

# Steering Committee on Trade Capacity and Standards

*Sixth Annual Session*

*21- 22 June 2021, Geneva (hybrid)*

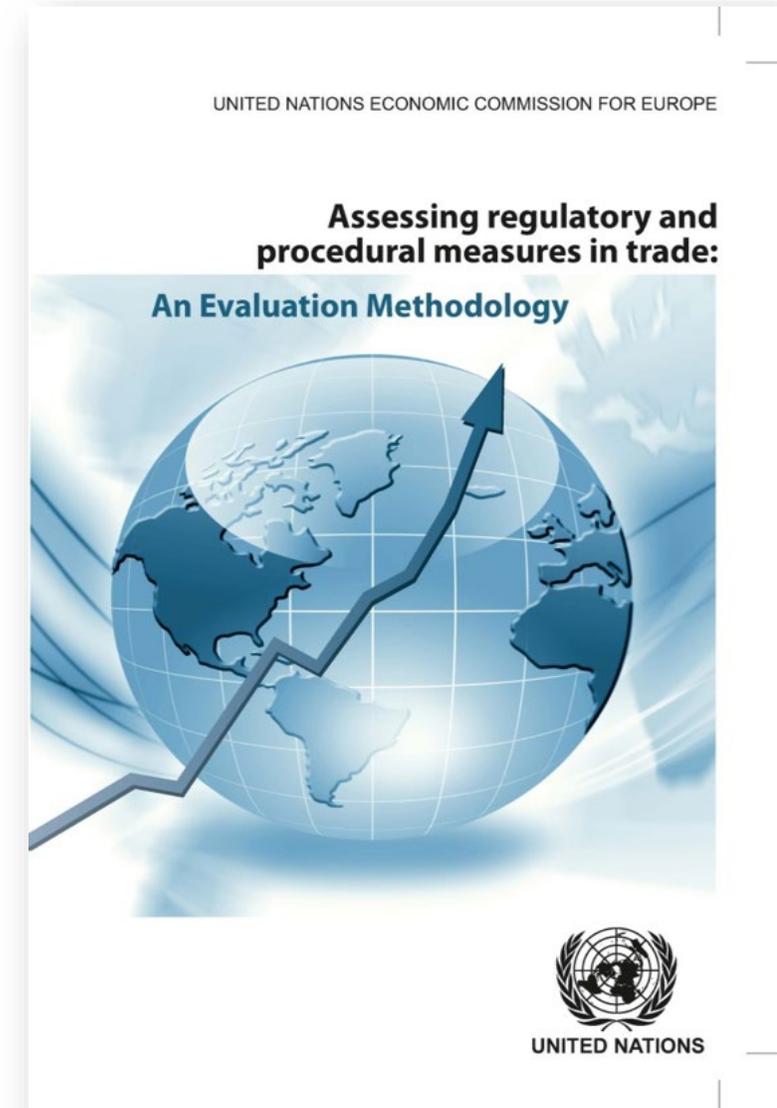
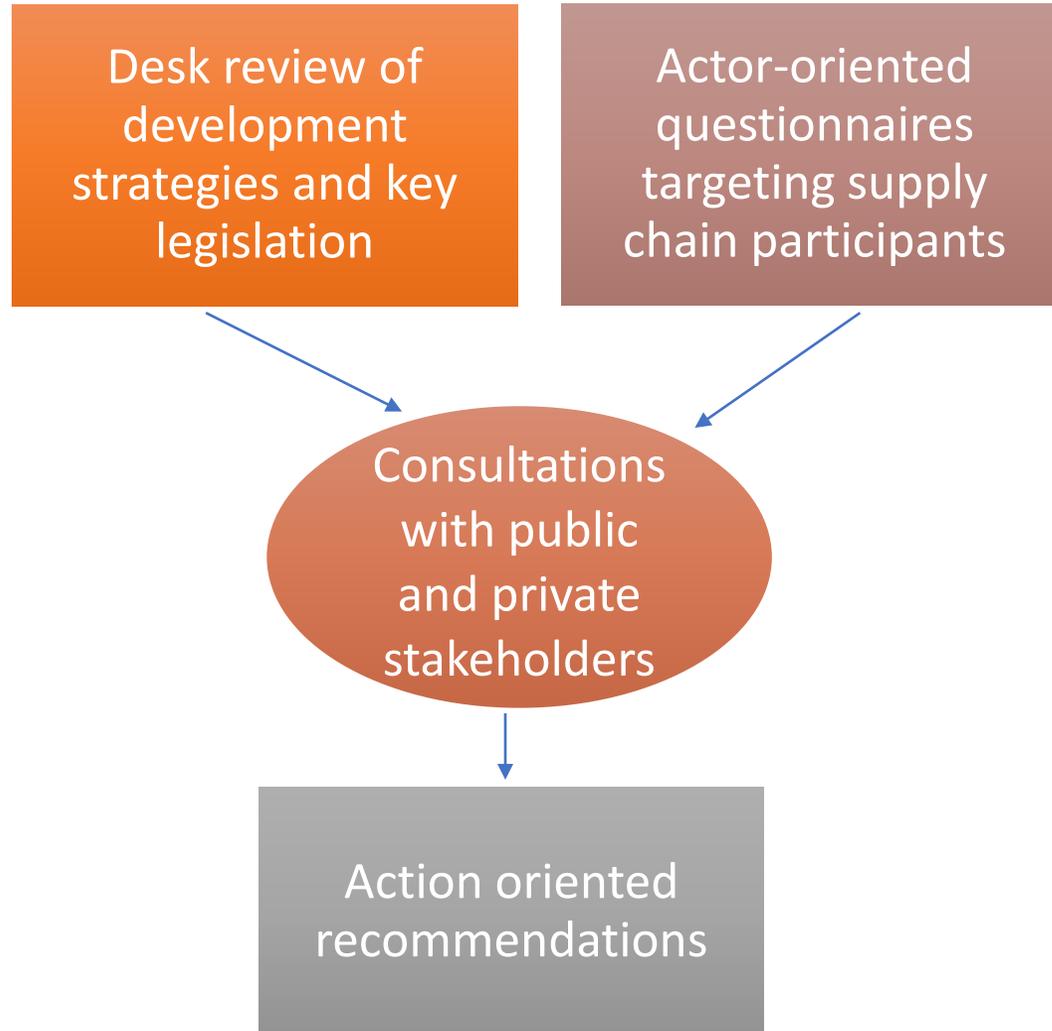
**Increasing the contribution of trade to structural  
transformation in Serbia**

***Findings and Recommendations from  
UNECE Study on Regulatory and Procedural Barriers to Trade  
and COVID-19 Impact Assessment***

# UNECE Evaluation Methodology



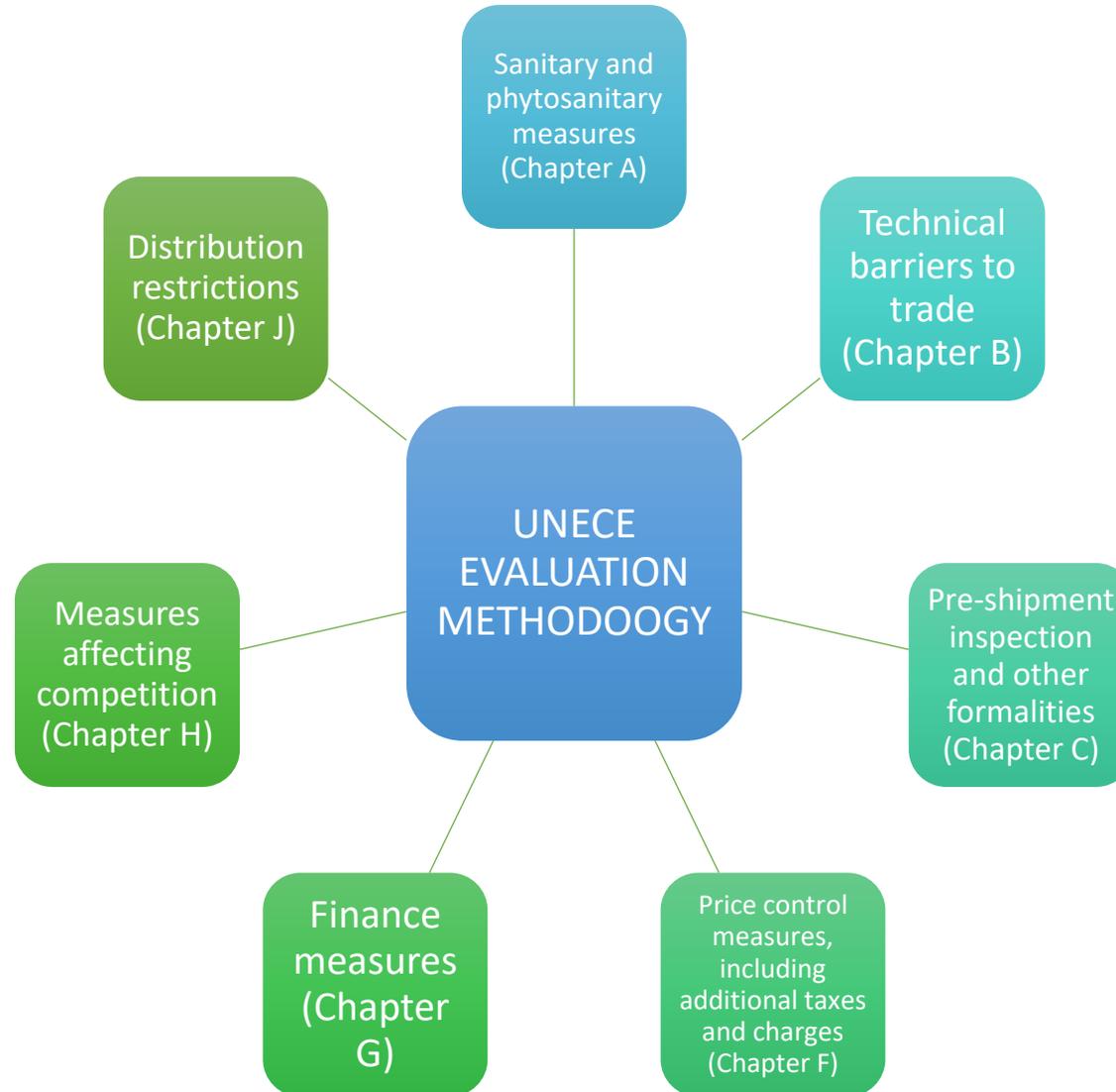
## Evidence-based



# UNECE Evaluation Methodology



## Non-tariff measures governing trade in goods



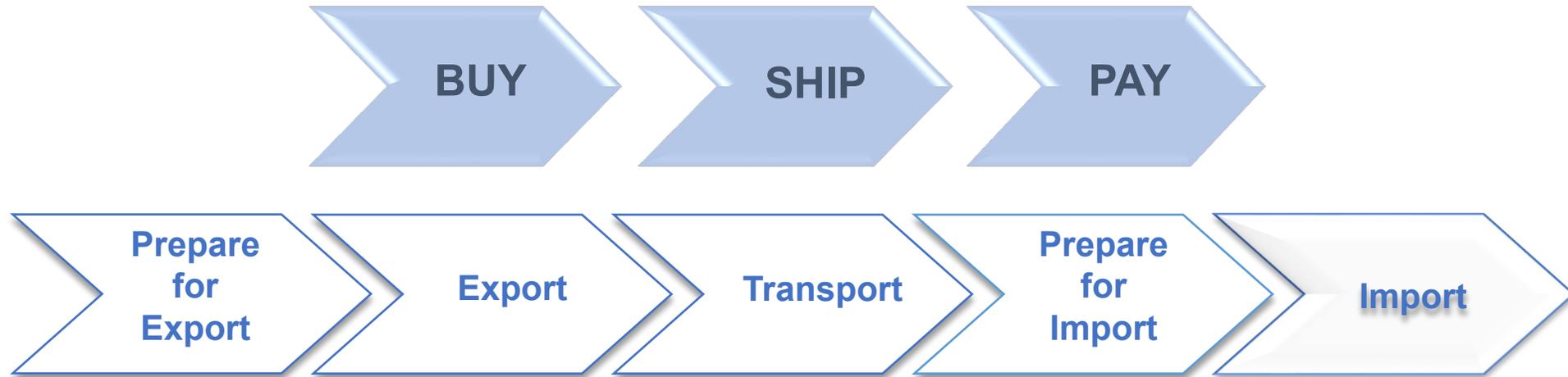
# Scope of the Assessment



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## Trade facilitation



### Commercial Procedures

- Establish Sales Contract
- Order Goods
- Advise on Delivery
- Request Payment



### Transport Procedures

- Establish Transport Contract
- Collect Transport and Deliver Goods
- Provide Waybills, Goods Receipts Status Reports



### Regulatory Procedures

- Obtain Licenses
- Provide Customs Declaration
- Provide Cargo Declaration
- Apply Trade Security Procedures
- Clear Goods



### Financial Procedures

- Provide Credit Rating
- Provide Insurance
- Provide Credit
- Execute Payment
- Issue Statements

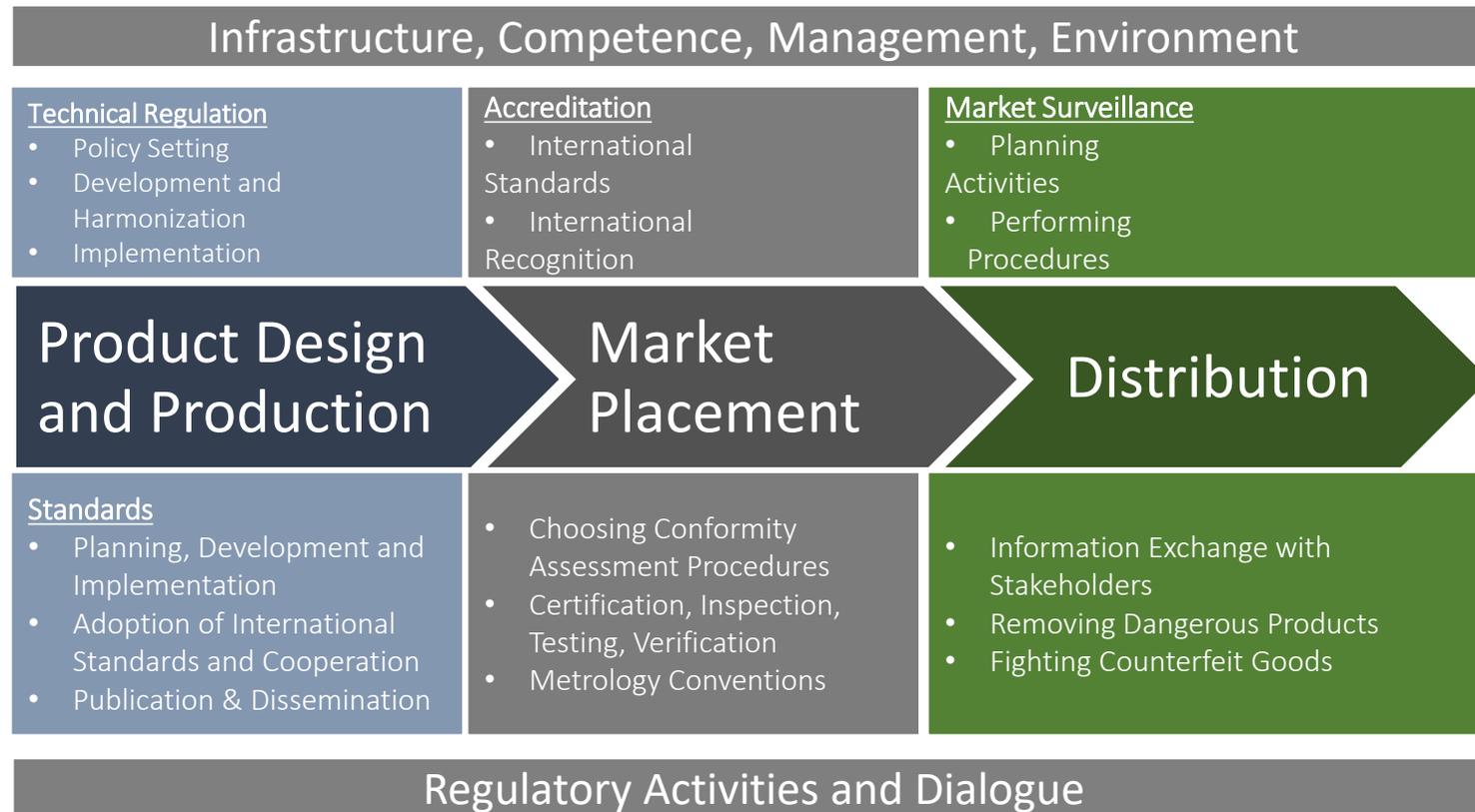


# Scope of the Assessment



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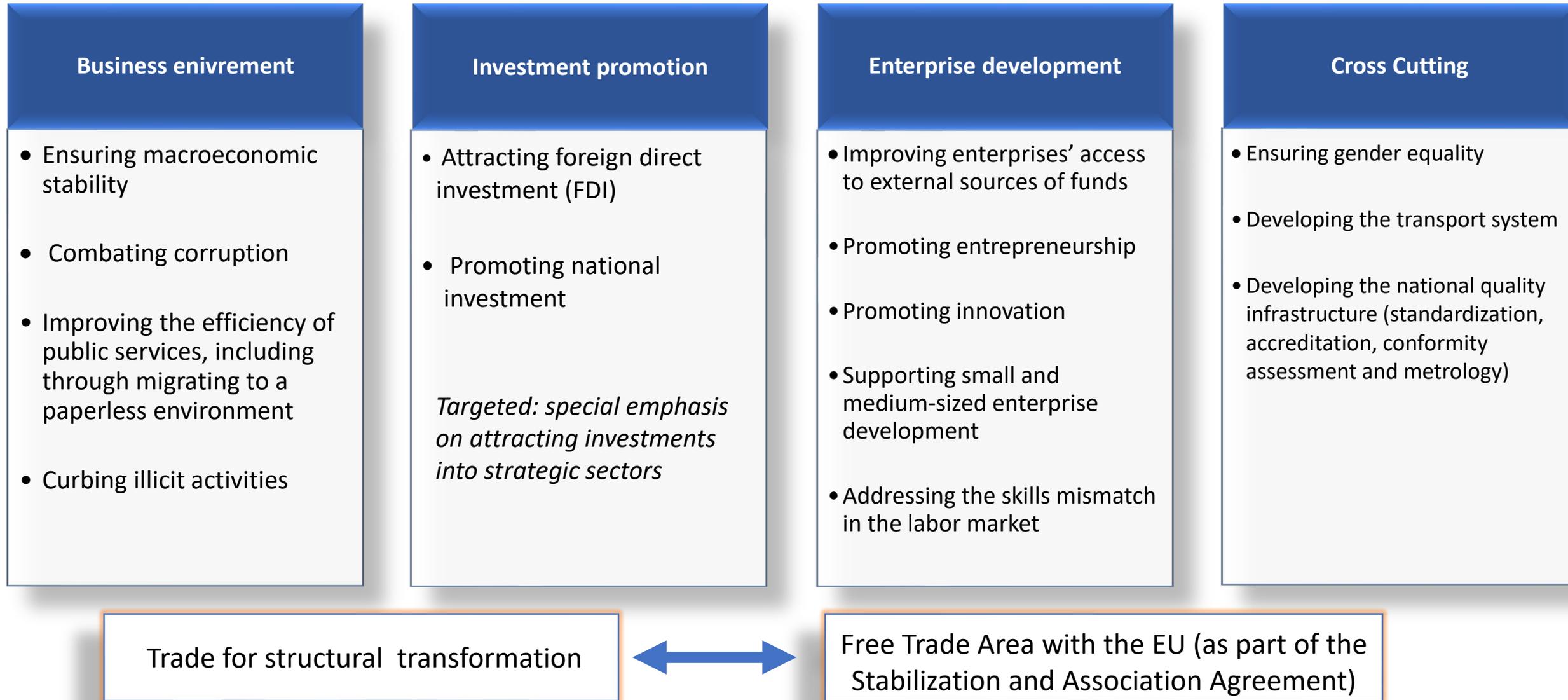
## Quality infrastructure: Product life cycle



# Serbia's Approach to Unleashing the Potential of Trade



## Trade as an engine for driving structural transformation





# Reform Achievements

## More balanced growth

- Manufacturing has registered increased specialization in technology intensive activities during the past few years, driven by machinery and transportation, particularly the automotive industry.
- FDI played an important role.
- Manufacturing has consistently accounted for the lion's share of total investments in industrial fixed assets.

**These changes set the context of a more balanced growth that is driven by both services and manufacturing**

- Coupled with the Government's relief and support measures to alleviate the economic impact of the pandemic, the structural changes have enabled the Serbian economy to register positive income growth in 2021.

- The industrial sector ranks second, with a 20% share in GDP and % in employment.
- Services generates more than 50 % of GDP and employs 70 % of the country's labor force (2019).
- Real GDP grew by 1.7 per cent during the first quarter of 2021 in relation to its corresponding quarter in 2020 and is estimated to growth by 6 per cent in 2021.

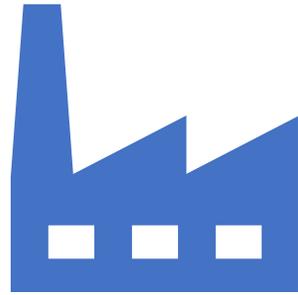
**Yet**

- Trade deficit (USD 6.7 billion in 2020) and limited range of trading partners.
- Income equality remains a challenge, with 23.2% of the population found to be at risk of poverty in 2019.

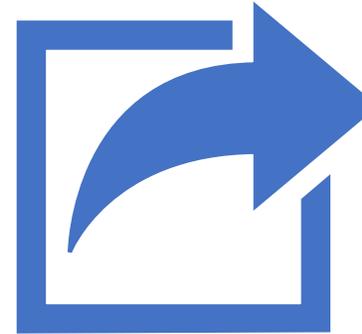
# Smaller Enterprises Unbale to Reap Reform Benefits



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Micro, small and medium enterprises (MSMEs), or 99% of active registered enterprises, have weak productive capacities (activities with low value-added).



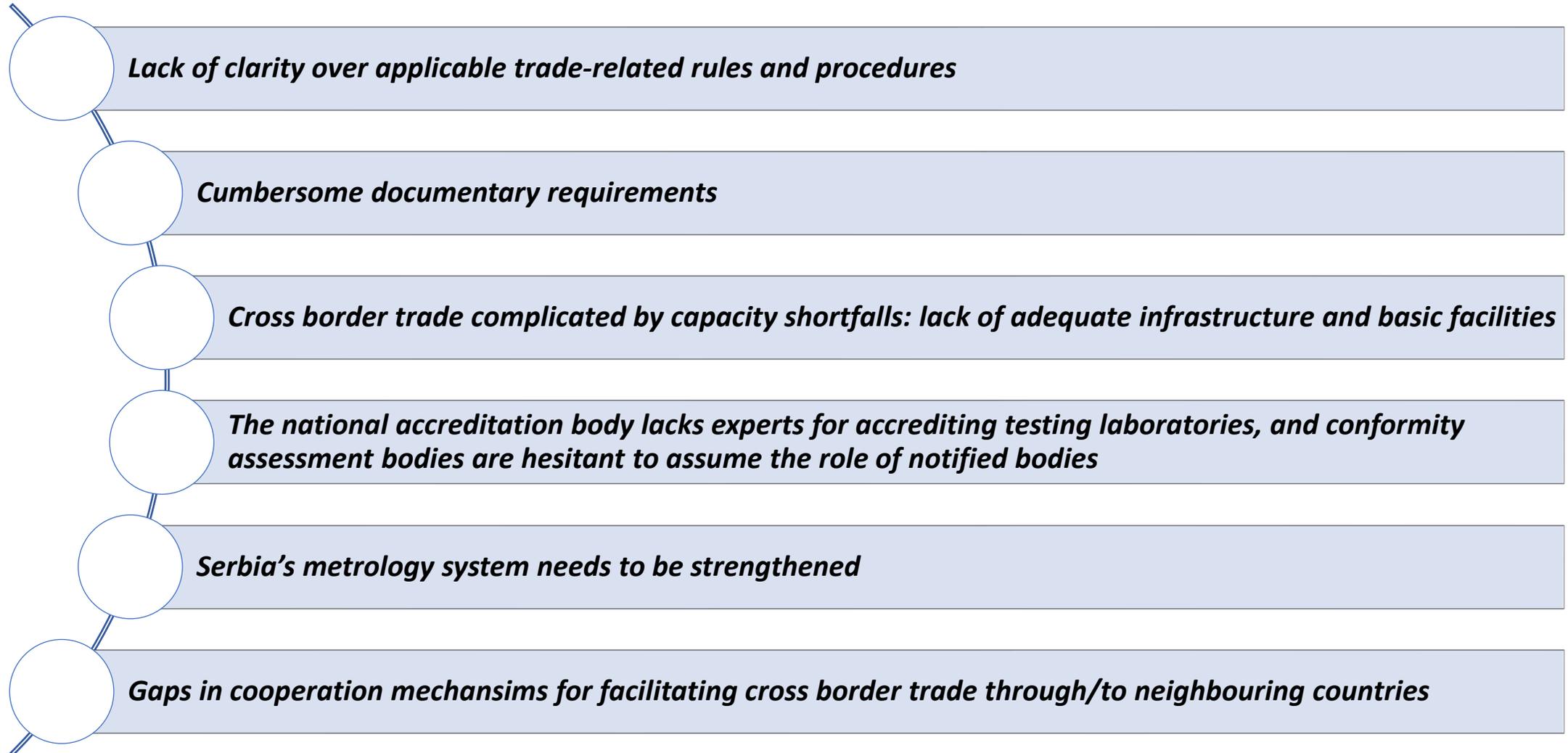
Only a small segment of the MSMEs is engaged in export activities on a continuous basis.

# Key Findings: Pre-pandemic



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## Reforms are outstripping capacity building efforts





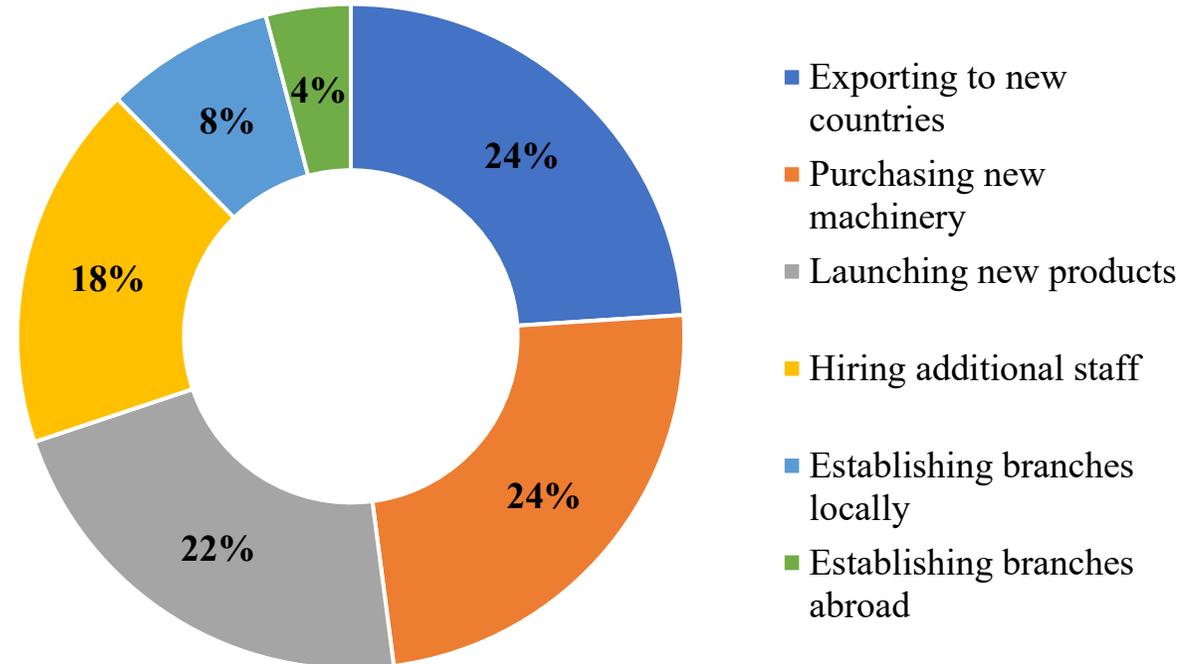
# Key Findings: Pre-pandemic

## Trade costs

Trade costs did not pose an investment disincentive

Despite the significant burden that trade costs place on the enterprises, around 95% of the enterprises were planning to expand their production and/or trade activities over the period 2020-2021, encouraged by the new opportunities generated by the Free Trade Area with the EU.

Surveyed traders' pre-pandemic expansion plans for 2020-12, (% of responses)



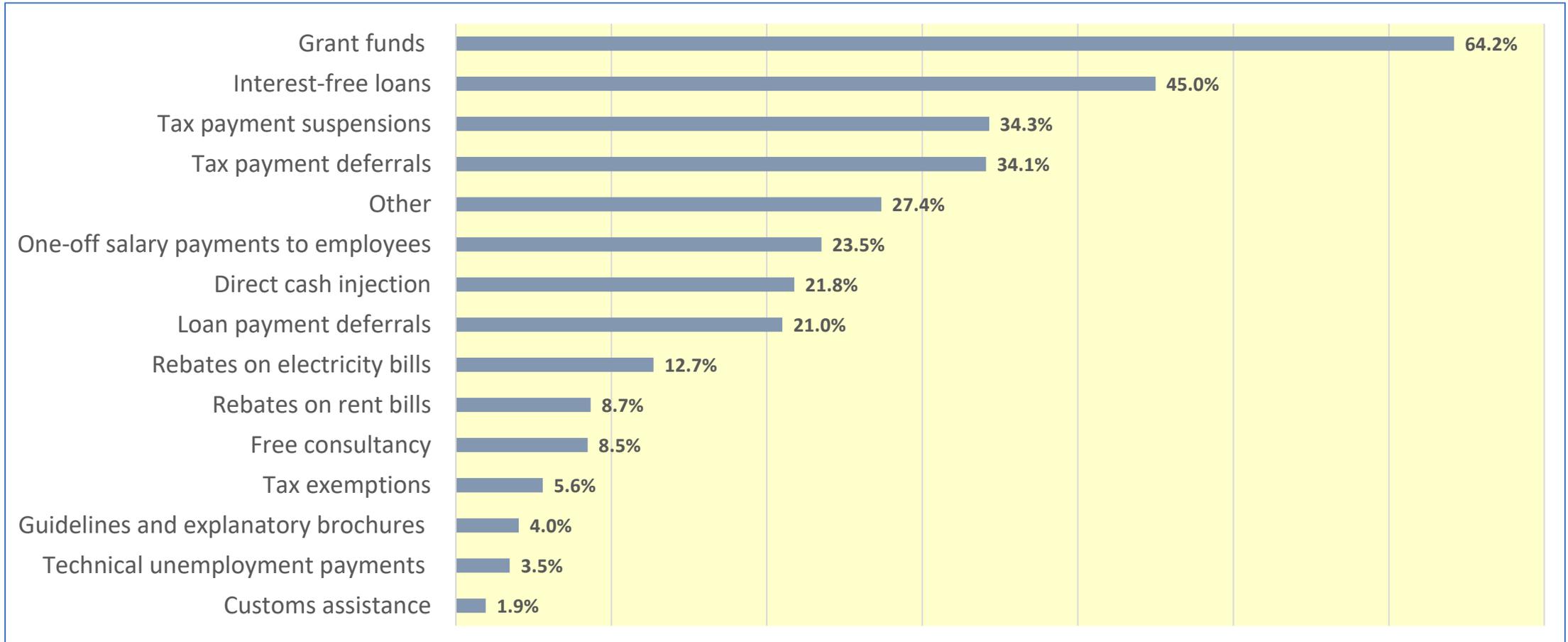
Source: UNECE survey of Serbian MSMEs (726 enterprises)



# The Impact of the Pandemic

## MSMEs are too weak to respond to positive stimuli

MSMEs' urgent needs for maintaining operations ( % of respondents)



Source: UNECE survey of Serbian MSMEs (726 enterprises)

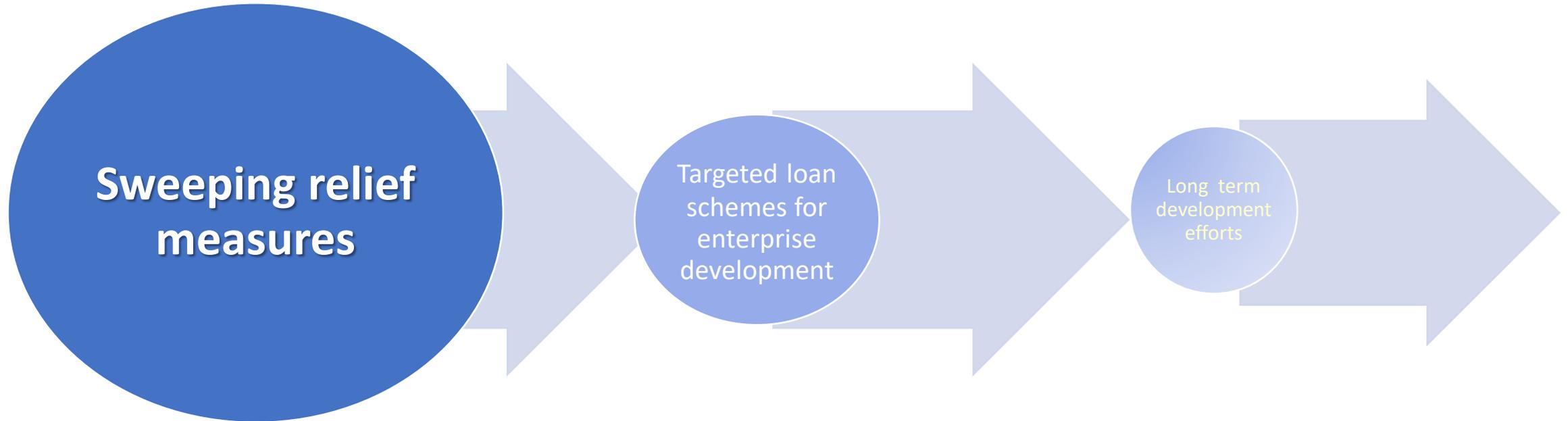
# The Challenge



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## Linking relief to development efforts



# Recommendations for Strengthening Institutional Capacities



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## Bolstering transparency in trade

- By going beyond online publication of up-to-date information on trade rules and procedures to providing user friendly explanatory brochures and ensuring continuous consultations with the private sector.

SDG: 16.10 Ensure public access to information...  
SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system...

## Transitioning to a paperless trading environment

- Following a concerted effort to streamline, harmonise and standardize information requirements, in order to set the context of establishing an online system for a one-time submission to data elements following the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT) recommendations and business standards.

SDG 17.10: Promote a universal, rules-based, open...  
SDG 17.6: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships ....

## Further reducing clearance time

- By, among others, synchronizing the working hours of control agencies, streamlining control procedures, further developing the risk management system and equipping border crossing points (BCPs) with the required facilities.

SDG 17.10: Promote a universal, rules-based, open...  
SDG 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure...

# Recommendations for Strengthening Institutional Capacities



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## Consolidating the national system of quality infrastructure

- Accord priority to strengthening capacities for translating harmonized standards into Serbian.
- Strengthen the national conformity assessment system.
- Strengthen the national system of metrology, including through intensifying the Directorate of Measures and Precious Metals participation international organizations' activities and supporting its investments in new laboratories.



SDG 17.10: Promote a universal, rules-based, open..  
SDG 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency ...  
SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading ...

## Bringing MSMEs up to regulatory requirements in domestic and global markets

- Develop the enterprises' production capacity. Among others, addressing skills mismatch in the labor market; enabling enterprises to implement international standards; linkages programmes with national , regional and transnational corporations
- × Only 2 % of the enterprises held Authorized Economic Operator status.
- × While 90% of the surveyed enterprises reported having own websites, the majority were not engaged in e-commerce.



SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading ...  
SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular, in developing countries, to financial services [...] and their integration into value chains and markets.

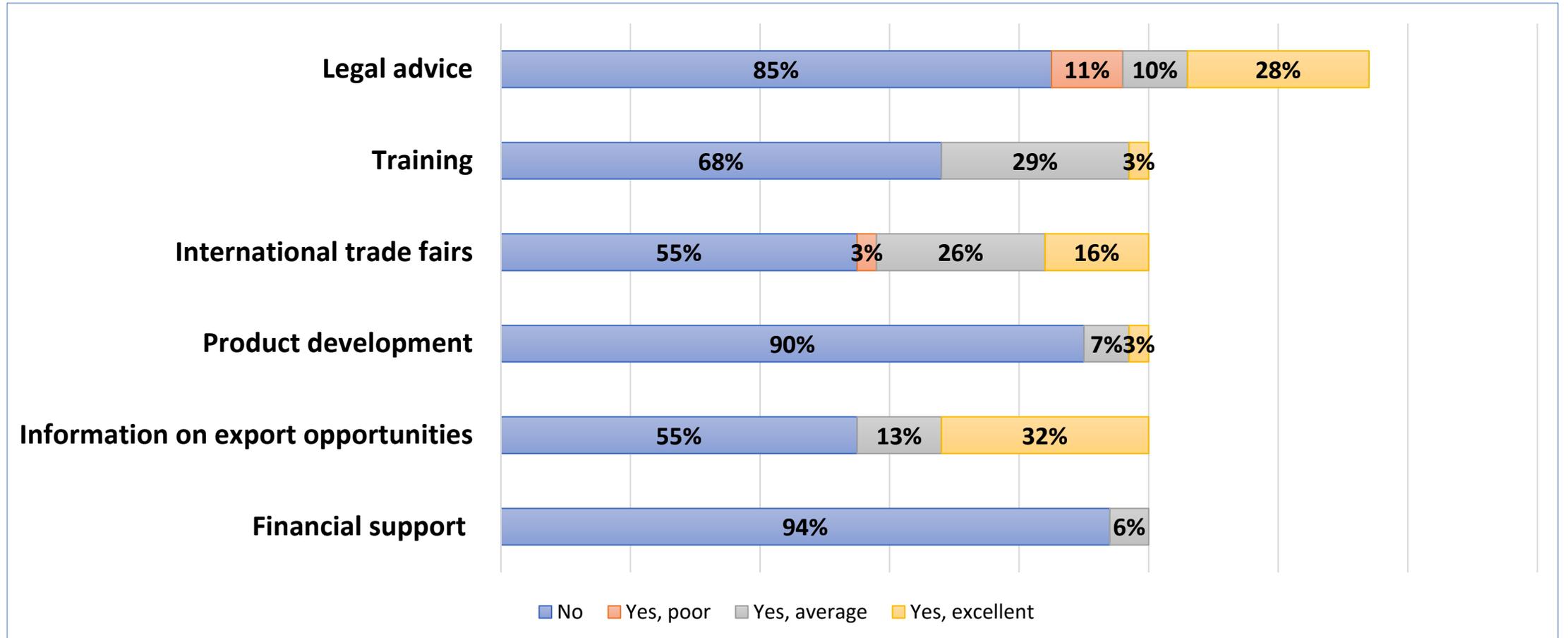


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# Enterprise Support Services

Narrow mix

## Traders' evaluation of support services received (% of responses)



Source: UNECE survey of Serbian traders



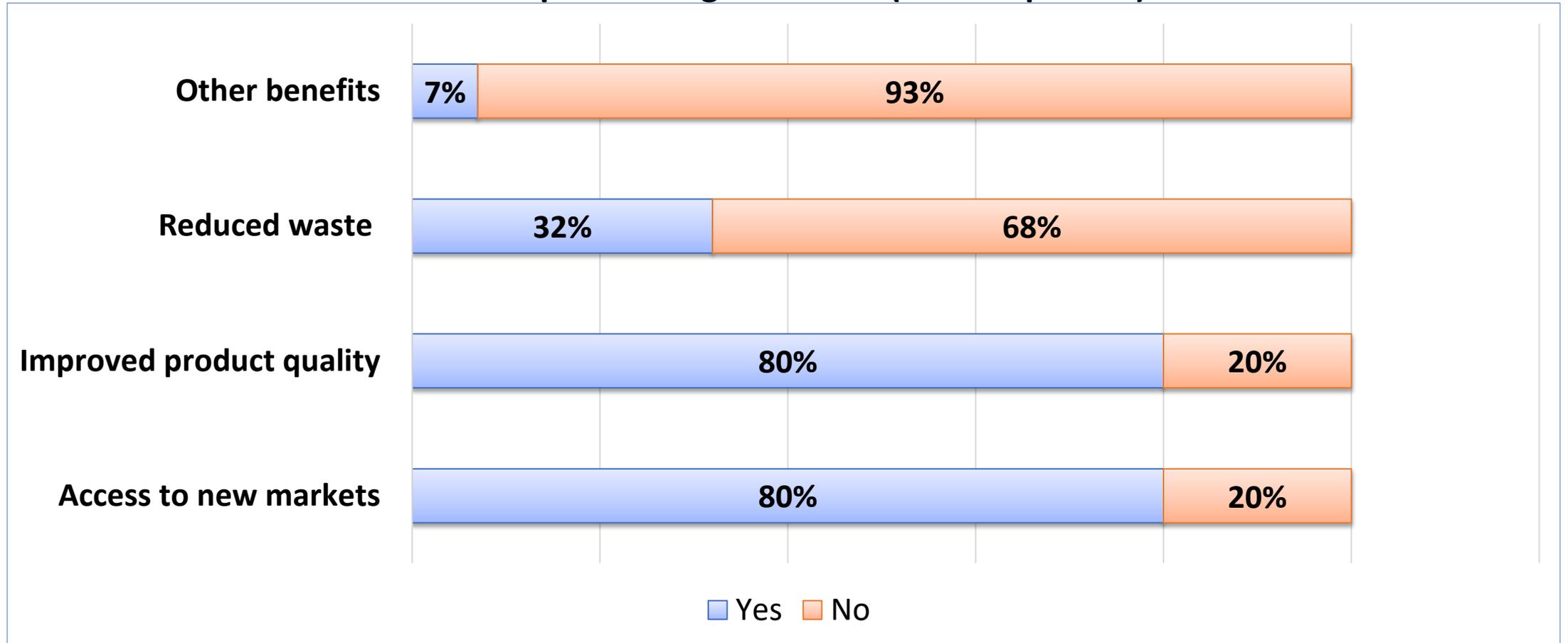
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# Bolstering enterprise Growth Dynamics

## Enabling factors

Around 85 % reported implementing international standards, particularly ISO 9001 as well as industry standards.

Benefits of implementing standards (% of responses)



Source: UNECE survey of Serbian traders

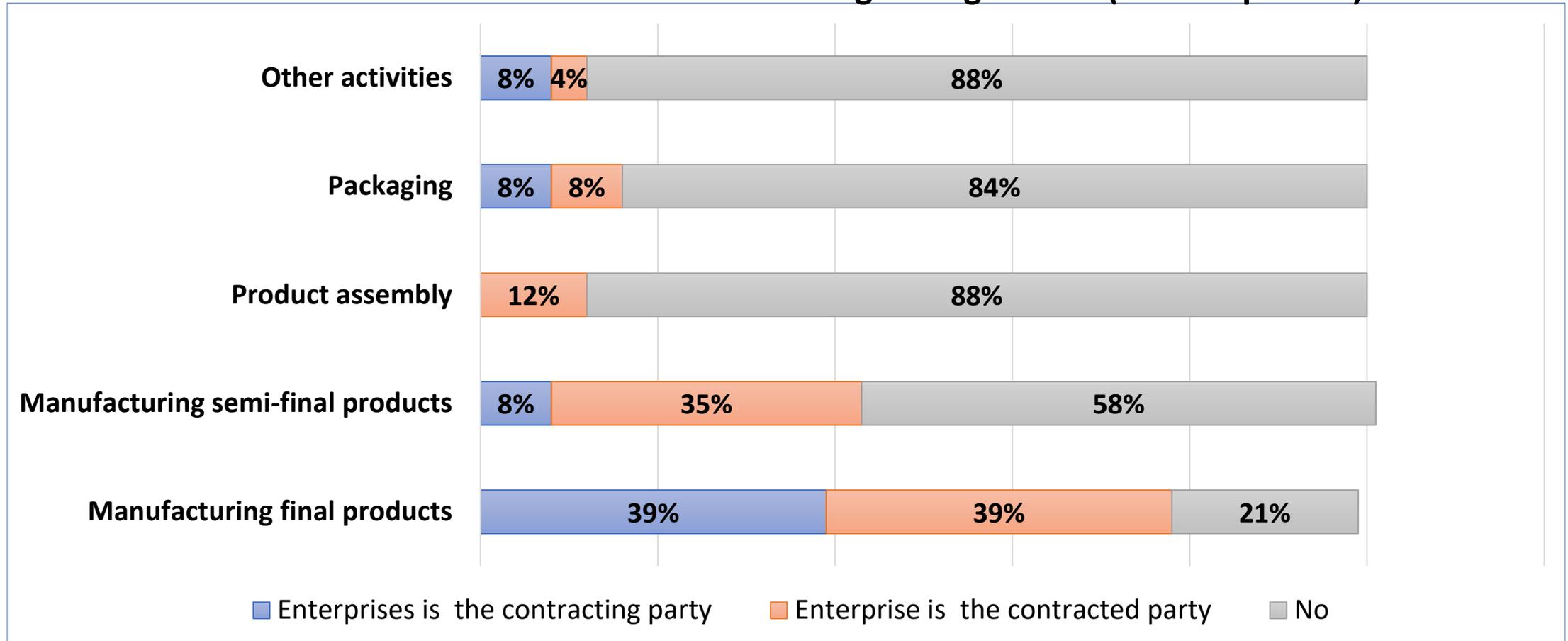
# Bolstering Enterprise Growth Dynamics



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## Enabling factors

### MSMEs involvement in sub-contracting arrangements (% of responses)



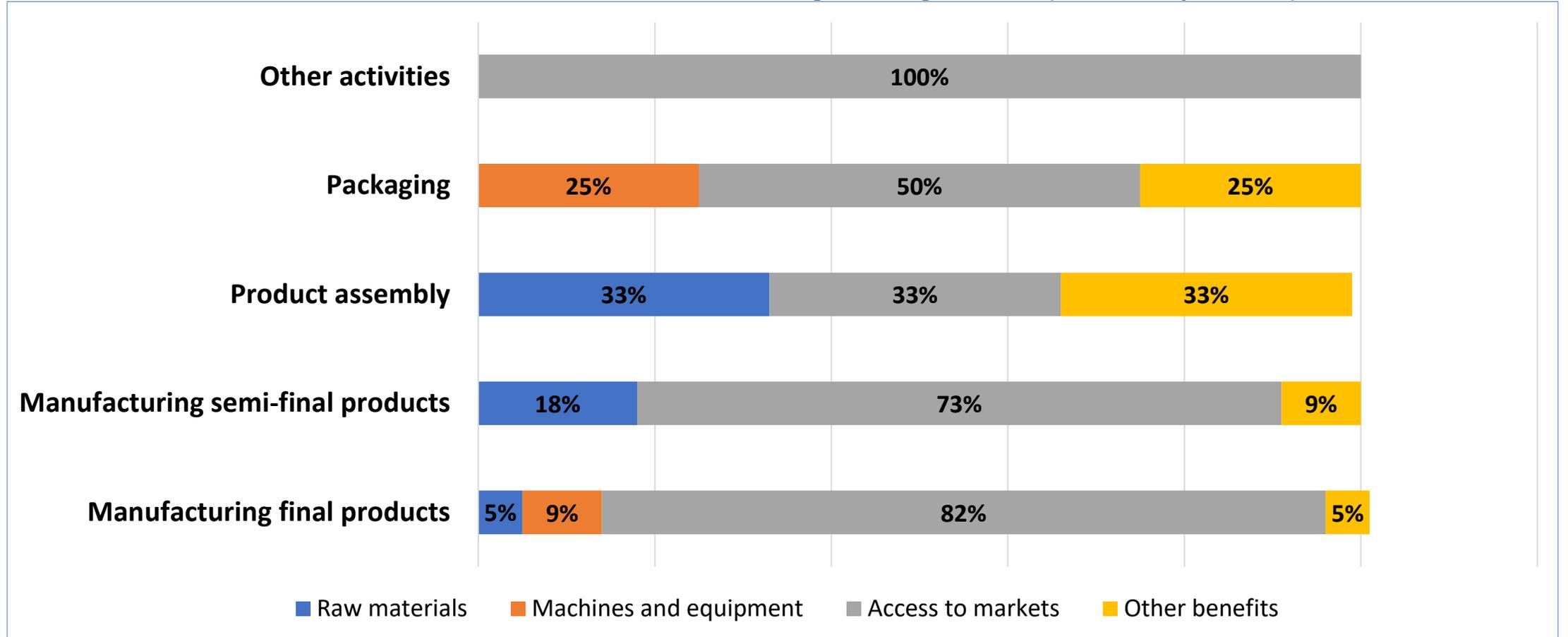
Source: UNECE survey of Serbian traders



# Bolstering Enterprise Growth Dynamics

## Enabling factors

Benefits received under sub-contracting arrangement (% of responses)



Source: UNECE survey of Serbian traders

# THANK YOU

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UNECE studies:

- ❑ Regulatory and procedural barriers to trade in Serbia: Needs assessment”
- ❑ Impact of COVID-19 on trade and structural transformation: Evidence from UNECE survey of MSMEs
- <https://unece.org/trade/studies-regulatory-and-procedural-barriers-trade>