



REVIEW of BONDED WAREHOUSES/ZONES

**International Experience and Practice of the TRACECA
countries**

October 2024

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¹ The general term “bonded warehouses/zones” used in this Review is generic. Specific corresponding terms are defined in accordance with World Customs Organization instruments as well as with national/union Customs legislations (e.g. temporary storage facilities, Customs warehouses, and free zones).

A. Introduction

A.1. Purpose and objectives of the review

This document includes a study of the international experience and practice of the TRACECA countries regarding existing legislation, implementation, and operation of bonded warehouses/zones, which could support the TRACECA countries interested in the following:

- to assess existing national legislation on the basis of the recommendations provided for potential changes that could facilitate operations in bonded warehouses/zones;
- to expand knowledge on best practices for implementation and operation of bonded warehouses/zones (based on the international experience and practice of the TRACECA countries);
- to include details of existing public bonded warehouses/zones (locations along the TRACECA routes, type of operations offered to customers, contact details of operators in those areas) that can be shared on the TRACECA website for interested parties;
- to increase the number of bonded warehouses/zones along the TRACECA routes, increasing the attractiveness of bonded warehouses/zones with beneficial logistics operations, and ultimately contributing to increased traffic volumes along the TRACECA routes.

A.2. Background

The TRACECA routes offer connectivity between Europe, the Caucasus, and Asia that is characterized by movements across several countries and changes of mode of transport. Processing of consignments along several border crossings and dealing with transshipments between different modes of transport (including via the Black Sea and Caspian Sea) increases the time and costs of transport. Therefore, the countries along the TRACECA routes are working to improve the coordination and increase the efficiency of transport and border crossing operations. Numerous activities are being undertaken to address operational ineffectiveness by adopting best practices in transport and trade facilitation.

The interest in the TRACECA corridor is often noted as a transport alternative that links Asia and Europe. However, the corridor is also essential for intraregional linkages and connectivity of the economies of the fourteen TRACECA countries with the markets in Europe and Asia.

In a complex environment of trade and transport operations, sometimes there is a need for the goods to be placed in bonded warehouses/zones, where the goods could be stored under Customs control before continuing with clearance of goods and proceeding with the next steps in the supply chain process.

Various goods are coming from different countries of origin and being transported to different countries of destination. In such circumstances, there may be a need (or opportunity), to re-organize consignments with consolidation/deconsolidation, and/or to organize other logistics operations at transport nodes such as ports, dry ports, and major economic centres that could offer such services.

When warehousing, reconsignment, and other logistics services are offered at bonded warehouses/zones, where the goods could be stored under Customs control along the TRACECA corridor, they can contribute to the optimization of transport and logistics operations.

Both, appropriate facilities at locations that minimize transport disruptions, and favourable Customs regulation regarding bonded warehouses/zones are needed to offer attractive services to the economic operators.

Having a well-organized network of bonded warehouses/zones along the TRACECA routes can improve the turnover of the transport means (wagons, trucks, containers) by eliminating long idle time where the goods are kept in transport means that are not moving due to various transport or regulatory requirements. If beneficial options are offered to use services of bonded warehouses/zones, transport operators can immediately proceed with loading/unloading at places designated by Customs authorities and their transport means could be promptly released.

The use of bonded warehouses/zones services can facilitate trade and transport operations if they are used on a voluntary basis, due to clear advantages and benefits offered to the users e.g. for warehousing, re-consignment, and organization of value-adding logistics operations, rather than to be used as a temporary remedy to deal with inefficiencies of transport and border crossing operations.

On the country level, the TRACECA member states have different experiences in using bonded warehouses/zones. This review endeavours to increase awareness of existing options regarding the use of bonded warehouses/zones along the TRACECA corridor and support efforts to further develop and improve services that bonded warehouses/zones can offer.

A.3. Definition and types of bonded warehouses/zones

Bonded warehouses/zones are facilities that provide opportunities for the economic operators to store their goods without being subject to import duties or other charges, and/or without being subject to commercial policy measures.

Economic operators can use the bonded warehouses/zones to postpone import clearance until a more suitable moment for them or to keep the goods until they are re-sold and/or re-exported out of the Customs territory. Economic operators can also use the bonded warehouses/zones to re-organize Customs transit movements by splitting/combining the consignments. Bonded warehouses/zones can often offer the organization of various other logistics services (e.g. packing, repacking, labelling, taking samples, etc.) and in some circumstances, they can offer organization of processing of the goods under Customs control.

Bonded warehouses/zones are defined in accordance with Customs legislation and other relevant legislative acts of countries. Such legislation usually determines different types of bonded warehouses/zones and lays down requirements for opening and operating specific types of bonded warehouses/zones. Relevant legislation and implementing regulation also provide details on operations permitted at bonded warehouses/zones, conditions under which such operations could be organized, responsibilities of the operators and users of bonded warehouses/zones, as well as measures of Customs control.

For the purposes of this review, we use a generic term “bonded warehouses/zones” to include the following facilities for the storage/placing of goods under Customs control/supervision:

- temporary storage facilities;
- customs warehouses (public/open and private/closed); and
- free zones (commercial, service, and industrial, as well as free warehouses).

The terms “temporary storage”, “Customs warehousing procedure (Customs warehouse)” and “free zone” in this review reflect the meaning in accordance with definitions of the World Customs Organization (WCO) Glossary of international customs terms² and provisions from Revised Kyoto Convention.³

WCO Glossary of International Customs Terms

TEMPORARY STORAGE OF GOODS

Storing of goods under Customs control in premises and enclosed or unenclosed spaces specified by the Customs (temporary stores) pending lodgement of the Goods declaration.

Note: Temporary storage is dealt with in Specific Annex A, Chapter 2 of the revised Kyoto Convention.

CUSTOMS WAREHOUSING PROCEDURE

Customs procedure under which imported goods are stored under Customs control in a designated place (a Customs warehouse) without payment of import duties and taxes.

Notes

1. Customs warehouses may be for general use (public Customs warehouses) or for the use of specified persons only (private Customs warehouses).
2. The Customs warehousing procedure is dealt with Specific Annex D, Chapter 1 of the revised Kyoto Convention.

FREE ZONE

A part of the Customs territory of a Contracting Party where any goods introduced are generally regarded, insofar as import duties and taxes concerned, as being outside this territory.

Notes

1. A distinction may be made between commercial and industrial free zones. In commercial free zones, goods are admitted pending subsequent disposal, and processing or manufacture is normally prohibited. Goods admitted to industrial-free zones may be subjected to authorized processing operations.
2. Free zones are dealt with in Specific Annex D, Chapter 2 of the revised Kyoto Convention.

² WCO glossary of international customs terms (2018), available at: <https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/glossary-of-international-customs-terms/glossary-of-international-customs-terms.pdf>

³ Revised Kyoto Convention - International Convention on the Simplification and Harmonization of Customs Procedures (as amended), available at: https://www.wcoomd.org/en/Topics/Facilitation/Instrument%20and%20Tools/Conventions/pf_revised_kyoto_convention/Kyoto_New

3. In some countries free zones are also known under various other names, such as "free ports", "free warehouses" or "foreign trade zones".

B. Temporary Storage Facilities

The WCO Revised Kyoto Convention, Specific Annex A, Chapter 2 defines the term “temporary storage of goods” and provides guidance for the development of national legislation and implementing procedures regarding temporary storage facilities.

WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Definition E2./F2.

“Temporary storage of goods” means the storing of goods under Customs control in premises and enclosed or unenclosed spaces approved by the Customs (called temporary stores) pending lodgement of the Goods declaration.

Temporary storage of goods provides an intermediate arrangement to keep the goods in specified areas under Customs control/supervision with minimum Customs formalities. This arrangement starts after the presentation of the goods to the Customs authorities. The goods could remain under temporary storage until goods declaration (Customs declaration) for clearance under some of the Customs procedures/regimes is submitted.

The goods could be considered as placed in temporary storage even without unloading them from transport means (e.g. goods loaded on a truck parked at a designated location), however, one of the benefits of using temporary storage facilities is the possibility for the goods to be unloaded from transport means as soon as possible after their arrival.

Provisions from national (or union) legislation of the TRACECA countries regulate temporary storage of goods. Some common elements as well as differences of the legal frameworks are highlighted in the analysis in this part of the review.

	Main articles relevant to Temporary Storage	Legislation
Armenia	70-76; 268-272	Law of R. Armenia about Customs Regulation (ZR-353 2022) - ARM CL
Azerbaijan	176-180	Customs Code of the Republic of Azerbaijan (2011 as amended) - AZE CC
Bulgaria	19(4)4; Annex 3-5	Customs Act (No. 15/6.02.1998 as amended) - BUL CA
EAEU (ARM, KAZ, KGZ)	98-103; 410-414	Customs Code of the Eurasian Economic Union - EAEU CC
EU (BUL, ROU)	144-152	Regulation (EU) No 952/2013 - Union Customs Code - EU UCC
Georgia	68, 73-78	Customs Code of Georgia (2019 as amended) - GEO CC
Iran	1.d; 19-21	Customs Law of the Islamic Republic of Iran - IRN CL
Kazakhstan	164-174; 501-507	Code of Kazakhstan on Customs Regulation (2017 as amended) - KAZ CC
Kyrgyzstan	95, 97, 125, 199, 215-219	Law of the Kyrgyz Republic "On Customs Regulation" 2019 - KGZ CL
Moldova	148-154	Customs Code (№ 95 from 24-08-2021 as amended) - MDA CC
Romania	/	Law no.86/2006 on Romanian Customs Code (as amended) - ROU CC
Tajikistan	17, 99-118	Customs Code of the Republic of Tajikistan (2004 as amended) - TAJ CC
Türkiye	47-49, 184, 186, 218	Customs Code dated 27.10.1999, No. 4458 (as amended) - TUR CC
Turkmenistan	58-73	Customs Code of Turkmenistan (as amended) - TKM CC
Ukraine	201-206; 238.5.1; 404-415; 437-441	Customs Code of Ukraine (2012 as amended, last amendments regarding implementation of EU CC No.3926-IX 08/22/2024) - UKR CC
Uzbekistan	24, 28, 83-89, 225, 226	Customs Code of Republic of Uzbekistan (2016 as amended) - UZB CC

In addition to general Customs legislation (e.g. Customs Code), national implementing regulations and internal instructions could further detail requirements and operational procedures related to temporary storage facilities.⁴

B.1 General rules and requirements

Location

Temporary storage facilities could be used for a limited period, immediately after the arrival of goods in the Customs territory, and before clearance of goods in some of the regular Customs procedures. Therefore, temporary storage facilities are usually located at border crossing areas, and nearby entry Customs offices (including at ports and airports).

Goods that have entered the Customs territory in the Customs transit procedure could also be put in temporary storage before clearance at some of the inland Customs offices of the destination. Thus, temporary storage facilities are also often located at various inland locations.

The decision to authorize a temporary storage facility is placed exclusively under Customs. However, Customs authorities should consider and “meet the requirements of the trade”.⁵ This includes taking into consideration the needs of traders regarding the locations of temporary storage facilities.

Type of facilities

Temporary storage facilities may consist of open spaces, fenced areas, buildings or parts of buildings, such as warehouses, or other specified facilities (e.g. silos, tanks, refrigerators, freezers etc.) that are authorized by Customs authorities. Parts of Customs warehouses, Customs terminals, and free zones could also be designated temporary storage facilities.⁶

Management of temporary storage facilities is usually regulated by national legislation, which may include options for operating temporary storage facilities by Customs, by other authorities or by natural or legal persons.

Temporary storage facilities could be categorized as public/open to be used by any person or private/closed and restricted for usage by specified persons and/or specific types of goods only.⁷

Usually, temporary storage facilities are authorized for regular multiple use (e.g. listed in the registers of owners of temporary storage facilities). However, Customs authorities could also

⁴ For example, in Azerbaijan: Decision No. 73 of the Cabinet of Ministers of the Republic of Azerbaijan dated May 3, 2013, on Requirements for the types, structure, supply of temporary storage warehouses and customs warehouses, operations related to the goods placed there, accounting and reporting, implementation of customs control, warehouse owner (AZ 73/2013).

⁵ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 2 - The Customs shall authorize the establishment of temporary stores whenever they deem it necessary to meet the requirements of the trade.

⁶ For example, places of temporary storage are defined in Art.99 of EAEU and Art.165 of Kazakhstan Customs Code.

⁷ For example, in Azerbaijan: open type and closed type - Art.3.1 Decision No. 73 of the Cabinet of Ministers of the Republic of Azerbaijan dated May 3, 2013, (as amended) on Requirements for the types, structure, supply of temporary storage warehouses and customs warehouses, operations related to the goods placed there, accounting and reporting, implementation of customs control, warehouse owner.

approve locations for temporary storage of goods, other than temporary storage facilities,⁸ and/or temporary storage at other premises and places upon request.⁹

Type of goods to be stored

Foreign goods could be placed in temporary storage, while such an arrangement usually is not implemented for domestic goods.¹⁰

Temporary storage should not be limited by the quantities of goods. Temporary storage should be allowed without discrimination regarding the country of origin or country from which they arrived.

For the goods which constitute a hazard, which are likely to affect other goods, or which require special installations, should be admitted only into temporary storage facilities specially equipped and designated by the competent authorities to receive them.¹¹

Time limit

Where national legislation lays down a time limit for temporary storage, the time allowed shall be sufficient to enable the importer to complete the necessary formalities to place the goods under another Customs procedure (submit Customs declaration).¹²

	Time limit for Temporary Storage	Article	Legislation
Azerbaijan	up to 4 months	179	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	up to 4 months; or up to 6 months (for unclaimed postal items / luggage)	101.1; 101.2	EAEU CC
EU (Bulgaria, Romania)	90 days	149	EU UCC
Georgia	30 days (+60 days); or 180 days (for temporary storage in Customs warehouses)	78	GEO CC
Iran	3 months (+2 months) (for Customs warehouses)	24	IRN CL
Moldova	90 days	153	MDA CC
Tajikistan	2 months (+ 2 months) (up to 4 months)	103	TAJ CC
Türkiye	3 months	48.2	TUR CC
Turkmenistan	1 month (+ up to 6 months)	62	TKM CC

⁸ For example, in Bulgaria: approval of a location of temporary storage of goods, other than temporary storage facilities – Article 19(4)3. Customs Act (No. 15/6.02.1998 as amended).

⁹ For example: in Kazakhstan, temporary storage in places at request of a person with authority in relation to the goods - Article 170 of Customs Code of the Republic of Kazakhstan (2017 as amended).

¹⁰ For example:

- In the European Union (e.g. Bulgaria, Romania): Non-Union goods (Art. 5(17) and 145 (1) - Union goods 148.6 Regulation (EU) No 952/2013 - EU UCC);
- In the Eurasian Economic Union (e.g. Armenia, Kazakhstan, Kyrgyzstan): Foreign goods (Art. 98.1 of the Customs Code of the Eurasian Economic Union - Annex 1 of the Treaty on the Customs Code of the Eurasian Economic Union);
- In Azerbaijan: Foreign Goods (Art. 176.2 of the Customs Code of the Republic of Azerbaijan (2011 as amended));
- In Georgia: Foreign Goods (Art. 6(l) and Art. 75(1) Customs Code of Georgia);
- In Moldova: Foreign Goods (Art. 5(17) and Art. 148 Customs Code of Moldova (2021 as amended)).

¹¹ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended Practice 3

¹² WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 9

Ukraine	90 days (+ 30 days)	204	UKR CC
Uzbekistan	60 days (+10 days)	85	UZB CC

The Customs authorities also take into account the characteristics of the goods to determine the time limit. For example, the time limit for storage of perishable goods or goods with limited storage life may be further limited within the time which allows their intended use. Shelf life could be considered as a condition for placing the goods in temporary storage.¹³

Authorized Operations

Goods under temporary storage shall be allowed, for reasons deemed valid by the Customs, to undergo normal operations necessary for their preservation in their unaltered state.¹⁴ These operations are meant only to preserve the goods and not to alter the state of the goods (e.g. not to modify the appearance and technical characteristics of the goods). Normal operations necessary for the preservation of the goods in their unaltered state, in general, include cleaning, beating, removal of dust, sorting, or repair or change of faulty packing.¹⁵

Goods under temporary storage should be allowed, for reasons deemed valid by the Customs, to undergo normal operations necessary to facilitate their removal from the temporary storage facilities and their further transport.¹⁶ Such additional operations can include sorting, piling, weighing, marking, labelling and consolidation of different consignments intended for further transport under a single transport document and/or a single Customs document (groupage).¹⁷

To prepare a Customs declaration, the declarant or importer may request to inspect, measure, weigh, or take samples of the goods placed in temporary storage facilities.

	Authorized Operations under Temporary Storage	Article	Legislation
Azerbaijan	normal operations, goods have to remain in their current state; not allowed to change appearance and technical characteristics	180.1 4*	AZE CC AZE 73/2013*
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	operations necessary to ensure safety in an invariable condition; taking samples; correction of damaged packaging; operations necessary to prepare goods for further transportation (shipment)	102	EAEU CC
EU (Bulgaria, Romania)	handling designed to ensure preservation in an unaltered state without modifying appearance or technical characteristics	147.2	EU UCC
Georgia	operation to ensure preservation in an unaltered state without modifying appearance or technical characteristics	77.1	GEO CC
Iran	/	NA	IRN CL
Moldova	operations intended to ensure safety without changing their appearance or technical characteristics	152.2	MDA CC

¹³ For example, in Ukraine if only one month remains before the expiration date, then the goods are not allowed to be placed in temporary storage warehouses (Article 439.2 of the Customs Code of Ukraine).

¹⁴ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 7

¹⁵ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 7

¹⁶ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended practice 8

¹⁷ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended practice 8

Tajikistan	normal operations necessary to ensure the safety of goods in an unaltered state; sampling; fixing damaged packaging; operations for preparation for export and subsequent transport	104	TAJ CC
Türkiye	handling designed to ensure preservation in an unaltered state without modifying appearance or technical characteristics	49	TUR CC
Turkmenistan	normal operations necessary to ensure the safety of goods in an unaltered state; sampling; fixing damaged packaging; operations for preparation for export and subsequent transport	63	TKM CC
Ukraine	operations designed to ensure the preservation of the goods in an unaltered state without modifying the appearance or characteristics of the goods, simple operations	203 73 ⁶ .4(1,3,6,7)	UKR CC
Uzbekistan	Inspect/measure goods; take samples; operations to ensure the safety in unaltered condition; repair of damaged packaging	87	UZB CC

Goods placed in temporary storage could be moved within the temporary storage facility under conditions determined by Customs.

Customs authorities may impose conditions to ensure that authorized operations in temporary storage facilities will not be abused, such as specifying the procedures to be followed, and if necessary such operations to be subject to Customs supervision.

National (and Union) legislation of all TRACECA countries (with some exceptions)¹⁸ follows the WCO standard (Standard 7) that advocates allowing operations necessary for the preservation of goods under temporary storage in their unaltered state.

The legislation of the Eurasian Economic Union (relevant for Armenia, Kazakhstan, Kyrgyzstan), Tajikistan, Turkmenistan and Ukraine also include provisions harmonized with the WCO recommendation (Recommended practice 8) to allow additional operations that facilitate the removal of goods from the temporary storage facilities and their further transport.

Details for operationalization of the provisions related to authorized operations as well as procedures for issuing a permit (authorization) for conducting operations under temporary storage are given in implementing regulations and internal instructions of Customs authorities. It could be assumed that there are differences in implementation among the TRACECA countries.

Key issues that are relevant to facilitate implementation and applying for authorized operations under temporary storage include:

- clearly identified specific operations that could be authorized,¹⁹
- easily available implementing regulations and internal instructions (e.g. published on websites of Customs authorities);

¹⁸ It appears that provisions on operations that could be authorized in temporary storage are not available in the Customs Law of the Islamic Republic of Iran. It is not clear if such provisions exist in other legislation or implementing provisions in Iran.

¹⁹ Note that specific operations are usually not listed in Customs Code - with some exceptions (e.g. Art. 203 of the Customs Code of Ukraine details various types of operations for handling that could be authorized under temporary storage). It is more common for such details to be provided in implementing regulations and/or internal instructions.

- clear guidance on how and where to apply (e.g. forms to be used and/or free form);²⁰
- general authorization to operate temporary storage facility with usual operations;²¹
- submission of application in electronic form;
- simplifications of the process of application for authorized economic operators;
- prompt decision on application with clear deadlines for Customs authorities.²²

B.2 Authorization/permit

In order to establish and operate a temporary storage facility, approval is needed from the Customs authorities in the form of authorization/permit. Such authorization/permit could be issued if requirements and conditions set within national (union) Customs legislation and implementing regulations are fulfilled.

Customs regulations shall lay down the requirements as regards the construction, layout and management of temporary stores and the arrangements for the storage of goods, stock keeping and accounting and Customs control.²³

Customs may require security to be provided in order to ensure payment of any import duties and taxes that might become chargeable if the goods are not properly accounted for.

For the purposes of control, Customs authorities may, in particular:

- keep or require to be kept, accounts of goods placed in the temporary store (by using either special registers or the relevant documentation);
- keep the temporary store under permanent or intermittent supervision;
- require that the temporary store be double-locked (secured by the lock of the person concerned and by Customs lock); or
- take stock of the goods in the temporary store from time to time.²⁴

The WCO standard on the management of temporary storage facilities (Specific Annex A, Chapter 2, Standard 6) provides broad guidance. Detailed provisions regarding requirements, conditions, authorization and responsibilities of the holders of authorization/operators of temporary storage facilities are laid down in national (union) Customs legislation of the TRACECA countries. While such provisions defined in different national (union) legislation have different structures and scope of regulation, they also have some common elements regarding the authorization of temporary storage facilities.

²⁰ For example, In Kazakhstan - the application can be made in any form, to the authorized official of the customs authority in whose area of activity such temporary storage place is located (Art. 173 Code of the Republic of Kazakhstan on Customs Regulation).

²¹ For example, in Bulgaria - Applications for permits for operation of temporary storage facilities - Annex 4 and 5, Customs Act (No. 15/6.02.1998 as amended) have reference to the operations under Article 147, paragraph 2 of Regulation (EU) No. 952/2013.

²² For example, In Kazakhstan - the period for consideration should not exceed one working day following the day the authorized official of the customs authority received the application (Art. 173 KAZ CC).

²³ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 6

²⁴ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 6

For example, provisions on the structure/construction of the temporary storage facilities may stipulate requirements for the protection of goods placed in the facility; use of appropriate platforms for unloading and loading goods; controlled entry/exit points for bringing goods in and taking them out of the facilities; controlled entry/exit points for people (e.g. warehouse employees, persons in charge of goods and their representatives, other authorized persons including Customs and other control officers); designated parking lots for vehicles carrying goods in temporary storage; fencing of the temporary storage area; etc.²⁵

In addition to the structure/construction, various equipment and measures that ensure control and security of the goods placed under temporary storage are used (e.g. equipment for weighing goods, surveillance equipment such as CCTV cameras, security guards, etc.)²⁶

One of the key Customs requirements is the possibility for Customs officers to carry out proper Customs supervision/control of temporary storage facilities. For that purpose, the Customs authorities consider the working conditions for Customs officials in the temporary storage facilities (e.g. distance to regular Customs offices; availability of premises for work of Customs officials at temporary storage facilities; appropriate conditions for carrying out customs control; special means for loading, unloading and moving of goods for purposes of customs control; availability of IT and communication equipment, etc.).

The authorization shall be granted only where the customs authorities are able to exercise customs supervision without having to introduce administrative arrangements which are disproportionate to the economic needs involved.²⁷

	Authorization to operate a temporary storage facility	Article	Legislation
Azerbaijan	permits and licenses for TS, responsibility of the holder; requirements for structure, supply of temporary storage warehouses, implementation of customs control	167, 177, 180.2; 180.3 3*; 6*	AZE CC / AZE 73/2013*
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	registry of temporary storage warehouse owners, requirements to location, arrangement and equipping of constructions, premises (parts of premises) by legislation of MS; conditions for inclusion in the registry of TS warehouse owners; exclusion from registry; obligation of TS warehouse owners	411, 412, 413, 414	EAEU CC
Kazakhstan	requirements; inclusion in the registry of TS warehouse owners; exclusion from registry; obligation of TS warehouse owners	165.3; 166; 167; 168; 169	KAZ CC
EU (Bulgaria, Romania)	conditions & responsibilities for temporary storage of goods, authorization for the operation of temporary storage facilities	147, 148	EU UCC
Georgia	responsibilities for temporary storage of goods; authorization (for CW – not for TS)	77.3 125	GEO CC
Iran	license of establishment and customs control arrangements;	19; 23, 24	IRN CL

²⁵ For example, in Azerbaijan more detailed provisions are given in Articles 3 and 6 of Decision No. 73 of the Cabinet of Ministers of the Republic of Azerbaijan dated May 3, 2013, (as amended) on requirements for the types, structure, supply of temporary storage warehouses and customs warehouses, operations related to the goods placed there, accounting and reporting, implementation of customs control, warehouse owner (AZE 73/2013).

²⁶ For example, in Ukraine regulated with Art 404 (4) of UKR CC regarding weighing equipment and video surveillance with exception for the tanks for gas/oil tanks transported by pipeline. The requirements for the installation and operation of video surveillance systems at the facilities are established by the Cabinet of Ministers of Ukraine.

²⁷ For example, in the EU regulated with Article 148, paragraph 3 of Regulation (EU) No. 952/2013.

	responsibility for storage of goods (for CW not for TS)		
Moldova	responsibility of the holder of authorization; authorization;	151.3; 152;	MDA CC
Tajikistan	requirements for construction, equipment and location of temporary storage warehouses; registry of temporary storage warehouse owners; conditions; responsibilities of owners	107-113	TAJ CC
Türkiye	approval by Customs (conditions laid down by Customs)	48.1	TUR CC
Turkmenistan	requirements; list of owners of TS warehouses; obligations of owners; temporary storage in warehouses of Customs authorities, TS in a vehicle, TS in warehouses of consignees	66-72	TKM CC
Ukraine	authorization for operation of a TS warehouse; procedure for application; conditions and requirements for granting authorization; operation of TS warehouse, placement of goods	404-415; 437-441	UKR CC
Uzbekistan	responsibility; license for Customs warehouse, customs control zone (TS could be done in CW or CCZ Art 84);	28; 176; 179	UZB CC

National (and union) legislation and/or implementing provisions of most of the TRACECA countries identify appropriate record keeping as one of the main conditions to authorize temporary storage facilities (with some exceptions).²⁸

Appropriate records should enable the customs authorities to supervise the operation of the temporary storage facilities, in particular with regard to the identification of the goods stored, their customs status and their movements.

National implementing regulations often provide further details on the place where such records should be kept; access to be provided and/or reports to be submitted to Customs authorities regularly and/or on request; form of the records (e.g. use of IT systems for record keeping and providing reports in an electronic form); recording of all changes and keeping audit trail for potential checks by Customs; minimum data elements and/or templates for such record keeping and submission of reports to Customs.²⁹

	Record keeping for goods in temporary storage facility	Article	Legislation
Azerbaijan	record keeping to identify goods, customs status, and control; accounting and reporting, template of accounting records, template of report for Customs	168 5*; Appendix 1-2*	AZE CC AZE 73/2013*

²⁸ For example:

- In Georgia, it appears that provisions on keeping records exist in the Customs Code for customs warehouses (not for temporary storage). Temporary storage in customs warehouses is regulated with Art. 77.1 of Customs Code;
- In Iran, there are some references for registering in books for customs premises in the Customs law;
- in Türkiye, it appears that provisions on keeping records exist in the Customs Code for customs warehouses (not for temporary storage);
- In Uzbekistan, it appears that provisions on record keeping in the Customs Code are generally relevant for all customs regimes (not specific for temporary storage).

²⁹ For example, in Azerbaijan Articles 5, Appendix 1 and Appendix 2 of Decision No. 73 of the Cabinet of Ministers of the Republic of Azerbaijan dated May 3, 2013, (as amended) on requirements for the types, structure, supply of temporary storage warehouses and customs warehouses, operations related to the goods placed there, accounting and reporting, implementation of customs control, warehouse owner (AZE 73/2013).

EAEU (Armenia, Kazakhstan, Kyrgyzstan)	Maintain records and submit reports to Customs	414	EAEU CC
Kazakhstan	Keeping records and submitting reports to Customs	167.5, 167.6, 507.1.5	KAZ CC
EU (Bulgaria, Romania)	Appropriate records in a form approved by Customs	148.4 116*	EU UCC EU 2015/2446*
Georgia	Keeping records (for special procedures e.g. CW – TS not included)	112	GEO CC
Iran	Registering in books (TS not specified)	19	IRN CL
Moldova	Keeping records	152.7; 152.8	MDA CC
Tajikistan	Keeping records and submit reports to Customs	112.1.2; 405	TAJ CC
Türkiye	Keeping records (for CW – not for TS)	99	TUR CC
Turkmenistan	Keeping records	68.1.2	TKM CC
Ukraine	Keeping records	73 ³ , 440	UKR CC
Uzbekistan	Record keeping (general)	200	UZB CC

National (and union) legislation and/or implementing provisions in most of the TRACECA countries include a requirement to provide security/guarantee to cover potential Customs debt as one of the conditions to authorize temporary storage facilities (with some exceptions).³⁰

Usually, such a guarantee should cover at least the amount of potential customs debt (e.g. import duties and taxes). As an exception, in some countries, other calculation methods exist. For example, in Tajikistan, an index for calculations per square meter of useful area, or cubic meter of useful volume of the premises is being used for the calculation in ensuring payment of customs duties and taxes in temporary storage facilities.³¹

Provisions on benefits for authorized economic operators could be applicable to reduce the amount of guarantee or provide guarantee waiver (e.g. for the AEO that fulfil conditions to enjoy such benefits).

	Security / Guarantee for a temporary storage facility	Article	Legislation
Azerbaijan	guarantee	178.3, 252	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	No specific provisions on security for the fulfilment of obligations for carrying out temporary storage activity on the EAEU level; regulated by MS – e.g. liability risk insurance contract(s) in ARM	399 271*	EAEU CC ARM CL*
EU (Bulgaria, Romania)	to provide guarantee (including a comprehensive guarantee)	148.2(c)	EU UCC
Georgia	guarantee in amount determined by MF (for CW – not for TS)	125.4	GEO CC

³⁰ For example:

- In the EAEU Customs legislation there is no specific requirement to provide security for fulfillment obligations in order to operate temporary storage, however national Customs legislation of Member States can regulate such security (based on Art. 399 of EAEU CC). For example, in Armenia in accordance with Art. 271 ARM CL the application for inclusion in the registers of owners of temporary storage, states information about liability risk insurance contract(s).
- In Georgia, it appears that provisions on guarantee exist in the Customs Code for customs warehouses but not for temporary storage. Temporary storage in customs warehouses is regulated with Art 77.1 of CC.
- In Iran, it appears that provisions on guarantee exist in the Customs Law for customs warehouses but not for temporary storage facilities.
- In Uzbekistan, there are general provisions on securing the obligation to Customs, however provision of guarantee for temporary storage is not specified in the Customs Code.

³¹ Article 384 paragraph 2, point 2) of the Tajikistan Customs Code.

Iran	security (for CW – not for TS)	32	IRN CL
Moldova	guarantee (including comprehensive guarantee)	152.4 (c)	MDA CC
Tajikistan	ensuring payment of customs duties and taxes	109.1.2) 384-391	TAJ CC
Türkiye	security to ensure payment of any customs debt which may arise	48.1 183-184	TUR CC
Turkmenistan	responsibility for paying duties and taxes; terms and order of payment of customs duties and taxes; ensuring of payment of customs duties and taxes;	68.2; 272-276 281- 287	TKM CC
Ukraine	security for payment of customs payments	201.6	UKR CC
Uzbekistan	payer of customs charges; calculation of Customs charges security for payment of customs charges (TS not specified)	295; 325; 336-346	UZB CC

Different types of security/guarantees could be provided for temporary storage of goods based on general provision in national (union) legislation (e.g. individual and/or comprehensive bank guarantee, liability risk insurance contract, etc.). The national (union) legislation specifies the person(s) responsible for providing security/guarantee (e.g. holder of the authorization to operate temporary storage facility).

Some TRACECA countries do have specific conditions for temporary storage facilities in Customs legislation. For example:

- in the EU, it is stipulated that temporary storage facilities should not be used for retail sale.³²
- in the EAEU, there are several provisions relevant for inclusion in the registry of temporary storage warehouse owners that include: “right of ownership for, or operational control or operational administration of or leasing constructions, premises (parts thereof) and or/outdoor areas”; “contract for insurance of civil liability”; “no overdue obligation for payment of customs duties, taxes, ...”³³

The authorization to operate a temporary storage facility should refer to the responsibilities of the holder of authorization including: keeping the goods in temporary storage under specified conditions; ensuring that goods are not unlawfully removed from temporary storage; and fulfilling the legal obligations arising from the storage of goods in temporary storage.

Details on procedures for application, as well as for issuing authorization/permit to establish and operate temporary storage facility are given in implementing regulations and internal instructions of Customs authorities. It could be assumed that there are differences in implementation among the TRACECA countries.

Key issues that are relevant to facilitate the application to operate temporary storage include:

- clearly identified conditions and requirements;
- easily available implementing regulations and internal instructions (e.g. published on the websites of Customs authorities);

³² Article 117 (a) Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 as regards detailed rules concerning certain provisions of the Union Customs Code

³³ Article 412 of Customs Code of the Eurasian Economic Union on Conditions for Inclusion in the Registry of Temporary Storage Warehouse Owners

- clear guidance on how and where to apply (e.g. forms to be used and/or free form);³⁴
- submission of application in electronic form;
- simplifications of the process of application for authorized economic operators;
- prompt decision on application with clear deadlines for Customs authorities.³⁵

B.3. Formalities

Declaration / Document for placing the goods under temporary storage

The only document to be required when goods are placed under temporary storage shall be that used to describe the goods when they are produced to the Customs.³⁶

For placing the goods under temporary storage, the Customs authority should not require a different type of documentation than that which was required for producing the goods to Customs. Since temporary storage precedes the lodgement of a Goods (Customs) declaration in most cases, Customs should accept the documents that are used for producing the goods to Customs for the temporary storage as well. However, where Customs require the lodging of a specific declaration for temporary storage it should be ensured that the information requirements are limited only to the particulars deemed necessary to permit the temporary storage of the goods and to the extent possible are harmonized with the data requirements for a Goods (Customs) declaration.³⁷

It is recommended that the Customs authorities accept the cargo declaration or another commercial document as the only document to be required to place the goods under temporary storage, provided that all the goods mentioned in that cargo declaration or that other commercial document are placed in a temporary store.³⁸

WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Definition E1./F1.

“Cargo declaration” means information submitted prior to or on arrival or departure of a means of transport for commercial use providing the particulars required by the Customs relating to cargo brought to or removed from the Customs territory thereon.

Acceptance of the cargo declaration or another commercial document for placing the goods under temporary storage would simplify the documentary requirements for temporary storage since the basic description of the goods, i.e. marks and number, quantity, etc., would already be available on the cargo declaration or another commercial document such as an invoice. These

³⁴ For example, in Bulgaria - Applications for permit for operation of temporary storage facilities - Annex 4 and 5, Customs Act (No. 15/6.02.1998 as amended) have reference to the operations under Article 147, paragraph 2 of Regulation (EU) No. 952/2013.

³⁵ For example, in Ukraine, preliminary review of application has to be done within 10 working days and deadline for decision is within 20 working days. An extract from the relevant register shall be issued within 5 working days from the date of registration (Articles 19⁵, 19⁶ and 415.2 of UKR CC).

³⁶ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 4

³⁷ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 4

³⁸ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended Practice 5

documents normally form the basis of the Goods declaration that will be lodged for clearance of the goods and may at times accompany the Goods declaration as a supporting document. This provides significant facilitation since the acceptance of these documents will eliminate the need to reproduce the details relating to the goods in another form.

Customs administrations could provide even greater facilitation by accepting the cargo declaration or a commercial document even when only part of the goods is placed in the temporary store. Customs could implement this by marking the document to indicate which of the goods it applies to and, if necessary, the disposition of the other goods.³⁹

	Declaration/Document for placing under temporary storage	Article	Legislation
Azerbaijan	short import declaration or a transit document that replaces it; obligation to submit; in electronic form; form determined by Customs	178.2; 113-116	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	transport (shipping), commercial and/or customs documents (paper or electronic) or a document containing data of preliminary information (electronic)	100	EAEU CC
EU (Bulgaria, Romania)	temporary storage (TS) declaration; reference to entry summary declaration + particulars of TS declaration; manifest or another transport document; transit particulars; use of commercial, port or transport IT systems; amendments and invalidation	145-146	EU UCC
Georgia	temporary storage (TS) declaration; reference to entry summary declaration + particulars of TS declaration; manifest or another transport document; transit particulars; use of commercial, port or transport IT systems; amendments and invalidation	68, 75, 76	GEO CC
Iran	cargo declaration; summarized declaration (manifest, B/L,..); modification and supplementing (TS in customs premises not clear)	1.c., 18-22	IRN CL
Moldova	temporary storage (TS) declaration; reference to short import declaration + particulars of TS declaration; transport document; transit declaration data; use of commercial, port or transport IT systems; amendments and invalidation	149-150	MDA CC
Tajikistan	short declaration; a form of short declaration determined by Customs	102	TAJ CC
Türkiye	summary declaration, format and content laid down by regulations, usually made by using a data processing technique (electronic form); commercial, port or transport information may be used	35 A - C	TUR CC
Turkmenistan	documents required for placing goods in temporary storage (data elements); upon request in electronic form	61	TKM CC
Ukraine	temporary storage (TS) declaration; or preliminary customs declaration, transit declaration; reference to entry summary declaration	202	UKR CC
Uzbekistan	short cargo customs declaration	86	UZB CC

The TRACECA countries in general follow the WCO guidance⁴⁰ regarding placing the goods under temporary storage to require only a declaration/document which was required for producing the goods to Customs. The name of such declaration/documents may differ among countries (e.g. preliminary declaration; document with preliminary information data; entry summary declaration - with additional particulars of temporary storage declaration; summarized declaration; short declaration; short cargo declaration). It could be assumed that such

³⁹ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended Practice 5

⁴⁰ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 4

declarations/documents have many common elements, however, it could be expected that there are also differences between data elements and the methods of processing of such documents.

Provisions from national (and union) legislation of most of the TRACECA countries indicate the possibility for cargo declaration (e.g. transport and commercial documents; manifest or another transport document) to be used for placing the goods under temporary storage, as recommended by the WCO.⁴¹ However, it is not clear what is the extent of actual implementation of such facilitation opportunity in practice.

It should be noted that usually the submission of declaration/documents for producing the goods (which means declaration/documents for temporary storage as well) is done in electronic form (as mandatory provisions or by request of Customs) which strengthens the capacity of Customs authorities to conduct a risk analysis.

National (union) legislation of the TRACECA countries (e.g. in the EU, Georgia, Moldova, and Türkiye) have provisions that include the possibility for Customs authorities to accept that commercial, port or transport information (IT) systems to be used to lodge a temporary storage declaration, provided that they contain the necessary particulars for such declaration (e.g. data to be extracted and reused from transport documents, manifests). Again, it is not clear what is the extent of actual implementation of such facilitation opportunities in practice. It could be assumed that implementation differs between different countries and between various modes of transport (e.g. implementation may be more prominent in air transport - for example, use IT systems for submission of e-AWB to be used as a temporary storage declaration, and less used in railway transport - for example use of IT systems for submission of e-CIM, e-SMGS or e-CIM/SMGS consignment note to be used as temporary storage declaration by Customs authorities.

Temporary storage of goods

When the Customs authorities accept the declaration/document for placing the goods under temporary storage, the goods could be formally placed in the approved temporary storage facility.

The goods can remain in temporary storage within the time limit set in national legislation as elaborated previously in this review (part, B1p.7). The WCO recommends, at the request of the person concerned, and for reasons deemed valid by the Customs, to be possible to extend the period initially fixed for temporary storage.⁴² For example, when certain documents are not available, such as licenses or permits, without which the goods (Customs) declaration cannot be lodged. As a facilitation measure, Customs should extend this time limit for temporary storage upon request if the reasons are valid.⁴³

⁴¹ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended Practice 5

⁴² WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended Practice 10

⁴³ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended Practice 10

The goods should be kept in the temporary storage facilities under the conditions set in the authorization/permit (part B2, p.10-14) and they can be subjected to authorized operations as elaborated previously in this review (part, B1p. 8-9).

Release of goods from temporary storage

Goods placed in temporary storage are usually released and removed from the temporary storage facility once the Goods (Customs) declaration for clearance of goods in some of the Customs procedures/regimes is submitted by the declarant and accepted by Customs authorities. That includes release in free circulation (import) or starting another Customs procedure/regime, such as Customs warehousing procedure in authorized Customs warehouse, transfer to a free zone, Customs transit, and re-export outside Customs territory.

Prior to the release of goods, it could be allowed to change the place of temporary storage of goods and move the goods placed under temporary storage between different temporary storage facilities under the condition that such movements would not increase the risk of fraud.⁴⁴

Any person having the right to dispose of the goods shall be entitled to remove them from a temporary storage facility subject to compliance with the conditions and formalities in each case.⁴⁵ This facilitative measure applies not only to the owner of the goods but also to the carrier, forwarding agent, Customs broker or any other person who can prove his right of disposal. In this respect, Customs may require the person concerned to establish his right to dispose of the goods by providing corresponding documents (e.g. waybill, bill of lading, dispatch note, loading receipt, commercial invoice, statement from the owner of goods, evidence of representation, etc.).⁴⁶

Obligation for payment of duties due to non-compliance

Obligation for payment of import duties (customs debt) and other charges could arise due to non-compliance; and such obligation (customs debt) will become payable in the case of loss of goods placed in temporary storage, before their clearance.

National (union) legislation of the TRACECA countries stipulates provisions to define situations and moments when such obligation for payment (customs debt) arises, as well as persons responsible (debtors) for payment. Various liable persons (debtors) could be identified, for example, the carrier or any person with the right to dispose of the goods that submitted documents for the placement of goods in temporary storage; the owner of a temporary storage warehouse or a person that carries out the temporary storage at a place other than a temporary storage warehouse; a person who was required to fulfil the obligations; any person who was aware or should reasonably have been aware that an obligation under the customs legislation was not fulfilled, or who participated in the act which led to the non-fulfilment of the obligation;

⁴⁴ For example:

- In the Eurasian Economic Union (e.g. Armenia, Kazakhstan, Kyrgyzstan): Art. 98. of the EAEU Customs Code
- In the European Union (e.g. Bulgaria, Romania): Art. 148.5 of the EU UCC
- In Moldova: Art. 154.10 Customs Code of Moldova (2021 as amended))

⁴⁵ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 12

⁴⁶ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 12

or any person who acquired or held the goods in question and who was aware or should reasonably have been aware at the time of acquiring or receiving the goods that an obligation under the customs legislation was not fulfilled.⁴⁷

If the obligation (customs debt) for payment of import duties and other charges due to non-compliance becomes payable, the Customs authorities will take necessary steps according to national (union) legislation to collect such debt from the identified responsible person(s). That also includes a collection of the payable amount (customs debt) from the security/guarantees provided for temporary storage as elaborated previously in this review (part B2, p.13).

Goods deteriorated, spoiled or damaged by accident or force majeure

Goods deteriorated, spoiled or damaged by accident or force majeure before leaving the temporary store should be allowed to be cleared as if they had been imported in their deteriorated, spoiled or damaged state provided that such deterioration, spoilage or damage is duly established to the satisfaction of the Customs.⁴⁸ Stolen goods are not considered to be destroyed or irrecoverably lost and are not, therefore, covered by this principle. Likewise, goods irrecoverably lost by reason of their own nature are not covered.⁴⁹

Goods not removed in the period allowed/abandoned goods

National legislation shall specify the procedure to be followed when goods are not removed from a temporary store within the period allowed.⁵⁰ If the goods are not removed from the temporary store within the prescribed period, Customs might take various courses of action. Apart from granting an extension of time; or arranging for the goods to be placed in a Customs warehouse, to be transferred to a free zone or to be re-exported; in certain circumstances, the goods might in due course be deemed to have been abandoned to the Revenue (State), and might subsequently be sold or otherwise disposed of.⁵¹

B.4 Conclusion

Placing the goods in temporary storage is primarily intended as an intermediate arrangement to keep the goods under Customs control/supervision with minimum Customs formalities in the

⁴⁷ For example:

- In the Eurasian Economic Union (e.g. Armenia, Kazakhstan, Kyrgyzstan): Commencement and Desistance of the Obligation for Payment of Import Customs Duties, Taxes, Safeguard, Anti-Dumping and Countervailing Duties Related to the Temporary Storage of Goods, Payment Terms and Calculation (Art. 103. of the EAEU Customs Code);
- In the European Union (e.g. Bulgaria, Romania): Customs debt incurred through non-compliance (Art.79 of the EU UCC);
- In Georgia: Customs debt incurred through the violation of the customs legislation (Art.49 of Customs Code);
- In Moldova: Customs debt arising as a result of non-compliance (Art. 89 of Customs Code of Moldova).

⁴⁸ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended Practice 11

⁴⁹ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Recommended Practice 11

⁵⁰ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 13

⁵¹ WCO Guidelines to Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 13

limited period between presentation/production of the goods to the Customs authorities and clearance of goods.

The main purpose of temporary storage is to facilitate the transport and logistics requirements in the international movement of goods. While some of the characteristics of temporary storage may be similar to the characteristics of Customs warehousing and free zones, the fundamental difference is that Customs warehousing and storage in a free zone have an important economic function which is independent of the transport activities.

C. Customs Warehousing

The WCO Revised Kyoto Convention, Specific Annex D, Chapter 1 defines the term “customs warehousing procedure” and provides guidance for the development of national legislation and implementing procedures regarding Customs warehouses.

WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Definition E1./F1.

"Customs warehousing procedure" means the Customs procedure under which imported goods are stored under Customs control in a designated place (a Customs warehouse) without payment of import duties and taxes.

The Customs warehousing procedure is one of the Customs procedures that offers the possibility to the importers to store imported goods for some time before their final clearance. The goods stored in a Customs warehouse could be cleared for home use and released for free circulation, put in another special customs procedure (e.g. for inward processing) or re-exported. Customs warehousing procedure provides facilitation by delaying the payment of the import duties while the goods remain in the warehouse. During the time of Customs warehousing the owner of the goods has the opportunity to negotiate sales of the goods on domestic market or abroad, or to arrange processing of goods, transfer to another Customs procedure or disposal of goods in another authorized manner.

Some of the commercial policy measures may not be applicable for the goods placed in the Customs warehousing procedure which provides an opportunity for the importer to obtain necessary permits/licenses and meet conditions regarding import of restricted goods while such goods are stored in a Customs warehouse.

	Main articles relevant to Customs warehouse	Legislation
Armenia	108-11; 273-277	Law of R. Armenia about Customs Regulation (ZR-353 2022) - ARM CL
Azerbaijan	166-173; 176-177; 181-183	Customs Code of the Republic of Azerbaijan (2011 as amended) - AZE CC
Bulgaria	Art.19(4)11a	Customs Act (No. 15/6.02.1998 as amended) - BUL CA Excise and Tax Warehouses Act (SG No. 91/2005) - ETWA
EAEU (ARM, KAZ, KGZ)	155-162; 415-419	Customs Code of the Eurasian Economic Union - EAEU CC
EU (BUL, ROU)	210-225; 237-242 1.32-33; * 149-150;* 177;* 179-180; * 201-203;* Annex 71-03*	Regulation (EU) No 952/2013 - Union Customs Code - EU UCC Delegated regulation 2015/2446 - Supplement to Regulation 952/2013 as regards detailed rules concerning certain provisions of the Union Customs Code – EU UCC DA Reg 2015/2446*
Georgia	29; 116,117, 122-127	Customs Code of Georgia (2019 as amended) - GEO CC
Iran	1.d; 23-32	Customs Law of the Islamic Republic of Iran - IRN CL
Kazakhstan	235-242; 392-6, 392-8; 508-514	Code of Kazakhstan on Customs Regulation (2017 as amended) - KAZ CC
Kyrgyzstan	95, 97, 125, 199, 220-224	Law of the Kyrgyz Republic "On Customs Regulation" 2019 - KGZ CL
Moldova	21(3)s; 160, 166; 279, 282, 288-290; 300-304	Customs Code (№ 95 from 24-08-2021 as amended) - MDA CC
Romania	/	Law no.86/2006 on Romanian Customs Code (as amended) - ROU CC
Tajikistan	17, 215-233	Customs Code of the Republic of Tajikistan (2004 as amended) - TAJ CC
Türkiye	58, 93-107, 218-219	Customs Code dated 27.10.1999, No. 4458 (as amended) - TUR CC
Turkmenistan	166-180	Customs Code of Turkmenistan (as amended) - TKM CC
Ukraine	121-129; 238-242; 343; 404-415; 424-429	Customs Code of Ukraine (2012 as amended, last amendments regarding implementation of EU CC No.3926-IX 08/22/2024) - UKR CC
Uzbekistan	28, 90-99, 173, 176-177; 199, 295, 337,338	Customs Code of Republic of Uzbekistan (2016 as amended) - UZB CC

Customs warehousing procedure could also provide benefits for the storage of domestic and goods for export to qualify for exemption from, or repayment of, internal duties and taxes.

Provisions from national (or union) legislation of the TRACECA countries regulate Customs warehousing procedure. Some common elements as well as differences of the legal frameworks are highlighted in the analysis in this part of the review.

In addition to general Customs legislation (e.g. Customs Code), national implementing regulations and internal instructions could further detail requirements and operational procedures related to Customs warehousing procedure.⁵²

C.1 General rules and requirements

Types of Customs warehouses

There are two main types of Customs warehouses, namely:

- public, for use of any person having the right to dispose of the goods,⁵³ and
- private, used solely by specified persons when this is necessary to meet the special requirements of the trade.⁵⁴

Public Customs warehouses are open to importers and any other persons to whom the goods have been sold while in the warehouse, or other persons (natural or legal) having title to the goods or the legal right to dispose of them.

The location of public Customs warehouses is usually in proximity of Customs offices, for example at border crossings, ports, Customs terminals, dry ports, logistics centers and other inland locations. Management of public Customs warehouses is regulated by national legislation, which may include options for operation by Customs, by other authorities or by natural or legal persons.

Private Customs warehouses provide opportunity to meet special requirements of trade or industry and allow specified persons to store goods in warehouses for their specific uses. Generally, private Customs warehouses are located within or near the premises of the manufacturing units.⁵⁵

Customs warehouses may consist of premises/buildings or parts of premises/buildings, or other specified facilities (e.g. silos, tanks, refrigerators, freezers etc.), or other indoor or outdoor areas that are authorized by Customs authorities for storage of goods under customs control.

⁵² For example:

- In Azerbaijan: Decision No. 73 of the Cabinet of Ministers of the Republic of Azerbaijan dated May 3, 2013, on Requirements for the types, structure, and supply of temporary storage warehouses and customs warehouses, operations related to the goods placed there, accounting and reporting, implementation of customs control, warehouse owner (AZ 73/2013).
- In Georgia: Order №257/ 2019 of the Ministry of Finance "On Approval of Instructions for Movement and Clearance of Goods on the Customs Territory of Georgia" - Appendix 9 - Instructions on customs warehouse procedure (GE 257/2019-9)

⁵³ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 2

⁵⁴ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 3

⁵⁵ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 3

	Types of Customs Warehouses	Article	Legislation
Azerbaijan	- open type - can be used by any person - closed type - for storage of certain goods	181.2 3.1*	AZE CC AZE 73/2013*
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	- open type - any goods, any person with authority for goods - closed type - for goods of Customs warehouse owner	416.4	EAEU CC
EU (Bulgaria, Romania)	- public customs warehouse type I - any person/responsibilities with the holder of authorization and holder of the procedure - public customs warehouse type II - any person/responsibilities with the holder or the procedure - public customs warehouse type III - operated by Customs - private customs warehouse / for goods of authorization holder	240.2. 242 1.32-33* 203* 1.2.11**	EU UCC EU UCC DA Reg 2015/2446* EU UCC IA Reg 2015/2447**
Georgia	- Customs warehouse - warehouse of Customs authority	29 8*	GEO CC GE 257/2019-9*
Iran	- Customs warehouses - for storage of IM/EX goods / managed by withholding authority - private warehouses - storage of own goods of a specific person	23, 26	IRN CL
Moldova	- public customs warehouse type I - any person/responsibilities with the holder of authorization and holder of the procedure - public customs warehouse type II - any person/responsibilities with the holder or the procedure - public customs warehouse type III - operated by Customs - private customs warehouse / for goods of authorization holder	302.3	MDA CC
Tajikistan	- open type - any goods, any person - closed type - for goods of Customs warehouse owner	224	TAJ CC
Türkiye	- public warehouse - any person - private warehouse - only goods of the warehouse keeper	94.1	TUR CC
Turkmenistan	- open warehouses - any goods, any person - closed warehouses - for goods of Customs warehouse owner	175	TKM CC
Ukraine	- open type (warehouse keeper or any other person) <ul style="list-style-type: none"> • type I - responsibilities with the holder of authorization and holder of the procedure • type II - responsibilities with the holder of the procedure • type III - operated by Customs - closed type (exclusively for goods declared by the holder of the CW)	424	UKR CC
Uzbekistan	- open bonded warehouse - use by any individuals - closed bonded warehouse - use by specific individuals-CW owner	173	UZB CC

Customs warehouses are authorized for regular multiple use (e.g. listed in the registers of owners of Customs warehouses). However, Customs authorities could also approve Customs warehousing procedure at locations other than Customs warehouses (e.g. due to special characteristics of goods (e.g. dangerous goods), large dimensions, special requirements for loading, unloading and/or storage).⁵⁶

⁵⁶ For example:

- in the Eurasian Economic Union (e.g. Armenia, Kazakhstan, Kyrgyzstan), Art. 155.4 of the Customs Code;
- in Georgia, other places of storage, Art.124.4 of CC, Art. 4.2 of the Instructions GE 257/2019-9;
- in Tajikistan, Art. 217 of the Customs Code;
- in Türkiye, Art. 93.4 of the Customs Code;
- in Turkmenistan, Art. 168.4 of the Customs Code;
- in Uzbekistan, Art. 93 of the Customs Code.

Special locations where the goods could be kept/exhibited without being in free circulation could in some circumstances be deemed as warehouses (e.g. fairs and exhibitions).⁵⁷

A list of international logistics centres along the TRACECA corridor (multimodal cargo facilities, dry ports, intermodal and transport and logistics terminals) where temporary storage facilities and services of Customs warehouses are usually offered is given in Annex 1 of this review.

Type of goods to be stored

Storage in public Customs warehouses should be allowed for all kinds of imported goods.

Goods which constitute a hazard, which are likely to affect other goods, or which require special installations should be accepted only by Customs warehouses specially designed to receive them.

Prohibited and restricted goods that are not allowed to enter the Customs territory are also prevented from being stored in Customs warehouses. Such prohibitions and restrictions could be imposed on grounds of:

- public morality or order, public security, public hygiene or health, or for veterinary or phytosanitary considerations;
- or the protection of patents, trademarks and copyrights.⁵⁸

Imported goods that are liable to restrictions based on economic reasons and trade policy measures which are only applied when goods are cleared for home use, should be allowed to be stored in Customs warehouses. Necessary permits and licenses needed for clearance for home use could be obtained while the goods are stored in a Customs warehouse.

The Customs authorities shall specify the kinds of goods which may be admitted to private Customs warehouses.⁵⁹ For example, only the goods associated with specific areas of activity of the trader-warehouse operator could be allowed to be stored in the private warehouse as a facility granted for the explicit needs of the trade.

Admission to Customs warehouses should be allowed for the goods that have previously entered the Customs territory and retained the status of foreign goods after being placed in some other special Customs procedure/regime (e.g. temporary storage, temporary admission, inward processing).

Goods which are entitled to repayment of import duties and taxes when exported (e.g. defective goods, or processed goods under inward processing with drawback), could be allowed in Customs warehouses so they may qualify for such repayment immediately (before being exported), on condition that they are to be subsequently exported.⁶⁰ Customs may, in some instances, require a security to be furnished to ensure that the obligation to export is fulfilled.

⁵⁷ For example, in Türkiye, Art 94.3 of the Customs Code.

⁵⁸ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Recommended Practice 5

⁵⁹ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 6

⁶⁰ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Recommended Practice 7

When the goods under temporary admission or inward processing procedure are admitted to the Customs warehouse, with a view to subsequent exportation or other authorized disposal, the obligation under the former procedure thereby is being suspended or discharged.⁶¹

This facilitation allows the obligations from a previous procedure (e.g. temporary admission or inward processing) to be terminated with the placing of the goods under the Customs warehouse procedure (before actual re-export / export of the goods). Subsequently, on removal of such goods from the Customs warehouse they may be placed under another Customs procedure, for example, Customs transit or clearance for home use according to the relevant regulations.

Admission to Customs warehouses could also be allowed for goods that are intended for exportation. Admission to Customs warehouses should be allowed for goods intended for exportation that are liable to, or have borne, internal duties or taxes, in order that they may qualify for exemption from, or repayment of, such internal duties and taxes, on condition that they are to be subsequently exported.⁶²

Types of Goods in Customs Warehouses (conditions and restrictions)									
	Foreign goods	Hazardous goods	Prohibited and restricted goods	Goods entitled to repayment on export	Goods under obligation from the previous procedure	Goods for export exempt / for repayment of internal duties and taxes	Domestic goods / other	Equivalent goods	
	Art.	Art.	Art.	Art.	Art.	Art.	Art.	Art.	Legislation
AZE	176.2 181.1	181.3	214 (214.3)	268	169	176.3-4 182.0.1	176.3-4 182.0.1	173	AZE CC AZE 73/2013*
EAEU (ARM, KAZ, KGZ)	155.1	159.2	7, 156.1.2	/	155.3	416.1 (509.1)*	416.1 (509.1)*	/	EAEU CC (KAZ CC)*
EU (BUL, ROU)	237.1, 240.1	202*	237.1.c 134.1	118.4 (defective goods)	215.1	237.2 177*	237.3 177*	223 169* 269**	EU UCC Reg 2015/2446* Reg 2015/2447**
GEO	122.1.a	/	122.1.b 70.1	122.3 Art.3*	113	122.3	122.3 126.1.a	117 10*	GEO CC GE 257/2019-9*
IRN	23	/	32, 122	/	/	23	23	/	IRN CL
MDA	300.1 302.1	/	300.1.c 142.1	121.5	286.1	300.2	300.3	290.4.a	MDA CC
TAJ	215	217.2	215, 217.1	220.1	217.3	215, 220.2	215	/	TAJ CC
TUR	93.1.a	94.2	55.2	93.1.b	82	93.1.b	100.a	/	TUR CC
TKM	166	168.2	168.1	171	168.3	166	166	/	TKM CC
UKR	121	427.3	122.1	/	122.3; 426	121; 126	121	73 ⁷	UKR CC
UZB	90	173 p2	91	/	91	90	90	/	UZB CC

⁶¹ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Recommended Practice 8

⁶² WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Recommended Practice 9

In several TRACECA countries (e.g. Azerbaijan, Bulgaria, Georgia, Moldova, Romania, Ukraine) Customs authorities may authorize the use of equivalent (foreign and/or domestic) goods to be stored jointly in a Customs warehouse (e.g. in tanks, silos, etc.). Equivalent goods should have the same Customs code of the Customs Nomenclature, the same quality, and the same technical characteristics. Customs regulations stipulate specific requirements and conditions for the use of equivalent goods and organization of Customs control when equivalent goods are being used.

Time limit

The Customs shall fix the authorized maximum duration of storage in a Customs warehouse with due regard to the needs of the trade, and in the case of non-perishable goods it shall be not less than one year.^{63, 64}

The Customs authorities also take into account the characteristics of the goods and the time necessary to complete formalities (e.g. to get necessary permits/licenses) while fixing the maximum duration of storage in a Customs warehouse.

The time limit for storage of perishable goods or goods with limited storage life may be further limited within the time which allows their intended use. In several countries, shelf life is considered as a condition for placing the goods in the Customs warehousing procedure.⁶⁵

	Time limit for Customs warehousing procedure	Article	Legislation
Azerbaijan	3 years	183	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	3 years (180 days before expiration day for goods with limited shelf life)	157	EAEU CC
EU (Bulgaria, Romania)	No limit (it could be limited due to the nature of goods)	238	EU UCC
Georgia	2 years (plus 2 years) (it could be limited due to the nature of goods)	123	GEO CC
Iran	3 months (+2 months)	24	IRN CL
Moldova	not to exceed the validity period of the customs warehouse permit/license (it could be limited due to the nature of goods)	301	MDA CC
Tajikistan	3 years (180 days before expiration day for goods with limited shelf life)	103	TAJ CC
Türkiye	No limit (it could be limited if necessary)	101	TUR CC
Turkmenistan	3 years (6 months before expiration day for goods with limited shelf life)	62	TKM CC
Ukraine	No limit (it could be limited due to the nature of goods, shelf life)	125	UKR CC
Uzbekistan	3 years (180 days before expiration day for goods with limited shelf life)	94	UZB CC

Sufficient time should be allowed to remove goods from a Customs warehouse that is to be closed (excluded from the Registry of Customs warehouse owners), so that the person concerned can arrange for transport, to obtain any necessary permits or licenses for a subsequent procedure or to pay the duties and taxes.⁶⁶

⁶³ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 11

⁶⁴ Time-limits regulated with Customs provisions of national (union) regulations are longer than one year, except in Iran (3 plus 2 months only) that is not aligned with of WCO RKC Specific Annex D, Chapter 1, Standard 11

⁶⁵ For example, in the EAEU, Tajikistan, Turkmenistan, Uzbekistan, shelf life and/or sell-by period of the goods shall be over 180 calendar days (6 months) for such goods to be allowed to be placed in a customs warehouse (Article 156.1.1 of the EAEU Customs Code) (Article 218.2 of TAJ CC) (Art. 169.2 of TKM CC) (Art. 94 of UZB CC)

⁶⁶ For example, in the EAEU, Tajikistan, and Turkmenistan when the Customs warehouse is no longer in use the goods shall be moved to another Customs warehouse or cleared in another Customs procedure within 60 days (2

Authorized Operations

Any person entitled to dispose of the warehoused goods shall be allowed, for reasons deemed valid by the Customs:

- (a) to inspect them;
- (b) to take samples, against payment of import duties and taxes wherever applicable;
- (c) to carry out operations necessary for their preservation; and
- (d) to carry out such other normal handling operations as are necessary to improve their packaging or marketable quality or to prepare them for shipment, such as breaking bulk, grouping of packages, sorting and grading, and repacking.⁶⁷

	Authorized Operations under Customs Warehousing	Article	Legislation
Azerbaijan	normal processing for their protection, improvement of appearance and quality, preparation for sale and transportation; <i>processing of goods under relevant conditions for such procedure;</i>	172 182.0.2 4*	AZE CC / AZE 73/2013*
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	standard operations to ensure safety; taking samples; operations necessary to prepare goods for sale and transportation; (not to affect characteristics/customs code)	158 238*	EAEU CC KAZ CC*
EU (Bulgaria, Romania)	usual forms of handling intended to preserve the goods, improve appearance, and prepare them for distribution or resale; <i>processing of goods (not regarded as being under CW procedure)</i> detailed list of usual forms of handling (Annex 71-03)*	220 241 180*	EU UCC Reg 2015/2446*
Georgia	operations to ensure preservation, improve appearance or state, prepare for sale/transport. List of operations determined by MF <i>processing of goods (not regarded as being under CW procedure)</i>	116 5* 126.1.b	GEO CC GE 257/2019-9*
Iran	/	NA	IRN CL
Moldova	Usual forms of processing to preserve the goods, improve appearance, or prepare them for distribution or resale. <i>processing of goods (not regarded as being under CW procedure)</i>	289 303	MDA CC
Tajikistan	normal operations necessary to ensure the safety of goods in an unaltered state; inspect and measure; fixing damaged packaging; sampling, operations for preparation for sale and transport	219	TAJ CC
Türkiye	handling intended to preserve, improve appearance, prepare for distribution or resale; temporary removal with authorization <i>processing of goods (not regarded as being under CW procedure)</i>	103.1 100.b	TUR CC
Turkmenistan	usual operations necessary to ensure the safety of goods in an unaltered state; sampling, simple assembly, operations for preparation for sale and transport with authorization	170.1 170.2	TKM CC
Ukraine	Usual operations to preserve the goods, improve appearance, prepare them for distribution or resale	127, (73 ⁶)	UKR CC
Uzbekistan	operations to ensure safety in unchanged state; inspect/measure goods; move within CW; take samples; prepare for sale and transportation; improve commercial quality (except processing)	95	UZB CC

In general, the operations that are authorized by Customs are those which do not affect the essential character of the goods. This can include operations necessary for preservation such as

months) from the date when a warehouse stopped being in use (Art. 157.4 of the EAEU CC) (Art. 232 of TAJ CC) (Art. 179 of TKM CC)

⁶⁷ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 10

fumigating, drying and ventilating. These operations can also include retail packing from bulk, sorting, grading and repacking to make the goods presentable or marketable.

The main purpose of allowing these operations is to preserve the goods while in storage so that they can be finally disposed of. Since the operations are not intended to change the essential character, this provision does not cover blending, processing or manufacture.⁶⁸

National (and Union) legislation of the TRACECA countries (with some exceptions)⁶⁹ follows the WCO RKC standard (Specific Annex D, Chapter 1, Standard 10) that advocates allowing operations necessary to preserve the goods while in storage that are not intended to change their essential character.

Several TRACECA countries do have provisions in their legislation that allow processing in Customs warehouses (e.g. Azerbaijan, Bulgaria, Georgia, Moldova, Romania, and Ukraine). Where an economic need exists and customs supervision is not adversely affected, Customs authorities may authorize the processing of goods to take place in a customs warehouse. In such cases, goods should be placed under specific Customs procedure (e.g. inward processing or end-use procedure), subject to the conditions provided for the relevant procedure, and they shall not be regarded as being under the customs warehousing procedure.

Goods placed in the Customs warehouse procedure could be moved within the Customs warehouse under conditions determined by Customs.

Customs authorities may impose conditions to ensure that authorized operations in the Customs warehouse will not be abused, such as specifying the procedures to be followed, and if necessary such operations to be subject to Customs supervision.

Details for operationalization of the provisions related to authorized operations as well as procedures for issuing a permit (authorization) for conducting operations under Customs warehouse procedure are given in implementing regulations and internal instructions of Customs authorities. It could be assumed that there are differences in implementation among the TRACECA countries.

Key issues that are relevant to facilitate implementation and applying for authorized operations under Customs warehouse procedure include:

- clearly identified specific operations that could be authorized,
- easily available implementing regulations and internal instructions (e.g. published on websites of Customs authorities);
- clear guidance on how and where to apply (e.g. forms to be used and/or free form);
- general authorization to operate Customs warehouse with usual operations;
- submission of application in electronic form;
- simplifications of the process of application for authorized economic operators;

⁶⁸ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 10

⁶⁹ It appears that provisions on operations that could be authorized in Customs warehouses are not available in the Customs Law of Iran. It is not clear if such provisions exist in other legislation or implementing provisions.

- prompt decision on application with clear deadlines for Customs authorities.

Transfer of Ownership (transfer of rights and obligations)

The transfer of ownership of warehoused goods shall be allowed.⁷⁰ For commercial reasons, goods may change hands while they are in the warehouse. There is no reason for Customs to object to this. However, the general conditions of warehousing must be complied with after any transfer of ownership of the warehoused goods, and where the transfer is permitted it should be affected by national legislation.^{71, 72}

C.2 Authorization/permit

In order to establish and operate a Customs warehouse, approval is needed from the Customs authorities in the form of authorization/permit. Such authorization/permit could be issued if requirements and conditions set within national (union) Customs legislation and implementing regulations are fulfilled.

Customs regulations shall lay down the requirements for the establishment, suitability and management of the Customs warehouses and the arrangements for Customs control. The arrangements for storage of goods in Customs warehouses and for stockkeeping and accounting shall be subject to the approval of the Customs.⁷³

Customs may require security to be provided in order to ensure payment of any import duties and taxes that might become chargeable if the goods are not properly accounted for.

For the purposes of control, Customs authorities may, in particular:

- require that the Customs warehouses be double-locked (secured by the lock of the person concerned and by Customs lock);
- keep the premises under permanent or intermittent supervision;
- keep or require to be kept, accounts of goods warehoused (by using either special registers or the relevant documentation);

⁷⁰ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 12

⁷¹ WCO Guidelines to Revised Kyoto Convention Specific Annex D, Chapter 1, Standard 12

⁷² For example,

- in Azerbaijan, transfer of rights and obligations (Art. 170 of AZE CC);
- in the EAEU, transfer of rights to possess, use and/or dispose of those goods (Art. 158.5 of EAEU CC);
- in the EU, transfer of rights and obligations (Art.218 of the EU UCC);
- in Georgia, transfer of rights and obligations (Art. 114 of GEO CC) and transfer of ownership (Art. 124.2 of GEO CC and Art. 6 of Appendix 9 - Instructions on customs warehouse procedure - MF Order №257/ 2019);
- in Moldova, transfer of rights and obligations (Art.287 of MDA CC);
- in Tajikistan, alienation of goods, transfer in relation to their ownership rights (Art. 219.4 of TAJ CC);
- in Turkmenistan, alienation of goods, transfer in relation to their ownership rights (Art. 170.3 of TKM CC);
- in Ukraine, transfer of right of ownership (Art. 73⁴ and 128 of UKR CC);
- in Uzbekistan, alienation - transfer of the right to own, use or dispose (Art. 96 of UZB CC).

⁷³ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 4

- take stock of the goods in the warehouse from time to time.⁷⁴

The WCO standard on establishment, management and control of Customs warehouses (Specific Annex D, Chapter 1, Standard 4) provides broad guidance. Detailed provisions regarding requirements, conditions, authorization and responsibilities of the holders of authorization/operators of Customs warehouses are laid down in national (union) Customs legislation of TRACECA countries. While such provisions defined in different national (union) legislation have different structures and scope of regulation, they also have some common elements regarding the authorization of Customs warehouses.

	Authorization to operate Customs warehouse	Article	Legislation
Azerbaijan	License for CW; for responsibility of the holder; requirements for structure, supply of CW, implementation of customs control; Obligation of CW owner ensure the transportation, weighing or other determination of quantity, loading, unloading, packing or repacking of the goods subject to customs clearance	167.2, 177, 181.5 / 3*; 6*; 7*	AZE CC / AZE 73/2013*
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	registry of Customs warehouse owners, requirements to location, arrangement and equipping of constructions, premises (parts of premises) by legislation of MS; conditions for inclusion in the registry of Customs warehouse owners; exclusion from the registry; obligation of CW owners	416; 417; 418; 419	EAEU CC
Kazakhstan	requirements; detailed conditions, inclusion in the registry of CW owners; suspension and exclusion from registry; obligation of Customs warehouse owner	509.5, 510, 511-514	KAZ CC
EU (Bulgaria, Romania)	authorization for operation of storage facilities, conditions to grant authorization (economic need, assurance of proper conduct, guarantee, ability to exercise Customs supervision); responsibilities of the holder of authorization or procedure;	211, 240.1, 242	EU UCC
Georgia	Authorization; obligation of the holder authorization/procedure	125; 127	GEO CC
Iran	license of establishment and customs control arrangements; responsibility for storage of goods (insurance of goods)	23, 25	IRN CL
Moldova	Authorization, conditions for authorization; type; responsibilities of the holder of authorization or procedure	279; 282 304	MDA CC
Tajikistan	register of owners of customs warehouses, requirements for the arrangement, equipment and location of customs warehouses; application, conditions for entry into register	17-21, 225, 226-231	TAJ CC
Türkiye	Authorization for opening and operating customs warehouses; responsibilities of warehouse keeper, depositor	95, 96, 97	TUR CC
Turkmenistan	requirements; List of owners of customs warehouse; duties and responsibilities;	176-178	TKM CC
Ukraine	Authorization for operation of customs warehouse; procedure for application, conditions and requirements for granting authorization; duties and responsibilities of the CW keeper	404-415; 424-429	UKR CC
Uzbekistan	responsibility; license for CW, liquidation of CW;	28;176-177;	UZB CC

For example, provisions on the structure/construction of the customs warehouses may stipulate requirements for the protection of goods placed in the facility; use of appropriate platforms for unloading and loading goods; controlled entry/exit points for bringing goods in and taking them out of the facilities; controlled entry/exit points for people (e.g. warehouse employees, persons in charge of goods and their representatives, other authorized persons including Customs and

⁷⁴ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 4

other control officers); designated parking lots for vehicles carrying goods in Customs warehouse; fencing of the Customs warehouse area; etc.⁷⁵

In addition to the structure/construction, various equipment and measures that ensure control and security of the goods placed under Customs warehouse procedure are used (e.g. equipment for weighing goods, surveillance equipment such as CCTV cameras, security guards, etc.)⁷⁶

One of the key Customs requirements is the possibility for Customs officers to carry out proper Customs supervision/control of the Customs warehouse. For that purpose, the Customs authorities consider the working conditions for Customs officials in the Customs warehouse (e.g. distance to regular Customs offices; availability of premises for work of Customs officials at Customs warehouse; appropriate conditions for carrying out customs control; special means for loading, unloading and moving of goods for purposes of customs control; availability of IT and communication equipment, etc.).

The authorization shall be granted only where the customs authorities are able to exercise customs supervision without having to introduce administrative arrangements which are disproportionate to the economic needs involved.⁷⁷

National (and union) legislation and/or implementing provisions of most of the TRACECA countries identify appropriate record keeping as one of the main conditions to authorize a Customs warehouse.

	Record keeping for goods in Customs Warehouse	Article	Legislation
Azerbaijan	Record keeping to identify goods, customs status, and control; accounting and reporting, template of accounting records, template of report for Customs	168 5*; Appendix 1-Appendix 2*	AZE CC AZE 73/2013*
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	Maintain records and submit reports to Customs	419	EAEU CC
Kazakhstan	Keeping records and submitting reports to Customs	514.1.5	KAZ CC
EU (Bulgaria, Romania)	Appropriate records in a form approved by Customs	214 178*	EU UCC Reg 2015/2446*
Georgia	Keeping records Data elements to be recorded	112, 9*	GEO CC GE 257/2019-9*
Iran	Registering in books	19	IRN CL
Moldova	Appropriate records in a form approved by Customs	285	MDA CC
Tajikistan	Keeping records and submit reports to Customs	230.1.2); 405	TAJ CC
Türkiye	Keeping records; yearly inventory	99; 105	TUR CC
Turkmenistan	Keeping records	178.1.2	TKM CC
Ukraine	Keeping records	73 ³ , 427.5, 428	UKR CC
Uzbekistan	Record keeping (general)	200	UZB CC

⁷⁵ For example, in Azerbaijan more detailed provisions are given in Articles 3 and 6 of Decision No. 73 of the Cabinet of Ministers of the Republic of Azerbaijan dated May 3, 2013, (as amended) on Requirements for the types, structure, supply of temporary storage warehouses and customs warehouses, operations related to the goods placed there, accounting and reporting, implementation of customs control, warehouse owner (AZE 73/2103)

⁷⁶ For example, in Ukraine regulated with Art 404 (4) of UKR CC regarding weighing equipment and video surveillance with exception for the tanks for gas/oil tanks transported by pipeline. The requirements for the installation and operation of video surveillance systems at the facilities are established by the Cabinet of Ministers of Ukraine.

⁷⁷ For example, in the EU regulated with Article 211.4.(a), of Regulation (EU) No. 952/2013 - EU UCC

Appropriate records should enable the customs authorities to supervise the operation of the Customs warehouse, in particular with regard to the identification of the goods stored, their customs status and their movements.

National implementing regulations often provide further details on the place where such records should be kept; access to be provided and/or reports to be submitted to Customs authorities regularly and/or on request; form of the records (e.g. use of IT systems for record keeping and providing reports in electronic form); recording of all changes and keeping audit trail for potential checks by Customs; minimum data elements and/or templates for such record keeping and submission of reports to Customs.⁷⁸

National (and union) legislation and/or implementing provisions in most of the TRACECA countries include a requirement to provide security/guarantee to cover potential Customs debt as one of the conditions to authorize a Customs warehouse (with some exceptions).⁷⁹

	Security / Guarantee for Customs warehousing procedure	Article	Legislation
Azerbaijan	security; customs debt	178.3; 239.1.1 239.3.3	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	No specific provisions on security for fulfilment of obligations for carrying out Customs warehousing activity on the EAEU level regulated by MS - e.g. liability risk insurance contract(s) in ARM	399 275*	EAEU CC ARM CL*
Kazakhstan	guarantee for the fulfilment of obligations for carrying out the activity;	486	KAZ CC
EU (Bulgaria, Romania)	guarantee	211.3.c; 89	EU UCC
Georgia	guarantee in the amount determined by MF	125.4	GEO CC
Iran	security (for transfer of goods in a private warehouse); security to store goods not undergone Customs formalities	28, 32	IRN CL
Moldova	guarantee	279.5.c; 98	MDA CC
Tajikistan	ensuring payment of customs duties and taxes	227.1.2 384-391	TAJ CC
Türkiye	Guarantee (exemptions e.g. for exhibitions and fairs, ..)	98	TUR CC
Turkmenistan	responsibility for paying duties and taxes; terms and order of payment of customs duties and taxes; ensuring of payment of customs duties and taxes;	178.1.5; 272-276 281- 287	TKM CC
Ukraine	security for payment of customs payments	122.6	UKR CC
Uzbekistan	responsibility for compliance; payer of customs charges; calculation of Customs charges; security for payment of customs charges	28; 93 295; 325; 336- 346	UZB CC

⁷⁸ For example,

- in Azerbaijan, Articles 5, Appendix 1 and Appendix 2 of Decision No. 73 of the Cabinet of Ministers of the Republic of Azerbaijan dated May 3, 2013, (as amended) on requirements for the types, structure, supply of temporary storage warehouses and customs warehouses, operations related to the goods placed there, accounting and reporting, implementation of customs control, warehouse owner (AZE 73/2013)
- In Georgia, Article 9 of Appendix 9 - Instructions on customs warehouse procedure of Order №257/ 2019, of the Ministry of Finance

⁷⁹ For example, in the EAEU Customs legislation there is no specific requirement to provide security for fulfillment obligations in order to operate Customs warehouse, however national Customs legislation of Member States can regulate such security (based on Art. 399 of the EAEU CC). For example, in Armenia in accordance with Art. 275 ARM CL the application for inclusion in the registers of owners of customs warehouses, states information about liability risk insurance contract(s).

Usually, such a guarantee should cover at least the amount of potential customs debt (e.g. import duties and taxes). In some countries other methods to determine the amount of guarantee for the holder of the customs warehouse of exit. For example, in Tajikistan, an index for calculations per square meter of useful area, or cubic meter of useful volume of the premises is being used for the calculation of guarantee of ensuring payment of customs duties and taxes in customs warehouses.⁸⁰

Provisions on benefits for authorized economic operators could be applicable to reduce the amount of guarantee or provide guarantee waiver (e.g. for AEO that fulfil conditions to enjoy such benefits).

Different types of security/guarantees could be provided for Customs warehouse procedures based on general provision in national (union) legislation (e.g. individual and/or comprehensive bank guarantee, liability risk insurance contract, etc.).

The national (union) legislation specifies the person(s) responsible for providing security/guarantee (e.g. holder of the authorization to operate Customs warehouse).

In addition to the key issues elaborated above, the TRACECA countries do have specific conditions in their respective national (union) Customs legislations regarding issuing authorization and operating Customs warehouses. For example:

- in the EU, it is stipulated that customs warehouses usually should not be used for retail sale (with several exceptions - e.g. remote sales, including via the Internet used for e-commerce activities).⁸¹
- in the EAEU, there are provisions on “right of ownership for, or operational control or operational administration of or leasing constructions, premises (parts thereof) and or/outdoor areas”; “contract for insurance of civil liability”; “no overdue obligation for payment of customs duties, taxes, ...”⁸²

The authorization to operate a Customs warehouse should refer to the responsibilities of the holder of authorization including: keeping the goods in the Customs warehouse under specified conditions; ensuring that goods are not unlawfully removed from the Customs warehouse; fulfilling the obligations arising from the storage of goods in Customs warehouse in accordance with the law; and to ensure conditions of Customs control in the Customs warehouse.

Details on procedures for application, as well as for issuing authorization/permit to establish and operate a Customs warehouse are given in implementing regulations and internal instructions of Customs authorities. It could be assumed that there are differences in implementation among the TRACECA countries.

⁸⁰ Article 384 paragraph 2, point 2) of the Tajikistan Customs Code.

⁸¹ Article 201 Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 as regards detailed rules concerning certain provisions of the Union Customs Code

⁸² Article 417 of Customs Code of the Eurasian Economic Union on Conditions for Inclusion in the Registry of Customs Warehouse Owners

Key issues that are relevant to facilitate the application to operate a Customs warehouse include:

- clearly identified conditions and requirements;
- easily available implementing regulations and internal instructions (e.g. published on websites of Customs authorities);
- clear guidance on how and where to apply (e.g. forms to be used and/or free form);
- submission of application in electronic form;
- simplifications of the process of application for authorized economic operators;
- prompt decision on application with clear deadlines for Customs authorities.⁸³

C.3. Formalities

Declaration for placing the goods under customs warehousing procedure

For placing the goods under the Customs warehousing procedure, a Goods (Customs) declaration has to be submitted. General standards from the WCO Revised Kyoto Convention regarding declarant and Goods declaration are applicable for submission of Customs declaration for Customs warehousing procedure.

WCO Revised Kyoto Convention, General Annex, Chapter 2, Definition E19./F8.

“Goods declaration” means a statement made in the manner prescribed by the Customs, by which the persons concerned indicate the Customs procedure to be applied to the goods and furnish the particulars which the Customs require for its application.

Any person having the right to dispose of the goods shall be entitled to act as a declarant.⁸⁴ The declarant shall be held responsible to the Customs for the accuracy of the particulars given in the Goods (Customs) declaration and the payment of the duties and taxes.⁸⁵

The Customs shall limit the data required in the Goods (Customs) declaration to only such particulars as are deemed necessary for the assessment and collection of duties and taxes, the compilation of statistics and the application of Customs law.⁸⁶ Where, for reasons deemed valid by the Customs, the declarant does not have all the information required to make the Goods declaration, a provisional or incomplete Goods declaration shall be allowed to be lodged, provided that it contains the particulars deemed necessary by the Customs and that the declarant undertakes to complete it within a specified period.⁸⁷

In support of the Goods declaration the Customs shall require only those documents necessary to permit control of the operation and to ensure that all requirements relating to the application

⁸³ For example, in Ukraine, preliminary review of application has to be done within 10 working days and deadline for decision is within 20 working days. An extract from the relevant register shall be issued within 5 working days from the date of registration (Articles 19⁵, 19⁶ and 415.2 of UKR CC).

⁸⁴ WCO Revised Kyoto Convention, General Annex, Chapter 3, Standard 3.7

⁸⁵ WCO Revised Kyoto Convention, General Annex, Chapter 3, Standard 3.8

⁸⁶ WCO Revised Kyoto Convention, General Annex, Chapter 3, Standard 3.12

⁸⁷ WCO Revised Kyoto Convention, General Annex, Chapter 3, Standard 3.13

of Customs law have been complied with.^{88, 89} Lodgment of supporting documents by electronic means will be permitted.⁹⁰ The Customs shall not require a translation of the particulars of supporting documents except when necessary to permit processing of the Goods declaration.⁹¹

The Customs shall permit the lodging of the Goods (Customs) declaration by electronic means.⁹² To check the Goods declaration, the Customs shall take only such action as they deem essential to ensure compliance with Customs law.⁹³

	Declaration for Customs warehousing procedure	Article	Legislation
Azerbaijan	Customs declaration; simplified declaration for AEO (general)	146-156	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	Customs declaring (including incomplete, periodic, unassembled or disassembled goods); simplifications regarding declaring for AEO (general)	104-106, 108-117, 437-443	EAEU CC
EU (Bulgaria, Romania)	Standard and simplified customs declaration; centralized clearance, entry in declarant's records, AEO, (general)	162-187 145-150*	EU UCC Reg 2015/2446*
Georgia	Standard and simplified declaration, AEO (general) Submitting Customs declaration; presenting Customs declaration for motor vehicles at registration places	82-95, 2*	GEO CC GE 257/2019-9*
Iran	Goods declaration; declarant; general terms and conditions of declaring, declaration in a form defined by Customs	1.a-b., 38-46	IRN CL
Moldova	Standard and simplified declaration, AEO (general)	160-179	MDA CC
Tajikistan	Declaration of goods, including simplifications (general)	123-138	TAJ CC
Türkiye	Declaration for Customs procedure, simplified procedures - entry in the records, AEO (general)	5, 58-72	TUR CC
Turkmenistan	Declaration of goods, including periodic declaration (general)	74-88	TKM CC
Ukraine	Customs declaration, a goods transport document and an invoice or other document that determines the value of the goods; simplified customs declaration, AEO (general)	122.2-3; 13.1.6; 257-269	UKR CC
Uzbekistan	Documents for placing the goods in bonded warehouse (specific), Declaration, including simplified (general)	92, 252-270	UZB CC

National (union) Customs legislation of the TRACECA countries stipulates provisions on simplifications about form and manner of submission of Customs declarations, including for authorized economic operators that are also applicable for Customs warehousing procedure.⁹⁴

⁸⁸ WCO Revised Kyoto Convention, General Annex, Chapter 3, Standard 3.16

⁸⁹ For example, in Ukraine with customs declaration, it is necessary to submit shipping document and invoice (Art. 122.2 of CC), in Uzbekistan cargo customs declaration and shipping documents are required (Art. 92 of CC)

⁹⁰ WCO Revised Kyoto Convention, General Annex, Chapter 3, Transitional Standard 3.18

⁹¹ WCO Revised Kyoto Convention, General Annex, Chapter 3, Standard 3.19

⁹² WCO Revised Kyoto Convention, General Annex, Chapter 3, Transitional Standard 3.21

⁹³ WCO Revised Kyoto Convention, General Annex, Chapter 3, Transitional Standard 3.31

⁹⁴ For example, provisions relevant for AEO simplification regarding declaring include:

- in Azerbaijan, simplified declaration in form of declarant's report (Art. 155 of CC);
- in the EAEU, release of goods prior to the filing of the declaration for goods (Art. 437. of CC);
- in the EU, entry into declarant's records as Customs declaration and self-assessment (Art. 182, 185 of CC);
- in Georgia, entry into declarant's records as Customs declaration and self-assessment (Art. 94, 95 of CC);
- in Ukraine, simplified declaring procedure (Art. 260¹ of CC).

Various forms of simplifications regarding declaring include: the use of incomplete declaration; the use of periodic declaration for all goods entered into customs procedure over a determined period;⁹⁵ use of centralized clearance which authorizes customs declaration to be lodged at a customs office responsible for the place where the declarant is established, while the goods could be presented to another customs office;⁹⁶ use of customs declaration in the form of entry into declarant's records where particulars of that declaration are at the disposal of the Customs authorities in the declarant's electronic system.⁹⁷

While some of those simplifications are similar in some of the TRACECA countries it could be expected that there are also differences, in particular with regard to the extent of actual implementation of such facilitation opportunities in practice.

It should be noted that usually the submission of declaration for producing the goods is done in electronic form (as mandatory provisions or by request of Customs) which strengthens the capacity of Customs authorities to conduct risk analysis. However, there are indications that paper-based supporting documents are also often required.

Customs warehousing procedure

When the Customs authorities accept the declaration for placing the goods under the Customs warehousing procedure, the goods can be formally placed in the Customs warehouse. As a form of simplification, the Customs authorities may allow the release of goods into the Customs warehousing procedure prior to submission of Customs declaration of goods (e.g. for Authorized Economic Operators).

The goods can remain in the Customs warehouse within the time limit set in national legislation as elaborated previously in this review (part, C1p.25).

The goods should be kept in the Customs warehouse under the conditions set in the authorization/permit (part C2, p.28-32) and they can be subjected to authorized operations as elaborated previously in this review (part, C1p. 26-27).

Discharge (removal) from Customs warehousing procedure

Goods placed in the Customs warehousing procedure are usually discharged and removed from the Customs warehouse once the Goods (Customs) declaration for clearance of goods in some of the Customs procedures/regimes is submitted by the declarant and accepted by Customs authorities. That includes release in free circulation (import) or starting another Customs procedure/regime, such as transfer to another Customs warehouse, transfer to free zone, Customs transit, and re-export outside Customs territory. Discharge from the Customs

⁹⁵ For example, use of periodic declaration is regulated in Azerbaijan (Art. 156.2 of CC); EAEU (Art. 116 of CC), Tajikistan (Art. 136, 138 of CC), Turkmenistan (Art. 86, 88 of CC), Uzbekistan (Art. 270).

⁹⁶ For example, use of centralized clearance is regulated in EU (Art. 179 of CC), in Georgia (Art. 93 of CC), Moldova (Art. 180 of CC).

⁹⁷ For example, use of entry into declarant's records as Customs declaration is regulated in EU (Art. 182 of CC), in Georgia (Art. 94 of CC), in Moldova (Art. 177-179 of CC), in Türkiye (Art. 71.1.c od CC).

warehousing procedure could also happen if the goods are abandoned to the State or destroyed with no waste remaining.

Any person entitled to dispose of the goods shall be authorized to remove all or part of them from one Customs warehouse to another or to place them under another Customs procedure, subject to compliance with the conditions and formalities applicable in each case.⁹⁸

This facilitative measure applies not only to the owner of the goods but also to the carrier, forwarding agent, Customs broker or any other person who can prove his right of disposal. In this respect, Customs may require the person concerned to establish his right to dispose of the goods by providing corresponding documents (e.g. waybill, bill of lading, dispatch note, loading receipt, commercial invoice, statement from the owner of goods, evidence of representation, etc.).

The goods placed in the Customs warehousing procedure may be placed under another Customs procedure in one or several consignments. Such fragmentary removal enables the person concerned to remove only the quantity of goods that are required for his immediate use.

Customs authorities may lay down the conditions governing removals from one Customs warehouse to another.⁹⁹ In some administrations, the transfer from one Customs warehouse to another is dealt with under a simplified procedure, such as using the accounting from one warehouse to another, without the need for separate Goods declarations.^{100, 101}

In the event of the closure of the Customs warehouse, the persons concerned shall be given sufficient time to remove their goods to another Customs warehouse or to place them under another Customs procedure, subject to compliance with the conditions and formalities applicable in each case.¹⁰²

Obligation for payment of duties due to non-compliance

Obligation for payment of import duties (customs debt) and other charges could arise; and such obligation (customs debt) will become payable due to non-compliance, such as in the case of loss of goods placed in Customs warehousing procedure, before their clearance.

National (union) legislation of the TRACECA countries stipulates provisions to define situations and moments when such obligation for payment (customs debt) arises, as well as persons responsible (debtors) for payment. Various liable persons (debtors) could be identified, for

⁹⁸ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 14

⁹⁹ For example,

- In Georgia, consent from Customs authority is needed, submitting a guarantee, and submitting Customs declaration to the Customs of destination (Art. 7.3 of App. 9 - GE CW Instruction of MF Order 257/2019)
- In Moldova, moving goods between different places in the customs territory according (Art. 288.2 of CC)
- In Tajikistan, authorization of Customs authority in writing (Art. 219.5 of TAJ CC)
- In Turkmenistan, permission of Customs authority in writing (Art. 170.4 of TKM CC)
- In Uzbekistan, movement from one bonded warehouse to another (Art. 95 of UZB CC)

¹⁰⁰ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 14

¹⁰¹ For example, in the EU movement within Customs territory without Customs formalities is regulated with Article 179.3 of k 2015/2446

¹⁰² WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 16

example: the declarant that submitted the Customs declaration for placement of goods in the Customs warehousing procedure; the owner of a Customs warehouse; other person who was required to fulfil the obligations; any person who was aware or should reasonably have been aware that an obligation under the customs legislation was not fulfilled, or who participated in the act which led to the non-fulfilment of the obligation; or any person who acquired or held the goods in question and who was aware or should reasonably have been aware at the time of acquiring or receiving the goods that an obligation under the under the customs legislation was not fulfilled.¹⁰³

If the obligation (customs debt) for payment of import duties and other charges due to non-compliance becomes payable, the customs authorities will take necessary steps according to national (union) legislation to collect such debt from the identified responsible person(s). That also includes a collection of the payable amount (customs debt) from the security/guarantees provided for the Customs warehousing procedure as elaborated previously in this review (part C2, p.31).

In some countries Customs duties are not demanded in the case of loss and deficiency as a result of the characteristics of the goods or of the processes made under the control of the Customs administration; and in the case of destruction, loss or theft for which the warehouse keepers and depositors are demonstrated to the Customs administration that they are not faulty.¹⁰⁴

Goods deteriorated, spoiled or damaged by accident or force majeure

Goods deteriorated or spoiled by accident or force majeure while under Customs warehouse procedure shall be allowed to be declared for home use as if they had been imported in their deteriorated or spoiled state, provided that such deterioration or spoilage is duly established to the satisfaction of the Customs.^{105, 106}

¹⁰³ For example:

- in the EAEU (e.g. Armenia, Kazakhstan, Kyrgyzstan): Commencement and Desistance of the Obligation for Payment of Import Customs Duties, Taxes, Safeguard, Anti-Dumping and Countervailing Duties for Goods to be Placed (Placed) under the Customs Procedure for Customs Warehouse, Payment Terms and Calculation (Art. 162. of the EAEU CC)
- in the European Union (e.g. Bulgaria, Romania): Customs debt incurred through non-compliance (Art.79 of the EU UCC)
- in Georgia: Customs debt incurred through the violation of the customs legislation (Art.49 of Customs Code)
- in Iran: payment of import duties related to lost goods (Article 26 Note1 of Customs Code)
- in Moldova: Customs debt arising as a result of non-compliance (Art. 89 of Customs Code of Moldova)

¹⁰⁴ For example:

- in Türkiye, Art. 106.2 of TUR Customs Code
- in Turkmenistan Art. 178.2 of TKM Customs Code

¹⁰⁵ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 13

¹⁰⁶ For example, clearance of goods in a deteriorated state, spoiled or damaged goods by accident or force majeure:

- in the EAEU, Art.160 of EAEU Customs Code
- in Georgia, Art. 122.2 of GEO Customs Code
- in Tajikistan, Art. 221 of TAJ Customs Code
- in Turkmenistan, Art. 172 of TKM Customs Code

Goods not removed in the period allowed

National legislation shall specify the procedure to be followed where goods are not removed from the Customs warehouse within the period laid down.¹⁰⁷

When the person concerned does not remove goods from a Customs warehouse within the storage period allowed, Customs must take action to ensure such removal. For example, Customs might collect the duties and taxes due from the security rather than taking physical custody of the goods. Customs may also sell the goods and hand over the proceeds of the sale, after deduction of import duties and taxes and other charges, to the person entitled to receive them.¹⁰⁸

National legislations of TRACECA countries provide a variety of solutions to deal with situations when the goods are not removed from Customs warehouses within the allowed period of storage.¹⁰⁹

C.4 Conclusion

Customs warehousing is one of the Customs procedures that is related to the economic activity of warehousing. The goods placed in the Customs warehouse procedure are intended to be stored in the Customs warehouse under Customs control/supervision for some period of time until the goods are ready for clearance for home use, to be placed under another Customs procedure, or to be re-exported outside of the Customs territory.

The use of a Customs warehouse facilitates dealing with imported goods and offers benefits such as delay of payment of import duties, time to obtain necessary permits/licenses, to negotiate sales of the goods on the domestic market or abroad, and to arrange processing of goods. Customs warehouses also offer benefits for storing goods for export, qualifying for exemption from, or repayment of, internal duties and taxes or terminating previous Customs procedures.

Since Customs warehousing also entails operational storage costs, introducing a wide range of options and various forms of simplifications (including for AEOs) are important features to reduce overall costs and increase attractiveness for the use of Customs warehousing procedures.

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- in Ukraine, Art. 125.3 of UKR Customs Code
 - in Uzbekistan, Art. 97 of UZB Customs Code.

¹⁰⁷ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 15

¹⁰⁸ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 15

¹⁰⁹ For example,

- in Azerbaijan, disposal of goods, sales of goods by Customs (Art. 183.2-183.3 of AZE CC);
- in the EAEU, goods are detained by Customs and acting accordingly (Art. 161.5-161.6, 379-383 of EAEU CC);
- in the EU, necessary measures, including confiscation and sale, or destruction, to dispose of goods (Art. 198 of UCC);
- in Georgia, measures are taken to dispose of goods (Art. 103 of GEO CC);
- in Iran, actions subject to regulation of abandoned goods are taken (Art. 24 of IRN CC);
- in Ukraine, to be transferred to the warehouse of Customs authority within 30 days or declare them in the customs regime of abolition or destruction (Art. 125.4 of UKR CC);
- in Uzbekistan, Customs files request with the court to make a decision with respect to goods (Art. 99 of UZB CC).

The main purpose of Customs warehouses is to provide safe storage of goods and to facilitate dealing with imported goods and goods for export. While some of the characteristics of storage in Customs warehouses and storage in free zones may be similar, the fundamental difference is that the goods inside free zones are regarded as being outside the Customs territory in terms of import duties and taxes. In addition to Customs legislation, free zones are usually subject to other legislation that is outside of the Customs domain.

D. Free Zones

The WCO Revised Kyoto Convention, Specific Annex D, Chapter 2 defines the term “free zone” and provides guidance for the development of national legislation and implementation of free zone procedures.

WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Definition E1./F1.

"Free zone" means a part of the territory of a Contracting Party where any goods introduced are generally regarded, insofar as import duties and taxes are concerned, as being outside the Customs territory.

Free zones are usually established as part of economic development policies of the countries to encourage investments, increase employment and boost external trade flows by providing special status for parts of a Customs territory for manufacturing and other commercial activities.

From the Customs point of view, benefits are offered by granting relief from duties and taxes on imported goods introduced to the territory of free zones. The fact that the goods located in free zones are regarded as being outside the Customs territory concerning import duties and taxes has an impact on the simplification of Customs procedures, which usually entails fewer Customs controls and formalities. Customs authorities are usually less involved in Customs clearance activities within the free zones and normally apply only general surveillance measures.

Benefits for residents and users of free zones are usually beyond the relief from Customs duties and simplified Customs procedures. Operation in free zones is usually characterized by different economic incentives, which may include a special taxation regime; limited regulatory oversight of goods; facilitation of foreign exchange and financial transactions; liberalized business registration and labour regulation; various infrastructure, leasing incentives and special arrangements.

Goods manufactured in a free zone are often exported. In some countries, the goods processed in a free zone could be imported for home use with benefits from special assessment rules. Domestic goods that enter a free zone normally are entitled to exemption from or repayment of internal duties and taxes granted at exportation.

In this review, we are using the term “free zones” in accordance with the definition of the WCO Revised Kyoto Convention. Some administrations use various other names such as “free port”, “free warehouse”, “free trade zone”, “foreign trade zone”, “special economic zones”, “export processing zones”, “special Customs zones” to make distinctions regarding organization and management of facilities, allowed operations, and other characteristics of various types of free zones.

Establishing a free zone is subject to the national legislation of the TRACECA countries that regulates the free zone status, operational aspects and benefits (e.g. Law on Free Zones). Provisions from national (or union) Custom legislation on free zones also stipulate Customs treatment of free zones. Some common elements as well as differences in the legal frameworks relevant for free zones are highlighted in the analysis in this part of the review.

In addition to general legislation (e.g. Customs Code, Law on Free Zones), national implementing regulations and internal instructions could further detail requirements and operational procedures related to free zones.¹¹⁰

	Main articles relevant to Free Zones	Legislation
Armenia	139-150; 278-282 all*	Law of R. Armenia on Customs Regulation (ZR-353/2022) - ARM CL Law of R. Armenia on Free Economic Zones (HO-395-N/2011) - AR FEZL*
Azerbaijan	3, 184-191 all*	Customs Code of the Republic of Azerbaijan (2011 as amended) - AZE CC Law of R. Azerbaijan on the Alat Free Economic Zone (2018) - AZ AFEZ*
Bulgaria	all*	Decree No. 2242 on Free Zones (1987) (Title amended, SG No. 15/1998)*
EAEU (ARM, KAZ, KGZ)	2.2.1, 14.4-6, 15.2, 104.8, 201-218; 420-424 all*	Customs Code of the Eurasian Economic Union - EAEU CC Agreement "On issues of free (special, exclusive) economic zones on the customs territory of the Customs Union and customs procedure 'free customs zone'" dated June 18, 2010 - EAEU AFEZ*
EU (BUL, ROU)	135, 210-225, 237-239; 243-249 all*; all**	Regulation (EU) No 952/2013 - Union Customs Code - EU UCC Bulgaria - Decree No 2242/1998 of Free Zones - BUL FZD* Romania - Law No 84/1992 on Regime of Free Zones - ROU FZL**
Georgia	110-117, 128-136 all*	Customs Code of Georgia (2019 as amended) - GEO CC Law of Georgia on Free Industrial Zones (5175/2007 as amended) FIZL*
Iran	18, 24, 66, 158 all* all**	Customs Law of the Islamic Republic of Iran - IRN CL Law on formation and management of free zones - IRN LFZ* Act on Establishment and Administration of Special Economic Zones of Islamic Republic of Iran (1993 as amended) - IRN ASEZ**
Kazakhstan	281-299, 515-521 all*	Code of Kazakhstan on Customs Regulation (2017 as amended) - KAZ CC Law of R. Kazakhstan on Special Economic Zones and Industrial Zones (No 242-VI/2019 as amended) KAZ SEZL*
Kyrgyzstan	19, 95.4.4, 98.3.2-3, 196- 204, 225-229, 249,	Law of the Kyrgyz Republic "On Customs Regulation" 2019 - KGZ CL Law of the Kyrgyz Republic "On Free economic zones" 2014* - KG FEZL
Moldova	160, 175, 311-317 all* all**	Customs Code (№ 95 from 24-08-2021 as amended) - MDA CC Law on Free Economic Zones (No. 440 from 07-27-2001- MD FEZL* Law on the International Free Port "Giurgiulesti" No. 8/2005 – MD FPG**
Romania	/ all*	Law no.86/2006 on Romanian Customs Code (as amended) - ROU CC Law no 84/1992 on Regime of Free Zones (as amended) - RO FZL*
Tajikistan	264-285 all*	Customs Code of the Republic of Tajikistan (2004 as amended) - TAJ CC Law of R. Tajikistan "On free economic zones" No. 1299/2016 - TJ FEZL*
Türkiye	152-162, 185 all*	Customs Code dated 27.10.1999, No. 4458 (as amended) - TUR CC Free Zones Law, No. 3218* - TR FZL*
Turkmenistan	4, 103 all*	Customs Code of Turkmenistan (2010 as amended) - TKM CC Law "On Free Economic Zones" (2017 as amended) - TM FEZL*
Ukraine	130-139, 430-436	Customs Code of Ukraine (2012 as amended, last amendments regarding implementation of EU CC No.3926-IX 08/22/2024) - UKR CC
Uzbekistan	5, 25, 28, 100-112, 175-177; 295, 300, 338 all*	Customs Code of Republic of Uzbekistan (2016 as amended) - UZB CC Law of R. Uzbekistan on Special Economic Zones (2020) - UZB LSEZ*

¹¹⁰ For example,

- in Azerbaijan: Resolution of the Cabinet of Ministers on Approval procedure for Customs authorities of the Customs status of internal goods for internal goods imported into the free zone, internal goods processed within free zone and goods put into free circulation within free zone (AZ 29/2013);
- In Georgia: Order №257/ 2019 of the Ministry of Finance "On Approval of Instructions for Movement and Clearance of Goods on the Customs Territory of Georgia" - Appendix 10 - Instructions on the free zone procedure (GE 257/2019-10);

D.1 General rules and requirements

Types of Free Zones

There are different types of free zones around the world (and the TRACECA countries), established in accordance with their national legislations. The differences between various types of free zones reflect distinctive characteristics of free zones regarding economic goals and settings.

Some countries make distinctions regarding the type of location/facilities and activities/services of free zones in several categories, for example:

- free ports (located at seaports, airports, and riverports), where typical activities are related to logistics, trading, manufacturing, as well as tourism and retail sales.
- free warehouses, that offer primarily warehousing services and distribution for trading operations;
- free (economic, special) zones (geographically delimited areas) that offer a variety of services including, storage, warehousing, trading, and manufacturing activities.

Other classifications of free zones make a distinction between:

- commercial/trade-free zones, where no processing or manufacturing operations of the goods are allowed (other than operations needed to preserve the goods and improve packaging) and
- Industrial-free free zones, processing or manufacturing operations are allowed.

	Types of Free Zones	Article	Legislation
Azerbaijan	Free zone (free economic zone)	184	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	- Free (Special, Exclusive) Economic Zone (FEZ) - Port Free (Special, Exclusive) Economic Zone (Port FEZ) - Logistics Free (Special, Exclusive) Economic Zone (Logistics FEZ) - Free warehouse	201-205 211, 1*	EAEU CC EAEU AFEZ*
EU (Bulgaria, Romania)	Free zone	243	EU UCC
Georgia	Free zone (free industrial zone)	129	GEO CC
Iran	- Free trade and industrial zone - Special economic zone	1 1	IRN LFZ IRN ASEZ*
Kazakhstan	- Free (Special) Economic Zone (FEZ)(SEZ) - Free warehouse Special Economic Zone and Industrial Zone (public/private) (republican significance, regional significance, small)	281, 292 9, 15, 26*	KAZ CC KAZ SEZL*
Moldova	Free zone (free economic zone, free port)	311	MDA CC
Tajikistan	- Free economic zone (industrial, trade, service, innovative) - Free warehouse	264, 273 5*	TAJ CC TJ FEZL*
Türkiye	Free zone	152-153	TUR CC
Turkmenistan	- Free Customs zone (free warehouse) - Free economic zone (trade, industrial, technology innovation, service, transport and logistics (port), agro-industrial, complex	4, 103 5*	TKM CC TM FEZL*
Ukraine	Free customs zone (commercial, service, industrial - separate law)	430.2	UKR CC
Uzbekistan	- Free Customs zone - Free warehouse	106 100, 175 9*	UZB CC UZB LSEZ*

	Special economic zones (free economic zones; special scientific and technological zones; tourist and recreational areas; free trade zones; special industrial zones).		
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Free zones are usually established at seaports, airports, riverports, major land border crossings, and inland locations with geographic and economic advantages. Free zones may be quite extensive (for example, all or part of a port) or relatively small (a simple site adjacent to an airport). Based on ownership structure the free zone can be public, private or developed in a public-private partnership.

A list of 139 free (special economic) zones in the TRACECA countries with links for more details on their organization and benefits offered is given in Annex 2 of this review.¹¹¹ The distribution of free zones in the TRACECA countries is presented in the Table below.

Table: Number of free (special economic) zones in the TRACECA countries

ARM	AZE	BUL	GEO	IRN	KAZ	KGZ	MDA	ROU	TAJ	TUR	TKM	UKR	UZB
2	1	3	3	42	14	5	8	6	4	18	12	0	22

Worldwide experience shows that the number of free zones is not connected to the size of economies, but rather reflects the economic policies of the countries. The number of free zones also varies over time with different trends. While some countries favour expanding policies for the creation and operation of free zones, other countries tend to limit the selective advantages that free zones can offer and potentially distort competition in comparison with the business environment within the country (outside free zone areas).

It could also be noted that with facilitation and digitalization of Customs procedures (e.g. Customs warehousing, drawback, inward processing) beneficial features that are comparable to the Customs incentives in free zones could be provided throughout the entire Customs territory. For example, in several European countries, there are no operational free zones, however, some Customs benefits similar to free zone schemes are made available through alternative programs.¹¹²

Territoriality aspect

In most of the TRACECA countries, free zones are regarded geographically inside respective Customs territory.¹¹³ However, the concept of “extraterritoriality” is also associated with free zones due to their main characteristics, that the goods located in the free zone are generally regarded as being outside the Customs territory only “in respect to import duties and taxes”.

Accordingly, it is still expected that Customs authorities to be able to properly apply Customs formalities and border controls regarding free zones. That means that persons, goods and means

¹¹¹ It appears that not all listed free (special economic) zones are active. The list does not include free warehouses.

¹¹² For example, Austria, Belgium, Finland, Ireland, Slovakia, Sweden, Netherlands do not have operational free zones - Table 2 Presence of free zones in EU27 - Study of the impact of free zones and proposals for guidelines on their future modernisation in light of the European Green Deal (2023).

¹¹³ As an exception free customs zones and free warehouses are considered to be outside of the Customs territory (e.g. in Uzbekistan - Article 5 of Customs Code).

of transport entering or leaving free zones may be subject to Customs controls. The area of free zones should be secured and supervised according to Customs requirements. For example, entry/exit points and perimeter of free zones shall be controlled by Customs.¹¹⁴ In some countries, the perimeters of the free zones, are considered as a Customs border in a similar manner as the border of the Customs territory.¹¹⁵ The goods placed under the Customs regime of a free zone shall remain under Customs control for the duration of such regime.¹¹⁶ The Customs shall have the right to carry out checks at any time of the goods stored in a free zone.¹¹⁷

Type of goods admissible in free zones

Residents in free zones (tenant companies), non-residents such as users of services provided by residents in free zones (e.g. in port/logistics zones and free warehouses), as well as developers and operating bodies of free zones can bring to the free zone different types of goods for various purposes such as for storage, processing, usage and other allowed operations (e.g. determined under in the procedure to allow residents to operate in a free zone).

The kinds of goods admissible to free zones are regulated in national (union) legislation.¹¹⁸ That includes foreign goods that could be placed under the special customs procedure of the free Customs zone, as well as domestic goods. Admission to a free zone shall be authorized not only for goods imported directly from abroad but also for goods brought from other parts of the Customs territory.¹¹⁹ Goods brought from the other parts of the Customs territory may be goods in free circulation or goods placed under a procedure affording conditional relief from import duties and taxes or a processing procedure.¹²⁰

Goods which constitute a hazard, which are likely to affect other goods, or which require special installations should be admitted only to free zones specially designed to receive them.

Prohibited and restricted goods that are not allowed to enter the Customs territory are also prevented from admission in free zones. Such prohibitions and restrictions could be imposed on grounds of:

- public morality or order, public security, public hygiene or health, or for veterinary or phytosanitary considerations; or
- the protection of patents, trademarks and copyrights.¹²¹

Imported goods that are liable to prohibitions or restrictions (e.g. based on economic and trade policy measures), should be allowed for admission in free zones without applying commercial

¹¹⁴ For example, in Azerbaijan (Art. 184.3-4 of Customs Code) and in Uzbekistan (Art. 5 of Customs Code)

¹¹⁵ For example, in Azerbaijan (Art. 3.4 - 3.5 of Customs Code)

¹¹⁶ For example, in Ukraine (Art. 130.2 of Customs Code)

¹¹⁷ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 4
(For example, in Georgia - Art. 131.2.d of Customs Code)

¹¹⁸ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 2

¹¹⁹ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 5

¹²⁰ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 5

¹²¹ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Recommended Practice 6

policy measures. Export restrictions and prohibitions may be fully applicable to goods brought from the Customs territory.

Goods admissible to a free zone which are entitled to exemption from or repayment of import duties and taxes when exported shall qualify for such exemption or repayment immediately after they have been introduced into the free zone.¹²² These are generally goods on which drawback is claimed, goods under the inward processing procedure and goods re-exported as not in accordance with the contract (e.g. defective goods).

Goods admissible to a free zone which are entitled to exemption from or repayment of internal duties and taxes when exported shall qualify for such exemption or repayment after they have been introduced into the free zone.¹²³ This covers goods in free circulation, whether previously imported or domestic. Domestic goods meant for export can be admitted to free zones and become entitled to exemption from or repayment of internal duties and taxes. However, Customs authorities may introduce requirements for the actual exportation of the goods from the national territory, to prevent free zones from becoming congested with goods placed there principally to qualify for exemption from or repayment of internal duties and taxes.

National (union) regulation can specify domestic goods, goods placed under specific customs procedures, or goods intended for a specific type of usage within a free zone to be admitted into a free zone, without being placed under special customs procedure of a free customs zone.¹²⁴

In several TRACECA countries (e.g. Azerbaijan, Bulgaria, Georgia, Moldova, Romania, and Ukraine) Customs authorities may authorize the use of equivalent (foreign and/or domestic) goods to be used free zone procedures. Equivalent goods should have the same Customs code of the Customs Nomenclature, the same quality, and the same technical characteristics. Customs regulations stipulate specific requirements and conditions for the use of equivalent goods and organization of Customs control when equivalent goods are being used.

National legislation shall enumerate the cases in which goods to be consumed inside the free zone may be admitted free of duties and taxes and shall lay down the requirements which must be met.¹²⁵ Admission of goods to be used in a free zone may be allowed not only free from import duties and taxes but also free from internal duties and taxes. This includes goods that may be used in processing (e.g. catalysts and accelerators or retarders of chemical reactions which are used in industrial processing) as well as goods consumed by people working inside the free zones (office stores, fuel, food and beverages). Equipment to be used solely inside the free zone for transport, storage and processing of goods may also be admitted free. The possibility of granting

¹²² WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 7

¹²³ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 8

¹²⁴ For example,

- in Azerbaijan (Article 187.1 of CC);
- in the EAEU (Article 204.3 of EAEU CC);
- in the EU (Articles 246-247 of EU UCC).

¹²⁵ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 13

free admission to material necessary for the construction of buildings or plants in free zones is left to the discretion of the countries.¹²⁶

Types of Goods in Free Zones (conditions and restrictions)								
	Foreign goods	Hazardous goods	Prohibited and restricted goods	Goods entitled to repayment on export	Goods for export exempt / for repayment of internal duties and taxes	Equivalent goods	Domestic goods to be stored, used, and consumed inside the	
	Art.	Art.	Art.	Art.	Art.	Art.		Legislation
AZE	188		214, 185.3	186.1.3	187.2.1	173	187 16,17* 1.2**	AZE CC AZ AFEZ* AZ 29/2013**
EAEU (ARM, KAZ, KGZ)	201-202 211.2 9.6,10-11*	/	7, 202.1.3 212.1 11.2*	/	10.5*	/	201-202 211.2-3, 211.11 9.5-6*	EAEU CC EAEU AFEZ*
EU (BUL, ROU)	247	/	237.1.c 134.1	118.4 (defective goods)	245.1.c	223 169*	246	EU UCC Reg 2015/2446*
GEO	128.a 1.1.a-c*	/	70.1	133	128.b	117	128.b 1.1.d*	GEO CC GE 257/2019-10*
IRN	14*	/	158	66.N1	14*	/	16-17*	IRN CL IRN LFZ*
MDA	311.2 315	/	142.1, 311.2	121.5	311.2	290.4.a	311.2 314	MDA CC
TAJ	264 19*	/	264, 270 19*	/	264 19*	/	264	TAJ CC TJ FEZL*
TUR	152.a	154	55.2	155.2b	152.b 155.3	/	158	TUR CC
TKM	30.2	/	30.2	/	30.2, 30.5	/	30.8	TM FEZL*
UKR	130, 132.2	434.3	434.2	/	132.1	73 ⁷	130	UKR CC
UZB	100, 106	101, 107, 175	101, 107	/	100, 106	/	106, 107, 175	UZB CC

National regulations of the TRACECA countries stipulate the rules for admission of goods to be used and consumed inside the free zone depending upon the type of goods and type of use to which the goods are put. For example, vehicles that are used to carry cargo and people to/from and within the territory of the free zone are usually not placed under the procedure customs procedure for free customs zone and they are subject to import clearance for home use.¹²⁷

Time limit

¹²⁶ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 13

¹²⁷ For example, in the EAEU, goods intended to be placed and/or used by residents in the FEZ for their business activities could be placed under customs procedure for free customs zone, however that does not include the vehicles to carry cargo, passengers and baggage (Article 201.2-3 and 201.6 of EAEU Customs Code)

In general, goods admitted in a free zone can stay indefinitely. In exceptional circumstances, a time limit could be imposed on the duration of the stay of goods in a free zone.¹²⁸

Exceptional circumstances may relate to time limits specified in the authorization granted for the processing or manufacturing operations, the nature of the goods, their anticipated shelf life or health and safety considerations.¹²⁹

In the event of the closure of a free zone (or lost status of resident in a free zone), the persons concerned shall be given sufficient time to remove their goods to another free zone (or to another resident) or to place them under a Customs procedure, subject to compliance with the conditions and formalities applicable in each case.^{130, 131}

Such time should be sufficient, to arrange for transport, to obtain any necessary permits or licenses for a subsequent procedure or to pay the duties and taxes.

	Duration of stay for goods in the free zone	Article	Legislation
Azerbaijan	Not limited	186.3	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	the time period of operations/functioning of the FEZ/free warehouse, (and time period of application of the customs procedure)	202.5.1 212.3.1 12*	EAEU CC EAEU AFEZ*
EU (Bulgaria, Romania)	No limit (it could be limited due to the nature of goods)	238	EU UCC
Georgia	No limit (it could be limited due to the nature of goods)	130	GEO CC
Iran	According to legal provisions of zones (NA)	24N4	IRN CL
Moldova	not to exceed a period of operation of the free zone (it could be limited due to the nature of goods)	301	MDA CC
Tajikistan	Not limited - subject to the functioning of the free economic zone / free warehouse	267; 276	TAJ CC
Türkiye	No limit	156	TUR CC
Turkmenistan	NA	/	/
Ukraine	Period of duration of operation of the free customs zone (determined on a contractual basis)	133	UKR CC
Uzbekistan	No limit	104, 110	UZB CC

Authorized Operations

Goods admitted to a free zone shall be allowed to undergo operations necessary for their preservation and usual forms of handling to improve their packaging or marketable quality or to prepare them for shipment, such as breaking bulk, grouping of packages, sorting and grading,

¹²⁸ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 14

¹²⁹ WCO Guidelines to Kyoto Convention, Specific Annex D, Chapter 2, Standard 14

¹³⁰ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 21

¹³¹ For example,

- in Azerbaijan (Art. 191 of Customs Code)
- in the EAEU, four months when a person has lost the resident status to transfer to another resident (Art. 205.12 of EAEU); six months in case of termination of FEZ, loss of status of resident status (Art. 207.1.1-2) and termination of functioning of free warehouse (Art. 215.1.1. of EAEU CC)

and repacking.¹³² Such operations which do not affect the character of the goods should be applicable in all types of free zones.

Where the competent authorities allow processing or manufacturing operations in a free zone, they shall specify the processing or manufacturing operations to which goods may be subjected in general terms and/or in detail in a regulation applicable throughout the free zone or in the authority granted to the enterprise carrying out these operations.¹³³ Such operations are characteristic of the free zones where processing or manufacturing is allowed in general (e.g. industrial free zones). The countries may identify only specific types of processing or manufacturing as advantageous to the national economy, that could be allowed to be organized in a free zone.

National (and Union) legislation of the TRACECA countries may specify requirements for identification of the foreign goods placed under the customs procedure for the free customs zone in the goods that were produced (obtained) from the foreign goods placed under the customs procedure for the free customs zone.¹³⁴

	Authorized Operations in Free Zones	Article	Legislation
Azerbaijan	normal operations, including packaging, grouping, sorting, marking, repacking for protection and improving the quality; commercial and other types of activities (with Customs permission)	172, 184.5, 185.2	AZE CC /
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	operations that do not affect the characteristics of the good for port/logistics FEZ; storage, loading/unloading, operations to ensure safety, preparation for transport and marketability; the processing of goods, repairs and maintenance, consumption (if operations are in line with the agreement on business activities), sampling, (any operation for domestic goods not placed in the procedure)	202.2, 205, 211.4, 213 5*, 7*, 13*	EAEU CC EAEU AFEZ*
EU (Bulgaria, Romania)	usual forms of handling intended to preserve the goods, improve appearance, and prepare them for distribution or resale; detailed list of usual forms of handling (Annex 71-03)* subject to relevant legislation, any industrial, commercial or service activity (with advance notification to Customs)	220; 180* 244.2-3	EU UCC Reg 2015/2446*
Georgia	operations to ensure preservation, improve appearance or state, prepare for sale/transport. List of operations determined by MF; storage, processing and supply (list of prohibited activities)	116,132 4* 11-12**	GEO CC GE 257/2019-10* FIZL**
Iran	/	NA	IRN CL
Moldova	Usual forms of processing to preserve the goods, improve appearance, or prepare them for distribution or resale; subject to relevant legislation, any industrial, commercial or service activity (with advance notification to Customs)	289 312.2-3; 6.10-18*	MDA CC MD FEZL*
Tajikistan	production and other commercial operations, excluding their retail sale, according to the list established by the legislation on the free economic zone (list of prohibited activities); operations in free warehouses – usual forms of handling, processing	266; 275 4*	TAJ CC TJ FEZL*
Türkiye	Usual forms of handling, processing; all industrial, commercial and service operations deemed appropriate (Supreme Planning Board)	157; 10*	TUR CC TR FZL*

¹³² WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 11

¹³³ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 11

¹³⁴ For example, in the EAEU (for FEZ Art. 206, and for free warehouses Art. 214 of EAEU CC)

Turkmenistan	activities provided for by the decision on the creation of free economic zones and agreements (list of prohibited activities)	6	TM FEZL*
Ukraine	Usual operations to preserve the goods, improve appearance, and prepare them for distribution or resale (+ repair for service FCZ)	131, (73 ⁶)	UKR CC
Uzbekistan	operations to ensure safety in an unchanged state, preparation for sale and transportation, simple assembly; operations in accordance with FEZ legislation; prohibited activities	103, 109 19*	UZB CC UZB LSEZ*

Foreign goods brought in a free zone may be released for free circulation or be placed under the inward processing, temporary admission or end-use procedure, under conditions laid down for those procedures, while they remain in the free zone. In such cases, the goods usually are not regarded as being under the free zone procedure.

National (union) legislation may stipulate the cases when the use of goods or consumption of goods released for free circulation or temporary admission would not entail the application of import duties and would not require submission of Customs declaration.¹³⁵

Transfer of Ownership (transfer of rights and obligations)

The transfer of ownership of goods admitted to a free zone shall be allowed.¹³⁶ For commercial reasons, goods may change hands while they are in a free zone. There is no reason for Customs to object to this. However, the general conditions must be complied with after any transfer of ownership of the goods admitted to a free zone, and where the transfer is permitted it should be effected in accordance with national legislation.¹³⁷ Retail sales within free zones may be prohibited as such sales can be treated as a clearance for home use. Goods admitted to free zones may be transferred for provisioning ships and aircraft.¹³⁸

D.2 Establishment of free zone and authorizations/permits

National legislation shall specify the requirements relating to the establishment of free zones.¹³⁹ The establishment of a free zone depends on several national legislation/regulations that include:

- legislation/regulation that provides special status to a part of the national territory where the free zone will be located;

¹³⁵ For example, in the EU, Article 247.2 of EU UCC

¹³⁶ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 15

¹³⁷ For example,

- in Azerbaijan, transfer of rights and obligations (Art. 170 of AZE CC);
- in the EAEU, transfer of rights to possess, use and/or dispose (for FEZ Art. 205.7-12 / for FW Art. 213.8-10 of CC);
- in the EU, transfer of rights and obligations (Art.218 of EU UCC);
- in Georgia, transfer of rights and obligations (Art. 114 of GEO CC);
- in Moldova, transfer of rights and obligations (Art.287 of MDA CC);
- in Türkiye, transfer of goods (Art. 35 of TR FZL);
- in Ukraine, transfer of right of ownership (Art. 73⁴ and 134 of UKR CC).

¹³⁸ WCO Guidelines to Revised Kyoto Convention Specific Annex D, Chapter 2, Standard 15

¹³⁹ WCO Guidelines to Revised Kyoto Convention Specific Annex D, Chapter 2, Standard 2

- specific legislation/regulation on establishing and operating a free zone that may be under authority of ministries governing economic development, or specialized authorities (e.g. Free Zone Authorities);
- Customs provisions regarding requirements for control and operation in the free zone.

While other ministries and specialized authorities may have a leading role in a decision to establish a free zone, Customs authorities have to be actively involved in examining the application to establish the free zone jointly with other relevant authorities; approving the construction plan before any new free zone is opened; checking conditions for operation and qualifications of free zone operating bodies (private); conditions for operation and registration of residents (tenant companies) in free zone, approving goods to be admitted into the free zone, as well as admissible operations.

WCO Guidance for Customs Involvement in Free Zones (FZs)

- ✓ Customs should be represented on the relevant governmental board to develop the overall national policy on FZs, decide on the establishment of FZs and review applications to establish FZs.
- ✓ Customs should establish basic construction standards and other standards to be implemented in FZs for Customs control. This covers Customs checkpoints, enclosed fencing surrounding the FZ, Customs inspection areas, video surveillance systems, installation of non-intrusive inspection (NII) equipment, the information network to be interfaced with Customs, etc.¹⁴⁰

The Customs shall lay down the arrangements for Customs control including appropriate requirements as regards the suitability, construction and layout of free zones.¹⁴¹ For this purpose, Customs may, in particular:

- require that the premises used for free zones be enclosed and constructed in a manner that ensures proper safety and accounting of goods;
- impose restrictions on means of access and establish hours of business;
- keep the premises and means of access to the free zone under permanent or intermittent supervision.¹⁴²

Independently of the conditions which may be laid down by Customs to permit control of the goods held in a free zone, the authority in charge of free zones may impose special conditions as regards, in particular, safety and security measures to be observed in connection with the storage of goods, fees payable for the use of the installations, rental charges for the premises, and the approval and control of the vehicles and personnel allowed access to the free zone.¹⁴³

Experiences in the TRACECA countries (e.g. Azerbaijan, the European Union) show that Customs authorities are involved in the process for approval of construction work in free zones, and permissions for commercial and other activities in a free zone.¹⁴⁴

¹⁴⁰ WCO Practical Guidance on Free Zones, December 2020 (Guidance for Customs Involvement in FZs - p.30)

¹⁴¹ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 3

¹⁴² WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 3

¹⁴³ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 2

¹⁴⁴ WCO Practical Guidance on Free Zones, December 2020 (Example 5: Azerbaijan, Example 6: EU - p.30)

The WCO standards on the establishment and control of free zones (Specific Annex D, Chapter 2, Standards 2 and 3) provide broad guidance. Detailed provisions regarding requirements, conditions, authorizations and responsibilities of the developers, operating bodies, residents (tenant companies), and service providers in free zones are laid down in the national (union) Customs legislation of the TRACECA countries. While such provisions defined in different national (union) legislation have different structures and scope of regulation, they also have some common elements regarding authorizations for construction and operations in free zones.

For example, that includes provisions on requirements to fence the perimeter of the free zone, establish controlled entry/exit points for bringing goods in and taking them out of the free zone, procedures for access of people and transport means into the free zone, and use of video surveillance. One of the requirements of Customs is to have facilities that enable proper Customs supervision/control of the free zone.

The Customs shall lay down the arrangements for Customs control of free zones including requirements for persons introducing goods into free zones to keep proper accounts of the goods (by using either special registers or the relevant declarations or by use of computers) so that the circulation of the goods can be controlled.¹⁴⁵

	Establishment of Free Zone (authorizations/permits)	Article	Legislation
Azerbaijan	Creation of free zone, area, entry/exit points; construction with permission of Customs, permission for free zone procedure; Establishing free zones, developers, licensing and permitting	3.3, 167, 184.1-2, 185.1; 2*, 10*, 15*	AZE CC / AZ AFEZ*
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	establishment of FEZ under MS legislation, registration of residents of FEZ, requirements, authorization for export, notification for import in other FEZ, authorization for import/export in port/logistics FEZ; registry of free warehouse owners, requirements to location, arrangement and equipping of constructions, premises (parts of premises) by legislation of MS; conditions for inclusion in the registry of free warehouse owners; exclusion from registry; obligation of free warehouse owners	203 420-424 3*, 6*, 9*	EAEU CC EAEU AFEZ*
EU (Bulgaria, Romania)	designation of the free zone, area, and entry/exit points; approval for building from Customs; advance notification for activities to Customs (may impose prohibitions/restrictions/requirements);	243-244	EU UCC
Georgia	Decision for establishment by Government, construction agreed with Customs, conditions and provisions for functioning	129 4-6*	GEO CC GEO FIZL*
Iran	Establishment of Free trade and industrial zones, licenses for economic activities; Establishment of Special economic zones	1*, 11* 1**	IRN LFZ* IRN ASEZ**
Moldova	designation of the free zone, area, and entry/exit points; approval for building from Customs; advance notification for activities to Customs (may impose prohibitions/restrictions/requirements);	311.1, 312.1 4*	MDA CC MD FEZL*
Tajikistan	Creation of a free economic zone in accordance with legislation on free economic zones (Government decision), measures to ensure compliance with customs legislation; Creation of free warehouse (Government Decision on proposal of Customs / State foreign trade administration), obligations of free	264, 268; 273.2, 279, 281, 282-285 8-10*	TAJ CC TJ FEZL*

¹⁴⁵ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 3

	warehouse owner, requirements for operation, permit to operate as FW owner		
Türkiye	Authorization for opening and operating customs warehouses; responsibilities of warehouse keeper, depositor; granting operating licenses, registry of users, suspension/cancellation	95, 96, 97 11-12, 14*	TUR CC TR FZL*
Turkmenistan	Conditions, establishment (Decisions of President on recommendation from Cabinet of Ministers), liquidation, agreements with participants in FEZ,	7, 9, 10, 18-25	TM FEZL*
Ukraine	Permit to operate a free customs zone (commercial and service type)	431	UKR CC
Uzbekistan	Creation of FEZ, licensing activities of FW; Formation (resolution of President, decision of Cabinet of Ministers), documents, liquidation, investment application/agreement	112, 176-177 20-22*. 26-36*	UZB CC UZB LSEZ*

WCO Guidance for Reporting in Free Zones (FZs)

- ✓ Companies operating in FZs should be required to keep inventory books and other records on operations conducted in FZs as accurately as possible. Companies operating in FZs or FZ operating bodies should report such inventory information and other records periodically to Customs.
- ✓ If required by Customs, FZ companies or FZ operating bodies need to submit the necessary reports, including the balance of cargoes, raw materials and a list of inventories, etc. to Customs, upon request.¹⁴⁶

National (and union) legislation and/or implementing provisions of most of the TRACECA countries identify appropriate record keeping (logs/journals) as one of the main requirements for admission of goods and operations in free zones.

	Record keeping for goods in Free Zones	Article	Legislation
Azerbaijan	Record keeping to identify goods, customs status, control	168	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	Presentation of reports to Customs; Keeping records of the goods placed under customs procedure for free customs zone and goods produced	18; 203.7; 434; 14.4*	EAEU CC EAEU AFEZ*
Kazakhstan	Keeping records and submitting reports to Customs	514.1.5	KAZ CC
EU (Bulgaria, Romania)	Appropriate records in a form approved by Customs	214 178*	EU UCC Reg 2015/2446*
Georgia	keeping records; registration of goods, data elements, form for registration	112; 6-8, App.10-01*	GEO CC GE 257/2019-10*
Iran	/	/	IRN CL
Moldova	Appropriate records in a form approved by Customs	285	MDA CC
Tajikistan	Accounting for goods in free customs zone / Accounting for goods in a free warehouse	269 278	TAJ CC
Türkiye	Keeping records	159.1-2	TUR CC
Turkmenistan	Accounting and reporting	34	TM FEZL*
Ukraine	Accounting of goods	73 ³ , 435.5	UKR CC
Uzbekistan	Record keeping (general)	200	UZB CC

Appropriate records should enable the Customs authorities to supervise the admission of goods in the free zone, in particular with regard to the identification of the goods stored, goods processed, their customs status and their movements.

¹⁴⁶ WCO Practical Guidance on Free Zones, December 2020 (Guidance for submission of declaration and reporting in FZs p.39)

National implementing regulations often provide further details on the place where such records should be kept; access to be provided and/or reports to be submitted to Customs authorities regularly and/or on request; form of the records (e.g. use of IT systems for record keeping and providing reports in electronic form); recording of all changes and keeping audit trail for potential checks by Customs; minimum data elements and/or templates for such record keeping and submission of reports to Customs.¹⁴⁷

In general, the Customs should not require security for the admission of goods to a free zone.¹⁴⁸

However, in some cases, where an individual operator's premise is designated as a free zone, the requirement of security may be imposed that in fact offers greater facilitation by allowing physical controls to be waived.¹⁴⁹

National (and union) legislation in the TRACECA countries in general does not include requirements to provide security/guarantee to authorize free zone Customs procedure.¹⁵⁰

The decisions, authorizations and permits regarding, the operations of residents in the free zone should include responsibilities to keep and use the goods under specified conditions; to ensure that goods are not unlawfully removed from the territory of the free zone; to fulfil the obligations arising from the storage and usage of goods in a free zone in accordance with the law; and to ensure conditions of Customs control in the free zone if necessary.

Details on procedures for application to become a resident in a free zone, as well as for issuing authorization/permits to operate in a free zone are given in implementing regulations and internal instructions of authorities of ministries governing economic development, specialized authorities (e.g. Free Zone Authorities) and/or Customs authorities. It could be assumed that there are differences in implementation among the TRACECA countries.

Key issues that are relevant to facilitate the application to operate in a free zone include:

- clearly identified conditions and requirements;
- easily available joint implementing regulations and internal instructions (e.g. published on websites of Free Zone authorities and Customs authorities);
- clear guidance on how and where to apply (e.g. forms to be used and/or free form);
- submission of application in electronic form;
- single window facilities, and good coordination among relevant authorities (e.g. Free Zone authorities and Customs authorities)
- simplifications of the process of application for authorized economic operators;
- prompt decision on application with clear deadlines for relevant authorities.

¹⁴⁷ For example, in Georgia, Articles 6-8 and Appendix No.10-01; 10-02 of Appendix 10 - Instructions on free zone procedure of Order №257/ 2019, of the Ministry of Finance.

¹⁴⁸ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Recommended Practice 10

¹⁴⁹ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 2, Recommended Practice 10

¹⁵⁰ As an exception security is needed when open area is declared as the free warehouse in Uzbekistan (Art. 338 of CC)

D.3. Formalities

Document / Declaration for admission of goods in the free zone

Goods brought into a free zone are usually presented to Customs authorities as regulated with national (union) legislation, which means Customs could check the documents needed for the presentation of goods to Customs when entering Customs territory, or documents/declarations for a Customs procedure which is ending when the goods are placed under free zone procedure (for example Customs transit).

WCO Revised Kyoto Convention recommends to Customs administration not to require Goods declaration in respect of goods introduced into a free zone directly from abroad if the information is already available on the documents accompanying the goods.¹⁵¹ Such document may be a commercial invoice, waybill, bill of lading, dispatch note or a simplified document on a special form identifying the goods entered into the free zone.

If a goods declaration¹⁵² (simplified declaration) for admission of goods in a free zone is required by Customs authorities, for specific circumstances determined under national legislation, the data required could be limited only to such particulars necessary to conduct a risk assessment.

WCO Guidance for Submission of Declarations in Free Zones (FZs)

- ✓ Goods declarations or other forms of declaration at entry to and exit from FZs should be requested and submitted to Customs to conduct a risk assessment of cargoes.
- ✓ Goods declarations could exclude elements related solely to duty declarations but should include the elements necessary for risk assessment.
- ✓ Simplified declarations should be permitted for companies which demonstrate a high level of compliance, such as those certified as AEOs.¹⁵³

	Documents / Declaration for Free Zone procedure	Article	Legislation
Azerbaijan	documents for presentation of goods to Customs	186.1	AZE CC
EAEU (Armenia, Kazakhstan, Kyrgyzstan)	documents for notification of customs for entry into Customs territory; different declaring features could be established by MS for FEZ/FW customs declaring; FEZ (port/logistics only) <u>not subjected to customs declaring</u> (except for goods imported by residents for construction, overhaul of infrastructure facilities of FEZ, other if stipulated by MS legislation; <i>(customs declaring in the free warehouse)</i>)	88-89; 104.1; 104.8.2-3; 204.4 11*, 14*	EAEU CC EAEU AFEZ*
EU (Bulgaria, Romania)	documents for presentation of goods to Customs	245	EU UCC
Georgia	Simplified Customs declaration, and presentation of goods to Customs;	133; 1.4*, 2*	GEO CC GE 257/2019-10*
Iran	/	/	IRN CL
Moldova	No Customs declaration for domestic goods; documents for presentation of goods; Customs declaration,*	160.1; 313; 7*	MDA CC MD FEZL*
Tajikistan	subject to customs clearance as determined by Customs	271	TAJ CC

¹⁵¹ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Recommended Practice 9

¹⁵² See WCO RKC definition of Goods Declaration (General Annex, Chapter 2, Def. E19/F8) at page 33 of this report.

¹⁵³ WCO Practical Guidance on Free Zones, December 2020 (Guidance for submission of declaration and reporting in FZs p.39)

Türkiye	Documentation for presentation of goods, no Customs declaration, notification for goods subject to export provisions Summary declaration to be lodged	155 159.3	TUR CC
Turkmenistan	Under conditions developed and approved by Customs (NA)	30.6	TM FEZL
Ukraine	Transport and commercial documents	132.4	UKR CC
Uzbekistan	cargo customs declaration and shipping documents	102, 108	UZB CC

The Customs shall permit the lodging of the goods (Customs) declaration by electronic means.¹⁵⁴ For the purpose of checking the Goods declaration, the Customs shall take only such action as they deem essential to ensure compliance with Customs law.¹⁵⁵

In some TRACECA countries, Customs could waive the requirement for submission of advance (preliminary/summary) declaration/information for the goods directly admitted into the territory of free zoned from abroad.¹⁵⁶

In some TRACECA countries, Customs could waive the requirement for submission of pre-departure declaration for goods transshipped from the means of transport that brought them to that free zone under the supervision of the same customs office onto a vessel, airplane or railway that will carry them out of the customs territory.¹⁵⁷

Free Zone procedure

When under the requirements stipulated by national (union) regulation, goods brought into the free zone are presented to Customs authorities, and necessary documents checked (or declaration - e.g. simplified declaration accepted), the goods are considered formally admitted in a free zone. As a form of simplification, the Customs authorities usually allow the release of goods into the free zone prior to submission of Customs declaration (e.g. simplified declaration) (if required), provided that necessary documents for presentation of goods are submitted (e.g. Bill of Lading) and/or accounting certificate from the records of the resident/operator in the free zone.

The goods could be kept, processed or used in the free zone under the conditions set in the authorization/permit (part D2, p.48-52) and they can be subjected to authorized operations as elaborated previously in this review (part, D1p. 46-47).

Discharge (removal) from the free zone

Goods admitted under free zone procedure (or goods produced in a free zone from goods admitted in a free zone) are usually removed from the free zone once appropriate notification or Goods (Customs) declaration for clearance of goods in some of the Customs procedures/regimes is submitted and accepted by Customs authorities. That includes the export of goods, release in free circulation (import), transfer to another resident / free zone or starting another Customs procedure/regime, including Customs transit, and re-export outside Customs territory. Goods admitted in a free zone could also be discharged from the procedure if they are abandoned to

¹⁵⁴ WCO Revised Kyoto Convention, General Annex, Chapter 3, Transitional Standard 3.21

¹⁵⁵ WCO Revised Kyoto Convention, General Annex, Chapter 3, Transitional Standard 3.31

¹⁵⁶ For example, in EAEU (Art. 11.15.8 of Customs Code)

¹⁵⁷ For example, in EU (Art. 245.2.e of Reg 2015/2446)

the State, destroyed with no waste remaining or consumed in accordance with national (union) legislation.

The only declaration required for goods on removal from a free zone shall be the Goods declaration normally required for the Customs procedure to which those goods are assigned.¹⁵⁸

Where a document must be produced to the Customs in respect of goods which on removal from a free zone are sent directly abroad, the Customs should not require more information than already available on the documents accompanying the goods.¹⁵⁹ A simplified document on a special form identifying the goods that were introduced into the free zone may suffice.

Goods admitted to or produced in a free zone shall be permitted to be removed in part or in full to another free zone or placed under a Customs procedure, subject to compliance with the conditions and formalities applicable in each case.¹⁶⁰ The facility of removing goods piecemeal for other Customs procedures is also allowed. Such fragmentary removal enables the person concerned to remove only the quantity of goods that are required for his immediate use.¹⁶¹

National (union) legislation of the TRACECA countries defines the rules on changes in the status of goods admitted in the free zone. That includes retaining the status of foreign goods or domestic goods (e.g. for goods produced exclusively of foreign goods or domestic goods), as well as conditions for change of the status (e.g. for goods produced from foreign and domestic goods, placing the goods in another customs procedure).¹⁶²

National legislation shall specify the point in time to be taken into consideration for the purpose of determining the value and quantity of goods which may be taken into home use on removal from a free zone and the rates of the import duties and taxes or internal duties and taxes, as the case may be, applicable to them.¹⁶³

Between the time when the goods entered the free zone and the time when they are taken into home use changes may occur in the Customs tariff or the value of the goods, or their quantity may decrease through evaporation or other losses. It is, therefore, necessary to specify the point in time to be taken into consideration for the purpose of determining the value and quantity of

¹⁵⁸ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 17

¹⁵⁹ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Recommended Practice 18

¹⁶⁰ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 16

¹⁶¹ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 16

¹⁶² For example,

- in Azerbaijan, status of good brought from free zone to another part of Customs territory - Art.190 of CC;
- in EAEU, status of goods produced in FEZ is regulated in Art. 201.7-10, 210 of and Art. 10.2 of and status of goods produced in free warehouses in Art. 211.5-8 of EAEU and Art. 218 of EAEU CC;
- in EU, Customs status - Article 249 of EU UCC;
- in Georgia, Customs status - Article 135 of Customs Code;
- in Moldova, Customs status - Article 317 of Customs Code;
- in Tajikistan, consideration of origin of goods from the free customs zone - Art. 270.2 of Customs Code;
- in Türkiye, status of goods - Article 162 of Customs Code;
- in Ukraine, Customs status - Article 136 of Customs Code.

¹⁶³ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 19

the goods, and the rates of the import duties and taxes applicable to them, on their removal from the free zone. Two main points in time could be taken into consideration, the time of entry into the free zone and the time of delivery from the free zone. As a greater facility some administrations may offer the possibility that, where there have been changes in the rates since the goods entered the free zone, the person concerned may choose the rate applicable.¹⁶⁴

National legislation shall specify the rules applicable for determining the amount of the import duties and taxes or internal duties and taxes, as the case may be, chargeable on goods taken into home use after processing or manufacturing in a free zone.^{165, 166}

There can be several possible methods of determining the amount of import duties and taxes chargeable. The amount of the import duties and taxes chargeable on goods taken into home use after processing in a free zone may be limited to the amount of the import duties and taxes which apply to the imported goods used (in the state in which they were originally introduced into the free zone). Where goods of national origin or goods imported against payment of import duties and taxes were used, it may be limited to the amount of any exemption from or repayment of internal duties and taxes or import duties and taxes granted when those goods were introduced into the free zone. A special assessment procedure may be laid down where equipment that has been used to process goods in a free zone is admitted free of import duties and taxes.¹⁶⁷

Domestic goods that have been placed under the Customs procedure for a free Customs zone (including goods obtained from the processing of such goods) can be brought back into the rest of the Customs territory under the procedure established in national (union) legislation.¹⁶⁸

For domestic goods that have not been placed under Customs procedure for a free Customs zone, Customs authorities may introduce a special procedure for their removal back to the other part of Customs procedure (in the same condition or after their processing) including certification to prove such domestic status.¹⁶⁹

Obligation for payment of duties due to non-compliance

If the goods placed under the free zone procedure are unlawfully removed to the rest of the Customs territory or used against allowed operations obligation for payment of import duties and other charges could arise.

National (union) legislation of the TRACECA countries stipulates provisions to define situations and moments when such obligation for payment (customs debt) arises, as well as persons

¹⁶⁴ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 19

¹⁶⁵ WCO Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 20

¹⁶⁶ For example, in EAEU, for FEZ Article 209 and for Free warehouses Article 217 of EAEU AFEZ

¹⁶⁷ WCO Guidelines to Revised Kyoto Convention, Specific Annex D, Chapter 2, Standard 20

¹⁶⁸ For example, in EAEU: Customs procedure for re-importation (Article 207.6.2 of EAEU Customs Code)

¹⁶⁹ For example, in Azerbaijan: Certificate on approval of Customs status of internal goods - Resolution of the Cabinet of Ministers on Approval procedure for Customs authorities of the Customs status of internal goods for internal goods imported into free zone, internal goods processed within free zone and goods put into free circulation within free zone (AZ 29/2013)

responsible (debtors) for payment. Various liable persons (debtors) could be identified, for example, the declarant that submitted Customs declaration for placement of goods under Customs procedure for the free Customs zone; residents in the free port/logistics zone; other persons who were required to fulfil the obligations; any person who was aware or should reasonably have been aware that an obligation under the customs legislation was not fulfilled, or who participated in the act which led to the non-fulfilment of the obligation; or any person who acquired or held the goods in question and who was aware or should reasonably have been aware at the time of acquiring or receiving the goods that an obligation under the customs legislation was not fulfilled.¹⁷⁰

If the obligation (customs debt) for payment of import duties and other charges due to non-compliance becomes payable, the customs authorities will take necessary steps according to national (union) legislation to collect such debt from the identified responsible person(s).

Goods deteriorated, spoiled or damaged by accident or force majeure

Goods deteriorated or spoiled by accident or force majeure while under Customs procedure for free Customs zone could be regarded as if they had been imported in their deteriorated or spoiled state, provided that such deterioration or spoilage is duly established to the satisfaction of the Customs.¹⁷¹

D.4 Conclusion

The establishment of free zones is related to providing special status to the parts of the territory of the country to promote economic development, attract investment, and increase external trade. Free zones operate under special national regulations (e.g. legislation on free zones) as well as Customs regulation.

Admission of goods under free Customs zone procedure offers exemption from customs duties and taxes as well as substantial simplification of Customs procedures, including unlimited duration of cargo storage, waiver of guarantee, fewer reporting requirements and limited Customs inspections. Relaxed Customs procedures in free zones should not be the key advantage

¹⁷⁰ For example:

- In the EAEU: Commencement and Desistance of the Obligation for Payment of Import Customs Duties, Taxes, Safeguard, Anti-Dumping and Countervailing Duties for Goods to be Placed (Placed) under the Customs Procedure for Free Customs Zone, Payment Terms and Calculation (Art.208) and for Goods to be Placed (Placed) under the Customs Procedure for Free Warehouse, Payment Terms and Calculation (Art.216 of the EAEU CC);
- In the European Union (e.g. Bulgaria, Romania): Customs debt incurred through non-compliance (Art.79 of the EU UCC);
- In Georgia: Customs debt incurred through the violation of the customs legislation (Art.49 of Customs Code);
- In Iran: payment of import duties related to lost goods (Article 26 Note1 of Customs Code);
- In Moldova: Customs debt arising as a result of non-compliance (Art. 89 of Customs Code of Moldova);
- In Türkiye: users engaged in operations in a zoned area are responsible to the Zone Directorate for losses and shortages (Art. 36 of TR FZL);
- In Uzbekistan: Payers of Customs charges (owner of free warehouse) (Art. 295 of Customs Code).

¹⁷¹ For example, clearance of goods in deteriorated state, spoiled or damaged goods by accident or force majeure: in the EAEU, Art.15.2 of EAEU Customs Code.

at the expense of the safety and security of trade, since Customs authorities should retain risk analysis and control capacities if needed to address illicit trade in free zones.

Other benefits and incentives for operation in free zones may include a special taxation regime, limited regulatory oversight, liberalized fiscal and labour regulations and other forms of state aid. Applicable legislation on free zones in the TRACECA countries differs regarding the extent of differences between the business environment in free zones and the rest of the country.

E. Implementation (best practices and case studies)

Traders can use services of bonded warehouses/zones (temporary storage facilities, customs warehouses, free zones) for the organization of trade, transport and logistics activities according to the legislation in the countries concerned as elaborated in previous parts. Implementing such legislation could be challenging due to the complex requirements of various types of warehouses and zones, different types of goods that could be stored, documents/declarations to be submitted, requirements for keeping records and reporting to Customs authorities, requirements for organization of handling procedures and other processing of goods, etc.

Potential users of services provided by bonded warehouses/zones have to evaluate various benefits, challenges and other key elements for the storage of goods (including handling and other allowed processing of goods in bonded warehouses/zones). Such key elements include:

- availability of bonded warehouses/zones at convenient locations with easy access (e.g. in proximity to ports and major nodes of transport networks);
- benefits due to delay of payment of Customs duties, taxes and other charges, as well as postponing implementation of commercial policy measures for the goods that will be stored for subsequent import (e.g. release in free circulation, re-export);
- possibility to discharge previous Customs procedures, become eligible for repayment of import duties, or qualify for exemption from internal duties and taxes for the goods that will be stored for export;
- opportunities to sell, and re-sale goods in the country (for import) or abroad (re-export) while they are in the bonded warehouse/zone, if needed with reconsignment of cargoes by splitting/combining the consignments;
- efficiency of Customs procedures regarding documentation, inspections and approvals (e.g. with the possibility for simplifications provided in particular for Authorized Economic Operators);
- reliable secure and safe storage of goods (against theft, damage and loss of goods), with adequate insurance coverage;
- efficient storage and handling procedures (e.g. repacking, preparation for transport and sales) (with the use of automation and technology);
- competitive storage and handling fees (usually based on the volume or weight of goods stored);
- competitive Customs brokers fee for handling Customs procedures and formalities related to Customs procedures and formalities for storage of goods.

Transparency and availability of information related to temporary storage formalities, Customs warehousing and free zones procedures (including detailed practical guidance on requirements

and internal procedures for implementation of corresponding regulations) are some of the factors for successful implementation.

In this chapter we will review some of those key elements such as simplification for Customs warehousing and free zone procedures (including for the Authorized Economic Operators); practices for sales of goods while they are placed in Customs warehousing and free zone procedures (transfer of ownership); use of Customs warehouses/zones for e-commerce activities; and digitalization and automation experiences in Customs warehouses and free zones.

E.1 Simplifications for Customs warehousing and free zone procedures (AEO)

Simplifications of Customs warehousing and free zone procedures can substantially increase the efficiency of conducting such procedures and intensify attractiveness for the private sector that may be interested in using the services of Customs warehouses and free zones to facilitate their business operations.

Simplifications may be related to requirements for submission of declaration/documents, approval of operations and processing under Customs procedures, controls and inspections, and conducting various formalities related to the implementation of Customs procedures.

For example, requirements for submission of declaration/documents could be simplified by the use of simplified/incomplete Customs declaration where some of the particulars and/or supporting documents could be omitted. If simplified/incomplete Customs declaration is used for Customs warehousing procedure, usually it is not required to provide supplementary declaration¹⁷² (that contains omitted particulars/documents), since it is expected that those omitted elements will be provided in subsequent declaration (e.g. for release of goods in free circulation).

Customs authorities can also authorize the use of periodic/recapitulative/supplementary Customs declaration for all consignments moved across Customs border in a specific period (or for a specific number of consignments) for goods placed in procedure with the simplified declaration in the form of specific documents (e.g. transport documents), specific notifications/Customs forms and/or entry to the records (e.g. IT system) of authorized persons as a Customs declaration.

Authorized Economic Operator (AEO) programmes can offer easier access to simplified procedures and possibilities for AEOs to enjoy various benefits that go beyond submission of declaration/documents. The AEO concept is linked with the WCO SAFE Framework of Standards that balances facilitation with compliance with Customs regulations and security standards.¹⁷³

The WCO SAFE Framework provides a set of international Customs standards on conditions and requirements for AEO status, namely with respect to: demonstrated compliance with Customs requirements; satisfactory system for management of commercial records; financial viability; consultation, cooperation and communication; education, training and awareness; information

¹⁷² For example, in the EU based on Art. 67.2.a) of EU UCC.

¹⁷³ For more details see WCO SAFE Package on WCO tools to secure and facilitate global trade: https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/safe_package.aspx

exchange, access and confidentiality; cargo security, conveyance security, premises security, personnel security and trading partner security; crisis management and incident recovery; and measurement, analyses and improvement.

Authorized Economic Operators (AEOs) can include various participants in the international trade supply chain such as manufacturers, importers, exporters, Customs brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors and freight forwarders. Customs authorities according to their respective national (union) legislations can authorize the AEO status to reliable traders that fulfil stipulated criteria and requirements. The AEO status enables traders to enjoy a range of benefits in conducting Customs procedures (including for Customs warehousing). The AEO partnership programmes facilitate trade flows and improve Customs efficiency by making it easier for Customs authorities to focus their capacities on the movements of high-risk goods.

While the AEO programmes in the TRACECA countries do have several common elements, the implementation differs from country to country. In some countries (e.g. the EU, Türkiye, Moldova) AEO programmes are well-advanced, however, other countries have introduced AEO programmes more recently and some of them are still under development. Azerbaijan and Georgia do have well-developed Customs Compliance Programmes (CCP) as well as initiatives for fully-fledged AEO programmes. It could be noted that the main differences between CCP schemes and the AEO concept are security requirements and the range of available benefits.

Authorized Economic Operator Programmes in TRACECA countries			
	Program Title / Status (Launch Date)	Type of Operator	Number of Operators Certified
Azerbaijan	- AEO / Under Development - CCP / Green Corridor (Feb 2019)	Importer/Exporter Importer/Exporter	0 781
EAEU (incl. Armenia, Kazakhstan, Kyrgyzstan)	AEO ARM - Operational (May 2014) KAZ - Operational / (2013) KGZ - NA	Importer, Exporter, Customs Brokers, Warehouse, Carriers, Shipper, Manufacturer, Couriers, Freight Forwarder, Free Zones, Port Operators, Airport Operators, Logistics Operators, Shipping Agents, Other	2 (ARM) 5 (KAZ) NA (KGZ)
EU (EU 27 incl. Bulgaria, Romania)	AEO / Operational (Jan 2008)	Importer, Exporter, Customs Brokers, Warehouse, Carriers, Shipper, Manufacturer, Couriers, Freight Forwarder, Logistics Operators, Shipping Agents, Other	18,210
Georgia	- AEO / Operational (Sep 2018)	Importer, Exporter, Warehouse, Carriers, Shipper, Manufacturer, Couriers, Freight Forwarder, Port Operators, Airport Operators, Logistics Operators, Shipping Agents, Other Operators	0
	- CCP / Gold List (Jan 2008)	Importer	176
Iran	/	/	/
Moldova	AEO / Operational (Mar 2014)	Importer, Exporter, Customs Brokers, Warehouse, Carriers, Logistics Operators, Other Operators	116
Tajikistan	AEO / Under Development	/	0
Türkiye	AEO / Operational (Jan 2013)	Exporter, Importer, Customs brokers, Warehouse keeper, Manufacturer, or other stakeholders	718
Turkmenistan	AEO / Under Development	/	0
Uzbekistan	AEO / Operational (Aug 2020)	Importer, Exporter, Customs Brokers, Warehouse, Carriers	60
Ukraine	AEO / Operational (Oct 2019)	Importer, Exporter, Customs Brokers, Warehouse, Carriers, Manufacturer, Freight Forwarder	38

Sources: WCO Online AEO Compendium: <https://aew.wcoomd.org/>; for Kazakhstan: WCO Compendium of AEO programmes 2020 <https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/aew-compendium.aspx>; for Türkiye: <https://www.ticaret.gov.tr/gumruk-islemleri/yetkilendirilmis-yukumlu-statusuYYS%20Firma%20Listesi>; for Ukraine: <https://cabinet.customs.gov.ua/aewpubliclist> last visited 07 May 2024

The AEO programme in the European Union (which has been in place since 2008) is an example of successful implementation. The number of AEOs in the EU has grown significantly, from 512 in the first year of implementation, to 18,210 by 2022. The AEOs have a very significant role in the EU external trade. In 2020 AEOs were involved in 74,3% of the total imports in the EU and 83% of the total exports from the EU.¹⁷⁴

Data on the distribution of AEO authorization between different categories of operators are usually not publicly available. However, there are indications that some countries are more inclined to grant benefits to certain operators with specific roles in the supply chain. For example, importers and exporters are usually the categories where most of the AEO authorizations are issued, while AEO authorizations for carriers and warehouse keepers are fewer. A recent survey conducted in the EU indicates that satisfaction with various AEO benefits differs between the operators based on their role in the supply chain. The survey shows that in general, manufacturers, exporters and importers are most satisfied with AEO benefits, followed by carriers, warehouse keepers and other operators.

Figure: AEO's view of the benefits received based on their role in the supply chain in the EU

¹⁷⁴ Council of the EU, SWD (2022) 185, No: 9689/22 from 01.06.2022, Interim Evaluation of the Implementation of the Union Customs Code (p.24). Available at: <https://data.consilium.europa.eu/doc/document/ST-9689-2022-INIT/en/pdf>

Satisfaction with AEO benefits

		Easier admittance to customs simplifications	Fewer physical and document-based controls (AEOF)	Fewer physical and document-based controls (AEOC)	Prior notification in the case of selection for physical control (AEOF)	Prior notification in the case of selection for customs control (AEOC)	Priority treatment if selected for control	Possibility to request a specific place for customs controls	Mutual Recognition with third countries	
Role in the international supply chain	Average	74 %	63 %	61 %	58 %	58 %	50 %	58 %	61 %	
	Manufacturer	65 %	77 %	68 %	66 %	62 %	62 %	56 %	61 %	64 %
	Exporter	64 %	76 %	67 %	65 %	61 %	61 %	55 %	60 %	63 %
	Importer	63 %	76 %	66 %	64 %	60 %	60 %	54 %	60 %	63 %
	Carrier	60 %	75 %	63 %	61 %	59 %	59 %	49 %	59 %	61 %
	Other	60 %	73 %	60 %	60 %	59 %	60 %	50 %	61 %	59 %
	Warehouse keeper/ storage facility operator	60 %	75 %	62 %	60 %	57 %	58 %	48 %	58 %	59 %
	Freight forwarder	57 %	72 %	58 %	56 %	54 %	54 %	43 %	56 %	59 %
	Customs agent /Representative	56 %	73 %	59 %	56 %	54 %	54 %	42 %	56 %	58 %

Source: European Court of Auditors, Special Report 13/2023, AEO (Figure 10 - p.25)

General benefits recommended by the WCO, SAFE Framework of Standards for the AEO operators (not specifically related, but applicable to Customs warehousing procedure) include a range of measures to expedite cargo release, reduce transit time and lower storage costs, such as:

- access to dedicated fast lanes at land borders;
- expedited processing and release of shipments;
- low documentary and data requirements for cargo release, including, for example, allowing the Customs declaration to be lodged by means of an entry in the records of an authorized person, to be subsequently backed up by a supplementary Customs declaration;
- use of single customs declaration for all imports or exports in a given period;
- pre-qualification for simplified procedures;
- choice of location for control/clearance of goods at the premises of the authorized economic operator or another place authorized by customs;
- minimum number of cargo security inspections;
- low rate of physical inspections and examinations;
- potential reduction in or exemption from warehousing and licensing fees and charges.

One of the major AEO benefits is the choice of location for control/clearance of goods in a different place from where the goods have to be presented to Customs. This opportunity allows easier, speedier and less costly clearance for AEOs since they can transport their consignments directly to their places of business (e.g. warehouse, factory, etc.).

The choice of location for control/clearance of goods enables the use of a simplified Customs transit procedure for “authorized consignee” for transit operation from the entry border crossing point directly to the own facilities (e.g. Customs warehouse), without the requirement for the

goods to be presented to the arrival Customs office. The authorized consignee simplification is usually combined with facilitation for “local clearance for import”. Such local clearance may be applicable for placement of goods into the Customs warehouse procedure as well as for release of goods from the Customs warehouse procedure - e.g. with import clearance for free circulation. With local clearance for import, Customs declaration could be lodged as an entry in the own records of the authorized person (e.g. warehouse keeper) and whole Customs formalities can be organized in the AEO's premises (e.g. Customs warehouse). The AEO (e.g. warehouse keeper) has to notify the designated Customs office about the arrival of goods at an approved location in the agreed manner (e.g. with electronic messages) and wait for the agreed period (e.g. 30 minutes) for the decision of the Customs authorities if they wish to control the goods (based on risk analysis). In the majority of cases the Customs authorities do not control the goods of AEOs and the whole procedure can be finalized without any physical interventions from Customs authorities.

Similar simplifications could be given in the export direction. The AEO can use “local clearance for export” simplification. Such local clearance may be applicable for placement of goods into the Customs warehouse procedure as well as for release of goods from the Customs warehouse procedure - e.g. with Customs transit procedure to move the goods outside of the country. Simplified Customs transit procedure for “authorized consignor” allows for transit operation from own facilities (e.g. Customs warehouse), directly to the exit border crossing point, without requirement for the goods to be presented to the departure Customs office. The AEO (e.g. warehouse keeper) has to notify the designated Customs office about the intention to start movement under simplified Customs transit procedure from an approved location in the agreed manner (e.g. with electronic messages) and wait for the agreed period (e.g. 30 minutes) for the decision of the Customs authorities if they wish to control the goods (based on risk analysis). In the majority of cases the Customs authorities do not control the goods of AEOs and the whole procedure can be finalized without any physical interventions from Customs authorities. In this case, the AEO can be authorized to affix its' own pre-approved security seals instead of Customs seals.

In some countries use such types of AEO benefits (choice of location for control/clearance of goods, authorized consignor/consignee, local clearance and use of own security seals) on a regular basis (including for Customs warehousing procedures). Customs authorities may take into consideration for approval distance of the authorized locations for simplified procedures to the Customs office. However, it appears that in some countries, the benefits of choice of location for control/clearance of goods, and simplified procedures for authorized consignor/consignee and local clearance are not available or not easily implemented by Customs authorities.

The AEOs can also enjoy other benefits, such as benefits from other government agencies (provided that they have joined similar programmes), as well as benefits under mutual recognition arrangements/agreements (MRAs) (provided that MRAs are concluded with other Customs administrations).

In addition to the general benefits, there are numerous specific benefits for individual categories of AEO operators recommended by the WCO, SAFE Framework of Standards (not specifically related, but applicable to Customs warehousing procedure as well). For example,

importers/exporters can benefit from pre-qualification for simplified procedures, including possibilities for a single-step process (simultaneous release and clearance) or a two-step process (release followed by clearance) for release/clearance purposes, according to their preference. They can submit paperless declarations with no supporting documents etc.

Specific AEO benefits for warehouse operators include:

- faster approval of new warehouses within a specified number of days after submission of complete documents or only by notification;
- waiver of past record verification usual for granting a warehouse license;
- waiver of solvency certificate requirement;
- waiver/reduction of financial security and other related requirements for warehousing license;
- extended validity of warehousing license (corresponding to the AEO validity period);
- automatic renewal of license.¹⁷⁵

The WCO online AEO compendium provides an overview of the benefits of individual AEO Programmes of countries around the world including several TRACECA countries.¹⁷⁶ However, it could be assumed that the WCO compendium reflects more availability of legal bases for applying such benefits rather than the actual implementation of such benefits.

The AEO Concept is also applicable in free zones. Relaxed Customs procedures in free zones should not be considered as a key advantage of a free zone at the expense of the safety and security of trade. Therefore, it is important for Customs authorities to be able to conduct risk-based background checks of the free zone operating bodies and residents (tenant companies) operating inside the free zone. Customs involvement in due diligence and compliance records is critical to keeping free zones safe and secure and preventing illicit trade related to free zones.¹⁷⁷

The Customs administrations that have relevant knowledge and experience in AEO implementation could also use AEO validation criteria to verify compliance levels, as well as check for records of any infringements and monitor compliance, in close cooperation with free zone authorities and free zone operating bodies. The WCO online survey from 2018 shows that less than half of the respondent Customs administrations apply the AEO concept in free zones.

To apply the AEO programme to free zones it is critical for Customs authorities to establish close partnerships and cooperation with free zone operating bodies and ensure compliance of all residents (tenant companies) operating in a free zone that may include connectivity between free zone IT systems and Customs IT systems and data exchange mechanisms.

Further facilitation benefits within free zones could be provided to free zone operating bodies (private) and residents (tenant companies) meeting the established AEO criteria provided by the WCO SAFE Framework, with the necessary adjustments to reflect free zone characteristics.

¹⁷⁵ WCO, SAFE Framework of Standards, 2021 (Annex IV AEO Conditions, Requirements and Benefits)

¹⁷⁶ WCO Online AEO Compendium: <https://aao.wcoomd.org/>

¹⁷⁷ WCO Practical Guidance on Free Zones, December 2020 (Customs involvement in the company approval process and AEO concept (p.13)

Possible specific AEO benefits for free zone operating bodies to be considered are:

- faster approval of new Free Zone within a specified number of days after submission of complete documents or only by notification;
- faster approval of new tenant companies within a specified number of days after submission of complete documents or only by notification;
- waiver of past record verification usual for granting a free zone authorization;
- waiver of solvency certificate requirement;
- waiver/reduction of financial security and other related requirements for warehousing license;
- extended validity of free zone authorization (corresponding to the AEO validity period);
- automatic renewal of free zone authorization.

Possible specific AEO benefits for free zone residents (tenant companies) to be considered are:

- availability of an e-payment option for collection of duties and taxes;
- electronic application for authorization process and electronic validation procedures;
- deferred payment of duties, taxes, fees, and charges or periodic payment of duties/taxes;
- financial guarantee waivers, reductions or rebates;
- faster disbursement of drawback amount;
- faster processing of refunds and adjudications;
- acceptance of self-certified copies of Free Trade Agreement (FTA)/Preferential Trade Agreement (PTA) origin-related or other certificates required for clearance;
- paperless declarations with no supporting documents;
- An export permit can be obtained without carrying the cargo into the Customs area;
- direct Port Entry for factory stuffed containers meant for export;
- notification of intention to release prior to goods' arrival, i.e. pre-arrival clearance;
- pre-qualification for simplified procedures, including possibilities for a single-step process (simultaneous release and clearance) or a two-step process (release followed by clearance) for release/clearance purposes, according to the importer's preference;
- involvement in the development of new policies and programmes related to free zones.¹⁷⁸

It could be concluded that AEO programmes based on partnerships between Customs authorities and compliant traders are important factors for the facilitation of legitimate trade and the enhancement of supply chain security. Benefits and simplifications provided for AEOs can further increase the efficiency of Customs warehousing and free zone procedures.

E.2 Transfer of Ownership (sales of goods in bonded warehouses/zones)

¹⁷⁸ WCO, 2023, WCO Secretariat Note, Expanding the Concept of Authorized Economic Operator (AEO) to Free Zone Stakeholders. Available at: https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/free-zone/secretariat-note-aeo-fzs_en.pdf?la=en

Placing the goods in a temporary storage, Customs warehousing procedure or free zone provides opportunities to store the goods (potentially subject to handling operations and processing) in accordance with relevant legal provisions until their final clearance (e.g. import for free circulation or re-export out of Customs territory). While the goods are placed in a temporary storage, Customs warehouse or free zone they could be sold and re-sold to domestic or foreign traders (buyers and sellers) in accordance with national legislation. Such national legislation could be related to foreign trade, Customs, internal trade and taxation.

Foreign and internal trade legislations usually regulate different aspects of conducting trade activities with other countries and within the country. Such types of legislation can substantially differ between the countries, from relatively liberal with regard to registration of traders, to strictly regulated process for registration and conditions for operations in particular for foreign trade. Companies should not be constrained to sell or re-sell the goods that are placed in a temporary storage, Customs warehousing procedure or free zone unless such activity is strictly forbidden under foreign/internal trade legislation.

Here we should make a difference between wholesale from one company to another company, and retail sale from a company to consumers. While wholesale is usually not restricted, retail sale from Customs warehouses, and free zones usually is not allowed with some exceptions (e.g. sales to travelers leaving the Customs territory; sales to diplomats, military forces; remote sales, etc.).

With this report we have not reviewed foreign/internal trade legislations of the TRACECA countries, however, we can assume that in most of them, there are no provisions that strictly forbid wholesale of goods that are placed in temporary storage, Customs warehousing procedure or free zone, regardless if transactions are conducted within the country or abroad.

Sales of goods placed in Customs warehousing procedure or free zones are usually regulated in Customs legislation with provisions on transfer of ownership (transfer of rights and obligations) based on the WCO Revised Kyoto Convention Standards,¹⁷⁹ which have been briefly elaborated in previous parts of this review (part C1, p.28 and part D1, p.48). The WCO standards recommend ownership of goods admitted to the Customs warehouse / free zone be allowed, with comments that the Customs authorities should not object to goods changing hands while they are in the Customs warehouse / free zone.

Transfer of ownership and sales of goods in temporary storage facilities is not covered by the WCO Revised Kyoto Convention and it is rarely regulated in national Customs legislations, however, that does not necessarily mean that it is not allowed. WCO Revised Kyoto Convention clearly indicates that any person having the right to dispose of the goods shall be entitled to remove them from a temporary storage facility subject to compliance with the conditions and formalities in each case.¹⁸⁰ That indicates the possibility of goods being sold in temporary storage and the person who bought the goods has the right to remove them from a temporary storage by placing them under the corresponding Customs procedure. The nature of the temporary

¹⁷⁹ WCO Revised Kyoto Convention, Specific Annex D, Chapter 1, Standard 12 and Chapter 2, Standard 15.

¹⁸⁰ WCO Revised Kyoto Convention, Specific Annex A, Chapter 2, Standard 12

storage is a provisional Customs formality that happens in the final phases of international transport once the goods are presented to Customs authorities immediately after arrival at the Customs territory. Potential sales of goods in temporary storage could be treated similarly to sales of goods that could happen during international transport of goods. In this review, we will assume that if it is not strictly forbidden in national Customs legislation, the sales of goods in temporary storage facilities could be allowed.

We have already identified that most of the TRACECA countries do have specific provisions in their respective Customs legislation (and/or free zone legislation) that regulate the transfer of ownership in Customs warehouses / free zones.¹⁸¹

In this part we will elaborate on examples and best practices around the world in the implementation of the transfer of ownership due to sales of goods placed in temporary storage, Customs warehousing procedure or free zone. The key issues for the goods that may be sold in temporary storage, Customs warehousing procedure or free zone are approval of transfer of ownership; document /declarations that may be required for continuation of formalities/procedures and removal of goods after transfer of ownership; Customs valuation; and taxation requirements.

Approval of transfer of ownership (transfer of rights and obligations)

Transfer of ownership is a distinctive trade aspect rather than a Customs feature. When sales of goods and transfer of ownership happen, Customs authorities should consider such transactions to determine which person has the right to dispose of the goods and act as a declarant.

From a Customs perspective the transfer of ownership could have an impact on the rights and obligations of persons already involved in Customs formalities and Customs procedures. Therefore, if the transfer of ownership happens, the Customs authorities should approve the transfer of the rights and obligations from a person who initially placed the goods in a Customs procedure (transferor) to another person (transferee) (the party receiving the goods – e.g. the company who bought the goods and have a right to dispose of them) provided that the transferee fulfils the conditions laid down for the procedure concerned.

The transfer of rights and obligations is not specific only to Customs warehousing and free zone procedures, but it could be applicable to all special Customs procedures except transit (e.g. Customs procedure for inward processing, outward processing, temporary admission or end-use procedure). Same or similar legal provisions, instructions, forms, and approval procedures could be used for all kinds of transfer of rights and obligations including for Customs warehousing and free zone procedures.

Implementation of transfer of rights and obligations (TORO) in the EU is based on the EU legislation,¹⁸² and implementing regulation that regulates the rights of the competent Customs

¹⁸¹ For transfer of ownership in Customs warehousing procedure see footnote 70 in part C1, page 28; and for Free zones see footnote 133 in part D1, page 48 of this report.

¹⁸² Article 218 of the EU Union Customs Code (UCC), Regulation 952/2013 as amended.

authorities to establish conditions under which the transfer is allowed,¹⁸³ and the guidance for EU Member States and trade for special procedures.¹⁸⁴

To implement TORO, it is very important to distinguish between the rights and obligations of the holder of authorization (e.g. holder of authorization of the Customs warehouse) and rights and obligations of the holder of procedure (e.g. declarant who placed the goods under the Customs warehouse procedure). With TORO the rights and obligations of the holder of the procedure are being transferred, so the transferee could become the new holder of the procedure instead of the transferor. Some specific rights, such as “AEO status” rights, cannot be transferred.

For example, TORO can in principle be authorized for public Customs warehousing. However, in the case of private Customs warehousing situation is more complex since the holder of the authorization and the holder of the procedure are the same person. So, if the goods placed in a private Customs warehousing procedure are sold, the Customs procedure cannot continue because the private warehouse keeper can store only his goods. In such cases, the private Customs warehousing procedure has to be discharged and goods to be removed (e.g. with re-export of goods or movement of goods to another Customs warehouse or placement in another Customs procedure or clearance for free circulation). However, even in such case, a TORO could be used in certain circumstances (e.g. to move the goods in another Customs warehouse) in combination with conditions for movement of goods and other conditions of the Customs procedure that have to be fulfilled by the transferee.

In the EU there are two different procedures that can be used for TORO from a holder of a special procedure authorization (e.g. Customs warehousing authorization):

- TORO to a transferee who does not have any authorization; or
- TORO to a transferee who has a TORO-related authorization.

If the transferee does not have any authorization relating to TORO, then the holder of the special procedure authorization needs to provide information about the discharge of the procedure. This may require the exchange of commercial information between the (subsequent) transferee(s) and the holder of the special procedure authorization. The transferee does not have an obligation to provide information about the discharge of the procedure to Customs authorities.

For a transferee with TORO-related authorization, such authorization has to be granted before any transfer of rights and obligations can take place. In this case, the holder of a special procedure authorization needs to provide information on the TORO in his bill of discharge, if it is required, and/or in his records. He does not have to provide information on the actual discharge to Customs. There is no need to exchange commercial information between the transferee(s) and the holder of a special procedure authorization. The transferee must provide information on the discharge or a subsequent TORO to his supervising Customs office.

¹⁸³ Article 266 of the EU UCC Implementing Act, Regulation 2015/2447 as amended.

¹⁸⁴ European Commission, TAXUD/A2/SPE/2016/001-Rev 21 from 30 November 2023, Special Procedures – Title VII UCC/Guidance for MSs and Trade (page 36, Annex III and Annex V): Available at: https://taxation-customs.ec.europa.eu/document/download/1bdaa892-93fe-4809-93e7-7ead3ea5ebb0_en

Application for TORO for a private Customs warehouse should be submitted to the issuing Customs authority (Customs authority that issued authorization for the private Customs warehouse). Application for TORO for public Customs warehouse should be submitted to the Customs office of placement (Customs office responsible for releasing the goods in Customs warehousing procedure where the Customs declaration was submitted).

In the EU there is a model application form for TORO that could be used, however, the layout is not binding. The model should be made out electronically. The form is used in three copies. The first copy is sent from the transferee to the transferor and the Second copy from the transferee to the Supervising Customs office. The third copy should be kept for at least 3 years by the transferee. The EU model form to be used for TORO is given in Annex 3 of this report. Additionally, Annex 3 presented the models of the form for the transfer of rights and obligations used by the United Kingdom and the model of the request to transfer ownership of warehoused goods in the East African Community.

Another example of the forms to be used is from the USA, where according to the Customs regulation on transfer of right to withdraw, all or part of merchandise entered for warehouse may be transferred by endorsement made at one of several appropriate withdrawal forms. On the corresponding withdrawal form, the person who made the warehouse or warehouse entry or a transferee of the withdrawal right of such person shall provide a statement endorsing the transfer of the right to withdraw and listing the name of the transferee. The transferee has to file a bond on Customs Form 301, containing the required bond conditions.¹⁸⁵

According to the EU guidance, the Customs authorities that will approve TORO have to lay down in the authorization all conditions under which the transfer of rights and obligations is permitted and ensure that such conditions will enable proper Customs supervision. Conditions that could be stipulated in the authorization may include: keeping the goods under the special customs procedure available for customs supervision or examination; keeping records for a minimum period (e.g. 5 years after the discharge of the goods); making records available to the supervising office upon request; declaring the goods appropriately for discharge from the special Customs procedure according to national legislation (e.g. for re-export, free circulation), have a guarantee to cover any potential debt, pay import duty and taxes where there is a customs debt on discharge from the special customs procedure, follow all other customs rules for the movement of goods, storage of goods and processing of goods.

For example, one of the conditions to be considered is the guarantee to be used after TORO takes place. Such a guarantee must cover the potential customs debt(s) that may incur once the TORO authorization is granted. The transferee may provide a guarantee but that should be agreed between the transferor and transferee. The guarantee provided should be subject to acceptance by Customs authorities. It could be noted that for the use of a public customs warehousing procedure, the transferee may not provide a guarantee because the holder of the authorization

¹⁸⁵ For more details see USA, Code of Federal Regulation, 19 CFR Part 14. Available at: <https://www.ecfr.gov/current/title-19/chapter-I/part-144>

provided a guarantee for the operation of storage facilities for the public customs warehousing of goods.

As a general rule, the TORO authorization must take effect as of the date on which the decision was received or was deemed to be received by the applicant. It is possible to derogate from this general rule, provided that the date on which the TORO authorization takes effect is after the date on which the applicant receives the decision or is deemed to have received it. A TORO authorization can also be granted or amended with retroactive effect, provided that the retroactive date of validity is specified in the decision.

Document /declaration requirements for the same procedure and removal

Once TORO is authorized, there is no need to use a subsequent customs authorization for a special procedure (e.g. for Customs warehousing) because the rights and obligations which may be transferred to another person have been established in accordance with the authorization under which goods have been placed under a special procedure. In addition, TORO does not require any subsequent customs declaration for the same procedure (e.g. for Customs warehousing). This means that the goods can remain in the same special procedure (e.g. Customs warehousing) with the original Customs declaration that is connected with the TORO.

However, the parties concerned could decide to discharge the Customs procedure with submission of new declaration (e.g. with new declaration for Customs warehousing in the same Customs warehouse) that could be submitted by the new person who has obtained the right to dispose of the goods (e.g. the buyer of goods after sales) if they deem that will be more efficient to use new Customs declaration instead of TORO (e.g. for public Customs warehousing where all conditions remain same).

Requirements on submission of Customs declarations (or notification) for discharging and removal of goods from temporary storage facilities, Customs warehouses and free zones could differ due to their distinctive characteristics.

In general, the issue of transfer of rights and obligations (e.g. due to sales of goods) has to be settled and approved by Customs authorities before removal of goods. The fact that transfer of ownership (sales of goods) could happen should not impact the type of Customs declaration (or notification) that may be required. However, such potential sales will have an impact on who will be the declarant (person with the right to dispose of goods) and what kind of supporting documents may be required by Customs (e.g. sales contract, invoice, statement) at the declaration (documents) for discharge and removal of goods. Due to the complexity of dealing with various situations, it is recommended that Customs authorities develop internal Customs instructions (guidance) to specify requirements for submission of Customs documents/notifications/declarations for the removal of goods in each different circumstance.

For example, if the goods in a temporary storage are sent directly abroad (e.g. from a temporary storage facility located in a port) they can be removed from the temporary storage only with a notification to Customs authorities. Customs transit declaration should be required for goods to be removed from temporary storage and sent abroad via the Customs territory of the country (e.g. from a temporary storage facility located in a port to an exit land (road/rail) border crossing, or from an inland temporary storage facility to any exit border crossing). For goods to be removed

from a Customs warehouse and sent abroad, re-export declaration could be required. If the goods mentioned in previous cases have been sold while being stored, internal Customs guidance could specify the possibility of using TORO and/or identify the person that has the rights to act as declarant for corresponding Customs declarations (or notification) for removal of goods from a temporary storage facility, Customs warehouse, or a free zone.

Customs valuation issues

One of the important issues when the goods are released for free circulation after being placed in a temporary storage or customs warehouse is how to correctly determine the Customs value of the goods. The main method that Customs authorities are implementing in the determination of Customs value is the transaction value (which is the price paid or payable for the goods when sold for export to the Customs territory, adjusted, where necessary). Since multiple sales of those goods can happen from departure or the goods in the country of export until entry into Customs territory, the EU regulation specifies that transaction value should be determined based on the sale that is occurring immediately before goods are brought into the Customs territory.¹⁸⁶

Determination of Customs value becomes more complex when the goods are brought into the Customs territory before being sold, and subsequently, such goods are sold several times while remaining placed in a temporary storage or Customs warehouse. The EU Customs regulation stipulates that if the goods brought into the Customs territory have not been sold for export from abroad to the EU, then the sale that happens while the goods are in temporary storage or under special procedure (e.g. Customs warehousing procedure) will be used to determine the Customs value under transaction value method.¹⁸⁷

However, not one, but multiple sales can happen while the goods are in a temporary storage or special procedure (e.g. Customs warehousing procedure), and for such situations are no details in the EU regulations. Therefore, the EU Compendium of Customs Valuation Text provides a Guidance on dealing with Customs valuation issues when there is no sale for export and there are multiple sales of goods in temporary storage or Customs warehousing Procedure.¹⁸⁸

The EU Guidance recognizes that a distinction should be made between identifying a sale for the Customs valuation purpose and for the acceptance of a Customs declaration where the Customs value is determined to calculate an amount of customs duties. The fact that there was no sale of goods before the goods were brought into the EU customs territory and placed under the warehousing procedure and that the relevant sale took place only when the goods were already in the warehousing procedure, does not invalidate this distinction.

The EU Guidance concludes that if the goods placed under the customs warehousing procedure were the subject of more than one sale, only the sale that was concluded closest to the moment of the introduction of the goods into the EU customs territory is the relevant sale for declaring

¹⁸⁶ Article 218.2 of the EU Customs Code Implementing Act (UCC IA), Regulation 2015/2447 as amended.

¹⁸⁷ Article 218.2 of EU Union Customs Code Implementing Act (UCC IA), Regulation 2015/2447 as amended.

¹⁸⁸ European Commission, Compendium of Customs Valuation Texts, Edition 2024; Commentary No 13: Guidance on Articles 128 and 136 UCC IA (p.52-68). Available at: <https://taxation-customs.ec.europa.eu/system/files/2022-07/2022%20EU%20Valuation%20Compendium%20EN.pdf>

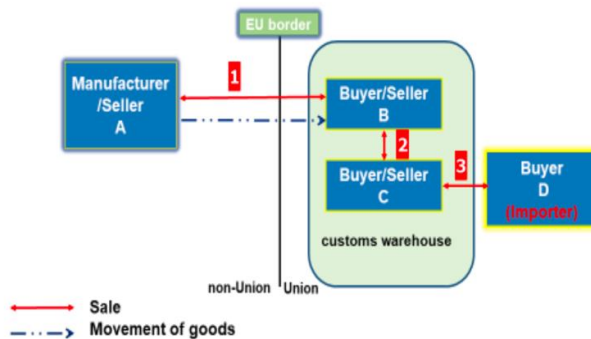
the customs value under the transaction value method. Any other subsequent sales, including the last sale before the goods are presented to be released for free circulation into the EU customs territory, cannot be used for this purpose.

Several practical examples are given to the EU Guidance to illustrate the relevant sale for the determination of the transaction value in the case of several sales of goods placed under the Customs warehousing procedure, which are also applicable for multiple sales of goods placed in temporary storage facilities and other special Customs procedures.

Presented examples address two key aspects for Customs valuation: 1. identification of a sale for export to the EU customs territory, which could serve to declare a customs value of the imported goods under the transaction value method; and 2. access to relevant documents (e.g. commercial invoice) to be used as supporting documents. Different roles of the parties involved are noted in the examples (e.g. manufacturer, seller, buyer, importer). The importer is the party who makes, or on whose name an import declaration is made for the free circulation of goods that have been previously stored in a Customs warehouse procedure.

Even though the EU guidance clearly directs that in the case of multiple sales, it is most appropriate to follow the rules of the sale which is closest to the entry of the goods into the Customs territory, the determination of Customs value could be challenging since it is conditioned on the availability of the relevant documents (e.g. invoice) on earlier transaction of sale of the goods that happened in a temporary storage or special procedure (e.g. Customs warehousing procedure).

Example 1



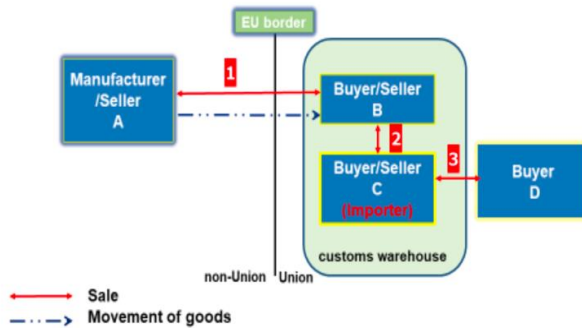
The sale concluded between A and B is the sale occurring immediately before the goods were brought into the EU customs territory. This sale is the sale for export to the EU and shall be used to determine the customs value under the transaction value method.

The importer of the goods is C who bought the goods from B. Importer C has the possibility to use the transaction value method if he has access to an invoice, which refers to the previous sale transaction concluded between A and B. When C does not have access to this invoice, the transaction value method is not applicable.

Source: EC, Compendium of Customs Valuation Texts, 2024; Commentary No 13: Guidance on Art. 128 and 136 UCC IA - Example 4.a (p.63)

Example 2

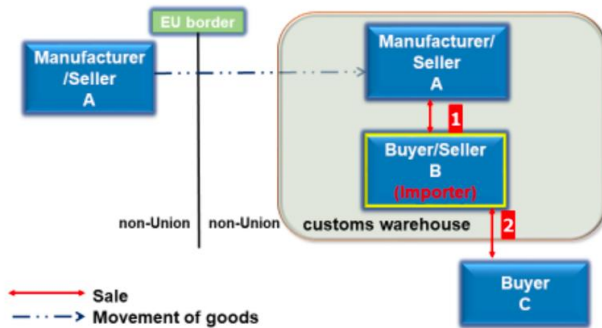
The sale concluded between A and B is the sale occurring immediately before the goods were brought into the EU customs territory. This sale is the sale for export to the EU and shall be used to determine the customs value under the transaction value method. Goods have been subsequently sold from B to C and from C to D.



The importer of the goods is D who has the possibility to use the transaction value method if he has access to an invoice, which refers to the previous sale transaction concluded between A and B. When D does not have access to this invoice, the transaction value method is not applicable.

Source: EC, Compendium of Customs Valuation Texts, 2024; Commentary No 13: Guidance on Art. 128 and 136 UCC IA - Example 4.b (p.64)

Example 3

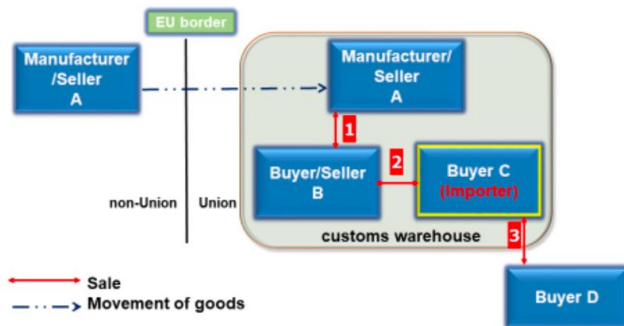


There is no sale occurring immediately before the goods were brought into the EU customs territory. While the goods were stored under the Customs warehousing procedure, they have been subject to sale concluded between A and B.

The importer of the goods is B who can use the transaction value method to determine the customs value.

Source: EC, Compendium of Customs Valuation Texts, 2024; Commentary No 13: Guidance on Art. 128 and 136 UCC IA - Example 6 (p.66)

Example 4



There is no sale occurring immediately before the goods were brought into the EU customs territory. While the goods were stored under the Customs warehousing procedure, they were subject to two sales: the first sale concluded between A and B, and the second sale concluded between B and C. The sale concluded between A and B is the sale that took place closest to the

moment of the introduction of the goods into the EU customs territory, and that is the sale relevant for declaring the customs value under the transaction value method.

The importer of the goods is C who has the possibility to use the transaction value method if he has access to an invoice, which refers to the sale transaction concluded between A and B. When C does not have access to this invoice, the transaction value method is not applicable.

Source: EC, Compendium of Customs Valuation Texts, 2024; Commentary No 13: Guidance on Art. 128 and 136 UCC IA - Example 7 (p.67)

Taxation / VAT

Taxation is regulated on a national level, and the rules on taxation regarding the sales of goods in temporary storage, Customs warehouses and free zones and their release in free circulation can vary from country to country. The rules on taxation can differ depending on the type of tax applied such as goods and services tax (GST) or value-added tax (VAT). For example, the EU countries apply their national VAT laws, that are harmonized to some extent by the EU VAT directive.

As we have elaborated in this part the goods in temporary storage, customs warehousing procedure or free zone procedure can be sold multiple times during the storage. In the EU the sales of goods during storage usually are not subject to VAT (e.g. VAT could be charged only for retail sales). When goods placed under temporary storage or customs warehousing procedure are cleared for free circulation, the starting value for the taxable amount (e.g. for VAT) is their customs value. In the case of multiple sales, the starting value for the taxable amount for import tax is determined by the last sales price of the goods. Therefore, in the case of multiple sales (e.g. under customs warehousing procedure), the customs value for calculation of Customs duties (transaction value closest to the moment of the introduction of the goods into the EU customs territory) and the value for the taxable amount (the last sale in the Customs warehouse) could substantially differ.

E.3 E-Commerce activities from temporary storage/customs warehouse/free zone

Cross-border e-commerce purchase of goods over the Internet, offers the consumers the opportunity to order goods conveniently, only with a few clicks on the websites or marketplaces where a large number of sellers are selling a variety of products. Technological advances and digitalization contributed to the exponential growth of e-commerce in recent years. The COVID-19 pandemic significantly changed consumer behaviour, accelerated the adoption of digital solutions and boosted the growth of e-commerce.

It is estimated that global retail e-commerce increased more than three times (about 330%) from 1.3 trillion US dollars in 2014 to 5.8 trillion US dollars in 2023. Further 39 percent growth in overall global retail sale over the coming years is projected with the expectation to surpass 8 trillion US dollars by 2027.¹⁸⁹ The market size of cross-border e-commerce was estimated to be 1.6 trillion US dollars in 2023 with a projection to grow at a much faster rate by 108% and reach 3.4 trillion

¹⁸⁹ Statista, Global retail e-commerce sales 2014-2027: <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>

US dollars by 2028.¹⁹⁰ According to a survey conducted in September 2023 (in 41 countries), 24 % of online shoppers made their most recent cross-border purchase via Amazon, followed by Alibaba/AliExpress with 16 %. The survey indicates that the seven largest online retailers cover 70% of e-commerce purchases from abroad.¹⁹¹

Large online retailers such as Amazon, Alibaba/AliExpress and others regularly use warehouse facilities and fulfilment centres for storage and distribution of goods. For example, Amazon global logistics offers to its customers Amazon Warehousing and Distribution (AWD) facilities (for optimized bulk storage); and Fulfillment by Amazon (FBA) program with 110 active fulfilment centres in the US and 185 centres globally (for optimized picking, packing and delivery).¹⁹² Other large online retailers are also offering similar services of warehousing and fulfilment centres.

E-commerce sales of goods usually involve the movement of small consignments with relatively low value. For efficient delivery of goods in cross-border e-commerce number of challenges have to be addressed regarding the organization of transport and logistics, as well as Customs clearance of a huge number of packages.

WCO has been actively working on e-commerce issues providing valuable guidance to Customs administrations on how to effectively manage cross-border e-commerce from both facilitation and control perspectives. A number of instruments, tools and documents developed include the WCO Cross-Border E-Commerce Framework of Standards, Technical Specifications to implement the Framework of Standards, Secretariate Note for expanding the concept of AEO to cross-border e-commerce, and Compendium of Case Studies on E-Commerce.¹⁹³

From the Customs point of view, the main issues on cross-border e-commerce involve the availability of advanced electronic data and risk management; facilitation and simplification for clearance of e-commerce shipments across borders; fair and efficient revenue collection; security and safety; and partnership programmes with the stakeholders involved in e-commerce activities. Special attention is given to regulation and implementation of de-minimis threshold for exemption from Customs duties and/or taxes, use of simplified declaring, development of efficient and flexible methods for e-payment of duties and taxes when applicable, prevention of illicit trade and intellectual property rights infringements, and facilitation of returning of goods.

How the e-commerce activities are organized from a business perspective could also influence the involvement of Customs authorities in the clearance of e-commerce shipments. The goods sold or intended for sale in e-commerce could be moved across borders by post, express carriers

¹⁹⁰ Juniper Research, Cross-Border eCommerce: Key Trends, Regional Analysis & Market forecast 2023-2028: <https://www.juniperresearch.com/research/fintech-payments/ecommerce/cross-border-ecommerce-research-report/>

¹⁹¹ Statista, Online retailers from which global shoppers made most orders in 2023: <https://www.statista.com/statistics/878623/digital-retailers-digital-buyers-cross-border-digital-purchases/>

¹⁹² Fulfillment by Amazon - FBA: <https://fba.help/list-of-amazon-fulfillment-centers>

¹⁹³ For more details on WCO e-commerce documents see WCO e-Commerce package: <https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/ecommerce.aspx>

and other intranational transport and logistics service providers. The e-commerce goods have to be cleared for import and released in free circulation before delivery to the customer.

Different types of warehouses and fulfilment centres are being used by large online sellers to optimize logistics and shorten the delivery process. Customs procedures for clearance of cross-border e-commerce goods including temporary storage facilities, customs warehouses and free zones have an important role in the security and facilitation of cross-border e-commerce.

In this report, our focus is on the use of temporary storage facilities, Customs warehouses and free zones in e-commerce activities. For example, specialized e-commerce logistics centres located at airports with temporary storage status could be used as locations for processing and import clearance of e-commerce goods. Another option is for the goods for e-commerce to be stored in a Customs (bonded) warehouse or free zone before the sales happen.

As depicted in the figure below, the fulfilment centre model (model 4) could be used for the organization of e-commerce activities. Fulfilment centers refer to third-party logistics service providers (3PL) that act as local representatives of e-commerce platforms/marketplaces to prepare their orders for distribution to customers. In this case, an e-commerce platform/marketplace is supported with services of fulfilment centres such as order management, break bulk services, warehouse management, inventory controls, unpacking and repacking of goods, the printing of relevant commercial/shipment documentation, processing returns, and repair services.

Different models of organization of cross-border e-commerce are presented in the Figure below.

Fulfilment centres may store international and/or domestic goods. The operator of the fulfilment center could also be in charge of delivery services directly to the consumers or national delivery service providers could be contracted to perform such services. Some vendors or e-commerce platforms/marketplaces and larger companies may have fulfilment centers that operate exclusively for their activities.

Upon entry into Customs territory, international shipments intended for e-commerce sale could be placed into a Customs warehouse or free zone. Those goods could be transferred to the domestic fulfilment centre upon import (release for free circulation). The fulfilment centres could also be located in a Customs (bonded) warehouse or free zone (see model 4-2 in the Figure).

The goods could remain stored in a Customs warehouse or free zone procedure until they are sold in an e-commerce sale. When the order is placed on e-commerce goods, they could be removed from the Customs warehouse or free zone to be imported (released in free circulation) in the country or re-exported.

The main features of Customs warehouses/free zones with the possibility to cover e-commerce activities are: permitted retail sale in Customs warehouse/free zones for e-commerce purposes; allowed operations necessary for distribution (fulfilment centre functions); simplified data and document requirements for placing the goods in Customs warehouse/free zone and subsequent removal of those goods from Customs warehouse/free zone for efficient delivery to the consumers.

Figure: Models of Cross-Border e-Commerce

Model 1 (“Self-run model”): Online sales are conducted through the vendor’s own website.

Model 2 (“Half-run model”): Online sales are conducted through a “transparent” third-party e-commerce platform/marketplace, where the product is presented to the consumer/buyer but the contract is still concluded between the vendor and the consumer.



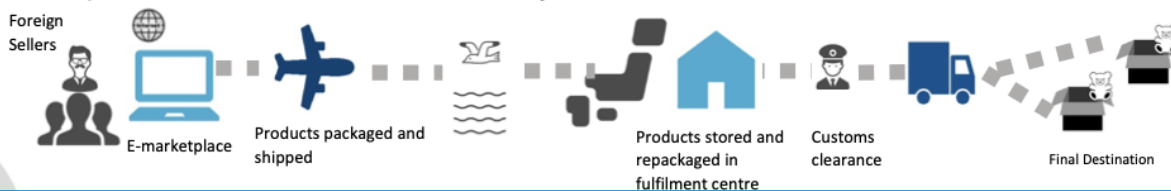
Model 3 (“E-commerce platform/marketplace model”): Online sales are conducted using a third-party e- platform/marketplace, where the consumer concludes a transaction with the e-commerce-platform/marketplace itself and the vendor of the goods is not identified to the consumer.

Model 4 (“Fulfilment centre model”) : An e-commerce platform/marketplace with fulfilment centres not only provides information on products to match customers to vendors but also supports the entire logistics process including storage, unpacking, sorting, repacking and dispatching goods out directly to customers.

There are several types of fulfilment centres related to e-commerce, including:

4-1 Offshore Fulfilment Centre: This model services both domestic and international sales.

4-2 Free Zone (FZ)/Bonded Warehouse Fulfilment Centre: International shipments move in-bond to an FZ/bonded warehouse, where goods are stored until they are sold. When the goods are sold, Customs formalities take place to remove the goods from the FZ/bonded warehouse for export or for Customs clearance /delivery to the customer.



4-3 Domestic Fulfilment Centre: International shipments are cleared by Customs prior to going into the fulfilment centre where goods are stored until they are sold. When the online sale takes place, it is a domestic sale. The company that operates the fulfilment centre may/may not be the purchaser of the goods or the importer from a Customs perspective.



Source: WCO Secretariate Note: Expanding the Concept of AEO to Cross-Border E-Commerce (2nd Edition) (p.4)

For a Customs warehouse/free zone to be able to function as a fulfilment centre, it is necessary for retail sale for e-commerce to be permitted. Since retail sale in general is prohibited in Customs

warehouses and free zones it is important to regulate exceptions that allow retail sale in the case of e-commerce activities. For example, EU Customs regulation details that authorizations for the operation of storage facilities for customs warehousing of goods shall be granted on condition that the storage facilities are not used for retail sale unless goods are retailed for several specific situations. One of those permitted situations is remote retail of goods, including via the Internet that covers e-commerce activities.¹⁹⁴

As part of the general authorization to operate a Customs warehouse/free zone, usual operations that are characteristic of a fulfilment (distribution) centre have to be pre-approved. That may include unpacking and repacking of goods, preparing of parcels for delivery, accepting returned goods and repair services.

Data and document requirements for placing the goods under the Customs warehousing procedure or free zone procedure as well as for removing the goods for delivery of e-commerce shipments should be limited to already available data elements from the e-commerce order, e-commerce payment and corresponding transport and logistics documents. Datasets could be limited to data of CN22/CN23 postal consignments, or specific data sets for cross border for cross-border e-commerce could be developed. The WCO Technical Specifications for the Framework of Standards on cross-border e-commerce provides examples of reduced data sets implemented for e-commerce in several countries as well as the WCO Reference Data elements for cross-border e-commerce.¹⁹⁵

Customs warehouses/free zones that also serve as fulfilment centers combine the benefits of storage under customs supervision with efficient logistics and distribution operations for the organization of e-commerce activities. Goods are transported in a bulk shipment and stored in a customs warehouse/free zone before being sold to the consumers. Customs duties and taxes are deferred until a customer orders the goods. The e-commerce platforms/marketplaces could remain to act as international sellers without the need to establish a local sales presence. The e-commerce platforms/marketplaces that act as international sellers can use the services of third-party logistics providers (fulfilment centers) as their representatives to facilitate entry to the market and distribution to final consumers. The use of a fulfilment centre has many benefits that include improved store inventory, reduced transport costs, minimized processing time of

¹⁹⁴ Article 201 of EU Union Customs Code Delegated Act, Regulation 2015/2446 as amended.

¹⁹⁵ For example, cross border e-commerce data set required in:

- China: <https://www.wcoomd.org/-/media/WCO/Public/Global/PDF/Topics/Facilitation/Activities%20and%20Programmes/Ecommerce/Reference%20datasets%20China%20Dataset>
- European Union:
 - H6 dataset (reduced dataset for postal consignments of a value up to € 1.000) <https://eucdm.softdev.eu.com/EUCDM/Annex-B/DSView/H6/u11.htm>
 - H7 dataset (reduced dataset for consignments of a value up to € 150) <https://eucdm.softdev.eu.com/EUCDM/Annex-B/DSView/H7/u11.htm>
- USA: <https://www.cbp.gov/trade/trade-enforcement/tftea/section-321-programs>
- WCO Reference Data elements for cross-border E-Commerce. <https://www.wcoomd.org/-/media/WCO/Public/Global/PDF/Topics/Facilitation/Activities%20and%20Programmes/Ecommerce/Reference%20datasets%20WCO%20data%20elements>

preparing orders, timely delivery of the goods to the consumers located in the country, and in general increased productivity of e-commerce activities.

To intensify the implementation of simplifications for e-Commerce activities Customs administrations could consider the expansion of the AEO concept. Many countries already have the AEO programmes with Customs warehouse operators and free zones and some do have AEO programmes with stakeholders in e-commerce activities (e.g. e-market places/platforms, express couriers, etc.). If the AEO programmes are established with e-commerce stakeholders they can apply for specific e-commerce-related simplifications, such as:

- facilitation of return procedures including an electronic drawback/refund system;
- availability of an e-payment option for collection of duties and taxes;
- electronic application for authorization process and electronic validation procedures;
- paperless declarations with no supporting documents supported by submitting of advance electronic data;
- deferred payment of duties, taxes, fees, and charges or periodic payment of duties/taxes;
- speedier processing of tax refunds, drawbacks, and other permissions/authorizations;
- designated contact to help coordinate and resolve Customs issues and related matters;
- extended Customs services beyond normal working hours;
- potential reduction in or exemption from warehousing and licensing fees and charges;
- priority involvement in new trade facilitation initiatives/pilots on cross-border e-commerce.¹⁹⁶

Case Study: Cross Border E-commerce and Bonded warehouses/zones in China

Currently, there are two main import models for cross-border eCommerce to China: the bonded imports model and the direct purchase imports model. The bonded imports model may then be further divided into the bonded warehouse model and the direct mailing model. Under the bonded warehouse model, products are imported in bulk into approved cross-border eCommerce warehouses/zones across China.

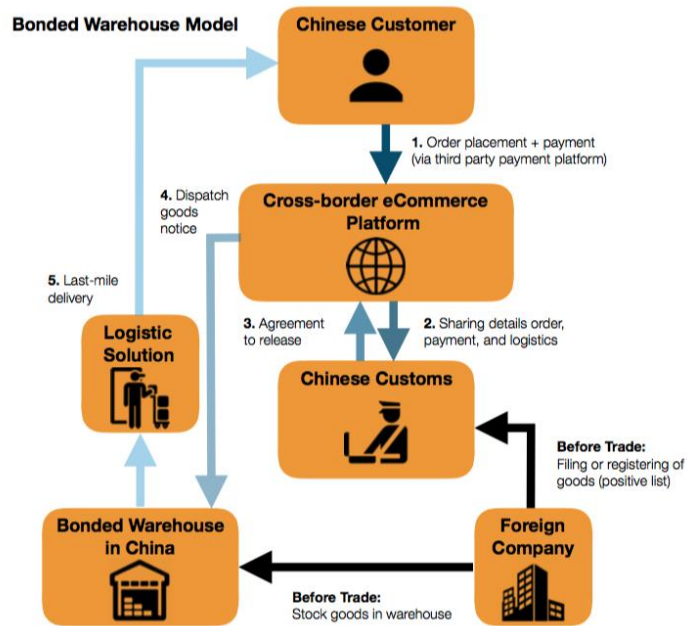
Since 2012 when China first launched the Cross-Border E-Commerce pilot project, China's State Council has established 105 cross-border e-commerce pilot zones. Bonded warehouses/zones are an essential part of e-commerce activities in China allowing foreign products to arrive and be stored in China without paying import duties and/or taxes until the order is placed and paid by a customer. Chinese consumers place an order on a registered cross-border eCommerce website/platform which is connected to the IT system of China Customs.

China Customs implements a deferred payment and guarantee model for cross-border e-commerce retail import of goods. The consumer pays the tax to the e-vendor / platform/marketplace when placing the order, but the e-vendor / platform/marketplace does not pay that to the Customs when the goods are imported. Instead, they provide a guarantee to Customs by which Customs will release the goods. After 30 days, if the consumer is satisfied with the goods and does not apply for return, the e-vendor / platform/marketplace will then pay the tax to Customs. However, if the consumer wants to return the goods within 30 days, the e-vendor / platform/marketplace can return the tax which the consumer paid before immediately after they receive the goods. This model makes the return procedure of imported goods easier.

Returned export e-commerce goods could be re-imported without being subject to duties and taxes. China Customs takes advantage of using cross-border e-commerce online transaction data to facilitate the return of exported e-commerce goods.

¹⁹⁶ WCO Secretariate Note, Expanding the Concept of AEO to Cross-Border e-Commerce (2nd Edition) (p.8-9)

China Customs has been continuously improving return/refund procedures to support e-commerce customer experience. In 2020, China Customs issued announcements on the regulatory requirements for the return of import goods, as well as for the return of export goods in cross-border e-commerce (Announcement No. 44 and No. 45 2020, General Administration of China Customs). Those regulatory requirements have facilitated the procedure for the return of all or part of the goods and extended the time for return (from 30 to 45 days for imported goods and within one year for exported goods). If returned goods are not damaged, they can be accepted back to the bonded warehouse and sold again (without the need to be sent back to the country of origin).



In 2021, "return centre warehouse mode" was introduced (Announcement No. 70 2021, General Administration of China Customs), which offers an opportunity for consumers to send their returned goods directly to the return centre warehouse in the Customs control area, further simplifying the return procedures and shortening the return cycle.

The existence of bonded warehouses/zones substantially decreases the delivery time of foreign goods and improves the process for returned goods.

Sources: WCO, 2023, Compendium of Case Studies on E-Commerce (China on Return Goods - p39-42)

TMO group: China Bonded Warehousing and Cross-border eCommerce Tax Reform <https://www.tmogroup.asia/insights/bonded-warehousing/>

E.4 Digitalization and automation in bonded warehouses/zones

Employing solutions for digitalization and automation for operations in bonded warehouses/zones offers multiple benefits from a business perspective as well as with regard to dealing with Customs requirements.

Application of advanced IT systems and robotics could facilitate organizing warehousing operations, keeping inventories, producing reports, and ultimately increasing the performance and productivity of bonded warehouses/zones with more efficient use of their capacities and resources. Such systems could minimize operational time and increase the quality of customer services with regard to punctuality and reliability which could increase the attractiveness for using the services of bonded warehouses/zones.

While fully automated bonded warehouses/zones may still not be very common, the trend of increased digitalization and automation is evident, particularly for e-commerce-related warehouses and fulfilment centres where efficient dealing with large numbers of shipments in minimum time is essential.

Solutions for digitalization and automation of bonded warehouses/zones may include the use of advanced IT systems for inventory management and record keeping; and automation of loading/unloading, including stacking, storing, and moving the cargo within bonded

warehouse/zone. IT systems bonded warehouses/zones may provide interfaces with the IT systems of other stakeholders in the supply chain as well as with Customs authorities (e.g. to facilitate the production of documents, and reports and enable the use of paperless solutions). Solutions for the automation of procedures may include various technologies such as bar code scanning, the use of RFID tags, optical character recognition (OCR) readers, video monitoring, the use of sensors, unmanned vehicles and robots for the manipulation and transport of packages/pallets within the warehouse zone.

Use of advanced IT systems for warehouse management support keeping accurate inventory, records of stock movements, and tracking stock levels. Such systems could be combined with barcode technology to enhance automation, which is a standard solution in particular for e-commerce warehouses. Warehouse management systems enable keeping administrative records and reporting for various purposes including for Customs formalities. Special Customs warehousing solutions could be integrated with the internal warehousing management systems of warehouse keepers. Such solutions, when necessary, could enable direct connection with relevant Customs IT systems (e.g. to submit data, notifications, simplified declarations, and reports to Customs authorities). Having an adequate warehouse management system with capabilities to provide necessary information to Customs authorities also is often regarded as one of the key requirements to obtain Authorized Economic Operator (AEO) status and enjoy related benefits with simplification of Customs procedures.

The use of automated bonded warehousing/zone solutions could start from the entry/exit gates for vehicles bringing or removing cargo. Intelligent gate systems can replace the manual processing of trucks at entry/exit points and facilitate directing the vehicles to exact loading/unloading locations. These gate systems can automatically record the entry/exit of trucks and containers (e.g. by using cameras for OCR reading of vehicle registration plates). They could be combined with smart card systems issued to truck drivers that allow controlled access to the bonded warehouse/zone access for pre-announced vehicles. The intelligent gate systems could be supported with user-friendly mobile applications for truck drivers.

Controlled entry/exit of goods in the bonded warehouse/zone could be organized with barcode scanning of all packages/pallets that will be recorded within the warehouse management system. In order to optimize storage capacities warehouse management system automatically recommends replacing stored cargo from one location to another (e.g. using Artificial Intelligence – AI and optimization algorithms).

The movement of goods in the bonded warehouse (e.g. for placing or removal from a storage location, or replacement from one location to another) could be automated with the use of automated storage and retrieval systems, robots and unmanned autonomously guided vehicles (AGV) supported by the use of sensors, RFID tags, video monitoring etc. Some of the operations conducted such as packing, and weighing could be automated as well.

Large e-commerce retailers such as Amazon and Alibaba, as well as other large logistics companies, are testing and developing robotics solutions for smart warehouses (or fulfilment centres) to expedite operations, diminish human errors, reduce labour costs and make supply chain processes more efficient. That includes solutions such as:

- a workstation system with a robotic arm to pick and place packages off robotic shelves and deliver these to employees, to avoid the need for frequent reaching or bending;
- autonomous mobile robot that can move large heavy items or carts with multiple packages as it works alongside employees around a facility;
- autonomously guided carts/vehicles that move products around facilities and potentially avoid collisions.¹⁹⁷

For example, Amazon has reported that in the process of warehouse automation presently employs over 200,000 mobile robots working alongside human employees and Alibaba has developed an automated warehouse in China that utilizes robots to handle 70% of the work.¹⁹⁸

Adoption of solutions for digitalization and automation in bonded warehouses/zones can improve efficiency, streamline operations and enhance safety. It could be expected that the number of automated warehouses will continue growing, driven by technological advancement and the wider availability of digitalization and automation solutions. However, it should be noted that investing in upgrading and building automated bonded warehouses/zones is considered costly. Therefore, the level of employment of smart warehousing solutions will differ depending on the characteristics of the bonded warehouses/zones, types of operations offered in the warehouses/zones, types of goods stored and other specific needs of customers.

F. Conclusions and Recommendations

Bonded warehouses/zones can optimize transport and logistics operations by providing storage of goods under customs control without being subject to Customs duties, taxes, or commercial policy measures. They facilitate the re-consignment of shipments and enable secure warehousing services. In bonded warehouses/zones normal operations to preserve goods in their unaltered state can be organized (or other operations of processing of goods upon approval from Customs authorities). By using bonded warehouses/zones traders can postpone import clearance or re-export of goods brought into Customs territory, or they can postpone removal of goods for export from the Customs territory of a country.

Bonded warehouses/zones are located at border crossing areas and inland locations. Use of bonded warehouses/zones could be attractive if they meet the needs of traders regarding accessibility of location; services offered, and related costs (e.g. for storage, handling); Customs documentary requirements and possibilities for simplifications of Customs procedures; as well as other benefits and incentives. National Customs and other specific legislation (e.g. on free zones, taxation) define different types of bonded warehouses/zones, detailing operations, responsibilities, Customs control measures, and Customs and tax benefits.

With this review temporary storage facilities, Customs warehouses (public and private) and free zones (commercial, industrial as well as free warehouses) have been analyzed. The main purpose

¹⁹⁷ Supply Chain Dive, June 2021, Robotics efforts from Amazon, Alibaba highlight e-commerce's automated future. <https://www.supplychaindive.com/news/Amazon-Alibaba-robot-warehouse-last-mile-technology/601742/>

¹⁹⁸ Inbound Logistics, November 2023, Automated Warehouse: Examples, Benefits, and Trends <https://www.inboundlogistics.com/articles/automated-warehouse/>

of temporary storage facilities is to facilitate transport and logistics requirements and they could be considered as intermediate arrangements until goods are placed in regular Customs procedure. Customs warehouses and free zones have important economic functions that are independent of transport. The main purpose of Customs warehouses is to provide safe storage of goods and to facilitate dealing with imported goods and goods for export. Free zones are usually established as part of economic development policies of the countries, providing special status for parts of a Customs territory for storage, trading, manufacturing and other commercial activities, where the goods are regarded as being outside the Customs territory in terms of import duties and taxes.

Obtaining authorization/permit to operate a temporary storage or customs warehouse involves meeting specific criteria set by national legislation, including security measures and management requirements. Customs authorities may impose conditions to ensure compliance and effective operation, such as keeping records, periodic audits and reporting obligations. Operators must demonstrate the ability to manage the warehouse and ensure the safety and preservation of goods. Establishing a free zone involves specialized national legislation and the leading role of ministries and relevant authorities other than Customs. However, it is expected Customs authorities to be involved in the approval of construction and conditions for operations in the free zone. Operators must adhere to regulations governing the admission, handling, and removal of goods within the free zone.

Depending on national (union) legislation storage in temporary storage facilities, Customs warehouses and free zones can have specific characteristics regarding the type of goods that could be stored; time limit for storage; operations allowed; documents required; security and supervision; economic benefits and incentives for traders.

Time limit for storage

Time Limit for Storage		
Temporary Storage Facilities	Customs Warehouses	Free Zones
Typically, storage time limits range from 30 days to several months, depending on national legislation. Extensions may be granted under specific circumstances.	Generally, less strict time limit for storage that ranges from 2 years to indefinitely. Goods can remain in Customs warehouses until import duties and taxes are paid, or the goods are re-exported.	Usually, there are no time limits on storage. Goods can be stored as long as needed for processing, manufacturing, or re-export without being subject to import duties and taxes (with some exemptions).

National (Union) Customs legislations of the TRACECA countries in general are following WCO recommendations regarding time limits for storage.¹⁹⁹ However, since those recommendations are not very specific, there are significant differences between time limits for the storage of goods in the TRACECA countries.²⁰⁰

¹⁹⁹ For temporary storage: sufficient time to enable the importer to complete the necessary formalities (WCO RKC SA A Ch2. S9); for Customs warehousing: according to the needs of trade and for non-perishable goods not less than one year (WCO RKC SA D Ch.1 S11); for free zone: indefinitely (with exceptions) (WCO RKC SA D Ch.2 S14)

²⁰⁰ For more details see analysis of time limits for: temporary storage facilities - Part B.1 p.7; Customs warehouses Part C.1 p.25; free zones – Part D.1 p.45-46) of this Report.

Operations allowed

Operations Allowed		
Temporary Storage Facilities	Customs Warehouses	Free Zones
Transfer from one to another transport means in same or different modes of transport, re-consignment by splitting/combining cargoes; Limited operations for preservation of goods without altering their essential characteristics.	More extensive operations are permitted, including repacking, labelling, sampling, and other processes that do not alter the goods' essential characteristics. Operations must aim to preserve goods or prepare them for further transport or sale.	The most extensive range of operations is allowed, including storage, processing, manufacturing, and re-export. Free zones facilitate a wide array of value-added activities without Customs intervention.

National (and Union) Customs legislation of the TRACECA countries in general follows the WCO recommendations on operations that could be allowed under temporary storage and Customs warehousing procedures. Processing, manufacturing and other operations in free zones are subject to other relevant national legislation (e.g. on free zones) and allowed operations differ depending on the type of free zones that are established in the TRACECA countries in various manners.

This review assumes differences in implementation among the TRACECA countries regarding procedures to authorize allowed operations in temporary storage facilities/customs warehouses and free zones. Clearly identified allowed operations, easily available implementing regulations and internal instructions; clear guidance on how and where to apply; simplifications of the process of application in particular for authorized economic operators; and acceptable deadlines for the decision-making process of Customs authorities can facilitate practical implementation of provisions for authorization of allowed operations.

Declaration / Documents required for Customs procedures

A distinction should be made between the Customs declaration/documents required for placing the goods and the Customs declaration/documents required for removal of goods from temporary storage facilities, customs warehousing procedure and free zone.

Documents Required for Placing the Goods in		
Temporary Storage Facilities	Customs Warehouses	Free Zones
Basic documentation required for presentation of goods (cargo declaration - transport / commercial documents); temporary storage (simplified) declaration/entry summary declaration	Customs declaration for Customs warehousing procedure, with supporting documentation; Customs declaration from previous Customs procedure. Potential use of simplifications for use of incomplete declaration, an entry in declarant's records as Customs declaration, periodic declaration.	Wide range of options and variations of implementation depending on the type/location of the free zone, procedure-related, type of goods and different national requirements. From no declaration/documents for goods introduced directly from abroad; or basic documents required for presentation of goods (transport / commercial documents); or summary declaration; or simplified goods declaration for entry of goods in free zone procedure; or Customs declaration from previous Customs

		<p>procedure; or regular Customs import declaration for goods to be used and consumed that are not allowed to be placed in Customs procedure for free Customs zone.</p>
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For removal of goods from temporary storage facilities or Customs warehousing procedure regular Customs declaration for clearance of goods in some of the Customs procedures/regimes is required such as for release in free circulation (import) with payment of duties and taxes or starting another Customs procedure/regime, Customs transit, or re-export outside Customs territory. Removal of goods from the free zone could follow a variety of options depending on where and how the goods will be removed (e.g. direct removal of goods abroad may have minimal requirements) and the status of the goods removed (foreign or domestic). Simplified procedures for the release of goods could be granted in particular for the Authorized Economic Operators (AEO).

Declaration/document requirements and potential for use of simplifications differ among the TRACECA countries. Such differences could be expected, in particular concerning data elements, and supporting required as well as with regard to the extent of simplifications implementation in practice.²⁰¹

Benefits and incentives

The use of temporary storage facilities, Customs warehouses, and free zones (bonded warehouses/zones) offers several benefits that have to outweigh various costs and requirements (e.g. storage fees, handling fees, fees for customs brokers and other service providers, reporting requirements, providing security, etc.) in order to be attractive to the traders.

Bonded warehouses/zones provide an opportunity to reconsolidate the goods at transport intersection points; better control the flow of import/export; and enhance logistics capacities. Traders can benefit from such opportunities with optimization of transport and logistics costs. The use of bonded warehouses/zones can improve the turnover of the transport means (wagons, trucks, containers) by eliminating long idle time where the goods are kept in transport means that are not moving due to various transport or regulatory requirements.

Goods can be stored in bonded warehouses/zones in safe and secure places closer to final distribution centres or selling points. Appropriate conditions are offered for goods that require special conditions for storing (e.g. quarantine, temperature-controlled goods, dangerous goods, etc.). Bonded warehouses/zones facilitate access to new markets in foreign countries. They could

²⁰¹ For more details see analysis formalities regarding declarations for placing in the procedure and discharge (removal from procedure) for: temporary storage facilities - Part B.3 p.15-18; Customs warehouses Part C.3 p.33-36; free zones – Part D.3 p.52-56) of this Report.

be used to adapt the goods for release at the local market (e.g. to make required labelling, marking and packaging).

One of the main incentives for the use of bonded warehouses/zones is the deferment of payment of Customs duties, and taxes until goods are sold which improves the cash flow of traders. Another benefit is deferment in the implementation of commercial policy measures which provides time for the traders to obtain necessary permits, or licenses needed for the release of goods in free circulation or other Customs procedures. Placing the goods in a bonded warehouse/zone can be beneficial for traders who would like to terminate obligations from previous Customs procedures (e.g. before actual re-export /export of goods).

Greater benefits and economic incentives are usually provided in free zones such as a special taxation regime, limited regulatory oversight of goods, facilitation of foreign exchange and financial transactions, liberalized business registration and labour regulation, various infrastructure and leasing incentives and special arrangements.

Economic Benefits and Incentives		
Temporary Storage Facilities	Customs Warehouses	Free Zones
Short-term storage solutions, with deferment of customs duties and taxes, until goods are placed in a Customs procedure. Facilitates transport processes mainly in import (transit / re-export) procedures, minimizing delays.	Offers significant economic benefits for warehousing of goods by deferring customs duties and taxes until goods are removed from the warehouse for release in free circulation or re-export. Enhances cash flow management for businesses and provides flexibility in handling inventory.	Extensive economic incentives, including exemption from import duties, simplified customs procedures, and tax benefits. Promotes international trade, investment, and economic development by attracting businesses to engage in manufacturing, processing, and re-export activities.

Best practices in Implementation

This review highlighted some best practices and successful case studies that can encourage increased utilization of bonded warehouses/zones in the TRACECA countries. Transparency and availability of information related to temporary storage formalities, Customs warehousing and free zones procedures (including detailed practical guidance on requirements and internal procedures for implementation of corresponding regulations) have been identified as key factors for successful implementation.

Simplification for Customs warehousing and free zone procedures can substantially increase operational efficiency. AEO programmes based on partnerships between Customs authorities and compliant traders are important factors for the facilitation of legitimate trade and the enhancement of supply chain security. AEO programmes offer easier access to simplified procedures, expedited clearance, lower documentary and data requirements for cargo release, and choice of location for control/clearance with a large number of benefits general benefits for AEOs and specific benefits for different categories of AEO operators (e.g. warehouse keepers, free zone operating bodies and free zone tenants). A brief overview of AEO programmes in the TRACECA countries and the EU indicates the potential for further expansion of AEO programmes.

Successful implementation of these simplifications can attract more businesses to use customs warehousing and free zones.

Traders should be able to sale and re-sale goods placed in bonded warehouses/zones to domestic or foreign businesses. This review outlined several examples and best practices for regulation and implementation of provisions relevant to the transfer of ownership (transfer of rights and obligations - TORO) in the EU, USA, UK and East African Community. Specifics with regard to legal bases, procedure for authorization of TORO, Customs valuation and taxation issues have been noted as useful guidance for the TRACECA countries where opportunities for sales of goods in bonded warehouses presently are limited.

Cross-border e-commerce activities have increased multiple times in recent years bringing challenges to traders on how to organize their activities and Customs authorities on how to effectively manage cross-border e-commerce from both facilitation and control perspectives. The review indicates some business practices in the organization of cross-border e-commerce and their relations with operations in temporary storage facilities/Customs warehouses and free zones. Key elements for successful operations have been identified (e.g. allowed retail sale; permitted operations for distribution (fulfilment centres), simplification of document requirements). A case study of Cross-border e-commerce in China shows an example of best practices in the organization of e-commerce activities including for return of imported and exported goods.

Digitalization and automation in bonded warehouses/zones are crucial for modernization, streamlining of operations, and increased productivity. Application of advanced warehousing IT systems increases accuracy, supports inventory management, and facilitates record keeping. Such systems could be further upgraded with the use of bar code scanning and integration with Customs IT systems. The use of robotics is being tested and already implemented (e.g. by large e-commerce retailers) to develop smart warehouses to expedite their operations and make the supply chain process more efficient. Investing in technology is important to remain competitive and meet the demands of global trade.

Recommendations

This review indicates the need for proper bonded warehouses/zones and favourable Customs procedures to offer attractive services to economic operators that operate along the TRACECA corridor. Harmonized and consistent regulations on bonded warehouses/zones across the TRACECA countries can expand cross-border coordination, facilitate the organization of transport and logistics operations and improve the implementation of Customs procedures. Harmonization efforts should focus on simplifying procedures, reducing administrative burdens, and ensuring compliance with global best practices.

Recommendations given in this part should be considered in conjunction with specific indications for the TRACECA countries elaborated in previous chapters; as well as with identified specific international standards and experiences in other countries that offer more favourable legal frameworks and implement best practices as presented in this review.

The following recommendations are given to the authorities responsible for the development of legal frameworks and implementation of bonded warehouses/zones procedures:

1. Harmonize the national legal framework on bonded warehouses/zones with international standards (e.g. provided by the WCO) and consider options to further facilitate operations in bonded warehouses/zones. Specific issues to be considered for improvement of the legal framework may include: simplification of Customs declaration/document requirements; greater simplifications for Authorized Economic Operators; use of equivalent goods; liberalization by minimizing negative lists for goods allowed to be stored in bonded warehouses/zones; legal bases for retail sale from bonded warehouses /zones to support e-commerce activities, etc.
2. Develop detailed implementing regulations / internal guidance to facilitate procedures in bonded warehouses /zones. Specific issues to be considered for detailed implementing regulations/guidance may include: implementation of simplifications for AEOs; transfer of rights and obligations (sales of goods while stored in bonded warehouses/zones); re-export of goods from bonded warehouses/zones; dealing with returned import/export goods under e-commerce activities.
3. Streamline procedures for issuing authorizations relevant to bonded warehouses /zones regarding their establishment and operations. For example, explore possibilities to facilitate approval of authorized operations in bonded warehouses/zones; and work in partnership with interested traders to obtain the AEO authorizations.
4. Digitalize as far as possible applications/documents/declarations relevant for authorization and operations in bonded warehouses/zones. Develop a legal and technical environment for acceptance of paperless electronic documents including paperless supporting documents such as electronic transport and commercial documents.
5. Increase transparency by publishing and regularly updating on Customs website, regulations, instructions, guidance, and forms to be used for applications, regarding establishing, operating, authorizing specific activities, and authorizing simplified procedures in bonded warehouses /zones as well as instructions, guidance, documentary requirements and other details on conducting Customs procedures in bonded warehouses/zones. Publish at Customs websites general information on bonded warehouses/zones (with some details e.g. types of services offered, contact information/links for public bonded warehouses) (consider updating the list of logistics centres presented in Annex 1).
6. Evaluate the network of existing bonded warehouses/zones (their locations and capacities) against transport flows (existing and estimated in future) (Update information in Annex 1 of this report). Determine the need for development of new and/or upgrading existing bonded warehouses/zones. Consider the potential opening of bonded warehouses that will be managed by Customs (or developed in public-private partnerships) at locations where there is a need, but there is no sufficient interest of the private sector to invest in bonded warehouses. If the development of bonded warehouses is considered at border crossing points make sure that their use is optional, and their development will not disrupt preferred transport logistics flows by traders.
7. Cooperate with ministries/agencies responsible for infrastructure to ensure that there is availability of good roads, transportation networks, and connectivity to bonded warehouses/zones that make them easily accessible for users.

8. Provide incentives of benefits for simplification and facilitation (e.g. AEO status) for warehouse keepers/free zone operators that are investing in security and safety solutions for their bonded warehousing/zones, as well as invest in the employment of advanced IT solutions on inventory management, record keeping, integration with Customs IT systems that provide necessary information to conduct risk analysis and clear audit trail for potential post-clearance checks.
9. Engage in regular dialogue with traders, users/potential users of services of bonded warehouses/zones to better understand their needs and identify issues that could be addressed to better serve the needs of traders. Support expansion in the implementation of AEO programmes.
10. Develop and organize capacity building and training programs for Customs officials, operators, and other stakeholders that are using services of bonded warehouses/zones to increase effective implementation of bonded warehouses/zones procedures.

Private sector operators/users of bonded warehouses/zones should be encouraged to familiarize themselves well with Customs regulations and Customs requirements, cooperate with Customs authorities, apply for simplified procedures and join the AEO programme to capitalize as much as possible from the benefits that could be offered relevant for bonded warehouses/zones.

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Annex 1: List of International Logistics Centers in the TRACECA countries²⁰²

Azerbaijan (NA)

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1.	LLC Absheron Logistics – Closed Temporary Storage Warehouse and open and closed Customs Warehouse								

Armenia

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1	ZAO "APAVEN TERMINAL"	50000 m ²	Automotive, Railway	No ITC passes through Armenia. The nearest ITC passes through the territory of Azerbaijan (North-South). The distance from Yerevan by railway connection is more than 800 km.	299 km from Yerevan to Airm station	More than 250 thousand tons per year / more than 6000 TEU per year	/	Republic of Armenia, Yerevan 0043, Araratyan St., 95. Tel.: +374 10 65 65 33, Fax: +374 11 42 86 60. Website: http://www.apaven.com/	
2	ZAO "URBAN LOGISTICS SERVICES"	49400 m ² , total area of about 7 ha	Automotive, Railway			/	/	Republic of Armenia, Yerevan, 0043, Araratyan St. 62/23. Tel.: +374 60 70 60 60. Website: http://www.uls.am/ru/	GCS WMS (Generix Collaborative Supply Chain Warehouse Management System)
3	OOO "METEXIM TERMINAL"	35000 m ²	Automotive, Railway			More than 180 thousand tons per	/	Republic of Armenia, Yerevan, Artashat St., 15/1. Tel.: +374 10	1 C

²⁰² Information presented in this Annex are collected from responses of the TRACECA countries to the PS IGC TRACECA letter No.02/21/041 from 03.02.2021

№	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
						year / more than 2200 TEU per year		28 75 76, +374 10 28 76 33. Website: http://metexim.am/	
4	OOO "ARMASH TERMINAL"	45876 m ²	Automotive, Railway			13 thousand tons grain warehouse, 10 thousand m ² container terminal (up to 5000 TEU per year)	/	Republic of Armenia, Ararat, Yerevan Highway, 24. Tel.: +374 94 40 05 45.	
5	OOO "ALLIANCE TERMINAL"	20180 m ²	Automotive, Railway			Warehouse - up to 100 thousand tons of cargo/container terminal - up to 3500 TEU per year	72 thousand tons	Republic of Armenia, Ararat St., Yerevan 90/10. Tel.: +374 11 50 77 99, +374 11 50 77 88. Website: https://alliance-terminal-llc.business.site/	
6	OOO "ALEKS-GRIG"	4324 m ²	Automotive, Railway			Grain warehouse - 1460 thousand tons. Warehouse for raw sugar - 1095 thousand tons. Containers are not processed.	/	Republic of Armenia, Yerevan, Tichina St., Alley 3, 2/2. Tel.: +374 93 99 60 50, +374 11 72 61 20.	
7	OOO "DZONIK TERMINAL"	10020 m ²	Automotive, Railway			/	/	Republic of Armenia, Yerevan, Arshakunyats Ave., 9/2. Tel.: +374 10 52 99 57, Fax: +374 10 52 62 00.	
8	OOO "VALENCIA"	13887 m ²	Automotive, Railway			/	/	Republic of Armenia, Yerevan, Myasnikyan St., 40. Tel.: +374 10 52 40 00, Fax: +374 10 54 35 71.	
9	OOO "TBILITER"	12001 m ²	Automotive, Railway			/	/	Republic of Armenia, Yerevan, Avan, 4th District, 19, N. 2.	
10	ZAO "AIK"	10300 m ²	Automotive, Railway			/	/	Republic of Armenia, Yerevan, Arin-Berd St., 11. Tel.: +374 11 24 90 00.	

Bulgaria (NA)

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1	OP "Transport" – Plovdiv								

Georgia

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1	GR Logistics & Terminals LLC Poti terminal	78000 M ²	Railway, auto	Part of TRACECA	Poti Port – 2,5 km	Container: 110,000 TEU; Reloading (t): 342,000;	325,000 (t)	http://grlt.ge/ Poti, Nabada Distr, 03/618 +995599511611	Billing
2	GR Logistics & Terminals LLC Tbilisi terminal	54000 M ²	Railway, auto	Part of TRACECA	Gardabani – 42 km	Container: 55,000 TEU; Reloading (t): 195,000;	185,000 (t)	http://grlt.ge/ Tbilisi, Isani – Samgori Distr, 01/154 +995599969404	Billing
3	GR Logistics & Terminals LLC Batumi terminal	3200 M ²	Railway, auto	Part of TRACECA	Batumi Port – 5 km	Reloading (t): 120,000;	114,000 (t)	http://grlt.ge/ Batumi, Tamar Distr, Br. Nobels Str. +995593212400	Billing

Iran (NA)

№	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied

Kazakhstan

№	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1	Sapa Logistics	4,1	Auto	Nur-Sultan city, ave. Al-Farabi 37/4	-	60,000 tons	-	Address: Nur-Sultan, Ave. Al-Farabi 37/4 Tel: 8 7172 528426, info@sapa-logistics.kz	-
2	Croup World	2	-	Nur-Sultan city, Almaty district, A street 207, building 9		80	-	Nur-Sultan city, Almaty district, A str. 207, building 9 Tel: 8-777-981-11-15 "mk091@bk.ru	-
3	Branch of USKO International LLP	4,2	Container	Nur-Sultan, Orlykol St., 10/1	Land plot for the Warehouse complex and railway tracks	8000 pallet places	-	Nur-Sultan, 10/1 Orlykol St. Tel: 8701-212-47-84, tyan.e@usko.kz	-
4	Astyk Logistic LLP, Nur-Sultan	10,9	-	Nur-Sultan city, Alash highway 24/2	fenced, partially asphalted	38,000 pallet places	-	Nur-Sultan city, Alash highway 24/2 Tel: 8-702-368-13-74	-
5	Continental Logistics	47 hectares	-	Nur-Sultan city, Karaganda - Astana highway, building 45/1	On the Astana-Karaganda highway	300,000 tons	-	Nur-Sultan city, Karaganda-Astana highway, building 45/1 Tel: 7 777 772 35 55	-

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
6	Continental Logistics Shymkent LLP	35	-	Shymkent, Abay district, microdistrict. Zhideli, 613 building	-	600	-	Shymkent, Abay district, microdistrict. Zhideli, 613 building	-
7	Kazakhstan Logistics Group LLP	14	-	Shymkent, 191 quarter, 1376	-	30	-	Shymkent, 191 quarter, 1376	-
8	OUSA Yug LLP		-	Aktobe, Az-Nauryz Street, 11	-	100-150	-	Aktobe, Az-Nauryz Street, 11	-
9	Best Solution LLP	0.941 ha	-	Aktobe, Sankibay Batyr Ave., 14 D	-	70583	-	Aktobe city, Sankibay Batyr Ave., 14 D Tel: 7 700 000 0815	-
10	Astyk Logistic LLP, Aktobe	4,6	-	Aktobe, Az-Nauryz Street, 11	-	100 000	-	Aktobe, 11 Az-Nauryz St. Tel: 8701 226 66 97 aktobe.director@aslcargo.kz Tlc-aktobe@mail.ru	-
11	AK-RUNO LLP	29.8624 hectares	-	Aktobe city, Sankibay batyr ave. 1	-	-	-	Aktobe city, Sankibay Batyr Ave. 1 Tel: 77767957625	-
12	Phaeton Company LLP	Storage area 1.04 ha, for parking 0.05 ha	-	Aktobe region, Aktobe city, Industrial zone, 679/12	-	Volume of cargo received and handled (tons/year) 870 000m3	-	Aktobe region, Aktobe city, Industrial zone, 679/12 Tel: 87777731194, rvi@faeton.kz	-
13	Warehouse complex "Tau Terminal	8,5	-	Ili district, Otegen batyr village, Zhansugurov St., No57a	is located on the basis of an industrial site	over 1.8	-	Ili district, Otegen batyr village, Zhansugurov St., No57a Tel: 87717193874	-
14	ICBC "Khorgos"	1,5	-	Panfilov District	is located on the territory of the ICBC "Khorgos".	over 1.5	-	Panfilov District Tel: 87283179094 Call centre	-
15	LLP "Logistics Center "DAMU" class "A"	210	-	Ili district, Baiserke village, S. Beibarysa St.	is located on the basis of the	over 2.5	-	Ili district, Baiserke village, S. Beibarys St. Tel: 87018001012	-

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
	industrial and logistics center				industrial logistics center "Damu"				
16	Free Line Distribution Class A LLP	9,0353	-	Ili district, Ashchybulak rural district, M. Tuimebayev village, Industrial zone 235B	is located on the basis of an industrial site	over 1.5	-	Ili district, Ashchybulak rural district, M. Tuimebayev village, industrial zone 235B Tel: 87273305051	-
17	Class "A" TLC of KZ Silk Road Logistics LLP	2,04	-	ICBC "Korgos" on the border with China 6,600 m ² (158x42m)	is located on the territory of the ICBC "Korgos"	8	-	ICBC "Korgos" on the border with China 6,600 m ² (158x42m) Tel: 87283179094 Call centre	-
18	Severny Trade and Logistics Center	our pumping station and who	-	Semey, Severny Industrial Hub 2	-	60	-	Semey, Northern Industrial Hub 2 Tel: 8 (7222) 52-26-13 stec.semey.ruslan@yandex.ru	-
19	Transport and Logistics Center of Eurotransit Terminal LLP of the Bakhty Customs Crossing	19	-	Urdzhar district, 3 km northeast of the village of Bakhty	East Kazakhstan region, Urdzhar district, Bakhtinsky rural district, Bakhty village, Shyganak site, building No7, there is a temporary storage warehouse on the territory of the transport and logistics center	27,9	-	Urjar district, 3 km northeast of the village of Bakhty E-mail: eurotransit.terminal@mail.ru 87785810001	-
20	Aspan Storage LLP Logistics and Warehouse Complex	3 hectares	-	Aktau city, industrial zone of SEZ "Seaport Aktau", subzone No 3	-	In physical terms – storage of 2 thousand tons of vegetables per year In value terms – 247 million tenge per year	-	Aktau city, industrial zone of SEZ "Aktau Seaport", subzone No 3 Phone: 8 (7292) 30-33-33 E-mail: info@angaraktau.kz	-
21	"Azersun Production and	4.1800 ha	-	Aktau city, industrial zone of	-	In physical terms, a dry warehouse	-	Aktau city, industrial zone of SEZ "Seaport Aktau", subzone No 3	-

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
	Logistics Center" LLP			SEZ "Seaport Aktau", subzone No 3		with racks is 3744 tons, without racks - 850-900 tons. 5 refrigerating chambers - 2100 tons. 16 chambers with atmospheric control, of which: 4 with racks, and 12 without racks, where you can store vegetables and fruits, design capacity - 1600 tons. In value terms - 161.2 million tenge.		Tel: 87076677362, 87292204848 Baybekov.Meyirzhan@azersun.com	
22	TLC MAKHTARAL LLP	Under construction	-	Maktaaral district, Azattyk village, Cadastral quarter, 191, building. 186.	-	-	-	Maktaaral district, Azattyk village, Cadastral quarter, 191, building. 186.	-
23	Altyn Kamba LLP	0,3	-	Kyzylorda city, Zhappasbay batyr str. 137	-	5250 (3250+2000)	-	Kyzylorda city, Zhappasbay batyr str. 137 Tel. 8 (7242) 401007, e-mail: mail. Apk_ak@mail.ru	-

Kyrgyzstan

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1	Cargo yard	35 ha	1.Kamaz MAZ			31 674 wagons		Bishkek	

	Alamedin station		2. Electric gantry crane No. 183 "Baltkran" 3. Stacker "FANTUZZI" 4. Diesel forklifts TSM "TOYOTA"			From the 9 123 containers		Ch.Valikhanov street 15/10 (312)44-97-08 0(312)92-73-92	
2	Cargo yard Osh station	2 ha	1.EKK 300/2 crane using electricity 2. Crane EDK 300/2 using diesel fuel 3. Stacker "FANTUZZI" 4. Gantry crane No. 694		From the customs terminal to Osh station 30km.	5278 wagons, 262 containers		Osh city Akhunbaeva street 0(3222)8 77 49 0(3722)2 04 20	

Moldova

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1.	Giurgiulesti International Free Port	120 ha	Maritime, Broad-gauge Railway, Regular-gauge Railway, Road.	Distanța respectivă este 0 km - în cazul în care ITC route reprezintă linia Chișinău-Giurgiulești, și 292 km - în cazul în care ITC route reprezintă linia Ungheni-Chișinău-Cuciurgan.	0 km	- Container and General Goods Terminal - open storage space - 20,000 square meters - Vegetable Oil Terminal- storage capacity - 6000 metric tons -Cereal Products Terminal - storage capacity – 50 000 metric tons - Bulk Freight Terminal - area of 3 ha		ICS Danube Logistics S.R.L. Str. Mihai Eminescu 9, MD-2009 Chisinau Republic of Moldova Tel. +373 (0) 22 999 225, Tel. +373 69 610486 info@danlog.md, www.gifp.md	

Romania (NA)

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied

Tajikistan (NA)

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied

Türkiye

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1	Samsun (Gelemen)	258	Highway, Railway, Seaway	2 km	Samsun port 12 km	51,03	0,00	(0362) 266-4475 19 Mayıs mah/Tekkekoy/Samsun	TCDD's Corporate Administrative Portal
2	İzmit (Köseköy)	694	Highway, Railway	On route	Istanbul port 102 km	287,28	57.753,00	(0262) 373-3544 Fatih Sultan Mehmet Mah Kartepe	TCDD's Corporate Administrative Portal
3	Uşak	140	Highway, Railway	On route	Izmir 225 km	28,08	12,00	(0276) 216-6073 Fatih mah. Merkez/Usak	TCDD's Corporate Administrative Portal
4	Istanbul (Halkalı)	220	Highway, Railway	On route	Kapikule 243 km Istanbul port 34 km	788,11	766.057,00	(0212) 678-4800 Kucukcekmece/Istanbul	TCDD's Corporate Administrative Portal
5	Eskişehir (Hasanbey)	541	Highway, Railway	3 km		83,16	9.146,00	(0222) 225 76 77 Fevzicakmak mah. Tepebasi/Eskisehir	TCDD's Corporate Administrative Portal
6	Balıkesir (Gökköy)	211	Highway, Railway	On route	Izmir port 210 km	147,69	45,00	(0266) 281-1358 Savastepe Yolu Altieylul / Balikesir	TCDD's Corporate Administrative Portal

7	Denizli (Kaklık)	125	Highway, Railway	On route	Izmir port 260 km	96,66	321,44	(0258) 816-2002 Honaz / Denizli	TCDD's Corporate Administrative Portal
8	Kahramanmaraş (Türkoğlu)	805	Highway, Railway	On route	Mersin port 250 km	276,75	897,00	(0344) 618-1045 İstasyon Mahallesi Turkoglu / Kahramann	TCDD's Corporate Administrative Portal
9	Erzurum (Palandöken)	350	Highway, Railway	2 km	Kars 290 km	131,22	423,00	(0442) 502-0290 Aziziye / Erzurum	TCDD's Corporate Administrative Portal
10	Mersin (Yenice)	416	Highway, Railway	1 km	Mersin port 45 km	1.258,20	10.342,00	(0322) 651-2484 Fatih mah. Yenice/Tarsus/Mersin	TCDD's Corporate Administrative Portal

Turkmenistan (NA)

No	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied

Ukraine

№	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
1	LLC "EUROTERMINAL"	Territory with a total area of 42 ha, where a transit storage area (TSA), a cargo customs complex (CCC), the first Free Customs Zone (FCZ) in Ukraine, and a special project "Autohub" operate	Road transport, railway access roads, destuffing	Located in close proximity to the railway stations "Odessa-Sorting", "Odessa-Cargo", "Odessa-Peresyp" and "Odessa-Port", as well as the international highway "M 05" Kiev – Odessa	Part of the "Odessa-Port" checkpoint, allowing cargo movement between Odessa port and the "Dry port" without additional documents	≈ 84,347 TEU/year ≈ 1,050 thousand tons/year	-	Odessa, Jewish Street, 26 Email: office@euroterminal.ua Phone: +38 (048) 784-74-64 Working days: Mon-Fri. from 09:00-18:00	ISPS
2	LLC "LSL ODESSA"	4,6 ha	Road transport	7.2 km	2.5 km	Customs inspection warehouse 1400 sqm; three inspection ramps accommodating 39 windows for simultaneous customs inspections and loading/unloading operations. Two customs warehouses with a total area of 1312 sqm; customs warehouse (open area) 19,000 sqm; administrative building with a total area of 1,635.5 sqm; parking area for vehicles 10,000 sqm; vehicle scales 60,000 kg.	-	Odessa region, Chernomorsk, Industrial Street, 12. +380 (4868) 3–41–29, +380 (4868) 3–31–40, website	-
3	PJSC "ZAZ"	4,6 ha	Road transport	7.2 km	2.5 km	Temporary storage warehouse - 7700 sqm; customs licensed warehouse - 3200 sqm; carport capacity -	-	Odessa region, Chernomorsk, Industrial Street, 1, tel. (04849) 317 77, website	-

№	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
						200 units; inspection ramp capacity - 12 units; maximum simultaneous container storage - 2500 TEU.			
4	LLC "ODYSSEY"	13,2 ha	Light road transport	3.4 km	2.1 km	Open storage areas for accumulation and storage of containers, light and heavy road transport and other piece of goods	-	Ukraine, 68001, Odessa region, Chernomorsk, Labor Street, 8, office 33/1, (04868) 34785	-
5	PJSC "Ilyichevskvnesh trans"	30 ha	Road transport, railway access roads	7.3 km	2.4 km	Warehousing facilities, container terminal, railway access roads, container exchange park; specialized warehouses, including customs licensed warehouses for storing mineral fertilizers; pesticides, food additives; medicines and medical materials	-	Odessa region, Chernomorsk, Industrial Street, 7, tel.: +38 (04868) 6-25-00, tel./fax +38 (04868) 3-30-71, e-mail: market@ivt.il.od.ua website	-
6	Industrial Park iPARK (implemented by the TIS group of sea terminals)	≈ 500 ha	Sea, railway, and road transport	38 km	Checkpoint located on the territory of the TIS group of companies	400 thousand TEU/year	35.4 million tons	67543, Odessa region, Odessa district, Vizirka village, Chapaeva Street, 50. +38 0482 300 781 website +38 0482 300 700 website info@tis.ua	-
7	Odessa Branch of CTS "LISKI" PJSC "Ukrzaliznytsia"	Total area 35,35 ha	Sea, railway, and road transport	35 km	Checkpoint is located on the terminal's territory	500 thousand tons/year	1.1 million tons/year	67665, Odessa region, Belyaevsky district, Usatovo village, Railway Workers Street, 14. tel/fax (048) 797-29-50 liski-odessa@liski.com.ua	-

№	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied
								website	
8	Odessa Branch of CTS "LISKI" PJSC "Ukrzaliznytsia" ***	35,35	Transfer from road to railway and vice versa	GP OMTP - 35/34 GP CHMTP - 35/55 GP "MTP" "Yuzhny" - 60/85	35	390.0/20697	2020: Total: 4465; of which: - 20 - 257 DFU - 40 - 4208 DFU - 124.6 thousand tons	67665, Odessa region, Belyaevsky district, Usatovo village, Railway Workers Street, 14. Email: liski-od@liski.com.ua	1. Automated technologies related to cargo processing and transportation. 2. Implemented electronic document management technologies with transport process participants (customer, foreign carrier, customs service)
9	Ferry Station "Paromnaya"	Railway tracks in Chernomorsk port (GP CHMTP)	From railway to water and vice versa (roll-on/roll-off on/from the ferry)	ITC No. 10 OSJD TRACECA	GP CHMTP-7 (from the station to the ferry terminal)	450	2018: 268 thousand tons 2019: 327.2 ths. tons 2020: 225.3 ths. tons	68004, Odessa region, Burlachya Balka village, Severnaya Street, 3 tel. (048) 727-28-80 fax: (048) 727-57-16	
10	Container site at Vinnytsia station	1,025	Transfer from the railway to the road and vice versa	Traction area to ITC OSJD No. 7 extension of the TRACECA corridor	Vinnytsia-Yagodyn: 493 km	5840 - 20 DFU	2019: 14,309 DFU; 2020: 12,914 DFU.	21001, Vinnytsia, Heroes of Stalingrad Square, 1 m. tel. (0432) 63-22-00 fax: (0432) 63-20-02	
11	Mechanized loading and unloading distance Yagodyn (MCH Yagodyn)	4,0	Railway transport, possibility of transfer to road transport	Traction area to ITC OSJD No. 7 extension of the TRACECA corridor	In the area of the Yagodyn checkpoint	Per day: 40 wagons with bulk cargo; 10 wagons with heavy and big-bag cargoes Approximately per year: 1095 thousand tons	2018: 15.0 thousand tons 2019: 0.5 thousand tons 2020: none	44392 Volyn region, Lyuboml district, Starovoytovo village, Border Guards Street, 39a, website tel. (032) 226-22-60	

*** At the terminal, there is a control point on the state border Odessa-Liski, which is part of the checkpoint of the Odessa Sea Commercial Port (OMTP) for imported cargo in containers. The company operates on the "single office" principle: all controlling services work together, which allows for minimizing the time for cargo processing.

Containers with cargo from the Odessa Port are delivered to the Odessa-Liski control point using a simplified technological scheme developed to organize the procedure for exporting containers from OMTP by rail (without processing at the port PP, PD), which reduces the cost of comprehensive processing and decreases the delivery time of goods.

Uzbekistan (NA)

№	Name of the object	Total area of the facility (ha.)	Types of accepted modes of transport	Distance from the nearest ITC TRACECA route (no more than 50 km)	Distance from the nearest checkpoint (no more than 300 km)	Cargo handling capacity (including containers) per year (thousand tons / TEU)	Volume of handled foreign trade cargo per year	Contact information (address, phone number, website, etc.)	Information about the digital technologies applied

Annex 2: List of Free Zones in the TRACECA countries

Country	No	Free Zone	More info on Website
Armenia	2	General / List of Residents EAEU	https://eec.eaeunion.org/comission/department/dep_tamoj_infr/01191/1Activity_2CID_3RLC_4Zones_5Zones.php
		Free Economic Zone "Alliance"	
		Free Economic Zone "Ekos"	
Azerbaijan	1	Alat Free Economic Zone	https://afez.az/
Bulgaria	3	General Outlook / List of Free Zones	https://taxation-customs.ec.europa.eu/customs-4/free-zones_en
		Free Zone Bourgas Plc	http://www.freetradezone-bourgaz.com/
		Free Zone Plovdiv Plc	https://freezone.bg/
		Free Zone Rousse Plc	https://freezone-rousse.bg/
Georgia	3	General Overview	https://www.freetradezone.ge
		Poti Free Industrial Zone	https://www.freetradezone.ge/poti-free-industrial-zone
		Kutaisi Free Industrial Zone	https://www.freetradezone.ge/kutaisi-free-industrial-zone-fiz
		Tbilisi Free Industrial Zone	https://www.freetradezone.ge/tbilisi-free-zone
Iran	8 (+34)	General Overview	https://www.freezones.ir/en
		Imam Khomeini Int. Airport Free Zone	https://freezones.ir/en/ikac
		Qeshm Free Trade Industrial Zone	https://freezones.ir/en/qeshm
		Arvand Free Trade Industrial Zone	https://freezones.ir/en/arvand
		Aras Free Trade Industrial Zone	https://freezones.ir/en/aras
		Kish Free Trade Industrial Zone	https://freezones.ir/en/kish
		Anzali Free Trade Industrial Zone	https://freezones.ir/en/anzali
		Maku Free Trade Industrial Zone	https://freezones.ir/en/maku
		Chabahar Free Trade Industrial Zone plus 34 Special Economic Zones	https://freezones.ir/en/cfzo https://freezones.ir/en/freezones
Kazakhstan	14 (12)	General Outlook / List of Special Economic Zones (SEZ) / List of residents	https://invest.gov.kz/doing-business-here/fez-and/the-list-of-sez-and/ https://sez.qazindustry.gov.kz/en/zones/sez https://kgd.gov.kz/ru/hsi/tsrsez/10/1
		SEZ "Astana - New City"	https://investastana.kz/en/spetsialnaya-ekonomicheskaya-zona/
		SEZ "Astana - Technopolis"	https://www.investinastana.kz/investor/SEZ/sez-astana-technopolis/
		SEZ "ICBC "Khorogos"	https://khorogos.kz
		SEZ "Qyzyljar"	https://sez.qazindustry.gov.kz/en/placemark/39
		SEZ "Chemical Park Taraz"	https://seztaraz.kz/
		SEZ "Saryarka"	https://sez-saryarka.kz
		SEZ "Pavlodar"	https://www.sezpv.com/en
		SEZ "National Industrial Petrochemical Technopark"	https://nipt.kz/ru/
		SEZ "Seaport Aktau"	https://www.sez.kz/ru/
		SEZ "Park of innovative technologies"	https://aitc.kz
		SEZ "Khorogos - East Gate"	https://www.sezkhorgos.kz/
		SEZ "Ontustik"	https://openspk.kz/en/sez-ontustyk/
		SEZ "G4 City"	
SEZ "Turan"	https://sez-turkistan.kz/		
Kyrgyzstan	5 (2)	General Outlook / List of residents	https://invest.gov.kg/2019/07/11/free-economic-zones/ https://opendata.eaeunion.org/opendata/ru/resources
		Free Economic Zone "Bishkek"	https://sez.kg/?lang=en
		Free Economic Zone "Naryn"	https://mineconom.gov.kg/ru/post/9896
		Free Economic Zone "Karakol"	
		Free Economic Zone "Leilek"	
Free Economic Zone "Maimak"			
Moldova	8	General Outlook	https://www.welcome.md/eng/Free-Economic-Zones-moldova https://www.iplatforms.gov.md/en#collapseFreeEconomicZone
		Free Economic Zone Balti	https://zelb.md/en/
		Free Economic Zone Expo-Business Chisinau	http://moldova-freezone.md/en/
		Free Economic Zone	http://www.freezone-ungheni.md/en/

		Ungheni-Business	
		Free Economic Zone Tvardita	https://investin.raiontaracila.md/zsptvardita/
		Free Economic Zone Valkanes	https://fezvalkanes.md/
		Free Economic ZoneTaraclia	https://www.iplatforms.gov.md/en/zones/fez/free-economic-zone-taraclia
		International Free Port of Giurgiulesti	https://gifp.md/en/home/
		Free International Airport of Marculesti	https://www.aim.md/en/
Romania	6	General Outlook / List of Free Zones	https://investromania.gov.ro/web/free-zones/ https://taxation-customs.ec.europa.eu/customs-4/free-zones_en https://www.worldfzo.org/Portals/0/OpenContent/Files/487/Romania_FreeZones.pdf
		Free zone Curtici Arad	https://www.zla.ro/en
		Free zone Constanta South	https://www.portofconstantza.com/pn/en/home
		Free zone Galati	https://www.zlqalati.ro/en/
		Free zone Giurgiu	https://zlq.ro/
		Free zone Braila	https://www.zonaliberabraila.ro/
		Free zone Sulina	https://www.azsulina.ro/
Tajikistan	4 (3)	General Outlook	https://investcom.tj/fez/48-mintaaoi-ozodi-itisod.html https://mfa.tj/en/berlin/relations/free-economic-zones
		Free economic zone "Sughd"	http://fezsughd.tj/en/home/
		Free economic zone "Dangara"	http://fezdangara.tj/
		Free economic zone "Pyanj"	http://fezpanj.tj/ru/
		Free economic zone "Ishkashim"	/
Türkiye	18 (17)	General Outlook	https://www.trade.gov.tr/free-zones/general-outlook https://www.turkishfz.com/
		Mersin Free Zone	https://www.mesbas.com.tr/en/serbest_bolge/mersin-free-zone-7.html
		Antalya Free Zone	https://www.asbas.com.tr/eng/asbas_antalya_serbest_bolgesi.asp
		Aegean Free Zone	https://www.esbas.com.tr/en
		Istanbul Ataturk Airport Free Zone	https://www.isbi.com.tr/SerbestBolge.aspx
		Trabzon Free Zone	https://www.transbas.com/
		Istanbul Thrace Free Zone	https://www.isbas.com.tr/anasayfa
		Adana Yumurtalik Free Zone	https://www.tayseb.com/en/
		Istanbul Industry & Trade Free Zone	https://desbas.com.tr/en/home/
		Samsun Free Zone	https://www.sasbas.com/
		Europe Free Zone	http://www.asb.com.tr/
		Rize Free Zone	/
		Kayseri Free Zone	https://www.kayser.com.tr/en#
		Izmir Free Zone	https://www.izbas.net/en/
		Gaziantep Free Zone	https://gasbas.com.tr/en/index.html
		Tubitak-Mrc Free Zone	https://mam.tubitak.gov.tr/
		Denizli Free Zone	https://www.denser.com.tr/
		Bursa Free Zone	https://gtso.org.tr/en/free-zone/
Kocaeli Free Zone	https://www.kosbas.com.tr/		
Turkmenistan	12	General Outlook / List of Free Economic Zones	https://nexia.tm/files/Doing_Business_Guide_Turkmenistan_2022_rus.pdf
		Ashgabat - Abadan FEZ	
		Mary - Bayramaly FEZ	
		Khazar - Ekerem FEZ	
		Turkmenabat - Seydi FEZ	
		Baharly - Serdar FEZ	
		Ashgabat - Anau FEZ	
		Dashoguz - Airport FEZ	
		"Guneshli Turkmenistan" FEZ	
		Sarahs FEZ	
		Ashgabat - Airport FEZ	
		Tourist zone Avaza	
Industrial zone Ak Bugday			
Ukraine	0	/	/

Uzbekistan	22	General Outlook /	https://invest.gov.uz/investor/russkij-proekty-po-sez/
		List of Free Economic Zones (FEZ)	https://invest.gov.uz/investor/sez-i-mpz/
		Navoi FEZ	https://feznavoi.uz/
		Angren FEZ	http://www.fez.uz/
		Jizzakh FEZ	
		Urgut FEZ	https://ufez.uz/ru/o-sjez-urgut/
		Gijduvan FEZ	
		Kokand FEZ	
		Namangan FEZ	
		Hazarasp FEZ	
		Termez FEZ	
		Nukus-pharm FEZ	
		Zomin-pharm FEZ	
		Kosonsoy-pharm FEZ	
		Sirdaryo-pharm FEZ	
		Boysun-pharm FEZ	
		Bustonlik-pharm FEZ	
		Parkent-pharm FEZ	
		Andijan -pharm FEZ	
		Charvak FTZ	
		Balik FEZ	
		Sirdaryo FEZ	
Bukhoro-agro FEZ			
Chirokchi FEZ			

Annex 3: Examples of models of forms for transfer of rights and obligations

Model form from EU

Full TORO in accordance with Article 218 UCC

(Form to be used for full TORO)

Boxes 14, 16-18 in [] must not be completed if the second TORO procedure is used (see above general information)

1	Customs Authorities have authorised full TORO on Indicate the relevant decision number(s)	
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Persons and supervising customs office(s) concerned

2	EORI-number or name and address of the transferor	
3	EORI-number or name and address of the transferee	
4	Supervising Customs Office of the transferor	
5	Supervising Customs Office of the transferee	

Details of the goods which are subject to TORO

6	MRN of the customs declaration placing the goods under the special procedure	
7	Taric Code	
8	Packages and description of goods	
9	Marks and numbers of goods	

10	Gross mass	
11	Net mass	
12	Supplementary Units, if applicable	
13	Date by which the special procedure must be discharged	
[14	Period within which the transferee has to provide information to the transferor about the discharge of the special procedure.]	
15	Date and time of TORO	
[16	Date on which the special procedure was discharged.]	
[17	Date on which the transferor was informed about the discharge of the special procedure.]	
[18	Confirmation of the transferee that transferor was informed about the discharge of the special procedure.	Place and date Signature or electronic authentication of the transferee]
19	Where applicable, additional information (e.g. guarantee, rate of yield)	
20	Confirmation that the provided information is correct	Place and date Signature or electronic authentication of the transferor Place and date Signature or electronic authentication of the transferee

Model Form from UK



HM Revenue & Customs

Transfer of rights and obligations

Use this form to apply for a transfer of rights and obligations (TORO).

The transferor must hold a special procedure authorisation and an approval for TORO to transfer rights and obligations.

<p>1 Are you applying for a new TORO approval or to transfer goods under an existing TORO?</p> <p>New TORO approval <input type="checkbox"/></p> <p>Existing TORO <input type="checkbox"/></p> <p>2 Are you applying to transfer rights and obligations under TORO or receive them?</p> <p>Transfer (you are the transferor) <input type="checkbox"/></p> <p>Receive (you are the transferee) <input type="checkbox"/></p> <p>3a Which special procedures are you applying for a TORO under? Put an 'X' in the box (or boxes) which apply</p> <p>Inward processing <input type="checkbox"/></p> <p>Outward processing <input type="checkbox"/></p> <p>Authorised or end use <input type="checkbox"/></p> <p>Temporary admission <input type="checkbox"/></p> <p>Freeport customs special procedure <input type="checkbox"/></p> <p>3b Transferor's authorisation numbers for the above</p> <table border="1" style="width: 100%; height: 40px;"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table> <p>3c If applying to receive rights and obligations, does the transferor already hold a TORO authorisation? If applicable</p> <p>No <input type="checkbox"/> Yes <input type="checkbox"/></p> <p>3d If applying to transfer rights and obligations, does the transferee have a TORO authorisation? If applicable</p> <p>No <input type="checkbox"/> If No, go to question 3</p> <p>Yes <input type="checkbox"/> If Yes, all rights and obligations must be transferred. Go to question 4</p>				<p>4 Select the rights and obligations to be transferred</p> <p>Rights</p> <p>To process or use non-UK goods in the UK or to export UK goods for processing outside the UK <input type="checkbox"/></p> <p>To move goods to the office of exit from the UK under the authorisation which placed those goods in a special procedure <input type="checkbox"/></p> <p>To re-export goods from the UK or to export goods under outward processing and to benefit from the import duty calculations on their return <input type="checkbox"/></p> <p>Obligations</p> <p>Process the goods within the time limit specified in the authorisation <input type="checkbox"/></p> <p>Keep records <input type="checkbox"/></p> <p>Keep goods available for customs supervision <input type="checkbox"/></p> <p>Correctly declare the goods at import and/or export <input type="checkbox"/></p> <p>Under outward processing, to complete, where necessary, the appropriate INF form at export (NI operators only) <input type="checkbox"/></p> <p>Lodge a guarantee where required <input type="checkbox"/></p> <p>Pay any duty due <input type="checkbox"/></p> <p>5 Tell us why you want to transfer your rights and/or obligations. We'll use your answer to assess your economic need for the authorisation</p> <table border="1" style="width: 100%; height: 100px;"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>										

Details of the transferor, transferee and supervising customs offices involved

6 Transferor's details EORI number <input type="text"/> Name <input type="text"/> Address <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> Postcode	9 Supervising customs office of the transferor <input type="text"/> <input type="text"/> <input type="text"/> Postcode
7 Transferee's details EORI number <input type="text"/> Name <input type="text"/> Address <input type="text"/> <input type="text"/> <input type="text"/> Postcode	10 Supervising customs office of the transferee <input type="text"/> <input type="text"/> <input type="text"/> Postcode
8 Place and type of TORO accounts and records to be kept Place accounts are kept <input type="text"/> Type of accounts and records kept <input type="text"/> <input type="text"/> <input type="text"/>	11 Does the transferor or transferee already hold TORO approval? Transferor <input type="checkbox"/> Transferee <input type="checkbox"/> Please give the period of validity of the TORO approval held if applicable Start date DD MM YYYY <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> End date DD MM YYYY <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Model Form from East African Community

EAST AFRICAN COMMUNITY

**C. 16
CUSTOMS**

Regulation 71

REQUEST TO TRANSFER OWNERSHIP OF WAREHOUSED GOODS

To The Commissioner.	
At(Place) Date.	
Permission is requested to transfer ownership of the under-mentioned goods which are deposited in Bonded Warehouse No.to M/s of	
..... <i>*Owner /Authorised Agent</i>	
WAREHOUSE DETAILS	DESCRIPTION OF GOODS
Entry No.	
Date warehoused	
Owner	
Register ref.	
Marks and Numbers of packages	
Quantity to be transferred	
Permission *granted/not granted	
..... Commissioner	
CERTIFICATE OF ACCEPTANCE	
I of hereby certify that as from this date I am the owner of the above-mentioned goods and I undertake to pay all duties, rents and charges due and accruing thereon.	
Date Signed by Transferee or his Agent.	
Noted in Warehouse Register No. Page. Date	
..... Proper Officer	