



# CAREC Advanced Transit System (CATS)

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# CATS Rationale

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- **Road and Rail Infrastructure Development**
  - Georgia: East-West Highway (E-60) funded by ADB, EIB, JICA and World Bank.
  - Baku-Tbilisi-Kars Railway provides link between Georgia, Azerbaijan, Turkey and European rail networks.
- **Links to European Union.** Georgia has Association Agreement and Deep and Comprehensive Free Trade Agreement with EU and free trade agreement with China. Links to National Computerised Transit System (NCTS network).
- **Silk Road developments** and One Belt One Road through the 3 Pilot countries. Shortest route between China and Europe and focal point for USD40 billion of Chinese infrastructure development.
- **IT Systems** with well developed systems in place in all 3 countries

# CATS Rationale

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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.**

# 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 help 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

# CATS Provisions

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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

# Way Forward

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The key steps include:

- Signing of the Tri-lateral Agreement to pilot test CATS prototype
- Reactivation of the CATS working groups
- In-country visits to agree work plans
- April 2019 workshop to finalise CATS pilot timetable
- Implementation of CATS pilot stages

# Conclusion

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A regional system would help CAREC countries participate in the global value chains that are the most dynamic segment of the 21<sup>st</sup> century global economy by:

- Providing an opportunity to eliminate the duplication of effort in complying with the requirements of several transit systems;
- Streamlining and harmonising transit documentation; creating a single electronic messaging system and removing the manual processing of documentation;
- Establishing a modern risk based affordable guarantee mechanism which would reward compliant operators e.g., AEOs.
- Reducing Customs processing time at the border.
- Provide compatibility with existing transit systems e.g EU NCTS.

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# Questions