

Session 3: Progress and Structure of the Multi-Country Framework Agreement (MCFA)

7th Technical Working Group Meeting: CATS and ICE Implementation
19–20 May 2026, Tbilisi, Georgia

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Overview of the CATS/ICE

Introduction

- The Central Asia Regional Economic Cooperation (CAREC) Program, with the support of the Asian Development Bank, is implementing the **CAREC Advanced Transit System and 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.



CATS/ICE seeks to enhance trade facilitation through a single data exchange platform and a comprehensive guarantee system.

CATS/ICE system

- Key **innovative features** of the CATS/ICE include:
 - 1) **Differentiated guarantee mechanisms:** Traders can receive varying levels of guarantee requirements based on their compliance record and risk profile; and
 - 2) **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.



Memorandum of Understanding for the testing phase of the CATS / ICE systems implementation

Testing phase of the CATS/ICE

- On 3 October 2023, Azerbaijan, Georgia, and Uzbekistan signed a *Memorandum of Understanding* (MoU) on **implementing the testing phase of the CATS/ICE systems**, which expired on 2 October 2024.
- The MoU established a **twelve-month testing phase** using simulated data in order to examine the feasibility of the implementation of the CATS/ICE systems; to identify policy, legal, and technical issues; and to refine procedures towards their eventual (live) operationalization.

Memorandum of Understanding among Customs Authorities of the Republic of Azerbaijan, Georgia, and the Republic of Uzbekistan on Implementing the Testing Phase of the Central Asia Regional Economic Cooperation (CAREC) Advanced Transit System and Information Common Exchange

3 October 2023

2025 Memorandum of Understanding

- In November 2025, Azerbaijan, Kyrgyzstan, Pakistan, Uzbekistan, and Georgia, signed a new *Memorandum of Understanding*, which governs both the **current and future arrangements for implementing the testing phase**.
- The MoU is valid for **one year** from the date of signing by the last Party, and **subsequent annual extensions** will be granted automatically unless any Customs authority of the participating countries raises an objection.
- Approaches, arrangements, and procedures will continue to be **improved during the testing phase** aimed at eventual operationalization of the CATS/ICE.



2025 Memorandum of Understanding



- The MoU and its Annexes are solely intended for **testing the CATS/ICE systems** among the Parties **during the testing period** and does not aim to, or oblige the Parties to, implement the CATS/ICE for live operations.



- Any consideration for the **actual implementation** of the CATS/ICE system in the future will require the signing of a separate international agreement (see Multi-Country Framework Agreement).



- In addition to the initial group of countries, other CAREC member countries are **welcome to join the MoU**, subject to the mutual agreement of the existing Parties and a formal letter of joining.

2025 Memorandum of Understanding

Sections

Section I	General Information
Section II	System Features
Section III	Institutional Arrangements
Section IV	Principles of Operation and Cooperation
Section V	Effectiveness

Annexes

Annex A	Application of Information Common Exchange
Annex B	Approval for being CATS Operator
Annex C	Guaranteeing



Towards live operations

- The testing phase aims to ensure that all relevant components, including specifications, training materials, and procedures, are fully **aligned and functioning** as intended before starting CATS/ICE live operations.
- The testing phase also aims to **identify and address any issues in advance**, particularly those that require longer preparation, to avoid disruptions during live operations.
- The testing phase helps countries prepare for the requirements of going live as early as possible. This is **especially important** for those countries that choose to adopt **more complex implementation approaches** to make the necessary arrangements.

The MoU states that:

“Any consideration for actual implementation of the CATS/ICE system in the future will require signing a separate international agreement”.

Overview of the Multi-Country Framework Agreement

The Multi-Country Framework Agreement

- The MoU states that: *“Any consideration for actual implementation of the CATS/ICE system in the future will require signing a separate international agreement”*.
- In 2025, discussions on a **Multi-Country Framework Agreement** (MCFA) were launched.
- The Agreement would govern Customs transit and the use of the CATS/ICE system.
- The Founding Member countries of the MCFA are:

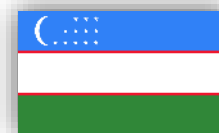
Azerbaijan



Georgia



Uzbekistan



Discussing the Multi-Country Framework Agreement



- The **first draft** of the MCFA was issued on 9 July 2025 and circulated for **domestic legal review** on 10 July 2025.
- Following a meeting on 8 September 2025, the draft was revised to separate the **general provisions** from the **technical protocols**.
- An **updated draft, including Protocols and Appendices**, was circulated on 13 September 2025.

Comprehensive Review of the draft Agreement

- Between November 2025 and February 2026, a **diligent review and comprehensive review** of the draft MFCA was conducted, both from a **legal perspective** and from **operational point of view**.
- A guiding principle for the review concerned the idea that the Agreement and its Protocols should be as **'lean'** as possible and that operational and technical details can be included in **technical and operational documents** that are regularly updated at the technical level.



DRAFT

**Multi-country Framework Agreement among Central Asia
Regional Economic Cooperation Member Country
Governments to Use the CAREC Advanced Transit System
(CATS) and Information Common Exchange (ICE)**

**Founding Member Governments: Republic of Azerbaijan,
Georgia, and the Republic of Uzbekistan**

Revised as of 13 February 2026

Structure of the Multi-Country Framework Agreement

General Provisions

- Article 1: Definitions
- Article 2: Purpose and Objectives
- Article 3: Institutional Arrangements

- Article 4: Application of Electronic Data Exchange for the Facilitation of Transit of Goods
- Article 5: Approval to Use the CATS
- Article 6: Guarantees
- Article 7: Transit Operations and Procedures

- Article 8: Relation to other Agreement
- Article 9: Amendment of the Agreement
- Article 10: Dispute Settlement
- Article 11: Delegation of Authority to Competent Authorities in Approval of Protocols

- Article 12: Withdrawal
- Article 13: Accession
- Article 14: Entry into Force

Technical Protocols

Protocol 1
Data Model and Data Exchange

Protocol 2
Eligibility Criteria

Protocol 3
Guarantees

Protocol 4
Transit Operations and Mutual Recognition of Customs Control Results

Protocol 5
Amendment of Transit Declarations

Protocol 6
Goods Excluded from CATS

General approach of the Multi-Country Framework Agreement

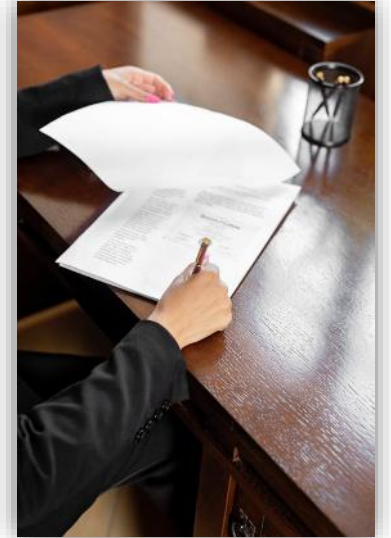
'Lean' Agreement

- A first step concerned making the Agreement as '*lean*' as possible by placing **operational details into the Protocols**.

Protocol 1 Data Model and Data Exchange	Protocol 2 Eligibility Criteria	Protocol 3 Guarantees
Protocol 4 Transit Operations and Mutual Recognition of Customs Control Results	Protocol 5 Amendment of Transit Declarations	Protocol 6 Goods Excluded from CATS

'Lean' Agreement

- A second step concerned making the **Protocols general in nature** and **removing technical details**.
- Most issues are already **summarised in technical documents** or will be summarised in technical documents going forward (*e.g.*, system specifications and procedural manuals).
- The idea is to **facilitate future changes** to operational and technical issues and being able to make those without amending the Agreement.



Amendments to Protocols



- As a new international agreement, the MCFA is subject to initial ratification by the CAREC Member States. However, a **simplified procedure** for amending the Protocols has been introduced.
- Their introduction, amendment, or revocation is subject to a **proposal by the high-level steering committee** and **approval by the relevant Competent Authorities of the Parties**.

The simplified procedure allows operational details in the Protocols to be amended **more quickly**, so that corresponding updates can be **implemented without delay**

Overview of the provisions of the Multi-Country Framework Agreement

Article 1 on Definitions

- **Article 1** establishes the key **definitions** used throughout the Agreement. It clarifies the technical, institutional, and operational terminology necessary for implementing the CATS/ICE system.
- **Key terms** include:

Approved CAREC Advanced Transit System (CATS) Operator (ACO)	CAREC Advanced Transit System (CATS)	CATS Transit Declaration (CTD)
Competent Authority	Comprehensive Guarantee	Customs Payments
Information Common Exchange (ICE)	Customs Transit Operation	Trusted ACO

Article 2 on Purpose and Objectives

- **Article 2** provides the **purpose and objectives** of the Agreement. The provision:
 - 1) Highlights the importance of an **efficient regional transit regime** for facilitating intra-regional and inter-regional trade, particularly for landlocked CAREC Member States;
 - 2) Explains that the CATS and ICE architecture allow for a **single exchange of transit data** and for the implementation of a **comprehensive transit Guarantee mechanism** where national legislation enables this facility to be introduced; and
 - 3) Affirms the Parties' commitment to participate in the implementation of the CATS and ICE system.



Article 3 on Institutional Arrangements

- **Article 3** provides the **institutional arrangements** for implementing the Agreement. It establishes:
 - 1) **A high-level steering committee** responsible for the application and implementation of the Agreement and for monitoring the progress of the working groups;
 - 2) **Working groups**, which are responsible for formulating technical documentation, including guidelines, procedures, and processes to enable the implementation of the CATS and ICE:

Legal and Regulatory Working Group


Information Communication Technology (ICT) Working Group

Customs Control Working Group

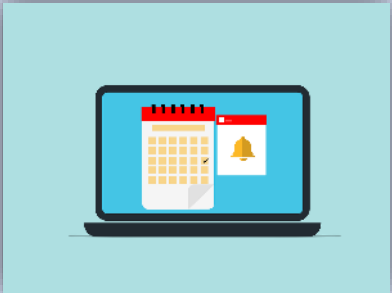
Institutional provisions

Relevant Articles	Summaries
Article 8: Relation to Other Agreements	<ul style="list-style-type: none">Provisions of the Agreement shall not affect the rights and obligations undertaken by the Parties in relation to other international treaties or contracts.
Article 9: Amendment of the Agreement	<ul style="list-style-type: none">The Agreement may be amended upon mutual consent of the Parties.Amendments to the Agreement shall become effective following the procedure established by Article 14.
Article 10: Dispute Settlement	<ul style="list-style-type: none">Disputes among the Parties concerning the interpretation and application of the provisions of the Agreement shall be resolved through consultations and negotiations among themselves.Parties may raise issues for discussion and resolution within the high-level steering committee.

Institutional provisions

Relevant Articles	Summaries
<p data-bbox="122 344 647 554">Article 11: Delegation of Authority to Competent Authorities in Approval of Protocols</p> 	<ul data-bbox="759 344 2423 896" style="list-style-type: none">• Each Party confirms the delegation of specific responsibilities to its respective Competent Authorities for the review, implementation, and approval of relevant protocols under this Agreement.• All approvals issued by Competent Authorities under this delegated authority shall be deemed valid and binding, subject to the oversight of the Parties.• Protocols to the Agreement may be introduced, amended, or revoked based on a proposal by the high-level steering committee and must be approved by the relevant Competent Authorities of the Parties.

Institutional provisions

Relevant Articles	Summaries
<p>Article 12: Withdrawal</p> 	<ul style="list-style-type: none">• Any of the Parties shall have the right to withdraw from the Agreement by giving a written notice of such intention to the other Parties.• The Party providing written notice shall cease to be a member of the Agreement 30 days from the date of receipt of the specified notification.• Any ongoing transit operations shall be completed and related guarantees shall remain valid until completion.

Institutional provisions

Relevant Articles	Summaries
Article 13: Accession	<ul style="list-style-type: none">• Any of the other CAREC member countries may accede to this Agreement by notifying in writing the Parties of its intention to participate in the CATS/ICE system.
Article 14: Entry into Force	<ul style="list-style-type: none">• This Agreement shall become effective on the date of its signing by the Parties.



Technical Protocols



Protocol 1: Data Model and Data Exchange



Protocol 2: Eligibility Criteria



Protocol 3: Guarantees



Protocol 4: Transit Operations and Mutual Recognition of Customs Control Results



Protocol 5: Amendment of Transit Declarations



Protocol 6: Goods Excluded from CATS

Protocol 1: Data Model and Data Exchange

- **Article 4** of the MCFA requires Competent Authorities of Parties to establish an **electronic data exchange system** for implementing the CATS and ICE procedures.
- This requires the development and adoption of a **data model and exchange protocol**, which can be mutually updated to facilitate the secure transfer of specific data, such as:
 - 1) Details on Trusted Approved CATS Operator status;
 - 2) Guarantee information; and
 - 3) Customs control data.



Protocol 1 establishes the **technical specification** for the implementation of the electronic data exchange system. It regulates, *inter alia*, data modal and exchange protocols, data sharing between the Parties' Customs ICT systems, and system integrity

Protocol 1: Data Model and Data Exchange

- According to Protocol 1, the Competent Authorities of the Parties shall, *inter alia*:
 - 1) Adopt a **CATS Data Model** and **electronic data message exchange protocol**;
 - 2) Enable data exchange between national Customs ICT systems and the CATS;
 - 3) Oversee the control, monitoring, and exchange of data concerning the CATS and ICE procedures;
 - 4) Establish and maintain **technical, security, and confidentiality practices** for the effective, secure, and reliable operation of the CATS system; and
 - 5) Take full account of applicable **data protection rules** to ensure protection of the exchanged information according to the laws of the receiving Party.

Protocol 1: Data Model and Data Exchange



- The Parties shall agree on the **location of the CATS server(s)** and related applicable conditions.



- The CATS system shall be configured to **prevent any unauthorized access or alteration** of the data and to ensure that all changes are securely stored and tamper-evident.

Protocol 2: Eligibility Criteria

- **Article 5** of the MCFA states that, to **become an Approved CATS Operator** and use the CATS system, an economic operator must meet the **eligibility criteria** set out in Protocol 2.

Protocol 2 sets out the eligibility and approval of Approved CATS Operators. It regulates:

- 1) Application process;
- 2) Eligibility criteria;
- 3) Format and handling of applications and decisions;
- 4) Suspension of the status; and
- 5) Withdrawal of the approval.

- An economic operator must be **approved and registered** with the Competent Authority of a Party as an Approved CATS Operator. The operator must submit an **application** to the Competent Authority in the country of its establishment.

Protocol 2: Eligibility Criteria

- The Competent Authority will review the application and grant approval if the **eligibility criteria** set out in Article 2.2 of the Protocol are met:



Have been a registered legal entity for a minimum of 1 year



Have not been involved in any activities considered as criminal offenses



Solvent and financially sustainable

- Applications for Approved CATS Operator status must be **submitted in writing or electronically** in an agreed format, and be signed and dated. Decisions on applications shall be provided within the **deadlines** set by the Competent Authorities' own regulations,

Protocol 2: Eligibility Criteria

- Approved CATS Operator approval may be **suspended** in either of the following cases:

It is established that the operator no longer fulfils the required obligation

There are sufficient reasons to consider that the operator has committed a serious or repeated violation of Customs legislation

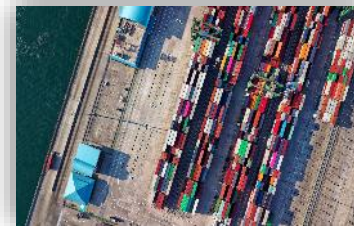
- The Competent Authority must notify the Approved CATS Operator of the suspension and allow 10 days to **remedy the issue or respond**. If no satisfactory response is provided, the Authority may determine a further suspension period.
- If the Approved CATS Operator remedies the identified issues and infringements within the set timeframe, the Competent Authority shall **lift the suspension** and notify the Approved CATS Operator in writing.

Protocol 2: Eligibility Criteria

- The approval shall be **withdrawn** if a suspended Approved CATS Operator fails to correct the issues or if it has committed a serious, repeated violation within one year.
- The approval shall be **withdrawn** in either of the following cases:

A suspended Approved CATS Operator has not undertaken the necessary measures to correct any identified shortfalls to comply with the requirements before the expiry of the suspension term

The Approved CATS Operator has committed a serious or repeated violation of Customs legislation of the Parties within a period of one year



Protocol 3: Guarantees

- **Article 6** of the MCFA requires ACOs to provide a **Guarantee** to secure the payment of Customs duties during transit, in line with agreed documentation and international rules.

Protocol 3 sets out detailed rules on the operation of Guarantees. It regulates:

- 1) General provisions on guarantee requirements;
- 2) Types and levels of guarantees;
- 3) The role and approval of guarantors; and
- 4) Liability, release, and revocation of guarantees

- A Guarantee must be **approved** by the designated Office of Guarantee in the Party where the ACO is established.
- The **reference amount** of the Guarantee shall be based on the Approved CATS Operator's expected liability based on past transactions and anticipated trends in operations.

Protocol 3: Guarantees

- There are two types of guarantees:
 - 1) **Single Guarantee**, which applies to one transit operation; and
 - 2) **Comprehensive Guarantees**, which cover multiple transit operations undertaken by the same ACO.
- The reference amount of a **Single Guarantee** shall be calculated based on the highest rates of duties, taxes, and charges applicable to the goods in the territories covered by the transit operation.
- The reference amount of a **Comprehensive Guarantee** shall cover the maximum amount of Customs payments that are liable in a prescribed period up to one year.



Protocol 3: Guarantees

- A **Guarantor**:



- 1) Shall be a legal entity established in the Party in which the Guarantee is provided; and

- 2) May be approved by a Customs Authority to act as a Guarantor in the CATS system, subject to eligibility under national law. Approval may be revoked if legal requirements are no longer met.



- The **Guarantor's liability** begins upon the approval of the Guarantee by the Customs Office of Departure and continues with the transit through each country until the verified completion of the transit.

Protocol 3: Guarantees

- A Guarantee shall be **valid** in the territories covered by the transit operation, with **automatic liability** arising in each subsequent Party upon entry of goods.
- A Trusted approved CATS operator may be eligible for Guarantee arrangements with **reduced liability**. The related conditions, criteria, and modalities shall be agreed and adopted by the Parties.
- Guarantees shall be **released** upon the verified completion of transit. No further claims may be made, unless fraud is found.



Protocol 3: Guarantees

- An Office of Guarantee shall **revoke** its approval of a Comprehensive Guarantee if the conditions laid down at the time of approval of the Guarantee are not fulfilled.
- The relevant Office of Guarantee shall **immediately notify** each Party of any actions taken with respect to the revocation of a Comprehensive Guarantee.



Protocol 4: Transit Operations and Mutual Recognition of Customs Control Results

- Article 7 of the MCFA states that **transit operations** under the CATS require a **CATS Transit Declaration** (CTD), submitted electronically by the Approved CATS Operator or via national Customs systems, following agreed formats and laws.

Protocol 4 sets out the **technical specifications** governing transit operations. It regulates:

- 1) General requirements for transit operations;
- 2) Exemption from standard standard transit formalities; and
- 3) Mutual recognition of results of Customs control

- A CTD submitted electronically by the Approved CATS Operator following the **format and procedure** agreed between the Parties.

Protocol 4: Transit Operations and Mutual Recognition of Customs Control Results

- Each CTD shall concern only **Goods placed under the Customs transit procedure** and moved from a Customs Office of Departure to Customs Office of Destination on a single means of transport, or in container(s) on a single means of transport, with or without transshipment.
- A single CTD may include Goods moved from one Customs Office of Departure to one Customs Office of Destination in **more than one container or package**, where they are loaded on a single means of transport.
- Goods may be **partially unloaded** at Offices of Transit, with the unloading registered in the CATS system. The Parties shall agree and adopt the **specific rules and procedures** for partial unloading.



Protocol 4: Transit Operations and Mutual Recognition of Customs Control Results



- Trusted Approved CATS Operators may be authorised by the Competent Authority to conduct transit operations **without physically presenting the goods or the CTD** at the Customs Office of Departure and/or the Customs Office of Destination.
- The Competent Authorities shall **mutually recognise Customs control results** recorded in the CATS system and affixed Customs seals and use this information to assess the risk and to ensure that the applied control checks are not more burdensome than necessary.
- Goods transported in sealed vehicles or containers shall **not be subjected to any examination or delays** at Customs offices *en route*, except where identified by risk management systems.

Protocol 5: Amendment of Transit Declarations

- **Article 7** of the MCFA states that the technical specifications pertaining to **amendments to the CTD** are detailed in Protocol 5.

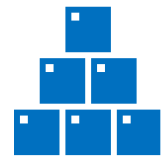
Protocol 5 sets out the applicable rules for amending the CTD. It requires the Parties to define and adopt procedures related to the amendment of the CTD



- Any amendment of the CTD must be **approved** by the Customs Office of Departure. If any errors are found during transit checks, the Customs Authority may **suspend the movement** and require clarification or a **new declaration**.
- All amendments made to a CTD must be logged in an immutable declaration **history record**.

Protocol 5: Amendment of Transit Declarations

- The record must capture at least the following **elements**:
 - 1) The identity of the individual or system user who performed the amendment;
 - 2) The date and time of the amendment;
 - 3) The original content of the field(s) amended; and
 - 4) The updated content after the amendment.
- The complete **history of amendments** shall be accessible to Customs authorities at all stages of the declaration process for monitoring, audit, and enforcement purposes.



Protocol 6: Goods Excluded from CATS

- **Article 7** provides that goods that, due to their nature, volume, origin, trading patterns, or historical compliance record present an **elevated risk from a transit perspective** may be **excluded** from the declaration under the CATS.

Protocol 6 sets out the procedures for excluding certain goods from the CATS transit system

- A list of goods excluded from the Declaration under the CATS shall be **agreed** and periodically, at least annually, **reviewed** by the Competent Authorities.
- Each Competent Authority have the right to **propose** goods to be excluded in that particular country by submitting a **formal written notification** to all other Competent Authorities.

Protocol 6: Goods Excluded from CATS

- Exclusions shall **take effect 60 calendar days** following the date of notification, unless an objection is raised.
- In the event of an objection, the Competent Authorities shall engage in **consultations** to resolve the matter.
- Upon consent of all the Competent Authorities, the exclusion shall be entered into the **list of goods** excluded from Declarations under the CATS.












Acceding to the MCFA & Current status

Acceding to the MCFA

- Any other CAREC member country interested in participating in the CATS/ICE system is subject to an **accession process**.
- In accordance with **Article 13 of the MCFA**, any other CAREC member country may accede to the Agreement by submitting a written notification to the Parties expressing its intention to participate in the CATS/ICE system.



MCFA: Next Steps for initial CATS countries

Step		Timeframe
Online Consultations on the reviewed and revised Multi-Country Framework Agreement		27 February 2026
Domestic legal review process by Azerbaijan, Georgia, and Uzbekistan		March/April 2026
Review of comments, consolidation		April/May 2026
Onsite Technical Working Group meeting to discuss MCFA		19 and 20 May 2026
Final domestic legal review		June/July 2026
Review of comments, consolidation		July 2026
Onsite Technical Working Group meeting to finalize MCFA		August 2026
Onsite Ministerial Meeting - Signing of the CATS/ICE MCFA by the participating CAREC Member States (Azerbaijan, Georgia, and Uzbekistan)		September 2026
Ratification of the MCFA by Azerbaijan, Georgia, and Uzbekistan		From October 2026



Preparing implementation

- **Domestic review** of the Agreement for purposes of implementation:
 - Customs authorities engage with relevant agencies and stakeholders on legal and regulatory issues
 - Address discrepancies and develop practical solutions to ensure the seamless operation of CATS/ICE
- Support for **domestic reviews and ratification** of the *Multi-Country Framework Agreement*.
- **Update national laws and regulations** to align with the CATS/ICE implementation requirements (as necessary).
- **Implement customized training programs** on legal and regulatory issues for smooth implementation of the CATS/ICE system.

