



PERMANENT
TECHNICAL COMMITTEE

PC0499E1a

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219th/220th Sessions

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16 – 20 April 2018

Brussels, 22 March 2018.

CUSTOMS-RAILWAYS COOPERATION
(Item III (a) and (c) on the Agenda)

Background

1. A growing portion of goods in international trade, especially in some regions and countries, are being transported by railway across borders. Railway transportation generally involves a number of countries in international transit procedures than air mode or sea mode. This growing environment characterized by its specificities has created new strategic drivers and opportunities for cooperation between railway companies and Customs administrations, as well as the WCO and relevant international organizations and stakeholders.
2. At its 217th/218th Sessions in October 2017, the Permanent Technical Committee (PTC) had a panel discussion on Customs-Railway Cooperation with panelists from Intergovernmental Organisation for International Carriage by Rail (OTIF), Community of European Railway and Infrastructure Companies (CER), Organisation for Co-operation between Railways (OSJD) and Georgia Revenue Service.
3. The panelists shared their experiences, main challenges and opportunities, especially for developing a single data set from origin to destination and enhancing cooperation at international level in this area. As conclusions, the PTC:
 - took note of key issues arising, such as the lack of an internationally agreed set of data for Customs declarations and merit of digitalization;
 - acknowledged the need to promote the use of WCO instruments and tools in the railway context, such as Transit Guidelines, CBM Compendium, TRS Guide and the Data Model; and

- agreed that this topic should remain on the PTC Agenda to be explored further at a technical level.

4. The WCO has been actively engaged in discussions with related international organizations and as the results, the WCO already signed Memoranda of Understanding with the OTIF and the OSJD in July 2017 and March 2018 respectively, with an aim to strengthen cooperation in the sector of railway transport.

5. In parallel, the WCO is working with the UPU on a postal-rail project with regard to rail transportation of postal items in Asia and Europe. The project involves several stakeholders such as railways companies, postal operators, Customs administrations and logistics operators with a view to explore transportation of postal items by rail as an emerging mode of transport. 46 pilots have been carried out from 2014 (up to 10th Feb.2018).

<i>Origin country</i>	<i>Number of pilots</i>	<i>Destination</i>
China	33 pilots	Poland
China	2 pilots	Kazakhstan
China	7 pilots	Russia
China	4 pilots	Germany

6. These pilots figured out several key elements for facilitating railway transportation of postal items, whilst ensuring security and effective controls, such as the use of UPU forms for Customs transit declarations, Customs control measures including the use of electronic seals and guarantees, and roles and responsibilities of parties involved in the railway transit transportation process.

Key issues in Customs procedure for railway transportations

7. The WCO instruments and tools are generally mode neutral and equally applicable to all modes of transport. Some of the WCO tools and guidelines are applicable to railway mode to some extents. Nevertheless, considering the specific characteristics of railway transportation such as numbers of countries involved in transits and different nature of commercial documents used, varied transit operations applied for rail transportation in different countries and regions, there is a potential need to look into the possibility of developing through discussions focusing on railway transportation at technical level, especially through standardized Customs transit procedures, supported by sets of data and documentation flow through the entire rail transit/transportation process.

8. Here are examples of the issues that may be explored for initiating discussions at the technical level.

- **Customs transit declaration**

9. The Revised Kyoto Convention Specific Annex E, Chapter 1, Standard 6 and the WCO Transit Guidelines stipulate that Customs administration should accept commercial/transport documents as transit declarations if the documents meets all the Customs requirements.

10. One example of commercial/transport documents is a consignment note, which is a document prepared by a consignor and countersigned by the carrier as a proof of receipt of consignment for international delivery at the destination.
11. In 2006, the CIM/SMGS consignment note entered into force and widely used in member countries of both OTIF and OSJD to facilitate railway transportation between Europe and Asia. The document contains information such as consignor, consignee, type of cargoes, and weight. The cooperation towards electronic CIM/SMGS consignment note are under way among the EU, OTIF, CER, CIT and OSJD.
12. Together with the research of the usage of consignment notes in the other regions, the discussion on the possibility of utilizing data elements in a consignment note, especially the mechanism where those data elements flow into Customs procedures as Customs transit declarations may contribute to trade facilitation.
 - **Pre arrival advance electronic information (AEI)**
13. Another aspect of data flow of railway transit transportation is utilization of pre-arrival advance electronic information (AEI) as stipulated in SAFE Framework of Standards for adequate risk management in advance. It would be important to examine how AEI for railways are implemented currently and will be placed in the entire data flow of railway transit process.
 - **WCO data model**
14. The WCO data model was developed for the purpose of facilitating the exchange of information among Customs administrations and other border related agencies by providing standardized data elements, code sets and data formats. The WCO data model also provides merits for the private sector by reducing the cost of adjusting their systems to one standardized data sets and formats to meet the requirements of Customs administrations.
15. Considering the number of countries involved in railway transportation mode, it would be beneficial to use the WCO Data Model for the purpose of developing a standardized data set especially for Customs transit declarations.
 - **Passenger control**
16. The railway carries both cargoes and passengers and the control of passenger's baggage is also important role of Customs administrations for safety and security purpose. Advance Passenger Information (API) and Passenger Name Record (PNR) are currently utilized by Customs administrations and border agencies for risk management of mainly air passengers, but such data could also be used for railways passengers, by applying WCO guidelines and data elements related to API/PNR, with necessary adjustments to adapt the characteristic and current business practices of railway passenger transportation.
 - **Customs transit procedures in respect of postal items**
17. With growing cross-border E-Commerce and associated demands for new ways of ensuring reliable, effective and safe delivery of international postal items that included emergence of cross-border transportation of postal items via rail, there is a need for

developing standardized business processes and harmonization of related documents on the transportation of postal items by rail.

18. As stemming from the postal-rail pilots conducted thus far, a common understanding of Customs transit procedures in respect of postal items, particularly uniform application of special transit declaration forms for postal items in rail transportation may facilitate such cross-border movements. The UPU forms such as CN 22/23 (Customs declaration), or CN 37 (delivery note) may be used for this purpose. Another important aspect is how to exchange the standardized data electronically in advance (pre-arrival). To that end, defining roles and responsibilities of parties (including postal operators and railway companies in transit countries) involved in railway transportation should be a useful way forward, leading to effective facilitation and control.

- **Other issues**

19. It is also desirable to research and discuss the Customs controls such as physical inspections and use of electronic seals and other technologies such as rail scanner, and possible Customs cooperation including exchange of data for better Customs controls.

The way forward

20. The potential benefits of facilitating railway transportation mode by standardizing Customs transit procedures could be remarkable, but there are also some challenges in terms of accommodating different procedures prevalent in various regions.

21. Bearing in mind that the discussion on Customs procedures for railway mode is relatively new in the WCO and Members are still exploring and/or establishing procedures attuned to the rail environment, the discussion should adopt a step by step approach. For example, firstly preliminary discussions could be conducted in through a virtual group of interested Members by exchanging Members' experiences and practices to analyze future possibilities. Conducting pilot projects of railway transportation could be another way to figure out the current procedures and issues for future discussion.

22. The examples of possible elements to be analyzed and discussed would be as followings:

- Cargo / data flows in railway transportations;
- Roles and responsibilities of parties involved in railway transportations;
- Possibility of developing data sets based on the WCO data model for Customs transit procedures in railways, utilizing commercial transport documents;
- Merit/ demerit of electronic seals and other technologies for Customs control in railway transportations;
- Possible passenger control in railways, with necessary adjustments of related WCO instruments and tools;
- Customs to Customs cooperation for railway transit procedures; and
- Customs transit procedures for railway mail transportation, including special transit declaration forms for postal items in railway.

Action required from the PTC

23. The PTC is invited to;

- share experiences with railway transportation in their countries;

- provide feedback on the possible discussions and the way forward of future works on railway transportations;
 - prioritise issues that need to be resolved in relation to railway transportations, if any; and
 - volunteer their country as lead for the primary discussion in the possible platform or as lead for possible pilot projects.
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