

*TA-8585 REG: Aligning Customs Trade Facilitation Measures with Best
Practices
in Central Asia Regional Economic Cooperation*

CAREC Advanced Transit System (CATS)

Prototype Concept Paper

DRAFT 2

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1. Background

The Central Asia Regional Cooperation (CAREC) program plays a very important role in seeking to develop regional mechanisms to facilitate intra-regional trade whilst developing the security of the supply chain. A key initiative in this area is the proposal to introduce a single guarantee mechanism entitled **the CAREC Advanced Transit System (CATS)**, to replace national systems and thereby expedite and simplify movements of goods between the eleven CAREC countries.

The overall objectives of the 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 and to reduce the overall cost of trade. It aims to streamline and harmonize transit documentation, create a single electronic messaging system, remove the manual processing of documentation and provide a modern, risk-based affordable guarantee mechanism.

The CATS will assist the customs administrations in the CAREC countries in meeting the standards outlined in the World Customs Organization's (WCO) Framework of Standards to Secure and Facilitate Global trade (SAFE) program, designed to build customs-to-customs and customs-to-business partnerships.

In this regard, it is a modern regional transit system designed for the 21st Century and compatible with existing transit systems including the European Union's (EU) New Computerized Transit System (NCTS).

The WTO TFA includes a specific article on freedom of transit, and strengthens the key principle of freedom of transit as defined by Article V of the General Agreement on Tariffs and Trade (GATT). Article 11 reinforces the requirement for Customs to implement transit measures that result in minimum documentation and formalities, and the utilization of comprehensive transit guarantees.

The CATS is a harmonized system for the control of the movement of goods in transit through CAREC Member States. Its key features comprise a single regional electronic transit document; waiver of customs guarantees for Approve Economic Operators (AEO); and a comprehensive risk-based guarantee mechanism for authorised operators.

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). Chapter 1 of the RKC under Specific Annex E provides the recommended standards for the facilitation of transit goods under Customs control and the requisite security and Customs guarantees. It also includes the standards concerning responsible persons, authorised consignors and consignees, the formalities at the office of departure, Customs seals and the time limit for transit.

The purpose of the paper is to provide a tool to promote a better understanding of the proposed CATS transit procedures and the roles and responsibilities of the various participants.

It also provides an indicative time schedule for the development of the Prototype Phase and the transition towards the launching of the CATS in all the CAREC countries.

As the prototype the CATS system is tested during the next 16 months, the features outlined in this paper will be developed and refined into a CATS standard operating procedural (SOP) manual for customs and economic operators

2. Customs Transit

Transit is a Customs regime that facilitates the movement of goods across borders.

There are two types of transit – international and national. International transit occurs when cargo crosses national borders, while national transit refers to the transportation of goods within a national territory. From a national Customs Service perspective, a transit transaction can cover the movement of goods:

- across the Customs territory from an entry border post to an exit border post (this is known as through-transit)
- from a Customs office of entry to an inland Customs office (inward transit)
- from an inland Customs office to a Customs office of exit (this is known as outward transit); and
- from one inland Customs office to another in the country (this is known as interior transit).

Under Customs transit, Customs duties and taxes normally payable on the goods upon entry into each country are suspended until the final destination of the goods. This means that it is an administratively simple and cost advantageous procedure to carry goods across several Customs territories.

3. CATS System

There are three fundamental pillars to the CATS, the first being the development of a single regional electronic transit document.

The second pillar is the promotion of Authorized Economic Traders (AEOs) in the countries undertaking transit movements where no guarantees are required. Transit movements are in essence guaranteed by the AEO and the Customs authorities set agreed standards and safeguards for the revenue.

The third pillar is Single/Comprehensive Guarantees. A Single Guarantee would be calculated on the basis of the highest rate of duty applicable to the goods in the country of departure. A Comprehensive Guarantee would cover a certain number of transit operations up to one year. To use this facility, the Economic operator would be required to fulfill certain common criteria set by Customs. The level of guarantee will be set as a percentage of the duties and taxes at risk. The pillar will replace the existing flat rate charge on transit movements with a risk-based insurance mechanism to cover the transit movement of goods.

4. Managing Transit Risk using the CATS

Under the CATS it is envisaged that individual Customs will use their existing standard risk profiling system to select transit movements for customs control action taking into account the following:

- (i) the designated reliability of the transit operator;
- (ii) shared information regarding the control checks previously applied to the transit movement by another Customs Service;
- (iii) the goods that are transported, and;
- (iv) the origin of the goods or the route utilized.

5. Approval to use the CATS

A Principal (or the agent representing the Principal) must be registered with CATS as either an AEO or Authorised Operator. If registered as an AEO they must obtain from an approved guarantor a Customs comprehensive guarantee to cover the risk to revenue of their transit operations. The guarantor must lodge this guarantee with the Customs Service in their country of residence.

6. Goods Eligible to be moved under the CATS

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

A combined list of all prohibited or restricted goods will be maintained and published by Customs.

7. CATS Transit Operation

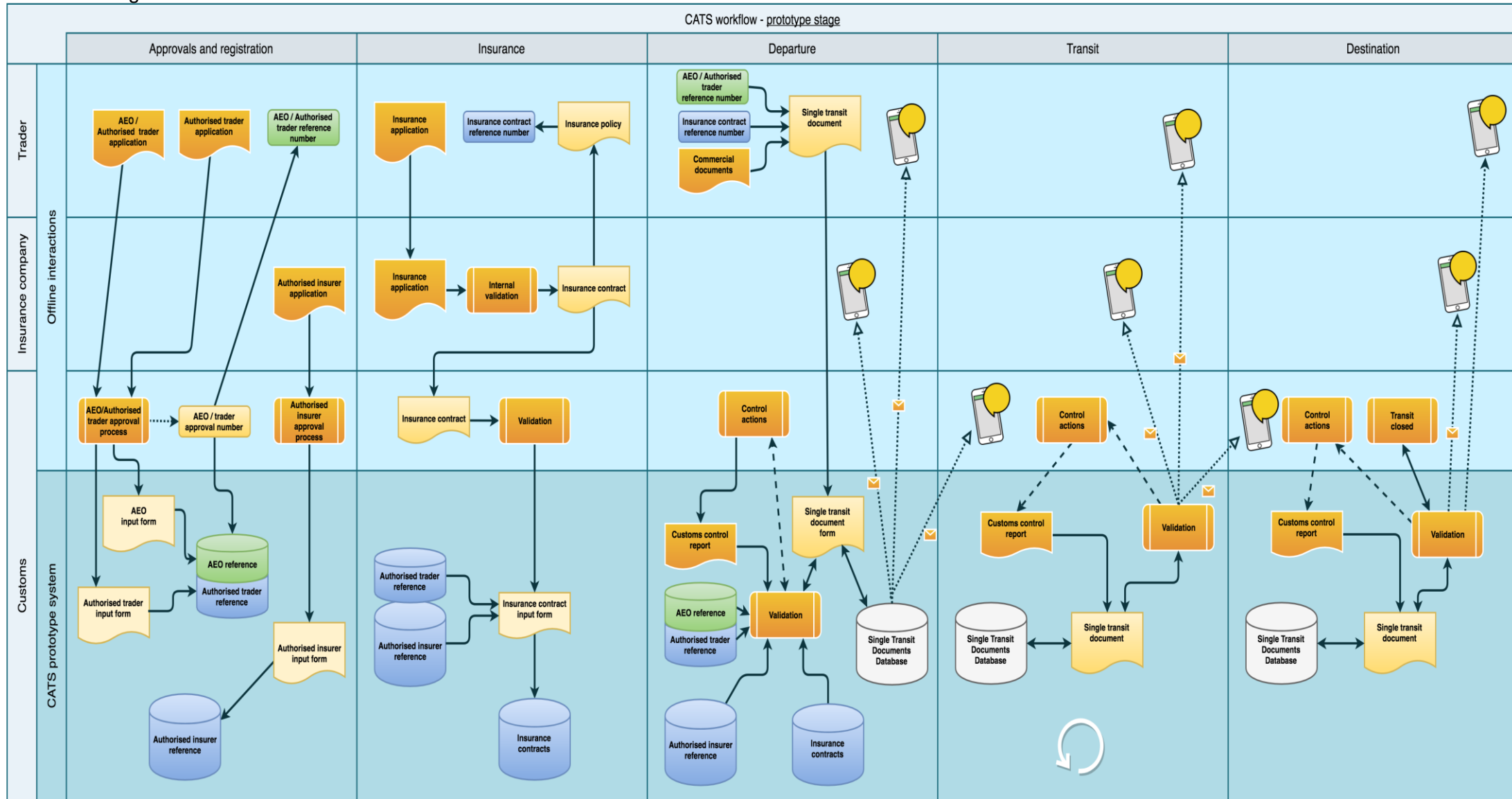
A Principal (or the agent representing the Principal) will:

- (i) initiate the transit operation by submitting an electronic transit document (TD) using the CATS.
- (ii) if required, make available the goods and supporting documents for Customs control by the Customs office of departure.
- (iii) be responsible for following the CATS transit procedure to completion.
- (iv) complete the transit by presenting the goods and documents for verification at the Customs office of destination.

8. Overview of CATS Technical Workflow Architecture

The following Figure 1 provides a pictorial overview of the proposed CATS architecture.

Figure 1: CATS Architecture



The CATS process is based on the exchange of electronic messages. The CATS Customs Office, at the point of departure, sends an electronic message regarding transit goods to each customs office on the transit route. When the goods arrive at a transit point, a message of arrival is sent to the office of origin. This process is repeated at every subsequent transit point and at the final destination. If the goods arrive as per the CATS transit declaration (TD) description, any Customs liability or guarantee is released electronically.

Further information regarding the CATS technical architecture, comprising detailed system workflows and processes, is contained in the report CATS Software Prototype Requirements Specification.

9. CATS Transit Declaration (TD)

The CATS TD is based on the EU's NCTS Transit Declaration (TD) data model and is adapted to take account of the specific CATS prototype requirements. The CATS is similar to NCTS and is based on the exchange of electronic messages. The CATS Customs Office, at the point of departure, sends an electronic message regarding transit goods to each customs office on the transit route. When the goods arrive at a transit point, a message of arrival is sent to the office of origin. This process is repeated at every subsequent transit point and at the final destination. If the goods arrive as per description, the Customs bond/guarantee is released electronically. This is the same process that applies to the NCTS. The report on the CATS Prototype Software Requirements Specification contains a detailed description of the structure and data fields of the CATS TD and data model.

10. CATS Guarantees

For landlocked countries, it is critical to have transit procedures that allow the free movement of goods within the Customs territory of a transit country to their final country of destination, without paying import duties, taxes and other charges, or undergoing health and safety and other regulations of the transit country.

One key element of the transit operation is, therefore, the provision of a guarantee¹ to cover such import duties, taxes, and other charges due in case the goods do not leave the transit country.

The CATS has been designed to allow for the concept of risk and comprehensive guarantees to be applied in the CAREC transit regime in order to provide a modern flexible guarantee mechanism that promotes compliance with customs regulations whilst benefiting trade and the trading community by providing the possibility of lower costs and greatest choice. These principles are outlined in Paragraph 12 to 15 and are compatible in nature with the EU NCTS guarantee mechanism. For example, NCTS allows for the use of a comprehensive guarantee, which enables an authorised operator to undertake multiple journeys up to the limit covered by the comprehensive guarantee. It also allows Customs

¹ A promise of performance to a beneficiary (Customs) in the event that the person (principal or owner of the goods) who should provide it fails to do so (pay duties and taxes). The principal provides the guarantee and is responsible for the transit procedure and the necessary documents. The guarantor is the legal entity that undertakes to pay the amount of duties and taxes that become due in the event the transit procedure is not discharged properly; it may be a bank or insurance company. Thus the guarantee involves an indirect agreement between a beneficiary and a third party, along with the primary agreement between the principal and beneficiary, and is focused strictly on performance or nonperformance.

services to fix the rate of the comprehensive guarantee level at 100%, 50% or 30% of the 'reference amount', or they can allow a complete waiver of the need to have any guarantee at all based upon the assessment of risk.

Furthermore, a key component now being considered by the Eurasian Economic Union (EEU) as part of their future development of their AEO institutional framework is to allow the revision of a transit waiver for AEOs.

11. CATS Guarantors

A Guarantor is a legal 'person', such as an insurance company or bank, which undertakes to pay the duties and taxes that will be due if a transit operation is not discharged properly and the Principal is not able to pay for the duties and taxes due to Customs.

Guarantors must be established in and approved by the Customs office in the country where the guarantee is furnished. A Guarantor must meet the following prescribed standards to become a guarantor:

- (i) Financial solvency and Probity.

The assessment of financial solvency and probity will be undertaken by analysing the applicant's assets and record of paying legal debts. This includes any debts owed to the government, or any other third party. The analysis will be done by checking if the applicant:

- a. Is currently listed as in insolvency, administration, liquidation, bankruptcy or receivership;
- b. Has had any legal proceedings taken against them to recover government debts in the last five years.

- (ii) Been a registered insurance or bank business for a minimum of 10 years, or is a joint state company.
- (iii) Have an appropriate record of compliance with financial regulations

Customs will check with the government regulatory body for financial services to confirm that the applicant's record of compliance over the last five years preceding the date of an application has been satisfactory

For the prototype phase of CATS, participating CAREC countries will only accept guarantees issued by organizations to be agreed with pilot country Customs Services.

12. Categories of Guarantees

The two core guarantee pillars of CATS are:

- (i) AEO – No Official Guarantee Requirement
- (ii) Single/Comprehensive Guarantees

13. AEO – No Official Guarantee Requirement

Overview

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. The concept is that if an economic operator meets certain prescribed standards (e.g. financial solvency, an appropriate record of compliance with customs regulations, a satisfactory and verifiable system of managing the commercial records of the company, a system of checking the background of new employees to confirm they have no criminal records) set and validated by Customs, then they can be trusted sufficiently to manage their obligations and contribute to the security of the supply chain. The AEO initiative is a model program expounded and promoted by the WCO that follows this principle.

Pillar 1 of the CATS is intended to extend the trust principle presently being provided by many Customs authorities to AEOs and provide the foundation for more comprehensive Mutual Recognition programs between CAREC countries in the future. It does this by exempting them from the need to provide revenue guarantees for their transit movements. Instead, the AEO will be effectively allowed to self-guarantee their obligations to Customs. The safeguarding of the Customs debt under this Pillar is established through the AEO approval process and the conditions of their authorization. The fact that the businesses themselves receive greater facilitation benefits by being an AEO will further help safeguard against any transit irregularities occurring and promote voluntary compliance with customs regulations.

AEO Authorization

The four prescribed standards for approval of a CATS AEO are:

- (i) Financial solvency and Probity

The assessment of financial solvency and probity will be undertaken by analyzing the applicant's present financial standard and record of paying legal debts. This includes any debts owed to the government, or any other third party. The analysis will be done by checking if the applicant:

- a. Is currently listed as in insolvency, administration, liquidation, bankruptcy or receivership;
- b. Has had any legal proceedings taken against them to recover government debts in the last five years;
- c. Has had a claim against any Customs guarantee (if any) in the last five years;
- d. Whether the applicant has been late in paying money that is legally due to Customs and tax in the last five years (Customs duty; Excise duty; VAT / sales tax / GST; Corporation Tax). This does not include amounts that are not yet legally due or are under appeal.

- (ii) Been a registered business for a minimum of 5 years
- (iii) An appropriate record of compliance with customs regulations

Customs will examine the applicant's record of compliance with Customs and tax requirements over the last five years preceding the date of an application for CATS. This will

include assessing whether a serious infringement or repeated infringements of Customs and tax rules have been committed by any of the following persons:

- a. the applicant, and;
- b. another responsible person involved in the running of the business.

Customs will take into account any Customs authorizations that have been withdrawn or revoked and the reasons for that withdrawal/revocation.

Applicants will also need to demonstrate that they have procedures in place to identify and disclose any irregularities or errors to Customs or, where appropriate, other regulatory bodies; and have taken the appropriate remedial action when irregularities or errors are identified.

- (iv) A system of checking the background of new employees to confirm they have no criminal records.

For CATS purposes, an AEO authorization that has been properly granted by a participating Customs administration is to be fully recognized and accepted by all other participating Customs administrations for guarantee waiver purposes.

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. Such 'trusted traders' should meet the prescribed standards as set out for AEO authorisation and be agreed with the other CATS Custom Services.

14. Single/Comprehensive Guarantees

Single Guarantee

Covers only a single transit operation by the Principal concerned, covering the full amount of duties, taxes and other charges for which the goods are liable.

For the prototype phase of CATS, the Single Guarantee option will not be available for use.

Comprehensive Guarantees

Customs can accept a comprehensive guarantee. A comprehensive guarantee is one that covers a certain number of transit operations. It allows an operator to undertake multiple journeys up to the limit covered by the comprehensive guarantee. The aim is to try and balance the financial risks and burdens of the transit operators. Guarantees are 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, based on past transactions and anticipated trends in the economic operator's operations. The term used for this maximum amount is the 'reference amount'. The economic operator may not exceed this liability for the movements he undertakes, unless he arranges for supplementary guarantee cover.

The basis for the calculation of the 'reference amount' will be the tariff rates of the CATS country of departure.

Minimum rates of guarantee will be set for certain commodities deemed to be of a high risk from a fraud perspective. A list of goods subject to these minimum rates will be published by

CATS Customs Services and updated annually. 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*

Each Guarantor will determine the premium rates for issuing a comprehensive guarantee and the scope of the insurance product. For example, a Guarantor may decide to combine insurance coverage for three elements – the transport vehicle, the specific cargo and the transit indemnity. It is envisaged that such a combination of coverage would reduce the overall cost of insurance premiums for transport companies. It has been estimated that the cost of a comprehensive guarantee for a combined cargo/customs duty product, using a three-month insurance period, could be somewhere in the region of 0.2%-0.5% (minimum USD 30) of the cargo value and 1.5%-2% (minimum USD 50 - 60) of the custom duties sum².

The use of the comprehensive guarantee is a simplification of the standard rules on transit and therefore subject to Customs authorisation. This authorisation is based on the following criteria:

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

Customs will examine the applicant's record of compliance with Customs and tax requirements over the last five years preceding the date of an application for the application of the CATS. This will include assessing whether a serious infringement or repeated infringements of Customs and tax rules have been committed by any of the following persons:

- a) the applicant, and:
- b) any other responsible person involved in the running/management of the business.

Customs will also take into account any Customs authorisations that have been withdrawn or revoked and the reasons for that withdrawal/revocation.

15. CATS Guarantee levels of cover

The actual level of comprehensive guarantee can be fixed by Customs at 100%, 75%, 50% or 25% of the 'reference amount'. The actual level of any reduction depends on the risks involved. The higher the risks involved, the stricter the guarantee requirements.

Table 1 provides details of the guarantee levels and the criteria to be applied by Customs in deciding the level of guarantee to be required.

² A potential Guarantor Company provided the premium determination methodology in the example.

Table 1: Comprehensive Guarantee

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		-	-	√

16. Debt and Recovery

Under the CATS, goods are transported from the point of departure to their destination across participating CAREC Member States. The duties and taxes on these goods are suspended, so that economic operators do not need to carry out import and export procedures at each border.

(i) Incurrence of a Debt

The suspended 'debt' whilst the goods are under the procedure **has to be recovered** if the transit procedure has not been discharged as required after the establishment that a 'debt' has been incurred by unlawful removal, non-fulfillment of obligations or non-compliance with a condition.

For the purposes of CATS, 'debt' means the obligation on a person to pay the amount of import or export duties due in respect of goods placed under the CATS procedure.

Situations generating an unlawful removal of goods from the transit procedure and in particular the failure to present goods at the office of destination, where:

- all or part of the goods have been stolen or have disappeared during carriage ("missing goods");
- proof of having presented the goods has been falsified; and
- other goods have been substituted for all or part of the goods declared.

(ii) The Principal's Liability

The company or person responsible arranging the transit movement is known as the 'Principal' and is always responsible for the duties and taxes due on the goods. If, for example, the goods do not arrive at their destination, but are sold illegally en-route, Customs will calculate the duties and taxes lost and instruct the Principal to pay. The Principal is given 30 days to explain how the situation arose and to provide proof of correct termination. This proof may be in the form of a document certified by the competent authorities of the

country of destination establishing that the goods have been presented at the Customs office of destination.

(iii) The Guarantor's Liability

If, for some reason, the Principal cannot pay, the Guarantor, an insurance company or bank in the CAREC country where the goods were entered into the CATS for transit purposes, will pay the duties and taxes, known as the Customs debt, to the Applicant Customs Authority. The instrument that governs this liability for the Guarantor to pay the Customs debt is the Guarantee Undertaking document.

The joint and several liability of a guarantor for any debts incurred by his client, the principal, continues for as long as there remains a possibility of such debts still becoming due, to the extent that:

- the principal is in fact the debtor in respect of a debt incurred in the course of a transit operation covered by a guarantee provided by the guarantor;
 - the debt has not yet been extinguished, e.g. by being paid or it can still arise;
 - the amount of the debt due does not exceed the amount guaranteed by the guarantor;
- The guarantor may not be released from his obligations whilst his undertaking may still be called in as described above.

(iv) Recovery of a Debt

It is essential for the good management of the procedure and the financial consequences of such management to identify the Customs Service responsible for recovery of a debt (the Applicant Customs Service). The Customs Service responsible will be in the country where the debt was incurred.

It is this Customs Service that will take responsibility for initiating recovery of both the debt and any other charges. It is envisaged that the responsible Customs Service will notify the competent Customs Service of the country of original departure. This Customs Service will then notify the Principal and Guarantor by sending them a Recovery Notification and Guarantor Notification respectively. The Notifications stipulate the time allowed to respond and subsequently pay directly the amount of duties and fees to the responsible Customs Service whilst notifying the in-country Customs authority of the payment.

(v) Time Limits

The competent Customs Service must notify the Principal and Guarantor of a transit operation that has not been properly 'discharged', that is, where all the declared goods did not arrive satisfactorily at destination within ninety (90) days of the transit operation being accepted by the Customs Office of Departure. In cases of fraudulent discharge, the liability of the Guarantor extends to one year from the date the transit operation was accepted by the Customs Office of Departure.

(vi) Payment

The Guarantor has 30 days to pay directly to the Applicant Customs Authority in the currency of that country. When receiving the claim, the Guarantor's function is simply to pay the Customs debt.

- (vii) Notifying receipt of payment and transit movement discharge

On receipt of the debt payment, the Applicant Customs Service must notify the Guarantor that the transit procedure is satisfactorily discharged. This is to be done by sending a CATS message and closing the transit procedure in CATS.

17. Implementation Schedule

The proposed implementation schedule for the Project Design and Prototype Phase are shown in the Figure 2 below.

It is envisaged that the Project Design Phase will continue to the end of July 2017 and the Project Prototype Phase will continue until the end of September 2017.

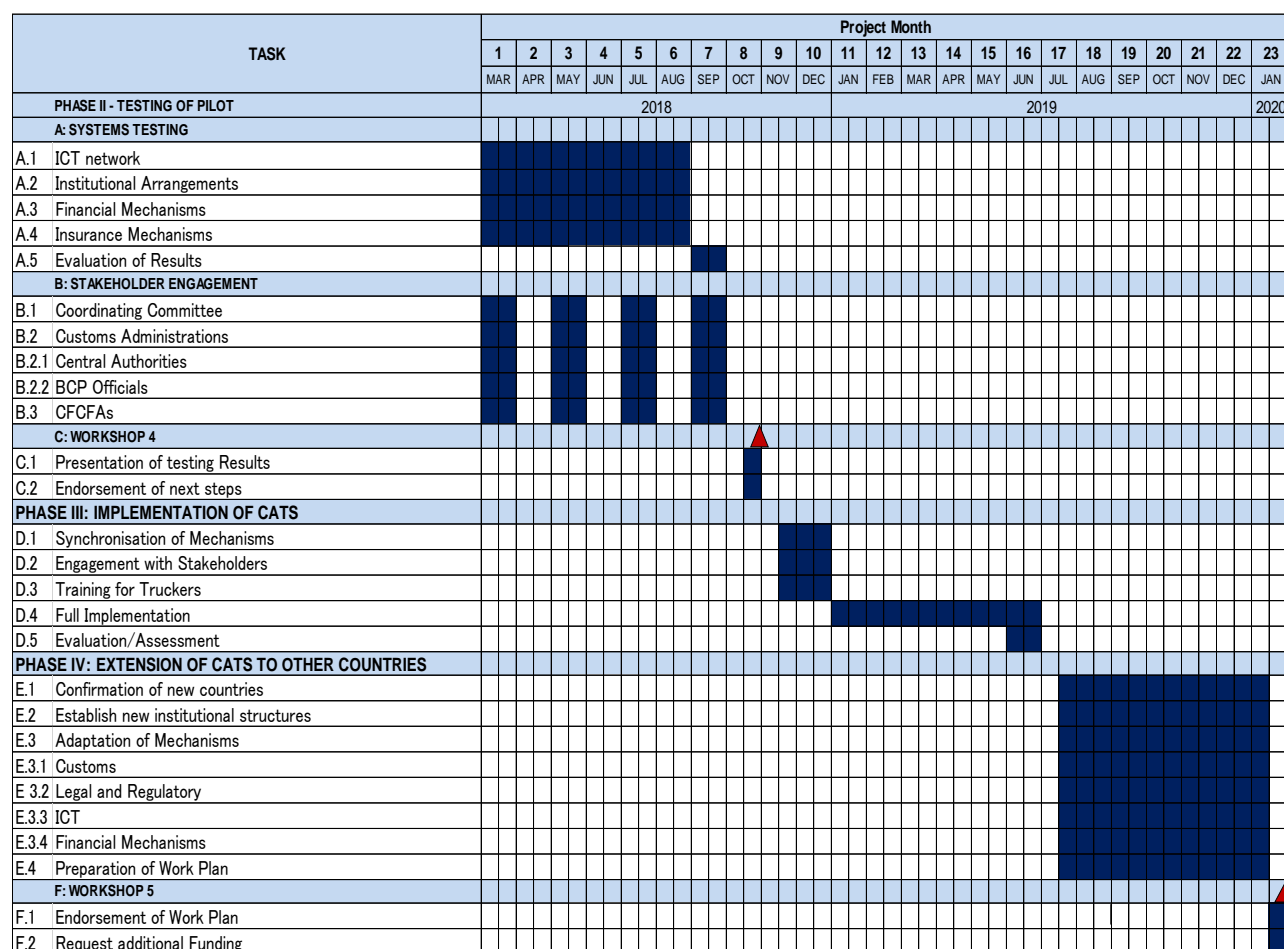
Figure 3 provides the schedule for the Testing of CATS (Phase II), the implementation of CATS (Phase III) and the Extension of CATS to the other CAREC countries (Phase IV). Phase II will last until October 2018, Phase III until June 2019 after which the extension to the other CATS countries will commence.

18. CATS Forms

Prototype forms are to be developed in-liaison with Customs and Private sector.

Example of Georgia's TI Transit declaration, which is the basis for the CATS Transit Document (CATS TD) and the CATS Comprehensive Guarantee Document are provided below in Figures 4 and 5 below.

Figure 3



ASYCUDA World ტრანზიტი		1 მოწმობა		A გამგზავნი საგადასახადო ორგანო	
4	5	2 ექსპორტიორი No.		T1	
Copy for the office of destination	Copy for return	3 ფორმ.		4 ფურც.	
		5 საქ.		6 ადგ. რაოდ.	
		7 საცნობარო			
		8 იმპორტიორი No.		მოწმობის ნომერი	
		14		15 გამომგზავნი ქვეყანა	
		18 გამწვევი სატრ. სამ. ნომერი გამგზავნი საგადასახადო		19 კტ	
21 სატრანსპორტო საშუალება გამგზავნი საგადასახადო		17 დანიშნულების ქვეყანა			
25		27 დანიშნულების ადგილი			
4	5	31 ადგილის აღწერა		32 საქ. No.	
საქონლის აღწერა		33 საქონლის კოდი		35 ბრუტო წონა, კგ	
რ-ბა,				38 ნეტო წონა, კგ	
კონტეინ. No		40 წინმსწრები დოკუმენტი			
44 სატრ. დოკუმენტები		A.L.Code			
55 გადატვირთვა		ადგილი და		ადგილი და	
აბალი სატრანს. სამ. იდენტ.		აბალი სატრანს. სამ. იდენტ.			
კტ (1) აბალი კონტეინ.		კტ (1) აბალი კონტეინ.			
(1) 1 – თუ კი და 0 თუ არა		(1) 1 – თუ კი და 0 თუ არა			
F პასუხისმგებელი პირის ხელმოწერა		ლუქის აბალი NN იდენტ.		ლუქის აბალი NN იდენტ.	
ხელმოწერა:		ბეჭედი:		ხელმოწერა:	
ბეჭედი:				ბეჭედი:	
50 პრინციპალი No.		C მოხსნილია კონტროლიდან			
51 ადგილი და ქვეყანა		წარმდგენი თარიღი			
52 გარანტია		კოდი		53 დანიშნულების ორგანო და ქვეყანა	
D გამგზავნი საგადასახადო ორგანოს შედეგი:		ბეჭედი:		54 ადგილი და დრო, პასუხისმგებელი	
ლუქი:		იდენტ:			
უფლებამოსილი		ვადა:			

Comprehensive Guarantee Document

CAREC AUTOMATED TRANSIT SYSTEM COMPREHENSIVE GUARANTEE DOCUMENT

Guarantor reference number: [insert Guarantor's transaction reference number]

(A) Guarantor.....

Address³.....

hereby issues this Guarantee through the Office of Guarantee of
 (name and address of the office designated by the Customs Service to receive the original guarantee being the Customs Office of Guarantee ("Office of guarantee" means the office(s) designated by a Customs Service to manage arrangements in that country for the authorisation of guarantors and supervision of guarantees covering transit operations in the country of departure))

Maximum aggregate amount of the guaranteed sum
 (Maximum Amount)⁴ being [100/75/50/25]% of the
 reference amount in favor of Customs Service ("Beneficiaries") mentioned below.

Any one of these Beneficiaries is entitled to make a demand for payment in respect of each transit operation against this Guarantee in the event of a Customs debt becoming due in their Customs Territory of:

Azerbaijan Customs service

Or

Georgia Revenue Service

Or

Kazakhstan Revenue Service

being Customs debt in the form of duties, taxes or other charges, excluding fines, for which the
 Principal⁵
 applicant(name):.....

.....

and

address.....

..... may be or become liable to the above Beneficiaries as a result of an irregularity occurring in relation to a transit movement in respect of goods placed under the CAREC Automated Transit System.

(B) The Guarantor hereby undertakes to pay the Beneficiary upon receipt of the Form of Demand & Supporting Statement stipulated for recovery of Customs Debt. The Guarantor undertakes to effect the payment of the amount demanded in the currency of the demand subject to the Maximum Amount available at the time of claim, based on the prevailing

² Address of Guarantor registered address and registration number

⁴ The Maximum Amount shall be denominated in the local currency of the Guarantor in figures and letters. The amount required shall be advised by the Principal, being the maximum customs duties and taxes payable for the indicative number of journeys intended over the agreed period.

⁵ Full name and address of Principal

exchange rate as determined by the Guarantor on the date of payment.⁶ Demands shall be paid within 30 days from date of receipt by the Guarantor ("Date of Payment"). The written demand shall be deemed as full and final of the amount of debt owing by the Principal to the claimant Customs Service.

(C) Notification of satisfactory discharge of a transit will release the Guarantor of its obligations under this Guarantee and shall be deemed full and final release of the Guarantor of its obligations for that transit movement.

(D) The Customs Office of Guarantee shall be authorised to accept any amendments including cancellation notice by the Guarantor.

(E) This Guarantee is effective and valid from ddmmyyyy (the Effective Date) and expires on ddmmyyyy (the Expiry Date). All demands under this Guarantee shall be received on or before the close of business at the counters of the Guarantor within 1 year from the Expiry Date ("Claim Expiry Date").⁷ The Guarantor shall have no liability under this Guarantee in respect of any claim which has not been received by the Guarantor on or before the Claim Expiry Date.

Made on this [day] [month], year]

.....⁸
Authorized Signatory of the Guarantor signing under Power of Attorney⁹

.....
(Signature) (Name – Printed)

.....
(Position)

⁶ Any Beneficiary may make a demand for payment in their local currency. The Guarantor shall pay the Beneficiary, the amount demanded in their local currency or the amount available under the Maximum Amount converted at the prevailing exchange rate on the Date of Payment.

⁷ The guarantor is liable to honor any demands received on or before the Claim Expiry Date. All complying demands received on or before the Claim Expiry Date shall be paid by the Date of Payment.