



IATA e-freight Standards & Processes Transit & Transshipment <IATA Cargo> <IDFS>

DOCUMENT CONTROL & DISTRIBUTION

Version History

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0.1	Original Draft	10/01/08	F. Leger, B.Acheson, SY. Tan
0.2	Definition of FSU/RCT updated Included Completion Date (2.6 & 3.6 Next Steps) Annex A2 updated	22/01/08	F.Leger SY. Tan
0.3	Updated based on Jan 08 PCAG discussions Included project schedule	22/02/08	SY. Tan
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0.9	Mention that the transit locations provided in Annex 3 are examples as the list of transit points is a stand alone document	03/02/08	F.Leger

Distribution List

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1. INTRODUCTION

In our pilot scope, we have not included transit and transshipment due to issues relating to customs, carriers' requirement.

2. TRANSIT

2.1 IATA Definition

“**TRANSIT.** An en route stopping place where cargo remains on board. [CSC]¹”

“**TRANSIT DECLARATION** (also referred to as goods declaration for Customs transit Document by which the sender declares goods for Customs transit [UNCEFACT ref. 950]”.

“**IN TRANSIT PERMIT (also referred to as Transit Bond Note).** National Customs document providing authority for goods to be conveyed in Customs transit without prior payment of import duties and taxes, generally containing all the particulars necessary for the assessment, where appropriate, of import duties and taxes, and an undertaking, covered by security, to produce the goods at the Customs office of destination with Customs seals intact [UNCEFACT ref. 955]”.

Transit is where goods remain *on board* the aircraft when a flight touches down (known at Origin or scheduled) in a third country en route from an e-freight origin location to an e-freight destination location. The basic principle is that neither import nor export duties and taxes should be charged in respect of goods in Customs transit passing through this third country. Transit is also commonly referred to as Freight Remaining on Board (FROB).

In the scope of transit, any offloading of shipments during transit will be considered as transshipment (to be discussed in the latter section).

2.2 Approach & Status

Transit freight was purposefully excluded from the pilots scope for 2007 but it was always envisioned as in scope for e-freight and targeted for the pilots for 2008. We will investigate the transit scope in 2 phases:

- Phase 1 with the existing in-scope documents, we aim to add transit tradelanes (of pilot stakeholders) to our existing list of flights.
- Phase 2 where we investigate removal of additional documents (e.g. Transit Declaration, In Transit Permit) required in transit based on questionnaires' responses and include these to the in-scope document.

¹ CSC RECOMMENDED PRACTICE 1608 GLOSSARY OF COMMONLY USED AIR CARGO TERMS

Transit Locations. The transit locations for the pilot trade lanes are found in Annex A1. At the start of our investigation on transit process, Dubai (DXB) was identified as a highly viable transit location with positive responses from DXB Customs. With a few trials through DXB, we have now established DXB as a viable transit location. The trials include:

a) CX-Jetspeed. CX had performed Wet Run using the HKG-DXB-MAN-AMS trade route (starting Feb 08). No issues were reported on that trial..

b) KLM freighters. KLM freighters (SIN ⇔ AMS) have been operating since start of Go Live (5 Nov). These flights transit through DXB. Although paper flight manifest remains onboard², we consider this single document as not the significant document which is required for transit purposes.

c) SK (GOT-DXB-HKG vice versa). No issues recorded on this trade lane with e-freight shipments.

Transit Questionnaires. Through a questionnaire prepared by IATA, the Customs authorities at the transit locations are queried on their transit requirements centred around the e-freight in-scope documents. With their responses, we are able to ascertain the viability of the transit locations for e-freight shipments.

Please see status of transit location in Annex A2 and the questionnaire in Annex A3.

Contingency Plans. Appropriate contingency plans/process need to be reviewed by airlines to ensure that they are able to handle exceptional situations (e.g. cargo offloaded at transit points). For locations where paper documents are required due to exceptional cases, carriers have planned to treat the case as accordance to their missing document procedure.

2.3 Current (As-Is) Process

The Kyoto convention³, advocates, “Unless this formality is waived by the Customs authorities a written *Goods declaration for Customs transit* shall be presented at the office of departure.” Please refer to Annex B for Kyoto Convention (Para 11) and Appendix I for the Kyoto Convention proposed template for Goods declaration for Customs transit.

However, note that some Customs authorities dispense with the need of such declaration in favour of simplified transit procedures. Therefore, this practice varies for different customs.

Please see the transit current process and to-be process in the Table 1.

2.4 To-Be process

² At the time of trial, paper flight manifest was required on board. However, NL Customs has exempted the need to carry paper Flight Manifest onboard since 1 Apr 08.

³ Kyoto Convention URL: <http://www.unece.org/trade/kyoto/ky-01-e0.htm>

The proposed to-be process is:

For transit cargo, no paper documents are required by Customs of the Transit Country. Customs of the Transit Country may require an electronic Transit Declaration and provide an electronic In Transit Permit. However, electronic documents e.g. MAWB/Flight Manifest are available at carriers' premises if the goods are offloaded or inspected by the Customs of the Transit Country. Refer to Annex A2.

Table 1: Transit Current and To Be Process

<u>Stakeholder</u>	<u>Current Process</u>	<u>To Be Process (Phase 1)</u>	<u>To Be Process (Phase 2)</u>
Origin Forwarder	1) Route Map Planning	1) As pilot current	1) As pilot current
	2) Identification of routes and flights	2) As pilot current	2) As pilot current
Origin Carrier	3) Acceptance at carrier (normal acceptance process)	3) As pilot current	3) As pilot current
	4) Preparation of Flight Manifest	4) As pilot current	4) As pilot current
	5) Submit Transit Declaration* to Customs of the transit Country (Advanced Customs Info etc)	5) Submit Transit Declaration* to Customs of the transit Country (Advanced Customs Info etc)	5) Advance electronic Transit Declaration
	6) Obtain from Customs of the Transit Country Transit Permit* (if required)	6) Obtain from Customs of the Transit Country Transit Permit*	6) Advance electronic Transit Permit
Arrival at 1st transit location			
Prepare for flight departure			

* If required

2.5 Standards requirements (if any)

More work has to be done with the Transit Group at WCO ("World Customs Organization") data model project (attended by IATA). It appears that most of the transit data requirements can be met with the WCO Cargo import and/or export portion of the model. In other words, IATA is lobbying WCO to use the Cargo Import Declaration (WCOCAR) as the transit declaration. More details should be available following the upcoming WCO meetings. The WCO Response (WCORES) should fulfill the requirement for In Transit Permit.

The removal of additional document like Transit Declaration or Transit Permit will be covered under Phase 2.

3. TRANSHIPMENT

3.1 IATA Definition⁴

“Transshipment. The unloading of cargo from one flight and loading to another for onward carriage. [CSC]”

Transshipment defines the act of unloading of goods from one means of transport and re-loading them to another, at the same place. The act of unloading and reloading can be immediate or after short-term storage. The short-term storage should not exceed a certain period of time (e.g.14 days in EU) from the date when the goods are placed under temporary storage. The mode of transportation or conveyance could be changed.

“Transfer”. Movement of cargo from one carrier to another against a transfer manifest. [CSC]”

“Carriage, Interline. The carriage over the routes of two or more air carriers. [CSC]”

Interline is a specific scenario of transshipment where the transferring and receiving are both carriers.

“Transfer Manifest. The document executed by the transferring carrier upon transfer of interline cargo and endorsed by the receiving carrier as a receipt for the consignment transferred. [CSC]” See Annex C, Recommended Practice 1605.

Our study of transshipment also includes freight arriving on one means of conveyance (e.g aircraft) and departing on a second means of conveyance (e.g truck).

3.2 Approach & Status

Transshipment processes are more complex than transit cases as goods are offloaded, may be break-bulked, re-documented, and reloaded in the same or different terminals. Documents requirements dependent on national or local Customs, e.g. FTZ (Free Trade Zone) or EU’s Entry Summary Declaration.

For interline cases, a Standard Interline Traffic Agreement has to be established between the carriers. When a transfer between two airlines is required then a *Transfer Manifest* is required. This Transfer Manifest is as of today a paper document that could be replaced by an electronic CIMP standard message.

As per Resolution 600a Attachment ‘A’ AIR WAYBILL — TECHNICAL SPECIFICATIONS⁵ related to interline transfer MAWB Original 2 (for Consignee)

⁴ CSC RECOMMENDED PRACTICE 1608 GLOSSARY OF COMMONLY USED AIR CARGO TERMS

⁵ **3.7.3** upon interline transfer,

and Copy 4 (Delivery Receipt) of the MAWB shall not be provided by the Transferring Carrier to the Onward Carrier if a Shipment Record (electronic Air Waybill) is exchanged between the parties.

There can be 3 main types of transshipment:

- Type 1: Transshipment – through carrier gateway/hub (same airline) (e-FOP v 1.3)
- Type 2: Transshipment – different airlines, i.e. interline. (which will be out of scope in 2008)
- Type 3: Transshipment through FF Gateway / Hub (e-FOP v 1.3)

The focus will be on Types 1 and 3. Similar to transit study, there will be 2 phases of the transshipment study:

- Phase 1 where we will use existing e-freight in-scope document to perform transshipment.
- Phase 2 where we will investigate the removal of transshipment document (e.g. transfer manifest) and place these doc in scope.

Transshipment Trials. The first trials for transshipment are focussed on existing e-freight locations where we have access to customs and local support. Since early 2008, we have performed 2 trials for Type 1 (same airline transshipment) (as described under (a) and (b)) and for Type 3 (described under (c) and (d)). The trials are:

- a) EIN-AMS-HKG (Roadair/KL). The freight was transported on KLM truck from EIN to AMS carrying the truck manifest. The freight is then loaded on a KLM flight to HKG. No issue was reported.
- b) HKG-SIN-AMS (DHL/SQ). The freight was flown on SQ flight into Singapore. E-freight in-scope document (like flight manifest and MAWB) was not transported as accordance to the intended process. The freight is then onward loaded to another SQ flight to AMS. No issue was reported.
- c) YYZ-LHR-BRS (K&N/AC), The freight is flown on AC into LHR, removed by truck from AC's LHR premises to K&N's off airport warehouse in London, and loaded on a K&N truck for transportation to BRS. No in scope e-freight documents were transported with the freight.
- d) BRS+BHX+MAN+GLA – LHR –YYZ (K&N/AC) Various shipments are moved by K&N UK branches by truck to K&N's London Gateway. K&N's London Gateway consolidates these shipments into a single consolidated consignment, and transfers the single consolidated consignment by truck to AC / LHR. The single consolidated

3.7.3.1 when the exchange of a shipment record is not possible, at least five copies, of which one copy is entitled "Original 2 (for Consignee)" and one copy is entitled "Copy 4 (Delivery Receipt)", shall be provided to the onward carrier,

consignment is flown by AC to YYZ. No in scope e-freight documents are transported with the freight.

3.3 Current (As-Is) Process & To Be Process

In some circumstances transshipment may require Customs declaration. Today there are several ways to declare for transshipment. According to Kyoto Convention Annex E2, Para 10, see Annex D of this document.

- *Any commercial or transport document setting out clearly the necessary particulars should be accepted as the descriptive part of the Goods declaration for transshipment (1).*

(1) Some countries accept the cargo manifest as the actual declaration for transshipment and do not require a separate Goods declaration. This applies particularly in air traffic. Where the cargo manifest is accepted as the Goods declaration it must specify that the goods are intended for transshipment and must bear a signed undertaking for the purposes of transshipment.

It should be noted that, transit declarations are required in the UK when freight is offloaded from one means of transport and re-loaded to another i.e.transit freight being transhipped (FBT).

3.3.1 Type 1 – Transshipment (same airline)

Table 2: Type 1 – Transshipment (same airline).

Type 1 process for same airline transshipment can be summarised in Table 2 and a pictorial workflow is in Annex E.

	Current Process	To Be Process (Phase 1)	To Be Process (Phase 2)
Origin Forwarder	1) Route Map Planning	1) As pilot current	1) As pilot current
	2) Identification of routes and flights	2) As pilot current	2) As pilot current
	3) Indicate in MAWB (AWB Box 11C – 11F) with city code and carrier codes	3) As pilot current, indicate in FWB, transmit to Carrier	3) As pilot current, indicate in FWB, transmit to Carrier
Origin Carrier	4) Acceptance by carrier (normal acceptance process)	4) As pilot current	4) As pilot current
	5) Preparation of Flight ⁽¹⁾ Manifest by carrier	5) As pilot current and transmit to transshipment station ⁽¹⁾	5) Transmit manifest to transshipment station
	6) Submit Goods/Transit Declaration* to Customs of the transshipment location (Advanced Customs Info etc)	6) Submit Goods/Transit Declaration* to Customs of the transshipment location	6) Advance electronic Transit Declaration
	6) Obtain from Customs of the Transit location Transit Permit*	7) Obtain Goods/Transit Permit* from Customs of the transshipment location	7) Advance electronic Transit Permit

Arrival at 1st transshipment location			
Transshipment Carrier	8) Preparation of paper Flight Manifest by transshipment carrier for next sector of transport	8) Preparation of electronic FFM by transshipment carrier for next sector of transport	8) Preparation of electronic FFM by transshipment carrier for next sector of transport

⁽¹⁾ Paper truck manifest if it is a truck to aircraft transshipment.

* if required

3.3.2 Type 3 – Transshipment through FF Gateway / Hub

There can be three possible flows for transshipment Type 3 depending whether (a) origin gateway/hub only, (b) a destination gateway/hub or (c) both an origin and destination hub are involved.

		(a) Consolidation at Origin Gateway/Hub Only	(b) Consolidation at Destination Gateway/Hub Only	(c) Consolidation at Origin and Deconsolidation at Destination Gateway/Hub
	<u>Current Process</u>	<u>To Be Process</u>	<u>To Be Process</u>	<u>To Be Process</u>
Origin Forwarder (Booking Branch (BB))	1) Route Map Planning	1) As pilot current	1) As pilot current	1) As pilot current
	2) Identification of routes and flights	2) As pilot current	2) As pilot current	2) As pilot current
	3) Prepare HAWB, packing list, commercial invoice and other documents to be delivered to Origin Forwarder Gateway	3) Prepare and transmit electronically HAWB and other e-freight in-scope document to DFF End Branch (EB).	3) Prepare and transmit HAWB and other e-freight in-scope document to DFF GW	3) Prepare and transmit electronically HAWB and other e-freight in-scope document to OC and DFF GW.
			4) Creation of MAWB and Consol/House Manifest and transmission of FWB/FHL to OC and DFF GW	
			5) Deliver freight and documents to OC	
Origin Forwarder (Gateway (GW))	4) Receipt of freight and documents from OFF BB	4) Receipt of freight, electronic e-freight in-scope documents and any other accompanying documents from OFF BB		4) Receipt of freight, electronic e-freight in-scope documents and any other accompanying documents from OFF BB

		(a) Consolidation at Origin Gateway/Hub Only	(b) Consolidation at Destination Gateway/Hub Only	(c) Consolidation at Origin and Deconsolidation at Destination Gateway/Hub
	5) Creation of MAWB and Consol/House Manifest	5) Creation of MAWB and Consol/House Manifest and transmission of FWB/FHL to OC and DFF		5) Creation of MAWB and Consol/House Manifest and transmission of FWB/FHL to OC and DFF
	6) Deliver freight and documents to OC	6) Deliver freight and any accompanying documents to OC		6) Deliver freight and any accompanying documents to OC
Origin Carrier	7) Acceptance by carrier (normal acceptance process)	7) As pilot current	6) As pilot current	7) As pilot current
	8) Preparation of Flight Manifest by carrier	8) As pilot current.	7) As pilot current.	8) As pilot current.
	9) Cargo Uplift and DEP	9) Cargo Uplift and DEP	8) Cargo Uplift and DEP	9) Cargo Uplift and DEP
Destination Carrier	10) Receipt of freight and documents	10) Receipt of freight, accompanying documents and e-freight in-scope documents in electronic form	9) Receipt of freight, accompanying documents and e-freight in-scope documents in electronic form	10) Receipt of freight, accompanying documents and e-freight in-scope documents in electronic form
Destination Forwarder GW	11) Receipt of freight.		10) Receipt of freight.	11) Receipt of freight.
	12) Submit de-consolidation instructions to cargo handling operatives		11) Submit de-consolidation instructions to cargo handling operatives	12) Submit de-consolidation instructions to cargo handling operatives
	13) Customs declaration for transshipment to final destination		12) Customs declaration for transshipment to final destination	13) Customs declaration for transshipment to final destination
	14) Despatch to DFF EB		13) Despatch to DFF EB	14) Despatch to DFF EB
Destination Forwarder (End Branch)	15) Receipt of freight and delivery to final consignee	11) Receipt of freight and delivery to final consignee with electronic e-freight in-scope documents.	14) Receipt of freight and delivery to final consignee with electronic e-freight in-scope documents.	15) Receipt of freight and delivery to final consignee with electronic e-freight in-scope documents.

* if required

3.4 Standards requirements (if any)

Interline. Interline will be investigated in the course of 2009 and the standard Interline Traffic Agreement may have to be updated if electronic Transfer Manifest is to replace paper Transfer Manifest.

The removal of additional document (e.g. Goods/Transit Declaration or Permit) will be studied at a later point Phase 2.

ANNEX A1: EXAMPLES OF TRANSIT LOCATIONS

	Trade lanes	Airlines	List of 3rd country touchdown points
1	CA(YVR)-HK	AC CX	0 0
2	CA(YYZ)-HK	AC CX	0 ANC
3	CA (YYZ) - NL	KL	0
4	CA (YYZ) - UK	AC BA	0 0
5	HK - NL	CX KL MP	DXB, MAN BEY, DOH, DMM, MCT, SHJ, BKK
6	HK - SG	SQ CX	0 0
7	HK - UK	BA CX	BOM, MAA, DEL, DXB DXB, DEL
8	HK - CA (YVR)	CX AC	0 0
9	HK - CA (YYZ)	AC	0
10	NL - CA (YYZ)	KL	0
11	NL - HK	KL CX MP	0 DXB BEY, DOH, DMM, MCT, SHJ, BKK
12	NL - SG	SQ KL	MAA, BLR, CCU, SHJ, KWI, BKK, JNB DXB
13	SG - HK	SQ CX	0 0
14	SG - NL	SQ KL	DEL, BLR, CCU, MAA, SHJ, HKG, JNB, NBO PEN/KUL/DXB
15	SG - UK	SQ BA	SHJ 0
16	UK - CA (YYZ)	BA AC	0 0
17	UK - HK	CX BA	MLA, CDG CGN, MUC, FRA, MAA, DEL, DXB, DMM
18	UK - SG	SQ BA	CPH, SHJ 0
19	SE - HK	SK	0
20	HK - SE	SK	DXB/MUC

ANNEX A2 : TRANSIT QUESTIONNAIRE RESPONSES

S/N	Country	Code	Valid? ⁽²⁾
1	Canada	YVR	
2	Canada	YYR	
3	USA	ANC	
4	Netherlands	AMS	
5	Lebenon	BEY	
6	France	CDG	Yes
7	Germany	CGN	Yes
8	Denmark	CPH	
9	Saudi Arabia	DMM	Yes
10	Qatar	DOH	
11	DXB	DXB	Yes
12	Germany	FRA	Yes
13	Africa	JNB	
14	Kuwait	KWI	No
15	UK[2]	MAN	Yes
16	UK[2]	LHR	Yes
17	Oman	MCT	
18	Germany	MUC	Yes
19	Italy	MPX	No
20	Africa	NBO	
21	UAE	SHJ	Yes
22	Thailand	BKK	No* (to be confirmed)
23	India[1]	BLR	Yes
24	India	BOM	Yes
25	India	CCU	Yes
26	India	DEL	Yes
27	HK	HKG	Yes
28	Malaysia	KUL	Yes
29	India	MAA	Yes
30	Malaysia	PEN	Yes
31	Singapore	SIN	Yes

[1] In case shipment meant for BLR and routing is e.g. CDG/MAA/BLR. In this case, T.P. (Transshipment Permit) and CTM (Cargo Transfer Manifest) is required. T.P. is a Customs document and CTM is an Airline document.

[2] Transit declarations are **not** required in the UK for transit freight remaining on board (FROB) w.e.f 1/7/2009 Summary Declarations for Security and Safety risk analysis will need to be submitted for both Transit FROB and Freight Being Transhipped, where the UK is the first airport of EU entry.
w.e.f 1/7/2009, In the case of Transit freight being transhipped, the Transit Declaration can also act as the Summary Declaration for Security and Safety in some instances

ANNEX A3 : TRANSIT QUESTIONNAIRE

Transit (FROB) Questionnaire

In the event of a scheduled touch down of a flight in your locations customs territory, would any of the listed documents be required to be submitted to, or issued by, Customs for Transit Freight which arrives on the aircraft but remains on board < (Transit (FROB) >, en route to another destination outside your locatiосn customs territory?

Where submission of a document is required, please indicate whether the submission can be made by paper document, scanned image of a paper document, electronically, or any format. Where appropriate, if issuance of a document is made by Customs or any other authority on their behalf (e.g Airport Authority), please indicate whether this issuance is on paper or electronic in format.

Where no document is required, or issued, in any format, please indicate N/A for Not Applicable

	Required?	Party Submitting / Issuing
Summary Safety & Security Declaration		
Import Cargo Declaration		
Transit Declaration		
Release for Transit		
Import Goods Declaration		
Customs Release (Import)		
Goods Export Declaration		
Customs Release (Export)		
Export Cargo Declaration		
<i>Supporting Documents</i>		
Suppliers Invoice		
Packing List		
Certificate of Origin (where relevant)		
House Airwaybill (HAWB)		
House Manifest		
Master Airwaybill (MAWB)		
Flight Manifest		
Location		

ANNEX B : KYOTO CONVENTION ANNEX E1 (CUSTOMS TRANSIT)

ANNEX E.1.

Annex concerning Customs transit
Entered into force: 1 October 1977
April 1977

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I.--Text and Commentary *

* Annex E.1. was adopted by the Permanent Technical Committee at its 87th/88th Sessions in March 1975. The Annex has been incorporated in the Kyoto Convention by decision of the Council, taken on 22 May 1975 at its 45th/46th Sessions held in Buenos Aires (Argentina). It entered into force on 1 October 1977.

The Council published a Comparative Study (No. 6) and an International Customs Norm on the Customs transit of imported goods.

Introduction

For a variety of reasons it is frequently necessary for goods which are potentially liable to import or export duties and taxes to move from one Customs office to another.

The legislation of most countries contains provisions under which such movements may take place without payment of the import or export duties and taxes, the goods being transported under Customs control to ensure compliance with the requirements laid down. The procedure under which such movements are made is termed Customs transit.

To facilitate the international transport of goods which have to pass through a number of Customs territories, arrangements have been made under international agreements for the States concerned to apply standard procedures for the treatment of goods carried in Customs transit through their territories.

This Annex relates to both national and international Customs transit. It does not apply to goods carried by post or in travellers' baggage.

Definitions

For the purposes of this Annex:

- (a) the term "Customs transit" means the Customs procedure under which goods are transported under Customs control from one Customs office to another;
- (b) the term "Customs transit operation" means the transport of goods from an office of departure to an office of destination under Customs transit;
- (c) the term "office of loading" means any Customs office under whose authority certain preliminary measures are taken to facilitate commencement of a Customs transit operation at an office of departure;
- (d) the term "office of departure" means any Customs office at which a Customs transit operation commences;
- (e) the term "office en route" means any Customs office where goods are imported or exported in the course of a Customs transit operation;
- (f) the term "office of destinations" means any Customs office at which a Customs transit operation is terminated;
- (g) the term "Goods declaration" means a statement made in the form prescribed by the Customs by which the persons interested indicate the Customs procedure to be applied to the goods and furnish the particulars which the Customs require to be declared for the application of that procedure;
- (h) the term "declarant" means the person who signs a Goods

declaration or in whose name it is signed;

- (j) the term "transport-unit" means:
- (i) containers (1) having an internal volume of one-cubic metre or more,
 - (ii) road vehicles, including trailers and semi-trailers,
 - (iii) railway wagons, and
 - (iv) lighters, barges and other vessels suitable for use on inland waterways;
- (k) the term "import and export duties and taxes" means Customs duties and all other duties, taxes, fees or other charges which are collected on or in connection with the importation or exportation of goods but not including fees and charges which are limited in amount to the approximate cost of services rendered;
- (l) the term "Customs control" means measures applied to ensure compliance with the laws and regulations which the Customs are responsible for enforcing;
- (m) the term "security" means that which ensures to the satisfaction of the Customs, that an obligation to the Customs will be fulfilled. Security is described as "general" when it ensures that the obligations arising from several operations will be fulfilled;
- (n) the term "person" means both natural and legal persons, unless the context otherwise requires.

Commentary

- ¹ Demountable bodies, i.e. load compartments which have no means of locomotion, are intended to be transported on a vehicle, the chassis of the vehicle and the base of the compartment being specially adapted for this purpose, are to be treated as containers.

Principles

1. **Standard**

Customs transit shall be governed by the provisions of this Annex¹.

Commentary

- ¹ There is no obligation on States to accept all the provisions of the Annex and reservations in respect of any Standards and Recommended Practices that they are not in a position to apply may be entered (see [Article 5](#) of the Convention).

Customs authorities may grant facilities greater than those provided for in the Annex. The granting of such greater facilities is recommended in [Article 2](#) of the Convention.

2. **Standard**

National legislation¹ shall specify the conditions to be fulfilled² and the formalities to be accomplished for the purposes of Customs transit.

Commentary

- ¹ See [commentary on Article 3](#) of the Convention.
- ² Customs transit through the Customs territory may be allowed in respect of goods which, under national legislation, are subject to import prohibitions or restrictions. In such cases the Customs may impose particular requirements, such as the issue of a licence and the production of evidence of the arrival of the goods in the country of destination, and may impose strict controls, such as requiring the goods to be transported under Customs escort.

Scope

3. **Standard**

The Customs authorities shall allow goods to be transported under Customs transit in their territory:

- (a) from an office of entry to an office of exit;
- (b) from an office of entry to an inland Customs office (1);
- (c) from an inland Customs office to an office of exit;
- (d) from one inland Customs office to another inland Customs office.**Note**

1. Customs transit movements as described in (a)-(c) above are termed "international Customs transit" when they take place as part of a single Customs transit operation during which one or more frontiers are crossed in accordance with a bilateral or multilateral agreement².

2. The following expressions³ may be used to describe the Customs transit movements referred to above:

- (a) through transit (office of entry to office of exit);
- (b) inward transit (office of entry to inland Customs office);
- (c) outward transit (inland Customs office to office of exit);
- (d) interior transit (one inland Customs office to another).

Commentary

- ¹ The term "inland Customs office" is not used in this context in any geographical sense; an inland Customs office may be situated anywhere in the Customs territory (it might be on the coast for example). The term as used in this Standard denotes an office of departure or destination at which the goods do not enter or leave the Customs territory in a Customs transit operation.
- ² Such an agreement usually provides for both a Goods declaration form for Customs transit and security acceptable in each of the countries party to the agreement.
- ³ The expressions used are not official in the sense that they form part of internationally accepted Customs terminology. They are used here purely to facilitate the description of the various possible types of Customs transit movement.

4. **Standard**

Goods being carried under Customs transit shall not be subject to the payment of import or export¹ duties and taxes provided the conditions laid down by the Customs authorities are complied with.

Commentary

- ¹ The basic principle of this provision is that neither import nor export duties and taxes should be charged in respect of goods in Customs transit passing through a Customs territory. Of course it does not prevent the collection of export duties and taxes in countries of exportation when such duties and taxes remain due whether the goods are exported under Customs transit or under a national exportation procedure; nor of course does it prevent the collection of import duties and taxes in the country of destination when the Customs transit operation is terminated and, for example, the goods are cleared for home use.

5. **Recommended Practice**

Any person having the right to dispose of the goods, for example the owner, the carrier, the forwarding agent, the consignee or an authorised agent approved by the Customs should be entitled to declare the goods for Customs transit.

Note

The Customs authorities may require the declarant to establish his right to dispose of the goods.

6. **Standard**

The declarant shall be responsible to the Customs authorities for compliance with the obligations incurred under Customs transit; in particular he shall ensure that the goods are produced intact at

the office of destination in accordance with the conditions imposed by those Customs authorities.

General provisions

7. *Standard*

The Customs authorities shall designate the Customs offices which are competent to perform the functions laid down for the purposes of Customs transit.

8. *Recommended Practice*

Where corresponding Customs offices are located on a common frontier, the Customs authorities of the two countries concerned should correlate the business hours and the competence of those offices for the purposes of Customs transit.

9. *Recommended Practice*

At the request of the person concerned, and for reasons deemed valid by the Customs authorities, the latter should, so far as administrative circumstances permit, perform the functions laid down for the purposes of Customs transit outside the business hours and outside the premises of the Customs office, it being understood that the expenses entailed may be charged to the person concerned.

10. *Standard*

Priority shall be given to the Customs operations relating to live animals, perishable goods and other urgent consignments which are under Customs transit and for which rapid transport is essential.

Formalities at the office of departure

(a) Goods declaration for Customs transit

11. *Standard*

Unless this formality is waived by the Customs authorities a written Goods declaration for Customs transit shall be presented at the office of departure.

Note

In various countries simplified procedures exist under which certain Customs formalities, including the presentation of a Goods declaration, are waived. These procedures are applicable, for example, to goods carried by rail under cover of an international consignment note¹, and to goods moving only in the frontier zone².

Commentary

¹ As a means of simplifying transit procedures, Customs authorities sometimes dispense with the need for a specific Customs document in respect of goods carried by rail when the railway authorities operate an accounting control system under Customs supervision enabling the Customs to control proper completion of international Customs transit operations and to check that the goods arrive at their destination. The details of these arrangements are laid down by mutual agreement between the Customs and railway authorities.

² Customs authorities sometimes dispense with the requirement of a Goods declaration for Customs transit in respect of goods moving only in the frontier zone when they are familiar with the circumstances of the operation, the persons concerned are financially sound, scrupulous in Revenue matters and meet their obligations promptly, and the Customs are satisfied that the goods will be properly presented at the office of destination.

12. *Standard*

Goods declaration forms for Customs transit shall conform to the official model prescribed by the competent authorities.

Note

1. The declarant is normally required to declare the following items¹:

- name and address of consignor;
- name and address of declarant;
- name and postal address of consignee;
- mode of transport;
- identification of means of transport;
- seals etc. affixed;
- place of loading;
- office of destination;
- transport-unit (type, identification No.);
- marks, numbers, number and kind of packages;
- description of goods;
- gross weight per consignment in kilos;
- list of documents attached;
- place, date and signature of declarant.

2. When they are considering revision of present forms or preparation of new forms for Goods declarations for Customs transit, the competent authorities may base their forms on the model in Appendix I to this Annex having regard to the Notes in Appendix II. The model is intended as a basis for the designing of Customs transit declaration forms to be used in Customs transit procedures where other forms have not been prescribed by bilateral or multilateral agreements. The model has been designed to be used for national Customs transit operations but can also be used for international Customs transit operations.

Commentary

¹ The list of items shown is not exhaustive but sets out those items of information which the Customs usually require from the declarant.

13. *Recommended Practice*

Any commercial or transport document setting out clearly the necessary particulars should be accepted as the descriptive part of the Goods declaration for Customs transit.

(b) Security

14. *Standard*

The form in which security is to be provided for the purposes of Customs transit shall be laid down in national legislation or determined by the Customs authorities in accordance with national legislation.

15. *Recommended Practice*

The choice between the various acceptable forms of security should be left to the declarant.

16. *Standard*

The Customs authorities shall determine the amount in which security is to be provided for the Customs transit operation.

17. *Standard*

When security is required to ensure that the obligations arising from several Customs transit operations will be fulfilled, the Customs authorities shall accept a general security.

18. *Recommended Practice*

The amount of any security should be set as low as possible having regard to the import or export duties and taxes potentially chargeable.

(c) Examination and identification of consignments

19. *Recommended Practice*

Where the Customs authorities exercise their right to examine goods declared for Customs transit, they should limit the extent of the examination to that deemed necessary to ensure

compliance with the laws and regulations which the Customs are responsible for enforcing.

20. Standard

The Customs authorities at the office of departure shall take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorised interference.

21. Standard

When a consignment is conveyed in a transport-unit, Customs seals¹ shall be affixed to the transport-unit itself provided that the transport-unit is so constructed and equipped that:

- (a) Customs seals can be simply and effectively affixed to it;
- (b) no goods can be removed from or introduced into, the sealed part of the transport-unit without leaving visible traces of tampering or without breaking the Customs seal;
- (c) it contains no concealed spaces where goods may be hidden;
- (d) all spaces capable of holding goods are readily accessible for Customs inspection.

Such transport-units shall also have been approved for the transport of goods under Customs seal.

Note

1. Transport-units are approved for the transport of goods under Customs seal pursuant to various international agreements such as the Customs Convention on Containers, done at Geneva on 18 May 1956, the Customs Convention on the international transport of goods under cover of TIR carnets, done at Geneva on 15 January 1959, the Unit technique des chemins de fer, concluded at Berne in May 1886, 1960 edition, and the Regulations (21 November 1963 version) of the Central Rhine Commission concerning the sealing of Rhine navigation vessels. They may be approved in the future pursuant to agreements which may supersede the foregoing. Additional arrangements for approval may be made by countries by bilateral or multilateral agreement for transport-units to be used for the purposes of Customs transit solely in their territories, for example in respect of containers which have an internal volume of less than one-cubic metre but which in all other respects qualify for Customs treatment as containers.

2. In certain circumstances Customs authorities may decide to seal transport-units which have not been approved for the transport of goods under Customs seal when they are satisfied that the units, when sealed, are sufficiently secure.

Commentary

¹ In addition to the standard practice of the Customs authorities themselves affixing Customs seals, there are two alternative methods of sealing used in some countries which may be regarded as offering greater facilities.

These are:

- (a) Customs seals are issued to approved persons who themselves affix the seals;
- (b) the acceptance, by the Customs authorities, on a case to case basis, of private seals affixed by the person concerned.

22. Standard

When the consignment is conveyed in a transport-unit which cannot be effectively sealed, identification shall be assured and unauthorised interference rendered readily detectable, either by affixing Customs seals to individual packages, by affixing identification marks, by describing the goods, by reference to samples, plans, sketches or photographs attached to the Goods declaration, by full examination of the goods and recording the results thereof on the Goods declaration, or by Customs escort.

Note

The precise action which the Customs authorities may decide to take when goods are to be transported in a transport-unit which cannot be effectively sealed will depend upon the individual circumstances of each case, taking account of factors such as the nature of the goods and their packing, and the potential import or export duties and taxes involved.

(d) Additional control measures

23. Standard

Only when they consider such a measure to be indispensable shall the Customs authorities:

- (a) require goods to follow a prescribed itinerary; or
- (b) require goods to be transported under Customs escort.

24. Recommended Practice

When the Customs authorities prescribe a time limit¹ for the production of the goods at a specified Customs office they should take account of the circumstances in which the Customs transit operation will take place.

Commentary

¹ It is standard practice in many countries to lay down general time limits for Customs transit. This provision relates to those instances where such general limits would not be appropriate.

Customs seals and identification marks

25. Standard

Customs seals and fastenings used in the application of Customs transit shall fulfil the minimum requirements laid down in [Appendix III](#) to this Annex¹.

Commentary

¹ The minimum requirements set out in [Appendix III](#) to the Annex are based on the Council's Recommendation of 11 June 1968.

26. Recommended Practice

Customs seals and identification marks affixed by foreign Customs authorities should be accepted for the purposes of the Customs transit operation unless they are considered not to be sufficient or secure or the Customs authorities proceed to an examination of the goods. When foreign Customs seals and fastenings have been accepted in a Customs territory they should be afforded the same legal protection in that territory as national seals and fastenings.

27. Standard

National legislation shall not, in respect of the termination of a Customs transit operation, require more than that the goods and the relevant Goods declaration be presented at the office of destination within any time limit fixed, without the goods having undergone any change and without having been used, and with Customs seals or identification marks intact.

Note

1. The controls carried out for the purposes mentioned above by the office of destination may vary according to the circumstances of each individual Customs transit operation. The Customs authorities generally, however, satisfy themselves that any seals and fastenings or identification marks are intact, may verify that the transport-unit, if any, is otherwise secure and may carry out either a summary or a detailed examination of the goods themselves. The examination of the goods may take place, for example, in connection with the placing of the goods under another Customs procedure.

2. National legislation may provide that accidents and other unforeseen events en route affecting the Customs transit operation¹ be reported to, and verified by, the Customs or other competent authorities closest to the scene of the accident or other event.

Commentary

¹ The accident in question need not necessarily involve the vehicle carrying the goods under Customs transit. It may involve only other vehicles but if, as a result, the Customs transit operation is affected (e.g. because the road is blocked due to the accident) it may be useful for the person concerned to obtain evidence to produce at a later date showing what has happened and why, for example, a prescribed time limit could not be complied with.

28. Standard

When it has been established to the satisfaction of the competent Customs authorities that the person concerned has

fulfilled his obligations, any security given shall be discharged without delay¹.

Commentary

¹ There are various methods of discharging the security. Under some systems security is discharged by the office of destination; in others the office of destination notifies the office of departure, the office at which the goods entered the Customs territory, or a central control office, of the termination of the Customs transit operation, and it is this other office which discharges the security.

Additionally, the action taken to discharge security varies according to the form in which security is given. If given by a general guarantee, the discharge is usually only an accounting operation; on the other hand a cash refund may be involved, and in such a case it may be regarded as a facility to trade to provide for repayment to be made directly by the office of destination.

29.

Recommended Practice

Failure to follow a prescribed itinerary or to comply with a prescribed time limit¹ should not entail the collection of any import or export duties potentially chargeable² provided the Customs authorities are satisfied that all other requirements have been met.

Commentary

¹ As regards time limits, this provision applies only to those cases where goods arrive within what the Customs are prepared to accept, taking account of the circumstances, as a reasonable period after the expiry of the time limit. It is not intended to be applied in cases where there is a very considerable time lapse between the expiry of the time limit and the arrival of the goods.

² This provision does not prevent the Customs from imposing a fine to mark the failure to follow a prescribed itinerary or to comply with a prescribed time limit.

30.

Standard

Exemption from the payment of the import or export duties and taxes normally chargeable shall be granted when it is established to the satisfaction of the Customs authorities that goods being transported under Customs transit have been destroyed or irrecoverably lost¹ ² by accident or by force majeure, or are short for reasons due to their nature³.

Note

Remnants⁴ of such goods may be:

- cleared for home use in their existing state as if they had been imported in that state; or
- re-exported; or
- abandoned free of all expenses to the Revenue; or
- destroyed⁵ or rendered commercially valueless under Customs control without expense to the Revenue;

as the Customs authorities may require.

Commentary

¹ Goods may be deemed to be irrecoverably lost if salvage would be impossible or not worthwhile.

² The theft or pilferage of goods does not generally give entitlement to exemption from the payment of import or export duties and taxes normally chargeable. In principle, therefore, these cases are not covered by this Standard.

³ The term "are short for reasons due to their nature" covers, for example the loss of liquids by evaporation during transit. The import duties and taxes on the goods so lost are waived. However, this provision does not affect the valuation of the remaining goods.

⁴ For the purposes of this Note "remnants" are taken to include all of the remainder of the goods which have been destroyed or irrecoverably lost.

⁵ The expression "rendered commercially valueless" means that

the goods have been reduced to such a condition that the remnants thereof not only have no value in the field of commerce for which the goods were originally intended but also have no value in any other field of commerce, and therefore cease to be of interest to the Revenue.

International agreements relating to Customs transit

31.

Recommended Practice

Contracting Parties should give careful consideration to the possibility of acceding to:

- the Customs Convention on the International Transit of Goods (ITI Convention), Vienna, 7 June 1971;
- the Customs Convention on the International Transport of Goods under cover of TIR carnets (TIR Convention), Geneva, 15 January 1959;
- the Customs Convention on the ATA carnet for the Temporary Admission of Goods (ATA Convention), Brussels, 6 December 1961;

and of adhering to any international instruments that may supersede them.

Note

ATA carnets can be accepted for the transit of goods under temporary admission which have to be conveyed to or from their destination under Customs control, either in the country of temporary admission or through a country or countries between those of exportation and importation.

32.

Recommended Practice

Contracting Parties which are not in a position to adhere to the international instruments enumerated in Recommended Practice 31 should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices 1 to 30 in the present Annex and, in addition, incorporate in the agreements the following specific provisions:

- cleared for home use in their existing state as if they had where goods are transported in a transport-unit meeting the requirements set out in [Standard 21](#), and where the person concerned so requests and gives the assurance that the transport-unit will, at a subsequent stage of the transport operation, be placed under a Customs transit procedure requiring a Customs seal, the Customs authorities at the office of loading¹ should:
 - satisfy themselves of the accuracy of the accompanying documents approved by the bilateral or multilateral agreement and describing the contents of the transport-unit;
 - seal the transport-unit;
 - record on the accompanying documents the name of the office of loading, details of the Customs seals affixed and of the date of affixing;
- when the goods are subsequently declared for Customs transit, the Customs authorities at the office of departure should, unless in exceptional circumstances they deem it necessary to examine the goods, accept the seals affixed by the office of loading and the accompanying documents referred to in¹ above;
- common Goods declaration forms for Customs transit should be accepted in each Customs territory involved; such forms should be based on the model shown in Appendix I to this Annex taking account of the Notes contained in Appendix II;
- security, where required, should be given and accepted in the form of a guarantee valid and enforceable in each Customs territory involved, evidence of the existence of such guarantee being provided either by the Goods declaration form for Customs transit or by another document²;

- (5) without prejudice to their right to examine the goods, the Customs authorities should, as a rule, limit the extent of the formalities to be carried out at offices en route to the following:
- at offices where goods are imported into the Customs territory the Customs authorities should satisfy themselves that the Goods declaration is in order, that any Customs seals and fastenings or identification marks previously affixed are intact and, where appropriate, that the transport-unit is secure, and that, where required, a guarantee is in force; they should then endorse the Goods declaration accordingly;
 - at offices where goods leave the Customs territory, the Customs authorities should satisfy themselves that any Customs seals and fastenings or identification marks are intact and, where necessary, that the transport-unit is secure; they should then endorse the Goods declaration accordingly;
- (6) when an office en route removes a Customs seal or identification mark, for example, in order to examine the goods, it should record details of the new Customs seals or identification marks on the Goods declaration accompanying the goods;
- (7) formalities at offices en route should be further reduced, or completely abolished, the discharge of the obligations incurred under Customs transit being given by the competent authorities in respect of the entire Customs transit operation³;
- (8) arrangements should be made for measures of mutual assistance between the Customs administrations of the countries concerned with regard to verification of the accuracy of the documents describing goods transported under Customs transit and of the authenticity of Customs seals.

information media such as regular publications (e.g. official gazettes and notices) and by arranging for the information to be given promptly upon request at all competent Customs offices.

Commentary

¹ The work of offices of loading is designed primarily to facilitate subsequent international Customs transit operations. The use of offices of loading may, as an additional measure of facilitation, be extended to goods which are intended to enter only national Customs transit in another country during some stage of their journey.

² There are various international guarantee arrangements. The TIR and ATA Conventions, for example, have international guarantee systems established on the basis of an international guarantee chain with national members of the chain in the territory of each Contracting Party. The ITI Convention also provides for the establishment of such a system, but this Convention has not yet come into force.

Under the TIR and ATA systems the Goods declaration form (the carnet) is itself evidence of the guarantee, the latter covering the goods described on the document. The ITI guarantee system, on the other hand, provides for a general guarantee valid for a given period of time, evidence of the guarantee is provided by a guarantee card, but details of the guarantee verified by the Customs authorities, may be recorded on the declaration form as a facilitation measure to overcome the need for the guarantee card itself to accompany the goods.

² This provision draws attention to a major facilitation in international Customs transit by recommending that controls should be performed only at the offices of departure and destination so far as practicable. The provision does not specify the steps countries should take under their agreement to implement such an arrangement, but an example of how greater facilitation may be achieved is set out in Chapter XI of the ITI Convention concerning the establishment of ITI areas. To deal with irregularities, if arrangements do not exist for payment of import duties and taxes to a common exchequer of the countries concerned, an agreement would be necessary concerning the rules for establishing where an irregularity took place or is deemed to have taken place (cf. Article 12 of the ITI Convention).

Information concerning Customs transit

33. *Standard*

The Customs authorities shall ensure that all relevant information concerning Customs transit is readily available¹ to any person interested.

Commentary

¹ The information can be made available through the usual

APPENDIX I : GOODS DECLARATION FOR CUSTOMS TRANSIT

GOODS DECLARATION (CUSTOMS TRANSIT)						
Consignor (name and address)		Declaration No.		Date No.		
Consignee (name and address)		Declarant (name and address)				
Delivery address		Country whence consigned		Country of destination		
Place of loading Pier, warehouse, etc.		Documents attached		Official use		
Via	Mode and means of transport					
Office of destination						
B/L No.	Transport-unit (type ident. No.); Marks & numbers of pkgs or items	Number & kind of packages: Description of goods		Commodity No.	Gross Weight, kg.	
		Total number of packages		Gross total weight, kg.		
(National administrative requirements)			(Security details)			
			I, the undersigned, declare that the particulars given in this Declaration are true and correct and accept responsibility for fulfilment of the obligations incurred under this Customs transit operation in accordance with the conditions prescribed by the competent authorities.			
			Place and date and signature of declarant			

ANNEX C: RECOMMENDED PRACTICE 1605 TRANSFER MANIFEST

CSC(17)1605

CSC(19)1605

RECOMMENDED that:

1. Except as agreed between the Members concerned, for interline carriage a transfer manifest shall be prepared by the transferring carrier.
2. Members shall use the form of transfer manifest shown in Attachment 'A' in accordance with the procedures described herein.
3. The transfer manifest shall be in four parts and distributed as follows:
 - 3.1 Original — to revenue accounting of transferring carrier;
 - 3.2 Copy 2 — to station file of transferring carrier;
 - 3.3 Copy 3 — to revenue accounting of receiving carrier;
 - 3.4 Copy 4 — to station file of receiving carrier.
4. On transfer of consignments the transferring carrier shall offer in at least two copies a signed transfer manifest, which shall contain the following information:
 - 4.1 air waybill number;
 - 4.2 air waybill or shipment record airport of destination;
 - 4.3 actual number of packages transferred;
 - 4.4 actual weight transferred.
5. Notwithstanding Paragraph 4, a carrier handling for a group of carriers which permits free interlining between themselves may indicate that the receipt is provisional in that it is not valid for interline billing purposes. A transfer manifest must be substituted within seven (7) days of transfer, indicating the actual carrying airline against each air waybill.
6. Notwithstanding Paragraph 1, when the first carrier is not the issuing carrier and the consignment was delivered to the first carrier by a party other than the issuing carrier, then a transfer manifest shall not be required if the routing box on the air waybill or in the shipment record is completed showing the routing of the first carrier.
7. Where additional columns for accounting purposes are used, they shall be located on the right hand side of the form.
8. Use of the term "Airbill" in place of "Air Waybill", or "Pieces" in place of "Packages" shall be optional on the transfer manifest.
9. The transfer manifest serial number shall consist of six numerics.

ANNEX D : KYOTO CONVENTION ANNEX E2 (CUSTOMS TRANSHIPMENT)

ANNEX E.2.

Annex concerning transhipment

Entered into force: 1 December 1983

May 1979

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I.-TEXT AND COMMENTARY *	

* Annex E.2. was adopted by the Permanent Technical Committee at its 93rd/94th Sessions in December 1976. The Annex has been incorporated in the Kyoto Convention by decision of the Council, taken on 9 June 1977 at its 49th/50th Sessions held in Nairobi (Kenya). It entered into force on 1 October 1983.

Introduction

It often occurs for reasons of trade or transport that goods are imported into the Customs territory of a country in order to be transferred from the importing means of transport to another means of transport in which they then leave that territory for their destination.

Frequently the importation, transfer of goods from one means of transport to another and exportation all take

place within the area of a single Customs office, and to facilitate such operations the legislation of some countries contains a procedure which enables them to be carried out under Customs control without payment of import or export duties and taxes. This procedure, under which a simple control system is generally used, is called transhipment and is the subject of this Annex.

The Annex does not apply to goods which on arrival in the Customs territory of a country already under a Customs procedure (such as Customs transit) and are transferred from one means of transport to another during the course of that procedure, such transfer being dealt with by the Customs under the procedure already in operation. Nor does the Annex apply to goods carried by post or in travellers' baggage.

Definitions

For the purposes of this Annex:

- (a) the term "transhipment" means the Customs procedure under which goods are transferred under Customs control from the importing means of transport to the exporting means of transport within the area of one Customs office which is the office of both importation and exportation
- (b) the term "Goods declaration" means a statement made in the form prescribed by the Customs by which the persons interested indicate the particular Customs procedure to be applied to the goods and furnish the particulars which the Customs require to be declared for the application of that procedure;
- (c) the term "declarant" means the person who signs a Goods declaration or in whose name it is signed;
- (d) the term "means of transport" means any ship or other vessel, aircraft, hovercraft, road vehicle (including trailers and semi-trailers) or railway wagon;
- (e) the term "import duties and taxes" means Customs duties and all other duties, taxes, fees or other charges which are collected on or in connection with the importation of goods but not including fees and charges which are limited in amount to the approximate cost of services rendered (1);
- (f) the term "export duties and taxes" means Customs duties and all other duties, taxes, fees or other charges which are collected on or in connection with the exportation of goods but not including fees and charges which are limited in amount to the approximate cost of services rendered;
- (g) the term "Customs control" means measures applied to ensure compliance with the laws and regulations which the Customs are responsible for enforcing;
- (h) the term "security" means that which ensures to the

satisfaction of the Customs that an obligation to the Customs will be fulfilled. Security is described as " general " when it ensures that the obligations arising from several operations will be fulfilled;

(ij) the term " person " means both natural and legal persons, unless the context otherwise requires.

COMMENTARY

(1) The term covers the Value Added Tax collected in some countries in connection with the importation of goods.

Principles

1. Standard

Transshipment shall be governed by the provisions of this Annex (1).

COMMENTARY

(1) There is no obligation on States to accept all the provisions of the Annex; reservations in respect of any Standards and Recommended Practices that they are not in a position to apply may be entered (see Article 5 of the Convention).

Customs authorities are free to enact rules on aspects of transshipment not covered by specific provisions of this Annex.

Customs authorities may grant facilities greater than those provided for in the Annex. The granting of such greater facilities is recommended in Article 2 of the Convention.

2. Standard

National legislation (1) shall specify the conditions to be fulfilled and the formalities to be accomplished for the purposes of transshipment (2).

COMMENTARY

(1) See commentary on Article 3 of the Convention.

(2) The Single Convention on Narcotic Drugs 1961 sets out various requirements and restrictions concerning the importation and exportation (including the transshipment) of narcotic drugs. In particular, Article 31 of the Convention, containing special provisions relating to the international trade in drugs, lays down a number of requirements relating to the authorisation of importation and exportations of drugs and the control of persons and enterprises engaged in such trade.

3. Standard

Goods admitted to transshipment shall not be subjected to the payment of import duties and taxes or export duties and taxes provided the conditions laid down by the Customs authorities are complied with.

4. Standard

Transshipment shall not be refused solely on the grounds of the country of origin of the goods, the country whence they arrived or the country of destination.

The declarant

5. Standard

Any person having the right to dispose of the goods shall be entitled to declare them for transshipment.

Notes 1. The declarant need not be the owner of the goods; he may be, for example, the carrier, the forwarding agent, the consignee or an agent approved by the Customs.

2. The Customs authorities may require the declarant to establish his right to dispose of the goods.

6. Standard

The declarant shall be responsible to the Customs authorities for compliance with the obligations incurred under transshipment.

General provisions

7. Standard

Priority shall be given to the Customs operations relating to live animals, perishable goods and other urgent consignments which are to be transhipped and for which rapid transport is essential.

8. Standard

At the request of the person concerned, and for reasons deemed valid by the Customs authorities, the latter shall, insofar as their administrative organization permits, perform the functions laid down for the purposes of transshipment outside the business hours of the Customs office (1), it being understood that the expenses entailed may be charged to the person concerned.

COMMENTARY

(1) In determining the hours of business of Customs offices, the Customs authorities normally take into account the particular requirements of trade and transport.

Admission to transshipment

a) Declaration

9. Recommended Practice

Only one Goods declaration should be required for the purposes of transshipment.

10. Recommended Practice

Any commercial or transport document setting out clearly the necessary particulars should be accepted as the descriptive part of the Goods declaration for transshipment (1).

COMMENTARY

(1) Some countries accept the cargo manifest as the actual declaration for transshipment and do not require a

separate Goods declaration. This applies particularly in air traffic. Where the cargo manifest is accepted as the Goods declaration it must specify that the goods are intended for transshipment and must bear a signed undertaking for the purposes of transshipment.

b) Security

11. Standard

The form in which security, if any, is to be provided for the purposes of transshipment shall be laid down in national legislation or determined by the Customs authorities in accordance with national legislation.

12. Recommended Practice

The choice between the various acceptable forms of security should be left to the declarant.

13. Standard

The Customs authorities shall determine the amount in which security is to be provided for the transshipment operation.

14. Standard

When security is required to ensure that the obligations arising from several transshipment operations will be fulfilled, the Customs authorities shall accept a general security.

15. Recommended Practice

The amount of any security should be set as low as possible having regard to the import duties and taxes or export duties and taxes potentially chargeable.

c) Examination and identification of goods

16. Recommended Practice

Goods declared for transshipment should be examined by the Customs authorities only where there are special circumstances in which examination is deemed to be necessary.

17. Recommended Practice

When they consider it necessary, the Customs authorities should take action at importation to ensure that the goods to be transhipped will be identifiable at exportation and that unauthorised interference will be readily detectable.

d) Additional control measures

18. Standard

Only when they consider such a measure to be indispensable all the Customs authorities:

- (a) require goods to follow a prescribed itinerary;
- (b) or require goods to be transported under Customs escort.

19. Standard

When the Customs authorities prescribe a time limit (1) for the exportation of goods declared for transshipment, they shall take account of the particular circumstances of the transshipment operation.

COMMENTARY

(1) It is standard practice in some countries to lay down general time limits for the purposes of transshipment. This provision relates to those instances where such general limits would not be appropriate.

20. Recommended Practice

At the request of the person concerned, and for reasons the Customs authorities deem valid, the latter should extend any period initially fixed.

e) Authorised operations

21. Recommended Practice

At the request of the person concerned, and subject to such conditions as they may lay down, the Customs authorities should as far as possible allow goods in transshipment to undergo operations likely to facilitate their exportation.

Note These operations may include regrouping, repacking, remarking, sampling and repair or change of damaged packings.

Termination of transshipment

22. Standard

When it has been established to the satisfaction of the competent Customs authorities that the person concerned has fulfilled his obligations in respect of transshipment, any security given shall be discharged without delay.

23. Recommended Practice

Failure to follow a prescribed itinerary or to comply with a prescribed time limit (1) should not entail the collection of any import duties and taxes or export duties and taxes potentially chargeable (2) provided the Customs authorities are satisfied that all other requirements have been met.

COMMENTARY

(1) As regards time limits, this provision applies only to those cases where goods are exported under transshipment within what the Customs are prepared to accept, taking account of the circumstances as a reasonable period after the expiry of the time limit. It is not intended to be applied in cases where there is a very considerable time lapse between the expiry of the time limit and the exportation of the goods.

(2) This provision does not prevent the Customs from imposing a fine to mark the failure to follow a prescribed itinerary or to comply with a prescribed time limit.

24. Standard

Total or partial exemption, as the case may be, from payment of any import duties and taxes normally chargeable shall be granted in respect of goods damaged,

destroyed or irrecoverably lost (1)(2) by accident or force majeure or short for reasons due to their nature (3) during a transshipment operation provided that the facts are duly established to the satisfaction of the Customs authorities.

Note At the request of the person concerned, remnants (4) of goods covered by this Standard may be:

- (a) cleared for home use in their existing state as if they had been imported in that state; or
- (b) exported; or
- (c) rendered commercially valueless (5) under Customs control, without expense to the Revenue, or
- (d) with the consent of the Customs authorities, abandoned free of all expenses to the Revenue.

COMMENTARY

- (1) Goods may be deemed to be irrecoverably lost if salvage would be impracticable or not worthwhile.
- (2) The theft or pilferage of goods does not generally give entitlement to exemption from the payment of import duties and taxes normally chargeable. In principle, therefore, these cases are not covered by this Standard.
- (3) The term " short for reasons due to their nature " covers, for example, the loss of liquids by evaporation. The import duties and taxes on the goods so lost are waived. However, this provision does not affect the valuation of the remaining goods.
- (4) For the purposes of this Note, " remnants " are taken to include all the remainder of the goods which have been destroyed or irrecoverably lost.
- (5) The expression " rendered commercially valueless " means that the goods have been reduced to such a condition that the remnants thereof not only have no value

in the field of commerce for which the goods were originally intended but also have no value in any other field of commerce, and therefore cease to be of interest to the Revenue.

Information concerning transshipment

25. Standard

The Customs authorities shall ensure that all relevant information concerning transshipment is readily available (1) to any person interested.

COMMENTARY

- (1) The information can be made available through the usual information media such as regular publications (e.g. official gazettes and notices) and by arranging for the information to be given promptly upon request at all competent Customs offices.

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II.-ENTRY INTO FORCE

Contracting Parties having accepted the Annex, with dates of entry into force

India	30 August 1985
Israel	1 December 1983
Japan	25 February 1984
Kenya	1 December 1983
Morocco	2 September 1987
New Zealand	1 December 1983
Pakistan	1 December 1983
Rwanda	1 December 1983
United States	28 January 1984

ANNEX E: TRANSHIPMENT (AIRLINE) WORKFLOW (V0.3)

SIN Business Process: To-Be Process (Transhipment with same Carrier)					
	Function	Document	Messages	Responsibility	Comment
Transhipment Station	13. Flight Departure	Freight Status Updates	CIMP: FFM/FWB /FHL/FSU[DEP] C2K: FSU [DEP] Customs:	Airline	Details are submitted within 14 days for MRS and 7 days for CMD
	14. Airline(GHA) advises origin Customs of cargo departure		CIMP: FFM/CMD C2K: Customs: Manifest Reconciliation Statement (MRS) Cargo Manifest Declaration - Permit information (CMD)	Airline/ GHA	
Import or 2 nd transhipment location	Transhipment process starts				
	Pre-advise of cargo required? Yes.	Transit/Goods Declaration (for special cargo)	CIMP: FFM/FWB/FHL	Airline GHA	* Do not need to wait for export office to complete doc preparation like in as-is process
	1. Aircraft arrival at destination airport		CIMP: FFM/FHL/FWB/FSU[ARR]	Airline	
	2. Transfer freight (to a/c for thru transit and terminal and then to a/c for short transit*)	CIMP: FWB/FHL/FFM	GHA		
	3. Export office prepares documents	CIMP: FWB/FHL/FFM* * Create new FFM	GHA		
	4. Freight and document check & completion of transhipment requirements	Transit/Goods Declaration (for special cargo)	CIMP: FWB/FHL/FFM	Airline/ GHA	
	5. Flight loading & final document check for uplift		CIMP: FWB/FHL/FFM/	GHA	
	6. Flight Departure	CIMP: FWB/FHL/FFM FSU [DEP]	Airline		
Import process starts					
Pre-advise of cargo required? Yes.		CIMP: FFM/FWB	Airline GHA	Pre-alert flight manifest is required. And to Create cargo arrival record (CAR).	
15. Aircraft arrival at destination airport		CIMP: FFM/FHL/FWB/FSU [ARR]	Airline Forwarder		

Yellow Box = Action Green Box = Decision Orange Box = Check and Confirm

