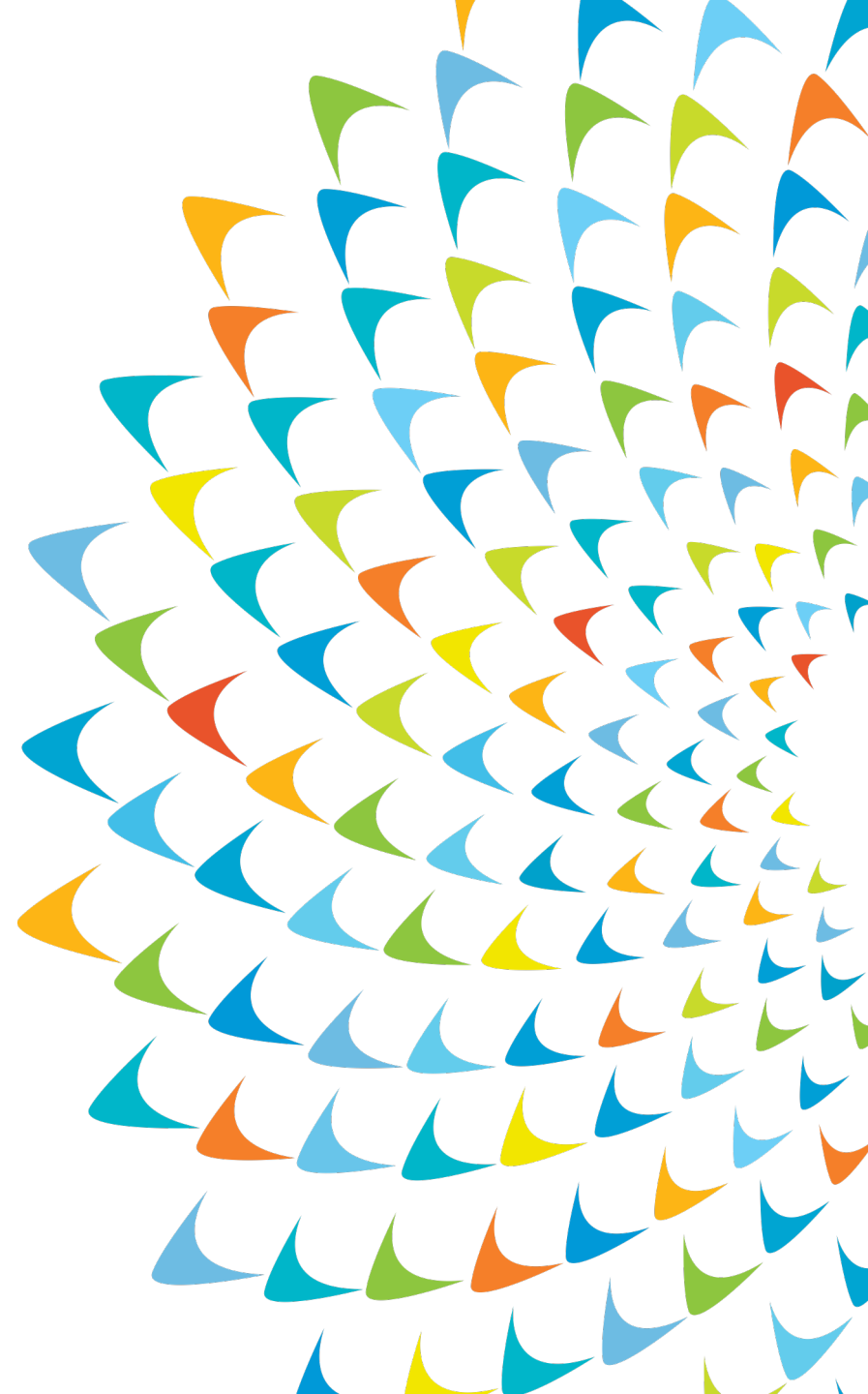




# Facilitation of Regional Transit Trade in Central Asia Regional Economic Cooperation (CAREC)





## SIGNIFICANCE OF TA 8586

- The TA was included in Implementing CAREC 2020 Strategic Framework: Wuhan Action Plan
- Trade facilitation, one of the 4 priority sectors in CAREC
- Regional transit development, one of the 5 priority areas of the Customs Cooperation Committee



## SIGNIFICANCE OF THE TA (CONT.)

- CAREC countries' international trade involves external customs transit
  - Landlocked geography
  - Most trade with noncontiguous countries
- Even some domestic trade involve customs transit through another CAREC country
  - Transport networks inherited from the former Soviet Union crisscross the national borders



## ISSUES: REGIONAL TRANSIT

- Poorly designed and implemented customs transit regimes
- Multilateral agreements articulate only broad goals as policy directions for developing regional transit systems
- Bilateral agreements do not give sufficient consideration to other parties' interests
- Existing agreements are not always in accordance with the WCO's general principles of customs transit



## ISSUES: REGIONAL TRANSIT (CONT.)

- National transit regimes are limited to national territory
  - No chain guarantee linking adjacent countries
  - Separate transit documents in several countries
  - Separate guarantees in several countries, costly
  - Convoying, high fee and time consuming
- TIR is not cost-effective for short-distance movements within CAREC
  - Its fixed costs are too high for most transport operators from Central Asia



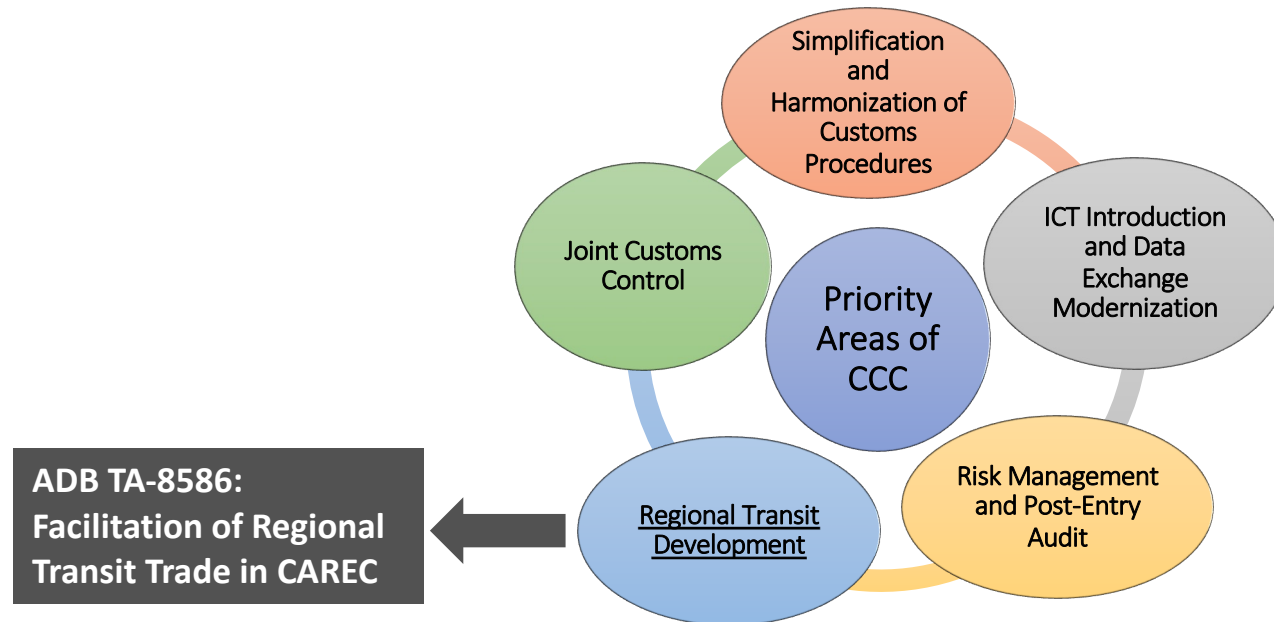
## ISSUES: REGIONAL TRANSIT (*CONT.*)

- Lack of regional cooperation inhibits transit movements
  - Lack of mutual recognition of customs control procedures, and customs seals and stamps
  - Inadequate regional guarantee systems
  - Construction of new roads to avoid transit through a neighboring country



# TECHNICAL ASSISTANCE OBJECTIVES

- To make recommendations to remove customs-related impediments to transit through the CAREC corridors.
- To develop a **Regional Transit Guarantee Mechanism (RTGM)** to promote intra-regional trade amongst CAREC countries.



There is significant scope for the enhancement of existing CAREC transit procedures taking into account international best practice (WTO TFA/WCO).

Importantly, CATS will assist in:

- Aligning CAREC transit procedures with other regional transit systems procedures
- Building customs-to-customs and customs-to-business partnerships
- Enhancing Customs-to-Customs information exchange; and
- Supporting advanced Customs risk assessment of transit movements to enhance the security of the supply chain.





## CATS PROVISIONS

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



## OVERALL OBJECTIVES OF CATS

Adoption of a systematic electronic processing of a single transit document is envisaged to reduce costs, increase speed, improve risk management and reduce corruption.

The main objectives of the CATS system is to:

- Allow Customs-to-Customs information exchange as well as management by Customs of data on guarantees; and
- Permit advanced Customs risk assessment of the transit movement to enhance the security of the supply chain.



# ACHIEVING THE CATS OBJECTIVES

How CATS will help achieve these Objectives:

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



## STATUS OF ACTIVITIES UNDER THE TA

|   | ACTIVITIES/REPORTS   | STATUS                |
|---|--|-----------------------|
| 1 | Original TA Report endorsed  | Completed             |
| 2 | Prototype IT System for Regional Transit Regime (CATS) Developed                                 | To be piloted         |
| 3 | Discussion on introducing CATS and establishment of the necessary Legal and Regulatory Framework | ADB on-going activity |
| 4 | Introduction of CATS   | Pending               |



# Questions



Thank you!

