

# Convention on International Transport of Goods Under Cover of TIR Carnets

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## Manifest Pedagogy

Tir convention would be useful with respect to growing trade relationship and India's participating in various international commitments and organisations. It would be particularly relevant for growing integration of world trade and Upsc might ask supportive structures and relevance of such agreements.

## In news

India gets first shipment to through TIR

## Placing it in the syllabus

Logistics infrastructure

International Trade

## Static dimensions

- Trade facilitation agreement.
- Ashgabat agreement.

## Current dimensions

- TIR
- TIR and India's Benefits

# Content

## Trade facilitation agreement

- Trade facilitation is an agreement signed under WTO's Bali Ministerial Conference in 2013. The agreement aims to simplify and speed up customs procedure by member countries for enhancing trade.
- The trade facilitation decision is a multilateral deal to simplify customs procedures by reducing costs and improving their speed and efficiency. It will be a legally binding agreement and is one of the biggest reforms of the WTO since its establishment in 1995.
- The objectives of Trade Facilitation Agreement are: to speed up customs procedures; make trade easier, faster and cheaper; provide clarity, efficiency and transparency, reduce bureaucracy and corruption, and use technological advances.

## Ashgabat agreement

Recently , India has joined Ashgabat Agreement which envisages facilitation of transit and transportation of goods between Central Asia and the Persian Gulf to significantly boost up trade and investment. Turkmenistan, as depository State of Ashgabat Agreement, informed India that all the four founding members have consented to the accession of India.

## About the agreement

Ashgabat Agreement aims at establishment of International Transport and Transit Corridor between the Iran, Oman, Turkmenistan and Uzbekistan. It was signed in April 2011 and is named after capital of Turkmenistan, Ashgabat. It establishes international transport and transit corridor between Central Asia and the Persian Gulf countries.

## About TIR

TIR is a globally applicable international customs transit and guarantee system. It enables goods to be shipped from a country of origin, through transit countries, to a country of destination in sealed load compartments that are controlled by customs via a multilateral, mutually recognised system.

### **Five main actors of TIR**

1. **UNECE(The United Nations Economic Commission for Europe)** : IT oversees the application of the TIR Convention. UN TIR bodies composed of the contracting parties consider any proposed amendments, examine national measures for compliance and provide support in the application of the convention.
2. **IRU:** As the world road transport organisation, IRU manages the TIR international guarantee chain, distributes TIR guarantees through its member associations, and oversees IT and administration processes. IRU also develops new and innovative resources and services that work with and alongside TIR to facilitate trade and goods transport.
3. **Customs authorities:** They implement TIR at national level, including border controls, approvals of national TIR operators and vehicles. They can also contribute to amendments to the TIR Convention.
4. **National TIR guaranteeing association:** An authorised association in each country issues TIR guarantees to approved transport operators. Associations work with their national customs authority to settle any irregularity arising in their territory.
5. **TIR and logistics companies:** After being approved by their member association and customs, transport and logistics companies can purchase guarantees and start making TIR transports.

### **TIR and India's Benefits**

- **Access to transnational multi- modal connectivity: It**

**will help India access transnational multi-modal connectivity and play an important role in the proposed transportation architecture in the region and beyond in the backdrop of India recently ratifying the trade facilitation agreement (TFA) of the World Trade Organization (WTO).**

- Facilitates trade with eastern and western neighbours: TIR will help facilitate India's trade with its eastern and western neighbours and comes against the backdrop of China's ambitious "One Belt One Road" initiative aimed at connecting some 60 countries across Asia, Africa and Europe to boost trade and economic ties on the lines of the traditional maritime route.
  - On the eastern front, it will help India to integrate with Myanmar and Thailand as well as Bangladesh, Bhutan and Nepal. On the western front, **it will enable India to move cargo along the International North-South Transport Corridor via Chabahar port in Iran**, to access landlocked Afghanistan and the energy-rich Eurasian region. To further promote connectivity, trade and regional integration, India needs to cooperate with neighbouring countries such as Bangladesh, Bhutan and Nepal to make the BBIN Motor Vehicle Agreement operational in particular benefitting from TIR transit system. India needs also to cooperate with Myanmar and Thailand and the whole BIMSTEC region on regional integration and connectivity and link South to South East Asia.
- **Time and money saviour: India's decision to implement the TIR system will have far reaching benefits for trade and will save significant time and money by streamlining procedures at borders. The Chabahar port in Iran being developed by India is expected to play an important role in this evolving transportation stratagem.**
- Help in Tax savings: The TIR system secures customs duties and taxes and provides a robust guarantee

mechanism, thereby reducing trade transaction costs, and facilitating higher growth of intra-regional and inter-regional trade

- **TIR will also help India move goods along the International North-South Transport Corridor (INSTC)**—an ambitious multi-modal transportation project established in 2000 by Iran, Russia and India to promote transportation cooperation.