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PERMANENT  
TECHNICAL  
COMMITTEE

PC0561Eb

-  
225<sup>th</sup>/226<sup>th</sup> Sessions

-  
28 - 31 October 2019

Brussels, 18 October 2019.

**CUSTOMS-RAILWAYS COOPERATION**  
**- Progress report on DMPT discussion and field studies -**

**(Item VII on the Agenda)**

**I. Introduction**

1. A growing portion of goods in international trade, especially in some regions and countries, is being transported by rail across borders. Railway transportation generally involves a number of countries taking part in international transit procedures other than in the air or sea modes. This growing transport sector, characterized by its specificities, has created new strategic drivers and opportunities for cooperation between railway companies and Customs administrations, as well as between the WCO and relevant international organizations and stakeholders for possible harmonization of Customs procedures/controls.
2. The Permanent Technical Committee (PTC) held a series of discussions on Customs-Railways Cooperation during its 221<sup>st</sup>/222<sup>nd</sup> Sessions in October 2018, covering key issues such as the transit declaration, Advance Electronic Information (AEI), cargo inspection using modern technologies, and passenger controls. Furthermore, after acknowledging the lack of an internationally agreed set of data for Customs declarations and the merits of digitalization, delegates agreed on the need for data harmonization and electronic submission of declarations. As a result, it was decided to conduct an analysis of possible data harmonization for Customs transit procedures in the railways sector, as well as possible passenger controls utilizing advance information. The analysis would be conducted within appropriate WCO bodies, such as the Data Model Projects Team (DMPT) and Advance Passenger Information (API) / Passenger Name Record (PNR) Contact Committee.

**II. DMPT work on railway mode of transport**

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3. Following the PTC's decision, the DMPT meeting in January 2019 held an intensive discussion on the possibility of data harmonization for the Customs transit declaration based on commercial documents, and in particular the CIM/SMGS consignment note which contains detailed information about railway freight and is widely used among member countries of both the Intergovernmental Organisation for International Carriage by Rail (OTIF) and the Organisation for Co-operation between Railways (OSJD) to facilitate railway transportation between Europe and Asia.
4. As a result, the DMPT meeting tasked the WCO Secretariat with collecting several examples of WCO Members' and the private sector's data elements on transit procedures and national experiences of Customs transit declarations for railway transit by means of WCO online surveys. Following the DMPT's decision, the WCO Secretariat conducted a survey of Members as a part of an online survey of WCO Data Model Adoption and Information Management and also sent a letter to private sector stakeholders seeking cooperation on the sharing of data elements concerning the consignment note. At its next meeting from 7 to 11 October 2019, the DMPT will embark on potential data harmonization of transit declarations based on several sets of data elements submitted by Members.
5. The WCO Secretariat also conducted field studies in Bulgaria in July 2019 and Kazakhstan in September 2019 to observe Members' practices in Customs procedures for railway transit. Surveys and field studies will allow for an in-depth analysis of the current situation, including the development of a common ground for appropriate international standards on Customs procedures and controls on means of transportation for goods in transit.
6. In addition, the 13<sup>th</sup> Meeting of the API/PNR Contact Committee (Members only meeting), to be held on 2 October 2019, will hold a discussion on the possible use of advance information in railway transportation (among other modes of transport), the outcomes of which will be presented verbally during the 225<sup>th</sup>/226<sup>th</sup> Sessions of the PTC.

### **III. Online surveys on data elements and national experiences**

7. The survey questionnaire on data elements and national experiences in transit procedures for Members consisted of four main parts/questions: (1) Do Members require a transit declaration for railway transportation and who is required to submit a transit declaration?; (2) Do Members accept the transit declaration in electronic format?; (3) Do Members accept commercial documents or transport documents as transit declarations for railway transportation?; and (4) Do Members require Advance Electronic Information (AEI) for railway transportation and who is responsible for submitting transit AEI?
8. Replies to the questionnaire have been received from 24 of the WCO's 183 Members (i.e. 13.1% of the membership); six (6) responses were received from the Europe region; seven (7) from the Asia/Pacific region; six (6) from the Americas and Caribbean region; one (1) from the West and Central Africa region; two (2) from the East and Southern Africa region; and two (2) from the North of Africa, Near and Middle East region.
9. It was found that 12 Members (50%) require a transit declaration for railway transportation, while 12 Members do not require such a declaration (four (4) of which are island countries). All 12 Members which require a transit declaration for railway transportation accept it in electronic format.

10. Five (5) Members accept commercial documents or transport documents as transit declarations for railway transportation, while seven (7) Members do not. Nine (9) Members responded that they require AEI for railway transportation, while five (5) Members do not. In addition, six (6) Members and the European Union (EU) submitted data elements for the Customs transit declaration for railway transit.
11. More information on the key findings of the online survey can be found in the Annex to this document.

#### **IV. Field studies**

12. The WCO Secretariat conducted field studies in Bulgaria and Kazakhstan. The purpose was to view actual facilities for railway transit at the border, and to understand current railway transit procedures, the physical movement and inspection of cargo at the border, and the cooperation practices applied by Customs and private railway companies.

##### Field study in Bulgaria

13. Bulgaria has borders, amongst others, with Turkey and Serbia which are parties to the Convention on Common Transit. Accordingly, transit procedures are based on that Convention. The transit procedures require an entry summary declaration (ENS) and railway transit declaration to be submitted by railway companies.
14. The ENS should be submitted electronically two hours in advance of arrival at Bulgarian Customs in order to conduct risk pre-arrival assessment. In addition, a railway transit declaration should generally be submitted to Bulgarian Customs, although authorized operators can show a CIM consignment note (paper-based) carried in the railway locomotive which is regarded as submission of a railway transit declaration.
15. The CIM consignment note should be carried by railway locomotives, along with all the necessary documents, including invoices and packing lists, which have to be submitted together with the CIM consignment note if Customs requests further information. It was pointed out that if there were mistakes in the consignment note issued by the first railway company to undertake the transportation of the goods, then it would be very difficult to change the consignment note. This could affect the accuracy of the Customs declaration and cause delays in Customs procedures.
16. With respect to cargo controls and inspections, Turkish Customs shares X-ray images electronically with Bulgarian Customs. These images are captured by Turkish Customs after cargo is unloaded in Turkish seaports for subsequent loading onto a rail locomotive. Both countries also operate a joint information centre, staffed by Customs and other border and law enforcement agencies, to manage railway transportation and share information.
17. Bulgarian Customs has an office at Dimitrovgrad Railway Station (in Serbia) where it can conduct joint inspections, if necessary; locomotives have to be switched at this station due to a changeover in operating companies. In 2006, a bilateral agreement entered into force which regards a 13 km long area between Bulgaria and Serbia as an “area of exchange of traffic/common border for the railway” in order to permit both Customs administrations to conduct the necessary inspections, even after a train has crossed their own physical border.

18. If Bulgarian Customs needs to inspect a railway container potentially posing a risk, then Bulgarian Customs officers will go to the above-mentioned Serbian railway station to conduct a joint inspection with Serbian Customs. Bulgarian Customs officers may conduct X-ray scans and physical inspections at the railway station, in cooperation with Serbian Customs officers.
19. Turning to passenger controls, Bulgarian Customs conducts passenger luggage controls after passport controls have been conducted by the Bulgarian border police for entry into the EU. Passenger luggage controls are conducted on the train between Bulgarian and Serbian stations. All Customs checks, including passport checks, are conducted manually. The relevant railway companies mentioned the possibility of using the booking data which already exists in their systems.

#### Field study in Kazakhstan

20. Kazakhstan Railway links with adjacent countries such as China, Russia, Kyrgyzstan, Turkmenistan and Uzbekistan. It is operated by the Kazakhstan National Railway Company.
21. The current rail network of Kazakhstan is based on the inheritance from the former Soviet Union countries (Russia, Kyrgyzstan, Turkmenistan and Uzbekistan) and as such has a broad gauge of 1,520 mm. While this provides a smooth transit at international borders to countries of the former Soviet Union, the railway in China has the standard gauge of 1,435 mm. Thus, there is a break-of-gauge from Chinese railway.
22. The Khorgos railway station is located on the Kazakhstan-Chinese border within the Kazakhstan territory and the linking point between the East and the West. The objective of the Khorgos Railway Station is to enhance the connectivity to major destinations in Central Asia, Europe and China, using advanced technological systems and equipment.
23. Kazakhstan National Railway Company obtains information on import and transit cargo through its staff who is sent to China. Then, the railway company electronically transmits the preliminary information about goods proposed for import to the Eurasian Economic Union to Customs in the period from 30 days to two hours before a cargo train arrives in Kazakhstan. This information can be transmitted to transit declaration, and the railway company submits all paper based documents related with the cargo such as SMGS consignment notes, invoices, packing lists, and certificates etc. to the Kazakhstan Customs through Customs brokers. Kazakhstan National Railway Company uses SMGS consignment notes, but CIM or CIM/SMGS consignment notes are not used.
24. Kazakhstan Customs selects risky cargoes for inspection automatically based on information which was electronically sent by Kazakhstan National Railway Company using predetermined criteria. In addition, Customs screens cargoes by 100% X-ray screening for selecting risky cargoes for physical inspection. Then, Customs inspects risky cargoes selected by risk management and X-ray screening in a separate bonded area.
25. Turning to passenger controls, when a train enters into the Kazakhstan territories, immigration officers and Customs officers board the train together. Customs officers conduct passenger luggage controls right after passport controls by immigration officers.

#### **V. The way forward**

26. As the Economic Competitiveness Package (EPC) Action Plan for Phase IV includes the possible development of guidance on railway transportation, the potential benefits of facilitating the railway transportation mode by standardizing Customs transit procedures could prove significant; however, there are also some challenges in terms of accommodating the different procedures prevailing in the various regions.
27. Accordingly, there is a need to continue analysing national experiences in the various regions through field studies and workshops. Furthermore, as the DMPT has initiated discussions on the possible data harmonization of the railway transportation declaration, it would be beneficial for that body to continue this work in an intensive manner.
28. It is also important for the results of these activities to be summarized as a draft handbook/guidance describing national experiences, taking the form of living documents for submission and discussion at the PTC's 227<sup>th</sup>/228<sup>th</sup> Sessions.

#### VI. Action required

29. The PTC is invited to:
- share practical experiences of railway transportation;
  - take note of the work done in this area, particularly the activities by the DMPT, and the results of field studies reported in this document; and
  - provide feedback on the way forward for future work on railway transportation.

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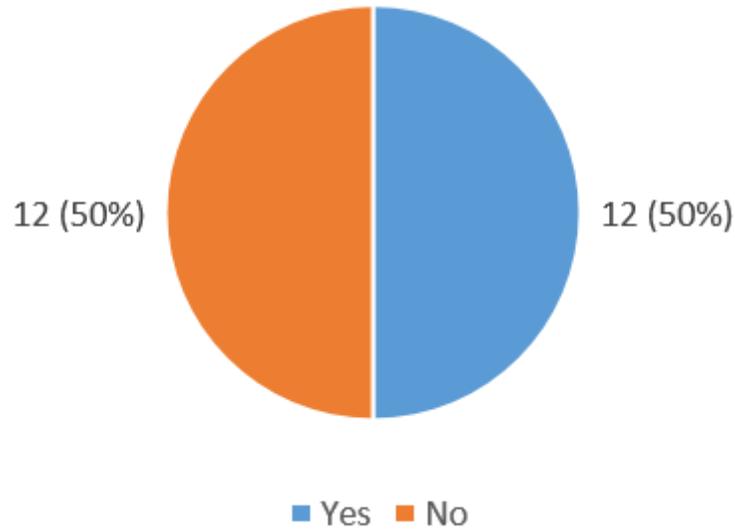
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Outcomes of the survey on railway transportation by WCO Members

Q1. Do you require a transit declaration for railway transportation?

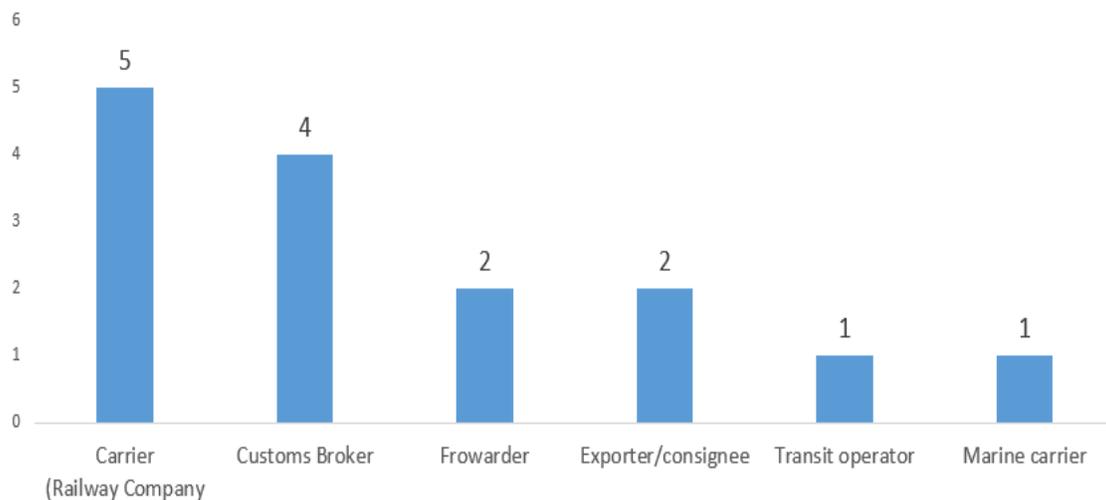
(Chart 1)



1. It transpired that 12 Members (50%) require a transit declaration for railway transportation, while 12 Members do not require such a declaration (four (4) of which are island countries (Chart 1)).

Q2. Who is required to submit a transit declaration for railway transportation?

(Chart 2)

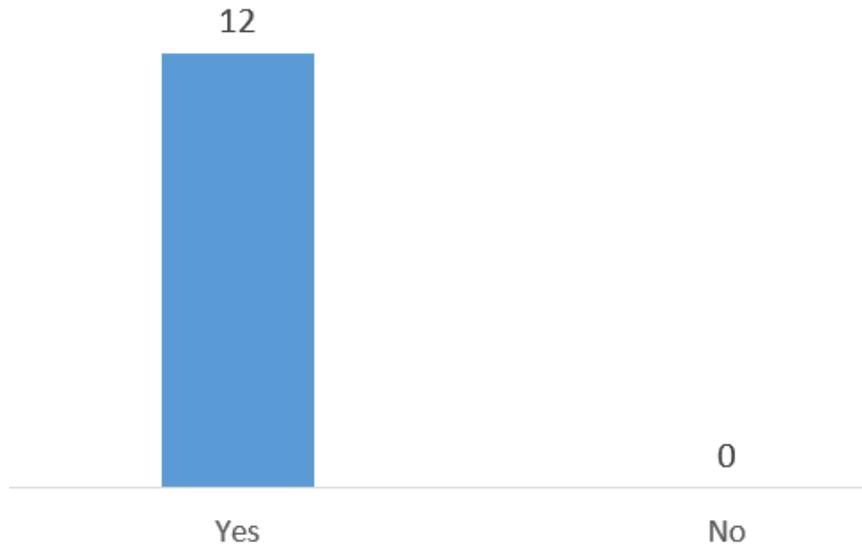


- 1.

2. Nine (9) Members indicated that carriers (five (5) Members) and Customs brokers (four (4) Members) are responsible for submitting a transit declaration, while six (6) Members indicated that forwarders (2), exporters (2), transit operators (1) and marine carriers (1) are responsible for submitting it (Chart 2).

Q3. Do you accept the transit declaration in electronic format?

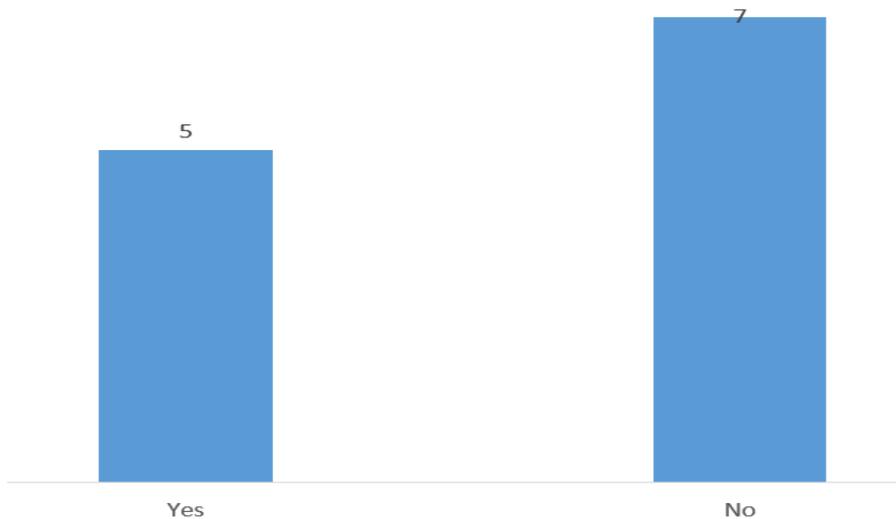
(Chart 3)



3. All Members (12) which require a transit declaration for railway transportation accept it in electronic format (Chart 3).

Q4. Do you accept commercial documents or transport documents as transit declarations for railway transportation?

(Chart 4)



4. Five (5) Members accept commercial documents or transport documents as transit declarations for railway transportation, while seven (7) Members do not.

Q5. Do you require Advance Electronic Information (AEI) for railway transportation?

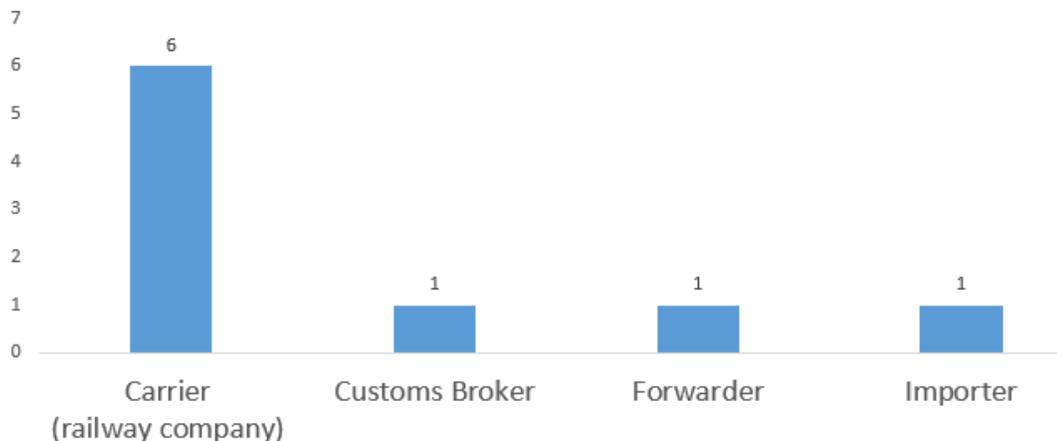
(Table 1)

		No. of administrations	Total
Yes	For transit	2	9
	For import	2	
	For transit and import	5	
No		5	5

5. Nine (9) Members responded that they require AEI for railway transportation, while five (5) Members do not. Specifically, of the nine (9) Members who responded 'Yes', two (2) Members receive it for transit, two (2) Members for import, and five (5) members for both transit and import.

Q6. Who is required to submit transit AEI for railway transportation?

(Chart 5)



6. Six (6) of the nine (9) Members who require AEI for railway transportation responded that carriers (railway companies) are responsible for submitting it, while three (3) Members responded that Customs brokers (1), forwarders (1) and importers (1) are responsible for submitting it.