Central Asia Regional Economic Cooperation (CAREC) Advanced Transit System and Information Exchange

11th Asia Pacific Trade Facilitation Forum
2 April 2024, Samarkand, Uzbekistan

Zulfia Karimova
Principal Regional Cooperation Specialist,
Asian Development Bank
Regional Transit Development under CAREC

- CAREC Integrated Trade Agenda 2030 supports participation in effective transit facilitation schemes
- CAREC Customs Cooperation Committee includes regional transit development in its priority areas of work
- Transit trade remains crucial in Central Asia noting most are landlocked countries
- CAREC region as a vital link to diversify transit routes (i.e. Middle Corridor)
- Need to strengthen regional cooperation to address transit facilitation challenges and gaps
Transit Trade Facilitation in CAREC

### ISSUES AND CHALLENGES

- Difficulties in accessing comprehensive and up-to-date information on the legal and regulatory framework and procedures related to transit trade
- Insufficient lanes at most road border crossing points (BCPs) for shipments with perishable goods and pre-booked queuing
- Long and unpredictable queuing due to inadequate infrastructure and queue management and no accurate real-time information about the situation (number of trucks in queue, estimated waiting time, etc.)
- Poor condition of some roads used for transit shipments
- Submission of paper-based documents when crossing borders, including paper-based entry permits for trucks
### Transit Trade Facilitation in CAREC

#### RECOMMENDATIONS

- Develop and maintain a **mobile application** that will provide up-to-date information.
- Implement **CAREC Advanced Transit System/Information Common Exchange (CATS/ICE)**.
- Review business processes and modernize operations at border crossing points (BCP) and explore feasibility of joint border controls at BCPs.
- Establish an **electronic system** to manage queues at BCPs, allow advance electronic booking, and have a dedicated queue for pre-booked queuing.
- Use **public-private partnerships** to rehabilitate, operate, and maintain roads used for transit shipments.
CAREC Advanced Transit System and Information Common Exchange (CATS/ICE)

CATS/ICE is a regional harmonized electronic system for the control of the movement of goods in transit through CAREC member states.

Rationale of the project
• Align CAREC transit procedures with other regional transit systems procedures
• Build a regional customs-to-customs transit information exchange platform
• Enhance customs-to-customs and customs-to-business partnerships
• Support advanced Customs risk assessment of transit movements to enhance the security of the supply chain and reward compliant operators

Objectives
• Streamline and harmonize existing transit documentation
• Create a single harmonized electronic regional transit system
• Provide a modern, risk-based affordable guarantee mechanism that rewards compliant economic operators

Key Stakeholders/ Users/ Beneficiaries
• Traders/ Authorized Economic Operators
• Small and medium-sized enterprises
• Transport groups and associations
• Customs administrations
• Other border control agencies
• Insurance companies
Three CAREC countries signed an aide memoir to develop the CATS/ICE pilot scheme.

- **2016**
  - Prototype system developed
  - Working Groups agreed to be established

- **2017**
  - Trilateral agreement drafted
  - Country consultations conducted
  - Subregional trainings held

- **2018 - 2019**
  - Signing of trilateral agreement postponed due to domestic concerns and changes in government
  - Virtual consultations organized

- **2020-2022**
  - Memorandum of Understanding for pilot phase implementation signed
  - Technical working group meetings resumed
  - Online training for users conducted

- **2023 - 2024**
  - Memorandum of Understanding for pilot phase implementation signed
  - Technical working group meetings resumed
  - Online training for users conducted
Recent Progress and Developments on CATS/ICE

Signing of CATS/ICE Memorandum of Understanding to implement the pilot held in Baku, Azerbaijan on 3 October 2023.

Three (3) technical working group meetings conducted.
Recent Progress and Developments on CATS/ICE

Online trainings provided to gain better understanding of CATS prototype and ICE system’s data exchange and message specification.

Virtual IT System Test to be undertaken to evaluate the efficiency and effectiveness of the system in facilitating customs transit procedures.
## PILOT SCENARIOS

<table>
<thead>
<tr>
<th>SCENARIO</th>
<th>REMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Intra-CAREC Movement</td>
<td>Cargo movement within the CAREC member states only. Must pass through at least 1 transit country.</td>
</tr>
<tr>
<td>2. Import into the CAREC</td>
<td>Cargo movement from outside CAREC into the region. For example, China, Iran, Russia or the EU to CAREC member states across at least 1 transit country.</td>
</tr>
<tr>
<td>3. Export from the CAREC</td>
<td>Cargo movement from CAREC member states out to China, Turkey, Iran or the EU. Must pass through at least 1 transit country.</td>
</tr>
<tr>
<td>4. Transit through the CAREC</td>
<td>Cargo movement from outside CAREC to another country outside of CAREC. For example, China to the EU, Turkey or Iran.</td>
</tr>
</tbody>
</table>
# Information Common Exchange - Pilot Illustration

<table>
<thead>
<tr>
<th>Departing Country</th>
<th>Transit Country</th>
<th>Transit Country</th>
<th>Destination Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Operator</td>
<td>Customs at Transit Office</td>
<td>Customs at Transit Office</td>
<td>Customs at Destination Office</td>
</tr>
<tr>
<td>CATS</td>
<td>CATS</td>
<td>CATS</td>
<td>CATS</td>
</tr>
</tbody>
</table>

[Diagram showing the flow of information between countries with Economic Operators, CATS, and Customs at various offices.]
Future Plans for CATS/ICE System Development

Completion of pilot phase implementation

- Active engagement of technical working group members (Legal and Regulatory Working Group, Customs Control Working Group, and Information and Communication Technology Working Group) to discuss and test virtual transit scenarios
- Develop User Requirements for prototype system changes and improvements
- Finalize the pilot report and develop recommendations
- Update user manuals
Future Plans for CATS/ICE System Development

Formulation of CATS/ICE international agreement
• Assessment of legal and regulatory compliance requirements and reforms and capacity-building needs to implement CATS/ICE after the pilot phase
• Preparation of a multi-country agreement for CATS/ICE implementation – including general provisions on procedures, use of information and communication technology, and guarantee mechanisms
• Alignment of domestic laws and regulations with international agreement
• Expansion of CATS/ICE agreement to other CAREC members

Other potential plans for improvement
• Information Common Exchange upgrade to reflect the needs of CAREC customs authorities
Questions? Thank you!

Zulfia Karimova
Principal Regional Cooperation Specialist,
Asian Development Bank