



**Background Note:  
CAREC Advanced Transit System and  
Information Common Exchange**

Draft as of June 2025

**FOR REFERENCE**

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## **Background Note: CAREC Advanced Transit System and Information Common Exchange**

*(Draft as of 6 June 2025)*

### **I. Introduction and Background**

The Central Asia Regional Economic Cooperation (CAREC) Program, with support from the Asian Development Bank (ADB), is implementing the CAREC Advanced Transit System and Information Common Exchange (CATS/ICE) project. CATS/ICE is designed as a regional, harmonized electronic system aimed at simplifying and modernizing the customs transit process across CAREC member states. This initiative is a strategic response to long-standing challenges in cross-border trade and aims to position the CAREC region more competitively within global and regional value chains.

The CATS/ICE concept was first developed under ADB TA 8586: Facilitation of Regional Transit Trade in CAREC which assessed the feasibility of a corridor-based transit regime that would complement, rather than replace, the existing Transports Internationaux Routiers (TIR) system. The goal was to create an effective and affordable alternative that is particularly responsive to the needs of smaller and medium-sized transport operators who may not be adequately served by international systems like TIR. Initial development focused on piloting the CATS/ICE system in three countries: Azerbaijan, Georgia, and Kazakhstan. The pilot project includes system installation, operational testing, and the identification of areas for improvement. Over time, other CAREC countries have expressed interest in participating, with Uzbekistan signing on to pilot activities and Turkmenistan joining as an observer. Mongolia, Pakistan, Tajikistan expressed interest in joining CATS/ICE going forward.

### **II. Objectives and Design Features**

The CATS/ICE project aims to streamline cross-border trade through:

- Harmonization of customs procedures and transit documentation across CAREC countries.
- Development of a shared electronic messaging platform to enable real-time data exchange.
- Introduction of a modern, risk-based guarantee mechanism that rewards compliant and low-risk traders.

Key innovative features of CATS/ICE include:

- **Differentiated Guarantee Mechanisms:** Traders can receive varying levels of guarantee requirements based on their compliance record and risk profile.
- **Multi-Use Guarantees:** Traders may apply a single guarantee to cover multiple transits over a specified period, reducing administrative costs.

These features are aligned with global best practices as outlined by the WTO Trade Facilitation Agreement and the World Customs Organization's Transit Guidelines. Furthermore, CATS is designed to align with the European Union's New Computerized Transit System (NCTS), which enhances the potential for CAREC countries to integrate more closely with European markets. By promoting trusted trader programs and simplifying transit processes, CATS/ICE offers measurable economic benefits to both customs authorities and the private sector.

### III. Institutional Progress and Pilot Implementation

ADB continues to support the implementation of the CATS/ICE system through ongoing technical assistance (TA 9824). The pilot project has gained momentum through a series of high-level engagements and technical working group meetings. Notably:

- A Memorandum of Understanding (MOU) was signed in Baku in October 2023 by Azerbaijan, Georgia, and Uzbekistan.
- Turkmenistan joined as an observer, pending domestic ratification.

To date, five Technical Working Group (TWG) meetings have been held to guide system development:

1. October 2023 – Baku, Azerbaijan (MOU Signing and TWG Meeting 1)
2. December 2023 – Virtual (TWG Meeting 2)
3. February 2024 – Tbilisi, Georgia (TWG Meeting 3)
4. April 2024 – Tashkent, Uzbekistan (TWG Meeting 4)
5. March 2025 – Baku, Azerbaijan (TWG Meeting 5)

In addition, in-country consultations were held in several CAREC countries, including Kazakhstan, Kyrgyz Republic, Turkmenistan, Uzbekistan, Pakistan, and Tajikistan. A regional transit facilitation workshop was also held in September 2022 alongside the Asia-Pacific Trade Facilitation Forum in Singapore.

### IV. System Development and Legal Framework

The development of the CATS/ICE system has involved iterative testing and refinement. A major milestone was the **first conformity test** conducted in April 2024, where 20 real-world scenarios were simulated by customs officials from pilot countries. In September 2024, a **parallel test** was conducted using real-time data from TIR Carnets to assess system responsiveness and accuracy. Following user feedback, the system is now undergoing upgrades to incorporate new features into Prototype Version 2. Alongside technical development, a **legal assessment** was completed in September 2024 to identify regulatory challenges. Three thematic working groups were established under the MOU to address:

- Legal and regulatory issues
- ICT system development
- Customs control and facilitation procedures

### V. Way Forward

Moving ahead, the CATS/ICE project will focus on:

- Finalizing the legal and institutional framework for a live operational system.
- Establishing a region-wide chain-guarantee mechanism.
- Conducting training and capacity-building activities for customs authorities, traders, and logistics operators.
- Launching full-scale live testing in pilot countries before considering broader regional rollout.

CATS/ICE stands as a flagship initiative under the CAREC Integrated Trade Agenda 2030 and its 2024–2026 Rolling Strategic Action Plan. By enhancing trade facilitation, reducing border inefficiencies, and aligning with global transit systems, CATS/ICE offers CAREC countries a practical path toward deeper economic integration and sustained competitiveness in global trade networks.