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## Economic Commission for Europe

### Inland Transport Committee

#### Working Party on Customs Questions affecting Transport

##### 143rd session

Geneva, 31 May–3 June 2016

### Draft report for the 143rd session

#### I. Attendance

1. The Working Party (WP.30) held its 143rd session from 31 May–3 June 2016 in Geneva. The session was attended by representatives of the following countries: Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iran (Islamic Republic of), Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Netherlands, Poland, Republic of Moldova, Russian Federation, Serbia, Spain, Switzerland, the former Yugoslav Republic of Macedonia, Turkey and Ukraine. Representatives of the European Union (EU) were also present. The following intergovernmental organizations were represented: Eurasian Economic Commission (EEC) and World Customs Organization (WCO). The following non-governmental organizations were represented: Bureau International des Containers et du Transport Intermodal (BIC), the International Road Transport Union (IRU).

#### II. Adoption of the agenda (agenda item 1)

2. WP.30 adopted the provisional agenda, prepared by the secretariat (ECE/TRANS/WP.30/285), but decided, at the proposal of Kazakhstan, to discuss, under agenda item 3 (c) (v), document ECE/TRANS/WP.30/2016/12. Under the same agenda item, the European Union, supported by the Russian Federation, requested that the Working Party discuss issues related to recent allegations against IRU.

#### III. Opening statement

3. In her opening statement, Mrs. Eva Molnar, Director, United Nations Economic Commission for Europe (UNECE) Sustainable Transport Division, pointed at the important amendment proposals which are the result of the original package of amendment proposals as submitted by the Government of the Russian Federation and expressed trust that

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discussions would be concluded successfully and that the meeting would reach agreement on the composition of a 'so-called' package deal, so that the proposals could be transferred to AC.2 for final review. She was equally confident that the efforts of IRU to increase the generic amount of the guarantee coverage per TIR Carnet to 100,000 euros would contribute to bringing the TIR system in line with modern customs requirements.

4. She asked specific attention for a presentation of the secretariat on the United Nations Sustainable Development Goals and the UNECE legal instruments in the field of Border Crossing Facilitation. The presentation showed how these goals translate into the work of UNECE, of the national governments and of the private industry.

5. She mentioned the ongoing situation in the Russian Federation on the application of the TIR procedure. Although some progress seems to have been made, critical comments remained on the real improvements in the situation on the ground. She trusted that WP.30 would address these concerns. She referred to the issues concerning IRU and invited the Secretary-General of IRU, Mr. Umberto de Pretto, to clarify the issues at stake.

6. Finally, she addressed staff changes in the Border Crossing Facilitation Section of the Sustainable Transport Division and the TIR secretariat. First, she informed WP.30 that Mr. Serguei Kouzmine had recently retired. On behalf of the Working Party, she thanked Mr. Kouzmine for his commitment and wished him all the best in his retirement. Pending the selection of his successor, Mr. Tarcisio Hardman Reis would act as temporary replacement. She announced that the selection of a customs expert (replacing Mr. Erik Willems) had been finalized and that Ms. Asli Gurates from Turkey, currently working for Turkish customs, would soon join the ranks of the TIR secretariat.

## **X. Statement by the Secretary-General of IRU**

7. Mr. Umberto de Pretto, Secretary-General of IRU, delivered a statement as follows:

“Allow me to begin my brief statement with some history. IRU conceived TIR in 1949, one year after the IRU was founded, and 10 years before it became a UN Convention, to help rebuild and secure trade across war-torn Europe. Since then, IRU has successfully managed the TIR guarantee chain.

Through ever changing geopolitical landscapes, global financial markets, transport practices and technology, IRU has managed the TIR System in a secure and prudent way, in full compliance with the TIR Convention, and to the satisfaction of all stakeholders in the TIR guarantee chain.

Today, IRU continues to develop and improve the TIR System for all stakeholders and users, investing great effort and resources into increasing TIR's security, efficiency and services.

I am delighted that implementation and pilot testing of the future of the TIR System, namely eTIR, is continuing, and that many other exciting TIR developments and improvements are underway.

IRU has put a great deal of effort and resources into expanding the geographic scope of the TIR Convention, in close partnership with the UN, bringing in new contracting parties such as Pakistan. We are also expecting the People's Republic of China to join very shortly. Work is equally underway to expand TIR further – on the Arabian Peninsula, in South and South East Asia, and across Africa and the Americas.

It should also be noted that there have been considerable efforts to increase transparency, such as making IRU's accounts available to the UN and TIR contracting parties. I am proud to state that TIR is today more transparent than ever before.

Looking ahead, I am pleased to report that IRU has negotiated and obtained from AXA, the global insurer, a higher level of guarantee coverage of EUR 100,000 for each TIR Carnet as from 1 July 2016. This will provide an even stronger guarantee for customs authorities on TIR 2 shipments at no additional cost to stakeholders, due to the efficient and secure management of the TIR guarantee chain by IRU.

I can inform you that AXA has carefully evaluated this guarantee coverage, and fully supports the changes and IRU's ability to provide this level of guarantee and manage the risk. Along with AXA, the UN and IRU members have also endorsed the changes to the guarantee level and IRU's financial ability to support them.

Despite these exciting developments and future prospects, you may be aware that allegations have recently been made by a former IRU employee against IRU and its management. IRU strongly and categorically rejects all of these allegations. An independent external audit, managed by IRU's Presidential Executive, our elected Board, is currently being conducted by Ernst and Young in order to help clear these allegations as quickly as possible.

In the meantime, we will tirelessly pursue our efforts to improve TIR on all fronts. Indeed, I am convinced that, with your support, the best pages of this historic and exemplary public-private partnership have yet to be written. Thank you for your attention."

8. Further to a question from the European Union to the floor, it transpired that no customs administration or UNECE had received information on the allegations via official channels. In reply to a question from the Russian Federation, Mr. de Pretto confirmed that a case had been filed with the General Prosecutor of Geneva. However, to date, IRU had not been contacted by the prosecutor to provide information nor could he give any further information with regard to the status of the file. He confirmed that IRU as well as its competent bodies had taken due note of the documents circulated by an ex-employee of IRU, but that the IRU General Assembly had decided that there were no objections to fully approving the IRU accounts over the year 2015 or express support for its management. With regard to the contents of the allegations, he was unaware of their full scope, nor was he in a position to respond to them, as they now are under legal assessment with the prosecutor. In reply to a question from the Russian delegation on a letter from various national associations, he could inform the Working Party that a member of the Finance Committee of IRU had recently resigned. In reply to another question from the Russian Federation on the existence of excess funds and any procedure for return of such sums to national associations, Mr. de Pretto stated that IRU had no legal basis to return any such funds, but that it was now in the hands of an independent external auditor to assess the situation. The prosecutor would only investigate whether there were any illegal actions. At the request of the Russian Federation, he further informed the meeting that IRU had commissioned Deloitte to analyse the application of the insurance model (Solvency II) instead of the banking model (Basel III) for calculating the reserve requirements of IRU for managing the international guarantee chain. As this was an internal analysis, which had ultimately been discarded, as it did not, according to Deloitte, mechanically calculate IRU's risks, there was no reason for the IRU secretariat to share this document with any outside party.

9. The delegation of Ukraine stated that, pending the publication of the independent external audit, it was premature for the Working Party to consider the issues at stake. In addition, the issues seemed to be of such a complex financial nature that the Working Party may not have the mandate to consider them.