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## **The use of navigation seals for international goods transport by road**

On behalf of the transport industry, IRU is of the opinion that it is important and necessary to draw the attention of the EAEU member states' competent authorities, the EEC and all stakeholders to this issue, and encourage them to develop a well-balanced solution that takes the following principles into account:

- Given the unfavourable epidemiological conditions associated with Covid-19, and global efforts to minimise human contact when crossing borders, it is highly unlikely that the implementation of the aforementioned Agreement will help prevent the spread of Covid-19 as it requires the physical sealing/removal of seals. The adoption or enforcement of such an agreement before the end of the pandemic therefore seems premature.
- Navigation seals should be used as a supplementary control tool to track specific categories of high-risk or "sanctioned" goods. Extending their use to all other goods that are subject to customs transit procedures and therefore remain under customs control will, in our opinion, unduly duplicate control functions and lead to an excessive burden.
- The list of exemptions when navigation seals are not required for customs transit needs to be extended by including goods transported in sealed compartments in accordance with the TIR Convention.
- The feasibility and practicability of installing navigation seals in the country of departure should be considered, as well as mutual recognition of seals, in a way that would enable the transit of goods through the territory of more than two EAEU member states using the same navigation seal until the place of destination.
- Provide navigation seals to carriers free of charge, including the free affixing/removal of seals, or, if this is not possible, introduce governmental regulation establishing minimum rates charged by the national operators of navigation seals for tracking deliveries, and the establishment of an end-to-end EAEU rate.
- Involve the transport business communities from the EAEU member states in discussions on navigation seals at EEC level.

### **I. ANALYSIS**

Competent authorities use various means, including navigation seals, to identify goods and control their movement.

According to IRU's analysis of the international practice on the use of navigation seals, said navigation seals are nationally used by some countries for transit cargoes as an alternative to customs escorts, or for specific categories or groups of goods, and this use is mandatory. In other cases, carriers or cargo owners can use navigation seals if

they wish to do so. Generally, navigation seals are provided either free of charge or at minimal cost, while customs officers are responsible for sealing/removing seals.

However, in the described examples, goods subject to the 1975 UN TIR Convention, i.e. transported under customs seals, are generally exempt from the requirement to carry navigation seals.

Navigation seals are not an element of customs control in Russia nor in the Eurasian Economic Union (EAEU), but are used as an additional tool for goods' traceability. Navigation seals have been used within the EAEU since 2016 for delivery of goods from Ukraine to Russia. In 2020, the use of navigation seals enabled the transit of "sanctioned" products subject to the Russian import ban.

The EAEU (Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia) has decided to restructure an existing uniform transit system by using navigation seals to ensure the traceability of transit deliveries.

The Eurasian Economic Commission (EEC) is currently discussing a draft agreement (hereafter the Agreement) on the use of navigation seals within the EAEU, which will require the phased implementation of navigation seals to be used for transit deliveries through the EAEU, as well as for all imports and exports in the long term.

It is expected that during the first implementation phase (ten calendar days after the introductory date), navigation seals will become mandatory for "sanctioned" and excise goods, including alcohol, tobacco, clothing, footwear, telephones, etc., transported by road. During the second phase (180 calendar days after the introductory date), the requirement will be applied to all other goods.

The list of exemptions is currently being drawn-up in accordance with the Agreement, i.e. the list of goods and/or categories of goods and cases and/or conditions for which customs do not require navigation seals for tracking goods in transit.

Generally, the implementation of the draft Agreement has already been completed, and the document could be submitted to the heads of EAEU states for signature by the end of 2021.

As a global road transport organisation representing the interests of 3.5 million carriers, IRU is concerned that the drafting of a list of exemptions/exceptions for certain categories of goods or business entities might create preconditions for competitive advantages for alternative customs transit procedures applied by other TIR contracting parties within their territories.

In the absence of any discernible simplification such as streamlining border crossing procedures, is likely to be perceived by the transport industry as an excessive administrative and financial burden that will increase overheads and, as a result, transport costs. Based on the rates charged by the national operators of navigation seals, IRU estimates that this will lead to an increase of up to 20% in the cost of long-distance transport.

Moreover, as far as international road transport is concerned, electronic navigation seals are not expected to replace customs or other control procedures, or improve road safety.

The monitoring and effective control of the movement of goods and vehicles, including those in transit, is already ensured by the control arrangements and procedures currently applied in accordance with national laws and EAEU regulations, as well as by the established information-sharing links between the member states' competent authorities and existing international instruments, such as Agreements and UN Conventions that facilitate trade and transport.

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