

## **THE TIR SYSTEM AND ITS BENEFITS**

For decades Pakistan has been promoting its geographically strategic location but to-date no affirmative measures have been forthcoming as to how to capitalize on its key location at a global scale which would not only benefit the country itself but also utilize the tremendous potential in Pakistan's services sector and manpower capabilities thereby also enhancing its infrastructure exponentially because of the international traffic which could potentially utilize Pakistan's geographic access. In order to do this in an internationally compliant manner it was necessary to implement a tried and tested system which is already in effect internationally. The system should be such as to also endemically prevent evasion of Customs duties through a WCO recognized Customs guaranteed transit system. The best available system is the UN TIR Convention overseen by the International Road Transport Union (IRU).

IRU started the TIR System in the late 1940s, helping a war-torn Europe to rebuild devastated trade and commercial links. By 1959, the successful system led to the United Nations TIR Convention, still in place today with almost 70 contracting parties – nations and multinational bodies – on four continents, and overseen by the United Nations Economic Commission for Europe (UNECE).

With the continued expansion of TIR, and the benefits it has brought across the Eurasian landmass, many countries in Africa, Asia, the Middle East and South America are now joining the system.

TIR, which stands for *Transports Internationaux Routiers*, is now one of the United Nations' most successful public-private partnerships. Under UN mandate, IRU manages the international guarantee chain, produces and distributes TIR carnets through IRU member associations, manages IT and administration processes, and develops new and innovative resources and services that work with and alongside TIR to help facilitate trade and freight transport.

### **Efficient and Fast**

With TIR, goods are contained in sealed load compartments, and the contents are detailed in a TIR Carnet. This essential document accompanies the driver and the cargo along its journey.

Customs simply have to verify the Carnet and that the seals are intact, rather than spend time to open the container and physically check the load, and report the transit via a state-of-the-art computer system.

### **Secure**

A TIR container is securely closed with a customs seal, so border officials know that the cargo has not been tampered with at any point along its journey. They can be sure that what is in the container is exactly what is on the TIR Carnet.

Customs officials can check the validity of a TIR Carnet at any time, with Real-Time SafeTIR, integrated into the particular custom authority's system, or through IRU's TIR Customs Portal.

At certain points of a journey, under the control of Customs, the seal can be broken and new goods loaded as per the TIR Carnet declaration with a new seal put in place.

This makes TIR the safest and most reliable way to transport goods around the world, with the legal certainty that comes from the United Nations TIR Convention and IRU's international financial guarantees.

## **Cost-effective**

Faster border crossings for truck drivers means lower costs for transport operators, and the customs authorities that inspect the shipments.

TIR also dramatically reduces administrative and financial burdens with one international guarantee for a transport operator, replacing costly guarantees in each country of transit.

Customs authorities also benefit from the international guarantee, covering the risk of non-payment of customs duties and taxes.

The TIR System enables door-to-door transport with minimum interference at international borders of contracting parties to the TIR Convention and thus serves, in the best possible way, international trade and the economies of all the countries involved.

Pakistan is a country ideally suited for the TIR System because of its strategic geographic location which can provide access to Central Asian regions, Western China, West Asia and beyond from Far Eastern origins, Middle Eastern origins and conversely West European origins including Russia, Turkey, Iran etc. The TIR Convention is perfectly suited to intermodal transportation and any apprehension in terms of controls are addressed by the TIR's six essential principles:

- Secure vehicles or containers;
- International chain of guarantee;
- TIR Carnet;
- Mutual recognition of Customs controls;
- Controlled access and IT TIR Risk Management tools (Safe TIR and TIR Electronic Pre-Declaration)

After strict selection and approbation from national Customs authorities, the TIR 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 ensures the integrity of the load to the Customs Authorities at all successive border crossing points, while avoiding time-consuming inspections or bond deposits at each border.

## **Benefits of the TIR System for Pakistan**

1. It provides for a barrier free access to the world economy and market so that its competitive trade goods can flow with the minimum transport costs.
2. Pakistan has land connections with Iran and Afghanistan. Both are TIR contracting parties. Moreover all other ECO countries are activated TIR contracting parties. The ECO itself has endorsed the TIR system as the best available transport system for the ECO region to increase trade amongst ECO countries.
3. The TIR System in Pakistan will also bring important opportunities for the Pakistan road transport industry and trade; attracting investments in infrastructure, transport and associated service industries.
4. The TIR System in conjunction with existing ports in Pakistan will further enhance and ensure the viability of these capital intensive facilities.

5. The TIR Customs guarantee system will ensure against duty evasions for transit movements because it is secured by an international guarantee chain.
6. The Government of Pakistan itself will earn a transit fee based on a per kilometer charge which will accumulate directly into the government's account. This in consideration of the potential of Pakistan's geographic access.

It must be emphasized the TIR transit system is relevant to transport which covers only international movement i.e., cross border. This however does not mean that local transporters will not be benefited. In fact the local transporters will be the biggest beneficiaries as they develop their own international fleets.

Duties and taxes at risk during international transit are guaranteed by the international guarantee chain. Furthermore only bona fide transporters are allowed to use TIR carnets thereby enhancing the system's security. In addition the TIR system significantly reduces the need for physical inspection of transiting goods and facilitates Customs control and documentation.

The electronic control system called "Real-Time SafeTIR" provides Customs through secure connections online validation of the status of the TIR carnet. This Safe TIR system enhances traceability, risk management allowing early detection or potential of any irregularity. Real-Time SafeTIR was the IRU's response to the UN Recommendation of 20 October 1995 to set up a control system for managing the use of TIR Carnets. From 2006 this Recommendation made the SafeTIR procedure mandatory for Customs, according to Annex 10 to the TIR Convention. The objective of Real-Time SafeTIR is to ensure that the information on the termination of TIR operation is transmitted electronically to the Guarantee Chain. This tool is also made available to Customs Authorities to enhance their Risk Management.

International Road Transport Union (IRU) administers the TIR Convention internationally and its Associate Member in Pakistan is the PNC-ICC which is the designated National Guaranteeing & Issuing Organization for TIR Carnets in Pakistan. The PNC-ICC has already successfully implemented and is currently administering the Istanbul Convention for ATA Carnets covering exhibitionary materials and professional equipment, which has been in implementation in Pakistan since 2007 making Pakistan a member of the World ATA Carnet Council (WATAC) and the International Customs Guarantee Chain. The PNC-ICC has created the TIR Commission for stakeholder participation and has established a purpose built TIR Center.