

# CAREC Advanced Transit System (CATS)

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## **Key Elements**

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# CATS System

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*“CATS is a harmonised electronic system for the control of the movement of goods in transit through CAREC Member States”*

# Overall Goals of the CATS

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The main Goals of CATS are:

- ❑ To enhance the security of the supply chain across the CAREC region
- ❑ To help trade flow more smoothly and efficiently across the borders
- ❑ To reduce the overall cost of trade

# Overall Goals of the CATS

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How CATS will achieve these Goals:

- ❑ By creating a single harmonised electronic regional transit system
- ❑ By streamlining and harmonising existing transit documentation
- ❑ By providing a modern, risk-based affordable guarantee mechanism that rewards compliant Economic Operators

# Who can Use CATS

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A Principal (or the agent representing the Principal) must be registered with CATS as either an AEO or Authorised Operator.

# Goods Eligible to be moved under CATS

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All goods, unless listed as prohibited or restricted from CATS transit within the territory of a participating CAREC country, are eligible to be moved under the CATS transit procedures.

# CATS Core Features

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There are three Core Features to the CATS:

- ❑ Development of a single regional electronic transit system, which uses a common transit declaration.
- ❑ Allowing Authorised Economic Traders (AEOs) to self-guarantee transit movements
- ❑ Comprehensive Risk-based Guarantees.

# CATS: AEOs

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An increasing trend over recent times has been to shift the focus of Customs control away from the goods and on to the specific businesses involved in the trading and movement of goods.



# CATS: AEOs

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Customs administrations are now actively pursuing the development of AEO programmes and launching mutual recognition (one Customs authority recognizing the AEOs of another Customs authority) initiatives.

# CATS: AEOs

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It is proposed to have four prescribed standards for approval of a CATS AEO. These are:

- Financial solvency and Probity
- Been a registered business for a minimum of 5 years
- An appropriate record of compliance with customs regulations
- A system of checking the background of new employees to confirm they have no criminal records.

# CATS: AEOs

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For CATS purposes, an AEO authorisation that has been properly granted by a participating Customs administration is to be fully recognised and accepted by all other participating Customs administrations in the Pilot countries for guarantee waiver purposes.

# CATS: AEOs

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In the absence of a fully functioning AEO programme, a participating Customs administration may nominate ‘trusted traders’ to be allowed a guarantee waiver for transit purposes.

# CATS: Comprehensive Risk-based Guarantees

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The use of the CATS comprehensive guarantee is a simplification of the standard rules on transit and therefore subject to Customs authorisation.

It is proposed that the authorisation is based on the following criteria:

- Been a registered business for a minimum of 5 years.
- Has an appropriate record of compliance with customs regulations.

# CATS: Comprehensive Risk-based Guarantees

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A CATS comprehensive guarantee will cover an operator to undertake *multiple transit* journeys up to the limit covered by the guarantee.

# CATS: Comprehensive Risk-based Guarantees

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Guarantees will be fixed to cover the maximum amount of duties and other charges that are at stake in a period ranging from one week to one year.

# CATS: Comprehensive Risk-based Guarantees

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Minimum rates of guarantee will be set for certain commodities deemed to be of a high risk from a fraud perspective. A list of such goods subject to these minimum rates will be published by CATS Customs Services and updated annually.



# CATS: Comprehensive Risk-based Guarantees

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An example of a minimum list is provided below.

HS Code*	Description of the High-risk goods	Minimum Quantities	Minimum rate of Individual guarantee per transit movement
2402 20	Cigarettes containing tobacco	35000 pieces	* value per 1000 pieces

*\*Harmonised System Commodity Code*

# CATS: Comprehensive Risk-based Guarantees

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The actual level of a comprehensive guarantee can be fixed by Customs at 100%, 75%, 50% or 25% of the 'reference amount'.

The actual level of any reduction will depend on the risks involved. The higher the risks involved, the stricter the guarantee requirements.

# CATS: Comprehensive Risk-based Guarantees

CRITERIA FOR REDUCTION OF COMPREHENSIVE GUARANTEE				
Normal Goods				
Guarantee amount	100%	75%	50%	25%
Good general financial standing	No additional conditions	√	√	√
Sufficient experience (years)		√ (5)*	√ (7)*	√ (10)*
Very close cooperation with the competent authorities		-	√	√
Control of the transport operations		-	-	√
Good financial standing, sufficient to fulfill the commitments of the Principal		-	-	√

# CATS Transit Operation

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A Principal (or the agent representing the Principal):

1. Initiates the transit operation by submitting an electronic transit document using the CATS.
2. If required, makes available the goods and supporting documents for Customs control by the Customs office of departure.
3. Is responsible for following the CATS transit procedure to completion.
4. Completes the transit by presenting the goods and documents for verification at the Customs office of destination.

# Conclusion

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The key provisions of CATS are in accordance with international standards as recommended in the WCO Revised Kyoto Convention (RKC) and the World Trade Organization (WTO) Trade Facilitation Agreement (TFA)

Importantly, CATS will assist in:

- Building customs-to-customs and customs-to-business partnerships
- Aligning CAREC transit procedures with other regional transit systems procedures

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# Thank you