

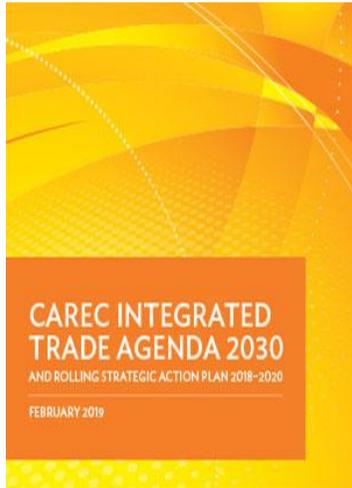


Presentation of the Comprehensive Review of CATS/ICE Pilot Activities Session 2

6th Technical Working Group Meeting: CATS and ICE Implementation
8 – 9 September 2025, Tashkent, Uzbekistan

Mr. **Aivaras Pigaga**, Customs and Transit Facilitation Specialist, ADB

Regional Transit Development under CAREC



- **CAREC Integrated Trade Agenda 2030** supports development of 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 between Asia and Europe** (i.e., Middle Corridor)
- Need to strengthen **regional cooperation** to address transit facilitation challenges and gaps



World Customs Organization
Organisation mondiale des douanes



WORLD TRADE ORGANIZATION

- General Agreement on Tariff and Trade (**GATT**)
- Revised Kyoto Convention (**RKC**)
- World Trade Organization (WTO) Trade Facilitation Agreement (**TFA**)
- World Customs Organization (WCO) **Transit Guidelines** (2017).

CATS/ICE Principles

- ✓ **Sound legal framework** which allows for data exchange with other entities and countries
- ✓ **Simple and speedy** treatment and harmonizing customs control **procedures**
- ✓ **Minimum documentation** and formalities
- ✓ The utilization of **comprehensive transit guarantees**
- ✓ **Non-discrimination** and freedom of transit

Pilot Phase Progress: Key Milestones

Legal Framework

Milestone 1

Signing of Memorandum of Understanding (October 2023)

Technical Working Group (TWG) Meetings
(October 2023 – September 2025)

Milestone 9

Legal Assessment conducted and Multi-country Agreement updated (April 2024 – June 2025)

Milestone 10

Multi-country Agreement distributed for domestic reviews, signing and ratifications (June 2025)

System Development

Milestone 2

Prototype Version 1 Development (November 2023 – March 2024)

Milestone 3

Online training on CATS/ICE system (March 2024)

Milestone 4

Prototype Conformity Testing (April 2024)

Milestone 5

Updated Functional Specifications (May–August 2024)

Milestone 6

Prototype Parallel Testing (September 2024)

Milestone 7

Prototype Version 2 Development (October 2024 – January 2025)

Milestone 8

Prototype Conformity Testing (February 2025)

Evaluating Progress – Key Achievements

Key Achievements

- Identification of need for a dedicated **Multi-country Agreement** among participating customs authorities & definition of the agreement's scope
- Completion of **three successful prototype tests**: two conformity tests and a parallel test
- Updating system **user requirements** based on **operational feedback** from the three tests
- **Prototype Version 2 developed** to incorporate enhanced functionalities

Conformity and Parallel Testing

- Validated user account approval, guarantee approval, and CTD submission/processing
- **Mirrored real-life** TIR carnet cargo **movements**
- Achieved **100% adherence rate** and **zero downtime** - Identified **changes for improvement**

Alignment to International Best Practices

- Georgia advanced NCTS implementation
- Azerbaijan improved familiarity with NCTS
- Strengthens prospects for integration with EU and ASEAN markets

Evaluating Progress – Software Updates

- 1. Transit Declaration Amendments** – Allowed *pre-* and *post-inspection*; new “*Under Control*” state may be needed; amendments *restricted to declarants* in some states; *designated amendment offices* – prevent misuse.
- 2. Amending Transit Offices** – Prototype Version 2 supports *mid-transit rerouting*; *self-reporting of new transit offices* to be considered; future *automation possible via messaging* (NCTS/ACTS model).
- 3. Partial Release** – Prototype Version 2: one item per office; Prototype 3: *multiple items + loading of additional items* should be considered – may be *pre-declared* in original declaration; vital for LDL consignments.
- 4. Risk Channel (Colour-coded)** – Not in Prototype Version 2; recommended for later (standard in NCTS/ACTS); *standard-for-all API integration* possible; *default to Yellow* with possible officer *escalation to Red*.
- 5. Full Journey Display** – Proposed *journey overview tab* (as in ACTS) and *import/export country field*.
- 6. Transit Time & Delay Flags** – *Legal time per country* (e.g., 20 days); status bar – *key alerts* (risk, overstays, etc.).
- 7. Multiple Currencies** – *Complex*; ACTS supports many, but *USD-only preferred* at early stage for simplicity.
- 8. Master Tables via API** – Later phase; would reduce *manual updates/errors*; low priority initially.
- 9. Non-Operator Stakeholders** – *Warehouses/forwarders* excluded from Prototype Version 2; may be added later.
- 10. Splitting Across Vehicles** – **Not recommended for road mode: security, delay risks.** Not allowed in NCTS/ACTS.

Evaluating Progress – Other Considerations

Further Considerations

- Progress and speed of the adoption of the Multi-country agreement depends on *political will* and *legislative alignment*, requiring *sustained engagement*
- **Another round of parallel testing** is planned to test the enhanced functionalities of Prototype Version 2
- **Prototype Version 3 will be developed** to implement feedback from latest testing rounds and tested for conformity *before live operational trial*
- System should undergo *stress testing* to measure performance under projected live operations and peak loads
- **Lessons from EU and ASEAN implementations** should be taken into account while rolling out CATS/ICE in the region

Best Practices: EU NCTS Implementation



Developed by the European Union

To replace paper-based Common Transit procedures with a fully electronic, interoperable system



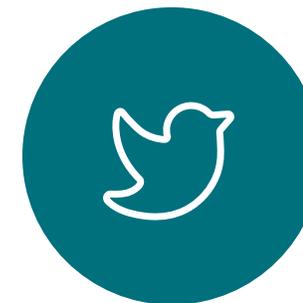
Launched in 1998

Enabling electronic exchange of transit data between national customs administrations



Underwent several upgrades

Expanding functionality, enhancing risk management, and aligning with the EU Customs Data Model. Phases 1 – 6 (1998 – 2025)



Backbone of transit operations in Europe

Used by EU member states, EFTA countries, Turkey, Georgia, the UK, and others

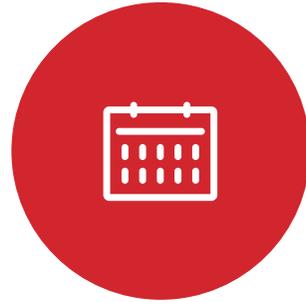
The NCTS has evolved over time to become the core electronic transit system in Europe, supporting seamless cross-border movement of goods through a decentralized, yet interoperable, network of national customs systems.

Best Practices: ASEAN ACTS Implementation



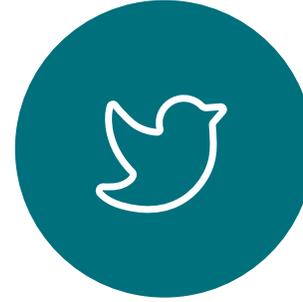
AFAFGIT signed in 1998, ratified by all member states by 2020

ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) signed and ratified



Technical Design completed and implemented in 2010s

Technical design and development of ACTS conducted with the EU support based on best practice of the EU NCTS



Full Live Operations launched 2 November 2020

First road-based live ACTS operations launched on North-South corridor, followed by East-West corridors



On-going Extension and Expansion

Expansion of ACTS to other ASEAN Member States and extension of functionality to other modes of transport modes

Currently operated by six ASEAN Member States: Cambodia, Lao PDR, Malaysia, Singapore, Thailand, and Viet Nam. Myanmar expected to complete technical conformance and join ACTS in 2025. States joined ACTS in batches based on existing transit corridors following a well-defined accession process.

Key Lessons from EU & ASEAN Implementations

➤ Lesson 1: Decentralized Ownership with Common Standards

- Transition to nationally developed, hosted, and operated CATS is **the only sustainable pathway**
- Enables **deeper integration** with existing and future national customs systems
- National ownership:
 - improves **flexibility**
 - enables **faster** deployment of **updates**
 - **reduces** long-term **dependence** on central development
 - encourages **innovation**
- Regional interoperability preserved through **common system specifications** and **central conformance testing**

➤ Lesson 2: Accession Handbook / Guideline

- Ensures each country follows **the same path and processes** in preparation to join live CATS/ICE operations
- Allows for smooth and **time-wise flexible** accession
- Developing **similar initial capacity** in each country

➤ Lesson 3: Capacity Building and Outreach Programme

- Includes **communication strategy, capacity building strategy**, and regular **outreach** events
- Facilitates the **upkeep of capacity** in customs administrations
- **Increase uptake** by the private sector
- **Managed resistance** in all stakeholder groups, all levels

