipated transit record. Once the factual office of transit allows the transit goods to cross the border, it shall send a notification of crossing frontier to the office of departure and all other offices en route.

19. When a transporter is not able to follow the prescribed transit operation itinerary, the transporter should inform the office of departure or the office of exit of the change as quickly as possible.

20. Once the transit goods are presented to the Customs office of destination, it should share the arrival record and the control results with the office of departure and all relevant Customs offices involved in the transit operation.

21. If irregularities are detected at an office en route, the information should be shared with all relevant Customs offices involved in the transit operation.

22. If the transit goods are presented to a Customs office of destination different from the office declared, the factual office of destination shall contact the office of departure and request the anticipated arrival record.

23. Once the transit operation is terminated, the office of destination should immediately share a message on the termination of the transit operation with all relevant Customs offices involved in the transit operation, and with the transit operator who submitted the transit declaration.

24. All relevant Customs offices, starting with the office of departure, and then offices en route and at the final destination, should be informed about all details of the transit operation.

Relevant international agreements and standards:

WTO TFA, Article 4
4.1 The requesting Member shall provide the requested Member with a written request, through paper or electronic means in a mutually agreed official language of the WTO or other mutually agreed language, including:

(a) the matter at issue including, where appropriate and available, the number identifying the export declaration corresponding to the import declaration in question;
(b) the purpose for which the requesting Member is seeking the information or documents, along with the names and contact details of the persons to whom the request relates, if known;
(c) where required by the requested Member, confirmation of the verification where appropriate;
(d) the specific information or documents requested;
(e) the identity of the originating office making the request;
(f) reference to provisions of the requesting Member's domestic law and legal system that govern the collection, protection, use, disclosure, retention, and disposal of confidential information and personal data.

4.2 If the requesting Member is not in a position to comply with any of the subparagraphs of paragraph 4.1, it shall specify this in the request.

WTO TFA, Article 6

6.1. Subject to the provisions of this Article, the requested Member shall promptly:
(a) respond in writing, through paper or electronic means;
(b) provide the specific information as set out in the import or export declaration, or the declaration, to the extent it is available, along with a description of the level of protection and confidentiality required of the requesting Member;
(c) if requested, provide the specific information as set out in the following documents, or the documents, submitted in support of the import or export declaration, to the extent it is available: commercial invoice, packing list, certificate of origin and bill of lading, in the form in which these were filed, whether paper or electronic, along with a description of the level of protection and confidentiality required of the requesting Member;
(d) confirm that the documents provided are true copies;
(e) provide the information or otherwise respond to the request, to the extent possible, within 90 days from the date of the request.

6.2 The requested Member may require, under its domestic law and legal system, an assurance prior to the provision of information that the specific information will not be used as evidence in criminal investigations, judicial proceedings, or in non-Customs proceedings without the specific written permission of the requested Member. If the requesting Member is not in a position to comply with this requirement, it should specify this to the requested Member.

WTO TFA, Article 7

7.1 A requested Member may postpone or refuse part or all of a request to provide information, and shall inform the requesting Member of the reasons for doing so, where:
(a) it would be contrary to the public interest as reflected in the domestic law and legal system of the requested Member;
(b) its domestic law and legal system prevents the release of the information. In such a case it shall provide the requesting Member with a copy of the relevant, specific reference;
(c) the provision of the information would impede law enforcement or otherwise interfere with an on-going administrative or judicial investigation, prosecution or proceeding;
(d) the consent of the importer or exporter is required by its domestic law and legal system that govern the collection, protection, use, disclosure, retention, and disposal of confidential information or personal data and that consent is not given; or
(e) the request for information is received after the expiration of the legal requirement of the requested Member for the retention of documents.
WTO TFA, Article 11
11.1 In the event of any breach of the conditions of use or disclosure of information exchanged under this Article, the requesting Member that received the information shall promptly communicate the details of such unauthorized use or disclosure to the requested Member that provided the information and:
(a) take necessary measures to remedy the breach;
(b) take necessary measures to prevent any future breach; and
(c) notify the requested Member of the measures taken under subparagraphs (a) and (b).
11.2 The requested Member may suspend its obligations to the requesting Member under this Article until the measures set out in paragraph 11.1 have been taken.

(3) Compliance with international standards

To enable efficient exchange of information between the stakeholders involved in transit operations, all parties should agree on a set of data to be used in the exchange of information. To facilitate and secure the transit procedure, it is important that Customs administrations are able to receive and understand the information shared by other Customs administrations. The development of unique national or regional standards will hinder the expansion of the global Customs network that could emerge if all stakeholders adhere to internationally accepted standards. The WCO recommends the use of the WCO Data Model to ensure maximum interoperability between all stakeholders in a platform-independent manner. The WCO Data Model contains standardized data specifications such as data semantics, format representation, a list of codes, data structure, and message syntax to guide harmonized implementation of information exchanges. The WCO Data Model also includes the Transit Derived Information Package (DIP) containing the maximum dataset that is commonly used in transit procedures. The use of the DIP as a reference when building the commonly agreed transit dataset eliminates the need to re-invent every data element from scratch. The Data Model Toolbox is available on: http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/data-model.aspx

The WCO has also developed a feasibility study on Globally Networked Customs (GNC), which concludes that GNC could provide a systematic approach to the exchange of information based on protocols, standards and guidelines. Under the GNC concept WCO Members are developing Utility Blocks (UBs) which represent a specific part of the Customs business process, explained in simple yet comprehensive terms that everyone can understand. The UBs describe strategic aims for policy-makers, business processes for managers, legal issues for lawyers, functional approaches for operational officers, and technical specifications for IT staff. Governments may choose suitable UBs according to their own interests. In order to reap the benefits of GNC, each block must be implemented in the same way by all partners. However, there is flexibility within each block – for example, in the list of data elements to be exchanged. The GNC Legal Toolbox can be downloaded on: http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/~media/WCO/Member/Global/PDF/Topics/Facilitation/Activities%20and%20Programmes/GNC/Report%20and%20Annexes/FG_AnnexL_E.ashx.
Guidelines on the use of international standards for effective information exchange:

25. To enable efficient data exchange between and among relevant government agencies and other stakeholders, a common dataset for transit should be developed using relevant international standards such as the WCO Data Model.

26. Under the concept of Globally Networked Customs (GNC), Customs administrations are encouraged to develop Utility Blocks (UBs) on data exchange for transit operations.

Relevant international agreements and standards:

WTO TFA, Article 10
3.1. Members are encouraged to use relevant international standards or parts thereof as a basis for their import, export or transit formalities and procedures, except as otherwise provided for in this Agreement.
3.2. Members are encouraged to take part, within the limits of their resources, in the preparation and periodic review of relevant international standards by appropriate international organizations.
3.3. The Committee shall develop procedures for the sharing by Members of relevant information, and best practices, on the implementation of international standards, as appropriate. The Committee may also invite relevant international organizations to discuss their work on international standards. As appropriate, the Committee may identify specific standards that are of particular value to Members.

RKC General Annex Chapter 3, Standard 3.11.
The contents of the Goods declaration shall be prescribed by the Customs. The paper format of the Goods declaration shall conform to the UN-layout key. For automated Customs clearance processes, the format of the electronically lodged Goods declaration shall be based on international standards for electronic information exchange as prescribed in the Customs Co-operation Council Recommendations on information technology.

RKC General Annex Chapter 7
Standard 7.2.
When introducing computer applications, the Customs shall use relevant internationally accepted standards.

UNCEFACT Standards
http://www.unece.org/cefact.html

Further WCO reading:
(4) ICT infrastructure

It is commonly accepted that duplication and overlapping of data requirements significantly hinders transit procedures and leads to an increase in trade costs. Moreover, the complexity of transit procedures increases the possibility of transit fraud and associated problems. The most obvious victim of fraud within transit operations is the government that loses the revenue from the Customs duties. A robust ICT infrastructure, and automation of processes, is necessary to address these issues. The technologies available nowadays include real-time monitoring systems, servers capable of hosting the information exchange and/or data exchange interface, cloud computing, mobile technologies, advanced analytics, and information management. All help increase the productivity of Customs administrations and other border agencies, cut processing time for transit operations, reduce trade costs, improve revenue collection, and stimulate economic growth.

The main idea behind the automation of processes and setting up ICT infrastructure is to achieve uniformity, transparency and predictability of the Customs formalities, which impact positively on both Customs revenue collection and the Customs security function, and lead to the reduction of time and costs for both Customs itself and the private sector. When setting up ICT infrastructure, governments should consider its ability to save and relaunch processes interrupted by power outages, weak Internet connections and other emergency situations. Once ICT infrastructure has been set up, Customs administrations should also set up a help desk to support private-sector operators, and allocate staff for maintenance of the ICT infrastructure.

The WCO recently developed a handbook for senior-level Customs officials that concisely addresses key aspects of ICT solutions. The IT Guide for Executives is also recommended for officials directly responsible for managing ICT projects and is available on http://www.wcoomd.org/~/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/it-guide-for-executives/it-guide-executives_en.pdf

Guidelines on ICT infrastructure:

27. Governments should establish a robust ICT infrastructure to ensure connectivity between stakeholders involved in the transit process at the national, regional and international levels.

28. Governments should carefully review existing ICT infrastructure operated by transport operators or other stakeholders and consider effective use of it before developing a new ICT infrastructure and information system for transit operations.

29. The ICT infrastructure and information systems should have enough capability to collect, process, secure and store data and share it with all relevant stakeholders.

30. The ICT infrastructure and information systems should have enough capability for real-time data exchange and real-time access to information.

31. Appropriate Business Continuity Planning should be put in place to ensure the
resilience of ICT infrastructure and information systems and to prevent interruption of the ongoing transit operation, including power outages, weak Internet connections, natural disasters, storage failures and network failures.

32. Customs administrations should set up a dedicated unit such as a help desk to keep the information system running and provide support for all stakeholders involved in the transit operation.

33. The ICT infrastructure and information systems should have enough flexibility to accommodate a variety of connectivity formats in order to make it easier to interface with the existing systems used by stakeholders.

Relevant international agreements and standards:

VPOA
Paragraph 37.
Calls on landlocked developing countries and transit developing countries to work together to modernize transit and transport facilities and Customs and other border facilities by fully utilizing the capabilities of information and communications technologies.

RKC General Annex Chapter 7
Standard 7.1
The Customs shall apply information technology to support Customs operations, where it is cost-effective and efficient for the Customs and for the trade. The Customs shall specify the conditions for its application.

Further WCO reading:
1. IT Guide for Executives:

(5) Data protection

Specific provisions apply where Customs administrations use information technologies to exchange information. The authorities are required to establish and maintain adequate security arrangements for the effective, secure, and reliable operation of the transit system. The information exchanged along the transit route contains sensitive information that should be protected from unauthorized access. Data protection mechanisms for user registration, identification, identity verification, authentication and authorization processes should be applied when creating the documents, and in the channels used to transmit the information, as well as for data storage. The relevant mechanisms should guarantee the maximum possible protection of the user’s identity, and responsiveness to any abuse of this, smuggling of data, Customs fraud, cyber-attack, etc. Reliable and secure data protection mechanisms will help to create an environment of trust among the parties using this data and improve the exchange of information.
Data protection mechanisms should be properly configured to ensure the quality of the data submitted for processing, and should be able to recognize errors and mismatches of
required data. The issues of data back-up and retention should be addressed when setting up a robust ICT infrastructure for information exchange. Relevant laws respecting data privacy and confidentiality should be applied and, where these do not yet exist, such laws should be developed in line with the best existing international practice. For example, the ISO/IEC 27001 international standard on Information Security Management aims to ensure the effective management of data security. Governments should seriously consider data protection issues, and ensure appropriate training of staff using and maintaining ICT infrastructure for transit control.

The WCO has developed ICT Guidelines to assist Customs administrations when setting up ICT systems. They identify and suggest possible trading partner interfaces, and outline a number of issues that Customs administrations may encounter when developing ICT systems. The ICT Guidelines also address legal issues and requirements, security, and client consultation, and provide a brief explanation of various communication protocols. The ICT Guidelines can be downloaded on http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/ict-guidelines.aspx

Data protection guidelines:

34. The IT system used to exchange data between the relevant stakeholders should provide the necessary data protection measures, along with legal provisions on data privacy, authentication of the information, and ensuring the integrity of the exchange process.

35. The ICT Guidelines and other relevant WCO tools should be used to plan and implement ICT projects by Customs administrations to ensure proper data protection.

Relevant international agreements/standards:

WTO TFA, Article 12

5.1 The requesting Member shall, subject to paragraph 5.2: (a) hold all information or documents provided by the requested Member strictly in confidence and grant at least the same level of such protection and confidentiality as that provided under the domestic law and legal system of the requested Member as described by it under subparagraphs 6.1(b) or (c); (b) provide information or documents only to the Customs authorities dealing with the matter at issue and use the information or documents solely for the purpose stated in the request unless the requested Member agrees otherwise in writing; (c) not disclose the information or documents without the specific written permission of the requested Member; (d) not use any unverified information or documents from the requested Member as the deciding factor towards alleviating the doubt in any given circumstance; (e) respect any case-specific conditions set out by the requested Member regarding retention and disposal of confidential information or documents and personal data; and (f) upon request, inform the requested Member of any decisions and actions taken on the matter as a result of the information or documents provided.
5.2 A requesting Member may be unable under its domestic law and legal system to comply with any of the subparagraphs of paragraph 5.1. If so, the requesting Member shall specify this in the request.

Council of Europe Convention of 28 January 1981 for the Protection of Individuals with regard to Automatic Processing of Personal Data.

The whole text.
New Computerized Transit System - European Union

The European Union is regarded as having a successful transit regime. The EU operates a Common and Union transit system. The Common transit system applies to goods moving between EU Member States and common transit countries (according to Article 3 of the Convention on a Common Transit Procedure, “common transit country” means any country other than a Member State of the Union that is a Contracting Party to this Convention (EFTA countries, Turkey, the former Yugoslav Republic of Macedonia, and Serbia). The Union transit system basically applies to the movement of non-Union goods for which Customs duties and other charges are chargeable, as well as to the movement of Union goods within the EU. The EU has implemented a very comprehensive "New Computerised Transit System" (NCTS). The NCTS is a computerized management tool that has replaced the manual documents and the management of those documents used in the old systems with electronic messages between the trader and Customs, and between Customs offices. This has resulted in an improved quality of service for traders, and a more efficient management and surveillance system for Customs.

What are the advantages of the NCTS for trade?

The system offers traders many advantages, including improved quality of service:
- Less time spent waiting at Customs, because the declaration will have been sent electronically beforehand, which allows use of advanced risk analysis and a decision on whether or not to examine the goods;
- Faster and greater flexibility in presenting declarations to Customs;
- Earlier discharge of the transit procedure because an electronic message is used instead of returning the paper copy No 5 by mail, leading to faster release of the guarantee;
- Reduction in the high costs incurred in relation to the paper-based system of declaring goods (lengthy procedures involving great time and effort), e.g. with the Web Trader Module provided by Customs to trade free of charge;
- Harmonization of Customs procedures and greater clarity of the transit operation, for the benefit of trade;
- As Customs decides well in advance before the arrival of the goods at the office(s) of transit and office of destination whether or not they need to check the consignment, based on the information received, the trader will not lose valuable time at the office of destination waiting for a decision.

Apart from these general advantages for trade, there is an additional advantage of simplification for certain users, i.e. authorized consignors and authorized consignees, who communicate with Customs using only NCTS. This accelerates the entire procedure.

What are the advantages of the NCTS for Customs?

- Electronic communication and coordination between the Customs administrations involved will improve.
- Repetitive activities will only have to be performed once; this saves time and eliminates the risks involved in the duplication of information.
- Creation of a more coherent system, which will speed up the processing of data,
- including the use of electronic risk analysis, at the same time making the system more flexible.
New Computerized Transit System - European Union

- Harmonization of operating criteria, which will eliminate the plethora of sub-procedures and divergent interpretations of how the rules have to be implemented.
- Availability of a system run directly by Customs, which offers greater security and a faster speed in managing transit, and provides more reliable data and better monitoring of transit movements.

It is clear that the trader benefits indirectly from the advantages of the NCTS for Customs, and vice versa.

What kind of traders can use the NCTS?

- In principle all traders can use the NCTS. It is only necessary to use the electronic data interchange (EDI) procedures which have been established for electronic communication with Customs in order to be connected to the NCTS, including the use of electronic signatures for authentication of EDI messages.

What are the Customs’ obligations?

Customs will have to:
- Install computer infrastructure, or adjust their existing facilities, to meet the specific needs of the NCTS, including compatibility with the Common Communication Network (CCN/CSI);
- Set up an organization to keep computer applications running (help desk);
- Formulate and develop measures to ensure that the NCTS is integrated into the existing procedural and organizational set-up;
- Develop and introduce suitable training for Customs staff and traders.

Operation
Main items or messages used in a NCTS operation

Before going into the details, it is useful to mention the main items and messages in a NCTS operation:

- The transit declaration, which is presented in electronic form.
- The Master Reference Number (MRN), which is a unique registration number, given by the NCTS system to the transit declaration to identify the movement.
- The transit accompanying document, in which most of transit declaration data are
New Computerized Transit System - European Union

printed, and which accompanies the goods from departure to destination.

- The ‘anticipated arrival record’ message, which is sent by the office of departure to the declared office of destination mentioned in the declaration.
- The ‘anticipated transit record’ message, which is sent by the office of departure to the declared office(s) of transit* to notify the anticipated border passage of a consignment.
- The ‘notification of crossing frontier’ message, which is sent by the office of transit to the office of departure, and which is used after checking that the consignment has crossed the border.
- The ‘arrival advice’ message, which is sent by the office of destination to the office of departure when the goods arrive.
- The ‘control results’ message, which is sent by the office of destination to the office of departure after the goods have been checked.

Furthermore, it is important to understand that the system covers all the possible combinations of normal and simplified procedures, at departure as well as at destination.

* An office of transit is, according to the Common Transit Convention, a Customs office competent for the point of entry into the Customs territory of a Contracting Party, or the Customs office competent for the point of exit from the Customs territory of a Contracting Party when the goods are leaving that territory in the course of a transit operation via a frontier between that Contracting Party and a third country.

Office of departure

The transit declaration is presented at the office of departure in a computerized form. Electronic declarations can be made from a trader’s own premises or from terminals made available to traders at some Customs offices of departure.

Whatever form it is presented in, the declaration must contain all the 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 refuse the EDI message. The trader will be informed, so that he/she can make the necessary corrections before the declaration is finally accepted.

Once the corrections have been entered and the declaration is accepted, the system will provide the declaration with a unique registration number, the Master Reference Number (MRN).

Then, once any inspections have been carried out, either at the office of departure itself or at the authorized consignor’s premises, and the guarantees are accepted, the goods will be released for transit. The system will print the transit accompanying document and, where appropriate, the list of items, either at the office of departure or at the authorized consignor’s premises. 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.

When printing the transit accompanying document and the list of items, the office of departure will simultaneously send an anticipated arrival record to the declared office of destination. This message will mainly contain the information taken from the declaration, enabling the office of destination to control the consignment when it arrives. The office of destination needs to have access to the best possible information about the transit operation.
New Computerized Transit System - European Union

in order to take a correct and reliable decision on what action is needed when the goods arrive.

Should the movement have to pass through an office of transit, the office of departure will also send an anticipated transit record, so that any office of transit has prior notification of the consignment concerned and can check the passage of the movement consignment.

Office of destination

Upon arrival, the goods must be presented at the office of destination (either indirectly via the authorized consignee, or directly) together with the transit accompanying document and a list of items, where appropriate. Customs, having already received the anticipated arrival record, will have full details about the operation and will therefore have had a possibility to decide beforehand what controls are necessary. When Customs enters the Master Reference Number (MRN) into the system, 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 office of destination will notify the office of departure of the control results by using a control results message, stating which, if any, irregularities have been detected.

The positive message with the results of control is necessary to discharge the transit operation and free the guarantees that were used for it.

Office of transit

When the goods pass by an office of transit, the goods, the transit accompanying document and, where appropriate, the list of items have to be presented to Customs. The anticipated transit record, already available in the system, will automatically be located when the Master Reference Number is entered and subsequently the movement may be approved for passage. A notification of crossing the frontier is sent to the office of departure.

Source: the EU Commission, DG TAXUD
Turkey: eTIR pilot projects with Iran and Georgia

Since the TIR System is the global transit regime with 70 Contracting Parties, eTIR Project was launched in 2003 to ensure the secure exchange of data between national Customs systems related to the international transit of goods and to allow Customs to manage the data on guarantees, issued by guarantee chains to holders authorized to use the TIR System. As the eTIR reference model was concluded following 10 years study, Turkey launched eTIR Pilot Projects with Iran and Georgia respectively under the aegis of UNECE to test the specific features of the model. These Pilot Projects were developed in accordance with the provisions of the WCO SAFE Framework of Standards where all data elements as required for S&S in the framework of transit, had already been included.

The first e-TIR Pilot Project developed by UNECE-IRU was conducted by the Turkish and Iranian Customs administrations. This project aims at C2B2C data exchange. Pursuing the completion of the signing of the ToR by 6 parties (Turkey, Iran, UNECE, IRU and two National Guarantee Associations), the pilot Project officially started. The first phase of the pilot project covered a period from November 2015 to August 2016 and successfully completed. After the positive first step, the Turkish Customs administration was eager to expand the pilot in a more comprehensive manner by including more transport companies and more Customs administrations for the multiple loading and unloading transactions.

Therefore, the second phase was launched during the period from August 2016 to February 2017 (the TOR foresees a 1-year implementation), within that year 82 pilot transportation operations were conducted. The main result of the pilot refers to the computerization process of TIR, for the first time e-TIR guarantee mechanism was tested. During the pilot, all transportation operations were performed under e-guarantee scheme. This proved to be efficient and effective.

Turkish Customs considers those pilot projects to be a big step forwards and even a role model for the future prospects of the eTIR System. Turkish Customs believes that the eTIR Pilot Project with Georgia aims at testing the C2C data exchange which might be a role model for GNC concept. The e-TIR Pilot with Iran on C2B2C data exchange might also be another tool for the future projections of the GNC concept by taking into account the business component of the Utility Blocks and aspiring a new aspect for the transit transactions. Hence, it will serve for filling the gaps within the GNC Utility Blocks for the business sector for Customs-Business Partnership.

Source: Turkish Customs Administration
3. Guarantee system

The provision of a guarantee to cover the duties and taxes suspended during a transit operation is the fundamental element of the transit procedure. The guarantee system serves two important security functions in transit transactions. First, it ensures that the Customs duties and taxes which are suspended during a transit operation will be paid if the goods are not presented to the Customs office of destination. Second, it is the only meaningful solution for increasing the likelihood that the goods in transit will not disappear en route and will be presented to Customs for clearance at the office of destination.

The obligation to provide a guarantee is incumbent on the principal (holder) of the transit procedure. The guarantee can be comprehensive, i.e. cover more than one transit operation by the same guarantor, or individual, i.e. issued only for a single use. Guarantees may be national, regional, or international in application. Trusted transit operators can be granted specific simplifications. One simplification is a guarantee waiver, i.e. recall of the obligation from the transit operator to present the guarantee for one or several transit operations. If the operator has yet to lodge the guarantee, he or she should be informed in good time about the discharge of his/her guarantee.

A well-designed guarantee system is a necessary prerequisite for an efficient transit procedure. The maximum possible geographical coverage, long validity period, availability of multiple use, no restrictions on the form of guarantee, no restrictions on the guarantee provider, low fees, immediate discharge upon completion of the transit operation, no use of Customs convoys or Customs escorts when the guarantee is provided – these are characteristics of the guarantee system advocated by both the RKC and the TFA. It is important that the amount of the guarantee corresponds to the amount of duties and charges suspended during the transit operation or operations.

Based on the survey on transit guarantees conducted by the WCO Secretariat in August-September 2016, only 15% of Members do not limit the form of the guarantee or its provider unless the national legislation conditions are met. The survey also revealed a positive trend in the use of the international and regional guarantees – about 75% of respondents confirmed their acceptance of them. Guarantee waivers and other simplifications for reliable operators are applied by only half of respondents. The strict security measures such as Customs convoys or escorts continue are applied in about 40% of WCO Member-countries.

Different aspects of an effective guarantee system are considered below, such as the general principles for calculating the amount of the guarantee; the classified approach to guarantees for high and low risks; guarantee waiver conditions; acceptable forms of guarantee; individual and comprehensive guarantees; principles for the discharge of the guarantee; relationships between guarantees and other security measures such as Customs convoys and Customs escorts; international guarantees; guarantor requirements, etc.
(1) Calculation of guarantee amount

When calculating the guarantee amount, Customs administrations should apply the principle “as low as possible” in order to eliminate additional trade costs for operators. The TFA and the RKC both state that the guarantee amount should be based on the rates of duties and charges raised on import and not take into account any potentially chargeable penalties or risks.

In order to determine the amount of the guarantee (note: applicable to comprehensive guarantees) the Customs administration may take account of the amount of duties and taxes paid by the operator during the previous period. If the volume of transactions or the applicable rates have changed, the necessary adjustments are made.

Guidelines on the calculation of guarantee amount:

36. The guarantee amount for transit should be as low as possible and not exceed the sum of the highest import duties and charges that would be imposed on goods imported into the transit Customs territory.

37. When setting the guarantee amount the following should not be taken into account:
   a) any potentially chargeable penalties;
   b) any interest for delayed payment;
   c) other concerns that would increase the guarantee amount or hinder transit operations unnecessarily.

Relevant international agreements and standards:

WTO TFA,
Article 11
11. Where a Member requires a guarantee in the form of a surety, deposit or other appropriate monetary or non-monetary instrument for traffic in transit, such guarantee shall be limited to ensuring that requirements arising from such traffic in transit are fulfilled.

RKC General Annex 5
Standard 5.2.
The Customs shall determine the amount of security.

Standard 5.4.
Where national legislation provides, the Customs shall not require security when they are satisfied that an obligation to the Customs will be fulfilled.

Standard 5.6.
Where security is required, the amount of security to be provided shall be as low as possible and, in respect of the payment of duties and taxes, shall not exceed the amount potentially chargeable.

**TIR Convention**

**Article 23**

The Customs authorities shall not require road vehicles, combinations of vehicles or containers to be escorted at the carriers’ expense on the territory of their country except in special cases.

**(2) Guarantee according to risk level and guarantee waiver**

A diversified approach for high-risk and low-risk consignments should apply to all Customs operations, including transit. Assessment and management of possible risks should be seriously addressed by Customs administrations as this measure not only provides benefits for traders, but also reduces the administrative burden on Customs administrations, and helps increase the efficiency of Customs control by focusing on high-risk goods.

Provision should be made for conditions allowing operators to be classified as low-risk operators (for example, AEOs, authorized consignees, authorized consignors) and benefit from a lower guarantee amount, or a guarantee waiver. At the same time, for goods involving greater risk of fraud, the general rule of calculating the guarantee amount based on the classification of the goods should apply.

Risk management for transit operations will be considered in more detail in Section VI.

**Guidelines on the guarantee according to risk level and guarantee waiver:**

| 38. | Customs administrations are encouraged to set the guarantee amount according to the risk level of transit operators. |
| 39. | Customs administrations are encouraged to reduce the guarantee amount for Authorized Economic Operators (AEOs) and other low-risk operators. |
| 40. | The conditions for reducing the guarantee amount may include, but not be limited to, the following:  
| | a) sound financial situation;  
| | b) sufficient experience in conducting transit operations;  
| | c) compliance with legal and security requirements;  
| | d) proven cooperation with Customs administrations;  
| | e) AEO status. |
| 41. | A guarantee waiver can be granted to AEOs and other low-risk operators and to certain types of transport modes predetermined by the government. |
**42.** Customs administrations may temporarily suspend the guarantee waiver in respect of AEOs and any other operators when those operators fail to observe criminal or civil law or when pending or unresolved legal proceedings involving those operators preclude direct involvement with Customs administrations.

**43.** Customs administrations are encouraged to create the list of goods to which the guarantee waiver is not applicable.

### (3) Forms of guarantee

Customs administrations should accept any form of guarantee that provides assurance that the related Customs debt and other charges will be paid. Restrictions on the form of guarantee create an additional administrative burden for traders and do not bring any tangible benefit for Customs administrations. Accepting different forms of guarantee is especially important for developing countries where the financial and insurance sectors are not well developed, and the lack of competition between guarantee providers may result in high guarantee fees. The guarantee may therefore be furnished as a cash deposit, or provided by a guarantor such as a bank or insurance company, or in the form of another surety, a mortgage, a charge on land, or a pledge of other assets.

Bearing in mind the overall aspiration to digitalization of Customs procedures, Customs administrations should envisage the possibility of electronic lodgement of the guarantee, especially when the transit operation is operated through ICT infrastructure.

**Guidelines on the forms of guarantee:**

**44.** Customs administrations should accept any form of guarantee. The possible types of guarantee may include, but not be limited to:
- a) cash deposits (national or foreign currency);
- b) temporary placement of funds on the Customs administration’s bank account;
- c) tradable securities;
- d) movable property (e.g. means of transport) pledge agreement;
- e) non-movable property (e.g. office or production premises) pledge agreement;
- f) bank guarantee;
- g) insurance policy;
- h) surety contract;
- i) international guarantees;
- j) regional guarantees.

**45.** Customs administrations should allow guarantees for transit to be lodged electronically.

**46.** Customs administrations retain the right to reject a certain form of guarantee or to ask...
that another form of guarantee be used if they have reasonable doubt about the guarantor or transit operator meeting its obligation. Customs administrations should inform the transit operator about the reason for rejecting the form of guarantee or requesting another form of guarantee.

Relevant international agreements and standards:

WTO, TFA, Article 7.
2. Each Member shall, to the extent practicable, adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees and charges collected by Customs incurred upon importation and exportation.

RKC General Annex 5, Standard 5.3.
Any person required to provide security shall be allowed to choose any form of security provided that it is acceptable to the Customs.

The Customs shall apply information technology to support Customs operations, where it is cost-effective and efficient for the Customs and for the trade. The Customs shall specify the conditions for its application.

TIR Convention
Article 8.

(4) Comprehensive guarantees

Whereas individual guarantees covering a single transit operation could be sufficient for transit operators who do not perform transit operations frequently, for other operators depositing guarantees on a regular basis individual guarantees cause a serious financial burden. The processing of individual guarantees also generates a considerable administrative burden for Customs administrations. The use of comprehensive guarantees is a simplification that brings significant benefits in terms of financial and time savings for operators, and saves administrative resources for Customs administrations. Both the TFA and the RKC provide for the acceptance of a comprehensive guarantee which may cover several transit operations.

The reference amount for comprehensive transit guarantees should cover all possible eventualities. To calculate the reference amount, Customs administrations need to consider both the typical activities of the operator, and possible non-typical goods that he/she might carry within the period of validity of the comprehensive guarantee. The reference amount of the comprehensive guarantee is based on the rates of duties and other charges applicable according to the classification of the goods, and often refers to the amount of duties and other charges paid by the operator within a similar timeframe in the past. Customs administrations issue the certificate of comprehensive guarantee that the operator should present to the Customs office each time they perform the transit operation as proof
that the comprehensive guarantee has already been accepted. Multiple comprehensive
guarantee certificates may be issued only where this is justified by the need to regularly
present transit declarations at different Customs offices of departure. Proof that the
comprehensive guarantee has already been accepted could also be provided in the form of
a guarantee access code issued by Customs to the guarantee holder. This guarantee
access code, together with the guarantee reference number, is mainly used in the electronic
transit declaration, where both are automatically verified.
If necessary, Customs can temporarily suspend a comprehensive guarantee if a transit
operator does not comply with the laws and regulations.

**Guidelines on the use of comprehensive guarantees:**

| 47. | Customs administrations should develop a standard procedure for granting a
|     | comprehensive guarantee, in which they calculate the guarantee amount on the basis
|     | of the volume of transit operations carried out by the applicant in the earlier period. |
| 48. | If the transit operator does not have a record of previous operations, the amount for the
|     | comprehensive guarantee should not exceed the sum of the import duties and other
|     | charges which may become payable in connection with each transit declaration in the
|     | period between placing the goods under a transit procedure and discharge. |
| 49. | The amount of the comprehensive guarantee should be kept as low as possible. |
| 50. | Customs administrations are encouraged to reduce the amount of the comprehensive
|     | guarantee (e.g. by 25%, 50%, or 100% (guarantee waiver)), taking into account sound
|     | finances, sufficient experience and/or other relevant factors relating to the transit
|     | operators. |
| 51. | Customs administrations may review the reference amount of the comprehensive
|     | guarantee and adjust it to the volume of the transit operations conducted by the
|     | operator. |
| 52. | Both transit operators and Customs administrations should monitor the use of the
|     | comprehensive guarantee, and keep a record of each transit operation to avoid
|     | exceeding the reference amount of the comprehensive guarantee. |
| 53. | Transit operators should inform the Customs administration if they anticipate that they
|     | might exceed the reference amount, and should adjust this amount by providing an
|     | additional guarantee. |
| 54. | Once the transit operation has been completed, the guarantee covering that operation
|     | should be renewable, and it should be possible for the same transit operator to transfer
|     | it to another transit operation. |
55. Customs administrations may temporally suspend the use of a comprehensive guarantee if operators fail to observe criminal or civil law, or if pending or unresolved legal proceedings involving those operators preclude direct involvement with Customs administrations.

Relevant international agreements and standards:

WTO TFA, Article 11
13. Each Member shall, in a manner consistent with its laws and regulations, allow comprehensive guarantees which include multiple transactions for same operators or renewal of guarantees without discharge for subsequent consignments.

RKC General Annex 5, Standard 5.5.
When security is required to ensure that the obligations arising from a Customs procedure will be fulfilled, the Customs shall accept a general security, in particular from declarants who regularly declare goods at different offices in the Customs territory.

(5) End of procedure and discharge of guarantee

The transit procedure ends and the obligations of the principal (holder) are met when the goods in transit and the required documents are presented at the office of destination. When the Customs administrations of both the office of departure and the office of destination are able to conclude that the transit operation has ended correctly, the guarantee covering this transit operation should be discharged immediately.

The discharge of a guarantee means the actual release and return of the guarantee used by the operator to ensure the deferred payment of taxes and duties due under this transit operation. Guarantees should be discharged without delay once the related transit procedure obligations have been met. If the Customs administration uses an automatic system to discharge the guarantee, this automatic system should be linked to, or be a part of, an electronic transit system.

An enquiry can be launched if the Customs administration does not receive proof that the transit operation has ended correctly. The time limit for submission of such proof should be reasonable, and be not less than 2 months following the submission of the transit declaration. This rule applies to non-automated systems, and should not apply to the electronic exchange of information.

The recent survey on transit guarantees conducted by the WCO revealed that, in the EU, the discharge of the guarantee takes on average 15.5 minutes after completion of the transit procedure. However, some other Customs administrations in other regions require up to two weeks to release the guarantee once all obligations related to the transit operation have been met. This practice is unacceptable according to both the TFA and the RKC, and should be reconsidered. Although such delays cannot be measured directly, they result in significant
financial losses for operators for whom the immediate availability of liquidity plays a crucial role for the success and ongoing activity of the enterprise.

**Guidelines on discharge of guarantees:**

56. The guarantee should be discharged immediately once the corresponding transit operation is terminated.

57. Paper-based systems may take a maximum of 3 working days to discharge the guarantee once the transit operation is terminated.

**Relevant international agreements and standards:**

**WTO TFA, Article 11**
12. Once the Member has determined that its transit requirements have been satisfied, the guarantee shall be discharged without delay.

**RKC General Annex 5, Standard 5.7.**
Where security has been furnished, it shall be discharged as soon as possible after the Customs are satisfied that the obligations under which the security was required have been duly fulfilled.

**RKC Specific Annex E, Chapter 1 Standard 24.**
As soon as the goods are under its control, the office of destination shall arrange without delay for the termination of the Customs transit operation after having satisfied itself that all conditions have been met.

**TIR Convention Article 10**
Discharge of a TIR operation has to take place without delay.

**Use of Customs convoys and Customs escorts together with transit guarantees**

Strict security measures such as Customs convoys and Customs escorts are unpopular in advanced economies, and used only in exceptional circumstances or at the request of the operator. There is no clear evidence that these measures help to ensure the timely and full payment of all duties and charges suspended during transit procedures; instead, they contribute to non-transparent transit procedures and stimulate corruption along the transit route. The well-developed guarantee system is the most efficient instrument for safeguarding the payment of necessary Customs debts and other duties suspended during the transit procedure, and serves to protect revenue.
Guidelines on the use of security measures together with transit guarantees:

58. Customs administrations should not apply Customs convoys or Customs escorts for revenue purposes when their revenue concerns are sufficiently covered by the guarantee.

Relevant international agreements and standards:

WTO TFA, Article 11
15. Each Member may require the use of Customs convoys or Customs escorts only in the circumstances presenting high risks or when compliance with Customs laws regulations cannot be ensured through the use of guarantees. General rules applicable to Customs convoys or Customs escorts shall be published in accordance with Article 1.

TIR Convention
Article 23
The Customs authorities shall not require road vehicles, combinations of vehicles or containers to be escorted at the carriers’ expense on the territory of their country except in special cases.

(7) International/regional guarantee systems

The biggest benefit of the international guarantee is that its geographical coverage allows transit through multiple Customs territories, which is much more efficient than using a chain of national guarantees coupled with individual lodgement of nationally-accepted guarantees. The example of international guarantees is the widely-used system of TIR carnets in Europe and Asia that is based on an international convention: the UN Customs Convention on the International Transport of Goods under Cover of TIR Carnets (1975) (TIR Convention).

The system used by the TIR transit regime is an example of how an international guarantee chain operates. An association representing the interests of the transport sector in a particular country, and authorized by Customs in that country, guarantees payment within that country of any duties and taxes which may become due in the event of any irregularity occurring in the course of a TIR transport operation. This national guaranteeing association guarantees payment of the duties and taxes of national and foreign carriers of TIR Carnets which have been issued by that national guaranteeing association itself or by an association in another country. All guaranteeing associations form the international chain of guarantees. The TIR guarantee chain is administered by the IRU in Geneva (Switzerland), a non-governmental organization representing the interests of road transport operators world-wide. The guarantee chain is backed up by several large international insurance companies. The TIR Handbook is available on http://www.unece.org/tir/tir-hb.html.

There are also different regional guarantee mechanisms that, although limited in scope compared to international guarantees, still ensure significant simplification of the transit
procedure through targeted geographical coverage and regional acceptance by Customs administrations. The most common example of a regional guarantee mechanism is the NCTS transit system endorsed by the Convention on Common Transit signed by the EU, EFTA, Turkey, Macedonia and Serbia. The transit regime was discussed in detail in Section II (2), “Members' Practices: efficient information management”.

Other regional guarantee mechanisms have proven their functionality in other regions. The COMESA Regional Customs Transit Guarantee Scheme allows acceptance of regional transit guarantees (Customs bonds) in COMESA countries. The COMESA guarantee mechanism works as follows: a paper-based transit declaration and a Customs bond issued by approved sureties are submitted in the office of departure and cover the transit operation within and between COMESA countries. This regional transit system reduces the administrative and financial barriers for operators in the region, and provides an adequate system for transit monitoring by freight forwarders and Customs brokers. This regional transit guarantee mechanism has proven its efficiency in ensuring deferred payment upon completion of the transit operation, and has improved revenue collection by Customs administrations through standardization of the transit procedure in the whole region, and the adoption of transparent and predictable rules for control.

The main benefit of both international and regional guarantee systems is the broad territorial coverage of a guarantee. However, both systems have their limitations. Both international and regional guarantees are single transaction guarantees and need to be renewed for each transaction separately. There is no reduction of the guarantee amount for trusted operators such as AEOs, authorized consignors and authorized consignees. The factor of trade costs in developing countries, and especially landlocked developing countries (LLDCs), is underlined in the reports of the WTO and UN-OHRLLS and should be addressed by governments when setting up regional guarantee systems.

**Guidelines on the use of international/regional guarantee systems:**

59. Governments are encouraged to take the necessary steps to develop or accede to regional or international guarantee systems, which are more efficient than a chain of national guarantee systems.

60. Governments are encouraged to consider acceding to existing transit-related regional agreements and international conventions.

61. Governments are encouraged to establish conditions for mutual recognition of guarantees.

**Relevant international agreements and standards:**

7 [http://rctg-mis.comesa.int/](http://rctg-mis.comesa.int/)
WTO TFA, Article 11
16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:
(a) charges;
(b) formalities and legal requirements; and
(c) the practical operation of transit regimes.

RKC Specific Annex E, Chapter 1,
Recommended Practice 26
Contracting Parties should give careful consideration to the possibility of acceding to international instruments relating to Customs transit. When they are not in a position to accede to such international instruments they should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices in the present Chapter.

TIR Convention
The whole text.

(8) Guarantor
As mentioned above, governments are encouraged to abolish restrictions on the types of guarantor so as to create a level playing field for increased competition and lower fees for guarantees, leading in the end to a reduction in trade costs. The guarantors can be a natural or a legal person, but not the principal of the guarantee. For regional and international guarantees, proof of approval and mutual recognition of the respective guarantees should be provided, based on the respective regional or international legal framework.

Guidelines on the guarantor:

62. The guarantor can be any natural or legal person.

63. The guarantor should be approved by the competent authorities, in line with national legislation or regional/international agreements.

64. Governments are encouraged to approve entities other than banks and insurance companies as guarantors, in line with national legislation or regional/international agreements.

65. The liability of a guarantor starts upon lodging the guarantee at the office of departure and commencing the transit operation.

66. The liability of the guarantor is limited to the amount shown in the guarantee document.
Relevant international agreements/standards:

TIR Convention, Article 6, Annex 9 Part I and III
### The TIR Convention

Anyone who has ever travelled on European roads will recognize the familiar blue and white TIR plate, borne by thousands of trucks and semi-trailers using the TIR customs transit system. For the driver, the transport operator and the shipper, this plate stands for fast and efficient international road transport.

The TIR transit system started soon after the Second World War in order to contribute to the facilitation of international transport initially between a small number of European countries. This was, at first, an industry-led scheme in order to reduce the difficulties and delays experienced by transport operators. At the same time, it offered customs administrations of participating countries an international system of control replacing traditional national procedures, whilst effectively protecting the revenue of each country through which goods were carried.

The success of this limited scheme led to the negotiation of the TIR Convention which was adopted in 1959 by governments and entered into force in 1960. The practical experience, the technical advances and changing customs and transport requirements and the emergence of new transport techniques, the maritime and inland containers, led to a complete revision in 1975 which aimed at rendering the TIR Convention more efficient, less complex, more secure and adapted to intermodal transport.

Today, the TIR Convention of 1975 has been ratified by 70 countries from all around the world and is currently operational in 58 of the Contracting Parties, covering a geographical scope from Lisbon to Vladivostok, and from Narvik to Bandar-Abbas.

![Map of Contracting Parties to the TIR Convention, 1975](image)

After a strict selection process by national customs authorities, the TIR Carnet holder is entitled to use a TIR Carnet. This TIR Carnet, representing both the customs transit declaration and the evidence of an international financial guarantee, is duly completed and stamped by customs authorities who seal the load compartment at departure, and, thus, ensure the integrity of the load to customs authorities at all successive border-crossing points, while avoiding time-
consuming inspections or bond deposits at each border.

The operation of the TIR guarantee system is straightforward. Every national guaranteeing body - an association or chamber of commerce representing the interests of the transport sector in a particular country - is authorized by the customs administration of that country to guarantee payment within that country of any duties and taxes which may become due in the event of any irregularity occurring in the course of a TIR transport operation. The national guaranteeing association, thus, guarantees the payment of duties and taxes of national and foreign carriers for TIR Carnets which have been issued by itself or by a guaranteeing association in another country. All national guaranteeing associations constitute a guarantee chain linking all TIR countries. Today, the only existing and well-functioning guarantee chain is administered by the International Road Transport Union (IRU), a non-governmental organization representing the interests of road transport operators worldwide and authorized by the Contracting Parties to the TIR Convention. The guarantee chain is supported by several large international insurance companies and is supervised by the TIR Executive Board (TIRExB).

The United Nations, as a universal organization, is the depositary of the TIR Convention and provides the framework and the services to administer and, where necessary, adapt the TIR Convention to changing requirements.

In this regard, an intergovernmental project towards the computerization of the TIR procedure (eTIR) was launched in 2003. The aim of the project is to bring additional security and risk management opportunities, thus reducing the risk of fraud. eTIR will also provide customs administrations with advance cargo information and real time data which will further speed up the TIR procedure.

The efforts to computerize the TIR procedure have gained momentum in recent years. The TIR Contracting Parties have agreed in principle on the eTIR functional specifications and have established a dedicated expert group to work on developing the appropriate legal framework. In addition, some Contracting Parties, i.e. Georgia, Iran (Islamic Republic of) and Turkey, have launched eTIR pilot projects, which are demonstrating the feasibility of eTIR and have allowed to further improve the eTIR specifications.

Source: UNECE (including extracts from the publication of the UNECE “Spectrum of Border Crossing Facilitation Activities” (2015), the full text is available on http://www.unece.org/fileadmin/DAM/trans/bcf/publications/Spectrum_of_Border_Crossing_Facilitations_Activities.pdf)
Comprehensive Guarantees in Brazil

The Guarantee management system for transit is a part of a comprehensive “Siscomex Trânsito” system. The system is fully automated and it allows lodgment of the guarantee, monitoring of the remaining amount, adding up additional guarantee if necessary, renewal, and the discharge of the guarantee. The guarantee is linked to the transit operator. The system allows the use of both individual and comprehensive guarantees. The system works like a “balance sheet”, registering all entries as following:

- Register of the guarantee provided: credit entry.
- Register of the transit declaration loading: debit entry.
- Register of the termination of transit operation: credit entry (restoring the previous balance).
- Register of the expiry of the guarantee provided: debit entry.
- Renewal of the guarantee: credit entry, etc.

The guarantees are automatically renewed after Customs administration terminates the correspondent transit operation. In other words, the guarantee is discharged and immediately ready for use each time when the previous transit operation is completed. In case the guarantee amount is high enough, it allows coverage of several transactions at the same time. The system allows the operator to add more guarantee values, even being of different forms.

The guarantee can be of the following forms:

- cash deposit;
- insurance;
- surety bond.

The Siscomex Transit system is an internal system of Brazil, used to record both the customs transit operations for Brazilian exports and imports and the transit from other countries when they cross the Brazilian territory, as for example, the exports from Paraguay that embark in the ports of Santos and Paranaguá in Brazilian territory.

Although it is basically an internal system and currently it does not allow the exchange of information with the Customs administrations of other countries, the system can be used later integrated into regional or international system for exchange of information.

The main advantages of system are explained below:

1. **Simplicity**: possibility of using a single account that will add all the forms of guarantee offered by the transit operator.
2. **Accuracy of the values in guarantee**: lower values required for operator's guarantee, that is, for each conclusion of customs transit operation the guarantee will be available again for immediate use. This procedure meets the specific guideline of WCO.

3. **Reduced customs work**: there is no need for the customs authority to estimate or approve estimates of minimum guarantee values to be offered as the system will not allow the commencement of any transit operation without sufficient guarantees. They will be available in the system.

4. **Flexibility**: the transit operator itself offers the customs authority, for registration in the system, documents that support sufficient amounts in guarantee so that the operations programmed or estimated by the operator take place, allowing it to offer more accurate values which do not depend on minimum levels or third-party estimates. No need to separate guarantees "by operation" or "comprehensive", since the logic of the system simply is to indiscriminately control all the values in guarantee, which can be offered by the operator in the most convenient way.

5. **Control**: better control, because the system prevents the customs transit from beginning without the existence of a guarantee loaded in the system. The transporter is enabled as a customs transit operator and its data are entered into the system after analysis and approval of customs. The qualification period expires in 3 years, after which there should be a new qualification process.

6. **Applicable reduced amounts**: the system itself automatically calculates the reduction applicable to the operator, requiring proportionally lower amounts of guarantee for each operation.

7. **Waiver**: the system allows the registration of operators or situations that could waive the guarantee, which is automatically applied.

8. **Risk analysis**: the system considers the risk of each operator, automatically applying the reduction or waiver in each operation.

Key features of the Siscomex Transit guarantee control functionality, which should be considered in the system specification or warranty control modules in national or international systems:

1. The guarantee is linked to the transit operator and can be provided once or complemented many times.

2. The system works like a “checking account”, registering the entries as follows:
   a. Register of the guarantee provided: credit entry.
   b. Register of the transit declaration loading: debit entry.
   c. Register of the transit conclusion: credit entry, restoring the previous balance.
   d. Register of the expiry of the guarantee provided: debit entry.
3. Therefore, the guarantees values are automatically renewed in real time when each transit conclusion is registered, according to WCO guideline.

4. The system allows multiple transactions using one single guarantee, although the operator can add more guarantee values, even being of different forms.

5. All steps and processes involved are integrated by this system. It allows, for instance, the debit entry in the guarantee control module immediately after the register of the transit declaration loading.

6. The “Siscomex Transit” system also considers the risk of the transit operator (in general a conveyer) to determine:
   a. If the guarantee will be demanded or not, and
   b. A percentage of reducing applicable to the guarantee demanded.

Both situations are applicable automatically by the system.

7. Guarantee waivers:
   a. Depository of Customs Bonded Warehouse.
   b. Conveyer which consistent patrimony.
   c. Some types of transit declaration.
   d. Some situations wherein system does not require commercial invoice data
   e. Conveyer AEO certified

8. Brazilian legislation provides for waiver of the guarantee for AEO certified conveyers, in line with the WCO guideline. The “Siscomex Trânsito” system will be adapted to recognize if the conveyer is AEO certified. If so, the system will automatically waive the guarantee.

9. The guarantee reduction percentage is automatically applicable to the transit declaration considering:
   a. The time of the registration of the Company.
   b. The time the Company has been operating in Customs Transit
   c. Quantity of Customs Transit operations performed in the last 6 months.
   d. The Company’s declared patrimony.
   e. Registered occurrences in the “Siscomex Trânsito” system in the last 24 months.
   f. When the reduction percentage is higher than 80%, the system will reduce the guarantee to zero.
Guarantee Checking Account Statement – Siscomex Trânsito

Please refer to the following figure that represents an example of guarantee control records of a particular customs transit operator.

<table>
<thead>
<tr>
<th>Date</th>
<th>Value</th>
<th>Operation</th>
<th>Balance</th>
<th>Operation description</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/06/2016</td>
<td>800,000</td>
<td>CR=</td>
<td>800,000</td>
<td>INCLUDE GUARANTEE TYPE CUSTOMS INSURANCE TO EXPIRE AT 14/04/2017</td>
</tr>
<tr>
<td>06/07/2016</td>
<td>39,747.76</td>
<td>DB=</td>
<td>770,252.26</td>
<td>LOADING OF DECLARATION NUMBER 160233752-4</td>
</tr>
<tr>
<td>08/07/2016</td>
<td>11,477.81</td>
<td>DB=</td>
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<td>LOADING OF DECLARATION NUMBER 160237820-6</td>
</tr>
<tr>
<td>11/07/2016</td>
<td>11,477.81</td>
<td>CR=</td>
<td>770,252.26</td>
<td>CONCLUSION OF DECLARATION NUMBER 160233752-4</td>
</tr>
<tr>
<td>13/07/2016</td>
<td>39,747.76</td>
<td>CR=</td>
<td>800,000</td>
<td>CONCLUSION OF DECLARATION NUMBER 160233752-4</td>
</tr>
<tr>
<td>15/07/2016</td>
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<td>DB=</td>
<td>790,364.19</td>
<td>LOADING OF DECLARATION NUMBER 160244578-5</td>
</tr>
<tr>
<td>18/07/2016</td>
<td>963,581.19</td>
<td>CR=</td>
<td>800,000</td>
<td>CONCLUSION OF DECLARATION NUMBER 160244578-5</td>
</tr>
<tr>
<td>18/07/2016</td>
<td>48,519.82</td>
<td>DB=</td>
<td>751,480.38</td>
<td>LOADING OF DECLARATION NUMBER 160247316-9</td>
</tr>
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<td>18/07/2016</td>
<td>3,948.59</td>
<td>DB=</td>
<td>747,531.69</td>
<td>LOADING OF DECLARATION NUMBER 160249232-7</td>
</tr>
<tr>
<td>24/07/2016</td>
<td>963,581.19</td>
<td>CR=</td>
<td>751,480.38</td>
<td>CONCLUSION OF DECLARATION NUMBER 160249232-7</td>
</tr>
<tr>
<td>24/07/2016</td>
<td>641,579.93</td>
<td>DB=</td>
<td>687,322.52</td>
<td>LOADING OF DECLARATION NUMBER 160247316-9</td>
</tr>
<tr>
<td>25/07/2016</td>
<td>48,519.82</td>
<td>CR=</td>
<td>733,842.07</td>
<td>CONCLUSION OF DECLARATION NUMBER 160247316-9</td>
</tr>
<tr>
<td>25/07/2016</td>
<td>641,579.93</td>
<td>CR=</td>
<td>800,000</td>
<td>CONCLUSION OF DECLARATION NUMBER 160253217-3</td>
</tr>
<tr>
<td>25/07/2016</td>
<td>39,133.82</td>
<td>DB=</td>
<td>760,876.18</td>
<td>LOADING OF DECLARATION NUMBER 160247316-9</td>
</tr>
<tr>
<td>25/07/2016</td>
<td>17,239.11</td>
<td>DB=</td>
<td>743,637.07</td>
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</tr>
<tr>
<td>27/07/2016</td>
<td>17,239.11</td>
<td>CR=</td>
<td>760,876.18</td>
<td>CONCLUSION OF DECLARATION NUMBER 160253217-3</td>
</tr>
<tr>
<td>29/07/2016</td>
<td>200,000</td>
<td>CR=</td>
<td>960,876.18</td>
<td>INCLUDE GUARANTEE TYPE SECURITY CONTRACT TO EXPIRE AT 29/07/2017</td>
</tr>
</tbody>
</table>

Source: Customs Administration of Brazil
Regional Customs Transit Guarantee in the Common Market for Eastern and Southern Africa (COMESA)

Background
The COMESA Regional Customs Transit Guarantee (RCTG-CARNET) Scheme is a component of the COMESA Protocol on Transit Trade and Transit Facilitation, Annex I of COMESA Treaty.

COMESA RCTG Agreement was signed by the Heads of State and Government of the Preferential Trade Area (PTA), (now COMESA) Summit, held in Mbabane, Swaziland, in November 1990. The development on the modalities of operations was started in 2002 and Scheme became operational in the Northern Corridor countries in 2012.

Objective
The objective of the RCTG scheme is to provide a uniform basis for transit movement throughout the region, where only one guarantee is used for the transit of goods through all transiting Member States.

RCTG Institutional Set Up
- Council of Ministers;
- Council of RCTG;
- Management Committee;
- Revenue Authorities;
- Clearing & Forwarding Agents;
- National Sureties;
- Primary Sureties.

Membership
The RCTG Agreement was signed and ratified by thirteen (13) COMESA member and non-Member States, namely: Burundi, Djibouti, DR Congo, Ethiopia, Madagascar, Malawi, Kenya, Rwanda, South Sudan, Sudan, Tanzania, Uganda and Zimbabwe.

Current Status of Implementation
The RCTG CARNET is now operational in the Central Corridor which includes Burundi and Tanzania as well as the Northern corridor which includes Kenya, Rwanda and Uganda. Burundi is the latest county that commenced the operations of the RCTG CARNET since 1 January, 2017.

Benefits of the RCTG scheme
- Reduced cost of bond/guarantee and collaterals charged for sureties;
- Reduced cost of bond /guarantee charged for agents;
- Reduced delays at border posts;
- Simplified clearance process;
- Increased business opportunities;
- Minimized revenue leakages.

Source: COMESA website, accessed on 08.05.2017: http://rctg-mis.comesa.int/
4. Fees and charges

The freedom of transit defined by Article V of the General Agreement on Tariffs and Trade (GATT), Article 11 of the TFA, and the RKC ensures that trade in transit is free from the import Customs duties, and those transit-related fees and charges are reasonable and refer to the actual cost of the services rendered.

The share of fees and charges in the trade costs borne by the transit operator is easy to measure. If they are unwarranted and disproportionate, they create a loss for international trade in general and transit in particular. A policy of simplification, rationalization, and transparency in relation to the application of any fees and charges is therefore essential. Governments must work continuously to reduce the amount of fees and charges as this will generate benefits for trade and stimulate economic growth.

The RKC and the TFA encourage governments to ensure that all requirements in relation to fees and charges are justified and publicly available. Fees for consultations should be avoided as far as possible. Fees can only be levied for services which go beyond the normal scope of the Customs procedure (e.g. processing transit transactions outside designated hours, request by the operator for a Customs escort or Customs convoy, etc.). When fees and charges apply for services rendered, they should not be calculated on an *ad valorem* basis, i.e. they should not depend on the cost of the goods concerned, but should be flat rate. The non-discrimination principle should apply, which means that transit-related fees and charges should not depend on the country of departure or destination of the transited goods. Governments should ensure that their policy of transit-related fees and charges does not include any hidden restrictions to trade.

**Guidelines on fees and charges:**

<table>
<thead>
<tr>
<th>67.</th>
<th>Customs administrations should not collect any fees or charges for transit except charges for administrative expenses related to transit or charges for services rendered. Administrative expenses may include the following fees and charges (which should be kept to a minimum):</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>special fees for work outside normal working hours;</td>
</tr>
<tr>
<td>b)</td>
<td>special fees for work outside Customs facilities;</td>
</tr>
<tr>
<td>c)</td>
<td>special fees for the use of extra facilities (for example for oversized goods);</td>
</tr>
<tr>
<td>d)</td>
<td>charges for storage;</td>
</tr>
<tr>
<td>e)</td>
<td>charges for special measures, procedures or services at the request of the transit operator (for example, a Customs convoy or Customs escort requested by the operator).</td>
</tr>
</tbody>
</table>

| 68. | Any charges referred above should not exceed the actual cost of the services provided. |

| 69. | When Customs administrations do not impose fees or charges for the above administrative expenses on import or export, or in other Customs procedures, they |
should not impose such fees or charges on transit.

70. Customs administrations may set a flat-rate amount to be paid for administrative expenses or services related to transit. The amount to be paid should not depend on the value of the transit goods.

71. Customs administrations should not apply transit fees as a result of revenue or security concerns.

72. Customs administrations should not collect fees for transit guarantees. Customs administrations should not collect commission from the national association acting as guarantor.

Relevant international agreements and standards:

WTO GATT, Article 8
3. Any contracting party may require that traffic in transit through its territory be entered at the proper custom house, but, except in cases of failure to comply with applicable Customs laws and regulations, such traffic coming from or going to the territory of other contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from Customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.
4. All charges and regulations imposed by contracting parties on traffic in transit to or from the territories of other contracting parties shall be reasonable, having regard to the conditions of the traffic.

WTO TFA, Article 6
2.1. Fees and charges for Customs processing:
   i. Shall be limited in amount to the approximate cost of the services rendered on […]

WTO TFA, Article 11
Traffic in transit shall not be conditioned upon collection of any fees or charges imposed in respect of transit, except the charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

RKC General Annex Chapter 3,
Standard 3.2.
At the request of the person concerned and for reasons deemed valid by the Customs, the latter shall, subject to the availability of resources, perform the functions laid down for the purposes of a Customs procedure and practice outside the designated hours of business or away from Customs offices. Any expenses chargeable by the Customs shall be limited to the approximate cost of the services rendered.

TIR Convention
Article 46
No charge shall be made for Customs attendance in connection with the Customs operations mentioned in this Convention, save where it is provided on days or at times or places other than those normally appointed for such operations.
5. **Simplification of formalities**

Goods in transit cross borders many times, and speedy and efficient Customs formalities constitute an indispensable element of freedom of transit. Complicated, non-transparent, burdensome procedures cause unnecessary delays, raise transportation costs and create fertile ground for corruption, and, at the end of the day, can bring transit to a halt. Interrupted transitinflicts considerable economic losses, especially in developing countries and LLDCs. One of the specific objectives of the VPoA priority area on trade facilitation is to significantly simplify and streamline border-crossing procedures with the aim of reducing port and border delays. This refers not only to the losses in revenues collected by Customs authorities, but also to the wider harm to national economies such as loss of market share (for example, in transport or logistics services), inflated pricing for imported goods, and low attractiveness to foreign investors. Customs administrations should therefore focus their efforts on ensuring the clarity, transparency and predictability of transit formalities. According to the OECD, harmonization and simplification of trade documents would reduce trade costs by 3% for low-income countries and by 2.7% for lower middle-income countries; automation of trade and Customs processes would reduce trade costs on average by 2.2% for all countries; and ensuring the availability of trade-related information would generate cost savings of 1.5% on average for low and lower middle-income countries.

Simplification of formalities for transit can be considered from three angles: simplification of documentary requirements; simplification of procedures, and automation of processes. The separation into three perspectives is also pertinent as all measures to simplify formalities are interconnected and complement each other.

1. **Simplification of documentary requirements:**
   - 1.1. Minimization of the documentary requirements;
   - 1.2. Use of commercial or transport documents as transit declarations;
   - 1.3. Use of international Customs documents as transit declarations;
   - 1.4. Acceptance of copies.

2. **Simplification of procedures** - Pre-arrival information.


(1) **Simplification of documentary requirements**

According to both the RKC and the TFA, the documentary requirements for transit should be limited to the data necessary to identify the goods and meet the transit requirements. Simplification of documentary requirements is probably the primary step towards the overall simplification of Customs formalities for transit. Very often, the number of documents exceeds the data necessary for Customs to complete the transit procedure; documents duplicate the content of other documents. As a result, piles of unnecessary paperwork are

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collected and stored, generating a superfluous financial and administrative burden for both economic operators and Customs administrations. To ensure efficient and fast processing of goods in transit, the documentary requirements and other formalities should be minimized, and copies of documents should be acceptable. Moreover, commercial and transport documents used for transit declarations normally contain detailed information on the goods, and transit declarations duplicate the information provided in those documents. To save time, money and administrative effort, Customs administrations could consider accepting the commercial or transport documents as a transit declaration. The same applies to international Customs documents such as the TIR, ATA and CPD Carnets – Customs administrations could consider accepting international Customs documents as a way of promoting the establishment of paperless environments and the dematerialization of Customs data. All of the above recommendations for simplification of the documentary requirements apply to both paper-based and electronic data submission formats.

(1.1) Minimum documentary requirements for transit

As mentioned above, to ensure efficient and fast processing of goods in transit, Customs administrations should minimize documentary requirements and other formalities. The requirements should still be sufficient to identify the goods and ensure that all transit requirements are met.

Guidelines on documentary requirements:

<table>
<thead>
<tr>
<th>73. Customs administrations and other governmental agencies (OGAs) should reduce the data required for the transit declaration to the data necessary to identify the goods and means of transportation, and to ensure that the requirements of the Customs administration and OGAs are met.</th>
</tr>
</thead>
<tbody>
<tr>
<td>74. Customs administrations and OGAs should review the formalities and documentary requirements for transit with a view to minimizing their complexity.</td>
</tr>
<tr>
<td>75. Customs administrations are encouraged to create special favourable conditions and requirements, including submission of data, and simplified forms for transit operations for small and medium-sized enterprises (SMEs).</td>
</tr>
<tr>
<td>76. Customs administrations and OGAs should review the formalities and documentary requirements for transit with a view to harmonizing them with the regional and international requirements.</td>
</tr>
</tbody>
</table>

Relevant international agreements and standards:

WTO TFA, Article 11
6. Formalities, documentation requirements and Customs controls, in connection with traffic in transit, shall not be more burdensome than necessary to:
(a) identify the goods; and
(b) ensure fulfilment of transit requirements

WTO TFA, Article 10
1.1. With a view to minimizing the incidence and complexity of import, export, and transit formalities and to decreasing and simplifying import, export and transit documentation requirements and taking into account the legitimate policy objectives and other factors such as changed circumstances, relevant new information, business practices, availability of techniques and technology, international best practices and inputs from interested parties, each Member shall review such formalities and documentation requirements, and, based on the results of the review, ensure, as appropriate, that such formalities and documentation requirements are:
(a) adopted and/or applied with a view to a rapid release and clearance of goods, particularly perishable goods;
(b) adopted and/or applied in a manner that aims at reducing the time and cost of compliance for traders and operators;
(c) the least trade restrictive measure chosen, where two or more alternative measures are reasonably available for fulfilling the policy objective or objectives in question; and
(d) not maintained, including parts thereof, if no longer required.

RKC General Annex Chapter 3,
Standard 3.12
The Customs shall limit the data required in the Goods declaration to only such particulars as are deemed necessary for the assessment and collection of duties and taxes, the compilation of statistics and the application of Customs law.

TIR Convention
Article 49
This Convention shall not prevent the application of greater facilities which Contracting Parties grant or may wish to grant either by unilateral provisions or by virtue of bilateral or multilateral agreements, provided that such facilities do not impede the application of the provisions of this Convention, and in particular, TIR operations.

Harmonization Convention
Article 9
The Contracting Parties shall accept documents produced by any appropriate technical process, provided that they comply with official regulations as to their form, authenticity and certification, and that they legible and understandable.

Article 10
The Contracting Parties shall, wherever possible, provide simple and speedy treatment for goods in transit, especially for those travelling under cover of an international Customs transit procedure, by limiting their inspections to cases where these are warranted by the actual circumstances or risks.

(1.2) Use of commercial or transport documents for transit declarations
Commercial and transport documents used for transit contain enough information to identify the goods, whereas submission of declarations generates costs, both financial and administrative. Therefore, whenever possible, Customs administrations may accept the
commercial or transport documents as transit declarations, if all the necessary information required for Customs purposes is provided in these documents.

One of the examples of the use of a transport document being accepted as the Customs transit declaration is the CIM/SMGS transit consignment note that was adapted in 2006 and substantially decreased the administrative burden and time needed for railway transit between Europe and Asia.⁹

**Guidelines on the use of commercial or transport documents for transit declarations:**

| 77. | Customs administrations should accept commercial or transport documents (paper and/or electronic) for the transit declaration if the document meets all the Customs requirements. |
| 78. | Customs administrations are encouraged not to require the declarant to submit specific data on the transit declaration if the accompanying commercial or transport documents clearly cover the necessary particulars. |
| 79. | Governments are encouraged to work together with all relevant stakeholders to standardize different commercial and transport documents. |

*Relevant international agreements and standards:*

RKC Specific Annex E, Chapter 1

**Standard 6.**

Any commercial or transport document setting out clearly the necessary particulars shall be accepted as the descriptive part of the Goods declaration for Customs transit and this acceptance shall be noted on the document.

**Recommended Practice 7**

The Customs should accept as the Goods declaration for Customs transit any commercial or transport document for the consignment concerned which meets all the Customs requirements. This acceptance should be noted on the document.


Convention concerning International Rail Carriage (COTIF) of 1999.

CIM article 6§7

Agreement on International Goods Transport by Rail (SMGS) of 1951.

(1.3) **International Customs documents**

Internationally recognized Customs documents, such as the TIR and CPD Carnets, could be used by economic operators as national transit declarations. This measure would facilitate the transit procedure, and increase the attractiveness of the respective international

⁹ More information about CIM/SMGS unified consignment note can be found after this Section in Members’ Practice Section.
guarantees for economic operators. As an optional recommendation, Customs administrations may accept international Customs documents as national transit declarations even when the country is not a signatory to the respective international convention.

**Guidelines on the use of international Customs documents:**

80. Customs administrations should allow transit operators to use international transit documents such as TIR Carnets, CPD Carnets as national transit declarations, even if they are not contracting parties to the relevant international conventions.

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**Relevant international agreements and standards:**
- TIR Convention
- CPD Convention

(1.4) **Supporting documents**


Given the greater use of automated systems for Customs clearance, and the issues of cost efficiency and transit facilitation, this Recommendation strongly advocates the acceptance of electronic copies or electronic supporting documents for transit formalities. However, the introduction of electronic declaration systems that do not accept electronic copies of supporting documents does not bring the necessary facilitation effects for international trade in general and transit in particular.

**Guidelines on the supporting documents:**

81. Customs administrations and OGAs should identify and publish the list of required supporting documents that should accompany the transit declaration, and only keep those documents that are essential.

82. Customs administrations and OGAs should accept electronic copies or electronic supporting documents for transit formalities.

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**Relevant international agreements and standards:**
- RKC Specific Annex E, Chapter 1
- Standard 6.
Any commercial or transport document setting out clearly the necessary particulars shall be accepted as the descriptive part of the Goods declaration for Customs transit and this acceptance shall be noted on the document.

**Recommended Practice 7.**

The Customs should accept as the Goods declaration for Customs transit any commercial or transport document for the consignment concerned which meets all the Customs requirements. This acceptance should be noted on the document.

**Recommended Practice 7.**

The Customs should accept as the Goods declaration for Customs transit any commercial or transport document for the consignment concerned which meets all the Customs requirements. This acceptance should be noted on the document.

(2) **Simplification of procedures - pre-arrival transit declaration**

Simplification of procedures facilitates the processes that are in place to control transit operations. The essential instrument for expediting transit operations is the option for the economic operator to send – and the Customs administration to receive – information on the goods in transit prior to their arrival. Based on the information received the Customs administration can evaluate the risk profile of the operator and his or her goods, and take a balanced decision on any control measures needed.

The pre-arrival transit declaration is used as a safety and security measure before presenting goods at the point of entry. This practice should also apply to road and rail transit. The TFA and the RKC provide relevant provisions on the pre-arrival declaration and require the adoption of the necessary systems allowing prior lodging of transit documents. The WCO SAFE Framework of Standards can help Members implement the pre-arrival declaration mechanism. The package of documents related to the SAFE Framework of Standards is available on [http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/safe_package-for-new-site.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/safe_package-for-new-site.aspx)

**Guidelines on pre-arrival transit declaration:**

83. Customs administrations and OGAs should encourage the lodgement of transit declarations and supporting documents prior to the arrival of goods by any means of communication.

84. When national legislation obliges transit operators to submit an electronic transit declaration in advance, the time limit and other requirements should follow the standards and technical specifications of the WCO SAFE Framework of Standards.

**Relevant international agreements and standards:**

**WTO TFA**

Article 11

9. Members shall allow and provide for advance filing and processing of transit documentation and data prior to the arrival of goods.

**RKC General Annex Chapter 3**
National legislation shall make provision for the lodging and registering or checking of the Goods declaration and supporting documents prior to the arrival of the goods.

(3) Digitalization/automation of processes – Single Window

The proliferation of ICT keeps changing the world and the approaches to Customs administration. As the world becomes more digital, so should Customs. The WCO declared 2016 the year of Digital Customs, affirming once again that Customs administrations are not standing aside from the new technologies available for the implementation of Customs competences, and are applying them to ensure better control, revenue collection and statistics collection while securing global value chains from contemporary risks and threats, and contributing to greater facilitation of international trade. Abandoning the paper-based approach and switching to the digitalization and automation of Customs and other border-control processes will bring tangible benefits by reducing trade costs, increasing transparency and predictability, raising a country’s attractiveness in terms of foreign investments, and improving its overall image as reliable trade partner. According to the OECD, the savings in trade costs as a result of automation of Customs procedures will equal, on average, 2.2%.  

Customs administrations should seek every opportunity to simplify the formalities for transit, and apply such simplifications as much as possible. The WCO can help Customs administrations to facilitate existing procedures in line with the best available tools and instruments. The Single Window is one of the most well-known and efficient instruments for facilitation of procedures, moving to paperless processes, ensuring transparency and reducing costs for both traders and Customs when performing transit operations.

The Single Window, a well-known trade facilitation concept, will contribute to transit facilitation through increased transparency, optimized procedures, a reduced number of documents, and the shorter time required to complete transit requirements.

To support Customs administrations in their capacity building efforts, the WCO has developed a Single Window Toolbox that provides guidance for all stages of Single Window implementation. The Single Window Toolbox can be downloaded on: http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/single-window-guidelines.aspx

The WCO Data Model is a supporting tool for Single Window implementation, providing standardized requirements for the exchange of data which is of primary importance for a functioning Single Window. Data requirements need to be reviewed and updated to meet the changing needs of Customs administrations and economic operators.

**Guidelines on Single Window:**

85. Governments should establish and/or maintain Single Window enabling transit operators to submit transit declarations and other required documentation to the participating authorities or agencies through a single entry point.

86. To establish an effective Single Window which includes transit operations, Customs administrations should refer to the recommendations contained in the WCO Single Window Compendium.

87. The Single Window should ensure that the required documentation and/or data that have already been received through the Single Window should not be requested again by the participating authorities or agencies except under urgent circumstances.

88. Exceptional cases when the documentation received through the Single Window are required to be resubmitted should be specified and made publicly available.

**Relevant international agreements/standards:**

**WTO TFA**

**Article 10**

4.1. Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation or transit of goods through a single entry point to the participating authorities or agencies. After the examination by the participating authorities or agencies of the documentation and/or data, the results shall be notified to the applicants through the single window in a timely manner.

4.2. In cases where documentation and/or data requirements have already been received through the single window, the same documentation and/or data requirements shall not be requested by participating authorities or agencies except in urgent circumstances and other limited exceptions which are made public.

4.3. Members shall notify the Committee of the details of operation of the single window.

4.4. Members shall, to the extent possible and practicable, use information technology to support the single window.

**VPoA**

**Paragraph 51**

DCs (c). To scale up and implement trade facilitation initiatives such as single windows for documentation.

**UN/CEFACT Recommendations 33 and 35**

**Further WCO reading:**

Postal Pilot Transportation by Rail from China to Europe

Postal items transported by rail from the People’s Republic of China to Western Europe are seen as a tremendous opportunity for the member railways of the CIT, but also for the general development of global Internet trade (e-commerce). Goods can now be transported reliably within 10 to 15 days at a competitive price from the People’s Republic of China to Europe (EU and Switzerland) in transit on trans-Siberian corridors (Russian Federation) or on the Silk Road (Kazakhstan), and also in the opposite direction. In order to support the advanced planning, organization and execution of the pilot project to transport postal consignments, two Workshops were held in collaboration with the Universal Postal Union (UPU) and the CCTT, one in Bern (following the 19th Meeting of the CIM Committee on 17 March 2016), and one in Moscow (organized by the CCTT on 24–25 May). The use of CIT Freight transport products, and in particular the CIM/SMGS uniform consignment note, was clearly foremost in the seamless handling of these transports.

To ensure that this business model is successful for rail, the states and railway undertakings involved will have to work together very closely. The Universal Postal Union (UPU) and the CIT have prepared the necessary framework conditions concerning the transport law at expert level. In conjunction with the Coordinating Council on Trans-Siberian Transportation (CCTT), the two organizations are planning to provide legal support over the course of 2016 for pilot projects designed to promote the shipment of postal consignments from the People’s Republic of China to Europe. The parcel consignments will consist primarily of consignments that have been processed between the People’s Republic of China and Europe as a result of the upswing in e-commerce transactions (electronic trade) via the Internet. On 18 March 2016 at the UPU’s headquarters in Bern, the three international organizations (UPU, CIT and CCTT) signed a Memorandum of Understanding (MoU) to regulate the collaboration between the organizations in providing support for the planned pilot services.

There is great potential for postal consignments carried by rail between China and Europe in both directions. According to statements by the CCTT, the volume of postal traffic between the People’s Republic of China and the Russian Federation came to 64,000 tonnes in 2013, equivalent to about 8,000 containers. Furthermore, according to these calculations, a 10–15% annual increase is predicted, so that approx. 400,000 containers can be expected in transit from China to Europe. An initial pilot transport by China Post and Deutsche Post (DHL DE) of a container of postal consignments between Chongqing/China to Duisburg/Germany was successfully launched on 29 September to 13 October 2016 from China to Europe with the collaboration of the UPU and the CCTT. Recently, La Poste (France) also became affiliated with the project, which thus gives the project a pan-European
dimension. The main task in such experimental transports is to test the processing of Customs formalities – in particular at the external border of the EU.

Test container train Chongqing-Duisburg (29.09.16-13.10.16)

<table>
<thead>
<tr>
<th>Rail</th>
<th>Average speed</th>
<th>Distance</th>
<th>Travel time</th>
<th>Operators/Freight forwarders</th>
<th>Route</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRC</td>
<td>37km/h or 888 km/day.</td>
<td>3907 km</td>
<td>105 h 55 min</td>
<td>YuXinOu Logistics Company Ltd</td>
<td>Chongqing (29.09) - Alashankou (03.10)</td>
</tr>
<tr>
<td>KTZ</td>
<td>47 km/h or 1128 km/day.</td>
<td>2937 km</td>
<td>62 h 50 min</td>
<td>UTLC/ JSC RZD logistics/ KTZ Express</td>
<td>Dostyk (03.10) - Ilets (06.10)</td>
</tr>
<tr>
<td>RZD</td>
<td>41 km/h or 984 km/day.</td>
<td>2058 km</td>
<td>50 h 15 min</td>
<td>UTLC/ JSC RZD logistics</td>
<td>Kanisai (06.10) – Krasnoe (08.10)</td>
</tr>
<tr>
<td>Bel railway</td>
<td>17 km/h or 408 km/day.</td>
<td>609 km</td>
<td>35 h 10 min</td>
<td>UTLC/ JSC RZD logistics</td>
<td>Osinovka (08.10) – Brest (10.10)</td>
</tr>
<tr>
<td>PKP</td>
<td>Information requested</td>
<td>1160 km (Brest-Duisburg)</td>
<td>Information requested</td>
<td>DB CARGO POLSKA SA</td>
<td>Terespol (10.10) - Malashevichi (11.10)</td>
</tr>
<tr>
<td>DB AG</td>
<td>Information requested</td>
<td></td>
<td>Information requested</td>
<td>DB CARGO AG</td>
<td>Duisburg (13.10) - Niederaula (13.10)</td>
</tr>
</tbody>
</table>

Source: International Rail Transport Committee (CIT)
The International Rail Transport Committee (CIT) is currently preparing the legal and functional specifications of the CIM electronic consignment note and the CUV electronic wagon note at sector level based on the principle of functional equivalence (set out in Article 6 § 9 CIM). The CIT is also actively supporting RailData and the International Union of Railways (UIC) in the work involved in finalizing the technical specifications required for the e-RailFreight project. The objective is to digitalize the documents required for railway transportation, including transit, and ensure the electronic exchange of information. Currently the General Secretariat of the International Rail Transport Committee (CIT) is working together on clarification of the legal issues relating to the future recognition of the electronic consignment note by the national courts and other national authorities as evidence of the contract of carriage (Article 6 § 2 CIM).

In view of the preliminary status of the clarification work, the free appraisal of evidence by the national courts of the commercial transport documents is certainly possible (principle of freedom of contract), which implies that electronic signature (eSignature) is not mandatory means of authentication of the consignment note. The CIT has developed a solution for the unique consignment identifier that can be used as a security guarantee for the consignment note, this is confirmed as an appropriate and cost-effective option for CIT members.

The CIT has also completed the work on modernization of the CIT documents for freight traffic and the use of wagons, and has given the preference to better use of IT and the Internet. This has resulted in the introduction of new internal procedures within the CIT for the publication of documents and relevant update of the CIT website. The electronic version will be given absolute priority in the new presentation of the CIT documents for freight traffic and the use of wagons as from 1 January 2017.

Source: International Rail Transport Committee (CIT)
The common CIM/SMGS consignment note is one of the best examples of the use of the transport documents as customs transit declaration. It is a building bridge between different legal regimes of CIM and SMGS that eliminates the obstacles at the borders.

Originally CIM is a consignment note which is recognized by the Members of Intergovernmental Organisation for International Carriage by Rail (OTIF, http://www.otif.org), and SMGS – is an analogy document accepted by the Members of Organisation for Co-Operation between Railways (OSJD, http://www.en.osjd.org/). Generally speaking these two intergovernmental organizations come from two big parts of the Eurasian continent: OTIF – from Western and Central Europe, partially Middle East, and OSJD – Eastern Europe and Asia. Naturally, different transport and contract laws were applied by the Members of both organizations.
In 2006 the joint consignment note CIM/SMGS entered into force, having harmonized the transport and contract legislation. Thus, behind each CIM/SMGS consignment note there is contractual link between those involved into CIM/SMGS regions, and namely, the consignor, the consignee, and the carrier of the goods. The common CIM/SMGS consignment note provides greater legal certainty. Besides recognition by the Customs authorities of respective Member-countries, it is also accepted as bank document. It is used for block trains, wagon groups, single wagons or containers.

The document contains all necessary information of the consignor, consignee, type, weight, special features of the goods. Using the common CIM/SMGS consignment note means that all geographical points of intersection between the CIM and SMGS legal regimes and the carriers are defined. Transit procedure run smoothly and much easier. Without a common consignment note, the procedures for dispatching the goods would have to be repeated adding to higher time and financial costs.

The scope of application of common CIM/SMGS consignment note

The system works efficiently in paper and currently there are a lot of efforts made for digitalization of the railway transport sector. The cooperation between the EU Commission, OTIF, CER, CIT, and OSJD brings to the vivid results. There are concrete plans for the nearest future to ensure the functionality of the electronic CIM/SMGS consignment note. The new Union Customs Code provides for it (with the reference to the CIM part only). The “CIM/SMGS Consignment Note Manual”
The joint CIM/SMGS consignment note is widely used in all countries Members of both OTIF and OSJD. Particular success has been seen in the use of the CIM/SMGS consignment note by Kazakhstan Railways (KZH) for pilot shipments speaks in favour of the traffic axes to and from China being included in Appendix 1 of the GLV-CIM/SMGS and Appendix 6 to the SMGS as soon as possible. In accordance with information provided by Kazak Railways (KTZ), 5,620 transit shipments through Kazakhstan territory were processed in 2015 using the CIM/SMGS consignment notes. By comparison, in the first half of 2016 some 4,152 transit shipments had already been carried out using the CIM/SMGS consignment note.

Russian Railways (RZD) informed that from January to August 2016 a total of 21,982 shipments, including 34,348 containers, were carried out using the CIM/SMGS consignment note. Export-import shipments using the CIM/SMGS consignment note from/to Russia were carried out with Hungary, Germany, Poland, Romania, Serbia, Slovakia and the Czech Republic. The highest figures were in transport services with Romania: in terms of import shipments, 4,438 shipments\(^{11}\), including 976 containers and, in terms of export shipments, 1,253 shipments, including 848 containers, were carried out using the CIM/SMGS consignment note.

With regard to transport services with Germany, the CIM/SMGS consignment note was used for 359 import shipments, including 3,865 containers, and for 4,238 export container shipments. As far as transit services are concerned, 4,180 container shipments from China to Germany were carried out using the common CIM/SMGS consignment note.

According to Ukrainian Railways (UZ) 76,128 shipments were processed using the CIM/SMGS consignment note in 2015, out of which 56,939 were export shipments, 1,149 import shipments, and 18,040 transit shipments. Generally speaking, these figures indicate a 10% increase in the use of the common CIM/SMGS consignment note compared with 2014.

The way forward for further developments related to a common CIM/SMGS consignment note refer to digitalization and introduction of the electronic CIM/SMGS consignment note that will further facilitate the international trade via railway transport.

Source: International Rail Transport Committee (CIT)

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\(^{11}\) Explanatory note: the shipments by rail include containers and wagon loadings. Wagon loadings are not considered in this data.
6. Risk management

Customs administrations all over the world share similar concerns related to security risks, prevention of transit fraud and dealing with Customs debt. The ultimate goal for Customs is to adopt proper practices for systematic identification of the risks, and implement corresponding measures to reduce exposure to risk. Risk management is, therefore, the cornerstone of the entire Customs administration system. Proper risk management helps prevent a negative impact on Customs objectives from various potential events. It has been proven that, even if it were possible, 100% physical control of all consignments would not be effective. Customs should therefore develop risk profiles helping to focus on high-risk operators and consignments, ensure better compliance with legal and procedural requirements, and reduce financial costs and the time required to release goods. Low-risk consignments should not be excluded from the process of smooth cross-border flows. As an essential part of modern Customs control procedures, risk management helps balance Customs’ facilitation and security functions.

Risk management must be applied at each stage of the transit operation and direct the decision-making in each Customs administration, beginning with the submission of the transit declaration, identification of the amount of transit guarantee, revision of the information when it is submitted prior to arrival, and identification of the necessary control measures, etc. Intensive and inclusive cooperation and intelligence-sharing with the tax authorities and other border control agencies is necessary for optimal risk management.

The WCO carefully monitors new and evolving supportive instruments for Members which may be of use in the development and application of risk management, and has created a special toolbox for Risk Management available on: http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/risk-management-compendium.aspx

Risk management guidelines:

89. Customs administrations should develop and maintain a risk management system for Customs controls on transit in line with the WCO Risk Management Compendium.

90. Governments are encouraged to set up integrated risks management systems between all border control agencies involved both within a country and between neighbouring countries/countries who are parties to regional integration initiatives.

Relevant international agreements and standards:

WTO TFA, Article 7

4.1. Each Member shall, to the extent possible, adopt or maintain a risk management system for Customs control.

4.2. Each Member shall design and apply risk management in a manner as to avoid arbitrary or unjustifiable discrimination, or a disguised restriction on international trade.
4.3. Each Member shall concentrate Customs control and, to the extent possible other relevant border controls, on high-risk consignments and expedite the release of low-risk consignments. A Member also may select, on a random basis, consignments for such controls as part of its risk management.

4.4. Each Member shall base risk management on an assessment of risk through appropriate selectivity criteria. Such selectivity criteria may include, inter alia, the Harmonized System code, nature and description of the goods, country of origin, country from which the goods were shipped, value of the goods, compliance record of traders, and type of means of transport.

RKC General Annex Chapter 6

Standard 6.3.
In the application of Customs control, the Customs shall use risk management.

Standard 6.4.
The Customs shall use risk analysis to determine which persons and which goods, including means of transport, should be examined and the extent of the examination.

Standard 6.5.
The Customs shall adopt a compliance measurement strategy to support risk management.

TIR Convention

Article 5
Good carried under TIR procedure in sealed road vehicles, combinations of vehicles or containers shall not as a general rule be subjected to examination at Customs offices en route. However, to prevent abuses, Customs administrations may in exceptional cases, and particularly when irregularity is suspected, carry out an examination of the goods at such offices.

Harmonization Convention

Article 2
Aim: In order to facilitate the international movement of goods, this Convention aims at reducing the requirements for completing formalities as well as the number and duration of controls, in particular by national and international co-ordination of control procedures and of their methods of application.

Article 10
The Contracting Parties shall, wherever possible, provide simple and speedy treatment for goods in transit, especially for those travelling under cover of an international Customs transit procedure, by limiting their inspections to cases where these are warranted by the actual circumstances or risks.

Annex 9 Article 6 (2)
[the Customs] shall carry out Customs controls relying on the principle of selection on the basis of risk evaluation and management. As a general rule, if required information on the goods has been provided and if the goods are contained in a properly closed and sealed rolling stock unit, container, piggyback semi-trailer or wagon, physical examination shall not be carried out.

Further WCO reading:
7. Authorized Economic Operators (AEO)

The standard rules for transit operations may be subject to specific simplifications for operators meeting certain conditions: they should be regular users of transit arrangements, be known to Customs authorities as prudent and able to meet their obligations, and must not have committed any serious or repeated infringement of Customs and tax legislation. The WCO calls such operators “authorized economic operators” (AEO) in the SAFE Framework of Standards. The AEO programme aims to establish a partnership between Customs and the private sector, and ensure better safety and security of the international supply chain. It sets out the criteria by which businesses in the supply chain can obtain authorized economic operator status as a secure partner.

Although not specifically set out by the SAFE Framework of Standards, Customs administrations should ensure that operators involved in transit procedures can obtain AEO status and benefit from simplified transit procedures, such as the comprehensive guarantee or full guarantee waiver, the possibility of placing goods under the transit procedure without presenting them to the Customs authorities, the possibility of receiving the transit goods at a predefined place other than Customs premises, using their own seals, defining the itinerary, access to separate lanes and other infrastructure.


Guidelines on AEO in transit operations:

91. Governments should introduce the Authorized Economic Operators Programme in accordance with the WCO SAFE Framework of Standards and other relevant WCO tools and instruments.

92. Customs administrations should provide AEOs with facilitation benefits for transit operations under their AEO programmes. The benefits may include, but are not limited to, the:
   a) benefits listed in Annex IV to the WCO SAFE Framework of Standards;
   b) eligibility to set their own time-limit for delivery of transit goods to the place of destination;
   c) eligibility to affix their own seals that have been approved by the Customs administration;
   d) elimination or reduction of the guarantee amount for transit;
   e) possibility of carrying out transit operations without presenting the goods and the transit declaration at the office of departure (authorized consignor);
   f) possibility of receiving the goods at their premises or at any other specified place
without presenting the goods and the transit declaration at the office of destination (authorized consignee);

Relevant international agreements and standards:

WTO TFA

Article 7

7.1. Each Member shall provide additional trade facilitation measures related to import, export or transit formalities and procedures, pursuant to paragraph 7.3, to operators who meet specified criteria, hereinafter called authorized operators. Alternatively, a Member may offer such trade facilitation measures through Customs procedures generally available to all operators and is not required to establish a separate scheme.

7.2. The specified criteria to qualify as an authorized operator shall be related to compliance, or the risk of non-compliance, with requirements specified in a Member’s laws, regulations or procedures.

a. Such criteria, which shall be published, may include

(i) an appropriate record of compliance with Customs and other related laws and regulations;
(ii) a system of managing records to allow for necessary internal controls;
(iii) financial solvency, including, where appropriate, provision of a sufficient security/guarantee; and
(iv) supply chain security

b. Such criteria shall not:

(i) be designed or applied so as to afford or create arbitrary or unjustifiable discrimination between operators where the same conditions prevail; and

(ii) to the extent possible, restrict the participation of small and medium-sized enterprises.

7.3. The trade facilitation measures provided pursuant to paragraph 7.1 shall include at least three of the following measures:

(a) low documentary and data requirements as appropriate;
(b) low rate of physical inspections and examinations as appropriate;
(c) rapid release time as appropriate;
(d) deferred payment of duties, taxes, fees and charges;
(e) use of comprehensive guarantees or reduced guarantees;
(f) a single Customs declaration for all imports or exports in a given period; and

(g) clearance of goods at the premises of the authorized operator or another place authorized by Customs.

7.4. Members are encouraged to develop authorized operator schemes on the basis of international standards, where such standards exist, except when such standards would be an inappropriate or ineffective means for the fulfilment of the legitimate objectives pursued.

7.5. In order to enhance the trade facilitation measures provided to operators, Members shall afford to other Members the possibility of negotiating mutual recognition of authorized operator schemes.

7.6. Members shall exchange relevant information within the Committee about authorized operator schemes in force.

RKC General Annex Chapter 3

Transitional Standard 3.32.

For authorized persons who meet criteria specified by the Customs, including having an appropriate record of compliance with Customs requirements and a satisfactory system for managing their commercial records, the Customs shall provide for:

- release of the goods on the provision of the minimum information necessary to identify the goods and permit the subsequent completion of the final Goods declaration;
• clearance of the goods at the declarant's premises or another place authorized by the Customs;
and, in addition, to the extent possible, other special procedures such as:
• allowing a single Goods declaration for all imports or exports in a given period where goods are imported or exported frequently by the same person;
• use of the authorized persons’ commercial records to self-assess their duty and tax liability and, where appropriate, to ensure compliance with other Customs requirements;
• allowing the lodgement of the Goods declaration by means of an entry in the records of the authorized person to be supported subsequently by a supplementary Goods declaration

RKC Specific Annex E Chapter 1
Recommended Practice 5.
The Customs should approve persons as authorized consignors and authorized consignees when they are satisfied that the prescribed conditions laid down by the Customs are met.

TIR Convention Annex 9
Part II para 1
The minimum conditions and requirements to be complied with by persons wishing to have access to the TIR procedure are:
(a) Proven experience or, at least, capability to engage in regular international transport (…).
(b) Sound financial standing.
(c) Proven knowledge in the application of the TIR Convention.
(d) Absence of serious or repeated offences against Customs or tax legislation.
(e) An undertaking in a written declaration of commitment to the association that the person:
   (i) will comply with all Customs formalities required under the Convention at the Customs offices of departure, en route and of destination.
   (ii) will pay the sums due (…) if requested to do so by the competent authorities;
   (iii) will, as far as national legislation permits, allow associations to verify information on the above minimum conditions and requirements.

Further WCO reading:
Simplified procedures for authorised consignors and consignees in European Union

Simplified procedure of authorized consignor

Persons wishing to carry out transit operations without presenting the goods which are the subject of the transit declaration at the office of departure or in any other authorized place may be granted the status of authorized consignor.

This simplification of authorized consignor shall be granted solely to persons authorized to use a comprehensive guarantee, or who have been granted a guarantee waiver, who meet the following conditions:

a) the applicant is established in the Customs territory of the country/European Union,
b) the applicant declares that he or she will regularly use the transit arrangements;
c) the applicant fulfils the Authorized Economic Operator criteria laid down in Article 39(a), (b) and (d) of the Union Customs Code:
   - the absence of any serious infringement or repeated infringements of Customs legislation and taxation rules, including no record of serious criminal offences relating to the economic activity of the applicant;
   - the demonstration by the applicant of a high level of control of his or her operations and of the flow of goods, by means of a system of managing commercial and, where appropriate, transport records, which allows appropriate Customs controls;
   - with regard to the authorization referred to in point (a) of Article 38(2) of the Union Customs Code, practical standards of competence or professional qualifications directly related to the activity carried out.

Simplified procedure of authorized consignee

Persons wishing to receive goods moved under the Union transit procedure at an authorized place, may be granted the status of authorized consignee to end the transit procedure.

This simplification of authorized consignee shall be granted to applicants who declare that they will regularly receive goods that have been placed under a Union transit procedure and who meet the following conditions:

a) the applicant is established in the Customs territory of the country/European Union,
b) the applicant declares that he or she will regularly use the transit arrangements;
c) the applicant fulfils the Authorized Economic Operator criteria laid down in Article 39(a), (b) and (d) of the Union Customs Code:
   - the absence of any serious infringement or repeated infringements of Customs legislation and taxation rules, including no record of serious criminal offences relating to the economic activity of the applicant;
   - the demonstration by the applicant of a high level of control of his or her operations and of the flow of goods, by means of a system of managing commercial and, where appropriate, transport records, which allows appropriate Customs controls;
   - with regard to the authorization referred to in point (a) of Article 38(2) of the Union Customs Code, practical standards of competence or professional qualifications directly related to the activity carried out.
Both authorizations shall only be granted if the Customs authority considers that it will be able to supervise the European Union transit procedure and carry out controls without an administrative effort disproportionate to the requirements of the person concerned.

Source: the EU Commission, DG TAXUD
8. Customs seals and other security measures

Customs administrations should take all necessary actions to ensure the integrity of the consignment during the transit operation. As a rule, the transit guarantee serves the function of guarantee against losses of deferred payments of Customs debt and duties. Subject to certain specifications in order to ensure the integrity of the goods, Customs should affix Customs seals on the means of transport. In some cases, the transit operation should be taking place under Customs seal, but the transport unit may not be suitable for this and hence cannot be properly sealed. In such cases, the measures referred to in Standard 12 of the RKC are alternative solutions for ensuring Customs security. These measures are:

- full examination of the goods and recording the results thereof on the transit document;
- affixing Customs seals or fastenings to individual packages;
- a precise description of the goods by reference to samples, plans, sketches, photographs, or similar means, to be attached to the transit document;
- stipulation of a strict routing and strict time limits; or
- Customs escort or convoy (for road transport).

When strict security measures are applied on permanent basis, without differentiation of measures for high-risk or low-risk consignments, they create an additional administrative and financial burden on both Customs and operators. Moreover, the risk of corruption increases when strict security measures such as Customs convoys or escorts are applied. The same applies to the use of road checkpoints - being remote from the centre, they may be used inappropriately and have an adverse impact on the smooth movement of transit goods.

The RKC provides the framework of standards and recommended practices in relation to the application of Customs seals and other security measures.

The Transit Guidelines provide recommendations for the following matters related to the customs seals and other security measures:

1) General principles for the use of Customs seals and other security measures;
2) Specific provisions on Customs seals;
3) Electronic Customs seals (not covered by the RKC);
4) Security measures for loading units (not covered by the RKC);
5) Prescribed time limit and transit itinerary;
6) Customs convoys and escorts;
7) Road checkpoints.
(1) General principles for the use of Customs seals and other security measures

According to the RKC, the transit guarantee and strict security measures such as Customs convoys or escorts are mutually exclusive practices – whenever a guarantee is provided, Customs convoys or escorts should not be applied. In exceptional cases, or at the request of the operator, Customs convoys and escorts can be applied. The issue of fees has already been addressed; however, it should be noted that Customs convoys or escorts should not be subject to fees when applied in addition to the Customs guarantee.

The repository of the Customs seals should be made available to Customs officers for the purposes of control and validation of the seals affixed by other Customs administrations.

Guidelines on general principles for the use of Customs seals and other security measures:

93. Once the office of departure affixes Customs seals or applies other security measures to transit goods, other offices en route should not impose any additional restrictions on the goods.

94. The office of departure should take all necessary actions to enable the office of destination and offices en route to monitor and verify the integrity of the consignment and the Customs seal, and to detect any unauthorized interference.

95. Seals affixed by consignors, shippers and transporters can be recognized as Customs seals if these seals are approved by Customs administrations.

96. The office of departure, in principle, should use Customs seals to ensure the integrity of the transit goods. Other security measures should be used only in cases in which Customs seals are not sufficient to ensure the integrity of the transit goods.

97. The office of departure should not apply additional security measures to ensure the integrity of transit goods outside those required by the risk level.

98. When the guarantee on transit goods has been deposited, the office of departure should not apply any security measures, with the exception of Customs seals, in order to respond to concerns over revenue.

99. Customs administrations are encouraged to exchange samples of seals.

Relevant international agreements and standards:

WTO TFA, Article 11
7. Once goods have been put under a transit procedure and have been authorized to proceed from the point of origination in a Member's territory, they will not be subject to any Customs charges nor unnecessary delays or restrictions until they conclude their transit at the point of destination within the Member's territory.

RKC Specific Annex E Chapter 1

Standard 8.
The Customs at the office of departure shall take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorized interference.

Recommended Practice 9.
Subject to the provisions of other international conventions, the Customs should not generally require that transport-units be approved in advance for the transport of goods under Customs seal.

Standard 12
If a consignment is, in principle, to be conveyed under Customs seal and the transport-unit cannot be effectively sealed, identification shall be assured and unauthorized interference rendered readily detectable by:

- full examination of the goods and recording the results thereof on the transit document;
- affixing Customs seals or fastenings to individual packages;
- a precise description of the goods by reference to samples, plans, sketches, photographs, or similar means, to be attached to the transit document;
- stipulation of a strict routing and strict time limits; or
- Customs escort.

TIR Convention

Article 22.

(2) Specific provisions for Customs seals

According to Specific Annex E, Chapter 1, Standard 8, “The Customs at the office of departure shall take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorized interference.” For this purpose, Customs administrations quite often apply Customs seals. The seals are important protection mechanisms for Customs administrations, and in order to serve their function they should correspond to the minimum requirements for Customs seals set out in Specific Annex E, Chapter 1 of the RKC. The acceptance of foreign seals remains a challenge in some regions, which may generate additional costs for operators. The RKC also addresses the mutual acceptance and recognition of foreign seals, and strongly recommends them for transit facilitation purposes. Thus, Recommended Practice 17 of Specific Annex E, Chapter 1 states: “Customs seals and identification marks affixed by foreign Customs should be accepted for the purposes of the Customs transit operation unless: they are considered not to be sufficient; they are not secure; or the Customs proceed to an examination of the goods. When foreign Customs seals and fastenings have been accepted in a Customs territory, they should be afforded the same legal protection in that territory as national seals and fastenings.”
Guidelines on specific provisions on Customs seals:

100. Customs seals and fastenings used in Customs transit should fulfil the minimum requirements laid down in the Appendix to Chapter 1, Specific Annex E to the RKC and other relevant international conventions and agreements.

101. Customs seals and identification marks affixed by foreign Customs should be accepted for the purposes of the Customs transit operation unless:
   a) they are considered to be insufficient;
   b) they are not secure;
   c) they have been tampered with; or
   d) Customs decides to inspect the goods.

102. Information on Customs seals and identification marks should be shared in advance with the offices en route as well as the office of destination.

Relevant international agreements and standards:

RKC, Standard 16.
Customs seals and fastenings used in the application of Customs transit shall fulfil the minimum requirements laid down in the Appendix to this Chapter.

Recommended Practice 17.
Customs seals and identification marks affixed by foreign Customs should be accepted for the purposes of the Customs transit operation unless
- they are considered not to be sufficient;
- they are not secure; or
- the Customs proceed to an examination of the goods.

When foreign Customs seals and fastenings have been accepted in a Customs territory, they should be afforded the same legal protection in that territory as national seals and fastenings.

TIR Convention.
Container Convention.

(3) Electronic Customs seals

The electronic Customs seal (e-Customs seal)/electronic cargo tracking system is a newly developed technology whereby traditional Customs seals are equipped with a special mechanism for online tracking of the means of transport to which the Customs seals are affixed. E-Customs seals ensure the complete electronic monitoring of the goods and vehicles from the Customs office of departure to the Customs office of destination along the
whole transit route. E-Customs seals are based either on radio frequency identification (RFID) or global positioning system (GPS) technology. The principle involves fixing a tracking device or electronic seal to the vehicle or goods that transmits a signal showing current location to Customs in real-time format. The messages are sent directly via the e-tracking system or as an SMS/text message or e-mail. The transit vehicle is supposed to move along the designated route and any deviation from the route is immediately reflected in the system. The use of e-transit/e-tracking systems by Customs administrations is voluntary, and they can be used when affixing ordinary seals is not efficient. However, e-transit/e-tracking systems have a positive influence on the level of compliance with legal and procedural requirements, the quality of control and risk management, and on the increased transparency and predictability of transit procedures, providing a productive background for both Customs-to-business cooperation and cross border cooperation.

Guidelines on electronic Customs seals:

103. Customs administrations should not oblige transit operators to affix an electronic Customs seal, except in cases in which ordinary Customs seals are not sufficient to ensure the integrity of the transit goods.

104. When Customs administrations oblige transit operators to affix an electronic Customs seal, Customs should not collect administrative/processing fees for the use of the seal, apart from the cost of the seal itself. When an electronic seal is requested by the transit operator, Customs administrations may collect fees for it from the operator.

105. Customs administrations are encouraged to develop regional electronic Customs seals to be used for transit operations in the region, as replacing the electronic Customs seal with another seal at the border could give rise to delays.

(4) Security measures for loading units

The measures to secure and facilitate transit flows focus not only on procedures, infrastructure and appropriate risk management, but also on control over the security of the loading units, such as containers, swap bodies, and semi-trailers. It is much more difficult to control bulky goods as these make it easier to conceal or smuggle the goods. These Guidelines therefore focus on the loading units that can be sealed. Sealing ensures the integrity of the goods since it is possible to close and secure the container from unauthorized access or from tampering without leaving visible traces. Annex 4 of the UN/IMCO Customs Convention on Containers (1972) sets out standards on sealing containers. Annexes 2-7 of the TIR Convention set out the standards and procedures for control and approval of the sealing of containers. The guidelines on security measures for loading units are based on these Conventions.
Guidelines on security measures for loading units:

106. Governments are encouraged to promote the use of containers and other transport equipment that can be secured by Customs seals (in contrast to bulky goods).

107. The transport equipment should be constructed and equipped in such a manner that:
   - no goods can be removed from, or introduced into, the sealed part of the transport equipment without leaving visible traces of tampering or without breaking the Customs seal;
   - Customs seals can be simply and effectively affixed to them;
   - they contain no concealed spaces where goods may be hidden;
   - all spaces capable of holding goods are readily accessible for Customs inspection.

108. Governments should refer to Annex 4 of the Customs Convention on Containers (1972) and Annexes 2-7 of the TIR Convention for the detailed special technical conditions for securing the integrity of loading units.

Relevant international agreements and standards:

Customs Convention on Containers (1972), Annex 4
TIR Convention, Annexes 2-7

(5) Prescribed time limit and itinerary

Goods under transit need to be carried to the office of destination by an economically justified itinerary. Prescribing the time limit and itinerary is a way for Customs administrations to ensure the integrity of the transit consignment and prevent possibilities for fraud along the transit route. However, when prescribing the time limit and itinerary, the main issue to be considered by Customs should be proportionality of the prescribed time and route.

Guidelines on prescribed time and itinerary:

109. A prescribed time limit can be used as an additional security measure along with the Customs seal.

110. When Customs administrations set a time limit for Customs transit, it should be sufficient for the purposes of the transit operation.

111. Once the time limit has been fixed by the office of departure, it should not be changed by other offices en route, except for some exceptional cases.
112. When setting a time limit, Customs administrations should consider regulations relevant to transit operations, such as working hours and mandatory rest periods for drivers of road vehicles.

113. Where the transit goods are presented at the office of destination or Customs office of entry after expiry of the time limit, and the delay is due to circumstances which are not attributable to the transit operator, the operator should be deemed to have complied with the prescribed time limit.

114. Customs may set a prescribed itinerary only in cases where the prescribed time limit and other measures are not enough to ensure the successful performance of the transit operation.

115. Customs administrations should allow transit operators to change the prescribed itinerary if the operators have a sound reason to do so. The changes should be notified to all relevant Customs offices involved in the transit operation as quickly as possible.

Relevant international agreements and standards:

RKC Specific Annex E Chapter 1

Standard 13.
When the Customs fix a time limit for Customs transit, it shall be sufficient for the purposes of the transit operation.

Standard 15.
Only when they consider such a measure to be indispensable shall the Customs:
(a) require goods to follow a prescribed itinerary; or
(b) require goods to be transported under Customs escort.

TIR Convention
Article 20.

(6) Customs escorts and convoys

According to the survey on transit conducted by the WCO Secretariat in August-September 2016, Customs escorts and convoys are mostly applicable to transit in developing countries, whereas developed countries rely on the efficiency of the guarantee systems and results of the risk analysis, and do not apply additional Customs convoy or escort measures.

The RKC underlines the mutually exclusive nature of the Customs convoy and the Customs guarantee, and sets out the framework under which the convoy can be applied. The combination of other security measures, such as the Customs guarantee, a prescribed transit itinerary and time, and sealing of the consignment should be applied under normal
circumstances. Customs convoys and escorts should be an exceptional measure, given the high risk of corruption when Customs convoys or escorts are used.

Guidelines for the use of Customs escorts and convoys:

116. Customs administrations may use a Customs escort or convoy only in cases where:
   a) the loss of transit goods en route would create an imminent risk for the safety and security of the Customs territory;
   b) other security measures are not applicable because of the type of transit goods or transport unit;
   c) the transit operator requests a Customs escort or convoy.

117. When the Customs administration applies a Customs escort or Customs convoy due to the high level of risk, it should not charge fees for the Customs escort or Customs convoy. Only when the operator specifically requests the use of a Customs escort or convoy should it be considered an extra service and subject to fees.

118. Information about the fee for a Customs escort or convoy should be reflected in national Customs legislation and be made publicly available.

Relevant international agreements and standards:

WTO TFA
Article 11
15. Each Member may require the use of Customs convoys or Customs escorts for traffic in transit only in circumstances presenting high risks or when compliance with Customs laws and regulations cannot be ensured through the use of guarantees.

RKC Specific Annex E Chapter 1
Standard 13.
When the Customs fix a time limit for Customs transit, it shall be sufficient for the purposes of the transit operation.

Standard 15.
Only when they consider such a measure to be indispensable shall the Customs:
(a) require goods to follow a prescribed itinerary; or
(b) require goods to be transported under Customs escort.

TIR Convention
Article 23
The Customs authorities shall not require road vehicles, combinations of vehicles or containers to be escorted at the carriers' expense on the territory of their country except in special cases.
(7) Road checkpoints
Despite the availability of the legally prescribed measures recommended by the RKC, some Customs administrations and other control agencies in developing countries, such as the police or phytosanitary agencies, establish road checkpoints. Transit operators lose time from unnecessary repeat controls. Moreover, such practices have an adverse effect on transit operations by creating the grounds for corruption. Instead, the other security measures discussed above should be applied, and significant attention should be paid to the development of efficient guarantee mechanisms and risk management.

Guidelines on the use of road checkpoints:

119. Governments are encouraged to conduct all necessary controls on transit goods at the office of departure or border crossing points, and should not establish any road checkpoints.

Relevant international agreements and standards:

WTO TFA, Article 11
7. Once goods have been put under a transit procedure and have been authorized to proceed from the point of origination in a Member's territory, they will not be subject to any Customs charges nor unnecessary delays or restrictions until they conclude their transit at the point of destination within the Member's territory.
### Regional Electronic Cargo Tracking System implemented by Uganda, Kenya and Rwanda

#### Background

The Revenue Authorities of the East African Community (EAC) Northern Corridor member states of Kenya Uganda and Rwanda individually acquired different electronic Cargo Tracking Systems (ECTS). This individual approach was however not sustainable due to the following reasons:

- Many vendors, who provided the same service, but with a different approach. This resulted into unharmonized service standards and hence affect service delivery.
- Arming & disarming of the electronic seals at the Partner States territorial borders. This was time wasting and added costs.
- Poor information/intelligence sharing on high risk transits across borders. This resulted into rampant Transit diversion and hence Revenue loss.
- Dis-jointed transit monitoring across the corridor increased the cost of enforcement incurred by the Revenue authorities across the corridor.
The above stated challenges were detrimental to the regional drive to improve economic competitiveness and therefore informed the Northern Corridor Infrastructure Summit 2014 directive to harmonize the e-monitoring of Transit cargo to enable seamless flow. Among the many systems in use along the corridor, the Electronic cargo tracking systems that was procured in Uganda had succeeded to reduce the average transit time by about 50%, resulting into savings on cost in terms of time and money to the private sector.

It is the above statistics that informed the Revenue Authorities of the three Northern Corridor member States to extend the Electronic monitoring system procured in Uganda to the Republics of Kenya and Rwanda. The Regional ECTS system is supplied by BSMART Technology SDN BHD from Malaysia and funded by Trademark East Africa (TMEA). It shall be fully implementation by July 2017.

Regional Electronic Cargo tracking system is intended to achieve the following:

- Enable an end-to-end monitoring of transits along the Northern Corridor;
- Harmonize regional approach to e-monitoring, so that it is Less tedious, less cumbersome;
- Reduced cost (time & money) of doing business, especially at border crossing points and hence attain a better Trade environment;
- Real-time detection of transit violations and coordinated Rapid Responses. – Better enforcement; and
- Better information sharing & exchange across borders to improve enforcement controls.

How the system works?

- The electronic seal containing a Simcard and a power battery with a shelf life of either 60, 30 or 7 Days. This seal is securely attached onto the target and activated in the monitoring platform.
- Using the satellite and GSM technology, the real-time geographical location of the Transit is viewed in the monitoring Centers manned by the Revenue authorities.
- There is a data center with servers, where this data is stored and utilized by government and the private sector in the course of Monitoring.

Central Monitoring Centers
These are locations in Nairobi, Kampala and Kigali where the Officers monitor the movement of Transits under electronic surveillance. Any Transit violation attracts an audible alert in the monitoring Centers. In case of an Alert, the Staff communicate to Truck drivers or the field Rapid Response units that get to the violation scenes in record time.

Smart Gate Operations
The automated gate operations to enable automatic reconciliation and Bond cancelation of Transits upon crossing territorial borders. These shall be linked to the Customs systems of the Revenue Authorities.

Automatic Number Plate Recognition Technology (ANPR)
This is to enable real time monitoring and an audit trail of transits moving along the gazetted Transit routes, as opposed to the physical check points. They shall be located at Strategic
The Benefits to all the key stakeholders

a) The Revenue Authorities:
   i. Better end to end monitoring of Transit across the Northern Corridor
   ii. Reduced enforcement administrative costs incurred by the revenue Authorities
   iii. Improved voluntary compliance
   iv. Improved Revenue collection

b) The Private Sector.
   i. Reduced clearance time
   ii. Reduced cost of doing business (in terms of time and money)
   iii. Enhanced cargo security
   iv. Improved real time monitoring

c) To The Government
   i. Better Coordination and cooperation between Government Agencies at intra, Inter and international level.
   ii. Improved resource allocation, sharing and utilization
   iii. Improved service delivery
   iv. Better investment climate
   v. A competitive Economic Region, and hence
   vi. Improved living standards

Source: Uganda Customs Administration
### UNECE online register of customs sealing devices and customs stamps

The UNECE TIR secretariat has developed and maintains the UNECE online register of customs sealing devices and customs stamps with the aim to provide authorized customs officers with an online tool to verify the authenticity of foreign customs sealing devices and customs stamps used in the framework of the TIR procedure.

Until 2008, the register was an annual publication in paper format. Since then, it has been replaced by an online register, which provides real-time up-to-date information to customs officers in the field, thus ensuring smoother border crossing procedures. The TIR secretariat maintains and updates the register in accordance with a mandate from the TIR Executive Board (TIRExB) on the basis of information provided by customs administrations.

At present, the register contains sketches and descriptions of customs sealing devices and customs stamps of 54 Contracting Parties to the TIR Convention, 1975, in English, French and Russian. Customs administrations of TIR Contracting Parties interested in getting access to the online register are invited to contact the TIR secretariat.

Source: UNECE
9. Coordinated border management

Transit operations by nature involve multiple regulatory requirements imposed by government agencies other than Customs. Different border control agencies such as Customs, phytosanitary agencies, radiation agencies, transport authorities, food safety agencies and railway authorities (in the case of rail transit) pursue their own procedural interests, and failure to coordinate those actions can add to the time delays and raise the costs of transit.

Coordinated border management (also referred to by other sources as ‘integrated border management’ or ‘border agency cooperation’) together with coordinated risk management can significantly decrease the time spent at the border, through coordinated control procedures. Coordinated border management (CBM) is even more effective when it ensures coordination not just on one side of the border (i.e. coordination of the agencies in one state/Customs territory), but provides for joint controls and inspections with the regulatory agencies of neighbouring countries. In other words, CBM may be national and envisage coordination of border control procedures in one country or Customs territory; or CBM can be bilateral and be arranged by countries/Customs territories with common land borders.

Article 8 of the TFA regulates border agency cooperation (i.e. CBM), and requires both national border authorities/agencies and those of neighbouring countries to cooperate with each other and coordinate border control, for instance through the alignment of working days and hours, harmonization of procedures and formalities, development and sharing of common facilities, joint controls, and establishment of one stop border post (OSBP) control. The General Annex to the RKC lays down the principle that the Customs inspection of goods should take place in coordination with the inspections performed by other competent authorities. The SAFE Framework of Standards takes the same approach as the TFA and the RKC.

The WCO has developed a new Coordinated Border Management (CBM) Compendium, aiming to help WCO Members in their attempts to develop and implement CBM in their countries by incorporating best practices identified in different areas of CBM. The Compendium provides comprehensive and detailed guidance on effective coordination at borders, and can be downloaded on: [http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/safe_package-for-new-site.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/safe_package-for-new-site.aspx).

Guidelines on CBM for transit operations are provided below:

1) General principle;
2) Institutional arrangements for coordination;
3) Alignment of working hours and days;
4) Joint controls;
5) One Stop Border Post (OSBP).
(1) General principle

The general principle of CBM is mutual cooperation in carrying out the usual duties and obligations.

Guidelines on the general principle of CBM:

120. Governments should foster mutual cooperation between their Customs administration and other competent government agencies and other governments responsible for border controls and procedures related to the transit of goods.

121. Governments should cooperate with neighbouring governments to coordinate procedures at border crossings and facilitate transit operations.

Relevant international agreements and standards:

WTO TFA, Article 8
1. Each Member shall ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade.
2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade.

Such cooperation and coordination may include:
(a) alignment of working days and hours;
(b) alignment of procedures and formalities;
(c) development and sharing of common facilities;
(d) joint controls;
(e) establishment of one stop border post control

WTO TFA, Article 11
16. Members shall endeavour to cooperate and coordinate with one another with a view to enhance freedom of transit. Such cooperation and coordination may include, but is not limited to an understanding on:
(a) charges;
(b) formalities and legal requirements; and
(c) the practical operation of transit regimes

VPoA
Paragraph 26: LLDCs and transit countries
(c) To enhance coordination and cooperation of national agencies responsible for border and Customs controls and procedures between them and with the respective agencies in transit countries.

Harmonization Convention
Article 4
The Contracting Parties shall undertake, to the extent possible, to organize in a harmonized manner the intervention of the Customs services and the other control services.

(2) Institutional arrangements for coordination

In line with TFA implementation, governments need to coordinate border control agencies through their national committee on trade facilitation, in which the Customs administration should play the prominent role.

Guidelines on institutional arrangements for CBM:

122. Governments should coordinate transit operation activities between different border control agencies, in particular through the national committee on trade facilitation.

123. Customs administrations should play a prominent role in the national committee on trade facilitation in order to create effective transit regimes.

124. Governments should appoint a national transit coordinator to steer all enquiries and proposals from other governments related to the good functioning of transit operations. Governments are encouraged to appoint the Customs administration as the national transit coordinator.

Relevant international agreements and standards:

WTO TFA, Article 11
17. Each Member shall endeavour to appoint a national transit coordinator to which all enquiries and proposals by other Members relating to the good functioning of transit operations can be addressed.

WTO TFA, Article 23
2. National Committee on Trade Facilitation
Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.

VPoA
Paragraph 51
LLDCs (a) To establish or strengthen, as appropriate, national committees on trade facilitation, with the involvement of all relevant stakeholders, including the private sector.

(3) Alignment of working hours and days

Alignment of working time is a necessary prerequisite for efficient cross-border cooperation. Differences in the working hours of border control agencies in neighbouring countries should not prevent the smooth flow of goods in transit.
Guidelines on alignment of working hours and days:

125. Governments should align the working days and hours of all competent agencies responsible for border control and procedures related to transit.

126. Governments should cooperate with the governments of neighbouring countries to establish common working days and hours.

Relevant international agreements and standards:

WTO TFA, Article 8
2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:
(a) alignment of working days and hours;
(b) alignment of procedures and formalities;
(c) development and sharing of common facilities;
(d) joint controls;
(e) establishment of one stop border post control

RKC General Annex Chapter 3,
Standard 3.3.
Where Customs offices are located at a common border crossing, the Customs administrations concerned shall correlate the business hours and the competence of those offices.

TIR Convention
Article 45
Each Contracting Party shall cause to be published the list of the Customs offices of departure, Customs offices en route and Customs offices of destination approved by it for accomplishing TIR operations. The Contracting Parties of adjacent territories shall consult each other to agree upon corresponding frontier offices and upon their opening hours.

Harmonization Convention
Article 7

(4) Joint controls

Joint control is the operational part of the CBM which can significantly facilitate the transit trade. The recognition of the results of the risk management analysis should be mutually accepted. Joint control based on joint or mutually recognizable risk management systems will help to reduce the time and costs of transit operations, as well as increase the efficiency of Customs operations and help to accumulate better quality statistical data.
Guidelines on joint controls:

127. If the transit goods need to be inspected by multiple border agencies, the inspection should be carried out at the same place and time.

128. Governments are encouraged to give Customs administrations the legal authority to conduct inspections on transit goods on behalf of other border control agencies, when specific expertise is not required.

129. Governments are encouraged to plan joint controls, considering resource sharing and exchange of the intelligence data between Customs administrations and OGAs.

130. Governments should cooperate with the governments of neighbouring countries to conduct joint controls on transit goods. Governments are encouraged to recognize the results of controls and risk management activities carried out by other governments in order to avoid unnecessary multiple inspections on the transit goods.

Relevant international agreements and standards:

WTO TFA, Article 8
2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade.

Such cooperation and coordination may include:
(a) alignment of working days and hours;
(b) alignment of procedures and formalities;
(c) development and sharing of common facilities;
(d) joint controls;
(e) establishment of one stop border post control

RKC General Annex Chapter 3
Transitional Standard 3.4.
At common border crossings, the Customs administrations concerned shall, whenever possible, operate joint controls.

Harmonization Convention
Article 7.

(5) OSBP

The one-stop border post (OSBP) is a holistic facilitation and integration instrument for coordination of border controls both within one country and between neighbouring countries. It covers a comprehensive framework of soft and hard infrastructure, policy, and approaches to intra-state and cross-border control on compliance with legal and procedural requirements. The scope of the OSBP is much broader than joint Customs control, which is why it is discussed separately in a specific paragraph of these Guidelines.
The establishment of a OSBP is a political decision that is often taken within an ongoing CBM process. The detailed OSBP Sourcebook was recently developed by a group of experts from more than 20 international and regional organizations.

The main characteristics of the OSBP are:

1. Thorough legal and institutional framework in the form of regional or bilateral agreements;
2. Political support;
3. Harmonized procedures for overall border control;
4. Common physical infrastructure and joint facility management;
5. Common or interoperable IT systems for data exchange;
6. Joint or interoperable risk management systems;
7. Joint controls by Customs and other border control agencies.

**Guidelines on the OSBP:**

131. Governments should seek to establish a one stop border post (OSBP) for effective transit operations, using existing references such as the One Stop Border Post Sourcebook.

**Relevant international agreements and standards:**

**WTO TFA, Article 8**

2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:

   (a) alignment of working days and hours;
   (b) alignment of procedures and formalities;
   (c) development and sharing of common facilities;
   (d) joint controls;
   (e) establishment of one stop border post control

**RKC General Annex Chapter 3**

**Transitional Standard 3.5.**

Where the Customs intend to establish a new Customs office or to convert an existing one at a common border crossing, they shall, wherever possible, co-operate with the neighbouring Customs to establish a juxtaposed Customs office to facilitate joint controls.

**VPoA**

**Paragraph 51.**

LLDCs and transit countries (c) To effectively implement integrated border management systems and strive to establish one-stop border posts, where appropriate, with neighbouring landlocked or transit developing countries to allow for the joint
processing of legal and regulatory requirements, with a view to reducing clearance times at borders, while fully utilizing the tools for trade facilitation developed by international organizations to build national capacity.

**Further reading:**

10. Hard infrastructure and equipment

Border infrastructure is a vital element for reducing border congestion. Inadequate infrastructure is often a major obstacle to the establishment of efficient transit transport systems. Even if Customs procedures are simplified and effective, the smooth movement of transit goods requires quality infrastructure. Good quality infrastructure presupposes many constituent parts, including paved roads, electricity and water facilities, security issues, etc. For railway transit, the infrastructure challenges include changes in railway track gauges at some border crossings, adding to time costs. In relation to the facilitation of road transit, and especially at border crossings with high traffic, the infrastructure should include separate lanes for different types of cargo and different risk profiles, separate parking spaces for dangerous goods, dedicated infrastructure for perishable and time-sensitive goods, as well as special procedures for abnormal or wide vehicle loads. Such infrastructure will correspond to those required by the TFA: WTO Members should “make available, where practicable, physically separate infrastructure (such as lanes, berths and similar) for traffic in transit”.

Frequent electric power failures and a weak Internet connection may severely hinder services at the border. The use of alternative sources of energy should therefore be considered by governments to ensure the smooth flow of goods through borders. Other utilities, such as water and communications, are equally important for normal work at the border. The challenges of particularly remote border posts in dry areas should be seriously addressed by governments. Moreover, when the basic utilities are provided, water and energy-saving equipment should also be installed.

Guidelines on setting up efficient infrastructure for transit:

132. Governments should plan and establish separate infrastructure for different types of traffic, and ensure that transit goods are not prevented from flowing smoothly.

133. Governments are encouraged to establish separate infrastructure for passengers and transit goods.

134. Governments are encouraged to establish separate infrastructure for different types of risks, and ensure separate lanes for green and red corridors.

135. Governments should endeavour to use alternative sources of energy, such as solar and wind energy, as well as backup energy sources, to ensure the smooth flow of goods in transit. Water and energy-saving equipment should be installed in particularly vulnerable and remote areas.

Relevant international agreements and standards:
WTO TFA, Article 11

5. Members are encouraged to make available, where practicable, physically separate infrastructure (such as lanes, berths and similar) for traffic in transit.

VPoA

Paragraph 32 LLDCs and transit developing countries:

(a) To develop and implement comprehensive national policies for infrastructure development and maintenance, encompassing all modes of transportation, and to ensure that they are well coordinated with the transit countries in the areas where transit infrastructures intersect;

(b) To collaborate to promote sustainable and resilient transit systems through, inter alia, regular upgrading and maintenance, development of corridors along transit highways, developing border-crossing mechanisms, including one-stop border crossings, as appropriate, and promoting economies of scale for transport systems through intermodal transport development, dry ports or inland container depots, trans-shipment facilities and similar logistic hubs.
“Transito” is a NCTS-based Customs transit initiative, implemented at the (EU-external) border between Switzerland and Germany. The goal of its implementation is, that transit documents will no longer have to be issued at the border, as they will already have been issued before (inland), in order to speed up the transit procedure (and respective clearance times) at the border. When transit documents have already been issued beforehand, truck drivers are now able to use dedicated “transit lanes” and to remain in their vehicles (similar to a “drive-in” desk) while the necessary documentation handling (transit clearance for “import” and “export”) is carried out by both (Swiss and German) Customs services.

The first Transito site (see attached photos) has just recently (2013/14) been opened at the Swiss/German Border Crossing Point Basel/Weil am Rhein-Motorway. If a truck driver with an already issued and valid (NCTS) transit document approaches the border, he will first perform (EU-) transit “export” clearance with German Customs at the German “Transito” booth, and afterwards he will drive to the Swiss “Transito” booth (approx. 100 m further down the lane), where the Swiss transit “import” procedure takes place.

In the “old” system, truck drivers had to park their vehicles in all cases, in order to get their...
transit documents Customs-cleared by Swiss and German Customs in the stationary Customs office called the Transit Import- (respectively the Transit Export-) Building.

**Impact of initiatives/practices:**
- Reduction of dangerous and economically costly traffic jams on the motorway;
- Faster clearance of transit consignments (clearance time per truck in transit has dropped by 50 %);  
- Less parking space needed for trucks with transit consignments (they no longer need to park);
- Possibility of reallocation of available human resources (because fewer Customs staff are occupied with the issuing of transit documents at the border).

Source: Swiss Customs Administration
E-queue system Go-Swift in Estonia

This innovative service was developed in order to answer the problems created by traffic jams of vehicles waiting to cross the EU border from Estonia into Russia.

Context
Until the start of the queue management service in Estonia in 2011, vehicles queued for kilometres and kilometres before they could reach the border. The traffic situation had been an issue for over 10 years, and was such that the waiting time could reach 5 to 6 days during peak season. The traffic was largely due to heavy goods vehicles, but was impacting indifferently businesses, tourists and local inhabitants.

Under the initiative of the Ministry of Interior, Customs, the Border Guards and local authorities agreed to launch the development of an innovative initiative which could improve the situation without the need for a huge investment in the infrastructure of the border crossing points. The main objective was to ensure seamless movement of goods and people across the border without compromising on security requirements.

The specific goals of the project were: 1) to get rid of black market of queue slots, 2) to offer predictable crossing time and 3) to offer the opportunity to wait away from the border. Security aspects were also part of the main goals: the introduced registration process help to improve the risk analysis of vehicles and cargo crossing the border. The last but not least goal was to improve the environmental conditions, both locally in terms of waste, noise and exhaust gases, but also overall in terms of CO2 emissions due to idling vehicles.

GoSwift is a public partnership operating the queue management service at the Estonian border crossing points. Since August 2011, all vehicles crossing the border between Estonia and Russia are legally imposed to register through the GoSwift service and wait at the designated border waiting areas. The service is in place at the three border crossing points between Estonia and Russia.

Impact of the introduction of the service for all stakeholders
The situation at the Estonian border has changed dramatically following the mandatory introduction of the booking and queueing service. The waiting times have decreased sharply,
from an average of 60 hours to around 2 to 3 hours. Through the introduction of waiting areas, traffic queues have disappeared from the immediate border vicinity, improving local traffic, especially in the border town of Narva.

Thanks to the border waiting areas especially operated for the service, drivers can wait safely before they are allowed to drive to the border. Security of vehicles and cargo is ensured, whilst road safety around the border is no longer jeopardized by the lanes of idling trucks. Noise and harmful emissions are also moved outside of populated area, and the waste management is facilitated by the operation of the waiting areas. Truck drivers can use the waiting areas to manage efficiently their driving and resting time, which improves their safety and their productivity.

Journey planning has been facilitated through the availability of predictable and reliable border crossing time. Drivers can book their crossing time via multiple channels (website, call centre, self-service terminal at the waiting areas), all available 24/7 in multiple languages (English, Estonian, Russian). They can be informed via SMS of their waiting time. Real time information on the number of vehicles waiting offers drivers the opportunity to decide on a different journey via another crossing point where the waiting time is shorter.

Finanically, the service is based on a pay per use basis, thus generating revenues and jobs replacing the underground economy that is usually occurring at the borders.

The benefits from the overall improvement of border traffic conditions have been shared with all users. Tourists from Russia visiting Estonia have been encouraged to travel more often over the border, benefiting from the opportunity to book a timeslot on the way back, which dramatically reduced the journey time, for instance between Tallinn and St. Petersburg.

The innovative queue management services also allowed to manage priorities efficiently, for trucks carrying perishable goods, thus enabling new cross-border business opportunities. A Virtual Green Lane for Authorised Economic Operators has also been included.

**Border crossing process**

The booking system allows users to choose an available crossing time or to see how many vehicles are in the queue and how long it will take to process. Vehicles can plan their journey and wait far away from the border or at designated waiting areas. They can be notified online or by SMS of their real-time crossing time.

The waiting areas provide facilities and services for drivers including self-service terminals to access the booking system, secure parking for vehicles, restaurants, toilets, showers, free Wifi etc.

The registration to the service allows the customs and border guards to receive information in advance, which in turns greatly improves their capacity to perform risk analysis.

**Why it was different?**

The innovative starting point of this initiative was to make a smart use of existing infrastructure, contrary to the traditional option of increasing the size of the infrastructure to increase its capacity. This in itself would be worth spreading internationally, as countries are facing increasing difficulties to sustain financially their transport infrastructure.

The innovative queue management service allows an efficient spreading of the traffic peaks, and acts as a demand management tool. Indeed, through the pre-booking function and the availability of real-time traffic information, the queue management service supports the change of behaviour of users, and invites them to plan in advance or come at less busy
times.

On top of this, the pay per use framework allows to potentially adjust the fee requested to cover the cost of the infrastructure.

The queue management service is open to all on the same basis. Priorities are handled easily by the service operator, and are available for local inhabitants, for the trade of perishable goods, or for various kinds of emergency.

Following the success of the Estonian border queue management project, the same queuing service has been implemented at 5 Lithuanian border crossing points and at one Finnish border point with Russia.

Vaalimaa Border Crossing Point (Finland), equipped with GoSwift service.

Šalčininkai border crossing point (Lithuania), equipped with GoSwift
Go Swift Website
https://www.eestipiir.ee/yphis/index.action?request_locale=en:

GoSwift Estonian Border Service landing page

Select your vehicle group

A  Motorcycle
B  Car
BC  Car with goods
C  Truck with goods
D  Bus
CE  Empty truck

Estonian Border Service: Vehicle group selection

Select border crossing point

Narva checkpoint
Koidula checkpoint
Luhamaa checkpoint
Estonian Border Service: BCP Selection

Select your border crossing time

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Estonian Border System: time slot selection

Select your border crossing time

12 vehicles
in the queue in front of you

Estimated waiting time for the border crossing is 12h

NB! The estimated waiting time of your border crossing may shift forward or backward! If you are late your reservation will be canceled.

Select your border crossing time

Estonian Border System: Virtual live queue booking
Example of SMS messages received by the drivers of the vehicles waiting to cross the border

Source: Estonian Customs Administration
11. Transparency and anti-corruption

The importance of the transparency of the requirements for transit Customs procedures is highlighted by the RKC, the Arusha Declaration and the TFA. The preamble of the Arusha Declaration states that “integrity is a critical issue for all nations and for all Customs administrations and that the presence of corruption can severely limit Customs capacity to effectively accomplish its mission”. Article 1 of the TFA sets out the principles for easy and non-discriminatory access to information related to procedures, applied rates, fees and charges, rules for classification, lists of sensitive goods, any restrictions and prohibitions, and all related laws and agreements. A lack of transparency can spawn corruption, which in turn can reduce growth and the volume of trade, prevent reliable traders from carrying out their business activity, interfere with revenue collection, reduce foreign investment, and ultimately make consumers pay inflated prices, further preventing economic growth. Introduction of clear, transparent procedures, and provision of all necessary information for traders in easily accessible form and well in advance, is therefore a crucial task for Customs administrations. Fighting corruption should become the national priority, and governments should develop programmes to this end for Customs administrations and other border control agencies. Closer cooperation with the private sector, introduction of functioning means of communication for reporting on abuses of power and corruption, facilitation and automation of processes are all necessary steps towards efficient and effective transit procedures. Customs administrations should commit to the implementation of the provisions of Arusha Declaration:

Guidelines are provided below on:

1) Transparency;
2) Anti-corruption; and
3) Cooperation with the private sector.

(1) Transparency

Guidelines on ensuring transparency:

136. Governments should ensure that all relevant information on transit operations is made publicly available, is free of charge and easily accessible to all transit operators, in line with the WCO Transparency and Predictability Guidelines and the WCO Arusha Declaration.

137. The information to be disclosed on transit operations should include:
   a) transit procedures (including port, airport, and other entry-point procedures) along with the required forms and documents;
   b) fees and charges imposed by or on behalf of governmental agencies on or in connection with importation, exportation or transit;
c) contact information on enquiry points;
d) import, export or transit restrictions or prohibitions;
e) list of sensitive goods;
f) penalty provisions for breaches of import, export, or transit formalities
g) procedures for appeal or review;
h) general rules applicable to Customs convoys or Customs escorts; and
i) information on guarantees, including single or multiple transaction guarantees where applicable.

Relevant international agreements and standards:

Arusha Declaration
The whole text.

WTO TFA, Article 1
1.1 Each Member shall promptly publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders, and other interested parties to become acquainted with them:
   (a) procedures for importation, exportation, and transit (including port, airport, and other entry-point procedures), and required forms and documents;
   (b) applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;
   (c) fees and charges imposed by or for governmental agencies on or in connection with importation, exportation or transit;
   (d) rules for the classification or valuation of products for Customs purposes;
   (e) laws, regulations, and administrative rulings of general application relating to rules of origin;
   (f) import, export or transit restrictions or prohibitions;
   (g) penalty provisions for breaches of import, export, or transit formalities;
   (h) procedures for appeal or review;
   (i) agreements or parts thereof with any country or countries relating to importation, exportation, or transit; and
   (j) procedures relating to the administration of tariff quotas.
1.2 Nothing in these provisions shall be construed as requiring the publication or provision of information other than in the language of the Member except as stated in paragraph 2.2.

WTO TFA, Article 6
1.2. Information on fees and charges shall be published in accordance with Article 1. This information shall include the fees and charges that will be applied, the reason for such fees and charges, the responsible authority and when and how payment is to be made.

WTO TFA, Article 11
14 Each Member shall make publicly available the relevant information it uses to set the guarantee, including single transaction and, where applicable, multiple transaction guarantee.
15 Each Member may require the use of Customs convoys or Customs escorts for traffic in transit only in circumstances presenting high risks or when compliance with Customs laws and regulations cannot be ensured through the use of guarantees. General rules applicable to Customs convoys or Customs escorts shall be published in accordance with Article 1.

RKC General Annex Chapter 9
Standard 9.1.
The Customs shall ensure that all relevant information of general application pertaining to Customs law is readily available to any interested person.

Standard 9.2.
When information that has been made available must be amended due to changes in Customs law, administrative arrangements or requirements, the Customs shall make the revised information readily available sufficiently in advance of the entry into force of the changes to enable interested persons to take account of them, unless advance notice is precluded.

Transitional Standard 9.3.
The Customs shall use information technology to enhance the provision of information.

Standard 9.4.
At the request of the interested person, the Customs shall provide, as quickly and as accurately as possible, information relating to the specific matters raised by the interested person and pertaining to Customs law.

Standard 9.5.
The Customs shall supply not only the information specifically requested but also any other pertinent information which they consider the interested person should be made aware of.

Standard 9.6.
When the Customs supply information, they shall ensure that they do not divulge details of a private or confidential nature affecting the Customs or third parties unless such disclosure is required or authorized by national legislation.

Standard 9.7.
When the Customs cannot supply information free of charge, any charge shall be limited to the approximate cost of the services rendered.

Standard 9.8.
At the written request of the person concerned, the Customs shall notify their decision in writing within a period specified in national legislation. Where the decision is adverse to the person concerned, the reasons shall be given and the right of appeal advised.

Standard 9.9.
The Customs shall issue binding rulings at the request of the interested person, provided that the Customs have all the information they deem necessary.

VPoA
Paragraph 52: Transit countries
(e) To ensure transparency in border crossings, Customs and transit transport rules, regulations, fees and charges and to accord non-discriminatory treatment so that the freedom of transit of goods is guaranteed to landlocked developing countries.

(2) Anti-corruption

Corruption in transit, unfortunately, remains a widespread problem. Governments should therefore develop an effective national integrity programme to free all border control agencies from corruption. The detailed steps are set out in the WCO Arusha Declaration, the Integrity Development Guide, the Model Code of Ethics and Conduct, and other relevant tools and instruments. Other steps are recommended, such as establishment of a national audit body, and setting up confidential telephone hotlines on which claims can be submitted.

Guidelines on anti-corruption measures:

<table>
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<th>138. Governments should develop, strengthen and implement an effective national integrity programme to ensure that Customs administrations and other regulatory agencies are free of corruption, in accordance with the WCO Arusha Declaration, the Integrity Development Guide, the Model Code of Ethics and Conduct, and other relevant tools and instruments.</th>
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<tr>
<td>139. Governments are encouraged to strengthen internal control systems relating to the aspects of Customs that have to do with transit.</td>
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<tr>
<td>140. Governments are encouraged to strengthen the capacities and resources of national supervisory/auditing bodies to enable effective and regular controls to be carried out.</td>
</tr>
</tbody>
</table>

Relevant international agreements and standards:

- **Arusha Declaration**
  
The whole text.
  

Further WCO reading:

1. Integrity Development Guide,
   

2. Model Code of Ethics and Conduct,
   
(3) Cooperation with the private sector on ensuring transparency

The private sector is often afraid to speak openly about the problems related to corruption. However, it is first and foremost the private sector that can make a difference and put an end to arbitrary practices. Governments should create conditions for economic operators to report on cases of corruption through confidential telephone hotlines.

Guidelines on cooperation with the private sector on ensuring transparency:

141. Governments should establish communication systems, such as telephone hotlines and/or electronic assistance services, enabling the private sector, civil servants and the public in general to obtain essential information and report cases of corruption.

Relevant international agreements and standards:

Arusha Declaration

One of the largest and most productive projects of Brazilian Customs throughout its history, the Customs Manuals Project (PMA, Projeto Manuais Aduaneiros), was initially launched in June 2008, featuring at that time 2 electronic manuals in its scope - Import and Export manuals – counting on only two work groups.

**18 internal e-manuals, 10 public manuals, 13 teams, 100 staff workers**

**SITUATION BEFORE THE PROJECT**

Before the project the customs officials did not have any manual or official guidance system for their work. Customs throughout the country used different procedures to accomplish similar tasks, while doubts and uncertainties permeated the daily routine of customs officials.

Foreign trade players such as importers, exporters, carriers and warehouse operators used to apply the legislation according to their own interpretation or guidance from local customs officers. This situation inevitably brought to discrepancies between the procedures applied in different units of a single national institution. Customs legislation was referred to as a “patchwork”, in reference to the wide variety and number of acts involved, as well as to frequent changes in such regulations. In addition to laws, decrees, normative instructions, ordinances, declaratory acts, there were different implementing rules, notes, consultation solutions, normative opinions and work orders etc. Apparently, both the customs officials and the traders needed a systematic and organized guidance. Naturally the foreign trade is a dynamic field and the response to possible changes in international trade realities should be promptly addressed and administered. The adjustments to the legislation were often necessary in order to avoid unjust treatment and not to interrupt the flow of goods.

Furthermore, the intelligence information was not consistent and reliable. Customs efforts in combating "piracy" (counterfeiting) of imported or exported products depended on isolated initiatives of some officials who did not have even a database of the most common counterfeited trademarks to which they could compare suspicious goods. There was also no register of trademark owners that could facilitate the verification process and information submission to the relevant company about the falsification of their trademark.

The travellers who were going to or coming from abroad did not have detailed guidance on customs procedures or simply the rules applicable to the luggage.

The situation was characterised by huge losses of time and efforts, multiple errors, insecurity, lack of efficiency and uniformity. Due to all relevant problems that caused the absence of guidance for both Customs and private sector, the decision was taken to change that situation and provide all parties involved into international trade and crossing the frontier by goods and people.
There were created 13 dedicated teams of 100 staff workers in total who developed 18 internal and 10 public e-manuals.

**SITUATION TODAY**

After nine years of work, the PMA manages 18 internal e-Manuals and 10 external manuals (for public) on the website of Brazilian Federal Revenue Service. Seven new manuals are under development.

Statistics shows that about 60% of the customs-related operations are provided nowadays with relevant manuals. This gives the external public a reliable and detailed guidance on the diverse range of issues related to Brazil Customs and its procedures.

There are presented several snapshots below of the existing Manuals that available for all customs officials of Brazil and the participants of international trade:

**Portal of e-Manuals (internal):**

![Portal of e-Manuals (internal)](image1)

**Portal of e-Manuals (internal):**

![Portal of e-Manuals (internal)](image2)
Portal of e-Manuals (external):
(website of Brazilian Federal Revenue Service):
http://idg.receita.fazenda.gov.br/orientacao/aduaneira/manuais

The experienced and knowledgeable workforce is required to manage and update all Manuals. The decentralized units of Brazilian Internal Revenue Service played a great role in this project, and sent the best staffers to the project teams. There are currently 13 project teams: import, export, customs transit, temporary admission, customs control, surveillance and repression, baggage, drawback, fight against interposition, management of bonded areas, special regime for the oil industry, ATA-carnet and AEO, involving 100 people including developers, supervisors, members, collaborators and technicians. The PMA does not only provide the customs authorities of the whole country with reliable and comprehensive guidance material for customs matters, but also promotes the integration and cooperation of the main customs units, which greatly increases the efficiency of information exchange.

LEGISLATION

The difficulties previously encountered in applying the legislation do no exist anymore. Both the customs officials and the traders have necessary manuals. Each Manual presents all applicable legislation in a well-structured way. If additional information is necessary it is possible to check it following the direct links to the applicable norms. The publication of regulatory and guiding acts is now reduced due to the availability of the relevant information in the manuals. Now there is a single source of informations which is logically organized and user friendly. In addition to the guidance purpose, the customs manuals contain mandatory content for customs officials, which eliminates the need to produce numerous internal regulations, as it happened before.
Today the Customs procedures throughout the whole country are clear and uniform, and the customs officers have a direct and immediate access to them. The Manuals are organized and in the following way and contain the following sections:

- **Topics** – deals with applicable procedures and all relevant legislation on the subject concerned.
- **Surveillance Practices** – provides practical experience of customs officers from the whole the country; alerts and intelligence information are organized by classification codes of the good.
- **Q&A** – presents practical situations in the form of questions and answers, making it clear to the system user how to proceed.
- **Document Templates** – presents the samples on how the documents should look like and how they shall be filled in.
- **Trainings** – provides full courses on some subjects for those officers who would like to deepen their knowledge.

**PIRACY FIGHTING**

The Internal Revenue Service has issued a Manual on Piracy Fighting, an unprecedented initiative by its nature, since it is a comprehensive information system necessary to combat counterfeiting (trademark counterfeiting). The system is available to customs officials in the whole the country and enables the inspectors to take measures easier and more effectively against counterfeiting during the import or export operations. For example, the system provides the following information:

- **Guia MARCAS** (Trademark tab): provides information, tips, images that were provided by the trademark owners in order to facilitate the identification of counterfeit products. This is a reserved area available only to officers with special assignments. The system is self-explanatory and guides the user on how to access the required information.

- **Guia CONTATOS** (Contacts tab): provides contact information of about 700 Trademarks and their Representatives in the country, enabling and facilitating the communication between the customs authority and the representatives of the brand concerned.

**TRAVELER’S GUIDE**

The Traveler's Guide is a Manual for people traveling to or from Brazil. The manual answers the most common questions relevant for travellers: airport entry and exit procedures, baggage dispatch, etc. The great success of the guide is attributed to its bright and attractive format, colourful illustrations and texts in clear and simple language.

**HARMONIZATION AND INTEGRATION**

The PMA promotes integration and harmonization between the National Directorate and the decentralized units at the border. The decentralized units provide up-to-date information and best practices to be considered when developing the manuals for the customs officers and traders. Their practical inputs also help refining the legislation and modernizing customs services.

Source: Customs Administration of Brazil
12. Partnership with business

Although already mentioned in the previous section in relation to cooperation between Customs and the private sector on increasing integrity in Customs and other border control agencies, the partnership between Customs and business is not limited to this field only. The private sector, as the main generator of economic development in any country, should be more actively involved in the legislative processes, and governments should consider opinions and suggestions from the private sector on optimization of the existing procedures. Article 2 of the TFA highlights the importance of commentary from all interested parties on new laws or amendments to rules on the movement, release and clearance of goods, including goods in transit. General Annex 1, Standard 1.3 of the RKC states:

“The Customs shall institute and maintain formal consultative relationships with the trade to increase co-operation and facilitate participation in establishing the most effective methods of working commensurate with national provisions and international agreements.”

Therefore, Customs administrations should seek cooperation with the private sector and move towards a more-client oriented approach to economic operators.

Guidelines on Customs–business partnership:

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<td><strong>142.</strong></td>
<td>Governments should provide the private sector with opportunities to participate in the development of laws and regulations related to the movement of goods in transit as early as possible.</td>
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<td><strong>143.</strong></td>
<td>Governments should give the private sector sufficient opportunity and adequate time to comment on the proposed introduction or amendment of laws and regulations of general application related to the movement of goods in transit.</td>
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<tr>
<td><strong>144.</strong></td>
<td>When governments design, modify and review policies and procedures on transit, they should provide micro, small, medium-sized or similar operators with enough opportunity to reflect their views on the policies and procedures.</td>
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<td><strong>145.</strong></td>
<td>Customs Administrations should develop a Customs-Business Partnership programme to improve the effectiveness of transit in accordance with the WCO Customs-Business Partnership Guidance.</td>
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<tr>
<td><strong>146.</strong></td>
<td>Governments should develop procedures for review and for appealing against administrative decisions related to transit.</td>
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Relevant international agreements and standards:

WTO TFA, Article 2
1.1. Each Member shall, to the extent practicable and in a manner consistent with its domestic law and legal system, provide opportunities and an appropriate time period to traders and other interested parties to comment on the proposed introduction or amendment of laws and regulations of general application related to the movement, release and clearance of goods, including goods in transit.

1.2. Each Member shall, to the extent practicable, and in a manner consistent with its domestic law and legal system, ensure that new or amended laws and regulations of general application related to the movement, release and clearance of goods, including goods in transit are published, or information on them made otherwise publicly available, as early as possible before their entry into force, in order to enable traders and other interested parties to become acquainted with them.

1.3. Changes to duty rates or tariff rates, measures that have a relieving effect, measures the effectiveness of which would be undermined as a result of compliance with paragraphs 1.1 or 1.2, measures applied in urgent circumstances, or minor changes to domestic law and legal system are each excluded from paragraphs 1.1 and 1.2.

2. Each Member shall, as appropriate, provide for regular consultations between its border agencies and traders or other stakeholders located within its territory.

WTO TFA, Article 4

1. Each Member shall provide that any person to whom Customs issues an administrative decision has the right, within its territory, to:

   (a) an administrative appeal to or review by an administrative authority higher than or independent of the official or office that issued the decision;

   and/or

   (b) a judicial appeal or review of the decision.

RKC General Annex 1

Standard 1.3.

The Customs shall institute and maintain formal consultative relationships with the trade to increase co-operation and facilitate participation in establishing the most effective methods of working commensurate with national provisions and international agreements.
13. Performance measurement

The efficiency of Customs performance in relation to transit facilitation can be measured by the following means:

1. Time Release Study, a comprehensive WCO instrument for measuring border processing times;
2. application of performance indicators for implementation of Article 11 of the TFA developed by the WCO and other international organizations, such as the OECD Trade Facilitation Indicators (TFIs).

Following an overview of the instruments available for performance measurement in the field of transit facilitation, some general guidelines are given in relation to steps to be taken by governments and Customs administrations to monitor their progress in ensuring the freedom of transit.

1. Time Release Study

According to the WCO Development Compendium, the term “performance measurement” usually refers to the continuous gathering of data from specific functional areas. It concerns the ongoing monitoring and reporting of a Customs administration’s progress towards reaching its organizational goal. In the context of transit, performance measurement is useful for demonstrating the effectiveness of transit operations and identifying bottlenecks preventing the smooth movement of transit cargoes.

The TFA encourages Members to measure and publish their average release times. The WCO Time Release Study (TRS) is referred to explicitly in the TFA. The TRS is a unique tool and method for measuring the performance of Customs activities directly relating to trade facilitation at the border.

The TRS thereby measures relevant aspects of the effectiveness of operational procedures carried out by Customs and other regulatory actors in the standard processing of imports, exports and in-transit movements. It seeks to accurately measure these elements of trade flows, so that related decisions aimed at improving performance can be properly elaborated and successfully carried out.

The third chapter of the TRS Guide identifies five key objectives of TRS, which are (a) identifying bottlenecks in the international supply chain and/or constraints affecting Customs release, (b) assessing newly introduced and modified techniques, procedures, technologies and infrastructure, or administrative changes, (c) establishing baseline trade facilitation performance measurement, (d) identifying opportunities for trade facilitation improvements, and (e) estimating the country’s approximate comparative position as a benchmark tool.
2. Performance indicators

The WCO Development Compendium defines a performance indicator as the relevant measure of a critical component relating to the performance of a Customs core function, expressed as a percentage, index, rate or other tangible or evidence-based comparison, which is monitored at regular intervals. The WCO has developed performance indicators concerning the implementation of the TFA. The main objective of these indicators is to encourage WCO Members to conduct a quick self-assessment to check their preparedness for implementation of the TFA. The indicators for Article 11 of the TFA are set out in the box below.

<table>
<thead>
<tr>
<th>Performance indicators for quick self-assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes/No Question</strong></td>
</tr>
<tr>
<td>Do you have transit procedures which allow the movement of goods within your Customs territory without requiring the payment of duties?</td>
</tr>
<tr>
<td><strong>Quantitative indicators</strong></td>
</tr>
<tr>
<td>Number of transit entry declarations per year.</td>
</tr>
</tbody>
</table>

There are many performance indicators, developed by international organizations or regional cooperation bodies. One notable indicator regarding transit operations is Corridor Performance Measurement and Monitoring (CPMM), which has been used to evaluate trade flows in the Central Asia Regional Economic Cooperation (CAREC). CPMM supports policy reforms to improve transport links and facilitate trade between CAREC’s ten countries. It identifies bottlenecks, unofficial costs and other impediments to the smooth flow of goods. CPMM provides four trade facilitation indicators (TFIs) which are: (1) Time to clear a border crossing (hours), (2) Costs incurred at a border crossing clearance, (3) Costs incurred to travel a corridor section, and (4) Average travelling speed. CAREC has produced a CPMM Annual Report to observe trends, and CPMM continues to provide policymakers and the private sector with critical information on the causes of delays and unnecessary costs of moving goods along the six CAREC corridors.

The OECD has, moreover, developed TFIs based on 16 indicators and 98 variables. The OECD draws the value of its variables from publicly available data, with facts checked with the government concerned. The TFIs includes 4 indicators focusing on transit operations.
### TFI - Transit-specific Indicators

**Indicator (M) - Transit fees and charges**

| Availability of information on transit fees and charges | (0) Information on transit fees and charges is not published |
| Prior publication of transit fees and charges | (1) Information is available in paper publications |
| | (2) Information is displayed on the Customs website |
| Prior publication of transit fees and charges | (0) There is no prior publication of changes to fees and charges |
| | (1) Information on changes is published in advance |
| | (2) Information on changes is published in advance on the Customs website |
| Periodic review of fees and charges and adaptation to changed circumstances | (0) There is no periodic review of fees and charges |
| | (1) Fees and charges are reviewed periodically (at least biennially) |
| | (2) Fees and charges are reviewed periodically (annually or more frequently) |
| Evaluation of transit fees and charges | (0) Transit fees and charges are calculated on an ad-valorem basis |
| | (2) Transit fees and charges are not calculated on an ad-valorem basis |

**Indicator (N) – Transit Formalities**

| Information on transit formalities and documentation | (0) There is insufficient information published on procedures, forms and documents required to make a shipment |
| | (1) There is sufficient information published |
| | (2) There are summary guides and/or specific highlights on these topics |
| Periodic review and adaptation to changed circumstances | (0) There are no periodic reviews of documents and procedures |
| | (1) Documents and procedures are reviewed periodically (at least biennially) |
| | (2) Documents and procedures are reviewed and adapted to changed circumstances (annually or more frequently) |
| There are physically separate border-crossing facilities/infrastructures for transit | (0) There are no physically separate border crossing facilities |
| | (1) There are physically separate border crossing facilities at large transit entry points |
| | (2) There are physically separate transit facilities at all entry points where trade transits |
| Limited physical inspections of goods and use of risk assessment | (0) Transit trade goods are subject to frequent (>10%) physical inspections; a risk-based system is not used or used on a limited basis |
| | (1) Transit trade goods are evaluated using risk assessment to reduce physical inspections of goods |
| Quality controls or technical standards applied | (2) Transit trade goods are rarely inspected due to a risk assessment model  

(0) Quality controls and technical standards are applied as for entry into the domestic economy (i.e. transit not treated differently than imports)  

(1) Quality controls and technical standards are applied only to hazardous materials and high risk cargoes  

(2) Quality controls and technical standards are not applied to transit trade |

| Pre-arrival processing for transit trade | (0) Pre-arrival processing of documents for transit trade is not supported  

(1) Pre-arrival processing for transit is supported for some importers/goods/entry points/modes of transport  

(2) Pre-arrival processing is supported for all transit goods and entry points |

| Establishment of single window for transit trade | (0) There is no single window for transit trade  

(1) Some points of entry provide a single window for transit trade  

(2) All transit trade can be submitted to a single window |

**Indicator – Transit Guarantees**

| Multiple forms of guarantees accepted (bonds, refund, and guarantee) | (0) No guarantees or bonds are accepted (only payments of charges with refund)  

(1) At least one form of non-monetary guarantee is accepted (bonds, guarantee, suspension)  

(2) More than one form of guarantee is accepted |

| Guarantees are limited to the value of duties and charges | (0) Guarantees are not limited to the amount of duties and charges  

(2) Guarantees are limited to the amount of duties and charges |

| Guarantees supported by regional or international agreements | (0) Transit guarantees are not supported by regional or international agreements  

(2) Transit guarantees are supported by regional or international agreements |

| Prompt and full release of the guarantee | Average number of days required for full release of guarantees |

| Use of Customs convoys | (0) Convoys are used without limits  

(1) Convoys are only employed for high risk goods  

(2) Convoys are seldom employed |

**Indicator – Transit Agreements and Cooperation**
| Bilateral or regional agreements | (0) No bilateral or regional transit agreements | (1) At least one bilateral or regional agreement | (2) More than half of transit trade is under bilateral or regional agreements |
| Agreements on common simplified documents | (0) No agreements on common or simplified documents | (2) At least one agreement on common or simplified documents |
| Transit Cooperation | (0) There is no cooperation between the agencies of countries involved in transit | (1) Limited cooperation on formalities and legal requirements | (2) Cooperation on formalities, legal requirements and the practical operation of transit regimes |

Guidelines on performance measurement:

147. Governments are encouraged to conduct a periodic Time Release Study on transit operations in cooperation with their partners along trade routes in order to identify bottlenecks for transit operations following the WCO Time Release Study Guide.

148. The TRS for transit operations should be conducted by involving various stakeholders including the private sector and relevant control regulatory agencies.

149. Governments should develop action plans or recommendations to improve transit operations after conducting a TRS.

150. Governments should conduct monitoring and evaluation (internal or external) of programmes implemented in line with these guidelines.

Relevant international agreements and standards:

WTO TFA

Article 7

6.1. Members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as, inter alia, the Time Release Study of the World Customs Organization (referred to in this Agreement as the "WCO").

6.2. Members are encouraged to share with the Committee their experiences in measuring average release times, including methodologies used, bottlenecks identified, and any resulting effects on efficiency.

Further WCO reading:

**The Trade Effects of the Central American TIM**

A decade ago, transit of goods in Central America suffered from lack of coordination of border agencies, cumbersome and slow customs and administrative procedures, and limited use of information technologies. More precisely, exporters with shipments in transit had to clear customs at each side of countries’ bilateral borders and sequentially submit multiple paper documents to the various intervening agencies, including printed copies of international transit declarations, country-specific sanitary and phytosanitary certificates, and migration arrival and departure cards.

In response to this situation and with the support from the Inter-American Development Bank (IDB), Central American countries recently adopted the TIM, a new electronic transit system to manage and control the movement of goods in transit that is partially based on the European system (NCTS). This system involves (1) stronger within and across country interagency cooperation; (2) processes’ reengineering, whereby previous multiple paper-based declarations were harmonized into a single and comprehensive document that gathers all data required by customs, migration, and phytosanitary agencies, and the creation of a single unified border transit control; and (3) the use of information technologies to interconnect the intranet system of all agencies participating in the project to manage and track the international transit process, and to carry out risk analysis and cargo controls.

The new system reduced trade costs and facilitated shipment flows in at least three ways. First, instead of repetitive paper-based procedures initiated at the border, firms can now complete a single electronic document (DUT for its name in Spanish – *Documento Único de Transporte*) at their closest customs office. As a result, the time and costs of document preparation experienced a substantial reduction.

Second, firms can now start the transit with that electronic process and finish it in the destination at the importing country. At the border crossings, controls on shipments are carried out only at the customs offices on the exit country under the logic of an electronic single window. This entails that transporters interact simultaneously and at the same physical place with all border agencies – customs, migration, and quarantine - without using printed copies of documents. As a consequence, border crossings were significantly expedited.

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12 Video testimonials about TIM: https://www.youtube.com/watch?v=7oxpjtwGlaQ&feature=youtu.be&app=desktop
Third, the information system introduced with the TIM provides trading and transport companies with real-time data on their shipments. This makes it easier for these firms to control orders and to manage their servicing and inventories.

The TIM was gradually implemented across trade corridors. For instance, in El Salvador, the TIM was first applied on trade operations starting in internal, “non-border” customs, the Free Trade Zones, and the coastal customs, as well as to those with specific destinations in the neighboring countries of Guatemala, Honduras and Mexico. In a second phase, the TIM was primarily extended to exports to more destinations within Nicaragua and to Costa Rica and Panama. This addition of corridors was due to decisions of other Central American countries to take part in the new transit regime (i.e., Costa Rica and Panama) or to incorporate new trade routes (i.e., Guatemala, Honduras, and Nicaragua). In the third phase, new corridors joined through 2013 as the TIM was further phased-in in such neighboring countries (See Figure 1).

This stepwise implementation generated variation in TIM usage both across export flows in a given point in time and over time. Such variation can be considered exogenous to El Salvador’s firms. The reason is twofold. First, in the initial stage, El Salvador’s customs established a compulsory use of the TIM in all trade corridors in which the system could be used given its implementation status in the other countries in the region at that time. In subsequent stages, decisions on coverage extension were implicitly made by countries other than El Salvador and were non-origin/destination specific.

Believing on the importance of measuring the performance of the TIM as the new transit system, the IDB has conducted an econometric study on the impact of the TIM on trade. Using a unique dataset that includes all firms’ export transactions originated in El Salvador over the period 2007-2013 and informs which of these transactions were processed under the new regional transit system, Carballo et al (2016) precisely exploit the implied change in transit conditions to identify the TIM’s impact on Salvadoran firms’ exports. The results suggest that the average growth rate of exports channeled through this simplified transit regime has been 2.7 percentage points larger than their counterparts subject to standard transit procedures. In particular, TIM’s positive effect on firms’ exports can be mainly traced back to an increased number of shipments. In terms of the latter, the differential growth rate associated with the TIM has been 1.2 percentage points. Importantly, given the TIM’s trade impacts, its prorated development and implementation costs, and its annual operative costs, the system has had a benefit/cost ratio of at least 40 US dollars per dollar invested it.

Furthermore, estimates indicate that induced trade cost reductions and trade impacts have been heterogeneous across products. More specifically, transit facilitation appears to have had larger effects on exports of time-sensitive goods such as those subject to short
selling seasons, fast depreciation due to changing tastes, or products for which demand is
difficult to predict and shippers need flexibility to be able to respond fast to changing market
conditions.

Figure 1
El Salvador: Gradual Phase-In of TIM across Trade Corridors

Source for Fig.1: Carballo et al. (2016).
Trade corridors that started to operate with the TIM in 2011 are colored in
black, whereas trade corridors that started to operate with the TIM in 2012
and 2013 are colored in red.

Regimes on Trade, the full version is available on
https://publications.iadb.org/handle/11319/7688)
EU Customs Union Performance System

Introduction of Customs Union Performance System

The Customs Union Performance System (CUP) is a mechanism for measuring customs activities and monitoring trends at EU level and in each participating country\textsuperscript{13}. The main aim of CUP is to show how Customs activities and operations support the achievement of the strategic objectives of the EU Customs Union in line with the EU Customs’ Mission Statement and Customs Strategy. Data is collected from participating countries and other sources (DG TAXUD, DG BUDG, EUROSTAT) on both annual and quarterly basis.

Internally, CUP is used as a management/steering tool for strategic decision making; it is also used to evaluate performance and monitor trends. Externally, CUP is used to raise awareness about the EU customs union and show the extent and results of Customs operations. The Customs Policy Group (CPG) has requested a greater emphasis on moving towards outcome oriented indicators. CUP should contribute to highlighting the impact of Customs in ensuring safety and security of the EU citizens and emphasising the importance of Customs administrations’ contribution to the overall policy goals for growth, competitiveness and innovation in line with the Europe 2020 agenda\textsuperscript{14}.

Customs Union Performance strategic objectives and Key Performance Indicators

The EU strategic objectives from the Customs Union Strategy represent a basis for Customs Union Performance. In the CUP they are summarised as follows:

- **Protection** = to protect society and the financial interest of the EU;
- **Control** = to control and manage the supply chains used for the international movement of goods;
- **Facilitation/Competitiveness** = to support the competitiveness of European companies and to further facilitate legitimate trade;
- **Co-operation** = to maintain, develop and enhance good quality co-operation between the customs authorities of participating countries, between customs and other governmental agencies and between customs and the business community (at EU and international level).

The critical areas identified for each strategic objective, based on the rephrased sub-objectives from the Communication on the Strategy (2008/169), represent the main areas where EU Customs Union performance is measured. Key Performance Indicators were determined for each strategic objective in critical areas.

In addition to the strategic objectives set out as: Protection, Controls, Facilitation/Competitiveness and Co-operation, Key Performance Indicators on Basic Parameters are also measured and analysed. It gives an overall picture of the Customs Union and presents the fundamental facts and figures. You can find Basic parameters Key Performance Indicators in the table below.

<table>
<thead>
<tr>
<th>Section</th>
<th>Scope of Key Performance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT , BE, BG, CY, CZ, DE, DK, EE, EL, ES, FI, FR, HU, HR, IE, IT, LT, LU, LV, MT, NL, PL, PT, RO, SE, SI, SK, UK, AL, ME, MK, RS, TR.</td>
<td></td>
</tr>
</tbody>
</table>

The following table describes the structure of the strategic objectives, main aspects being measured and scope of the KPIs which form the basis of the Customs Union Performance system in the area of facilitation / competitiveness.

<table>
<thead>
<tr>
<th>Section</th>
<th>Scope of Key Performance Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitation / Competitiveness</td>
<td>Average processing time of import declarations under standard procedures</td>
</tr>
<tr>
<td></td>
<td>Degree of paperless interface</td>
</tr>
<tr>
<td></td>
<td>Ratio of declarations under simplified procedures</td>
</tr>
<tr>
<td></td>
<td>Ratio of economic operators using simplified procedures</td>
</tr>
<tr>
<td></td>
<td>Level of AEO involvement in the supply chain (type of authorisation, roles, trade volume)</td>
</tr>
<tr>
<td></td>
<td>Facilitation aspect of AEO regarding reduced controls</td>
</tr>
</tbody>
</table>

**Detailed information on collected data**

In the following sections, more information is given concerning the aims of collecting data under the strategic objectives outlined in the tables above.

**Basic Parameters**

The EU Customs Union aims to measure:

- The EU position in the world trade, indicating main trade partners, type of goods and transport mode used
- Number of declarations lodged electronically via ECS/AES (export), ICS/AIS (import) and NCTS (transit) under standard or simplified procedure by an ordinary declarant or AEO in order to determine the level of goods movements in the Customs Union recorded in centralised information systems.
- Number of declarations lodged for placing goods under a customs procedure in order to determine the level of activity in the Customs Union.
- Financial effect of customs activities to the EU budget.
- Value of goods declared in order to determine the monetary flows.
- Volume of staff involved in different Customs activities to assess the efficiency of human resources distribution.

**Facilitation/ Competitiveness**

The EU Customs Union aims to:

- Facilitate trade by increasing the speed of clearance of goods. Measuring the average time it takes Customs to process a standard Customs declaration from acceptance to the release of the goods indicates the efficiency of the Customs Union and to what extent the clearance processes are applied uniformly across the Customs Union:
  - Percentage of import declarations under standard procedures cleared within indicated timeframes:
    - Percentage of import declarations under standard procedures, the processing time of which is \( \leq 5 \text{ minutes} \)
    - Percentage of import declarations under standard procedures, the processing time \( x \) of which is \( 5 < x \leq 60 \text{ minutes} \)
    - Percentage of import declarations under standard procedures, the processing time \( x \) of which is \( 1 < x \leq 12 \text{ hours} \)
    - Percentage of import declarations under standard procedures, the processing time \( x \) of which is \( 12 < x \leq 48 \text{ hours} \)
    - Percentage of import declarations under standard procedures, the processing time of which is \( > 48 \text{ hours} \)
  - Percentage of export declarations under standard procedures cleared within indicated timeframes:
    - Percentage of export declarations under standard procedures, the processing time of which is \( \leq 5 \text{ minutes} \)
    - Percentage of export declarations under standard procedures, the processing time \( x \) of which is \( 5 < x \leq 60 \text{ minutes} \)
    - Percentage of export declarations under standard procedures, the processing time \( x \) of which is \( 1 < x \leq 12 \text{ hours} \)
    - Percentage of export declarations under standard procedures, the processing time \( x \) of which is \( 12 < x \leq 48 \text{ hours} \)
    - Percentage of export declarations under standard procedures, the processing time of which is \( > 48 \text{ hours} \)

- Demonstrate the reduction of the administrative burden, the reduction of the burden on trade and the increase of efficiency of customs clearance. Measuring the degree of paperless interface indicates the level of deployment of the paperless environment by showing the level of electronic submission of customs declarations and the reduction in the number of accompanying paper documents required. Extent of paperless handling of accompanying documents:
o Indicate in what situations your administration requires additional documents to accompany the electronically lodged customs declaration under standard procedure

o Indicate whether your administration requests documents, and if so, are documents made and transmitted by electronic means (email, fax etc.) accepted or only documents in paper format

o Indicate whether your administration requires documents to accompany all declarations (i.e. first answer of question 1), and if so, are all documents which are required for the implementation of the provisions governing import necessary, or only certain types of documents

• Simplify the customs procedures. Measuring:
  o Total number of economic operators using import procedures
  o Total number of economic operators using export procedures
  o Number of EORI registered economic operators
  o Number of authorisations for the use of simplified procedures for import and export
  o Number of authorised consignors and consignees for transit
  o Number of Authorisations for Centralised Clearance (including valid Single Authorisations)
    – Number of Authorisations for Centralised Clearance (including remain valid Single Authorisations) issued by your administration
    – Number of Authorisations for Centralised Clearance (including remain valid Single Authorisations) issued by a customs administration in another country and for which your administration is a participating country

• To monitor the use of simplifications. Measuring:
  o Number of Authorised Economic Operators
    – Number of AEO full applications
    – Number of AEO customs simplifications applications
    – Number of AEO safety and security applications
    – Number of AEO full applications rejected
    – Number of AEO customs simplifications applications rejected
    – Number of AEO safety and security applications rejected
    – Number of AEO applications rejected withdraw by operator
    – Number of AEO applications rejected by customs
    – Number of AEO full authorisations
    – Number of AEO customs simplifications authorisations
- Number of AEO safety and security authorisations
- Number of AEO full authorisations revoked
- Number of AEO customs simplifications authorisations revoked
- Number of AEO safety and security authorisations revoked
- Number of AEO authorisations suspended

  o Total number of authorised Customs warehouses
    - Number of public Customs warehouses type I
    - Number of public Customs warehouses type II
    - Number of public Customs warehouses type III

  o The number of declarations made by AEOs selected for controls to establish the profiling approach of participating countries with respect to AEO and to compare their treatment with that of other economic operators.

Most of these indicators are monitored annually, but the number of declarations is monitored quarterly.

Measuring the average time it takes customs to process a standard customs declaration from its acceptance to the release of the goods is based on regular exports from the data-warehouse operated by the Czech Customs Administration. These automated exports are presented to the management of the Czech Customs Administration and annually provided to the European Commission.

**EU annual report of Customs Union Performance**
All EU member states and other participating countries at least annually provide the European Commission the data of Customs Union Performance, which are representing the areas of:

- Basic Parameters
- Protection
- Control
- Facilitation/Competitiveness
- Co-operation.

The European Commission publishes the annual report of Customs Union Performance, which is confidential and it is used by the EU member states and other participating countries for harmonisation of processes and procedures and for improving the situation.

Source: the EU Commission, DG TAXUD
III. The List of Guidelines

1. **Legal framework on Customs transit**

   1. Governments should conclude/accede to, and implement, existing bilateral, regional and international agreements/arrangements with other governments to provide a framework for cooperation on transit.

   2. Bilateral, regional and international agreements/arrangements on transit cooperation should be concluded with the aim of ensuring freedom of transit and facilitating transit operations, and should not hinder the trade/transit flows of other countries who are not parties to those agreements/arrangements.

   3. Governments should review existing bilateral, regional and international agreements/arrangements on transit cooperation before they conclude new international agreements/arrangements to avoid any possible conflict with the existing agreements.

   4. Bilateral, regional and international agreements/arrangements on transit cooperation should be based on the general principles of freedom of transit, access to the markets, non-discrimination, no voluntary restraints, and transparency.

   5. Governments are encouraged to include, in bilateral, regional and international agreements/arrangements on transit cooperation, provisions on information exchange, guarantee mechanisms, harmonized legal and security requirements, fees and charges, joint controls, coordinated border management, mutual recognition of Customs seals, and other facilitation measures.

   6. Governments are encouraged to consider differences in procedures and the requirements of different modes of transportation, including road and rail, when developing new legal frameworks on transit.

2. **ICT and efficient information management**

   **Exchange of information**

   7. Bilateral, regional, and international agreements/arrangements on transit should consider provisions for effective information exchange, including information protection issues, limitations on the use of the information, provide for harmonization of information requirements in line with international standards, and encourage electronic information exchange.

   8. Bilateral, regional, and international agreements/arrangements on transit should envisage obligations for Customs administrations to ensure the integrity of the information exchanged, provided by transit operators.

   9. Bilateral, regional and international agreements/arrangements should allow for immediate exchange of information, whether electronically (the preferred method)
or manually; i.e. an explicit request from the Customs office to obtain the information should not be required.

10. Bilateral, regional and international agreements/arrangements should provide for information exchange between all agencies involved en route, including Customs, transport control, police, migration, quarantine, phytosanitary agency, and railways.

_Type of information exchanged along the transit route_

11. The agreement on information sharing should clearly stipulate the responsibility of Customs offices, including actions to be taken in cases where incorrect and/or misleading information is shared.

12. To ensure the traceability of the goods throughout the transit operation, Customs administrations are encouraged to use a unique identification number that can be recognized by all relevant Customs offices of transit operation.

13. Once the office of departure allows the transit operation to begin, it should provide the transporter with an accompanying document (preferably an electronic document), which must be shown at any office en route, as well as at the office of destination.

14. An anticipated arrival record should be shared with the office of destination and other relevant Customs offices immediately after the office of departure accepts the transit declaration.

15. The anticipated arrival record should contain information from the transit declaration and inspection results that enables the office of destination and other relevant Customs offices to take the necessary action when the transit goods arrive.

16. When a Customs office inspects transit goods, the results of the inspection and any other useful information should be shared immediately with all other relevant Customs offices of transit.

17. Once transit goods cross the border, a notification on crossing frontier should be sent to all relevant Customs offices of transit.

18. If the transit goods arrive at an office of transit different to the office declared, the factual office of transit shall send a message to the office of departure and request the anticipated transit record. Once the factual office of transit allows the transit goods to cross the border, it shall send a notification of crossing frontier to the office of departure and all other offices en route.

19. When a transporter is not able to follow the prescribed transit operation itinerary, the transporter should inform the office of departure or the office of exit of the change as quickly as possible.
20. Once the transit goods are presented to the Customs office of destination, it should share the arrival record and the control results with the office of departure and all relevant Customs offices involved in the transit operation.

21. If irregularities are detected at an office en route, the information should be shared with all relevant Customs offices involved in the transit operation.

22. If the transit goods are presented to a Customs office of destination different from the office declared, the factual office of destination shall contact the office of departure and request the anticipated arrival record.

23. Once the transit operation is terminated, the office of destination should immediately share a message on the termination of the transit operation with all relevant Customs offices involved in the transit operation, and with the transit operator who submitted the transit declaration.

24. All relevant Customs offices, starting with the office of departure, and then offices en route and at the final destination, should be informed about all details of the transit operation.

Use of international standards for effective information exchange

25. To enable efficient data exchange between and among relevant government agencies and other stakeholders, a common dataset for transit should be developed using relevant international standards such as the WCO Data Model.

26. Under the concept of Globally Networked Customs (GNC), Customs administrations are encouraged to develop Utility Blocks (UBs) on data exchange for transit operations.

ICT infrastructure

27. Governments should establish a robust ICT infrastructure to ensure connectivity between stakeholders involved in the transit process at the national, regional and international levels.

28. Governments should carefully review existing ICT infrastructure operated by transport operators or other stakeholders and consider effective use of it before developing a new ICT infrastructure and information system for transit operations.

29. The ICT infrastructure and information systems should have enough capability to collect, process, secure and store data and share it with all relevant stakeholders.

30. The ICT infrastructure and information systems should have enough capability for real-time data exchange and real-time access to information.

31. Appropriate Business Continuity Planning should be put in place to ensure the resilience of ICT infrastructure and information systems and to prevent interruption of
the ongoing transit operation, including power outages, weak Internet connections, natural disasters, storage failures and network failures.

32. Customs administrations should set up a dedicated unit such as a help desk to keep the information system running and provide support for all stakeholders involved in the transit operation.

33. The ICT infrastructure and information systems should have enough flexibility to accommodate a variety of connectivity formats in order to make it easier to interface with the existing systems used by stakeholders.

Data protection

34. The IT system used to exchange data between the relevant stakeholders should provide the necessary data protection measures, along with legal provisions on data privacy, authentication of the information, and ensuring the integrity of the exchange process.

35. The ICT Guidelines and other relevant WCO tools should be used to plan and implement ICT projects by Customs administrations to ensure proper data protection.

3. Guarantee System

Calculation of guarantee amount

36. The guarantee amount for transit should be as low as possible and not exceed the sum of the highest import duties and charges that would be imposed on goods imported into the transit Customs territory.

37. When setting the guarantee amount the following should not be taken into account:
   a) any potentially chargeable penalties;
   b) any interest for delayed payment;
   c) other concerns that would increase the guarantee amount or hinder transit operations unnecessarily.

Guarantee according to risk level and guarantee waiver

38. Customs administrations are encouraged to set the guarantee amount according to the risk level of transit operators.

39. Customs administrations are encouraged to reduce the guarantee amount for Authorized Economic Operators (AEOs) and other low-risk operators.

40. The conditions for reducing the guarantee amount may include, but not be limited to, the following:
   a) sound financial situation;
   b) sufficient experience in conducting transit operations;
c) compliance with legal and security requirements;
d) proven cooperation with Customs administrations;
e) AEO status.

41. A guarantee waiver can be granted to AEOs and other low-risk operators and to certain types of transport modes predetermined by the government.

42. Customs administrations may temporarily suspend the guarantee waiver in respect of AEOs and any other operators when those operators fail to observe criminal or civil law or when pending or unresolved legal proceedings involving those operators preclude direct involvement with Customs administrations.

43. Customs administrations are encouraged to create the list of goods to which the guarantee waiver is not applicable.

**Forms of guarantee**

44. Customs administrations should accept any form of guarantee. The possible types of guarantee may include, but not be limited to:

a) cash deposits (national or foreign currency);
b) temporary placement of funds on the Customs administration's bank account;
c) tradable securities;
d) movable property (e.g. means of transport) pledge agreement;
e) non-movable property (e.g. office or production premises) pledge agreement;
f) bank guarantee;
g) insurance policy;
h) surety contract;
i) international guarantees;
j) regional guarantees.

45. Customs administrations should allow guarantees for transit to be lodged electronically.

46. Customs administrations retain the right to reject a certain form of guarantee or to ask that another form of guarantee be used if they have reasonable doubt about the guarantor or transit operator meeting its obligation. Customs administrations should inform the transit operator about the reason for rejecting the form of guarantee or requesting another form of guarantee.

**Comprehensive guarantee**

47. Customs administrations should develop a standard procedure for granting a comprehensive guarantee, in which they calculate the guarantee amount on the basis of the volume of transit operations carried out by the applicant in the earlier period.
48. If the transit operator does not have a record of previous operations, the amount for the comprehensive guarantee should not exceed the sum of the import duties and other charges which may become payable in connection with each transit declaration in the period between placing the goods under a transit procedure and discharge.

49. The amount of the comprehensive guarantee should be kept as low as possible.

50. Customs administrations are encouraged to reduce the amount of the comprehensive guarantee (e.g. by 25%, 50%, or 100% (guarantee waiver)), taking into account sound finances, sufficient experience and/or other relevant factors relating to the transit operators.

51. Customs administrations may review the reference amount of the comprehensive guarantee and adjust it to the volume of the transit operations conducted by the operator.

52. Both transit operators and Customs administrations should monitor the use of the comprehensive guarantee, and keep a record of each transit operation to avoid exceeding the reference amount of the comprehensive guarantee.

53. Transit operators should inform the Customs administration if they anticipate that they might exceed the reference amount, and should adjust this amount by providing an additional guarantee.

54. Once the transit operation has been completed, the guarantee covering that operation should be renewable, and it should be possible for the same transit operator to transfer it to another transit operation.

55. Customs administrations may temporarily suspend the use of a comprehensive guarantee if operators fail to observe criminal or civil law, or if pending or unresolved legal proceedings involving those operators preclude direct involvement with Customs administrations.

Discharge of guarantees

56. The guarantee should be discharged immediately once the corresponding transit operation is terminated.

57. Paper-based systems may take a maximum of 3 working days to discharge the guarantee once the transit operation is terminated.

Use of security measures together with transit guarantees

58. Customs administrations should not apply Customs convoys or Customs escorts for revenue purposes when their revenue concerns are sufficiently covered by the guarantee.
International/regional guarantee systems

59. Governments are encouraged to take the necessary steps to develop or accede to regional or international guarantee systems, which are more efficient than a chain of national guarantee systems.

60. Governments are encouraged to consider acceding to existing transit-related regional agreements and international conventions.

61. Governments are encouraged to establish conditions for mutual recognition of guarantees.

Guarantor

62. The guarantor can be any natural or legal person.

63. The guarantor should be approved by the competent authorities, in line with national legislation or regional/international agreements.

64. Governments are encouraged to approve entities other than banks and insurance companies as guarantors, in line with national legislation or regional/international agreements.

65. The liability of a guarantor starts upon lodging the guarantee at the office of departure and commencing the transit operation.

66. The liability of the guarantor is limited to the amount shown in the guarantee document.

4. Fees and charges

67. Customs administrations should not collect any fees or charges for transit except charges for administrative expenses related to transit or charges for services rendered. Administrative expenses may include the following fees and charges (which should be kept to a minimum):

a) special fees for work outside normal working hours;

b) special fees for work outside Customs facilities;

c) special fees for the use of extra facilities (for example for oversized goods);

d) charges for storage;

e) charges for special measures, procedures or services at the request of the transit operator (for example, a Customs convoy or Customs escort requested by the operator).

68. Any charges referred above should not exceed the actual cost of the services provided.

69. When Customs administrations do not impose fees or charges for the above administrative expenses on import or export, or in other Customs procedures, they should not impose such fees or charges on transit.
70. Customs administrations may set a flat-rate amount to be paid for administrative expenses or services related to transit. The amount to be paid should not depend on the value of the transit goods.

71. Customs administrations should not apply transit fees as a result of revenue or security concerns.

72. Customs administrations should not collect fees for transit guarantees. Customs administrations should not collect commission from the national association acting as guarantor.

5. **Simplification of formalities**

*Documentary requirements*

73. Customs administrations and other governmental agencies (OGAs) should reduce the data required for the transit declaration to the data necessary to identify the goods and means of transportation, and to ensure that the requirements of the Customs administration and OGAs are met.

74. Customs administrations and OGAs should review the formalities and documentary requirements for transit with a view to minimizing their complexity.

75. Customs administrations are encouraged to create special favourable conditions and requirements, including submission of data, and simplified forms for transit operations for small and medium-sized enterprises (SMEs).

76. Customs administrations and OGAs should review the formalities and documentary requirements for transit with a view to harmonizing them with the regional and international requirements.

*Use of commercial or transport documents for transit declarations*

77. Customs administrations should accept commercial or transport documents (paper and/or electronic) for the transit declaration if the document meets all the Customs requirements.

78. Customs administrations are encouraged not to require the declarant to submit specific data on the transit declaration if the accompanying commercial or transport documents clearly cover the necessary particulars.

79. Governments are encouraged to work together with all relevant stakeholders to standardize different commercial and transport documents.

*Use of international Customs documents*

80. Customs administrations should allow transit operators to use international transit documents such as TIR Carnets, CPD Carnets as national transit declarations, even if they are not contracting parties to the relevant international conventions.
Supporting documents

81. Customs administrations and OGAs should identify and publish the list of required supporting documents that should accompany the transit declaration, and only keep those documents that are essential.

82. Customs administrations and OGAs should accept electronic copies or electronic supporting documents for transit formalities.

Pre-arrival transit declaration

83. Customs administrations and OGAs should encourage the lodgement of transit declarations and supporting documents prior to the arrival of goods by any means of communication.

84. When national legislation obliges transit operators to submit an electronic transit declaration in advance, the time limit and other requirements should follow the standards and technical specifications of the WCO SAFE Framework of Standards.

Single Window

85. Governments should establish and/or maintain Single Window enabling transit operators to submit transit declarations and other required documentation to the participating authorities or agencies through a single entry point.

86. To establish an effective Single Window which includes transit operations, Customs administrations should refer to the recommendations contained in the WCO Single Window Compendium.

87. The Single Window should ensure that the required documentation and/or data that have already been received through the Single Window should not be requested again by the participating authorities or agencies except under urgent circumstances.

88. Exceptional cases when the documentation received through the Single Window are required to be resubmitted should be specified and made publicly available.

6. Risk management

89. Customs administrations should develop and maintain a risk management system for Customs controls on transit in line with the WCO Risk Management Compendium.

90. Governments are encouraged to set up integrated risks management systems between all border control agencies involved both within a country and between neighbouring countries/countries who are parties to regional integration initiatives.
7. **AEO in transit operations**

91. Governments should introduce the Authorized Economic Operators Programme in accordance with the WCO SAFE Framework of Standards and other relevant WCO tools and instruments.

92. Customs administrations should provide AEOs with facilitation benefits for transit operations under their AEO programmes. The benefits may include, but are not limited to, the:

a) benefits listed in Annex IV to the WCO SAFE Framework of Standards;
b) eligibility to set their own time-limit for delivery of transit goods to the place of destination;
c) eligibility to affix their own seals that have been approved by the Customs administration;
d) elimination or reduction of the guarantee amount for transit;
e) possibility of carrying out transit operations without presenting the goods and the transit declaration at the office of departure (authorized consignor);
f) possibility of receiving the goods at their premises or at any other specified place without presenting the goods and the transit declaration at the office of destination (authorized consignee);
g) use of separate infrastructure for AEOs.

8. **Customs seals and other security measures**

*Use of Customs seals and other security measures*

93. Once the office of departure affixes Customs seals or applies other security measures to transit goods, other offices en route should not impose any additional restrictions on the goods.

94. The office of departure should take all necessary actions to enable the office of destination and offices en route to monitor and verify the integrity of the consignment and the Customs seal, and to detect any unauthorized interference.

95. Seals affixed by consignors, shippers and transporters can be recognized as Customs seals if these seals are approved by Customs administrations.

96. The office of departure, in principle, should use Customs seals to ensure the integrity of the transit goods. Other security measures should be used only in cases in which Customs seals are not sufficient to ensure the integrity of the transit goods.

97. The office of departure should not apply additional security measures to ensure the integrity of transit goods outside those required by the risk level.

98. When the guarantee on transit goods has been deposited, the office of departure should not apply any security measures, with the exception of Customs seals, in order to respond to concerns over revenue.
99. Customs administrations are encouraged to exchange samples of seals.

**Specific provisions on Customs seals**

100. Customs seals and fastenings used in Customs transit should fulfil the minimum requirements laid down in the Appendix to Chapter 1, Specific Annex E to the RKC and other relevant international conventions and agreements.

101. Customs seals and identification marks affixed by foreign Customs should be accepted for the purposes of the Customs transit operation unless:
   a) they are considered to be insufficient;
   b) they are not secure;
   c) they have been tampered with; or
   d) Customs decides to inspect the goods.

102. Information on Customs seals and identification marks should be shared in advance with the offices en route as well as the office of destination.

**Electronic Customs seals**

103. Customs administrations should not oblige transit operators to affix an electronic Customs seal, except in cases in which ordinary Customs seals are not sufficient to ensure the integrity of the transit goods.

104. When Customs administrations oblige transit operators to affix an electronic Customs seal, Customs should not collect administrative/processing fees for the use of the seal, apart from the cost of the seal itself. When an electronic seal is requested by the transit operator, Customs administrations may collect fees for it from the operator.

105. Customs administrations are encouraged to develop regional electronic Customs seals to be used for transit operations in the region, as replacing the electronic Customs seal with another seal at the border could give rise to delays.

**Security measures for loading units**

106. Governments are encouraged to promote the use of containers and other transport equipment that can be secured by Customs seals (in contrast to bulky goods).

107. The transport equipment should be constructed and equipped in such a manner that:
   a) no goods can be removed from, or introduced into, the sealed part of the transport equipment without leaving visible traces of tampering or without breaking the Customs seal;
   b) Customs seals can be simply and effectively affixed to them;
   c) they contain no concealed spaces where goods may be hidden;
   d) all spaces capable of holding goods are readily accessible for Customs inspection.
108. Governments should refer to Annex 4 of the Customs Convention on Containers (1972) and Annexes 2-7 of the TIR Convention for the detailed special technical conditions for securing the integrity of loading units.

Prescribed time and itinerary

109. A prescribed time limit can be used as an additional security measure along with the Customs seal.

110. When Customs administrations set a time limit for Customs transit, it should be sufficient for the purposes of the transit operation.

111. Once the time limit has been fixed by the office of departure, it should not be changed by other offices en route, except for some exceptional cases.

112. When setting a time limit, Customs administrations should consider regulations relevant to transit operations, such as working hours and mandatory rest periods for drivers of road vehicles.

113. Where the transit goods are presented at the office of destination or Customs office of entry after expiry of the time limit, and the delay is due to circumstances which are not attributable to the transit operator, the operator should be deemed to have complied with the prescribed time limit.

114. Customs may set a prescribed itinerary only in cases where the prescribed time limit and other measures are not enough to ensure the successful performance of the transit operation.

115. Customs administrations should allow transit operators to change the prescribed itinerary if the operators have a sound reason to do so. The changes should be notified to all relevant Customs offices involved in the transit operation as quickly as possible.

Customs escorts and convoys

116. Customs administrations may use a Customs escort or convoy only in cases where:

   a) the loss of transit goods en route would create an imminent risk for the safety and security of the Customs territory;

   b) other security measures are not applicable because of the type of transit goods or transport unit;

   c) the transit operator requests a Customs escort or convoy.

117. When the Customs administration applies a Customs escort or Customs convoy due to the high level of risk, it should not charge fees for the Customs escort or Customs convoy. Only when the operator specifically requests the use of a Customs escort or convoy should it be considered an extra service and subject to fees.
118. Information about the fee for a Customs escort or convoy should be reflected in national Customs legislation and be made publicly available.

Road checkpoints

119. Governments are encouraged to conduct all necessary controls on transit goods at the office of departure or border crossing points, and should not establish any road checkpoints.

9. Coordinated Border Management

General principle of Coordinated Border Management (CBM)

120. Governments should foster mutual cooperation between their Customs administration and other competent government agencies and other governments responsible for border controls and procedures related to the transit of goods.

121. Governments should cooperate with neighbouring governments to coordinate procedures at border crossings and facilitate transit operations.

Institutional arrangements for CBM

122. Governments should coordinate transit operation activities between different border control agencies, in particular through the national committee on trade facilitation.

123. Customs administrations should play a prominent role in the national committee on trade facilitation in order to create effective transit regimes.

124. Governments should appoint a national transit coordinator to steer all enquiries and proposals from other governments related to the good functioning of transit operations. Governments are encouraged to appoint the Customs administration as the national transit coordinator.

Alignment of working hours and days

125. Governments should align the working days and hours of all competent agencies responsible for border control and procedures related to transit.

126. Governments should cooperate with the governments of neighbouring countries to establish common working days and hours.

Joint controls

127. If the transit goods need to be inspected by multiple border agencies, the inspection should be carried out at the same place and time.

128. Governments are encouraged to give Customs administrations the legal authority to conduct inspections on transit goods on behalf of other border control agencies, when specific expertise is not required.
129. Governments are encouraged to plan joint controls, considering resource sharing and exchange of the intelligence data between Customs administrations and OGAs.

130. Governments should cooperate with the governments of neighbouring countries to conduct joint controls on transit goods. Governments are encouraged to recognize the results of controls and risk management activities carried out by other governments in order to avoid unnecessary multiple inspections on the transit goods.

One-Stop-Border-Post (OSBP)

131. Governments should seek to establish a one stop border post (OSBP) for effective transit operations, using existing references such as the One Stop Border Post Sourcebook.

10. Hard infrastructure and equipment

Setting up efficient infrastructure for transit

132. Governments should plan and establish separate infrastructure for different types of traffic, and ensure that transit goods are not prevented from flowing smoothly.

133. Governments are encouraged to establish separate infrastructure for passengers and transit goods.

134. Governments are encouraged to establish separate infrastructure for different types of risks, and ensure separate lanes for green and red corridors.

135. Governments should endeavour to use alternative sources of energy, such as solar and wind energy, as well as backup energy sources, to ensure the smooth flow of goods in transit. Water and energy-saving equipment should be installed in particularly vulnerable and remote areas.

11. Transparency and anti-corruption

Ensuring transparency

136. Governments should ensure that all relevant information on transit operations is made publicly available, is free of charge and easily accessible to all transit operators, in line with the WCO Transparency and Predictability Guidelines and the WCO Arusha Declaration.

137. The information to be disclosed on transit operations should include:

a) transit procedures (including port, airport, and other entry-point procedures) along with the required forms and documents;

b) fees and charges imposed by or on behalf of governmental agencies on or in connection with importation, exportation or transit;
c) contact information on enquiry points;
d) import, export or transit restrictions or prohibitions;
e) list of sensitive goods;
f) penalty provisions for breaches of import, export, or transit formalities

g) procedures for appeal or review;
h) general rules applicable to Customs convoys or Customs escorts; and
i) information on guarantees, including single or multiple transaction guarantees
where applicable.

Anti-corruption measures

138. Governments should develop, strengthen and implement an effective national
integrity programme to ensure that Customs administrations and other regulatory
agencies are free of corruption, in accordance with the WCO Arusha Declaration, the
Integrity Development Guide, the Model Code of Ethics and Conduct, and other
relevant tools and instruments.

139. Governments are encouraged to strengthen internal control systems relating
to the aspects of Customs that have to do with transit.

140. Governments are encouraged to strengthen the capacities and resources of
national supervisory/auditing bodies to enable effective and regular controls to be
carried out.

Cooperation with the private sector on ensuring transparency

141. Governments should establish communication systems, such as telephone
hotlines and/or electronic assistance services, enabling the private sector, civil
servants and the public in general to obtain essential information and report cases of
corruption.

12. Partnership with business

Customs–business partnership

142. Governments should provide the private sector with opportunities to
participate in the development of laws and regulations related to the movement of
goods in transit as early as possible.

143. Governments should give the private sector sufficient opportunity and
adequate time to comment on the proposed introduction or amendment of laws and
regulations of general application related to the movement of goods in transit.

144. When governments design, modify and review policies and procedures on
transit, they should provide micro, small, medium-sized or similar operators with
enough opportunity to reflect their views on the policies and procedures.
145. Customs Administrations should develop a Customs-Business Partnership programme to improve the effectiveness of transit in accordance with the WCO Customs-Business Partnership Guidance.

146. Governments should develop procedures for review and for appealing against administrative decisions related to transit.

### 13. Performance measurement

147. Governments are encouraged to conduct a periodic Time Release Study on transit operations in cooperation with their partners along trade routes in order to identify bottlenecks for transit operations following the WCO Time Release Study Guide.

148. The TRS for transit operations should be conducted by involving various stakeholders including the private sector and relevant control regulatory agencies.

149. Governments should develop action plans or recommendations to improve transit operations after conducting a TRS.

150. Governments should conduct monitoring and evaluation (internal or external) of programmes implemented in line with these guidelines.
IV. International legal framework

The General Agreement on Tariffs and Trade (GATT)

ARTICLE V

FREEDOM OF TRANSIT

1. Goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party when the passage across such territory, with or without transshipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes. Traffic of this nature is termed in this article “traffic in transit”.

2. There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other contracting parties. No distinction shall be made which is based on the flag of vessels, the place of origin, departure, entry, exit or destination, or on any circumstances relating to the ownership of goods, of vessels or of other means of transport.

3. Any contracting party may require that traffic in transit through its territory be entered at the proper custom house, but, except in cases of failure to comply with applicable customs laws and regulations, such traffic coming from or going to the territory of other contracting parties shall not be subject to any unnecessary delays or restrictions and shall be exempt from customs duties and from all transit duties or other charges imposed in respect of transit, except charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.

4. All charges and regulations imposed by contracting parties on traffic in transit to or from the territories of other contracting parties shall be reasonable, having regard to the conditions of the traffic.

5. With respect to all charges, regulations and formalities in connection with transit, each contracting party shall accord to traffic in transit to or from the territory of any other contracting party treatment no less favourable than the treatment accorded to traffic in transit to or from any third country.

6. Each contracting party shall accord to products which have been in transit through the territory of any other contracting party treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going through the territory of such other contracting party. Any contracting party shall, however, be free to maintain its requirements of direct consignment existing on the date of this Agreement, in respect of any goods in regard to which such direct consignment is a requisite condition of eligibility for entry of the goods at preferential rates of duty or has relation to the contracting party's prescribed method of valuation for duty purposes.

7. The provisions of this Article shall not apply to the operation of aircraft in transit, but shall apply to air transit of goods (including baggage).
The WTO Agreement on Trade Facilitation (TFA)

Preamble

Members,

Having regard to the negotiations launched under the Doha Ministerial Declaration;

Recalling and reaffirming the mandate and principles contained in paragraph 27 of the Doha Ministerial Declaration (WT/MIN(01)/DEC/1) and in Annex D of the Decision of the Doha Work Programme adopted by the General Council on 1 August 2004 (WT/L/579), as well as in paragraph 33 of and Annex E to the Hong Kong Ministerial Declaration (WT/MIN(05)/DEC);

Desiring to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit;

Recognizing the particular needs of developing and especially least-developed country Members and desiring to enhance assistance and support for capacity building in this area;

Recognizing the need for effective cooperation among Members on trade facilitation and customs compliance issues;

Hereby agree as follows:

SECTION I

ARTICLE 1: PUBLICATION AND AVAILABILITY OF INFORMATION

1 Publication

1.1 Each Member shall promptly publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders, and other interested parties to become acquainted with them:

(a) procedures for importation, exportation, and transit (including port, airport, and other entry-point procedures), and required forms and documents;
(b) applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;
(c) fees and charges imposed by or for governmental agencies on or in connection with importation, exportation or transit;
(d) rules for the classification or valuation of products for customs purposes;
(e) laws, regulations, and administrative rulings of general application relating to rules of origin;
(f) import, export or transit restrictions or prohibitions;
(g) penalty provisions for breaches of import, export, or transit formalities;
(h) procedures for appeal or review;
(i) agreements or parts thereof with any country or countries relating to importation, exportation, or transit; and
(j) procedures relating to the administration of tariff quotas.

1.2 Nothing in these provisions shall be construed as requiring the publication or provision of information other than in the language of the Member except as stated in paragraph 2.2.

2 Information Available Through Internet

2.1 Each Member shall make available, and update to the extent possible and as appropriate, the following through the internet:

(a) a description\(^1\) of its procedures for importation, exportation, and transit, including procedures for appeal or review, that informs governments, traders, and other interested parties of the practical steps needed for importation, exportation, and transit;
(b) the forms and documents required for importation into, exportation from, or transit through the territory of that Member;
(c) contact information on its enquiry point(s).

\(^1\) Each Member has the discretion to state on its website the legal limitations of this description.
2.2 Whenever practicable, the description referred to in subparagraph 2.1(a) shall also be made available in one of the official languages of the WTO.

2.3 Members are encouraged to make available further trade-related information through the internet, including relevant trade-related legislation and other items referred to in paragraph 1.1.

3 Enquiry Points
3.1 Each Member shall, within its available resources, establish or maintain one or more enquiry points to answer reasonable enquiries of governments, traders, and other interested parties on matters covered by paragraph 1.1 and to provide the required forms and documents referred to in subparagraph 1.1(a).

3.2 Members of a customs union or involved in regional integration may establish or maintain common enquiry points at the regional level to satisfy the requirement of paragraph 3.1 for common procedures.

3.3 Members are encouraged not to require the payment of a fee for answering enquiries and providing required forms and documents. If any, Members shall limit the amount of their fees and charges to the approximate cost of services rendered.

3.4 The enquiry points shall answer enquiries and provide the forms and documents within a reasonable time period set by each Member, which may vary depending on the nature or complexity of the request.

4 Notification
Each Member shall notify the Committee on Trade Facilitation established under paragraph 1.1 of Article 23 (referred to in this Agreement as the "Committee") of:
(a) the official place(s) where the items in subparagraphs 1.1(a) to (j) have been published;
(b) the Uniform Resource Locators of website(s) referred to in paragraph 2.1; and
(c) the contact information of the enquiry points referred to in paragraph 3.1.

ARTICLE 2: OPPORTUNITY TO COMMENT, INFORMATION BEFORE ENTRY INTO FORCE, AND CONSULTATIONS
Opportunity to Comment and Information before Entry into Force
1.1 Each Member shall, to the extent practicable and in a manner consistent with its domestic law and legal system, provide opportunities and an appropriate time period to traders and other interested parties to comment on the proposed introduction or amendment of laws and regulations of general application related to the movement, release, and clearance of goods, including goods in transit.

1.2 Each Member shall, to the extent practicable and in a manner consistent with its domestic law and legal system, ensure that new or amended laws and regulations of general application related to the movement, release, and clearance of goods, including goods in transit, are published or information on them made otherwise publicly available, as early as possible before their entry into force, in order to enable traders and other interested parties to become acquainted with them.

1.3 Changes to duty rates or tariff rates, measures that have a relieving effect, measures the effectiveness of which would be undermined as a result of compliance with paragraphs 1.1 or 1.2, measures applied in urgent circumstances, or minor changes to domestic law and legal system are each excluded from paragraphs 1.1 and 1.2.

2 Consultations
Each Member shall, as appropriate, provide for regular consultations between its border agencies and traders or other stakeholders located within its territory.

ARTICLE 3: ADVANCE RULINGS
1. Each Member shall issue an advance ruling in a reasonable, time-bound manner to the applicant that has submitted a written request containing all necessary information. If a Member
declines to issue an advance ruling, it shall promptly notify the applicant in writing, setting out the relevant facts and the basis for its decision.

2. A Member may decline to issue an advance ruling to the applicant where the question raised in the application:
   (a) is already pending in the applicant’s case before any governmental agency, appellate tribunal, or court; or
   (b) has already been decided by any appellate tribunal or court.

3. The advance ruling shall be valid for a reasonable period of time after its issuance unless the law, facts, or circumstances supporting that ruling have changed.

4. Where the Member revokes, modifies, or invalidates the advance ruling, it shall provide written notice to the applicant setting out the relevant facts and the basis for its decision. Where a Member revokes, modifies, or invalidates advance rulings with retroactive effect, it may only do so where the ruling was based on incomplete, incorrect, false, or misleading information.

5. An advance ruling issued by a Member shall be binding on that Member in respect of the applicant that sought it. The Member may provide that the advance ruling is binding on the applicant.

6. Each Member shall publish, at a minimum:
   (a) the requirements for the application for an advance ruling, including the information to be provided and the format;
   (b) the time period by which it will issue an advance ruling; and
   (c) the length of time for which the advance ruling is valid.

7. Each Member shall provide, upon written request of an applicant, a review of the advance ruling or the decision to revoke, modify, or invalidate the advance ruling.

8. Each Member shall endeavour to make publicly available any information on advance rulings which it considers to be of significant interest to other interested parties, taking into account the need to protect commercially confidential information.

9. Definitions and scope:
   (a) An advance ruling is a written decision provided by a Member to the applicant prior to the importation of a good covered by the application that sets forth the treatment that the Member shall provide to the good at the time of importation with regard to:
      (i) the good’s tariff classification; and
      (ii) the origin of the good.
   (b) In addition to the advance rulings defined in subparagraph (a), Members are encouraged to provide advance rulings on:
      (i) the appropriate method or criteria, and the application thereof, to be used for determining the customs value under a particular set of facts;
      (ii) the applicability of the Member’s requirements for relief or exemption from customs duties;
      (iii) the application of the Member’s requirements for quotas, including tariff quotas; and
      (iv) any additional matters for which a Member considers it appropriate to issue an advance ruling.
   (c) An applicant is an exporter, importer or any person with a justifiable cause or a representative thereof.

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2 Under this paragraph: (a) a review may, either before or after the ruling has been acted upon, be provided by the official, office, or authority that issued the ruling, a higher or independent administrative authority, or a judicial authority; and (b) a Member is not required to provide the applicant with recourse to paragraph 1 of Article 4.

3 It is understood that an advance ruling on the origin of a good may be an assessment of origin for the purposes of the Agreement on Rules of Origin where the ruling meets the requirements of this Agreement and the Agreement on Rules of Origin. Likewise, an assessment of origin under the Agreement on Rules of Origin may be an advance ruling on the origin of a good for the purposes of this Agreement where the ruling meets the requirements of both agreements. Members are not required to establish separate arrangements under this provision in addition to those established pursuant to the Agreement on Rules of Origin in relation to the assessment of origin provided that the requirements of this Article are fulfilled.
A Member may require that the applicant have legal representation or registration in its territory. To the extent possible, such requirements shall not restrict the categories of persons eligible to apply for advance rulings, with particular consideration for the specific needs of small and medium-sized enterprises. These requirements shall be clear and transparent and not constitute a means of arbitrary or unjustifiable discrimination.

ARTICLE 4: PROCEDURES FOR APPEAL OR REVIEW

1. Each Member shall provide that any person to whom customs issues an administrative decision has the right, within its territory, to:
   (a) an administrative appeal to or review by an administrative authority higher than or independent of the official or office that issued the decision; and/or
   (b) a judicial appeal or review of the decision.

2. The legislation of a Member may require that an administrative appeal or review be initiated prior to a judicial appeal or review.

3. Each Member shall ensure that its procedures for appeal or review are carried out in a non-discriminatory manner.

4. Each Member shall ensure that, in a case where the decision on appeal or review under subparagraph 1(a) is not given either:
   (a) within set periods as specified in its laws or regulations; or
   (b) without undue delay

   the petitioner has the right to either further appeal to or further review by the administrative authority or the judicial authority or any other recourse to the judicial authority. 5

5. Each Member shall ensure that the person referred to in paragraph 1 is provided with the reasons for the administrative decision so as to enable such a person to have recourse to procedures for appeal or review where necessary.

6. Each Member is encouraged to make the provisions of this Article applicable to an administrative decision issued by a relevant border agency other than customs.

ARTICLE 5: OTHER MEASURES TO ENHANCE IMPARTIALITY, NON-DISCRIMINATION AND TRANSPARENCY

1 Notifications for enhanced controls or inspections
Where a Member adopts or maintains a system of issuing notifications or guidance to its concerned authorities for enhancing the level of controls or inspections at the border in respect of foods, beverages, or feedstuffs covered under the notification or guidance for protecting human, animal, or

4 An administrative decision in this Article means a decision with a legal effect that affects the rights and obligations of a specific person in an individual case. It shall be understood that an administrative decision in this Article covers an administrative action within the meaning of Article X of the GATT 1994 or failure to take an administrative action or decision as provided for in a Member’s domestic law and legal system. For addressing such failure, Members may maintain an alternative administrative mechanism or judicial recourse to direct the customs authority to promptly issue an administrative decision in place of the right to appeal or review under subparagraph 1(a).

5 Nothing in this paragraph shall prevent a Member from recognizing administrative silence on appeal or review as a decision in favor of the petitioner in accordance with its laws and regulations.
plant life or health within its territory, the following disciplines shall apply to the manner of their issuance, termination, or suspension:

the Member may, as appropriate, issue the notification or guidance based on risk;

the Member may issue the notification or guidance so that it applies uniformly only to those points of entry where the sanitary and phytosanitary conditions on which the notification or guidance are based apply;

the Member shall promptly terminate or suspend the notification or guidance when circumstances giving rise to it no longer exist, or if changed circumstances can be addressed in a less trade-restrictive manner; and

when the Member decides to terminate or suspend the notification or guidance, it shall, as appropriate, promptly publish the announcement of its termination or suspension in a non-discriminatory and easily accessible manner, or inform the exporting Member or the importer.

2 Detention

A Member shall promptly inform the carrier or importer in case of detention of goods declared for importation, for inspection by customs or any other competent authority.

3 Test Procedures

3.1 A Member may, upon request, grant an opportunity for a second test in case the first test result of a sample taken upon arrival of goods declared for importation shows an adverse finding.

3.2 A Member shall either publish, in a non-discriminatory and easily accessible manner, the name and address of any laboratory where the test can be carried out or provide this information to the importer when it is granted the opportunity provided under paragraph 3.1.

3.3 A Member shall consider the result of the second test, if any, conducted under paragraph 3.1, for the release and clearance of goods and, if appropriate, may accept the results of such test.

ARTICLE 6: DISCIPLINES ON FEES AND CHARGES IMPOSED ON OR IN CONNECTION WITH IMPORTATION AND EXPORTATION AND PENALTIES

1 General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation

1.1 The provisions of paragraph 1 shall apply to all fees and charges other than import and export duties and other than taxes within the purview of Article III of GATT 1994 imposed by Members on or in connection with the importation or exportation of goods.

1.2 Information on fees and charges shall be published in accordance with Article 1. This information shall include the fees and charges that will be applied, the reason for such fees and charges, the responsible authority and when and how payment is to be made.

1.3 An adequate time period shall be accorded between the publication of new or amended fees and charges and their entry into force, except in urgent circumstances. Such fees and charges shall not be applied until information on them has been published.

1.4 Each Member shall periodically review its fees and charges with a view to reducing their number and diversity, where practicable.

2 Specific disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation

Fees and charges for customs processing:

(i) shall be limited in amount to the approximate cost of the services rendered on or in connection with the specific import or export operation in question; and

(ii) are not required to be linked to a specific import or export operation provided they are levied for services that are closely connected to the customs processing of goods.
3.1 For the purpose of paragraph 3, the term "penalties" shall mean those imposed by a Member's customs administration for a breach of the Member's customs laws, regulations, or procedural requirements.

3.2 Each Member shall ensure that penalties for a breach of a customs law, regulation, or procedural requirement are imposed only on the person(s) responsible for the breach under its laws.

3.3 The penalty imposed shall depend on the facts and circumstances of the case and shall be commensurate with the degree and severity of the breach.

3.4 Each Member shall ensure that it maintains measures to avoid:
(a) conflicts of interest in the assessment and collection of penalties and duties; and
(b) creating an incentive for the assessment or collection of a penalty that is inconsistent with paragraph 3.3.

3.5 Each Member shall ensure that when a penalty is imposed for a breach of customs laws, regulations, or procedural requirements, an explanation in writing is provided to the person(s) upon whom the penalty is imposed specifying the nature of the breach and the applicable law, regulation or procedure under which the amount or range of penalty for the breach has been prescribed.

3.6 When a person voluntarily discloses to a Member's customs administration the circumstances of a breach of a customs law, regulation, or procedural requirement prior to the discovery of the breach by the customs administration, the Member is encouraged to, where appropriate, consider this fact as a potential mitigating factor when establishing a penalty for that person.

3.7 The provisions of this paragraph shall apply to the penalties on traffic in transit referred to in paragraph 3.1.

ARTICLE 7: RELEASE AND CLEARANCE OF GOODS

1.1 Pre-arrival Processing
Each Member shall adopt or maintain procedures allowing for the submission of import documentation and other required information, including manifests, in order to begin processing prior to the arrival of goods with a view to expediting the release of goods upon arrival.

1.2 Electronic Payment
Each Member shall, to the extent practicable, adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees, and charges collected by customs incurred upon importation and exportation.

3.1 Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges
Each Member shall adopt or maintain procedures allowing the release of goods prior to the final determination of customs duties, taxes, fees, and charges, if such a determination is not done prior to, or upon arrival, or as rapidly as possible after arrival and provided that all other regulatory requirements have been met.

3.2 As a condition for such release, a Member may require:
(a) payment of customs duties, taxes, fees, and charges determined prior to or upon arrival of goods and a guarantee for any amount not yet determined in the form of a surety, a deposit, or another appropriate instrument provided for in its laws and regulations; or
(b) a guarantee in the form of a surety, a deposit, or another appropriate instrument provided for in its laws and regulations.

3.3 Such guarantee shall not be greater than the amount the Member requires to ensure payment of customs duties, taxes, fees, and charges ultimately due for the goods covered by the guarantee.
3.4 In cases where an offence requiring imposition of monetary penalties or fines has been detected, a guarantee may be required for the penalties and fines that may be imposed.

3.5 The guarantee as set out in paragraphs 3.2 and 3.4 shall be discharged when it is no longer required.

3.6 Nothing in these provisions shall affect the right of a Member to examine, detain, seize or confiscate or deal with the goods in any manner not otherwise inconsistent with the Member's WTO rights and obligations.

4 Risk Management
4.1 Each Member shall, to the extent possible, adopt or maintain a risk management system for customs control.

4.2 Each Member shall design and apply risk management in a manner as to avoid arbitrary or unjustifiable discrimination, or a disguised restriction on international trade.

4.3 Each Member shall concentrate customs control and, to the extent possible other relevant border controls, on high-risk consignments and expedite the release of low-risk consignments. A Member also may select, on a random basis, consignments for such controls as part of its risk management.

4.4 Each Member shall base risk management on an assessment of risk through appropriate selectivity criteria. Such selectivity criteria may include, *inter alia*, the Harmonized System code, nature and description of the goods, country of origin, country from which the goods were shipped, value of the goods, compliance record of traders, and type of means of transport.

5 Post-clearance Audit
5.1 With a view to expediting the release of goods, each Member shall adopt or maintain post-clearance audit to ensure compliance with customs and other related laws and regulations.

5.2 Each Member shall select a person or a consignment for post-clearance audit in a risk-based manner, which may include appropriate selectivity criteria. Each Member shall conduct post-clearance audits in a transparent manner. Where the person is involved in the audit process and conclusive results have been achieved the Member shall, without delay, notify the person whose record is audited of the results, the person's rights and obligations, and the reasons for the results.

5.3 The information obtained in post-clearance audit may be used in further administrative or judicial proceedings.

5.4 Members shall, wherever practicable, use the result of post-clearance audit in applying risk management.

6 Establishment and Publication of Average Release Times
6.1 Members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as, *inter alia*, the Time Release Study of the World Customs Organization (referred to in this Agreement as the "WCO").

6.2 Members are encouraged to share with the Committee their experiences in measuring average release times, including methodologies used, bottlenecks identified, and any resulting effects on efficiency.

7 Trade Facilitation Measures for Authorized Operators
7.1 Each Member shall provide additional trade facilitation measures related to import, export, or transit formalities and procedures, pursuant to paragraph 7.3, to operators who meet specified criteria, hereinafter called authorized operators. Alternatively, a Member may offer such trade

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6 Each Member may determine the scope and methodology of such average release time measurement in accordance with its needs and capacity.
facilitation measures through customs procedures generally available to all operators and is not required to establish a separate scheme.

7.2 The specified criteria to qualify as an authorized operator shall be related to compliance, or the risk of non-compliance, with requirements specified in a Member's laws, regulations or procedures.

(a) Such criteria, which shall be published, may include:

(i) an appropriate record of compliance with customs and other related laws and regulations;
(ii) a system of managing records to allow for necessary internal controls;
(iii) financial solvency, including, where appropriate, provision of a sufficient security or guarantee; and
(iv) supply chain security.

(b) Such criteria shall not:

(i) be designed or applied so as to afford or create arbitrary or unjustifiable discrimination between operators where the same conditions prevail; and
(ii) to the extent possible, restrict the participation of small and medium-sized enterprises.

7.3 The trade facilitation measures provided pursuant to paragraph 7.1 shall include at least three of the following measures:

(a) low documentary and data requirements, as appropriate;
(b) low rate of physical inspections and examinations, as appropriate;
(c) rapid release time, as appropriate;
(d) deferred payment of duties, taxes, fees, and charges;
(e) use of comprehensive guarantees or reduced guarantees;
(f) a single customs declaration for all imports or exports in a given period; and
(g) clearance of goods at the premises of the authorized operator or another place authorized by customs.

7.4 Members are encouraged to develop authorized operator schemes on the basis of international standards, where such standards exist, except when such standards would be an inappropriate or ineffective means for the fulfilment of the legitimate objectives pursued.

7.5 In order to enhance the trade facilitation measures provided to operators, Members shall afford to other Members the possibility of negotiating mutual recognition of authorized operator schemes.

7.6 Members shall exchange relevant information within the Committee about authorized operator schemes in force.

8 Expedited Shipments

8.1 Each Member shall adopt or maintain procedures allowing for the expedited release of at least those goods entered through air cargo facilities to persons who apply for such treatment, while maintaining customs control. If a Member employs criteria limiting who may apply, the Member may, in published criteria, require that the applicant shall, as conditions for qualifying for the application of the treatment described in paragraph 8.2 to its expedited shipments:

(a) provide adequate infrastructure and payment of customs expenses related to processing of expedited shipments in cases where the applicant fulfils the Member's requirements for such processing to be performed at a dedicated facility;
(b) submit in advance of the arrival of an expedited shipment the information necessary for the release;
(c) be assessed fees limited in amount to the approximate cost of services rendered in providing the treatment described in paragraph 8.2;
(d) maintain a high degree of control over expedited shipments through the use of internal security, logistics, and tracking technology from pick-up to delivery;

A measure listed in subparagraphs 7.3 (a) to (g) will be deemed to be provided to authorized operators if it is generally available to all operators.

In cases where a Member has an existing procedure that provides the treatment in paragraph 8.2, this provision does not require that Member to introduce separate expedited release procedures.

Such application criteria, if any, shall be in addition to the Member's requirements for operating with respect to all goods or shipments entered through air cargo facilities.
(e) provide expedited shipment from pick-up to delivery;
(f) assume liability for payment of all customs duties, taxes, fees, and charges to the customs authority for the goods;
(g) have a good record of compliance with customs and other related laws and regulations;
(h) comply with other conditions directly related to the effective enforcement of the Member's laws, regulations, and procedural requirements, that specifically relate to providing the treatment described in paragraph 8.2.

8.2 Subject to paragraphs 8.1 and 8.3, Members shall:
(a) minimize the documentation required for the release of expedited shipments in accordance with paragraph 1 of Article 10 and, to the extent possible, provide for release based on a single submission of information on certain shipments;
(b) provide for expedited shipments to be released under normal circumstances as rapidly as possible after arrival, provided the information required for release has been submitted;
(c) endeavour to apply the treatment in subparagraphs (a) and (b) to shipments of any weight or value recognizing that a Member is permitted to require additional entry procedures, including declarations and supporting documentation and payment of duties and taxes, and to limit such treatment based on the type of good, provided the treatment is not limited to low value goods such as documents; and
(d) provide, to the extent possible, for a de minimis shipment value or dutiable amount for which customs duties and taxes will not be collected, aside from certain prescribed goods. Internal taxes, such as value added taxes and excise taxes, applied to imports consistently with Article III of the GATT 1994 are not subject to this provision.

8.3 Nothing in paragraphs 8.1 and 8.2 shall affect the right of a Member to examine, detain, seize, confiscate or refuse entry of goods, or to carry out post-clearance audits, including in connection with the use of risk management systems. Further, nothing in paragraphs 8.1 and 8.2 shall prevent a Member from requiring, as a condition for release, the submission of additional information and the fulfilment of non-automatic licensing requirements.

9 Perishable Goods

9.1 With a view to preventing avoidable loss or deterioration of perishable goods, and provided that all regulatory requirements have been met, each Member shall provide for the release of perishable goods:
(a) under normal circumstances within the shortest possible time; and
(b) in exceptional circumstances where it would be appropriate to do so, outside the business hours of customs and other relevant authorities.

9.2 Each Member shall give appropriate priority to perishable goods when scheduling any examinations that may be required.

9.3 Each Member shall either arrange or allow an importer to arrange for the proper storage of perishable goods pending their release. The Member may require that any storage facilities arranged by the importer have been approved or designated by its relevant authorities. The movement of the goods to those storage facilities, including authorizations for the operator moving the goods, may be subject to the approval, where required, of the relevant authorities. The Member shall, where practicable and consistent with domestic legislation, upon the request of the importer, provide for any procedures necessary for release to take place at those storage facilities.

9.4 In cases of significant delay in the release of perishable goods, and upon written request, the importing Member shall, to the extent practicable, provide a communication on the reasons for the delay.

ARTICLE 8: BORDER AGENCY COOPERATION

1. Each Member shall ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation, and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade.
2. Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating

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For the purposes of this provision, perishable goods are goods that rapidly decay due to their natural characteristics, in particular in the absence of appropriate storage conditions.
procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:
(a) alignment of working days and hours;
(b) alignment of procedures and formalities;
(c) development and sharing of common facilities;
(d) joint controls;
(e) establishment of one stop border post control.

ARTICLE 9: MOVEMENT OF GOODS INTENDED FOR IMPORT UNDER CUSTOMS CONTROL

Each Member shall, to the extent practicable, and provided all regulatory requirements are met, allow goods intended for import to be moved within its territory under customs control from a customs office of entry to another customs office in its territory from where the goods would be released or cleared.

ARTICLE 10: FORMALITIES CONNECTED WITH IMPORTATION, EXPORTATION AND TRANSIT

1 Formalities and Documentation Requirements
1.1 With a view to minimizing the incidence and complexity of import, export, and transit formalities and to decreasing and simplifying import, export, and transit documentation requirements and taking into account the legitimate policy objectives and other factors such as changed circumstances, relevant new information, business practices, availability of techniques and technology, international best practices, and inputs from interested parties, each Member shall review such formalities and documentation requirements and, based on the results of the review, ensure, as appropriate, that such formalities and documentation requirements are:
(a) adopted and/or applied with a view to a rapid release and clearance of goods, particularly perishable goods;
(b) adopted and/or applied in a manner that aims at reducing the time and cost of compliance for traders and operators;
(c) the least trade restrictive measure chosen where two or more alternative measures are reasonably available for fulfilling the policy objective or objectives in question; and
(d) not maintained, including parts thereof, if no longer required.

1.2 The Committee shall develop procedures for the sharing by Members of relevant information and best practices, as appropriate.

2 Acceptance of Copies
2.1 Each Member shall, where appropriate, endeavour to accept paper or electronic copies of supporting documents required for import, export, or transit formalities.

2.2 Where a government agency of a Member already holds the original of such a document, any other agency of that Member shall accept a paper or electronic copy, where applicable, from the agency holding the original in lieu of the original document.

2.3 A Member shall not require an original or copy of export declarations submitted to the customs authorities of the exporting Member as a requirement for importation. 11

3 Use of International Standards
3.1 Members are encouraged to use relevant international standards or parts thereof as a basis for their import, export, or transit formalities and procedures, except as otherwise provided for in this Agreement.

3.2 Members are encouraged to take part, within the limits of their resources, in the preparation and periodic review of relevant international standards by appropriate international organizations.

3.3 The Committee shall develop procedures for the sharing by Members of relevant information, and best practices, on the implementation of international standards, as appropriate.

11 Nothing in this paragraph precludes a Member from requiring documents such as certificates, permits or licenses as a requirement for the importation of controlled or regulated goods.
The Committee may also invite relevant international organizations to discuss their work on international standards. As appropriate, the Committee may identify specific standards that are of particular value to Members.

4 Single Window
4.1 Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies. After the examination by the participating authorities or agencies of the documentation and/or data, the results shall be notified to the applicants through the single window in a timely manner.

4.2 In cases where documentation and/or data requirements have already been received through the single window, the same documentation and/or data requirements shall not be requested by participating authorities or agencies except in urgent circumstances and other limited exceptions which are made public.

4.3 Members shall notify the Committee of the details of operation of the single window.

4.4 Members shall, to the extent possible and practicable, use information technology to support the single window.

5 Pre-shipment Inspection
5.1 Members shall not require the use of pre-shipment inspections in relation to tariff classification and customs valuation.

5.2 Without prejudice to the rights of Members to use other types of pre-shipment inspection not covered by paragraph 5.1, Members are encouraged not to introduce or apply new requirements regarding their use. 12

6 Use of Customs Brokers
6.1 Without prejudice to the important policy concerns of some Members that currently maintain a special role for customs brokers, from the entry into force of this Agreement Members shall not introduce the mandatory use of customs brokers.

6.2 Each Member shall notify the Committee and publish its measures on the use of customs brokers. Any subsequent modifications thereof shall be notified and published promptly.

6.3 With regard to the licensing of customs brokers, Members shall apply rules that are transparent and objective.

7 Common Border Procedures and Uniform Documentation Requirements
7.1 Each Member shall, subject to paragraph 7.2, apply common customs procedures and uniform documentation requirements for release and clearance of goods throughout its territory.

7.2 Nothing in this Article shall prevent a Member from:
(a) differentiating its procedures and documentation requirements based on the nature and type of goods, or their means of transport;
(b) differentiating its procedures and documentation requirements for goods based on risk management;
(c) differentiating its procedures and documentation requirements to provide total or partial exemption from import duties or taxes;
(d) applying electronic filing or processing; or
(e) differentiating its procedures and documentation requirements in a manner consistent with the Agreement on the Application of Sanitary and Phytosanitary Measures.

8 Rejected Goods

12 This paragraph refers to preshipment inspections covered by the Agreement on Preshipment Inspection, and does not preclude preshipment inspections for sanitary and phytosanitary purposes.
8.1 Where goods presented for import are rejected by the competent authority of a Member on account of their failure to meet prescribed sanitary or phytosanitary regulations or technical regulations, the Member shall, subject to and consistent with its laws and regulations, allow the importer to re-consign or to return the rejected goods to the exporter or another person designated by the exporter.

8.2 When such an option under paragraph 8.1 is given and the importer fails to exercise it within a reasonable period of time, the competent authority may take a different course of action to deal with such non-compliant goods.

9 Temporary Admission of Goods and Inward and Outward Processing

9.1 Temporary Admission of Goods
Each Member shall allow, as provided for in its laws and regulations, goods to be brought into its customs territory conditionally relieved, totally or partially, from payment of import duties and taxes if such goods are brought into its customs territory for a specific purpose, are intended for re-exportation within a specific period, and have not undergone any change except normal depreciation and wastage due to the use made of them.

9.2 Inward and Outward Processing
(a) Each Member shall allow, as provided for in its laws and regulations, inward and outward processing of goods. Goods allowed for outward processing may be re-imported with total or partial exemption from import duties and taxes in accordance with the Member’s laws and regulations.
(b) For the purposes of this Article, the term "inward processing" means the customs procedure under which certain goods can be brought into a Member’s customs territory conditionally relieved, totally or partially, from payment of import duties and taxes, or eligible for duty drawback, on the basis that such goods are intended for manufacturing, processing, or repair and subsequent exportation.
(c) For the purposes of this Article, the term "outward processing" means the customs procedure under which goods which are in free circulation in a Member’s customs territory may be temporarily exported for manufacturing, processing, or repair abroad and then re-imported.

ARTICLE 11: FREEDOM OF TRANSIT
Any regulations or formalities in connection with traffic in transit imposed by a Member shall not be:
(a) maintained if the circumstances or objectives giving rise to their adoption no longer exist or if the changed circumstances or objectives can be addressed in a reasonably available less trade-restrictive manner;
(b) applied in a manner that would constitute a disguised restriction on traffic in transit.

2. Traffic in transit shall not be conditioned upon collection of any fees or charges imposed in respect of transit, except the charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.
3. Members shall not seek, take, or maintain any voluntary restraints or any other similar measures on traffic in transit. This is without prejudice to existing and future national regulations, bilateral or multilateral arrangements related to regulating transport, consistent with WTO rules.
4. Each Member shall accord to products which will be in transit through the territory of any other Member treatment no less favourable than that which would be accorded to such products if they were being transported from their place of origin to their destination without going through the territory of such other Member.
5. Members are encouraged to make available, where practicable, physically separate infrastructure (such as lanes, berths and similar) for traffic in transit.
6. Formalities, documentation requirements, and customs controls in connection with traffic in transit shall not be more burdensome than necessary to:
(a) identify the goods; and
(b) ensure fulfilment of transit requirements.

7. Once goods have been put under a transit procedure and have been authorized to proceed from the point of origination in a Member’s territory, they will not be subject to any customs charges
nor unnecessary delays or restrictions until they conclude their transit at the point of destination within the Member’s territory.

8. Members shall not apply technical regulations and conformity assessment procedures within the meaning of the Agreement on Technical Barriers to Trade to goods in transit.

9. Members shall allow and provide for advance filing and processing of transit documentation and data prior to the arrival of goods.

10. Once traffic in transit has reached the customs office where it exits the territory of a Member, that office shall promptly terminate the transit operation if transit requirements have been met.

11. Where a Member requires a guarantee in the form of a surety, deposit or other appropriate monetary or non-monetary instrument for traffic in transit, such guarantee shall be limited to ensuring that requirements arising from such traffic in transit are fulfilled.

12. Once the Member has determined that its transit requirements have been satisfied, the guarantee shall be discharged without delay.

13. Each Member shall, in a manner consistent with its laws and regulations, allow comprehensive guarantees which include multiple transactions for same operators or renewal of guarantees without discharge for subsequent consignments.

14. Each Member shall make publicly available the relevant information it uses to set the guarantee, including single transaction and, where applicable, multiple transaction guarantee.

15. Each Member may require the use of customs convoys or customs escorts for traffic in transit only in circumstances presenting high risks or when compliance with customs laws and regulations cannot be ensured through the use of guarantees. General rules applicable to customs convoys or customs escorts shall be published in accordance with Article 1.

16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:

(a) charges;
(b) formalities and legal requirements; and
(c) the practical operation of transit regimes.

17. Each Member shall endeavour to appoint a national transit coordinator to which all enquiries and proposals by other Members relating to the good functioning of transit operations can be addressed.

ARTICLE 12: CUSTOMS COOPERATION

1 Measures Promoting Compliance and Cooperation

1.1 Members agree on the importance of ensuring that traders are aware of their compliance obligations, encouraging voluntary compliance to allow importers to self-correct without penalty in appropriate circumstances, and applying compliance measures to initiate stronger measures for non-compliant traders.\(^{14}\)

1.2 Members are encouraged to share information on best practices in managing customs compliance, including through the Committee. Members are encouraged to cooperate in technical guidance or assistance and support for capacity building for the purposes of administering compliance measures and enhancing their effectiveness.

\(^{13}\) Nothing in this provision shall preclude a Member from maintaining existing procedures whereby the means of transport can be used as a guarantee for traffic in transit.

\(^{14}\) Such activity has the overall objective of lowering the frequency of non-compliance, and consequently reducing the need for exchange of information in pursuit of enforcement.
2 Exchange of Information
2.1 Upon request and subject to the provisions of this Article, Members shall exchange the information set out in subparagraphs 6.1(b) and/or (c) for the purpose of verifying an import or export declaration in identified cases where there are reasonable grounds to doubt the truth or accuracy of the declaration.

2.2 Each Member shall notify the Committee of the details of its contact point for the exchange of this information.

3 Verification
A Member shall make a request for information only after it has conducted appropriate verification procedures of an import or export declaration and after it has inspected the available relevant documentation.

4 Request
4.1 The requesting Member shall provide the requested Member with a written request, through paper or electronic means in a mutually agreed official language of the WTO or other mutually agreed language, including:

(a) the matter at issue including, where appropriate and available, the number identifying the export declaration corresponding to the import declaration in question;
(b) the purpose for which the requesting Member is seeking the information or documents, along with the names and contact details of the persons to whom the request relates, if known;
(c) where required by the requested Member, confirmation of the verification where appropriate;
(d) the specific information or documents requested;
(e) the identity of the originating office making the request;
(f) reference to provisions of the requesting Member's domestic law and legal system that govern the collection, protection, use, disclosure, retention, and disposal of confidential information and personal data.

4.2 If the requesting Member is not in a position to comply with any of the subparagraphs of paragraph 4.1, it shall specify this in the request.

5 Protection and Confidentiality
5.1 The requesting Member shall, subject to paragraph 5.2:

(a) hold all information or documents provided by the requested Member strictly in confidence and grant at least the same level of such protection and confidentiality as that provided under the domestic law and legal system of the requested Member as described by it under subparagraphs 6.1(b) or (c);

(b) provide information or documents only to the customs authorities dealing with the matter at issue and use the information or documents solely for the purpose stated in the request unless the requested Member agrees otherwise in writing;

(c) not disclose the information or documents without the specific written permission of the requested Member;

(d) not use any unverified information or documents from the requested Member as the deciding factor towards alleviating the doubt in any given circumstance;

(e) respect any case-specific conditions set out by the requested Member regarding retention and disposal of confidential information or documents and personal data; and

(f) upon request, inform the requested Member of any decisions and actions taken on the matter as a result of the information or documents provided.

15 This may include pertinent information on the verification conducted under paragraph 3. Such information shall be subject to the level of protection and confidentiality specified by the Member conducting the verification.
5.2 A requesting Member may be unable under its domestic law and legal system to comply with any of the subparagraphs of paragraph 5.1. If so, the requesting Member shall specify this in the request.

5.3 The requested Member shall treat any request and verification information received under paragraph 4 with at least the same level of protection and confidentiality accorded by the requested Member to its own similar information.

6 Provision of Information
6.1 Subject to the provisions of this Article, the requested Member shall promptly:
(a) respond in writing, through paper or electronic means;
(b) provide the specific information as set out in the import or export declaration, or the declaration, to the extent it is available, along with a description of the level of protection and confidentiality required of the requesting Member;
(c) if requested, provide the specific information as set out in the following documents, or the documents, submitted in support of the import or export declaration, to the extent it is available: commercial invoice, packing list, certificate of origin and bill of lading, in the form in which these were filed, whether paper or electronic, along with a description of the level of protection and confidentiality required of the requesting Member;
(d) confirm that the documents provided are true copies;
(e) provide the information or otherwise respond to the request, to the extent possible, within 90 days from the date of the request.

6.2 The requested Member may require, under its domestic law and legal system, an assurance prior to the provision of information that the specific information will not be used as evidence in criminal investigations, judicial proceedings, or in non-customs proceedings without the specific written permission of the requested Member. If the requesting Member is not in a position to comply with this requirement, it should specify this to the requested Member.

7 Postponement or Refusal of a Request
7.1 A requested Member may postpone or refuse part or all of a request to provide information, and shall inform the requesting Member of the reasons for doing so, where:
(a) it would be contrary to the public interest as reflected in the domestic law and legal system of the requested Member;
(b) its domestic law and legal system prevents the release of the information. In such a case it shall provide the requesting Member with a copy of the relevant, specific reference;
(c) the provision of the information would impede law enforcement or otherwise interfere with an on-going administrative or judicial investigation, prosecution or proceeding;
(d) the consent of the importer or exporter is required by its domestic law and legal system that govern the collection, protection, use, disclosure, retention, and disposal of confidential information or personal data and that consent is not given; or
(e) the request for information is received after the expiration of the legal requirement of the requested Member for the retention of documents.

7.2 In the circumstances of paragraphs 4.2, 5.2, or 6.2, execution of such a request shall be at the discretion of the requested Member.

8 Reciprocity
If the requesting Member is of the opinion that it would be unable to comply with a similar request if it was made by the requested Member, or if it has not yet implemented this Article, it shall state that fact in its request. Execution of such a request shall be at the discretion of the requested Member.

9 Administrative Burden
9.1 The requesting Member shall take into account the associated resource and cost implications for the requested Member in responding to requests for information. The requesting Member shall consider the proportionality between its fiscal interest in pursuing its request and the efforts to be made by the requested Member in providing the information.

9.2 If a requested Member receives an unmanageable number of requests for information or a request for information of unmanageable scope from one or more requesting Member(s) and is unable to meet such requests within a reasonable time, it may request one or more of the requesting Member(s) to prioritize with a view to agreeing on a practical limit within its resource constraints. In the absence of a mutually-agreed approach, the execution of such requests shall be at the discretion of the requested Member based on the results of its own prioritization.

10 Limitations
A requested Member shall not be required to:
(a) modify the format of its import or export declarations or procedures;
(b) call for documents other than those submitted with the import or export declaration as specified in subparagraph 6.1(c);
(c) initiate enquiries to obtain the information;
(d) modify the period of retention of such information;
(e) introduce paper documentation where electronic format has already been introduced;
(f) translate the information;
(g) verify the accuracy of the information; or
(h) provide information that would prejudice the legitimate commercial interests of particular enterprises, public or private.

11 Unauthorized Use or Disclosure
11.1 In the event of any breach of the conditions of use or disclosure of information exchanged under this Article, the requesting Member that received the information shall promptly communicate the details of such unauthorized use or disclosure to the requested Member that provided the information and:
(a) take necessary measures to remedy the breach;
(b) take necessary measures to prevent any future breach; and
(c) notify the requested Member of the measures taken under subparagraphs (a) and (b).

11.2 The requested Member may suspend its obligations to the requesting Member under this Article until the measures set out in paragraph 11.1 have been taken.

12 Bilateral and Regional Agreements

12.1 Nothing in this Article shall prevent a Member from entering into or maintaining a bilateral, plurilateral, or regional agreement for sharing or exchange of customs information and data, including on a secure and rapid basis such as on an automatic basis or in advance of the arrival of the consignment.

12.2 Nothing in this Article shall be construed as altering or affecting a Member’s rights or obligations under such bilateral, plurilateral, or regional agreements, or as governing the exchange of customs information and data under such other agreements.

SECTION II
SPECIAL AND DIFFERENTIAL TREATMENT PROVISIONS FOR DEVELOPING COUNTRY MEMBERS AND LEAST-DEVELOPED COUNTRY MEMBERS

ARTICLE 13: GENERAL PRINCIPLES

1. The provisions contained in Articles 1 to 12 of this Agreement shall be implemented by developing and least-developed country Members in accordance with this Section, which is based on the modalities agreed in Annex D of the July 2004 Framework Agreement (WT/L/579) and in paragraph 33 of and Annex E to the Hong Kong Ministerial Declaration (WT/MIN(05)/DEC).

2. Assistance and support for capacity building 16 should be provided to help developing and least-developed country Members implement the provisions of this Agreement, in accordance with

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16 For the purposes of this Agreement, "assistance and support for capacity building" may take the form of technical, financial, or any other mutually agreed form of assistance provided.
their nature and scope. The extent and the timing of implementation of the provisions of this Agreement shall be related to the implementation capacities of developing and least-developed country Members. Where a developing or least-developed country Member continues to lack the necessary capacity, implementation of the provision(s) concerned will not be required until implementation capacity has been acquired.

3. Least-developed country Members will only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.

4. These principles shall be applied through the provisions set out in Section II.

ARTICLE 14: CATEGORIES OF PROVISIONS

1. There are three categories of provisions:

(a) Category A contains provisions that a developing country Member or a least-developed country Member designates for implementation upon entry into force of this Agreement, or in the case of a least-developed country Member within one year after entry into force, as provided in Article 15.

(b) Category B contains provisions that a developing country Member or a least-developed country Member designates for implementation on a date after a transitional period of time following the entry into force of this Agreement, as provided in Article 16.

(c) Category C contains provisions that a developing country Member or a least-developed country Member designates for implementation on a date after a transitional period of time following the entry into force of this Agreement and requiring the acquisition of implementation capacity through the provision of assistance and support for capacity building, as provided for in Article 16.

Each developing country and least-developed country Member shall self-designate, on an individual basis, the provisions it is including under each of the Categories A, B and C.

ARTICLE 15: NOTIFICATION AND IMPLEMENTATION OF CATEGORY A

1. Upon entry into force of this Agreement, each developing country Member shall implement its Category A commitments. Those commitments designated under Category A will thereby be made an integral part of this Agreement.

2. A least-developed country Member may notify the Committee of the provisions it has designated in Category A for up to one year after entry into force of this Agreement. Each least-developed country Member's commitments designated under Category A will thereby be made an integral part of this Agreement.

ARTICLE 16: NOTIFICATION OF DEFINITIVE DATES FOR IMPLEMENTATION OF CATEGORY B AND CATEGORY C

1. With respect to the provisions that a developing country Member has not designated in Category A, the Member may delay implementation in accordance with the process set out in this Article.

Developing Country Member Category B

(a) Upon entry into force of this Agreement, each developing country Member shall notify the Committee of the provisions that it has designated in Category B and their corresponding indicative dates for implementation.17

(b) No later than one year after entry into force of this Agreement, each developing country Member shall notify the Committee of its definitive dates for implementation of the provisions it has designated in Category B. If a developing country Member, before this deadline, believes it requires additional time to notify its definitive dates, the Member may request that the Committee extend the period sufficient to notify its dates.

Developing Country Member Category C

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17 Notifications submitted may also include such further information as the notifying Member deems appropriate. Members are encouraged to provide information on the domestic agency or entity responsible for implementation.
Upon entry into force of this Agreement, each developing country Member shall notify the Committee of the provisions that it has designated in Category C and their corresponding indicative dates for implementation. For transparency purposes, notifications submitted shall include information on the assistance and support for capacity building that the Member requires in order to implement.18

Within one year after entry into force of this Agreement, developing country Members and relevant donor Members, taking into account any existing arrangements already in place, notifications pursuant to paragraph 1 of Article 22 and information submitted pursuant to subparagraph (c) above, shall provide information to the Committee on the arrangements maintained or entered into that are necessary to provide assistance and support for capacity building to enable implementation of Category C.19 The participating developing country Member shall promptly inform the Committee of such arrangements. The Committee shall also invite non-Member donors to provide information on existing or concluded arrangements.

Within 18 months from the date of the provision of the information stipulated in subparagraph (d), donor Members and respective developing country Members shall inform the Committee of the progress in the provision of assistance and support for capacity building. Each developing country Member shall, at the same time, notify its list of definitive dates for implementation.

With respect to those provisions that a least-developed country Member has not designated under Category A, least-developed country Members may delay implementation in accordance with the process set forth in this Article.

Least-Developed Country Member Category B

(a) No later than one year after entry into force of this Agreement, a least-developed country Member shall notify the Committee of its Category B provisions and may notify their corresponding indicative dates for implementation of these provisions, taking into account maximum flexibilities for least-developed country Members.

(b) No later than two years after the notification date stipulated under subparagraph (a) above, each least-developed country Member shall notify the Committee to confirm designations of provisions and notify its dates for implementation. If a least-developed country Member, before this deadline, believes it requires additional time to notify its definitive dates, the Member may request that the Committee extend the period sufficiently to notify its dates.

Least-Developed Country Member Category C

(c) For transparency purposes and to facilitate arrangements with donors, one year after entry into force of this Agreement, each least-developed country Member shall notify the Committee of the provisions it has designated in Category C, taking into account maximum flexibilities for least-developed country Members.

(d) One year after the date stipulated in subparagraph (c) above, least-developed country Members shall notify information on assistance and support for capacity building that the Member requires in order to implement.20

(e) No later than two years after the notification under subparagraph (d) above, least-developed country Members and relevant donor Members, taking into account information submitted pursuant to subparagraph (d) above, shall provide information to the Committee on the arrangements maintained or entered into that are necessary to provide assistance and support for capacity building to enable implementation of Category C.21 The participating least-developed country Member shall promptly inform the Committee of such arrangements. The least-developed country Member shall, at the same time, notify indicative dates for implementation of corresponding Category C commitments covered by the assistance and support arrangements. The Committee shall also invite non-Member donors to provide information on existing and concluded arrangements.

(f) No later than 18 months from the date of the provision of the information stipulated in subparagraph (e), relevant donor Members and respective least-developed country Members shall inform the Committee of the progress in the provision of assistance and support for capacity building.

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18 Members may also include information on national trade facilitation implementation plans or projects, the domestic agency or entity responsible for implementation, and the donors with which the Member may have an arrangement in place to provide assistance.

19 Such arrangements will be on mutually agreed terms, either bilaterally or through appropriate international organizations, consistent with paragraph 3 of Article 21.

20 Members may also include information on national trade facilitation implementation plans or projects, the domestic agency or entity responsible for implementation, and the donors with which the Member may have an arrangement in place to provide assistance.

21 Such arrangements will be on mutually agreed terms, either bilaterally or through appropriate international organizations, consistent with paragraph 3 of Article 21.
Each least-developed country Member shall, at the same time, notify the Committee of its list of definitive dates for implementation.

3. Developing country Members and least-developed country Members experiencing difficulties in submitting definitive dates for implementation within the deadlines set out in paragraphs 1 and 2 because of the lack of donor support or lack of progress in the provision of assistance and support for capacity building should notify the Committee as early as possible prior to the expiration of those deadlines. Members agree to cooperate to assist in addressing such difficulties, taking into account the particular circumstances and special problems facing the Member concerned. The Committee shall, as appropriate, take action to address the difficulties including, where necessary, by extending the deadlines for the Member concerned to notify its definitive dates.

4. Three months before the deadline stipulated in subparagraphs 1(b) or (e), or in the case of a least-developed country Member, subparagraphs 2(b) or (f), the Secretariat shall remind a Member if that Member has not notified a definitive date for implementation of provisions that it has designated in Category B or C. If the Member does not invoke paragraph 3, or in the case of a developing country Member subparagraph 1(b), or in the case of a least-developed country Member subparagraph 2(b), to extend the deadline and still does not notify a definitive date for implementation, the Member shall implement the provisions within one year after the deadline stipulated in subparagraphs 1(b) or (e), or in the case of a least-developed country Member, subparagraphs 2(b) or (f), or extended by paragraph 3.

5. No later than 60 days after the dates for notification of definitive dates for implementation of Category B and Category C provisions in accordance with paragraphs 1, 2, or 3, the Committee shall take note of the annexes containing each Member's definitive dates for implementation of Category B and Category C provisions, including any dates set under paragraph 4, thereby making these annexes an integral part of this Agreement.

ARTICLE 17: EARLY WARNING MECHANISM: EXTENSION OF IMPLEMENTATION DATES FOR PROVISIONS IN CATEGORIES B AND C

1. (a) A developing country Member or least-developed country Member that considers itself to be experiencing difficulty in implementing a provision that it has designated in Category B or Category C by the definitive date established under subparagraphs 1(b) or (e) of Article 16, or in the case of a least-developed country Member subparagraphs 2(b) or (f) of Article 16, should notify the Committee. Developing country Members shall notify the Committee no later than 120 days before the expiration of the implementation date. Least-developed country Members shall notify the Committee no later than 90 days before such date.

(b) The notification to the Committee shall indicate the new date by which the developing country Member or least-developed country Member expects to be able to implement the provision concerned. The notification shall also indicate the reasons for the expected delay in implementation. Such reasons may include the need for assistance and support for capacity building not earlier anticipated or additional assistance and support to help build capacity.

2. Where a developing country Member's request for additional time for implementation does not exceed 18 months or a least-developed country Member's request for additional time does not exceed 3 years, the requesting Member is entitled to such additional time without any further action by the Committee.

3. Where a developing country or least-developed country Member considers that it requires a first extension longer than that provided for in paragraph 2 or a second or any subsequent extension, it shall submit to the Committee a request for an extension containing the information described in subparagraph 1(b) no later than 120 days in respect of a developing country Member and 90 days in respect of a least-developed country Member before the expiration of the original definitive implementation date or that date as subsequently extended.

4. The Committee shall give sympathetic consideration to granting requests for extension taking into account the specific circumstances of the Member submitting the request. These circumstances may include difficulties and delays in obtaining assistance and support for capacity building.

ARTICLE 18: IMPLEMENTATION OF CATEGORY B AND CATEGORY C

1. In accordance with paragraph 2 of Article 13, if a developing country Member or a least-developed country Member, having fulfilled the procedures set forth in paragraphs 1 or 2 of Article 16
and in Article 17, and where an extension requested has not been granted or where the developing
country Member or least-developed country Member otherwise experiences unforeseen
circumstances that prevent an extension being granted under Article 17, self-assesses that its
capacity to implement a provision under Category C continues to be lacking, that Member shall notify
the Committee of its inability to implement the relevant provision.

2. The Committee shall establish an Expert Group immediately, and in any case no later than 60
days after the Committee receives the notification from the relevant developing country Member or
least-developed country Member. The Expert Group will examine the issue and make a
recommendation to the Committee within 120 days of its composition.

3. The Expert Group shall be composed of five independent persons that are highly qualified in
the fields of trade facilitation and assistance and support for capacity building. The composition of the
Expert Group shall ensure balance between nationals from developing and developed country
Members. Where a least-developed country Member is involved, the Expert Group shall include at
least one national from a least-developed country Member. If the Committee cannot agree on the
composition of the Expert Group within 20 days of its establishment, the Director-General, in
consultation with the chair of the Committee, shall determine the composition of the Expert Group in
accordance with the terms of this paragraph.

4. The Expert Group shall consider the Member's self-assessment of lack of capacity and shall
make a recommendation to the Committee. When considering the Expert Group's recommendation
concerning a least-developed country Member, the Committee shall, as appropriate, take action that
will facilitate the acquisition of sustainable implementation capacity.

5. The Member shall not be subject to proceedings under the Dispute Settlement Understanding
on this issue from the time the developing country Member notifies the Committee of its inability to
implement the relevant provision until the first meeting of the Committee after it receives the
recommendation of the Expert Group. At that meeting, the Committee shall consider the
recommendation of the Expert Group. For a least-developed country Member, the proceedings under
the Dispute Settlement Understanding shall not apply to the respective provision from the date of
notification to the Committee of its inability to implement the provision until the Committee makes a
decision on the issue, or within 24 months after the date of the first Committee meeting set out above,
whichever is earlier.

6. Where a least-developed country Member loses its ability to implement a Category C
commitment, it may inform the Committee and follow the procedures set out in this Article.

ARTICLE 19: SHIFTING BETWEEN CATEGORIES B AND C

1. Developing country Members and least-developed country Members who have notified
provisions under Categories B and C may shift provisions between such categories through the
submission of a notification to the Committee. Where a Member proposes to shift a provision from
Category B to Category C, the Member shall provide information on the assistance and support
required to build capacity.

2. In the event that additional time is required to implement a provision shifted from Category B
to Category C, the Member may:
   (a) use the provisions of Article 17, including the opportunity for an automatic extension; or
   (b) request an examination by the Committee of the Member's request for extra time to
      implement the provision and, if necessary, for assistance and support for capacity building, including
      the possibility of a review and recommendation by the Expert Group under Article 18; or
   (c) in the case of a least-developed country Member, any new implementation date of more than
      four years after the original date notified under Category B shall require approval by the Committee. In
      addition, a least-developed country Member shall continue to have recourse to Article 17. It is
      understood that assistance and support for capacity building is required for a least-developed country
      Member so shifting.

ARTICLE 20: GRACE PERIOD FOR THE APPLICATION OF THE UNDERSTANDING ON RULES
AND PROCEDURES GOVERNING THE SETTLEMENT OF DISPUTES
1. For a period of two years after entry into force of this Agreement, the provisions of Articles XXII and XXIII of GATT 1994 as elaborated and applied by the Understanding on Rules and Procedures Governing the Settlement of Disputes shall not apply to the settlement of disputes against a developing country Member concerning any provision that the Member has designated in Category A.

2. For a period of six years after entry into force of this Agreement, the provisions of Articles XXII and XXIII of GATT 1994 as elaborated and applied by the Understanding on Rules and Procedures Governing the Settlement of Disputes shall not apply to the settlement of disputes against a least-developed country Member concerning any provision that the Member has designated in Category A.

3. For a period of eight years after implementation of a provision under Category B or C by a least-developed country Member, the provisions of Articles XXII and XXIII of GATT 1994 as elaborated and applied by the Understanding on Rules and Procedures Governing the Settlement of Disputes shall not apply to the settlement of disputes against that least-developed country Member concerning that provision.

4. Notwithstanding the grace period for the application of the Understanding on Rules and Procedures Governing the Settlement of Disputes, before making a request for consultations pursuant to Articles XXII or XXIII of GATT 1994, and at all stages of dispute settlement procedures with regard to a measure of a least-developed country Member, a Member shall give particular consideration to the special situation of least-developed country Members. In this regard, Members shall exercise due restraint in raising matters under the Understanding on Rules and Procedures Governing the Settlement of Disputes involving least-developed country Members.

5. Each Member shall, upon request, during the grace period allowed under this Article, provide adequate opportunity to other Members for discussion with respect to any issue relating to the implementation of this Agreement.

ARTICLE 21: PROVISION OF ASSISTANCE AND SUPPORT FOR CAPACITY BUILDING

1. Donor Members agree to facilitate the provision of assistance and support for capacity building to developing country and least-developed country Members on mutually agreed terms either bilaterally or through the appropriate international organizations. The objective is to assist developing country and least-developed country Members to implement the provisions of Section I of this Agreement.

2. Given the special needs of least-developed country Members, targeted assistance and support should be provided to the least-developed country Members so as to help them build sustainable capacity to implement their commitments. Through the relevant development cooperation mechanisms and consistent with the principles of technical assistance and support for capacity building as referred to in paragraph 3, development partners shall endeavour to provide assistance and support for capacity building in this area in a way that does not compromise existing development priorities.

3. Members shall endeavour to apply the following principles for providing assistance and support for capacity building with regard to the implementation of this Agreement:
   (a) take account of the overall developmental framework of recipient countries and regions and, where relevant and appropriate, ongoing reform and technical assistance programs;
   (b) include, where relevant and appropriate, activities to address regional and sub-regional challenges and promote regional and sub-regional integration;
   (c) ensure that ongoing trade facilitation reform activities of the private sector are factored into assistance activities;
   (d) promote coordination between and among Members and other relevant institutions, including regional economic communities, to ensure maximum effectiveness of and results from this assistance. To this end:
   (i) coordination, primarily in the country or region where the assistance is to be provided, between partner Members and donors and among bilateral and multilateral donors should aim to
avoid overlap and duplication in assistance programs and inconsistencies in reform activities through
close coordination of technical assistance and capacity building interventions;

(ii) for least-developed country Members, the Enhanced Integrated Framework for trade-related
assistance for the least-developed countries should be a part of this coordination process; and

(iii) Members should also promote internal coordination between their trade and
development officials, both in capitals and in Geneva, in the implementation of this Agreement and
technical assistance.

(e) encourage use of existing in-country and regional coordination structures such as roundtables
and consultative groups to coordinate and monitor implementation activities; and

(f) encourage developing country Members to provide capacity building to other developing and
least-developed country Members and consider supporting such activities, where possible.

4. The Committee shall hold at least one dedicated session per year to:
   (a) discuss any problems regarding implementation of provisions or sub-parts of
       provisions of this Agreement;
   (b) review progress in the provision of assistance and support for capacity building to support the
       implementation of the Agreement, including any developing or least-developed country Members not
       receiving adequate assistance and support for capacity building;
   (c) share experiences and information on ongoing assistance and support for capacity building
       and implementation programs, including challenges and successes;
   (d) review donor notifications as set forth in Article 22; and
   (e) review the operation of paragraph 2.

ARTICLE 22: INFORMATION ON ASSISTANCE AND SUPPORT FOR CAPACITY BUILDING TO BE
SUBMITTED TO THE COMMITTEE
1. To provide transparency to developing country Members and least-developed country
Members on the provision of assistance and support for capacity building for implementation of
Section I, each donor Member assisting developing country Members and least-developed country
Members with the implementation of this Agreement shall submit to the Committee, at entry into force
of this Agreement and annually thereafter, the following information on its assistance and support for
capacity building that was disbursed in the preceding 12 months and, where available, that is
committed in the next 12 months22:

   (a) a description of the assistance and support for capacity building;
   (b) the status and amount committed/disbursed;
   (c) procedures for disbursement of the assistance and support;
   (d) the beneficiary Member or, where necessary, the region; and
   (e) the implementing agency in the Member providing assistance and support.

The information shall be provided in the format specified in Annex 1. In the case of Organisation for
Economic Co-operation and Development (referred to in this Agreement as the “OECD”) Members,
the information submitted can be based on relevant information from the OECD Creditor Reporting
System. Developing country Members declaring themselves in a position to provide assistance and
support for capacity building are encouraged to provide the information above.

2. Donor Members assisting developing country Members and least-developed country
Members shall submit to the Committee:

22 The information provided will reflect the demand driven nature of the provision of assistance and support for capacity building.
contact points of their agencies responsible for providing assistance and support for capacity building related to the implementation of Section I of this Agreement including, where practicable, information on such contact points within the country or region where the assistance and support is to be provided; and

(b) information on the process and mechanisms for requesting assistance and support for capacity building.

Developing country Members declaring themselves in a position to provide assistance and support are encouraged to provide the information above.

3. Developing country Members and least-developed country Members intending to avail themselves of trade facilitation-related assistance and support for capacity building shall submit to the Committee information on contact point(s) of the office(s) responsible for coordinating and prioritizing such assistance and support.

4. Members may provide the information referred to in paragraphs 2 and 3 through internet references and shall update the information as necessary. The Secretariat shall make all such information publicly available.

5. The Committee shall invite relevant international and regional organizations (such as the International Monetary Fund, the OECD, the United Nations Conference on Trade and Development, the WCO, United Nations Regional Commissions, the World Bank, or their subsidiary bodies, and regional development banks) and other agencies of cooperation to provide information referred to in paragraphs 1, 2, and 4.

SECTION III

INSTITUTIONAL ARRANGEMENTS AND FINAL PROVISIONS

ARTICLE 23: INSTITUTIONAL ARRANGEMENTS

1 Committee on Trade Facilitation

1.1 A Committee on Trade Facilitation is hereby established.

1.2 The Committee shall be open for participation by all Members and shall elect its own Chairperson. The Committee shall meet as needed and envisaged by the relevant provisions of this Agreement, but no less than once a year, for the purpose of affording Members the opportunity to consult on any matters related to the operation of this Agreement or the furtherance of its objectives. The Committee shall carry out such responsibilities as assigned to it under this Agreement or by the Members. The Committee shall establish its own rules of procedure.

1.3 The Committee may establish such subsidiary bodies as may be required. All such bodies shall report to the Committee.

1.4 The Committee shall develop procedures for the sharing by Members of relevant information and best practices as appropriate.

1.5 The Committee shall maintain close contact with other international organizations in the field of trade facilitation, such as the WCO, with the objective of securing the best available advice for the implementation and administration of this Agreement and in order to ensure that unnecessary duplication of effort is avoided. To this end, the Committee may invite representatives of such organizations or their subsidiary bodies to:

(a) attend meetings of the Committee; and

(b) discuss specific matters related to the implementation of this Agreement.

1.6 The Committee shall review the operation and implementation of this Agreement four years from its entry into force, and periodically thereafter.
1.7 Members are encouraged to raise before the Committee questions relating to issues on the implementation and application of this Agreement.

1.8 The Committee shall encourage and facilitate ad hoc discussions among Members on specific issues under this Agreement with a view to reaching a mutually satisfactory solution promptly.

2 National Committee on Trade Facilitation
Each Member shall establish and/or maintain a national committee on trade facilitation or designate an existing mechanism to facilitate both domestic coordination and implementation of the provisions of this Agreement.

ARTICLE 24: FINAL PROVISIONS
1. For the purpose of this Agreement, the term "Member" is deemed to include the competent authority of that Member.

2. All provisions of this Agreement are binding on all Members.

3. Members shall implement this Agreement from the date of its entry into force. Developing country Members and least-developed country Members that choose to use the provisions of Section II shall implement this Agreement in accordance with Section II.

4. A Member which accepts this Agreement after its entry into force shall implement its Category B and C commitments counting the relevant periods from the date this Agreement enters into force.

5. Members of a customs union or a regional economic arrangement may adopt regional approaches to assist in the implementation of their obligations under this Agreement including through the establishment and use of regional bodies.

6. Notwithstanding the general interpretative note to Annex 1A to the Marrakesh Agreement Establishing the World Trade Organization, nothing in this Agreement shall be construed as diminishing the obligations of Members under the GATT 1994. In addition, nothing in this Agreement shall be construed as diminishing the rights and obligations of Members under the Agreement on Technical Barriers to Trade and the Agreement on the Application of Sanitary and Phytosanitary Measures.

7. All exceptions and exemptions under the GATT 1994 shall apply to the provisions of this Agreement. Waivers applicable to the GATT 1994 or any part thereof, granted according to Article IX:3 and Article IX:4 of the Marrakesh Agreement Establishing the World Trade Organization and any amendments thereto as of the date of entry into force of this Agreement, shall apply to the provisions of this Agreement.

8. The provisions of Articles XXII and XXIII of GATT 1994 as elaborated and applied by the Dispute Settlement Understanding shall apply to consultations and the settlement of disputes under this Agreement, except as otherwise specifically provided for in this Agreement.

9. Reservations may not be entered in respect of any of the provisions of this Agreement without the consent of the other Members.

10. The Category A commitments of developing country Members and least-developed country Members annexed to this Agreement in accordance with paragraphs 1 and 2 of Article 15 shall constitute an integral part of this Agreement.

11. The Category B and C commitments of developing country Members and least-developed country Members taken note of by the Committee and annexed to this Agreement pursuant to paragraph 5 of Article 16 shall constitute an integral part of this Agreement.

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23 This includes Articles V:7 and X:1 of the GATT 1994 and the Ad note to Article VIII of the GATT 1994.
The WCO Revised Kyoto Convention (RKC)

General Annex
Chapter 5
Security
5.1. Standard
National legislation shall enumerate the cases in which security is required and shall specify the forms in which security is to be provided.

5.2. Standard
The Customs shall determine the amount of security.

5.3. Standard
Any person required to provide security shall be allowed to choose any form of security provided that it is acceptable to the Customs.

5.4. Standard
Where national legislation provides, the Customs shall not require security when they are satisfied that an obligation to the Customs will be fulfilled.

5.5. Standard
When security is required to ensure that the obligations arising from a Customs procedure will be fulfilled, the Customs shall accept a general security, in particular from declarants who regularly declare goods at different offices in the Customs territory.

5.6. Standard
Where security is required, the amount of security to be provided shall be as low as possible and, in respect of the payment of duties and taxes, shall not exceed the amount potentially chargeable.

5.7. Standard
Where security has been furnished, it shall be discharged as soon as possible after the Customs are satisfied that the obligations under which the security was required have been duly fulfilled.

Specific Annex E

Chapter 1

Customs transit

Definitions

For the purposes of this Chapter:

"authorized consignee" means a person empowered by the Customs to receive goods directly at his premises without having to present them at the office of destination;

"authorized consignor" means a person empowered by the Customs to send goods directly from his premises without having to present them at the office of departure;

"control office" means the Customs office responsible for one or more "authorized consignors" or "authorized consignees" and, in this respect, performing a special control function for all Customs transit operations;

"Customs transit" means the Customs procedure under which goods are transported under Customs control from one Customs office to another;
"Customs transit operation" means the transport of goods from an office of departure to an office of destination under Customs transit;

"office of departure" means any Customs office at which a Customs transit operation commences;

"transport-unit" means: containers having an internal volume of one-cubic metre or more, including demountable bodies; road vehicles, including trailers and semi-trailers; railway coaches or wagons; lighters, barges and other vessels; and aircraft.

Principle

1. Standard
Customs transit shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.

Field of application

2. Standard
The Customs shall allow goods to be transported under Customs transit in their territory:
from an office of entry to an office of exit;
from an office of entry to an inland Customs office;
from an inland Customs office to an office of exit; and
from one inland Customs office to another inland Customs office.

3. Standard
Goods being carried under Customs transit shall not be subject to the payment of duties and taxes, provided the conditions laid down by the Customs are complied with and that any security required has been furnished.

4. Standard
National legislation shall specify the persons who shall be responsible to the Customs for compliance with the obligations incurred under Customs transit, in particular for ensuring that the goods are produced intact at the office of destination in accordance with the conditions imposed by the Customs.

5. Recommended Practice
The Customs should approve persons as authorized consignors and authorized consignees when they are satisfied that the prescribed conditions laid down by the Customs are met.

Formalities at the office of departure

(a) Goods declaration for Customs transit

6. Standard
Any commercial or transport document setting out clearly the necessary particulars shall be accepted as the descriptive part of the Goods declaration for Customs transit and this acceptance shall be noted on the document.

7. Recommended Practice
The Customs should accept as the Goods declaration for Customs transit any commercial or transport document for the consignment concerned which meets all the Customs requirements. This acceptance should be noted on the document.

(b) Sealing and identification of consignments

8. Standard
The Customs at the office of departure shall take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorized interference.

9. Recommended Practice
Subject to the provisions of other international conventions, the Customs should not generally require that transport units be approved in advance for the transport of goods under Customs seal.

10. Standard
When a consignment is conveyed in a transport-unit and Customs sealing is required, the Customs seals shall be affixed to the transport-unit itself provided that the transport-unit is so constructed and equipped that:
- Customs seals can be simply and effectively affixed to it;
- no goods can be removed from or introduced into the sealed part of the transport-unit without leaving visible traces of tampering or without breaking the Customs seal;
- it contains no concealed spaces where goods may be hidden; and
- all spaces capable of holding goods are readily accessible for Customs inspection.
The Customs shall decide whether transport-units are secure for the purposes of Customs transit.

11. Recommended Practice
Where the accompanying documents make it possible unequivocally to identify the goods, the latter should generally be transported without a Customs seal or fastening. However, a Customs seal or fastening may be required:
- where the Customs office of departure considers it necessary in the light of risk management;
- where the Customs transit operation will be facilitated as a whole; or
- where an international agreement so provides.

12. Standard
If a consignment is, in principle, to be conveyed under Customs seal and the transport-unit cannot be effectively sealed, identification shall be assured and unauthorized interference rendered readily detectable by:
- full examination of the goods and recording the results thereof on the transit document;
- affixing Customs seals or fastenings to individual packages;
- a precise description of the goods by reference to samples, plans, sketches, photographs, or similar means, to be attached to the transit document;
- stipulation of a strict routing and strict time limits; or
- Customs escort.
The decision to waive sealing of the transport-unit shall, however, be the prerogative of the Customs alone.

13. Standard
When the Customs fix a time limit for Customs transit, it shall be sufficient for the purposes of the transit operation.

14. Recommended Practice
At the request of the person concerned, and for reasons deemed valid by the Customs, the latter should extend any period initially fixed.

15. Standard
Only when they consider such a measure to be indispensable shall the Customs:
- (a) require goods to follow a prescribed itinerary; or
- (b) require goods to be transported under Customs escort.

Customs seals

16. Standard
Customs seals and fastenings used in the application of Customs transit shall fulfil the minimum requirements laid down in the Appendix to this Chapter.
17. Recommended Practice
Customs seals and identification marks affixed by foreign Customs should be accepted for the purposes of the Customs transit operation unless:
- they are considered not to be sufficient;
- they are not secure; or
- the Customs proceed to an examination of the goods.
When foreign Customs seals and fastenings have been accepted in a Customs territory, they should be afforded the same legal protection in that territory as national seals and fastenings.

18. Recommended Practice
Where the Customs offices concerned check the Customs seals and fastenings or examine the goods, they should record the results on the transit document.

Formalities en route

19. Standard
A change in the office of destination shall be accepted without prior notification except where the Customs have specified that prior approval is necessary.

20. Standard
Transfer of the goods from one means of transport to another shall be allowed without Customs authorization, provided that any Customs seals or fastenings are not broken or interfered with.

21. Recommended Practice
The Customs should allow goods to be transported under Customs transit in a transport-unit carrying other goods at the same time, provided that they are satisfied that the goods under Customs transit can be identified and the other Customs requirements will be met.

22. Recommended Practice
The Customs should require the person concerned to report accidents or other unforeseen events directly affecting the Customs transit operation promptly to the nearest Customs office or other competent authorities.

Termination of Customs transit

23. Standard
National legislation shall not, in respect of the termination of a Customs transit operation, require more than that the goods and the relevant Goods declaration be presented at the office of destination within any time limit fixed, without the goods having undergone any change and without having been used, and with Customs seals, fastenings or identification marks intact.

24. Standard
As soon as the goods are under its control, the office of destination shall arrange without delay for the termination of the Customs transit operation after having satisfied itself that all conditions have been met.

25. Recommended Practice
Failure to follow a prescribed itinerary or to comply with a prescribed time limit should not entail the collection of any duties and taxes potentially chargeable, provided the Customs are satisfied that all other requirements have been met.

International agreements relating to Customs transit

26. Recommended Practice
Contracting Parties should give careful consideration to the possibility of acceding to international instruments relating to Customs transit. When they are not in a position to accede to such international instruments they should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices in the present Chapter.
TIR Convention

BODY OF THE TIR CONVENTION, 1975
(Unofficial consolidated version as of 10 October 2013)

(A complete version of the TIR Convention, 1975, including its Annexes, is contained in the TIR handbook that can be downloaded from the UNECE website at tir.unece.org)

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

THE CONTRACTING PARTIES,

DESIRING to facilitate the international carriage of goods by road vehicle,

CONSIDERING that the improvement of the conditions of transport constitutes one of the factors essential to the development of co-operation among them,

DECLARING themselves in favour of a simplification and a harmonization of administrative formalities in the field of international transport, in particular at frontiers,

HAVE AGREED as follows:

Chapter I

GENERAL

(a) DEFINITIONS

Article 1

For the purposes of this Convention:

(a) The term "TIR transport" shall mean the transport of goods from a Customs office of departure to a Customs office of destination under the procedure, called the TIR procedure, laid down in this Convention;

(b) the term "TIR operation" shall mean the part of a TIR transport that is carried out in a Contracting Party from a Customs office of departure or entry (en route) to a Customs office of destination or exit (en route);

(c) the term "start of a TIR operation" shall mean that the road vehicle, the combination of vehicles or the container have been presented for purposes of control to the Customs office of departure or entry (en route) together with the load and the TIR Carnet relating thereto and that the TIR Carnet has been accepted by the Customs office;

(d) the term "termination of a TIR operation" shall mean that the road vehicle, the combination of vehicles or the container have been presented for purposes of control to the Customs office of destination or of exit (en route) together with the load and the TIR Carnet relating thereto;

(e) the term "discharge of a TIR operation" shall mean the recognition by Customs authorities that the TIR operation has been terminated correctly in a Contracting Party. This is established by the Customs authorities on the basis of a comparison of the data or information available at the Customs
office of destination or exit (en route) and that available at the Customs office of departure or entry (en route):

(f) the term "import or export duties and taxes" shall mean Customs duties and all other duties, taxes, fees and other charges which are collected on, or in connection with, the import or export of goods, but not including fees and charges limited in amount to the approximate cost of services rendered;

(g) the term "road vehicle" shall mean not only any power-driven road vehicle but also any trailer or semi-trailer designed to be coupled thereto;

(h) the term "combination of vehicles" shall mean coupled vehicles which travel on the road as a unit;

(i) the term "container" shall mean an article of transport equipment (lift-van, movable tank or other similar structure):

(1) fully or partially enclosed to constitute a compartment intended for containing goods,

(ii) of a permanent character and accordingly strong enough to be suitable for repeated use,

(iii) specially designed to facilitate the transport of goods by one or more modes of transport without intermediate reloading,

(iv) designed for ready handling, particularly when being transferred from one mode of transport to another,

(v) designed to be easy to fill and to empty, and

(vi) having an internal volume of one cubic metre or more,

"demountable bodies" are to be treated as containers;

(k) the term "Customs office of departure" shall mean any Customs office of a Contracting Party where the TIR transport of a load or part load of goods begins;

(l) the term "Customs office of destination" shall mean any Customs office of a Contracting Party where the TIR transport of a load or part load of goods ends;

(m) the term "Customs office en route" shall mean any Customs office of a Contracting Party through which a road vehicle, combination of vehicles or container enters or leaves this Contracting Party in the course of a TIR transport;

(n) the term "person" shall mean both natural and legal persons;

(o) the term "holder" of a TIR Carnet shall mean the person to whom a TIR Carnet has been issued in accordance with the relevant provisions of the Convention and on whose behalf a Customs declaration has been made in the form of a TIR Carnet indicating a wish to place goods under the TIR procedure at the Customs office of departure. He shall be responsible for presentation of the road vehicle, the combination of vehicles or the container together with the load and the TIR Carnet relating thereto at the Customs office of departure, the Customs office en route and the Customs office of destination and for due observance of the other relevant provisions of the Convention;

(p) the term "heavy or bulky goods" shall mean any heavy or bulky object which
because of its weight, size or nature is not normally carried in a closed road vehicle or closed container;

(q) the term "guaranteeing association" shall mean an association authorized by the Customs authorities of a Contracting Party to act as guarantor for persons using the TIR procedure.

(r) the term "international organization" shall mean an organization authorized by the Administrative Committee to take on responsibility for the effective organization and functioning of an international guarantee system.

(b) SCOPE

Article 2

This Convention shall apply to the transport of goods without intermediate reloading, in road vehicles, combinations of vehicles or in containers, across one or more frontiers between a Customs office of departure of one Contracting Party and a Customs office of destination of another or of the same Contracting Party, provided that some portion of the journey between the beginning and the end of the TIR transport is made by road.

Article 3

For the provisions of this Convention to become applicable:

(a) the transport operation must be performed

(i) by means of road vehicles, combinations of vehicles or containers previously approved under the conditions set forth in Chapter III (a), or

(ii) by means of other road vehicles, other combinations of vehicles or other containers under the conditions set forth in Chapter III (c), or

(iii) by road vehicles or special vehicles such as buses, cranes, sweepers, concrete-laying machines, etc. exported and therefore themselves considered as goods travelling by their own means from a Customs office of departure to a Customs office of destination under the conditions set forth in Chapter III (c). In case such vehicles are carrying other goods, the conditions as referred to under (i) or (ii) above shall apply accordingly;

(b) the transport operations must be guaranteed by associations approved in accordance with the provisions of Article 6 and must be performed under cover of a TIR Carnet, which shall conform to the model reproduced in Annex 1 to this Convention.

(c) PRINCIPLES

Article 4

Goods carried under the TIR procedure shall not be subjected to the payment or deposit of import or export duties and taxes at Customs offices en route.

Article 5

1. Goods carried under the TIR procedure in sealed road vehicles, combinations of vehicles or containers shall not as a general rule be subjected to examination at Customs offices en route.

2. However, to prevent abuses, Customs authorities may in exceptional cases, and particularly when irregularity is suspected, carry out an examination of the goods at such offices.

Chapter II

ISSUE OF TIR CARNETS

LIABILITY OF GUARANTEEING ASSOCIATIONS
Article 6

1. Each Contracting Party may authorize associations to issue TIR Carnets, either directly or through corresponding associations, and to act as guarantors, as long as the minimum conditions and requirements, as laid down in Annex 9, Part I, are complied with. The authorization shall be revoked if the minimum conditions and requirements contained in Annex 9, Part I are no longer fulfilled.

2. An association shall not be approved in any country unless its guarantee also covers the liabilities incurred in that country in connection with operations under cover of TIR Carnets issued by foreign associations affiliated to the same international organization as that to which it is itself affiliated.

2 bis An international organization shall be authorized by the Administrative Committee to take on responsibility for the effective organization and functioning of an international guarantee system. The authorization shall be granted as long as the organization fulfills the conditions and requirements laid down in Annex 9, Part III. The Administrative Committee may revoke the authorization if these conditions and requirements are no longer fulfilled.

3. An association shall issue TIR Carnets only to persons, whose access to the TIR procedure has not been refused by the competent authorities of Contracting Parties in which the person is resident or established.

Authorization for access to the TIR procedure shall be granted only to persons who fulfill the minimum conditions and requirements laid down in Annex 9, Part II to this Convention. Without prejudice to Article 38, the authorization shall be revoked if the fulfillment of these criteria is no longer ensured.

5. Authorization for access to the TIR procedure shall be granted according to the procedure laid down in Annex 9, Part II to this Convention.

Article 7

TIR Carnet forms sent to the guaranteeing associations by the corresponding foreign associations or by international organizations shall not be liable to import and export duties and taxes and shall be free of import and export prohibitions and restrictions.

Article 8

1. The guaranteeing association shall undertake to pay up to the maximum of the guaranteed amount of the import and export duties and taxes together with any default interest due under the Customs laws and regulations of the Contracting Party in which an irregularity leading up to a claim against the guaranteeing association has been established in connection with a TIR operation. It shall be liable, jointly and severally with the persons from whom the sums mentioned above are due, for payment of such sums.

2. In cases where the laws and regulations of a Contracting Party do not provide for payment of import or export duties and taxes as provided for in paragraph 1 above, the guaranteeing association shall undertake to pay, under the same conditions, a sum equal to the amount of the import or export duties and taxes and any default interest.

3. Each Contracting Party shall determine the maximum sum per TIR Carnet, which may be claimed from the guaranteeing association on the basis of the provisions of paragraphs 1 and 2 above.

4. The liability of the guaranteeing association to the authorities of the country where the Customs office of departure is situated shall commence at the time when the TIR Carnet is accepted by the Customs office. In the succeeding countries through which goods are transported under the TIR procedure, this liability shall commence at the time when the goods enter these countries or, where the TIR transport has been suspended under Article 26, paragraphs 1 and 2, at the time when the TIR Carnet is accepted by the Customs office where the TIR transport is resumed.

5. The liability of the guaranteeing association shall cover not only the goods which are enumerated in the TIR Carnet but also any goods which, though not enumerated therein, may be contained in the sealed section of the road vehicle or in the sealed container. It shall not extend to any other goods.

6. For the purpose of determining the duties and taxes mentioned in paragraphs 1 and 2 of this Article, the particulars of the goods as entered in the TIR Carnet shall, in the absence of evidence to the contrary, be assumed to be correct.

Article 9
1. The guaranteeing association shall fix the period of validity of the TIR Carnet by specifying a final date of validity after which the Carnet may not be presented for acceptance at the Customs office of departure.

2. Provided that it has been accepted by the Customs office of departure on or before the final date of validity, as provided for in paragraph 1 of this Article, the Carnet shall remain valid until the termination of the TIR operation at the Customs office of destination.

Article 10
1. Discharge of a TIR operation has to take place without delay.
2. When the Customs authorities of a Contracting Party have discharged a TIR operation they can no longer claim from the guaranteeing association payment of the sums mentioned in Article 8, paragraphs 1 and 2, unless the certificate of termination of the TIR operation was obtained in an improper or fraudulent manner or no termination has taken place.

Article 11
Where a TIR operation has not been discharged, the competent authorities shall:
1. notify the TIR Carnet holder at his address indicated in the TIR Carnet of the non-discharge;
2. notify the guaranteeing association of the non-discharge.
The competent authorities shall notify the guaranteeing association with a maximum period of one year from the date of acceptance of the TIR Carnet by those authorities or two years when the certificate of termination of the TIR operation was falsified or obtained in an improper or fraudulent manner.

Chapter III
TRANSPORT OF GOODS UNDER TIR CARNET

(a) APPROVAL OF VEHICLES AND CONTAINERS

Article 12
In order to fall within the provisions of sections (a) and (b) of this Chapter, every road vehicle must as regards its construction and equipment fulfil the conditions set out in Annex 2 to this Convention and must have been approved according to the procedure laid down in Annex 3 to this Convention. The Certificate of Approval shall conform to the specimen reproduced in Annex 4.

Article 13
1. To fall within the provisions of sections (a) and (b) of this Chapter, containers must be constructed in conformity with the conditions laid down in Part I of Annex 7 and must have been approved according to the procedure laid down in Part II of that Annex.
2. Containers approved for the transport of goods under Customs seal in accordance with the Customs Convention on Containers, 1956, the agreements arising there from concluded under the auspices of the United Nations, the Customs Convention on Containers, 1972 or any international instruments that may supersede or modify the latter Convention, shall be considered as complying with the provisions of paragraph 1 above and must be accepted for transport under the TIR procedure without further approval.

Article 14
1. Each Contracting Party reserves the right to refuse to recognize the validity of the approval of road vehicles or containers which do not meet the conditions set forth in Articles 12 and 13 above. Nevertheless, Contracting Parties shall avoid delaying traffic when the defects found are of minor importance and do not involve any risk of smuggling.
2. Before it is used again for the transport of goods under Customs seal, any road vehicle or container which no longer meets the conditions which justified its approval, shall be either restored to its original state, or presented for re-approval.

(b) PROCEDURE FOR TRANSPORT UNDER COVER OF A TIR CARNET

Article 15
1. No special Customs documents shall be required in respect of the temporary importation of a road vehicle, combination of vehicles or container carrying goods under cover of the TIR procedure. No guarantee shall be required for the road vehicle or combination of vehicles or container.
2. The provisions of paragraph 1 of this Article shall not prevent a Contracting Party from requiring the fulfilment at the Customs office of destination of the formalities laid down by its national regulations to ensure that, once the TIR operation has been completed, the road vehicle, the combination of vehicles or the container will be re-exported.

Article 16
When a road vehicle or combination of vehicles is carrying out a TIR transport, one rectangular plate bearing the inscription "TIR" and conforming to the specifications given in Annex 5 to this Convention, shall be affixed to the front and another to the rear of the road vehicle or combination of vehicles. These plates shall be so placed as to be clearly visible. They shall be removable or be fitted or designed in such a way that these plates can be reversed, covered, folded or indicate in any other manner that a TIR transport is not carried out.

Article 17
1. A single TIR Carnet shall be made out in respect of each road vehicle or container. However, a single TIR Carnet may be made out in respect of a combination of vehicles or for several containers loaded on to a single road vehicle or on to a combination of vehicles. In that case the TIR manifest of the goods covered by the TIR Carnet shall list separately the contents of each vehicle in the combination of vehicles or of each container.
2. The TIR Carnet shall be valid for one journey only. It shall contain at least the number of detachable vouchers which are necessary for the TIR transport in question.

Article 18
A TIR transport may involve several Customs offices of departure and destination, but the total number of Customs offices of departure and destination shall not exceed four. The TIR Carnet may only be presented to Customs offices of destination if all Customs offices of departure have accepted the TIR Carnet.

Article 19
The goods and the road vehicle, the combination of vehicles or the container shall be produced with the TIR Carnet at the Customs office of departure. The Customs authorities of the country of departure shall take such measures as are necessary for satisfying themselves as to the accuracy of the goods manifest and either for affixing the Customs seals or for checking Customs seals affixed under the responsibility of the said Customs authorities by duly authorized persons.

Article 20
For journeys in the territory of their country, the Customs authorities may fix a time-limit and require the road vehicle, the combination of vehicles or the container to follow a prescribed route.

Article 21
At each Customs office en route and at Customs offices of destination, the road vehicle, the combination of vehicles or the container shall be produced for purposes of control to the Customs authorities together with the load and the TIR Carnet relating thereto.

Article 22
1. As a general rule and except when they examine the goods in accordance with Article 5, paragraph 2, the Customs authorities of the Customs offices en route of each of the Contracting Parties shall accept the Customs seals of other Contracting Parties, provided that they are intact. The said Customs authorities may, however, if control requirements make it necessary, add their own seals.
2. The Customs seals thus accepted by a Contracting Party shall have in the territory of that Contracting Party the benefit of the same legal protection as is accorded to the national seals.

Article 23
The Customs authorities shall not:
- require road vehicles, combinations of vehicles or containers to be escorted at the carriers' expense on the territory of their country,
- require examination en route of road vehicles, combinations of vehicles or containers and their loads except in special cases.

Article 24
If the Customs authorities conduct an examination of the load of a road vehicle, combination of vehicles or the container in the course of the journey or at a Customs office en route, they shall record on the TIR Carnet vouchers used in their country, on the corresponding counterfoils, and on the vouchers remaining in the TIR Carnet, particulars of the new seals affixed and of the controls carried out.

Article 25
If the Customs seals are broken en route otherwise than in the circumstances of Articles 24 and 35, or if any goods are destroyed or damaged without breaking of such seals, the procedure laid down in Annex I to this Convention for the use of the TIR Carnet shall, without prejudice to the possible application of the provisions of national law, be followed and the certified report in the TIR Carnet shall be completed.

Article 26
1. When transport under cover of a TIR Carnet takes place in part in the territory of a State which is not a Contracting Party to this Convention, the TIR transport shall be suspended during that part of the journey. In that case, the Customs authorities of the Contracting Party on whose territory the journey continues shall accept the TIR Carnet for the resumption of the TIR transport, provided that the Customs seals and/or identifying marks have remained intact. Where the Customs seals have not remained intact, the Customs authorities may accept the TIR Carnet for resumption of the TIR transport under the provisions of Article 25.
2. The same shall apply where for a part of the journey the TIR Carnet is not used by the holder of the Carnet in the territory of a Contracting Party because of the existence of simpler Customs transit procedures or when the use of a Customs transit regime is not necessary.
3. In such cases the Customs offices where the TIR transport is suspended or resumed shall be deemed to be Customs offices of exit en route and Customs offices of entry en route respectively.

Article 27
Subject to the provisions of this Convention and in particular of Article 18, another Customs office of destination may be substituted for a Customs office of destination originally indicated.

Article 28
1. Termination of a TIR operation shall be certified by the Customs authorities without delay. Termination of a TIR operation may be certified without or with reservation: where termination is certified with reservation this shall be on account of facts connected with the TIR operation itself. These facts shall be clearly indicated in the TIR Carnet.

2. In cases where the goods are placed under another Customs procedure or another system of Customs control, all irregularities that may be committed under that other Customs procedure or system of Customs control shall not be attributed to the TIR Carnet holder as such or any person acting on his behalf.

(c) PROVISIONS CONCERNING TRANSPORT OF HEAVY OR BULKY GOODS

Article 29
1. The provisions of this section apply only to the transport of heavy or bulky goods as defined in Article 1, subparagraph (p), of this Convention.
2. Where the provisions of this section apply, heavy or bulky goods may, if the authorities at the Customs office of departure so decide, be carried by means of non-sealed vehicles or containers.
3. The provisions of this section shall apply only if, in the opinion of the authorities at the Customs office of departure, the heavy or bulky goods carried and any accessories carried with them can be easily identified by reference to the description given, or can be provided with Customs seals and/or identifying marks so as to prevent any substitution, or removal of the goods, without it being obvious.

Article 30
All the provisions of this Convention, save those to which the special provisions of this section make an exception, shall apply to the transport of heavy or bulky goods under the TIR procedure.

Article 31
The liability of the guaranteeing association shall cover not only the goods enumerated in the TIR Carnet, but also any goods which, though not enumerated in the Carnet, are on the load platform or among the goods enumerated in the TIR Carnet.

Article 32
The cover and all vouchers of the TIR Carnet shall bear the endorsement "heavy or bulky goods" in bold letters in English or in French.

Article 33
The authorities at the Customs office of departure may require such packing lists, photographs, drawings, etc., as are necessary for the identification of the goods carried to be appended to the TIR Carnet. In this case they shall endorse these documents, one copy of the said documents shall be attached to the inside of the cover page of the TIR Carnet, and all the manifests of the TIR Carnet shall include a reference to such documents.

Article 34
The authorities at the Customs offices en route of each of the Contracting Parties shall accept the Customs seals and/or identifying marks affixed by the competent authorities of other Contracting Parties. They may, however, affix additional seals and/or identifying marks; they shall record particulars of the new seals and/or identifying marks on the vouchers of the TIR Carnet used in their country, on the corresponding counterfoils and on the vouchers remaining in the TIR Carnet.

Article 35
If Customs authorities conducting an examination of the load at a Customs office en route or in the course of the journey are obliged to break seals and/or remove identifying marks, they shall record the new seals and/or identifying marks on the vouchers of the TIR Carnet used in their country, on the corresponding counterfoils and on the vouchers remaining in the TIR Carnet.
Chapter IV

IRREGULARITIES

Article 36
Any breach of the provisions of this Convention shall render the offender liable, in the country where the offence was committed, to the penalties prescribed by the law of that country.

Article 37
When it is not possible to establish in which territory an irregularity was committed, it shall be deemed to have been committed in the territory of the Contracting Party where it is detected.

Article 38
1. Each of the Contracting Parties shall have the right to exclude temporarily or permanently from the operation of this Convention any person guilty of a serious offence against the Customs laws or regulations applicable to the international transport of goods.

2. This exclusion shall be notified within one week to the competent authorities of the Contracting Party on whose territory the person concerned is established or resident, to the association(s) in the country or Customs territory where the offence has been committed and to the TIR Executive Board.

Article 39
When TIR operations are accepted as being otherwise in order:
1. The Contracting Parties shall disregard minor discrepancies in the observance of time-limits or routes prescribed.
2. Likewise, discrepancies between the particulars on the goods manifest of the TIR Carnet and the actual contents of a road vehicle, combination of vehicles or container shall not be considered as infringements of the Convention by the holder of the TIR Carnet when evidence is produced to the satisfaction of the competent authorities that these discrepancies were not due to mistakes committed knowingly or through negligence at the time when the goods were loaded or dispatched or when the manifest was made out.

Article 40
The Customs administrations of the countries of departure and of destination shall not consider the holder of the TIR Carnet responsible for the discrepancies which may be discovered in those countries, when the discrepancies in fact relate to the Customs procedures which preceded or followed a TIR transport and in which the holder was not involved.

Article 41
When it is established to the satisfaction of the Customs authorities that goods specified on the manifest of a TIR Carnet have been destroyed or have been irrecoverably lost by accident or force majeure or that they are short by reason of their nature, payment of the duties and taxes normally due shall be waived.

Article 42
On receipt from a Contracting Party for a request giving the relevant reasons, the competent authorities of the Contracting Parties concerned in a TIR transport shall furnish that Contracting Party with all the available information needed for implementation of the provisions of Articles 39, 40 and 41 above.

Article 42 bis
The competent authorities, in close cooperation with the associations, shall take all necessary measures to ensure the proper use of TIR Carnets. To this effect they may take appropriate national and international control measures. National control measures taken in this context by the competent authorities shall be communicated immediately to the TIR Executive Board which will examine their conformity with the provisions of the Convention. International control measures shall be adopted by the Administrative Committee.
Article 42 ter

The competent authorities of the Contracting Parties shall, as appropriate, provide authorized associations with information that they require to fulfil the undertaking given in accordance with Annex 9, Part I, para. 3(iii). Annex 10 sets out the information to be provided in particular cases.

Chapter V

EXPLANATORY NOTES

Article 43

The Explanatory Notes set out in Annex 6 and Annex 7, Part III, interpret certain provisions of this Convention and its Annexes. They also describe certain recommended practices.

Chapter VI

MISCELLANEOUS PROVISIONS

Article 44

Each Contracting Party shall provide the guaranteeing associations concerned with facilities for:
(a) the transfer of the currency necessary for the sums claimed by the authorities of Contracting Parties by virtue of the provisions of Article 8 of this Convention; and
(b) the transfer of currency for payment for TIR Carnet forms sent to the guaranteeing associations by the corresponding foreign associations or by the international organizations.

Article 45

Each Contracting Party shall cause to be published the list of the Customs offices of departure, Customs offices en route and Customs offices of destination approved by it for accomplishing TIR operations. The Contracting Parties of adjacent territories shall consult each other to agree upon corresponding frontier offices and upon their opening hours.

Article 46

1. No charge shall be made for Customs attendance in connection with the Customs operations mentioned in this Convention, save where it is provided on days or at times or places other than those normally appointed for such operations.
2. Contracting Parties shall arrange to the fullest extent possible for Customs operations concerning perishable goods at Customs offices to be facilitated.

Article 47

1. The provisions of this Convention shall preclude neither the application of restrictions and controls imposed under national regulations on grounds of public morality, public security, hygiene or public health, or for veterinary or phytopathological reasons, nor the levy of dues chargeable by virtue of such regulations.
2. The provisions of this Convention shall not preclude the application of other provisions either national or international governing transport.

Article 48

Nothing in this Convention shall prevent Contracting Parties which form a Customs or Economic Union from enacting special provisions in respect of transport operations commencing or terminating, or passing through, their territories, provided that such provisions do not attenuate the facilities provided for by this Convention.

Article 49

This Convention shall not prevent the application of greater facilities which Contracting Parties grant or may wish to grant either by unilateral provisions or by virtue of bilateral or multilateral
agreements provided that such facilities do not impede the application of the provisions of this Convention, and in particular, TIR operations.

Article 50
The Contracting Parties shall communicate to one another, on request, information necessary for implementing the provisions of this Convention, and particularly information relating to the approval of road vehicles or containers and to the technical characteristics of their design.

Article 51
The Annexes to this Convention form an integral part of the Convention.

Chapter VII
FINAL CLAUSES
Article 52
Signature, ratification, acceptance, approval and accession
1. All States Members of the United Nations or members of any of the specialized agencies or of the International Atomic Energy Agency or Parties to the Statute of the International Court of Justice, and any other State invited by the General Assembly of the United Nations, may become Contracting Parties to this Convention:
   (a) by signing it without reservation of ratification, acceptance or approval;
   (b) by depositing an instrument of ratification, acceptance or approval after signing it subject to ratification, acceptance or approval; or
   (c) by depositing an instrument of accession.
2. This Convention shall be open from 1 January 1976 until 1 December 1976 inclusive for signature at the Office of the United Nations at Geneva by the States referred to in paragraph 1 of this Article. Thereafter it shall be open for their accession.
3. Customs or economic unions may, together with all their member States or at any time after all their member States have become Contracting Parties to this Convention, also become Contracting Parties to this Convention in accordance with the provisions of paragraphs 1 and 2 of this Article. However, these unions shall not have the right to vote.
4. The instruments of ratification, acceptance, approval or accession shall be deposited with the Secretary-General of the United Nations.

Article 53
Entry into force
1. This Convention shall enter into force six months after the date on which five States referred to in Article 52, paragraph 1, have signed it without reservation of ratification, acceptance or approval or have deposited their instruments of ratification, acceptance, approval or accession.
2. After five States referred to in Article 52, paragraph 1, have signed it without reservation of ratification, acceptance or approval, or have deposited their instruments of ratification, acceptance, approval or accession, this Convention shall enter into force for further Contracting Parties six months after the date of the deposit of their instruments of ratification, acceptance, approval or accession.
3. Any instrument of ratification, acceptance, approval or accession deposited after the entry into force of an amendment to this Convention shall be deemed to apply to this Convention as amended.
4. Any such instrument deposited after an amendment has been accepted but before it has entered into force shall be deemed to apply to this Convention as amended on the date when the amendment enters into force.

Article 54
Denunciation
1. Any Contracting Party may denounce this Convention by so notifying the Secretary-General of the United Nations.
2. Denunciation shall take effect fifteen months after the date of receipt by the Secretary-General of the notification of denunciation.
3. The validity of TIR Carnets accepted by the Customs office of departure before the date when the denunciation takes effect shall not be affected thereby and the guarantee of the guaranteeing association shall hold good in accordance with the provisions of this Convention.

Article 55

Termination
If, after the entry into force of this Convention, the number of States which are Contracting Parties is for any period of twelve consecutive months reduced to less than five, the Convention shall cease to have effect from the end of the twelve-month period.

Article 56

Termination of the operation of the TIR Convention, 1959
1. Upon its entry into force, this Convention shall terminate and replace, in relations between the Contracting Parties to this Convention, the TIR Convention, 1959.
2. Certificates of approval issued in respect of road vehicles and containers under the conditions of the TIR Convention, 1959, shall be accepted during the period of their validity or any extension thereof for the transport of goods under Customs seal by Contracting Parties to this Convention, provided that such vehicles and containers continue to fulfil the conditions under which they were originally approved.

Article 57

Settlement of disputes
1. Any dispute between two or more Contracting Parties concerning the interpretation or application of this Convention shall, so far as possible be settled by negotiation between them or other means of settlement.
2. Any dispute between two or more Contracting Parties concerning the interpretation or application of this Convention which cannot be settled by the means indicated in paragraph 1 of this Article shall, at the request of one of them, be referred to an arbitration tribunal composed as follows: each Party to the dispute shall appoint an arbitrator and these arbitrators shall appoint another arbitrator, who shall be chairman. If, three months after receipt of a request, one of the Parties has failed to appoint an arbitrator or if the arbitrators have failed to elect the chairman, any of the Parties may request the Secretary-General of the United Nations to appoint an arbitrator or the chairman of the arbitration tribunal.
3. The decision of the arbitration tribunal established under the provisions of paragraph 2 shall be binding on the Parties to the dispute.
4. The arbitration tribunal shall determine its own rules of procedure.
5. Decisions of the arbitration tribunal shall be taken by majority vote.
6. Any controversy which may arise between the Parties to the dispute as regards the interpretation and execution of the award may be submitted by any of the Parties for judgment to the arbitration tribunal which made the award.

Article 58

Reservations
1. Any State may, at the time of signing, ratifying or acceding to this Convention, declare that it does not consider itself bound by Article 57, paragraphs 2 to 6, of this Convention. Other Contracting Parties shall not be bound by these paragraphs in respect of any Contracting Party which has entered such a reservation.
2. Any Contracting Party having entered a reservation as provided for in paragraph 1 of this Article may at any time withdraw such reservation by notifying the Secretary-General of the United Nations.
3. Apart from the reservations provided for in paragraph 1 of this Article, no reservation to this Convention shall be permitted.

Article 58 bis

Administrative Committee

An Administrative Committee composed of all the Contracting Parties shall be established. Its composition, functions and rules of procedure are set out in Annex 8.

Article 58 ter

TIR Executive Board

The Administrative Committee shall establish a TIR Executive Board as a subsidiary body which will, on its behalf, fulfil the tasks entrusted to it by the Convention and by the Committee. Its composition, functions and rules of procedure are set out in Annex 8.

Article 59

Procedure for amending this Convention

1. This Convention, including its Annexes, may be amended upon the proposal of a Contracting Party by the procedure specified in this Article.
2. Any proposed amendment to this Convention shall be considered by the Administrative Committee composed of all the Contracting Parties in accordance with the rules of procedure set out in Annex 8. Any such amendment considered or prepared during the meeting of the Administrative Committee and adopted by it by a two-thirds majority of the members present and voting shall be communicated by the Secretary-General of the United Nations to the Contracting Parties for their acceptance.
3. Except as provided for under Article 60, any proposed amendment communicated in accordance with the preceding paragraph shall come into force with respect to all Contracting Parties three months after the expiry of a period of twelve months following the date of communication of the proposed amendment during which period no objection to the proposed amendment has been communicated to the Secretary-General of the United Nations by a State which is a Contracting Party.
4. If an objection to the proposed amendment has been communicated in accordance with paragraph 3 of this Article, the amendment shall be deemed not to have been accepted and shall have no effect whatsoever.

Article 60

Special procedure for amending Annexes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10

1. Any proposed amendment to Annexes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 considered in accordance with paragraphs 1 and 2 of Article 59 shall come into force on a date to be determined by the Administrative Committee at the time of its adoption, unless by a prior date determined by the Administrative Committee at the same time, one-fifth or five of the States which are Contracting Parties, whichever number is less, notify the Secretary-General of the United Nations of their objection to the amendment. Determination by the Administrative Committee of dates referred to in this paragraph shall be by a two-thirds majority of those present and voting.
2. On entry into force, any amendment adopted in accordance with the procedures set out in paragraph 1 above shall for all Contracting Parties replace and supersede any previous provisions to which the amendment refers.

Article 61

Requests, communications and objections

The Secretary-General of the United Nations shall inform all Contracting Parties and all States referred to in Article 52, paragraph 1, of this Convention of any request, communication or objection under Articles 59 and 60 above and of the date on which any amendment enters into force.

Article 62
Review Conference
1. Any State which is a Contracting Party may, by notification to the Secretary-General of the United Nations, request that a conference be convened for the purpose of reviewing this Convention.
2. A review conference to which all Contracting Parties and all States referred to in Article 52, paragraph 1, shall be invited, shall be convened by the Secretary-General of the United Nations if, within a period of six months following the date of notification by the Secretary-General, not less than one-fourth of the States which are Contracting Parties notify him of their concurrence with the request.
3. A review conference to which all Contracting Parties and all States referred to in Article 52, paragraph 1, shall be invited shall also be convened by the Secretary-General of the United Nations upon notification of a request by the Administrative Committee. The Administrative Committee shall make a request if agreed to by a majority of those present and voting in the Committee.
4. If a conference is convened in pursuance of paragraphs 1 or 3 of this Article, the Secretary-General of the United Nations shall so advise all the Contracting Parties and invite them to submit, within a period of three months, the proposals which they wish the conference to consider. The Secretary-General of the United Nations shall circulate to all Contracting Parties the provisional agenda for the conference, together with the texts of such proposals, at least three months before the date on which the conference is to meet.

Article 63
Notifications
In addition to the notifications and communications provided for in Articles 61 and 62, the Secretary-General of the United Nations shall notify all the States referred to in Article 52 of the following:
(a) signatures, ratifications, acceptances, approvals and accessions under Article 52;
(b) the dates of entry into force of this Convention in accordance with Article 53;
(c) denunciations under Article 54;
(d) the termination of this Convention under Article 55;
(e) reservations under Article 58.

Article 64
Authentic text
After 31 December 1976, the original of this Convention shall be deposited with the Secretary-General of the United Nations, who shall transmit certified true copies to each of the Contracting Parties and to the States referred to in Article 52, paragraph 1, which are not Contracting Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Convention.

DONE at Geneva, this fourteenth day of November one thousand nine hundred and seventy-five, in a single copy in the English, French and Russian languages, the three texts being equally authentic.
International Convention on the Harmonization of Frontier Controls of Goods (Harmonization Convention)

Preamble

THE CONTRACTING PARTIES,

DESIRING to improve the international movement of goods,

BEARING IN MIND the need to facilitate the passage of goods at frontiers,

NOTING that control measures are applied at frontiers by different control services,

ACKNOWLEDGING that the conditions under which such controls are carried out may be extensively harmonized without impairing their purpose, their proper implementation and their effectiveness,

CONVINCED that the harmonization of frontier controls constitutes an important means for attaining these objectives,

HAVE AGREED as follows:

CHAPTER I – GENERAL PROVISIONS

Article 1 – Definitions

For the purposes of this Convention:

(a) "Customs" means the Government Service which is responsible for the administration of Customs law and the collection of import and export duties and taxes and which also has responsibility for the application of other laws and regulations relating, inter alia, to the importation, transit and exportation of goods;

(b) "Customs Control" means measures applied to ensure compliance with the laws and regulations which the Customs are responsible for enforcing;

(c) "Medico-sanitary inspection" means the inspections exercised for the protection of the life and health of persons, with the exception of veterinary inspection;

(d) "Veterinary inspection" means the sanitary inspection applied to animals and animal products with a view to protecting the life and health of persons and animals, as well as that carried out on objects or goods which could serve as a carrier for animal diseases;

(e) "Phytosanitary inspection" means the inspection intended to prevent the spread and the introduction across national boundaries of pests of plants and plant products;

(f) "Control of compliance with technical standards" means the control to ensure that goods meet the minimum international or national standards specified by relevant laws and regulations;

(g) "Quality control" means any control other than those referred to above to ensure that the goods correspond to the minimum international or national definitions of quality specified by relevant laws and regulations;

(h) "Control services" means any service responsible for carrying out all or part of the controls defined above or any other controls regularly applied to the importation, exportation or transit of goods.
Article 2 – Aim

In order to facilitate the international movement of goods, this Convention aims at reducing the requirements for completing formalities as well as the number and duration of controls, in particular by national and international co-ordination of control procedures and of their methods of application.

Article 3 – Scope

1. This Convention applies to all goods being imported or exported or in transit, when being moved across one or more maritime, air or inland frontiers.
2. This Convention applies to all controls services of the Contracting Parties.

CHAPTER II – HARMONIZATION OF PROCEDURES

Article 4 – Co-ordination of controls

The Contracting Parties shall undertake, to the extent possible, to organize in a harmonized manner the intervention of the Customs services and the other control services.

Article 5 – Resources of the services

To ensure that the control services operate satisfactorily, the Contracting Parties shall see to it that, as far as possible, and within the framework of national law, they are provided with:
(a) qualified personnel in sufficient numbers consistent with traffic requirements;
(b) equipment and facilities suitable for inspection, taking into account the mode of transport, the goods to be checked and traffic requirements;
(c) official instructions to officers for acting in accordance with international agreements and arrangements and with current national provisions.

Article 6 – International co-operation

The Contracting Parties undertake to co-operate with each other and to seek any necessary co-operation from the competent international bodies, in order to achieve the aims of this Convention, and furthermore to attempt to arrive at new multilateral or bilateral agreements or arrangements, if necessary.

Article 7 – Co-operation between adjacent countries

Whenever a common inland frontier is crossed, the Contracting Parties concerned shall take appropriate measures, whenever possible, to facilitate the passage of the goods, and they shall, in particular:
(a) endeavour to arrange for the joint control of goods and documents, through the provision of shared facilities;
(b) endeavour to ensure that the following correspond: opening hours of frontier posts, the control services operating there, the categories of goods, the modes of transport and the international Customs transit procedures accepted or in use there.

Article 8 – Exchange of information

The Contracting Parties shall, on request, send each other information necessary for the application of this Convention under the conditions specified in the annexes.

Article 9 – Documents

1. The Contracting Parties shall endeavour to further the use, between themselves and with the competent international bodies, of documents aligned on the United Nations Layout Key.
2. The Contracting Parties shall accept documents produced by any appropriate technical process, provided that they comply with official regulations as to their form, authenticity and certification, and that they are legible and understandable.
3. The Contracting Parties shall ensure that the necessary documents are prepared and authenticated in strict compliance with the relevant legislation.
CHAPTER III – PROVISIONS CONCERNING TRANSIT

Article 10 – Goods in transit

1. The Contracting Parties shall, wherever possible, provide simple and speedy treatment for goods in transit, especially for those travelling under cover of an international Customs transit procedure, by limiting their inspections to cases where these are warranted by the actual circumstances or risks. Additionally, they shall take into account the situation of land-locked countries. They shall endeavour to provide for extension of the hours and the competence of existing Customs posts available for Customs clearance for goods carried under an international Customs transit procedure.

2. They shall endeavour to facilitate to the utmost the transit of goods carried in containers or other load units affording adequate security.

CHAPTER IV – MISCELLANEOUS PROVISIONS

Article 11 – Public order

1. No provision in this Convention shall preclude the application of the prohibitions or restrictions relating to importation, exportation, or transit, imposed for reasons of public order, and in particular public safety, morality, and health, or for the protection of the environment, of cultural heritage or industrial, commercial and intellectual property.

2. Nevertheless, whenever possible without prejudice to the effectiveness of the controls, the Contracting Parties shall endeavour to apply to the controls in connection with the application of the measures mentioned in paragraph 1 above the provisions of this Convention, inter alia, those which are the subject of articles 6 to 9.

Article 12 – Emergency measures

1. The emergency measures which the Contracting Parties may be led to introduce because of particular circumstances, must be proportionate to the reasons which give rise to their introduction and must be suspended or abrogated when these reasons no longer exist.

2. Whenever possible without prejudice to the effectiveness of the measures, the Contracting Parties shall publish the relevant provisions for such measures.

Article 13 – Annexes

1. The annexes to this Convention form an integral part of the Convention.

2. New annexes relating to other sectors of control may be added to this Convention according to the procedure specified in articles 22 or 24 below.

Article 14 – Relation to other treaties

Without prejudice to the provisions of article 6, the Convention shall not override the rights and obligations arising from treaties which the Contracting Parties to the Convention concluded before becoming contracting parties to this Convention.

Article 15

This Convention shall not prevent the application of greater facilities which two or more Contracting Parties may wish to grant to each other, nor the right of regional economic integration organizations referred to in article 16 which are Contracting Parties to apply their own legislation to controls at their internal frontiers, on condition that this does not reduce in any way the facilities deriving from this Convention.

Article 16 – Signature, ratification, acceptance, approval and accession

1. This Convention, deposited with the Secretary-General of the United Nations, shall be open to the participation of all States and of regional economic integration organizations constituted by sovereign
States which have competence to negotiate, conclude and apply international agreements on matters covered by the Convention.

2. The regional economic integration organizations referred to in paragraph 1 may, for the matters within their competence, exercise on their own behalf the rights and fulfil the responsibilities which this Convention otherwise confers on their Member States which are Contracting Parties to this Convention. In such cases the Member States of the said Organizations shall not be entitled to exercise individually such rights, including the right to vote.

3. States and the regional economic integration organizations referred to above may become Contracting Parties to this Convention:
   (a) by depositing an instrument of ratification, acceptance or approval after signing it,
   or
   (b) by depositing an instrument of accession.

4. This Convention shall be open from 1 April 1983 until 31 March 1984 inclusive for signature at the Office of the United Nations at Geneva by all States and the regional economic integration organizations referred to in paragraph 1.

5. From 1 April 1983 it shall also be open for their accession.

6. The instruments of ratification, acceptance, approval or accession shall be deposited with the Secretary-General of the United Nations.

Article 17 – Entry into force

1. This Convention shall enter into force three months after the date on which five States have deposited their instruments of ratification, acceptance, approval or accession.

2. After five States have deposited their instruments of ratification, acceptance, approval or accession, this Convention shall enter into force for further Contracting Parties three months after the date of the deposit of their instruments of ratification, acceptance, approval or accession.

3. Any instrument of ratification, acceptance, approval or accession deposited after the entry into force of an amendment to this Convention shall be deemed to apply to this Convention as amended.

4. Any such instrument deposited after an amendment has been accepted in accordance with the procedure in article 22 but before it has entered into force shall be deemed to apply to this Convention as amended on the date when the amendment enters into force.

Article 18 – Denunciation

1. Any Contracting Party may denounce this Convention by so notifying the Secretary-General of the United Nations.

2. Denunciation shall take effect six months after the date of receipt by the Secretary-General of the notification of denunciation.

Article 19 – Termination

If, after the entry into force of this Convention, the number of States which are Contracting Parties is for any period of 12 consecutive months reduced to less than five, the Convention shall cease to have effect from the end of the 12-month period.

Article 20 – Settlement of disputes

1. Any dispute between two or more Contracting Parties concerning the interpretation or application of this Convention shall, so far as possible, be settled by negotiation between them or by other means of settlement.

2. Any dispute between two or more Contracting Parties concerning the interpretation or application of this Convention which cannot be settled by the means indicated in paragraph 1 of this article shall, at the request of one of them, be referred to an arbitration tribunal composed as follows: each party to the dispute shall appoint an arbitrator and these arbitrators shall appoint another arbitrator, who shall be chairman. If, three months after receipt of a request, one of the parties has failed to appoint an arbitrator or if the arbitrators have failed to elect the chairman, any of the parties may request the Secretary-General of the United Nations to appoint an arbitrator or the chairman of the arbitration tribunal.

3. The decision of the arbitration tribunal established under the provisions of paragraph 2 shall be final and binding on the parties to the dispute.

4. The arbitration tribunal shall determine its own rules of procedure.
5. The arbitration tribunal shall take its decisions by majority vote and on the basis of the treaties existing between the parties to the dispute and of general international law.

6. Any controversy which may arise between the parties to the dispute as regards the interpretation and execution of the award may be submitted by any of the parties for judgement to the arbitration tribunal which made the award.

7. Each party to the dispute shall bear the cost of its own appointed arbitrator and of its representatives in the arbitral proceedings; the cost of the chairman and the remaining costs shall be borne in equal parts by the parties to the dispute.

Article 21 – Reservations

1. Any Contracting Party may, at the time of signing, ratifying, accepting or approving this Convention or acceding to it, declare that it does not consider itself bound by article 20, paragraphs 2 to 7, of this Convention. Other Contracting Parties shall not be bound by these paragraphs in respect of any Contracting Party which has entered such a reservation.

2. Any Contracting Party having entered a reservation as provided for in paragraph 1 of this article may at any time withdraw such reservation by notifying the Secretary-General of the United Nations.

3. Apart from the reservations provided for in paragraph 1 of this article, no reservation to this Convention shall be permitted.

Article 22 – Procedure for amending this Convention

1. This Convention, including its annexes, may be amended upon the proposal of a Contracting Party by the procedure specified in this article.

2. Any proposed amendment to this Convention shall be considered in an Administrative Committee composed of all the Contracting Parties in accordance with the rules of procedure set out in annex 7. Any such amendment considered or prepared during the meeting of the Administrative Committee and adopted by it shall be communicated by the Secretary-General of the United Nations to the Contracting Parties for their acceptance.

3. Any proposed amendment communicated in accordance with the preceding paragraph shall come into force with respect to all Contracting Parties three months after the expiry of a period of 12 months following the date of communication of the proposed amendment during which period no objection to the proposed amendment has been communicated to the Secretary-General of the United Nations by a state which is a Contracting Party or by a regional economic integration organization, itself a Contracting Party, which then acts within the conditions specified in article 16, paragraph 2, of this Convention.

4. If an objection to the proposed amendment has been communicated in accordance with paragraph 3 of this article, the amendment shall be deemed not to have been accepted and shall have no effect whatsoever.

Article 23 – Requests, communications and objections

The Secretary-General of the United Nations shall inform all Contracting Parties and all States of any request, communication or objection under article 22 and of the date on which any amendment enters into force.

Article 24 – Review Conference

After this Convention has been in force for five years, any Contracting Party may, by notification to the Secretary-General of the United Nations, request that a conference be convened for the purpose of reviewing the Convention, indicating the proposals which should be dealt with by the conference. In such a case:

(i) The Secretary-General of the United Nations shall notify all the Contracting Parties of the request and invite them to submit, within a period of three months, their comments on the original proposals and such other proposals as they may wish the conference to consider;

(ii) The Secretary-General of the United Nations shall also communicate to all the Contracting Parties the text of any other proposals made and shall convene a review conference if, within a period of six months from the date of that communication, not less than one third of the Contracting Parties notify the Secretary-General of the United Nations of their concurrence with the convening of such a conference.
(iii) However, if the Secretary-General of the United Nations considers that a review proposal may be regarded as a proposed amendment under paragraph 1 of article 22, he may, by agreement with the Contracting Party which has made the proposal, implement the amendment procedure provided for by article 22 instead of the review procedure.

Article 25 – Notifications

In addition to the notifications and communications provided for in articles 23 and 24, the Secretary-General of the United Nations shall notify all States of the following:
(a) signatures, ratifications, acceptances, approvals and accessions under article 16;
(b) the dates of entry into force of this Convention in accordance with article 17;
(c) denunciations under article 18;
(d) the termination of this convention under article 19;
(e) reservations under article 21.

Article 26 – Certified true copies

After 31 March 1984 the Secretary-General of the United Nations shall transmit two certified true copies of this Convention to each of the Contracting Parties and to all States which are not Contracting Parties.

DONE at Geneva this twenty-first day of October one thousand nine hundred and eighty-two, in a single original, of which the English, French, Russian and Spanish texts are equally authentic.

IN WITNESS WHEREOF, the undersigned plenipotentiaries, being duly authorized thereto, have signed this Convention.
THE CONTRACTING PARTIES,

DESIRING to develop and facilitate international carriage by container,

HAVE AGREED as follows:

CHAPTER I

General

Article 1

For the purposes of the present Convention:

(a) the term "import duties and taxes" shall mean Customs duties and all other duties, taxes, fees and other charges which are collected on, or in connection with, the importation of goods, but not including fees and charges limited in amount to the approximate cost of services rendered;

(b) the term "temporary admission" shall mean temporary importation, subject to reexportation, free of import duties and taxes and free of import prohibitions and restrictions;

(c) the term "container" shall mean an article of transport equipment (lift-van, movable tank or other similar structure):

(i) fully or partially enclosed to constitute a compartment intended for containing goods;

(ii) of a permanent character and accordingly strong enough to be suitable for repeated use;

(iii) specially designed to facilitate the carriage of goods, by one or more modes of transport, without intermediate reloading;

(iv) designed for ready handling, particularly when being transferred from one mode of transport to another;

(v) designed to be easy to fill and to empty;

(vi) having an internal volume of one cubic metre or more; the term "container" shall include the accessories and equipment of the container, appropriate for the type concerned, provided that such accessories and equipment are carried with the container. The term "container" shall not include vehicles, accessories or spare parts of vehicles, or packaging. Demountable bodies, are to be treated as containers;

(d) the term "internal traffic" shall mean the carriage of goods loaded in the territory of a State for unloading at a place within the territory of the same State;

(d) bis. the term "Customs or Economic Union" shall mean a Union constituted by and composed of States as referred to in Article 18, paragraph 1, of the present Convention, which has competence to adopt its own legislation that is binding on its Members, in respect of matters governed by the present Convention, and has competence to decide, in accordance with its internal procedures, to accede to the present Convention;

(e) the term "person" shall mean both natural and legal persons;

(f) the term "operator" of a container shall mean the person who, whether or not its owner, has effective control of its use.

Article 2

In order to benefit from the facilities provided for in the present Convention, containers shall be marked in the manner prescribed in Annex 1.
CHAPTER II

Temporary admission

(a) Temporary admission facilities

Article 3

1. Subject to the conditions laid down in Articles 4 to 9, each Contracting Party shall grant temporary admission to containers, whether loaded with goods or not.
2. Each Contracting Party reserves the right not to grant temporary admission to containers which have been the subject of purchase, hire-purchase, lease or a contract of a similar nature, concluded by a person resident or established in its territory.

Article 4

1. Containers granted temporary admission shall be re-exported within three months from the date of importation. However, this period may be extended by the competent Customs authorities.
2. Containers granted temporary admission may be re-exported through any competent Customs office, even if that office is different from the one of temporary admission.

Article 5

1. Notwithstanding the requirement of re-exportation laid down in Article 4, paragraph 1, seriously damaged containers shall not be required to be re-exported provided that, in conformity with the regulations of the country concerned and as the Customs authorities of that country may authorize, the containers are:
   (a) subjected to the import duties and taxes to which they are liable at the time when, and in the condition in which, they are presented; or
   (b) abandoned, free of all expense, to the competent authorities of that country; or
   (c) destroyed, under official supervision, at the expense of the parties concerned, any parts or materials salvaged being subjected to the import duties and taxes to which they are liable at the time when, and in the condition in which, they are presented.
2. If, as a result of a seizure, a container granted temporary admission cannot be re-exported, the requirement of re-exportation laid down in Article 4, paragraph 1, shall be suspended for the duration of the seizure.

(b) Temporary admission procedures

Article 6

Without prejudice to the provisions of Articles 7 and 8, containers temporarily imported under the terms of the present Convention shall be granted temporary admission without the production of Customs documents being required on their importation and re-exportation and without the furnishing of a form of security.

Article 7

Each Contracting Party may require that the temporary admission of containers be subject to compliance with all, or part of, the provisions of the procedure for temporary admission of containers, set out in Annex 2.

Article 8

Each Contracting Party shall retain the right, when the provisions of Article 6 cannot be applied, to require the furnishing of a form of security and/or the production of Customs documents on the importation or re-exportation of the container.

(c) Conditions of use of containers granted temporary admission
Article 9

1. Contracting Parties shall permit containers granted temporary admission under the terms of the present Convention to be used for the carriage of goods in internal traffic, in which case each Contracting Party shall be entitled to impose one or more of the conditions set out in Annex 3.

2. The facility provided for in paragraph 1 shall be granted without prejudice to the regulations in force in the territory of each Contracting Party regarding vehicles either drawing or carrying containers.

(d) Special cases

Article 10

1. Temporary admission shall be granted to component parts intended for the repair of temporarily admitted containers.

2. Replaced parts not re-exported shall, in conformity with the regulations of the country concerned and as the Customs authorities of that country may authorize, be:
   (a) subjected to the import duties and taxes to which they are liable at the time when, and in the condition in which, they are presented; or
   (b) abandoned, free of all expense, to the competent authorities of that country; or
   (c) destroyed, under official supervision, at the expense of the parties concerned.

3. The provisions of Articles 6, 7 and 8 shall be applicable mutatis mutandis to temporary admission of component parts, referred to in paragraph 1.

Article 11

1. The Contracting Parties agree to grant temporary admission to accessories and equipment of temporarily admitted containers, which are either imported with a container to be re-exported separately or with another container, or imported separately to be re-exported with a container.

2. The provisions of Article 3, paragraph 2, and Articles 4, 5, 6, 7 and 8 shall be applicable mutatis mutandis to the temporary admission of accessories and equipment of containers, referred to in paragraph 1. Such accessories and equipment may be used in internal traffic under the terms of Article 9, paragraph 1, when carried with a container covered by the provisions of the said paragraph.

CHAPTER III

Approval of containers for transport under Customs seal

Article 12

1. To qualify for approval for transport of goods under Customs seal, containers shall comply with the provisions of the Regulations set out in Annex 4.

2. Approval shall be granted under one of the procedures laid down in Annex 5.

3. Containers approved by a Contracting Party for the transport of goods under Customs seal shall be accepted by the other Contracting Parties for any system of international carriage involving such sealing.

4. Each Contracting Party reserves the right to refuse to recognize the validity of the approval of containers which are found not to meet the conditions set forth in Annex 4. Nevertheless, Contracting Parties shall avoid delaying traffic when the defects found are of minor importance and do not involve any risk of smuggling.

5. Before it is used again for the transport of goods under Customs seal, any container, the approval of which is no longer recognized, shall be either restored to the condition which had justified its approval or presented for reapproval.

6. Where a defect appears to have existed when the container was approved, the competent authority responsible for that approval shall be informed.

7. If it is found that containers approved for the transport of goods under Customs seal in accordance with the procedures described in Annex 5, paragraph 1
(a) and (b), do not in fact comply with the technical conditions of Annex 4, the authority which granted the approval shall take such steps as are necessary to bring the containers up to the required technical condition or to withdraw the approval.

CHAPTER IV

Explanatory Notes

Article 13

The Explanatory Notes set out in Annex 6 interpret some provisions of the present Convention and its Annexes.

CHAPTER V

Miscellaneous provisions

Article 14

The present Convention shall not prevent the application of greater facilities which Contracting Parties grant or may wish to grant either by unilateral provisions or in virtue of bilateral or multilateral agreements provided that such facilities do not impede the application of the provisions of the present Convention.

Article 14bis

1. For the purpose of the present Convention, the territories of Contracting Parties which form a Customs or Economic Union may be taken to be a single territory.
2. Nothing in the present Convention shall prevent Contracting Parties which form a Customs or Economic Union from enacting special provisions applicable to temporary admission operations and to approval of containers for transport under Customs seal in the territory of that Union, provided those provisions do not reduce the facilities provided for by the present Convention.

Article 15

Any contravention of the provisions of the present Convention, and any substitution, false declaration, or act having the effect of causing a person or an article improperly to benefit from the provisions of the present Convention, may render the offender liable, in the country where the offence was committed, to the penalties prescribed by the laws of that country.

Article 16

The Contracting Parties shall communicate to one another, on request, the information necessary for implementing the provisions of the present Convention, and more particularly information relating to the approval of containers and to the technical characteristics of their design.

Article 17

The Annexes to the present Convention and the Protocol of Signature form an integral part of the Convention.

CHAPTER VI

Final clause

Article 18

Signature, ratification, acceptance, approval and accession

1. The present Convention shall be open for signature until 15 January 1973 at the Office of the United Nations at Geneva and subsequently from 1 February 1973 until 31 December 1973 inclusive at the
Headquarters of the United Nations at New York by all State Members of the United Nations or of any of the specialized agencies or of the International Atomic Energy Agency or parties to the Statute of the International Court of Justice, and by any other State invited by the General Assembly of the United Nations to become a Party to the present Convention.

2. The present Convention is subject to ratification, acceptance or approval by States which have signed it.

3. The present Convention shall remain open for accession by any State referred to in paragraph 1.

3bis. A Customs or Economic Union, as defined in Article 1 (d)bis, may accede to the present Convention and thereby become a Contracting Party. Such a Customs or Economic Union shall at the time of its accession inform the Secretary General of the United Nations of its competence and shall advise any subsequent changes thereto with respect to the matters governed by the present Convention. The Customs or Economic Union which is a Contracting Party to the present Convention shall, for the matters within its competence, exercise the rights, and fulfil the responsibilities which the present Convention confers on its Members which are Contracting Parties to the present Convention. In such a case, these Members shall not be entitled to individually exercise these rights, including the right to vote, to propose amendments, to express objections to proposed amendments, and to settle disputes in accordance with Article 25.

4. Instruments of ratification, acceptance, approval or accession shall be deposited with the Secretary General of the United Nations.

Article 19

Entry into force

1. The present Convention shall enter into force nine months from the date of the deposit of the fifth instrument of ratification, acceptance, approval or accession.

2. For each State ratifying, accepting or approving the present Convention or for each State or Customs or Economic Union acceding thereto after the deposit of the fifth instrument of ratification, acceptance, approval or accession, the present Convention shall enter into force six months after the date of the deposit by such State or Customs or Economic Union of its instrument of ratification, acceptance, approval or accession.

3. Any instrument of ratification, acceptance, approval or accession deposited after the entry into force of an amendment to the present Convention shall be deemed to apply to the Convention as amended.

4. Any such instrument deposited after an amendment has been accepted but before it has entered into force shall be deemed to apply to the Convention as amended on the date when the amendment enters into force.

Article 20

Termination of the operation of the Customs Convention on Containers (1956)

1. Upon its entry into force, the present Convention shall terminate and replace, relations between the Parties to the present Convention, the Customs Convention on Containers, opened for signature at Geneva on 18 May 1956.

2. Notwithstanding the provisions of Article 12, paragraphs 1, 2 and 4, containers approved under the provisions of the Customs Convention on Containers (1956) or under the agreements arising therefrom concluded under the auspices of the United Nations, shall be accepted by any Contracting Party for the transport of goods under Customs seal, provided that they continue to comply with the relevant conditions under which they were originally approved. For this purpose certificates of approval issued under the provisions of the Customs Convention on Containers (1956) could be replaced by an approval plate prior to the expiry of their validity.

Article 21

Procedures for amending the present Convention including its Annexes

1. Any Contracting Party may propose one or more amendments to the present Convention. The text of any proposed amendment shall be notified to the Customs Co-operation Council which shall communicate it to all Contracting Parties and inform the States referred to in Article 18 which are not
Contracting Parties. The Customs Co-operation Council shall also, in accordance with the rules of procedure set out in Annex 7, convene an Administrative Committee.

2. Any amendment proposed in accordance with the preceding paragraph, or prepared during the meeting of the Committee, and adopted by a two-thirds majority of those present and voting in the Committee, shall be communicated to the Secretary General of the United Nations.

3. The Secretary General of the United Nations shall communicate the amendment to the Contracting Parties for their acceptance, and to the States referred to in Article 18 which are not Contracting Parties for their information.

4. Any proposed amendment communicated in accordance with the preceding paragraph shall be deemed to be accepted if no Contracting Party expressed an objection within a period of 12 months following the date of communication of the proposed amendment by the Secretary General of the United Nations.

5. The Secretary General of the United Nations shall, as soon as possible, notify all Contracting Parties and the States referred to in Article 18 which are not Contracting Parties whether an objection to the proposed amendment has been expressed. If an objection to the proposed amendment has been communicated to the Secretary General of the United Nations the amendment shall be deemed not to have been accepted and shall be of no effect whatever. If no such objection has been communicated to the Secretary General of the United Nations the amendment shall enter into force for all Contracting Parties three months after the expiry of the period of 12 months referred to in the preceding paragraph, or on such later date as may have been determined by the Administrative Committee at the time of its adoption.

6. Any Contracting Party may, by notification to the Secretary General of the United Nations, request that a conference be convened for the purpose of reviewing the present Convention. The Secretary General of the United Nations shall notify all Contracting Parties of the request and a revision conference shall be convened by the Secretary General of the United Nations if, within a period of four months following the date of notification by the Secretary General of the United Nations, not less than one third of the Contracting Parties notify him of their concurrence with the request. Such conference shall also be convened by the Secretary General of the United Nations upon notification of a request by the Administrative Committee. The Administrative Committee shall make such a request if agreed to by a majority of those present and voting in the Committee. If a conference is convened in accordance with this paragraph, the Secretary General of the United Nations shall invite to it all State referred to in Article 18.

Article 22

Special procedure for amending Annexes 1, 4, 5 and 6

1. Independently of the amendment procedures set out in Article 21, Annexes 1, 4, 5, and 6 may be amended as provided for in this Article and in accordance with the rules of procedure set out in Annex 7.

2. Any Contracting Party shall communicate proposed amendments to the Customs Co-operation Council. The Customs Co-operation Council shall bring them to the attention of the Contracting Parties and of the States referred to in Article 18 which are not Contracting Parties, and shall convene the Administrative Committee.

3. Any amendment proposed in accordance with the preceding paragraph or prepared during the meeting of the Committee, and adopted by a two-thirds majority of those present and voting in the Committee, shall be communicated to the Secretary General of the United Nations.

4. The Secretary General of the United Nations shall communicate the amendment to the Contracting Parties for their acceptance, and to the States referred to in Article 18 which are not Contracting Parties for their information.

5. The amendment shall be deemed to have been accepted unless one-fifth or five of the Contracting Parties, whichever number is less, have notified the Secretary General of the United Nations, within a period of 12 months from the date on which the proposed amendment has been communicated by the Secretary General of the United Nations to the Contracting Parties, that they object to the proposal. A proposed amendment which is not accepted shall be of no effect whatever.

6. If an amendment is accepted, it shall enter into force, for all Contracting Parties which did not object to the proposed amendment, three months after the expiry of the period of 12 months referred to in the preceding paragraph, or on such later date as may have been determined by the Administrative Committee at the time of its adoption. At the time of adoption of an amendment, the Committee may also
provide that, during a transitional period, the existing Annexes shall remain in force, wholly or in part, concurrently with such amendment.

7. The Secretary General of the United Nations shall notify the date of the entry into force of the amendment to the Contracting Parties and inform the States referred to in Article 18 which are not Contracting Parties.

Article 23

Denunciation

Any Contracting Party may denounce the present Convention by effecting the deposit of an instrument with the Secretary General of the United Nations. The denunciation shall take effect one year from the date of such deposit with the Secretary General of the United Nations.

Article 24

Termination

The present Convention shall cease to be in force if the number of Contracting Parties is less than five for any period of twelve consecutive months.

Article 25

Settlement of disputes

1. Any dispute between two or more Contracting Parties concerning the interpretation or application of the present Convention which cannot be settled by negotiation or other means of settlement shall, at the request of one of them, be referred to an arbitration tribunal composed as follows: each party to the dispute shall appoint an arbitrator and these two arbitrators shall appoint a third arbitrator, who shall be Chairman. If three months after receipt of a request, one of the parties has failed to appoint an arbitrator or if the arbitrators have failed to elect the Chairman, any of the parties may request the Secretary General of the United Nations to appoint an arbitrator or the Chairman of the arbitration tribunal.

2. The decision of the arbitration tribunal established under the provisions of paragraph 1 shall be binding on the parties to the dispute.

3. The arbitration tribunal shall determine its own rules of procedure.

4. Decisions of the arbitration tribunal, both as to its procedure and its place of meeting and as to any controversy laid before it, shall be taken by majority vote.

5. Any controversy which may arise between the parties to the dispute as regards the interpretation and execution of the award may be submitted by any of the parties for judgement to the arbitration tribunal which made the award.

Article 26

Reservations

1. Reservations to the present Convention shall be permitted, excepting those relating to the provisions of Articles 1 to 8, 12 to 17, 20, 25 and of the present Article, and those relating to the provisions contained in the Annexes, on condition that such reservations are communicated in writing and, if communicated before the deposit of the instrument of ratification, acceptance, approval or accession, are confirmed in that instrument. The Secretary General of the United Nations shall communicate such reservations to all States referred to in Article 18.

2. Any reservation made in accordance with paragraph 1:
   (a) modifies for the Contracting Party which made the reservation the provisions of the present Convention to which the reservation relates, to the extent of the reservation; and
   (b) modifies those provisions to the same extent for the other Contracting Parties in their relations with the Contracting Party which entered the reservation.

3. Any Contracting Party which has communicated a reservation under paragraph 1 may withdraw it at any time by notification to the Secretary General of the United Nations.
Article 27

Notification

In addition to the notifications and communications provided for in Articles 21, 22 and 26, the Secretary General of the United Nations shall notify all the States referred to in Article 18 of the following:

(a) signatures, ratifications, acceptances, approvals and accessions under Article 18;
(b) the dates of entry into force of the present Convention in accordance with Article 19;
(c) the date of entry into force of amendments to the present Convention in accordance with Articles 21 and 22;
(d) denunciations under Article 23;
(e) the termination of the present Convention under Article 24.

Article 28

Authentic texts

The original of the present Convention, of which the Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary General of the United Nations, who shall communicate certified true copies to all States referred to in Article 18.

IN WITNESS WHEREOF the undersigned Plenipotentiaries, being duly authorized thereto by their respective Governments, have signed the present Convention.

DONE at Geneva this second day of December one thousand nine hundred and seventy-two.
Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024

I. Introduction

1. Thirty-two landlocked developing countries situated in Africa, Asia, Europe and South America, with a population of about 440 million, face special challenges that are associated with their lack of direct territorial access to the sea and their remoteness and isolation from world markets. Their international trade depends on transit through other countries. Additional border crossings and long distances from major markets, coupled with cumbersome transit procedures and inadequate infrastructure, substantially increase the total expenses for transport and other transaction costs, which erodes the competitive edge of landlocked developing countries, reduces economic growth and subsequently negatively affects their capacity to promote sustained economic development, human and social progress and environmental sustainability. Landlockedness is a major contributor to the relatively high incidence of extreme poverty and structural constraints in landlocked developing countries. Landlocked developing countries, as a group, are among the poorest of developing countries, and many of them are also least developed countries, with limited capacities and dependence on a very limited number of commodities for their export earnings.

2. In most cases, the transit neighbours of landlocked developing countries are themselves developing countries, often with broadly similar economic structures and beset by similar scarcities of resources. The least developed transit countries are in an especially difficult situation. Furthermore, transit developing countries bear additional burdens, deriving from transit transport and its financial, infrastructural and social impacts. Transit developing countries are themselves in need of improvement of the technical and administrative arrangements of their transport and customs and administrative systems, to which their landlocked neighbours are expected to link.

3. The Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries, adopted in 2003, reflected the strong commitment of all actors to address the special development needs and challenges faced by landlocked developing countries and to promote their full and more effective integration into the global economy through the implementation of specific actions in the priority areas of fundamental transit policy issues, infrastructure development and maintenance, international trade and trade facilitation, international support measures and implementation and review.

4. There has been increased visibility and recognition of landlocked developing countries and their special needs at the international level, including at the United Nations. The international community has recognized the need to address the special challenges of landlocked developing countries in the outcomes of the 2005 World Summit and other high-level meetings on the Millennium Development Goals, as well as in the outcome document of the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, in 2012, entitled “The future we want”. Although there has been some progress in the implementation of the Almaty Programme of Action during the review period, there is a need for further global support for landlocked developing countries, including in the areas of financial and technical assistance, as they have a long way to go to fully benefit from globalization and to achieve sustained and inclusive economic growth, sustainable development, poverty eradication, employment generation and structural transformation.

5. There is therefore an urgent need for an innovative, holistic and results-oriented 10 year programme of action, based on renewed and strengthened partnerships to accompany landlocked developing countries in harnessing benefits from international trade, structurally transforming their economies and achieving more inclusive and sustainable growth. The special challenges and needs of landlocked developing countries are recognized, and there is a need to give appropriate consideration to landlocked developing countries in the formulation of the post 2015 development agenda.

II. Review and assessment of the implementation of the Almaty Programme of Action
6. Economic growth has been somewhat accelerated in landlocked developing countries: since the adoption of the Almaty Programme of Action, landlocked developing countries have achieved moderate economic growth. The gross domestic product growth rate for landlocked developing countries is estimated to have increased from 4.5 per cent in 2003 to 6.3 per cent in 2013. However, there are wide disparities among landlocked developing countries, with many of them showing high vulnerability to external shocks. High economic growth has not translated into a speedy reduction of extreme poverty. Per capita gross domestic product in two thirds of landlocked developing countries is still well below $1,000. Despite some progress in social development, half of the landlocked developing countries are still in the lowest ranks of the human development index, and there is still widespread poverty, high levels of food insecurity, high levels of child and maternal mortality and poor sanitation in many landlocked developing countries.

7. Landlocked developing countries and transit countries have initiated important policy reforms to address physical and non-physical aspects of transit transport. Landlocked developing countries have increased the harmonization of transport and transit policies, laws, procedures and practices with transit countries. A number of regional and subregional transit facilitation agreements have been concluded and adopted for implementation. Some landlocked developing countries and transit countries, through regional trade agreements, free trade areas and customs unions, have developed supportive institutional frameworks, such as transport and trade facilitation bodies or coordination committees, and road funds. Border facilities and procedures have been streamlined and harmonized, leading to increased efficiency and fewer delays. Yet there is a need to deepen the reforms, enhance efficiency and effectiveness and ensure that the achievements reached are sustained.

8. High transport and trade transaction costs remain a major stumbling block in the pursuit of landlocked developing countries to achieve their trade potential. Although the estimated time that landlocked developing countries take to import goods has decreased from 57 days in 2006 to 47 days in 2014 and to export from 49 to 42 days, that is still almost twice the time taken by transit countries. The average cost of exporting a container for landlocked developing countries is estimated at $3,204, compared with $1,268 for transit countries, and $3,884 compared with $1,434 for importing a container. The establishment of a secure, reliable and efficient transit transport system remains critical for landlocked developing countries to enable them to reduce transport costs and enhance the competitiveness of their exports to regional and global markets. Landlockedness, thus, has an enormous negative impact on the overall development of landlocked developing countries. It is estimated that the level of development in landlocked developing countries is, on average, 20 per cent lower than what it would be were they not landlocked.

9. There have been progressive efforts to develop and upgrade road and rail infrastructure and to provide maintenance for the existing infrastructure at the national, subregional and regional levels. Dry ports and one-stop border crossings are being established in all regions. Despite such progress, the development of physical infrastructure is still inadequate, posing a major obstacle to the ability of landlocked developing countries to utilize their full trade potential. With regard to air transport, cargo airfreight has increased in some landlocked developing countries, and the number of registered flight carrier departures in landlocked developing countries as a group increased from an estimated 200,000 in 2003 to about 362,800 in 2013. The major challenges faced by landlocked developing countries with regard to the air transport industry include the enormous resources required for infrastructure investment and the maintenance, rehabilitation and replacement of aged fleets. This limits the shipment by air of goods of high unit value or of a time-sensitive nature, such as documents, pharmaceuticals, fashion garments, electronic consumer goods and perishable agricultural and seafood products.

10. Despite some progress, landlocked developing countries lag behind other developing countries in terms of their telecommunications infrastructure, including broadband Internet access, which can play a crucial role in increasing connectivity, boosting the competitiveness of enterprises and facilitating international trade.

11. Owing, in large part, to an increase in world commodity prices, total merchandise exports from landlocked developing countries grew from an estimated $44 billion in 2003 to $228 billion in 2013. Imports have also increased to some extent. Although the global share of merchandise exports from landlocked developing countries has doubled in the last decade, they still account for a very low proportion, about 1.2 per cent, of such exports.
12. Furthermore, many landlocked developing countries rely heavily on a few mineral resources and low-value agricultural products for their exports to a limited number of markets, making them highly vulnerable to commodity price and demand volatility. The problem is further exacerbated by their low productive capacities and structural weaknesses, which limit the adding of meaningful value to their exports and the diversification of their exports and markets.

13. Official development assistance disbursements to landlocked developing countries more than doubled between 2003 and 2012, from an estimated $12.2 billion to $25.9 billion. Official development assistance accounts for more than 20 per cent of central Government expenditure in 16 landlocked developing countries.8 Aid-for-trade disbursements to landlocked developing countries grew from an estimated $3.5 billion in 2006 to over $5.9 billion in 2012.11 Aid for trade has helped to improve trade facilitation and trade-related infrastructure development.

14. While there has been some integration of the Almaty Programme of Action into the national development strategies of landlocked developing countries, there is a need for its better integration into development strategies at the national, regional and global levels.

15. While climate change was not part of the review of the Almaty Programme of Action, it remains true that landlocked developing countries are also vulnerable to climate change, which is exacerbating desertification and land degradation. Landlocked developing countries remain disproportionately affected by, inter alia, desertification, land degradation and drought as an estimated 54 per cent of their land is classified as dryland. Of the 29 countries in which at least 20 per cent of the population is estimated to live on degraded land, 14 are landlocked developing countries. Some landlocked developing countries are also affected by flooding, including glacial lake outburst floods. Landlocked developing countries also remain highly vulnerable to external economic shocks and to the multiple other challenges faced by the international community.

III. Renewed and strengthened partnerships for development

16. The present Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024 is based on renewed and strengthened partnerships between landlocked developing countries and the transit countries and their development partners. Strengthened partnerships within the context of South-South and triangular cooperation, as well as strengthened partnerships with the relevant international and regional organizations and between public and private sector actors, are also essential.

17. Partnerships between landlocked developing countries and transit countries is mutually beneficial for the improvement and constant maintenance of their infrastructure connectivity and of technical and administrative arrangements in their transport, customs and logistic systems. Efficient transit transport systems, strong collaborative efforts in multimodal transport infrastructure development and interlinkage, the promotion of an enabling legal environment and institutional arrangements and strong national leadership on cooperative arrangements between landlocked developing countries and transit countries are also crucial for achieving structural transformation and sustainable economic growth and development. Transparency, good governance and efficient institutional arrangements in landlocked developing countries and transit countries should also play an important role in promoting such partnerships. Collaboration must be promoted on the basis of the mutual interests of both landlocked and transit countries.

18. Renewed and strengthened partnerships with development partners will be crucial for the full and successful implementation of the Vienna Programme of Action, given the immensity of the challenges faced by landlocked developing countries. The international community, including financial and development institutions, multilateral organizations and agencies and donor countries, is encouraged to provide financial and technical support, as appropriate, to advance the specific objectives listed herein. Regional and subregional cooperation or integration should also play an important role in successfully addressing the specific problems of landlocked developing countries.

19. Support from developing countries should take into full consideration the nature of South-South cooperation, in accordance with the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation. Guided by the spirit of solidarity with landlocked developing countries, developing countries, consistent with their capabilities, will provide financial and technical
support for the effective implementation of the Vienna Programme of Action in mutually agreed areas of cooperation within the framework of South-South cooperation, which is a complement to, but not a substitute for, North-South cooperation.

20. The private sector and civil society are important stakeholders, whose contribution will be critical to the implementation of the Vienna Programme of Action, including through transparent, effective and accountable public-private partnerships.

IV. Objectives

21. The overarching goal of the Vienna Programme of Action is to address the special development needs and challenges of landlocked developing countries arising from landlockedness, remoteness and geographical constraints in a more coherent manner and thus to contribute to an enhanced rate of sustainable and inclusive growth, which can contribute to the eradication of poverty by moving towards the goal of ending extreme poverty. Particular attention should therefore be given in the period until 2024 to the development and expansion of efficient transit systems and transport development, enhancement of competitiveness, expansion of trade, structural transformation, regional cooperation and the promotion of inclusive economic growth and sustainable development to reduce poverty, build resilience, bridge economic and social gaps and ultimately help to transform landlocked countries into land-linked countries.

22. The specific goals and objectives are:
   (a) To promote unfettered, efficient and cost-effective access to and from the sea by all means of transport, on the basis of the freedom of transit, and other related measures, in accordance with applicable rules of international law;
   (b) To reduce trade transaction costs and transport costs and improve international trade services through simplification and standardization of rules and regulations, so as to increase the competitiveness of exports of landlocked developing countries and reduce the costs of imports, thereby contributing to the promotion of rapid and inclusive economic development;
   (c) To develop adequate transit transport infrastructure networks and complete missing links connecting landlocked developing countries;
   (d) To effectively implement bilateral, regional and international legal instruments and strengthen regional integration;
   (e) To promote growth and increased participation in global trade, through structural transformation related to enhanced productive capacity development, value addition, diversification and reduction of dependency on commodities;
   (f) To enhance and strengthen international support for landlocked developing countries to address the needs and challenges arising from landlockedness in order to eradicate poverty and promote sustainable development.

V. Priorities for action

Priority 1: Fundamental transit policy issues.
Priority 2: Infrastructure development and maintenance:
   (a) Transport infrastructure;
   (b) Energy and information and communications technology infrastructure.
Priority 3: International trade and trade facilitation:
   (a) International trade;
   (b) Trade facilitation.
Priority 4: Regional integration and cooperation.
Priority 5: Structural economic transformation.
Priority 6: Means of implementation.

Priority 1: Fundamental transit policy issues

23. Freedom of transit and transit facilities play a key role in the overall development of landlocked developing countries. It is important for those countries to have access to and from the sea, in accordance with applicable international law, in order to fully integrate into the global trading system.

24. Harmonization, simplification and standardization of rules and documentation should be promoted, including the full and effective implementation of international conventions on transport and transit and
bilateral, subregional and regional agreements. Bilateral provisions should be no less favourable than what is provided for in the international conventions standards and best practices. The Agreement on Trade Facilitation adopted by consensus at the Ninth Ministerial Conference of the World Trade Organization, held in Bali, Indonesia, in December 2013, should further guide the work in this area. Cooperation on fundamental transit policies, laws and regulations between landlocked developing countries and their transit neighbours is crucial for the effective and integrated solution to cross-border trade and transit transport problems. This cooperation should be promoted on the basis of the mutual interests of both landlocked and transit developing countries. Effective participation of key stakeholders, both public and private, is important to improve transit facilitation. It is important to promote free movement of people between landlocked developing countries and their transit neighbours through the development and implementation of simplified and harmonized visa systems for drivers involved in international transport (freight and passengers).

25. Specific objectives are:
   (a) To reduce travel time along corridors, with the aim of allowing transit cargo to move a distance of 300 to 400 kilometres every 24 hours;
   (b) To significantly reduce the time spent at land borders;
   (c) To significantly improve intermodal connectivity, with the aim of ensuring efficient transfers from rail to road and vice versa and from port to rail and/or road and vice versa.

26. Actions by the landlocked developing countries and transit countries are:
   (a) To endeavour to accede to and ratify in a timely fashion relevant international, regional and subregional conventions and other legal instruments related to transit transport and trade facilitation;
   (b) To ensure effective implementation of international and regional conventions and bilateral agreements on transit transport and trade facilitation, as applicable, also with a view to reducing transport prices and time;
   (c) To enhance coordination and cooperation of national agencies responsible for border and customs controls and procedures between them and with the respective agencies in transit countries. In this regard, transit countries are encouraged to share information with landlocked developing countries regarding any change in regulations and procedures governing transit policies as early as possible before their entry into force, in order to enable traders and other interested parties to become acquainted with them;
   (d) To create an effective bilateral or regional mechanism, as appropriate, to address challenges and bottlenecks in the implementation of bilateral, regional or multilateral agreements and to avoid maintaining, seeking or adopting bilateral or regional arrangements establishing quotas or other quantitative restrictions to international transit;
   (e) To promote the simplification, transparency and harmonization of legal and administrative regulations and requirements related to transit systems by all modes of transit transport, including border crossings, consular services, customs procedures and removal of internal checkpoints;
   (f) To develop effective logistics systems by aligning incentives for efficient transport and transit operations, promoting competition and phasing out anti-competitive practices such as cartels and queuing systems wherever possible;
   (g) To promote the involvement of road, rail and inland waterway transport business associations in public-private partnership projects, exchange knowledge and implement transit cooperation initiatives and practices that have worked well in various regions around the world;
   (h) To collaborate on exchanging trade and transport data with a view to conducting cross-border transactions faster and more efficiently;
   (i) All landlocked developing countries should formulate national transit policies and establish appropriate national mechanisms with the participation of all relevant stakeholders.

27. Actions by development partners are:
   (a) To support landlocked and transit developing countries in the implementation of international conventions and agreements relating to transit facilitation and initiatives that promote transit cooperation, reduce transit costs and establish smooth logistic arrangements;
   (b) To assist landlocked and transit developing countries to establish multilateral sustainable and efficient transit transport regimes involving public and private stakeholders and to encourage and support the sharing of best practices related to experiences, policies and initiatives;
(c) To encourage regional and subregional organizations to assist with technical and financial support to the landlocked developing countries and transit countries to implement initiatives that promote transit cooperation.

Priority 2: Infrastructure development and maintenance

28. Infrastructure development plays a key role in reducing the cost of development for landlocked developing countries. The development and maintenance of transit transport infrastructure, information and communications technology and energy infrastructure are crucial for landlocked developing countries in order to reduce high trading costs, improve their competitiveness and become fully integrated in the global market.

(a) Transport infrastructure

29. Despite improvement in transport infrastructure in landlocked developing countries, poor quality and gaps in physical infrastructure are still major obstacles to developing viable and predictable transit transport systems. There is inadequate physical infrastructure in rail transport, road transport, dry ports, inland waterways, pipelines and air transport in many landlocked developing countries, as well as few harmonized rules and procedures and limited cross-border investment and private-sector participation. The physical links of landlocked developing countries to regional transport infrastructure networks fall well short of expectations. Landlocked developing countries have a lower logistics performance than other countries in the area of transport-related infrastructure. Missing links need to be addressed urgently, and roads, railways and inland waterways need to be upgraded to a level that can establish seamless and efficient transport infrastructure networks within the countries and across their borders. The improvement and maintenance of existing facilities is crucial. With regard to multimodal transport, railways are important for the landlocked developing countries whose exports are usually bulky primary commodities. Railway transport should be promoted where its use is viable and rail networks already exist.

30. The magnitude of the required resources to invest in infrastructure development and maintenance remains a major challenge. It requires forging international, regional, subregional and bilateral cooperation on infrastructure projects, allocating more from national budgets, effectively deploying international development assistance and multilateral financing in the development and maintenance of infrastructure and strengthening the role of the private sector. At the same time, it also requires a substantial investment in capacity-building and legal, regulatory and policy reform to create an environment supportive of greater public and private investments in infrastructure. It is important to help landlocked developing countries to develop the capacity to prepare bankable, large-scale infrastructure projects and to explore innovative financing mechanisms for those projects, including public-private partnerships, where appropriate.

31. Specific objectives are:
   (a) To significantly increase the quality of roads, including increasing the share of paved roads, by nationally appropriate standards;
   (b) To expand and upgrade the railway infrastructure in landlocked developing countries, where applicable;
   (c) To complete missing links in the regional road and railway transit transport networks.

32. Actions by landlocked developing countries and transit developing countries are:
   (a) To develop and implement comprehensive national policies for infrastructure development and maintenance, encompassing all modes of transportation, and to ensure that they are well coordinated with the transit countries in the areas where transit infrastructures intersect;
   (b) To collaborate to promote sustainable and resilient transit systems through, inter alia, regular upgrading and maintenance, development of corridors along transit highways, developing border-crossing mechanisms, including one-stop border crossings, as appropriate, and promoting economies of scale for transport systems through intermodal transport development, dry ports or inland container depots, trans-shipment facilities and similar logistic hubs;
   (c) To work towards the harmonization of gauges to facilitate regional connectivity, where feasible, the development of reloading capacities, the expansion of training programmes and inter-railway staff exchange programmes;
(d) To promote multilateral and regional permit systems for road transport and to endeavour to implement permit-free bilateral and transit road transport and the expansion of a multilateral quota system among landlocked developing countries and transit countries;

(e) To endeavour, at the bilateral, subregional and regional levels, to gradually liberalize road transport services, taking into account specific circumstances in landlocked and transit developing countries;

(f) To encourage the development of international logistic hubs;

(g) To develop the necessary policies and regulatory frameworks to promote private sector involvement in infrastructure development and promote an enabling environment to attract foreign direct investment;

(h) To promote public-private partnerships for the development and maintenance of transport infrastructure and their sustainability;

(i) To develop inland transport networks, including ancillary infrastructure, such as all-weather road, rail and riverside support infrastructures that ensure road and rail safety and involve local businesses in those services along highways and railway networks, thereby creating development corridors along transit highways and railroads.

33. Actions by development partners are:

(a) To support efforts by landlocked developing countries in the field of infrastructure development and maintenance and support landlocked developing countries and transit developing countries in sharing experiences on transit transport development;

(b) To encourage multilateral and regional development banks to provide more support to landlocked developing countries and transit developing countries for investment in transport development, in accordance with their respective mandates;

(c) To continue assisting landlocked developing countries in the completion of missing links in railroads and road systems, as appropriate.

(b) Energy and information and communications technology infrastructure

34. Energy infrastructure and access to affordable, reliable and renewable energy and related technologies, on mutually agreed terms, are critically important for modernizing information and communications technology and transit systems, reducing delays and enhancing productive capacity to achieve sustained economic growth and sustainable development. The importance of the Secretary-General's Sustainable Energy for All initiative is stressed. In this context, regional efforts, including the creation of networks of regional renewable energy and energy efficiency centres, will be important and need support.

35. Information and communications technology can contribute to sustainable and inclusive growth by: increasing productivity across all sectors; facilitating market expansion beyond borders to take advantage of economies of scale; and lowering costs and facilitating access to services, including access to broadband infrastructure and information via global media such as the Internet, thus contributing to increased participation in governance, accountability and transparency. However, many landlocked developing countries face severe challenges in keeping up with the necessary infrastructure deployment and concomitant evolution of policy frameworks. Broadband costs, as a share of gross national income, are much higher in landlocked developing countries than in coastal countries that are located close to submarine communications cables. Because of their small market sizes, the lack of a regionally harmonized regulatory environment is also a serious hindrance to cheaper information and communications technology services and greater geographical coverage.

36. Specific objectives are:

(a) To expand and upgrade, as appropriate, infrastructure for supply, transmission and distribution of modern and renewable energy services in rural and urban areas;

(b) All landlocked developing countries should make broadband policy universal;

(c) To promote open and affordable access to the Internet for all;

(d) Landlocked developing countries should actively engage to address the digital divide.

37. Actions by landlocked developing countries and transit developing countries are:

(a) To enhance their collaboration in promoting cross-border energy trade and energy transit through transmission lines to third countries;
(b) Landlocked developing countries should develop national energy policies to promote modern, reliable and renewable energy, with a view to significantly enhancing capacities in production, trade and distribution, with the aim of ensuring access to energy for all and the transformation of their economies;
(c) To work together to modernize transit and transport facilities and customs and other border facilities by fully utilizing the capabilities of information and communications technologies;
(d) To further improve and harmonize legal and regulatory frameworks;
(e) Landlocked developing countries should develop a national broadband policy with a view to improving access to international high-capacity fibre-optic cables and high-bandwidth backbone networks;
(f) Landlocked developing countries should strive to develop their service sectors through the development of information and communications technology infrastructures and their integration into all relevant areas to promote competitiveness, innovation and inclusion and in order to reduce transit time and cost and modernize their transit and customs facilities;
(g) To promote digital bridges to interconnect national backbones so that countries far from the sea cables also have access to affordable broadband and are able to expand the telecommunications and related services sector in order to facilitate affordable, accessible and high-quality telecommunications services.

38. Actions by development partners are:
(a) To support efforts by landlocked developing countries to develop their energy and information and communications technology sectors;
(b) To promote energy-efficient investment in landlocked developing countries and facilitate the green economic transformation;
(c) To support landlocked developing countries in promoting their national broadband policy and developing necessary broadband infrastructure;
(d) To provide capacity-building to landlocked developing countries for the use of modern and affordable communications technology;
(e) To continue to support efforts of landlocked developing countries with the respective transit developing countries to facilitate access to information and communications technologies and the transfer of relevant skills, knowledge and technology, on mutually agreed terms, for the development, maintenance and sustainability of infrastructure.

Priority 3: International trade and trade facilitation

(a) International trade

39. Greater integration of landlocked developing countries into world trade and global value chains is vital for increasing their competitiveness and ensuring their economic development. Exporting goods produced in landlocked developing countries incurs additional transport costs, which may decrease competitiveness and reduce revenue for producers from those countries. The export structure of many landlocked developing countries continues to be increasingly characterized by a reliance on the export of a limited number of products, in particular agricultural products and mineral resources. Priority should be given to policies and measures, with the support of development partners, to diversify the production and export structures of landlocked developing countries and to enhance their productivity and competitiveness in order to take full advantage of the multilateral trading system.

40. With the growing interlinkages between world trade, investment and production, global value chains account for a rising share of international trade. Landlocked developing countries have not been able to fully participate in regional or global value chains. Linking into global value chains presents an opportunity for landlocked developing countries to achieve greater integration within world markets, increase their competitiveness and become important links in production and distribution chains.

41. Services are important enablers of trade in goods and effective participation in international trade and global value chains. Efficient services enhance productivity, reduce the cost of doing business and promote job creation. Landlocked developing countries should be supported so as to increase the share of services in their economies and exports, including through enabling policies.

42. One of the main causes of marginalization of landlocked developing countries in the international trading system is high trade transaction costs. The importance of enhanced and predictable access to all markets for the exports of developing countries, including landlocked developing countries, was recognized in the Monterrey Consensus of the International Conference on Financing for Development.
In accordance with the commitments contained in the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization and the rules of the World Trade Organization, full attention should be given in the Doha Development Round of trade negotiations to the needs and interests of developing countries, including landlocked and transit developing countries. Given the increasing growth in South-South trade, other developing countries could be important export destinations for the products of landlocked developing countries and sources of critical foreign direct investment.

43. Trade ministers at the Ninth Ministerial Conference of the World Trade Organization, held in Bali, Indonesia, in December 2013, agreed by consensus on a package of declarations and instruments, including the Agreement on Trade Facilitation, which clarifies and improves articles V, VIII and X of the General Agreement on Tariffs and Trade of 1994, with a view to further expediting the movement, release and clearance of goods, including goods in transit. The Agreement on Trade Facilitation and its timely implementation in the context of the Bali package are important for the facilitation of trade for landlocked developing countries. The Agreement includes important provisions on technical assistance and capacity-building to help landlocked developing countries to implement it effectively.

44. Specific objectives are:
   (a) To significantly increase the participation of landlocked developing countries in global trade, with a focus on substantially increasing exports;
   (b) To significantly increase the value added and manufactured component, as appropriate, of the exports of landlocked developing countries, with the objective of substantially diversifying their markets and products;
   (c) To further strengthen economic and financial ties between landlocked developing countries and other countries in the same region so as to gradually and consistently increase the landlocked developing countries' share in intraregional trade;
   (d) To invite Member States to consider the specific needs and challenges of landlocked developing countries in all international trade negotiations.

45. Actions by landlocked developing countries include:
   (a) To develop a national trade strategy based on comparative advantages and regional and global opportunities;
   (b) To integrate trade policies into national development strategies;
   (c) To promote a better business environment so as to assist national firms to integrate into regional and global value chains;
   (d) To promote policies to help national firms, especially small and medium-sized enterprises, to participate more fully in international trade;
   (e) To fully leverage bilateral and regional preferential trading arrangements with a view to broadening regional and global integration;
   (f) To implement policies and measures that will significantly increase economic and export diversification and value added.

46. Actions by transit developing countries include:
   (a) To promote investment in landlocked developing countries, with the aim of promoting their productive and trading capacity and supporting their participation in regional trade arrangements;
   (b) To improve market access for products originating from landlocked developing countries, without arbitrary or unjustified non-tariff barriers that are not in conformity with the rules of the World Trade Organization;
   (c) Transit countries and landlocked developing countries should carry out studies on logistical competitiveness and logistical costs based on internationally recognized methodologies.

47. Actions by development partners include:
   (a) To support efforts by landlocked developing countries to diversify exports, integrate into global and regional value chains and effectively participate in multilateral trade negotiations;
   (b) To address non-tariff measures and reduce or eliminate arbitrary or unjustified non-tariff barriers, that is, those that are not in conformity with the rules of the World Trade Organization;
   (c) Landlocked developing countries and development partners should promote better integration of small and medium-sized enterprises within international trade by, when appropriate, strengthening institutions that support trade, fostering trade competitiveness, building spaces for private-public dialogue,
fostering technical and vocational education and training and capacity-building and creating market linkages through business-to-business platforms;

(d) To promote the diffusion and uptake of appropriate and environmentally sound technologies on mutually agreed terms and conditions, including through investment or cooperation projects to promote economic diversification and sustainable development, as appropriate;

(e) To offer appropriate technical assistance and capacity-building to landlocked developing countries to complete the process of their accession to the World Trade Organization, fulfil their commitments and integrate into the multilateral trading system;

(f) To continue to provide aid for trade to landlocked developing countries, consistent with World Trade Organization guidelines.

(b) Trade facilitation

48. Non-physical barriers, delays and inefficiencies associated with border crossings and ports, including customs procedures and documentation requirements, uncertainty in logistical services, weak institutions and widespread lack of human and productive capacities, continue to make transport costs high. They are at the core of the continued marginalization of many landlocked developing countries. Further streamlining and harmonization of customs and transit procedures and formalities and transparent and efficient border management and coordination of agencies involved in border clearance should have a concrete and direct impact on reducing the cost of doing trade and stimulating faster and competitive trade for landlocked developing countries. Such improved trade facilitation would help landlocked developing countries to enhance the competitiveness of their export products and services.

49. In many landlocked developing countries, human and institutional capacities are not adequate in a number of areas, including in customs and border entities, transit transport agencies, the trade negotiation process and the implementation of transit and trade facilitation agreements, including the Agreement on Trade Facilitation of the World Trade Organization, leading to a lack of effective implementation. Technical assistance and the improvement of trade-related logistics are crucial in enabling landlocked developing countries to fully participate in and benefit from multilateral trade negotiations, effectively implement policies and regulations aimed at facilitating transport and trade and diversify their export base.

50. Specific objectives are:

(a) To significantly simplify and streamline border crossing procedures with the aim of reducing port and border delays;

(b) To improve transit facilities and their efficiency with the aim of reducing transaction costs;

(c) To ensure that all transit regulations, formalities and procedures for traffic in transit are published and updated in accordance with the Agreement on Trade Facilitation of the World Trade Organization.

51. Actions by landlocked developing countries include:

(a) To establish or strengthen, as appropriate, national committees on trade facilitation, with the involvement of all relevant stakeholders, including the private sector;

(b) To scale up and implement trade facilitation initiatives such as single-stop inspections, single windows for documentation, electronic payment and transparency and modernization of border posts and customs services, among others;

(c) To effectively implement integrated border management systems and strive to establish one-stop border posts, where appropriate, with neighbouring landlocked or transit developing countries to allow for the joint processing of legal and regulatory requirements, with a view to reducing clearance times at borders, while fully utilizing the tools for trade facilitation developed by international organizations to build national capacity;

(d) To ensure full and inclusive representation of the private sector, including public-private partnerships and transport business associations, in trade facilitation initiatives and policy, and to develop the necessary policies and regulatory framework to promote private sector involvement.

52. Actions by transit developing countries include:

(a) To ensure that trade facilitation initiatives, including the Agreement on Trade Facilitation of the World Trade Organization, are developed and implemented together with landlocked developing countries in all relevant areas;

(b) To undertake further harmonization, simplification and standardization of rules, documentation requirements and border crossing and customs procedures; to enhance collaboration and cooperation
among various customs and border-crossing agencies across borders; to promote the use of electronic (e-transaction) processes, the pre-arrival submission of customs declarations, risk management inspection systems and authorized economic operator systems; to improve transparency, predictability and consistency in customs activities; and to establish one-stop border posts, as appropriate, joint customs controls and inspection at border sites and other forms of integrated border management at borders with landlocked developing countries;

(c) Sharing best practices in customs, border and corridor management and in the implementation of trade facilitation policies should be encouraged at the global, regional, subregional and South-South levels, including in the private sector;

(d) To fully utilize the tools for trade facilitation developed by international organizations to build national capacity and ensure secure and reliable transport across borders by, inter alia, effectively implementing existing international standards and best practices for customs transit and safety and security of transport chains;

(e) To ensure transparency in border crossings, customs and transit transport rules, regulations, fees and charges and to accord non-discriminatory treatment so that the freedom of transit of goods is guaranteed to landlocked developing countries.

53. Actions by development partners include:

(a) To support landlocked and transit developing countries in the area of trade facilitation, in accordance with the Agreement on Trade Facilitation, which was agreed upon by consensus in Bali, Indonesia, in December 2013, at the Ninth Ministerial Conference of the World Trade Organization, and to encourage international organizations to help landlocked developing countries to assess their needs in implementing that Agreement and relevant trade facilitation measures;

(b) To support activities, including trade facilitation, aimed at simplifying, streamlining, standardizing and harmonizing import, export and customs procedures;

(c) To encourage the sharing of information on experiences and best practices related to trade facilitation with a view to creating an environment that allows for the implementation of multi-country customs transit guarantee regimes through the implementation of either international transit agreements or functional regional agreements;

(d) To support capacity-building, including training programmes, in the areas of customs, border clearance and transport;

(e) To encourage regional aid for trade so as to promote trade integration among landlocked developing countries and transit countries.

Priority 4: Regional integration and cooperation

54. Close cooperation with transit countries is a sine qua non for improved connectivity in transport, energy and information and communications technology. Infrastructure, trade and regulatory policies, together with political stability of neighbouring countries, have significant repercussions for the external trade of landlocked developing countries. The costs of reaching international markets for landlocked developing countries do not depend only on their geography, policies, infrastructure and administration procedures, but also on those of neighbouring countries. Thus, regional integration and coherent and harmonized regional policies provide an opportunity to improve transit transport connectivity and ensure greater intraregional trade, common regulatory policies, border agency cooperation and harmonized customs procedures to expand regional markets.

55. There is a need to promote meaningful regional integration to encompass cooperation among countries in a broader range of areas than just trade and trade facilitation, including investment, research and development and policies aimed at accelerating regional industrial development and regional connectivity. This approach is aimed at fostering structural change and economic growth in landlocked developing countries as a goal, and also as a means of collectively linking regions to global markets. This would enhance competitiveness and help to maximize benefits from globalization. Documentation and the sharing and dissemination of best practices is important to allow cooperating partners to benefit from each other’s experience.

56. Actions by landlocked developing countries include:

(a) To promote regional integration by strengthening regional trade, transport, communications and energy networks;
(b) To promote harmonization of regional policies so as to strengthen regional synergy, competitiveness and regional value chains;
(c) To strengthen participation of landlocked developing countries in bilateral and regional integration frameworks.

57. Actions by transit developing countries include their contribution to deepening regional integration through the coherent development of regional infrastructure, trade facilitation measures and regional trade agreements, including the establishment of effective and efficient customs guarantee systems to help landlocked developing countries to overcome constraints resulting from their landlockedness.

58. Actions by development partners include:
   (a) To support efforts made by landlocked developing countries and their transit partners to deepen regional integration through the development and implementation of key regional transport projects and regional transport agreements for facilitating the cross-border movement of goods and passengers;
   (b) To support ongoing regional integration processes involving landlocked developing countries;
   (c) To share best practices in promoting regional integration.

Priority 5: Structural economic transformation

59. Many landlocked developing countries remain reliant on a few export commodities, which often have low value addition. In order for landlocked developing countries to fully utilize their export and trade potential, it is important to undertake measures that could promote structural economic transformation capable of reducing the negative impact of their geographical disadvantages and external shocks, creating jobs and ultimately leading to poverty eradication and inclusive and sustainable growth and development. Increased value addition and economic diversification are key to such structural economic transformation. Institutional capacity-building and human resources development are equally important for landlocked developing countries.

60. Improving the manufacturing capacity of landlocked developing countries, including their contribution to regional and global value chains, can achieve the triple objective of creating better-paying jobs, increasing revenue and reducing the bulk of their primary exports. Higher-value and low-bulk exports are particularly crucial for landlocked developing countries. In this context, it is important to place proper emphasis on the development of manufacturing, agriculture and the services sector, including finance, information and communications technologies and tourism, as appropriate to national circumstances. Tourism can play an important role in building the economic sector, providing employment and generating foreign exchange.

61. Science, technology and innovation play a critical role in achieving structural economic transformation, productive capacity development and value addition. Conducive national policies, international support and foreign direct investment are necessary to facilitate access to science, technology and innovation, and landlocked developing countries should promote investment in science, technology and innovation for sustainable development.

62. The private sector contributes to economic growth and poverty eradication through the building of productive capacity, creation of decent jobs, promotion of innovation, economic diversification and competition. In landlocked developing countries, the private sector is actively involved in activities related to transit and trade facilitation, including as traders, freight forwarders, insurance providers and transporters, and the sector is a source of tax revenue and domestic investment and a partner for foreign direct investment. Public-private partnerships can play an important role in infrastructure development.

63. Specific objectives are:
   (a) To increase value addition in the manufacturing and agricultural sectors, with the aim of achieving inclusive growth and sustainable development;
   (b) To increase economic and export diversification;
   (c) To promote service-based growth, including from tourism, with a view to increasing its contribution to the national economy;
   (d) To encourage the inflow of foreign direct investment in high-value added sectors.

64. Actions by landlocked developing countries include:
(a) To develop a structural transformation strategy aimed at improving science, technology and innovation, export diversification, productivity, efficiency and competitiveness in the agriculture, manufacturing and service sectors, including tourism;

(b) To encourage innovative solutions, entrepreneurship and the use of modern, cost-effective and locally adapted technologies, with an emphasis on sectors such as agriculture, transport, information and communications, finance, energy, health, water and sanitation and education, as well as the development of effective public and private partnerships;

(c) To build a critical mass of viable and competitive productive capacity in manufacturing, agriculture and services;

(d) To promote the attraction of more diversified foreign direct investment through the creation of a conducive environment, with the aim of enhancing value addition, productive capacity, transit transport infrastructure and completion of missing links connecting landlocked developing countries within the regional network;

(e) To undertake measures to modernize the services sector by strengthening links between and among financial intermediaries, creative industries and business and legal and technical services;

(f) To create industrial clusters, such as export-processing zones and regional centres of excellence, with the aim of fostering knowledge networks and connectedness among companies;

(g) To prioritize private sector development, in particular small and medium-sized enterprises;

(h) To develop an industrial policy that takes into account the need for improved access to financial resources, development of appropriate human capacity and investment in supportive economic infrastructure as a way to further strengthen the private sector;

(i) To strengthen, as appropriate, an effective competition policy that supports business activity and further consolidates a supportive legal and regulatory framework, and to create macroeconomic conditions and systems that can facilitate the development of the private sector;

(j) To utilize the International Think Tank for Landlocked Developing Countries for sharing experiences, know-how, research and other resources on issues related to trade, transit, transport and capacity-building among landlocked developing countries. Landlocked developing countries that have not yet done so should ratify the Multilateral Agreement for the Establishment of an International Think Tank for Landlocked Developing Countries.

65. Actions by development partners include:

(a) To support the efforts of landlocked developing countries to improve their productive capacities and create economic diversification;

(b) To contribute to the efforts of landlocked developing countries to share innovative technologies, scientific knowledge and technical know-how and best practices;

(c) To support the efforts of landlocked developing countries to increase the value addition of their agricultural and industrial output;

(d) To support landlocked developing countries in building institutional and human capacities aimed at improving their ability to attract foreign direct investment in high-value added sectors and to enhance negotiation skills for bringing in responsible investment;

(e) To support landlocked developing countries to enable them to pursue the effective partnerships necessary for capacity-building, sustainability and quality enhancement, as well as for sectoral development, including the development of tourism;

(f) To support landlocked developing countries in building resilience, developing capacity to respond effectively to external shocks and addressing their specific supply-side constraints.

Priority 6: Means of implementation

66. The development and progress of any country is the primary responsibility of that country itself. Landlocked developing countries have made efforts to mobilize domestic resources for the development of infrastructure and transit facilities, as well as for overall socioeconomic development. However, lack of adequate financial resources and capacity constraints are some of the biggest challenges facing landlocked developing countries in their efforts to achieve sustained growth and sustainable development. Landlocked developing countries and their transit neighbours need to effectively mobilize adequate domestic and external resources for the effective implementation of the Vienna Programme of Action.

67. The support of development partners is needed to complement the efforts of landlocked developing countries to establish and maintain effective transit transport systems, integration into the world economy,
structural transformation of their economies and enhancement of their productive capacities. Development partners are therefore encouraged to provide targeted technical and financial support, as appropriate, towards the implementation of the specific actions listed in the Vienna Programme of Action. Development partners should also encourage private sector investment in landlocked developing countries that are implementing the Programme of Action.

68. Official development assistance flows remain a major source of external financing for many landlocked developing countries. It is important to urgently fulfil existing official development assistance commitments, and such assistance to landlocked developing countries should fully take into account the specific situation of each country. Development partners and multilateral organizations have a crucial role to play in supporting the efforts of landlocked developing countries to achieve sustainable development and the eradication of poverty.

69. Aid for trade plays a key role in assisting capacity-building for landlocked developing countries on the formulation of trade policies, the implementation of trade facilitation measures and the development of trade-related infrastructure, with a view to increasing the competitiveness of their products in export markets. Aid for trade, in combination with complementary policies, has contributed to lower trade costs, with additional infrastructure, better border institutions and regulatory procedures and enhanced capacities. Aid for trade, along with the commitment of landlocked developing countries to necessary reforms, is also important in linking to or advancing the position of landlocked developing countries in the global and regional value chains.

70. South-South cooperation is not a substitute for but rather a complement to North-South cooperation. South-South and triangular cooperation also have a role to play in increasing the growth and development of landlocked developing countries, as well as transit developing countries, through their contribution, as appropriate, to the sharing of best practices, human and productive capacity-building, financial and technical assistance and technology transfer on mutually agreed terms.

71. The implementation of the Vienna Programme of Action would also require individual and concerted efforts by the organizations and bodies of the United Nations system, relevant international organizations, such as the World Bank, the regional development banks, the World Trade Organization, the World Customs Organization, the common funds for commodities, regional economic integration organizations and other relevant regional and subregional organizations. These organizations are invited to give priority to requests for technical assistance and capacity-building support from landlocked developing countries in the implementation of the Programme of Action in a well-coordinated and coherent manner, within their respective mandates.

72. The private sector, including through foreign direct investment, also has a critical role to play in the implementation of the Vienna Programme of Action, for example through building and strengthening productive capacity, export growth, technology transfer on mutually agreed terms, diffusion of productive know-how, managerial skill and capital, creation of wealth, the opening up of new markets for high-value added products and services and employment generation. Foreign direct investment can also play a key role in building the infrastructure that underpins economic activities.

VI. Implementation, follow-up and review

73. Implementation, follow-up and review should be undertaken at the national, subregional, regional and global levels. Follow-up and review should be a continuous process aimed at reinforcing partnerships and mutual accountability at all levels and by all actors.

74. At the national level, Governments are invited to mainstream the Vienna Programme of Action into their national and sectoral development strategies for its effective implementation. Landlocked developing countries and transit developing countries are encouraged to establish national coordination mechanisms, where appropriate. Monitoring and review should involve all relevant stakeholders, as appropriate.

75. At the subregional and regional levels, monitoring and review should be undertaken through existing intergovernmental processes. Regional and subregional organizations, including regional economic
communities and regional development banks, are invited to mainstream the implementation of the Vienna Programme of Action into their relevant programmes, in coordination with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, within their existing mandates, and the regional commissions. The regional commissions are encouraged to submit analytical reports on the implementation of the Programme of Action. The relevant regional and subregional organizations and the private sector should be actively involved in the sessions of the regional commissions in that regard.

76. At the global level, the General Assembly should continue to undertake reviews of the implementation of the Vienna Programme of Action through reports of the Secretary-General. The governing bodies of organizations in the United Nations system are invited to mainstream the implementation of the Programme of Action into their programme of work and to conduct sectoral and thematic reviews of the Programme of Action, as appropriate. The private sector should be involved in the reviews at the global level.

77. In accordance with the mandate given by the General Assembly, the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States will ensure coordinated follow-up to and effective monitoring of and reporting on the implementation of the Vienna Programme of Action, and will undertake advocacy efforts at the national, regional and global levels. The Office of the High Representative, in collaboration with other relevant stakeholders, should work on developing relevant indicators for measuring the progress on implementing the Programme of Action in landlocked developing countries, within their existing mandates.

78. The General Assembly is invited to consider conducting a comprehensive high-level midterm review on the implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014–2024. The Assembly, towards the end of the decade, is also invited to consider holding a third United Nations Conference on Landlocked Developing Countries in order to undertake a comprehensive appraisal of the implementation of the present Programme of Action and to decide on subsequent action.