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ADVANCES IN UKRAINE'S CUSTOMS TRANSIT PROCEDURES

Summary

A pivotal facet of Ukraine's steadfast pursuit of EU membership resides in its ambitious blueprint for customs integration. Aligned with the EU-Ukraine Association Agreement, the plan aims to harmonize legislation, foster economic collaboration, and implement the revolutionary CCTP. This system streamlines operations and adapts to evolving trade dynamics, paving the way for a successful and sustainable integration. The narrative delves into the evolution of legislative frameworks, the role of Conventions in streamlining customs procedures, and the impactful history and significance of the NCTS in enhancing transit operations and trade facilitation. Scientific contributions offer detailed analyses of Ukraine's transit system, shedding light on its evolution, challenges, and alignment with EU customs standards. Despite challenges, the NCTS implementation shows progress, requiring further adjustments to address ongoing issues. Ongoing efforts to attract more companies for transit simplifications are expected to bolster NCTS.

Introduction

Ukraine's unwavering pursuit of European Union membership is exemplified by its ambitious drive toward integrating its customs systems with those of the EU. This commitment is enshrined in the EU-Ukraine Association Agreement, which emphasizes the shared goals of harmonizing customs legislation, fostering economic collaboration, and forging sectoral partnerships. The cornerstone of this endeavor is the Common Transit Procedure, established

by the 1987 Convention. This revolutionary system streamlines customs operations by implementing a unified clearance mechanism, effectively eliminating delays and administrative burdens. The Convention on a Common Transit Procedure's continuous evolution, encompassing the adoption of electronic data interchange and the New Computerized Transit System, underscores its adaptability to the ever-changing landscape of trade and technological advancements. Ukraine's meticulous integration plan, meticulously outlined in the 'Action roadmap on Ukraine's accession to the EU/EFTA common transit procedure', navigates each essential phase with meticulous care. From legal alignment and IT infrastructure development to comprehensive training and strategic rollout, this holistic strategy prioritizes seamless integration, capacity building, and stakeholder collaboration, ensuring a successful and sustainable implementation of the Convention on a Common Transit Procedure.

The exploration of Ukraine's journey toward integration into the common transit system unfolds through pivotal legislative milestones. Key enactments, such as Law No. 78-IX in 2019, laid the groundwork for aligning Ukraine's customs framework with EU standards, a critical step for compliance with the EU Association Agreement. Noteworthy milestones occurred in March 2021 when Ukraine initiated the national application phase of the Common Transit Procedure and the New Computerized Transit System, granting foreign economic operators autonomy in system selection. The successful preliminary assessment mission in November 2021 set the stage for determining Ukraine's readiness for official Convention on a Common Transit Procedure membership, despite challenges posed by martial law. Further momentum came through laws adopted in August 2022, signaling Ukraine's accession to both the Convention on a Common Transit Procedure and the Convention on the Simplification of Formalities in Trade in Goods. The European Commission's formal invitation to Ukraine solidified its status as the 36th contracting party to these conventions from October 1, 2022.

Ukraine's successful integration into the Convention on a Common Transit Procedure relied heavily on proactive business adoption of the New Computerized Transit System, facilitated by the State Customs Service's comprehensive technical support via a user-friendly electronic platform, ensuring prompt resolutions for technical queries through various accessible channels. The UA NCTS Helpdesk's bilingual assistance in Ukrainian and English, tailored guidance for foreign companies during martial law, and clarifications on force majeure scenarios contribute to informed decision-making and risk mitigation. Despite ongoing challenges from the war, multiple Ukrainian customs units operate, offering departure/destination services, while several road border crossing points function as transit offices. The availability of a current register of these offices on official websites supports operational

transparency. The engagement of domestic guarantors, detailed by the State Customs Service, remains crucial for Common Transit Procedure operations, with information readily accessible through official channels or the UA NCTS Helpdesk. The recent implementation of the New Computerized Transit System in Ukraine has shown substantial progress, with a notable surge in customs declarations and various transit simplification authorizations granted. However, challenges persist, including the need for further legislation and system adaptations. The ongoing efforts by the State Customs Service to attract more companies for transit simplifications are anticipated to enhance New Computerized Transit System application and streamline customs operations in Ukraine.

1. Ukraine's Aspiration for European Customs Integration

The European direction stands as a priority in Ukraine's foreign policy, reflecting the unwavering commitment of our state to integration into the European political, economic, and legal sphere, with a clear aspiration towards European Union (EU) membership. The EU-Ukraine Association Agreement stands as a landmark achievement in fostering Ukraine's integration into the European political, economic, and legal sphere, embodying Ukraine's unwavering commitment to European integration. The Association Agreement is underpinned by the principles of a free market economy, intensifying political dialogue and cooperation, and prioritizing justice, freedom, and security. It sets out the objectives of enhancing the relationship between the EU and Ukraine, focusing on gradual convergence in the areas of common foreign and security policy, common security and defense policy, and cooperation in fighting terrorism and legal cooperation [1].

The agreement underscores Ukraine's commitment to the gradual approximation to the customs legislation of the EU, as outlined in Annex XV of the Agreement. This commitment reflects the mutual goal of aligning Ukraine's customs legislation with EU standards, fostering economic cooperation, and promoting sectoral cooperation in various areas such as energy, transport, environment protection, and small and medium enterprise cooperation [2].

Aligned with the principles set forth in the EU-Ukraine Association Agreement, the focus on customs convergence and procedural alignment is pivotal in fostering transit operations. In this context, delving into the joint transit procedure is essential.

A comprehensive definition of customs transit within the European legal framework is analyzed in T. Ruda's scientific article 'Peculiarities of the application of the joint transit procedure in the context of the standards of international legislation'. The article emphasizes that customs transit entails the temporary suspension of duties, taxes, and economic measures applicable to imports, allowing customs clearance to occur at the destination point rather than

at the point of entry into the customs territory. The author underscores the relevance of customs transit, particularly in cases where a single customs territory borders several other customs territories. It facilitates the movement of goods in transit from the point of entry into the EU to the point of clearance, where customs obligations are fulfilled [3].

According to the Transit Manual, common transit means "the customs procedure for the movement of goods between the EU Member States and the countries of common transit, as well as for the purpose of implementing the Common Transit Procedure" [4]. The Common Transit Procedure is based on the Convention of 20 May 1987 on a Common Transit Procedure (CCTP) [5]. The CCTP establishes a harmonized framework for the movement of goods under customs control within the EU and with participating non-EU countries. The CCTP streamlines customs procedures, reduces processing times, and enhances transparency, promoting a transit environment characterized by clear and accessible customs regulations, expeditious goods movement, and enhanced security measures. Prior to the CCTP, the movement of goods between EU Member States and participating non-EU countries was subject to multiple customs clearances, leading to delays, administrative burdens, and increased costs for businesses. The CCTP addressed these issues by introducing a single customs clearance procedure that applies throughout the transit route, from the point of departure to the final destination. The CCTP is based on the principle of mutual recognition of customs controls. This means that customs authorities in each participating country accept the controls carried out by the customs authorities in the country of departure. The mutual recognition of customs controls eliminates the need for repeated checks, simplifying and streamlining transit operations. The CCTP has been instrumental in facilitating trade and economic cooperation within the EU and with participating non-EU countries. It has reduced the administrative burden on businesses, lowered transit costs, and improved the overall efficiency of the EU's customs system. In addition to its economic benefits, the CCTP also plays a significant role in enhancing security. The Convention serves as an instrument that establishes a comprehensive framework and approach for customs supervision throughout the transit route, deterring and preventing smuggling and other illegal activities. The CCTP has undergone several revisions since its adoption in 1987 to adapt to changing trade patterns and technological advancements. Notably, amendments were made in 1992 to incorporate provisions for utilizing electronic data interchange in transit declarations. Furthermore, in 2013, it introduced the New Computerized Transit System (NCTS), replacing the previous paper-based system [6].

The careful planning and execution of Ukraine's integration into the Common Transit Procedure are encapsulated within the structured framework of the 'Action roadmap on Ukraine's accession to the EU/EFTA common

transit procedure'. This Roadmap, which was adopted in 2018, marked a significant achievement in aligning Ukraine's legal framework with the standards set by the EU regarding transit procedures and customs regulations. The Roadmap served as a strategic blueprint, delineating crucial steps aimed at facilitating Ukraine's integration into the Common Transit Procedure framework. With a focus on various components vital for successful integration, the Roadmap delineated key areas such as customs, IT, training, and deployment. This inclusive approach served as the foundation not only for strategic activities but also for the meticulous planning of technical, human, and financial resources essential for seamless implementation. The Roadmap divided the implementation process into four distinct phases, each strategically designed to address critical aspects necessary for seamless integration into the common transit rules and the successful adoption of the NCTS, the technology underlying the CCTP.

The first phase centered on customs procedures, encompassing essential tasks such as aligning EU customs legislation with Ukrainian laws, conducting legal framework analyses, and preparing for a comprehensive expert mission. Following this, the IT implementation phase took center stage, focusing on the meticulous development of system specifications, budgeting, local testing, and extensive software development, ultimately culminating in comprehensive system tests and international compliance assessments. The training phase emerged as a vital juncture, emphasizing the formulation of a detailed training plan for customs and foreign economic operators, ensuring comprehensive knowledge dissemination among State Customs Service personnel responsible for NCTS operations. Finally, the roll-out phase materialized, strategically establishing support units, orchestrating information campaigns, and fostering active communication channels to fortify public awareness and engagement. This phase culminated in the full-fledged application of the NCTS, marking the completion of Ukraine's integration process. The flexibility and adaptability embedded within this comprehensive Roadmap acknowledged potential changes influenced by external factors and future developments. It represents a multifaceted strategy that not only attended to technical intricacies but also prioritized capacity-building, collaboration, and stakeholder awareness, ultimately aiming for a seamless and successful integration into the Common Transit Procedure [7].

2. Ukraine's Implementation of the Common Transit Procedure

To ensure Ukraine's participation in the common transit system, the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 78-IX 'On the Common Transit Regime and the Introduction of a National Electronic Transit System' on September 12, 2019. This law, which ceased to be valid upon the entry into force of the CCTP for Ukraine, laid the groundwork for

implementing the necessary measures for Ukraine's integration into the common transit system. The law's overarching objective, as articulated in its opening lines, was to implement the provisions of the Convention on the Simplification of Formalities in Trade in Goods and the CCTP, harmonizing Ukraine's customs framework with the standards set by the European Union. This alignment was crucial for Ukraine's compliance with its obligations under the Association Agreement with the EU. The law establishes the principles governing the organization and execution of the Common Transit Procedure within Ukraine's customs territory. It delineates the procedures and conditions for the movement of goods under the Common Transit Procedure, clearly defining the roles and responsibilities of businesses, customs authorities, and other stakeholders [8].

Marking a significant step toward European integration, Ukraine launched the national application phase of the Common Transit Procedure and the NCTS on March 17, 2021. This pivotal moment empowered foreign economic operators with the autonomy to choose between two systems for placing goods in transit: the innovative NCTS and the established national system of control over the delivery of goods. On November 25, 2021, Ukraine marked a significant achievement with the successful completion of the preliminary assessment mission on its accession to the CCTP and the NCTS. This crucial preparatory stage paved the way for the main assessment mission, which took place in 2022, and ultimately determined Ukraine's readiness to officially join the CCTP and unlock its full benefits. In late June 2022, the assessment mission conducted by the European Commission's Directorate-General for Taxation and Customs Union acknowledged and appraised Ukraine's significant advancements in implementing the common transit system domestically, along with its preparedness for the international adoption of the NCTS within just six months, despite the challenges posed by the prevailing martial law conditions in the country. Consequently, the Commission, on July 7, 2022, initiated the process of inviting Ukraine to become a member of both the CCTP and the Convention on the Simplification of Formalities in Trade in Goods [9].

Ukraine's gradual adoption of the Common Transit Procedure unfolded through a series of sequential stages: the Piloting project, followed by the National application, and the International application. This structured approach delineated the evolution of Ukraine's customs procedures within the European framework. The state of this transition, prior to the full-scale war against Ukraine, was examined in R. Kril's work, 'Common Transit Procedure and NCTS Implementation: The Case of Ukraine' [10]. The author's research provided critical insights into the progression of Ukraine's transit procedures, shedding light on the complexities and challenges encountered during these pivotal phases of adaptation.

Despite the full-scale war against Ukraine, customs reform continues. Thus, on August 30, 2022, the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 2555-IX ‘On Ukraine’s Accession to the Convention on a Common Transit Procedure’, which entered into force on August 31, 2022 [11] and the Law of Ukraine No. 2554-IX ‘On Ukraine’s Accession to the Convention on the Simplification of Formalities in Trade in Goods’, which entered into force on August 31, 2022 [12].

The Convention on the Simplification of Formalities in Trade in Goods, which entered into force on January 1, 1988, plays a pivotal role in streamlining customs procedures and promoting efficient trade across various regions [13]. This Convention aims to simplify administrative processes, reduce delays, and enhance transparency in the cross-border movement of goods among member states. Key to the Convention on the Simplification of Formalities in Trade in Goods is the implementation of the single administrative document, a versatile tool facilitating streamlined import/export procedures and a transit procedure for trade. This document acts as a comprehensive declaration for export, transit, and import processes, streamlining customs documentation and leveraging modern technologies to expedite customs clearance. By advocating for standardized customs procedures and emphasizing risk management, the Convention significantly reduces customs clearance timelines, minimizes errors, and encourages the use of electronic data interchange. Its impact extends beyond the immediate region, influencing customs practices in multiple countries, thereby fostering economic growth, improving trade competitiveness, and contributing to a more interconnected global economy.

As per the Explanatory Memorandum to COM(2003)125 – Implementation of the NCTS, accessible on EU Monitor, the European Parliament and Council Decision No 105/2000/EC of 17 December 1999 urged the complete deployment of the NCTS by 30 June 2003. In the mid-1990s, concerns over irregularities within the Community transit system prompted the European Parliament to establish a temporary Committee of Inquiry. The committee’s subsequent report, issued in February 1997, underscored the urgent need for computerized system modernization to enhance transit regulation. Recognizing the critical role of NCTS in streamlining transit procedures, Decision 105/2000/EC extended the implementation deadline to June 30, 2003, acknowledging previous delays. Building upon the inquiry committee’s recommendations, reforms were introduced to both Community and Common Transit legislation, taking effect on January 1, 2001. These reforms aimed to simplify legislation, improve system coherence, and restructure the guarantee system, all of which were subsequently integrated into the NCTS system specifications. In accordance with the Reform of Community/Common transit and Commission Regulation (EC) No 993/2001, authorized traders were mandated to connect electronically to the NCTS by March 31, 2004.

To facilitate a smooth transition, traders' associations were introduced to NCTS functionality during a Transit Contact Group meeting in December 2002 [14]. Since July 1, 2005, NCTS has been mandatory within the EU.

The 'Transit Handbook: To Establish Effective Transit Schemes for LLDCs – Conference Edition', published by the World Customs Organization, meticulously outlines the substantial advantages attributed to the NCTS for both trade and customs operations. For trade, the NCTS introduces an era of heightened service quality by simplifying customs procedures and reducing wait times through electronic declaration submission and adaptable presentation methods. It expedites transit processes via efficient electronic messaging, reducing costs and introducing transparency and predictability into operations. Furthermore, it facilitates proactive decision-making by customs authorities, minimizing delays and disturbances at destination offices. Conversely, the NCTS brings about a paradigm shift in customs operations by fostering seamless communication and coordination among administrations, minimizing duplications, and enhancing the system's overall coherence and flexibility. It streamlines procedures by standardizing criteria and enables direct management by customs authorities, promoting robust security measures, efficient transit handling, and reliable data collection and analysis. These transformative advantages not only facilitate smooth and expedited cross-border movement of goods for traders but also significantly enhance efficiency for customs authorities, operating within the comprehensive framework of the NCTS [15].

As stated on the official website of the European Commission's Directorate-General for Taxation and Customs Union (DG TAXUD), "The common transit procedure is used for the movement of goods between the EU Member States, the EFTA countries (Iceland, Norway, Liechtenstein and Switzerland), Turkey (since 1 December 2012), the Republic of North Macedonia (since 1 July 2015), Serbia (since 1 February 2016), the United Kingdom (since 1 January 2021), and Ukraine (since 1 October 2022)" [16]. Therefore, Ukraine is officially the 36th contracting party to the CCTP. The date of entry into force for Ukraine of the Convention on the Simplification of Formalities in Trade in Goods of May 20, 1987 is October 1, 2022. Prior to this, on August 15, 2022, the Parliament adopted Law No. 2510-IX of Ukraine. This law entails amendments to the Customs Code of Ukraine and other laws, addressing specific matters related to the implementation of Chapter 5 of Title IV of the Association Agreement between Ukraine, the European Union, the European. It came into effect on October 1, 2022 [17]. Effective from October 1, 2022, in Ukraine, the regulation of joint transit matters aligns directly with the provisions set forth in both the CCTP and the Customs Code. The centralized NCTS domain in Brussels serves as the central hub, connecting each country's NCTS processing system to foster seamless interconnection

among customs offices and enabling the monitoring of all transit movement information. Importantly, all participating customs offices share a unified transit document within this system, allowing meticulous tracking of goods throughout their journey and ensuring consistent control at every transit stage. For each freight vehicle in the joint transit, a single declaration and guarantee are sufficient. Besides guarantees, seals are also required, and they play a protective part. Moreover, the Convention's regulations serve as a preventive measure against fraudulent documentation, fortifying the security of customs transportation.

The state of implementation of the joint transit procedure in Ukraine has been the subject of research by V. Zaiats, V. Tytor, and V. Kurylov. Their scientific article, titled 'Joint transit procedure: strategy and state of implementation in Ukraine', provides assessments of the legal prerequisites, current standards, and the set of measures implemented in the process of deployment of the new transit system [18]. The authors also provide insights into the challenges faced by businesses navigating Ukraine's customs transit procedures and the potential for further improvements in the system.

S. Kapitanets and A. Brendak's scientific article, 'Determinants of the National Application of the New Computerized Transit System (NCTS)', provides an understanding of Ukraine's implementation of the Common Transit Procedure. It offers valuable insights into the progress made, challenges encountered, and crucial determinants involved in the process. The authors reveal Ukraine's stages in this implementation – Piloting project, National application, and International application – emphasizing the CCTP's significance in enhancing Ukraine's transit potential and combating customs fraud. Moreover, they delve into determinants such as procedural specifics and performance indicators at each stage of implementing the NCTS. The article presents statistical markers of Ukraine's progress, highlighting noteworthy challenges faced during this implementation, such as aligning EU standards with national customs legislation and addressing issues related to the AEO program and transit simplifications [19].

3. Progress, Challenges, and the Road Ahead

Ukraine's successful accession to the CCTP was heavily reliant on the proactive adoption and utilization of the NCTS by businesses, which was facilitated by the State Customs Service's comprehensive technical and consulting support, empowering businesses to navigate the complexities of the NCTS and reap its benefits. At the heart of the UA NCTS Helpdesk lies a user-friendly electronic platform, accessible via the web interface of the Customs Service. Through this interface, users can conveniently submit requests for technical support or consultations, seeking guidance on various issues. The platform streamlines the inquiry process, ensuring that users' concerns are

promptly addressed. In situations where the web interface is unavailable, users can still reach the UA NCTS Helpdesk through alternative channels, including email and phone. These alternative channels are ensuring that users receive uninterrupted support whenever needed. The UA NCTS Helpdesk operates through a multi-layered structure, comprising three distinct lines of support. The UA NCTS Helpdesk operates with a tiered structure, consisting of three levels of assistance. The initial support line is managed by a team with comprehensive knowledge of the system, proficient in resolving common technical issues and providing general guidance. Handling more intricate technical inquiries, the second support line involves authorized officials from the Departments of Digital Development, Digital Transformation, and Digitalization, as well as from the Department of International Transit System Implementation. These experts possess specialized technical skills to address complex issues. In instances where the first and second lines cannot resolve highly specialized concerns, the third support line, comprising external service providers, intervenes. These professionals have the expertise to develop or modify system components to effectively address intricate issues. Response times vary based on issue complexity. Simple queries receive prompt attention, while complex matters requiring multi-level support may extend response times. Regardless of complexity, the UA NCTS Helpdesk is dedicated to delivering the highest support standards, ensuring effective resolution [20].

This commitment extends to encompass a comprehensive understanding of the needs of international companies as well. Recognizing the importance of seamless communication and accessibility, the UA NCTS Helpdesk offers bilingual assistance in both Ukrainian and English. Understanding the concerns of foreign companies regarding the joint transit procedure during Ukraine's current martial law, the UA NCTS Helpdesk provides detailed information tailored specifically to their needs. This information focuses on potential situations where hostilities may lead to cargo damage or destruction due to force majeure events. By outlining these scenarios and providing clear guidance, the UA NCTS Helpdesk empowers companies to make informed decisions and mitigate potential risks associated with cargo transportation in Ukraine. Furthermore, the UA NCTS Helpdesk delves into the intricacies of ensuring guarantee validity for international companies operating within Ukraine's jurisdiction.

Despite the ongoing war presenting very significant challenges, a significant number of Ukrainian customs units currently function as departure/destination offices, with a substantial number of road border crossing points additionally operating as transit offices. The European Commission's Directorate-General for Taxation and Customs Union maintains a current register of all functioning Ukrainian customs offices, readily available on its official website. For access to key road border crossing points between Ukraine and its neighboring EU

countries, the State Customs Service of Ukraine provides an updated list on its official website, encompassing 15 points such as Yahodyn-Dorohusk, Krakivets-Korchova, Shehyni-Medyka, Rava-Ruska-Khrebenne, Smilnytsia-Krostsenko, Hrushiv-Budomiezh, Uhryniv-Dolhobychuv, Uzhhorod-Vyshnie-Niemetske, Chop-Zakhon, Luzhanka-Berehshuran, Diakove-Halmeu, Porubne-Siret, Diakivtsi-Rakovets, Krasnoilsk-Vikovu de Sus, Orlivka-Isaccea (ferry).

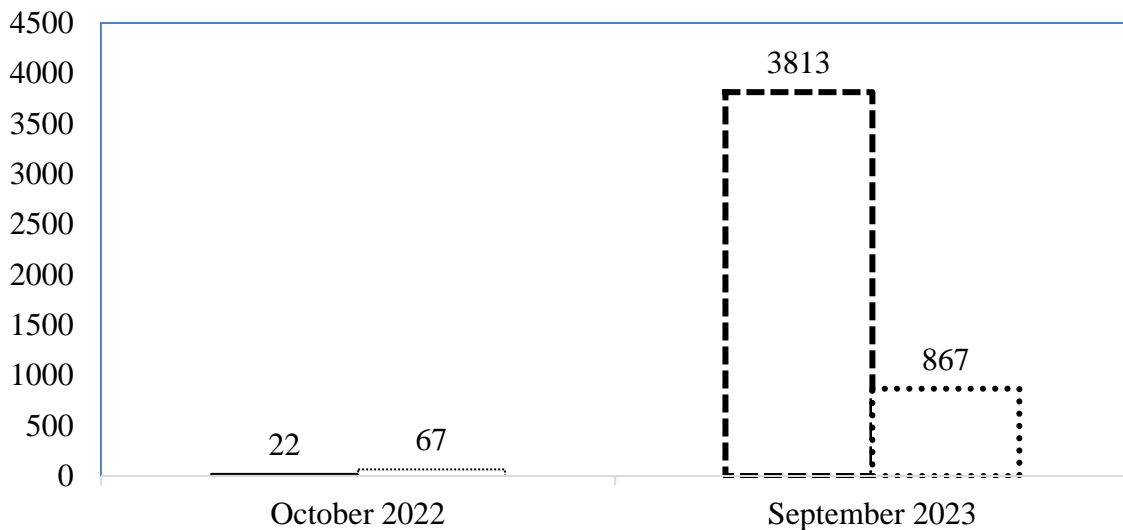
The basis for domestic guarantors (insurance companies and banking institutions) in Ukraine to ensure the Common Transit Procedure operations are individual and general licenses, prescribed by international and domestic regulatory legal acts. The list of authorized banks and insurance companies who can act as agents for Common Transit Procedures is available on the official website of the State Customs Service of Ukraine or can be obtained by contacting the UA NCTS Helpdesk via email.

According to 'Note of the State Customs Service of Ukraine to the traders that use Common Transit Procedure and guarantors that provide undertakings according to the convention on a Common Transit Procedure with regard to the transiting goods to or through the territory of Ukraine', "In case goods are destroyed or irretrievably lost as a result of military actions, the debt will be extinguished according to the provisions of paragraph 2(b) Article 112 of Appendix I to the Convention on a common transit procedure (force majeure)". This provision offers crucial clarity and reassurance to stakeholders engaged in the Common Transit Procedure amid the ongoing war. By explicitly referencing the force majeure clause in the Convention, the Note assures traders and guarantors that their financial obligations will be waived if goods are destroyed or irretrievably lost due to military actions. In these extraordinary and challenging circumstances, this fosters confidence and stability within the framework of the Common Transit Procedure [21].

Ukraine's adaptation of the NCTS has seen significant advancements since its initiation on October 1, 2022. The simplification of customs transit procedures has led to a remarkable increase in the number of customs declarations for movements within Ukraine's borders and imported goods, with growth rates of over 17000% and approximately 1300%, respectively (Figure 1). The State Customs Service of Ukraine continues to encourage companies to obtain authorization for transit simplifications to expand the application of the NCTS.

The State Customs Service of Ukraine actively works to attract companies to obtain authorization for the application of transit simplifications in accordance with the Convention. Since the beginning of the international application of the NCTS, a total of 85 authorizations have been granted, including 37 authorizations for the use of a general guarantee, 1 authorization for the use of a general guarantee with a reduction of the reference amount by

up to 30%, 39 authorizations for the facilities of authorized shippers and consignees, and 8 authorizations for the use of special type seals. More than 40 applications from companies are at various stages of consideration.



□ The number of customs declarations for movements starting within Ukraine's borders
 ⋯ Imported goods

Figure 1. Dynamics of the number of transit movements from Ukraine and the number of movements for which the joint transit procedure was completed in Ukraine*

* Graph based on data from the State Customs Service of Ukraine [22]

The implementation of the NCTS in Ukraine has seen significant progress, with a substantial increase in the number of customs declarations and the granting of various types of authorizations for transit simplifications. However, the country faces challenges in implementing the NCTS, including the need for further legislation and the adaptation of existing systems. As the State Customs Service of Ukraine continues to work on attracting companies to obtain authorizations for transit simplifications, it is expected that the number of authorizations granted will continue to grow, further expanding the application of the NCTS in Ukraine.

Conclusion

Driven by its unwavering commitment to European Union membership, Ukraine has embarked on a strategic journey to align its customs system with the EU's best practices. This aspiration, firmly rooted in the principles of the EU-Ukraine Association Agreement, is marked by shared goals of a free market economy, robust political cooperation, and unwavering dedication to justice.

Central to this integration is the Common Transit Procedure, a revolutionary framework established in 1987. By introducing a unified clearance mechanism, the CCTP effectively eliminated bureaucratic obstacles and enhanced security measures, fundamentally transforming customs operations. This narrative also underscores the CCTP's remarkable adaptability to evolving technological advancements, notably evidenced by its integration of electronic data interchange and the New Computerized Transit System. The Action Roadmap on Ukraine's accession to the EU/EFTA common transit procedure, adopted in 2018, serves as a testament to the meticulous planning and execution underpinning this ambitious endeavor. This comprehensive strategy meticulously charts Ukraine's path towards integration, focusing on crucial aspects such as customs alignment, IT infrastructure development, extensive training programs, and a well-orchestrated rollout.

Ukraine's journey towards integration into the European Union's common transit system is marked by significant legislative milestones and the implementation of key systems. The process began with the enactment of Law No. 78-IX in 2019, which set the stage for aligning Ukraine's customs framework with EU standards, a crucial step towards fulfilling the EU Association Agreement. In March 2021, Ukraine launched the national application phase of the Common Transit Procedure and the New Computerized Transit System (NCTS), giving foreign economic operators the freedom to choose their preferred system. This move was followed by a successful preliminary assessment mission in November 2021, which evaluated Ukraine's readiness for official Common Transit Procedure membership, despite the challenges posed by martial law. Further progress was made in August 2022 with the adoption of laws that signaled Ukraine's accession to the Common Transit Procedure and the Convention on the Simplification of Formalities in Trade in Goods. The European Commission's formal invitation to Ukraine in October 2022 confirmed its status as the 36th contracting party to these conventions.

Ukraine's successful integration into the Common Transit Procedure heavily relies on proactive business adoption of the New Computerized Transit System, supported by user-friendly tools and resources provided by the State Customs Service. Despite ongoing challenges, multiple customs units and road border crossing points facilitate transit operations, with transparent information readily available. While domestic guarantors remain crucial, the recent NCTS implementation has shown substantial progress. However, further legislation and system adaptations are needed to address persisting challenges. Ongoing efforts to attract more companies for transit simplifications are expected to further enhance NCTS application.

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