UNECE

Regulatory and Procedural Barriers to Trade in Serbia

Needs Assessment

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UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

Regulatory and Procedural Barriers to Trade in Serbia:

Needs Assessment

UNITED NATIONS
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Foreword

Serbia, an upper-middle-income country, is undertaking extensive reforms and development efforts as the Government forges ahead in consolidating a competitive market-based economy.

Trade, along with investment, is considered an essential element for achieving structural transformation and inclusive growth. Reforms accord priority to harmonizing non-tariff measures (NTMs). They also seek to remove regulatory and procedural trade barriers, which, by inflating transaction costs, have been undermining end-to-end supply chain efficiencies, employment generation and competitiveness of Serbian enterprises in domestic and global markets.

This study sheds light on the root causes of regulatory and procedural barriers to trade in Serbia, drawing on extensive primary information collected during face-to-face interviews with supply chain actors, including traders, freight forwarders, enterprise support institutions and State agencies, using UNECE evaluation methodology. The study also provides action-oriented recommendations that address immediate and long-term capacity building needs for removing the identified barriers.

The recommendations were developed in consultation with the Government and take into account the comments of national stakeholders submitted to UNECE. The emphasis is put on reform achievements to date; complementing the Government's development strategies with a view to increasing the contribution of trade, particularly NTMs to the achievement of the Sustainable Development Goals (SDGs); and informing technical assistance activities by United Nations agencies and development partners.

Together with the UNECE COVID-19 impact assessment, "The impact of COVID-19 on trade and structural transformation in Serbia: Evidence from UNECE's survey of small and medium enterprises", UNECE considers this study as a reference framework for guiding its support of Serbia's trade and development efforts, and for informing inter-governmental discussions under the Steering Committee on Trade Capacity and Standards.

This study was undertaken as part of the Programme of Work of the Steering Committee on Trade Capacity and Standards and presented to the 6th session of the Steering Committee in June 2021.

The Secretariat looks forward to working closely with the Government of Serbia to support the successful implementation of the recommendations and the country's efforts to build back better post-pandemic. This includes supporting the outcomes of the 69th session of the UNECE Commission and member States' commitment to step up efforts to promote circular economy approaches.

Preface

Since 2010, the United Nations Economic Commission for Europe (UNECE) has been undertaking demand-driven national studies of regulatory and procedural barriers to trade to help countries achieve greater regional and global economic integration, to inform donors as to where assistance might be required, and to support policy discussions within the UNECE Steering Committee on Trade Capacity and Standards (formerly the Committee on Trade) and its subsidiary bodies on where additional work is required.

This study summarizes the key findings of the ninth study, which focuses on Serbia. It was carried out pursuant to the Government's request to support ongoing efforts to increase the trade sector's contribution to development and the implementation of the 2030 sustainable development goals (SDGs).

The study was prepared by the UNECE secretariat in close consultation with public and private-sector stakeholders, drawing on a comprehensive survey-based assessment using the UNECE evaluation methodology. The study integrates the comments and suggestions submitted in writing by the principal stakeholders in June 2020 and February 2021.

The findings emerging from this study formed the basis for the UNECE COVID-19 impact assessment, titled "The impact of COVID-19 on trade and structural transformation in Serbia: Evidence from UNECE's survey of MSMEs", which was carried out May-October 2020 pursuant to General Assembly's Resolution on Global Solidarity to Fight the Coronavirus Disease 2019 (COVID-19) (A/RES/74/270) of 2 April 2020. The impact assessment was financed through the United Nations Development Account (UNDA), Tenth Tranche project, "Strengthening the national capacities of selected ECE countries for evidence-based regulatory and procedural trade policies to achieve SDGs", and contributed to the United Nations system wide Global Initiative Towards Post-Covid-19 Resurgence of the MSME Sector.

Acknowledgements

This study was prepared by Ms. Hana Daoudi (UNECE, Economic Affairs Officer, Market Access Section, Economic Cooperation and Trade Division) under the supervision of Mr. Mika Vepsäläinen (UNECE, Chief, Market Access Section, Economic Cooperation and Trade Division). UNECE would like to acknowledge the contribution of the Business Support Network (Belgrade, Serbia) and its experts, particularly Messrs. Dusan Korunoski and Dragoljub Rajic, who conducted the face-to-face interviews with the traders and major freight forwarders operating in Serbia. UNECE would also like to acknowledge the contribution of Mr. Veaceslav Sterbet, UNECE regional consultant, for carrying out the business process analysis of dried fruits and vegetables.

UNECE would also like to acknowledge the contribution of the international polling institute SATISCAN Sàrl, which designed the electronic database for compiling the results of the interviews with the MSMEs, provided on-the-job training to the national experts who conducted the interviews, carried out data validation and handled the reconciliation of the survey results.

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The study benefited from comments by Ms. Elisabeth Tuerk (UNECE, Director, Economic Cooperation and Trade Division).

The study was edited by Ms. Christina O'Shaughnessy.

This study was funded through the UNDA, Tenth Tranche project "Strengthening the national capacities of selected ECE countries for evidence-based regulatory and procedural trade policies to achieve SDGs".

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Abbreviations and acronyms

AEO	Authorized Economic Operator
BCP	Border-crossing point
BIPM	International Bureau of Weights and Measures
BPA	Business process analysis
BSP	UN/CEFACT Buy-Ship-Pay reference model
CAB	Conformity assessment body
CEFTA	Central European Free Trade Agreement
CEN	Comité Européen de Normalisation (European Committee for Standardization)
CENELEC	Committee for Electrotechnical Standardization
CoO	Certificate of Origin
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
EA	European Cooperation for Accreditation
EAEU	Eurasian Economic Union
EFTA	European Free Trade Association
EN	European Harmonised Standards
EU	European Union
ETSI	European Telecommunications Standards Institute
FDI	Foreign direct investment
FTA	Free Trade Agreement
GDP	Gross domestic product
GSP	Generalized System of Preferences
HS	Harmonized System
IAF	International Accreditation Forum
ICT	Information and communication technology
IEC	International Electrotechnical Commission
ILAC	International Laboratory Accreditation Cooperation
ISO	International Organization for Standardization
MAFWM	Ministry of Agriculture, Forestry and Water Management
MRA	Mutual Recognition Arrangement
MSMEs	Micro, small and medium enterprises
NCTS	New Computerized Transit System
NTM	Non-tariff measure
OIML	International Organization of Legal Metrology

PCI	Product complexity index
RIA	Regulatory impact assessment
SAA	Stabilization and Association Agreement
SAD	Single administrative document
SCA	Serbian Customs Administration
SDG	Sustainable Development Goal
SITC	Standard International Trade Classification
SPS	Sanitary and phytosanitary
SQAM	Standardization, quality assurance, accreditation and metrology
TBT	Technical barriers to trade
TC	Technical Committee
TIR	Transports Internationaux Routiers
TNC	Transnational corporations
TRACECA	Transport Corridor Europe-Caucasus-Asia
UCC	Union Customs Code of the EU
UK	United Kingdom of Great Britain and Northern Ireland
UML	Unified Modelling Language
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNECE	United Nations Economic Commission for Europe
UNMIK	United Nations Interim Administration Mission in Kosovo
USA	United States of America
USD	United States dollar
VAT	Value-added tax
WCO	World Customs Organization
WTO	World Trade Organization

Executive summary

Serbia is undergoing extensive reforms to consolidate a competitive market-based economy. Driving these reforms is a trade-led development approach, which is consistent with the multilateral trading system, even though Serbia is not yet a World Trade Organisation (WTO) member and is anchored in bilateral and regional cooperation arrangements.

These arrangements entered a new phase in 2010, when the Interim Agreement on Trade and Trade-related Matters between European Community and Serbia entered into force, and were further strengthened in 2013 when the Stabilization and Association Agreement (SAA) with the European Union (EU) entered into force. The Government considers the SAA a strategic framework for informing its legislative and institutional reforms. This is particularly because the SAA provides for Serbia's legislation approximation with the requirements of the EU *Acquis Communautaire*.

Reforms have borne fruit. Serbia has registered consistent income growth since 2015 and ranked the second largest recipient of foreign direct investment (FDI) among South-East European countries and territories, the Commonwealth of Independent States and Georgia. This enabled Serbia to maintain a single-digit unemployment rate and achieve increased specialization in knowledge-based products, most of which enjoy a competitive advantage in global markets.

However, poverty and inequality continue to be a challenge, despite consistent income growth over the past few years. The implication is that efforts should focus on furthering structural transformation, including in the industrial sector, in a two-pronged approach that targets both labour- and capital-intensive activities.

This study identifies behind and at-the-border regulatory and procedural barters to trade in goods, with a view to supporting Government's efforts to increase the contribution of trade to economic growth and the achievement of the 2030 sustainable development goals (SDGs). The barriers were identified using UNECE survey-based evaluation methodology, which covers the areas of trade and transport facilitation as well as quality infrastructure (standardization, technical regulations, accreditation, conformity assessment, market surveillance and metrology).

In total, 61 traders representing micro, small and medium enterprises (MSMEs) from across the country were approached during face-to-face interviews, along with freight forwarders, line ministries, customs and specialised agencies involved in supporting the country's quality infrastructure system. The study focuses the following sectors: on food and live animals, beverages, chemicals and related products, manufactured goods classified chiefly by material, and miscellaneous manufactured articles. It also features a sectoral analysis, focusing on fresh fruit using the business process analysis (BPA) methodology, as these products were found to be particularly affected by the identified barriers.

Weakened supply chains

Almost every supply chain actor reported facing behind and at-the-border regulatory and procedural barriers. The barriers reflect at once legislative and institutional shortfalls within State agencies and the MSMEs, as legislative harmonization under the SAA continue to outstrip capacity building efforts. Most of the State agencies lack the required expertise skills and IT systems to ensure successful implementation, while the MSMEs lack the capacity to reap benefits from reforms. For example, only 2 per cent of the interviewed traders were able to meet the Authorized Economic Operator (AEO) eligibility criteria and the majority remained incapable of meeting the EU safety, health and environmental conservation requirements.

These conditions have created additional challenges. The study points to a government-business perception gap. Traders, brokers and forwarders interviewed noted that officials tend to proceed from a reformist perspective, in that they seem to focus on bringing legislation up to international best practices as an end in itself. While the business community is eager to see planned reforms come through, it is concerned that the daily challenges are not adequately captured in draft laws and reform efforts.

The State agencies interviewed are aware of challenges that the harmonization process carries for the business community, particularly MSMEs, and are keen on maintaining a continuous dialogue with the business community. However, the agencies' limited capacity, combined with the imperative of fulfilling the country's commitments under the SAA, have meant that they are awkwardly placed to address the business community's needs.

Lack of clarity over applicable rules and procedures

Traders reported that it takes a considerable amount of time to piece together a clear understanding of applicable rules and procedures from public sources, including those published online. Information tends to be either outdated, or too brief to allow for a proper understanding of the rules and their implication.

Complex documentary requirements

Serbia's legislation limits documentary requirements for customs clearance to the minimum. At issue is not the number of documentary requirements for customs clearance, which at seven to eight documents is reasonable and in tune with international trends, but that of supporting documents, or the documents behind the documents.

Traders described cumbersome procedures, which appear to be at once a reflection of the State agencies' low level of trust in businesses, the continued reliance on paper-based procedures and the lack of uniform application of existing rules – a problem that is common to customs authorities in several countries and in Serbia is exacerbated by the sheer number of customs offices.

Cumbersome inspection procedures

State agencies carry out controls over imports, exports and goods in transit in a logical sequence. For inbound cargo (imports), the procedures begin with passport control followed by documentary checks and cargo/vehicle examination and the release of goods upon payment, and the reverse for outbound cargo (exports).

However, border control is complicated by the continued reliance on paper-based procedures. Disputes over documentation and errors in submitted documents are

common, creating unnecessary delays during customs clearance along with additional fees and late delivery penalties. Exporters also reported that applying for value-added tax (VAT) refunds is complicated by delays in obtaining confirmation of exportation. Obtaining this confirmation, which is provided in the form of stamped JCI, involves a waiting time of up to 20 days.

Further delays are generated by the lack of synchronization in control processes, as agencies have different working hours, and disputes over customs valuation. The introduction of the new EU regulations and procedures for controlling migration (Schengen Border Code) in 2016-2017 created further complications in the form of congestion at all border-crossing points. Traders described trucks forming long queues of up to 15 kilometres in length, which can translate into a waiting time of 24–36 hours.

Moreover, while the Government has adopted integrated border management principles, implementation is undermined by the lack of proper infrastructure facilities, including separate facilities for perishable goods, terminal facilities and inspection equipment.

Gaps in regional cooperation

Serbia's simultaneous treatment of infrastructure development and regional cooperation, particularly on procedural matters, has set a strong foundation for facilitating cross border trade. Nonetheless, the assessment suggests that there remains room for further improvement, particularly in the case of BCPs with Bosnia and Herzegovina, Hungary and Montenegro. The study highlights challenges stemming from: the lack of the harmonization of working hours between the border agencies on both sides of the BCPs; the lack of coordination among the different agencies involved in physical inspection: and, inconsistent application of regulatory requirements.

Capacity shortfalls in the national system of quality infrastructure

Serbia has consolidated a modern quality infrastructure system that is in tune with international best practices and the WTO requirements. However, the Government's efforts to capitalize on reform achievements to date is undermined by the lack of financial resources. In particular, the Institute for Standardization of Serbia (ISS) is held back by a shortage of technical experts for populating technical committees in certain fields (e.g. machinery equipment, passenger vehicles, trucks, containers, construction machines and agriculture).

Similarly, the Directorate of Measures and Precious Metals (DMDM), which is responsible for legal and applied metrology, also lacks the resources to intensify its participation in international organizations. This has been undermining its ability to maintain and improve national standards, coordinate and supervise the work of appointed holders of national standards and provide metrological traceability. Such participation is also critical for making informed decisions on investments in new laboratory equipment.

The lack of resources is also at the centre of the Accreditation Body of Serbia (ATS) capacity shortfalls, with officials reporting the lack of experts for accrediting testing laboratories as the most challenging to accredit. Moreover, reaping the expected benefits from reforms is undermined by the conformity assessment bodies' (CABs) hesitancy to assume the role of notified bodies. The study also suggests that there remains room for increasing the efficiency of the CABs' testing procedures. Traders also reported that Serbian products are re-tested in North Macedonia and Bosnia and Herzegovina, since the Governments do not recognize conformity assessment results issued by accredited Serbian CABs.

Gearing regulatory and procedural measures to serve as means of implementation

A running theme throughout the study is the need to strike a balance between legislative reforms and capacity building and to further align and coordinate capacity building efforts across all State agencies and institutions, within the context of a whole-of-government approach. Table 6.1 provides action-oriented recommendations for enabling such an approach in a manner that is consistent with the 2030 Agenda's notion of trade as a means of implementation and principles of policy coherence.

The recommendations were agreed upon with the Government and are aimed at improving trade facilitation conditions in Serbia, further developing the national system of quality infrastructure and supporting enterprise development. The recommendations are grouped under 5 areas as follows:

- **Bolstering transparency in trade** by going beyond online publication of up-to-date information on trade rules and procedures to strengthening the capacity of State agencies, with a view to enabling them to prepare explanatory material on the implication of these rules and maintain continuous consultations with the private sector.
- **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 United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) recommendations and business standards.
- **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.
- **Consolidating the national system of quality infrastructure** with additional resources for addressing capacity shortfalls in the areas of standardization, conformity assessment and metrology.
- **Bringing the enterprise sector, particularly MSMEs, up to regulatory requirements in domestic and global markets** through targeted programmes that are geared towards developing their productive capacity.

UNECE stands ready to assist the Government in implementing the recommendations.

Chapter One

Introduction

1.1 Country background

An upper-middle-income country, Serbia is undergoing extensive reforms as the Government forges ahead in consolidating a competitive market-based economy.[1] Special emphasis is being placed on unleashing the potential of trade-led growth, with reforms anchored in regional cooperation arrangements and the multilateral trading system administered by the World Trade Organization (WTO).[2]

Serbia's trade-led development entered a new phase in 2010, when the Interim Agreement on Trade and Trade-related Matters between European Community and Serbia entered into force, and was further strengthened in 2013 when the Stabilization and Association Agreement (SAA) with the European Union (EU) entered into force.[3] The Agreement sets the context for developing a free trade area between Serbia and the EU, building on achievements gained since 2000 when the EU granted duty-free access for Serbia's industrial and agricultural products, barring sugar, baby beef, wine and certain types of fish (which were subject to the EU's preferential tariff quota regime).[4]

Serbia, which reciprocated by initiating a gradual opening of its markets to the EU's industrial and agricultural goods in 2010,[5] sees in the SAA a strategic framework for informing its legislative and institutional reforms. This is particularly because the SAA provides for Serbia's legislation approximation with the requirements of the EU *Acquis Communautaire*.[6]

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1. For an informative overview of Serbia's achievements in transitioning towards a market economy, see, European Bank for Reconstruction and Development (EBRD) Transition Report 2018-2019, Country assessments: Serbia; available at: https://2018.tr-ebrd.com/countries/#.

2. The Law on Foreign Trade ("Official Gazette RS" No.36/09, 36/11, 88/11 and 89/15) is compliant with the European Union (EU) and the WTO rules. The Law promotes free trade of goods and services, with import restrictions limited to ensuring the protection of health, consumer safety and the environment. Up-to-date information on Serbia's accession to the WTO is available at: https://www.wto.org/english/thewto_e/acc_e/a1_serbia_e.htm.

3. Serbia was identified as a potential candidate for EU membership in 2003. "The Stabilization and Association Agreement between the European Communities and their Member States of the one part, and the Republic of Serbia, of the other part" was signed on 29 April 2008 and entered into force on 1 September 2013. Serbia's accession negotiations began on 21 January 2014. An overview of the country's relations with the EU is available at: http://www.mfa.gov.rs/en/foreign-policy/eu/political-relations-between-the-republic-of-serbia-and-the-european-union/12452-chronology-of-relations-between-the-republic-of-serbia-and-the-european-union.

4. These extensive concessions were granted to Serbia under the EU's Autonomous Trade Measures Regime. An overview of this regime is available at: https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/association-trade-measures_en.

5. See, the "Interim Agreement on trade and trade-related matters between the European Community, of the one part, and the Republic of Serbia, of the other part". The Agreement entered into force on 1 February 2010 to mark a gradual opening of Serbia's markets to EU agricultural and industrial products over a six- year period. It was established pursuant to Serbia's decision to unilaterally initiate the implementation of the trade-related arrangements foreseen under the Stabilization and Association Agreement. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A22010A0130%2802%29. Effective January 2014, per Serbia's SAA with the EU, around 95 per cent of EU agricultural imports enjoyed duty-free access to Serbia.

6. Legislative alignment with the EU *Acquis* constitutes a stepping stone towards the establishment of a free-trade zone with the EU and is guided by the multi-year National Programme for the Adoption of the Acquis (NPAA) that is updated periodically (http://www.mei.gov.rs/eng/information/questions-and-answers/national-programme-for-adoption-of-the-acquis-npaa/).

In addition, Serbia is a member of the Central European Free Trade Agreement (CEFTA)[7] and the Organization of the Black Sea Economic Cooperation, and has established bilateral free trade agreements with Belarus, Kazakhstan, Turkey and the Russian Federation. It also enjoys a free trade agreement with the European Free Trade Association (EFTA),[8] and benefits from the Generalized System of Preferences (GSP) programme of the United States of America. In October 2019, the Government entered into a free trade agreement with the Eurasian Economic Union (EAEU), which brings together Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation.[9]

The ever-expanding cooperation arrangements are instrumental for capitalizing on Serbia's strategic location. Serbia stands as a gateway to Central and Southeast Europe thanks to its shared borders with Bosnia and Herzegovina, Croatia and Montenegro to the west, North Macedonia to the south, Bulgaria and Romania to the east and Hungary to the north.

Serbia's trade-led development approach is complemented by targeted efforts to ensure inclusive and sustainable growth,[10] with draft legislation released for public consultations to ensure responsiveness to private-sector needs.[11] As shown in Table 1.1, these efforts are geared towards consolidating a conducive business environment, stimulating investments in strategic priority sectors for economic growth and job creation, supporting enterprise development, reducing poverty, and leveraging cross-cutting issues, including gender equality, quality infrastructure and transport.

Serbia's reform and development efforts have borne fruit, as evidenced by the country's impressive performance record. The economy was able to quickly bounce back from the flooding disaster that hit South-Eastern Europe in 2014, with gross domestic product (GDP) assuming an increasing trend (Figure 1.1). GDP growth was also underscored by consistent reductions in unemployment, which in 2019 stood at 9.5 per cent.[12] Nonetheless, as shown below, evidence suggests that more could be done, particularly in relation to maximizing the trickle-down effects of reforms to micro, small and medium enterprises (MSMEs) that dominate the economy.

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7. On 19 December 2006. CEFTA was signed by Albania, Bosnia and Herzegovina, UNMIK-administered Kosovo (on whose behalf CEFTA was signed by the United Nations Interim Administration Mission in Kosovo), Republic of Moldova, Montenegro, North Macedonia (before 2019, FYR of Macedonia), and Serbia. Prior to this, CEFTA members benefited from the support of the Regional Cooperation Council (https://www.rcc.int/home).

8. EFTA member States are Iceland, Liechtenstein, Norway, and Switzerland. The Free Trade Agreement (FTA) with EFTA was signed in 2009.

9. The agreement was signed in October 2019. Detailed information is available at the EAEU's institutional website (http://www.eaeunion.org/).

10. The notion of development driven approach to trade denotes going beyond a preoccupation with tariff reduction and the harmonization of trade legislation with the requirements of the WTO-administered multi-lateral trading system to focus on creating dynamic synergies between trade reforms and other policies. Such an approach has proven to be critical for stimulating the expected trickle down effects of trade liberalization in the form of structural transformation, higher employment rates and reduced poverty levels. For a detailed discussion of this perspective, see UNCTAD (2004) The Least Developed Countries Report – Linking International Trade with Poverty Reduction, New York and Geneva: United Nations Publications. The notion of a development driven approach is consistent with the 2030 Agenda's principle of policy coherence.

11. http://javnerasprave.euprava.gov.rs/.

12. SORS (2019) Economic trends, 2019 – Estimates, issued on 29 December 2019; available at: https://www.stat.gov.rs/en-us/oblasti/nacionalni-racuni/.

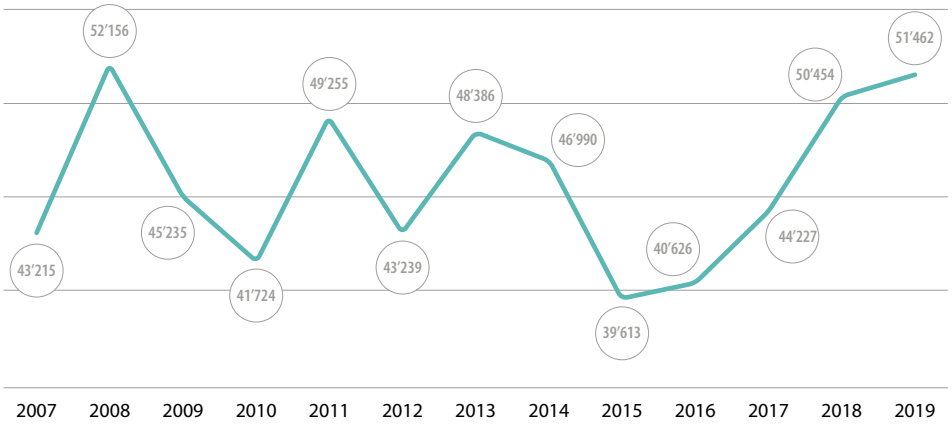
Table 1.1 Serbia's approach to unleashing the potential of trade-led growth

Area	Main objectives	Guiding strategy
Overall business environment	• Ensuring macroeconomic stability • Improving the efficiency of public services, including through migrating to a paperless environment • Curbing illicit activities • Combating corruption	• Fiscal strategy for 2017 with projections for 2018 and 2019 • Economic Reform Programme for the Period 2019–2021 • Tax Administration Reform programme and association Action Plan for the Transformation of the Tax Administration for 2018–2023. The programme seeks to further improve tax handling and enable proper management of the investment incentives including, among others, corporate profit tax holiday, double taxation avoidance, value added tax exemptions. • Strategy for information society development in Serbia until 2020 • Strategy for development of electronic communications 2010–2020 • Public Administration Reform Strategy and the Law on Inspection Oversight • Law on the Anti-Corruption Agency (revised law adopted in May 2019) • National Programme for Combatting the Grey Economy • National Strategy for Combatting Money Laundering and Financing Terrorism • Strategy for Developing Free Legal Assistance in Serbia
Investment promotion, with a special emphasis on attracting new investments in strategic sectors	• Attracting foreign direct investment (FDI) • Promoting national investment	• Law on Investment • Law on Free Zones (at present Serbia boasts 14 free zones: Apatin, Belgrade, Kragujevac, Kruševac, Novi Sad, Pirot, Priboj, Smederevo, Subotica, Svilajnac, Šabac, Užice, Vranje and Zrenjanin*) • Decree on Defining Conditions for Approving Incentives in Attracting Direct Investments. Establishes criteria for granting incentive to foreign and local investment. • Decree on Defining Conditions for Approving Incentives in Attracting Direct Investments in Production of Food Products.
Enterprise development and poverty reduction	• Improving enterprises' access to external sources of funds • Promoting entrepreneurship through special Government-supported programmes • Establishing a national innovation system for guiding research and development and education system; innovation and technological capacity of the economy; public administration (policy support); and the absorption and diffusion of knowledge and innovation. • Developing the information and communication sector as a pre-requisite for achieving structural transformation • Supporting small and medium-sized enterprise development • Addressing the skills mismatch in the labour market	• Industrial Development Strategy and Policy of Serbia for the period 2011–2020 • Fiscal Strategy for 2017 with Projections for 2018 and 2019, which features provisions for supporting "decade of Entrepreneurship" programme and improving MSMEs' access to external sources of funds • Strategy of Scientific and Technological Development of Serbia for the period 2016–2020 – Research for Innovation • Strategy for the Support to Development of Small and Medium-Sized Enterprises, Entrepreneurship and Competitiveness for the period 2015–-2020 • National Employment Strategy 2011–2020 • Employment and Social Reform Programme (adopted in 2016) • Agriculture and Rural Development Strategy 2014–2024 • Strategy for Development of Education in Serbia by 2020 • Strategy for the Development of Information Technology Industry for the period 2017–2020
Cross cutting	• Ensuring gender equality • Developing transport • Developing the national quality infrastructure (standardization, quality assurance and metrology)	• National Strategy for Gender Equality 2016–2020 • Plan for the Development of Railway, Road, Waterway, Air and Intermodal Transport in the Republic of Serbia from 2015 to 2020 • Quality Infrastructure System Improvement Strategy for the Period of 2015–2020

* The daily operation of these zones is supported by the Development Agency of Serbia (https://ras.gov.rs/invest-in-serbia/why-serbia/free-zones).

Source: Compiled by the UNECE.

Figure 1.1 Serbia's GDP growth (in millions of United States dollars, at current prices)



Source: Statistical Office of the Republic of Serbia.

1.1.1 Economic structure

The Serbian economy is dominated by microenterprises employing fewer than 10 persons.[13] According to the most recent statistics, these enterprises accounted for 85 per cent of the registered enterprises in 2017. Small enterprises represented the second largest segment (12 per cent), with medium and large enterprises accounting for the remaining balance (3 and 1 per cent, respectively).[14]

The economy is driven by the service sector, which generated 51 per cent of GDP in 2019 and accommodated around 69 per cent of the labour force in 2019 (Figures 1.2 and 1.3). The industrial sector ranks as the second income source, with a 20 per cent share in GDP and 25 per cent share in total employment during the said years, followed by agriculture and construction, albeit with modest contributions. Agriculture accounted for only 6 per cent of GDP, with construction generating the remaining 4 per cent. The two sectors also exhibited a modest contribution to job creation, accounting for a combined 6 per cent share in total employment.

The above figures mask the manufacturing sector's transformation towards increased specialization in activities with high value-added. Manufacturing has consistently accounted for the lion's share of total investments in fixed assets[15] and innovative activities over the past decade,[16] driven by machinery and transportation, particularly the automotive industry.

This positive transformation cannot be understood in isolation from the continuous influx of FDI, which in 2018 rendered Serbia the second largest recipient of FDI among

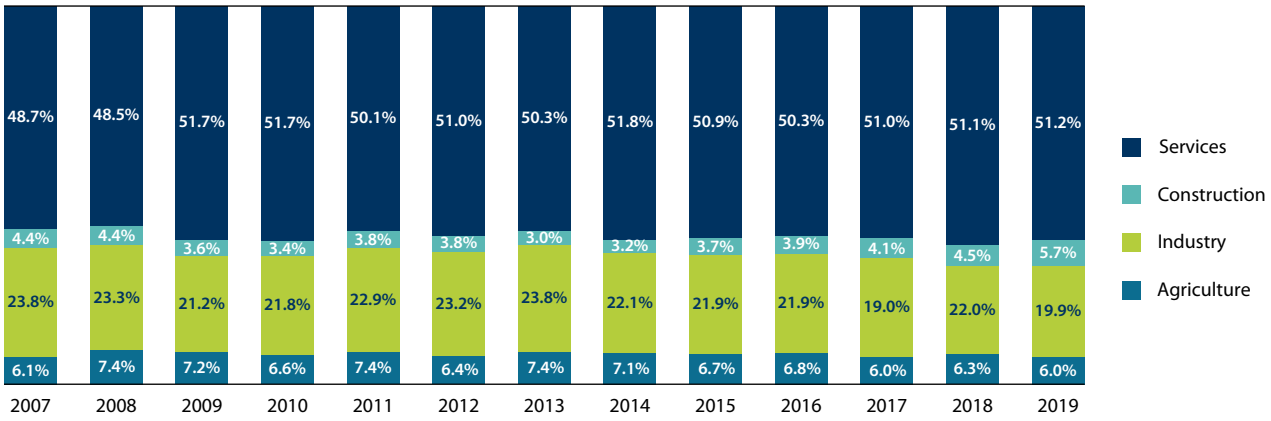
13. Serbia follows EU classification as established under the EU Commission recommendation on the classification of enterprises by size, dated 6 May 2003, document [C (2003) 1422)].

14. SORS at: https://data.stat.gov.rs/Home/Result/190102?languageCode=en-US.

15. According to the most recent statistics by SORS, manufacturing accounted for 21.5 per cent of total investments in fixed assets in 2018, followed by public administration, defense and compulsory social security (15.8 per cent); electricity, gas, steam and air conditioning supply (11.2 per cent); transportation and storage (7.7 per cent); and, wholesale and retail trade; repair of motor vehicles and motorcycles (7.2 per cent). SORS (2019) Investments in fixed assets, 2018- Annual survey on investments in fixed assets: Results.

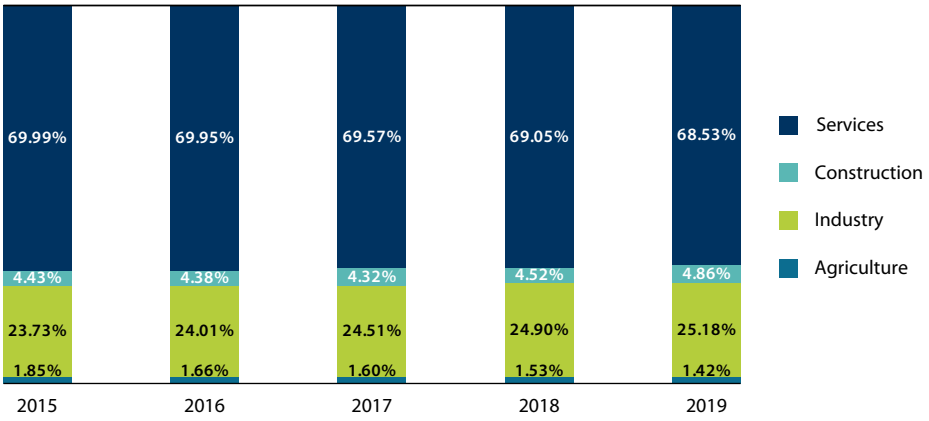
16. SORS (2019) Indicators of innovation activities, 2016–2018; available at: https://www.stat.gov.rs/en-us/oblasti/nauka-tehnologija-i-inovacije/.

Figure 1.2 Serbia's gross value-added, by sector (Percentage share)



Source: Statistical Office of the Republic of Serbia.

Figure 1.3 Serbia's employment by sector (Percentage share)



Source: Statistical Office of the Republic of Serbia.

South-East European countries and territories, the Commonwealth of Independent States (CIS) and Georgia.[17] FDI inflows, which accounted for 42 per cent of gross fixed capital formation in 2017[18] and 18.7 per cent of GDP in 2018,[19] maintained their upward trend in 2019. As shown in figure 1.4, FDI reached an estimated USD 4.1 billion in 2019 compared to USD 3.7 billion in 2018,[20] with the industrial sector consistently accounting for the second largest share of total inflows.

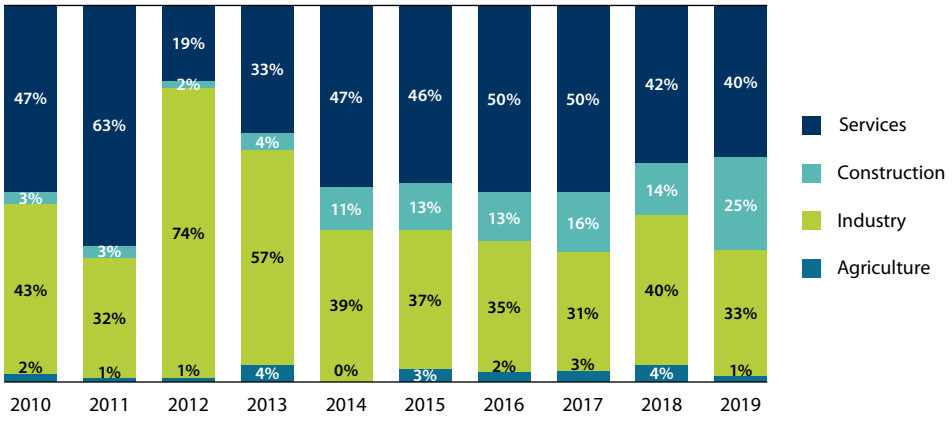
17. FDI inflows to Serbia grew by 44 per cent in 2018 relation to the previous year continuing the trend from previous periods. UNCTAD (2019) World Investment Report; available at: https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2460.

18. FDI accounted for 42.1 per cent of Serbia's gross fixed capital formation in 2017 up from 35.7 per cent in 2015, and registered an average share of 45.9 per annum over the period 2005-2007. UNCTAD World Investment Report 2018, country fact sheet: Serbia; available at: https://unctad.org/sections/dite_dir/docs/wir2018/wir18_fs_rs_en.pdf.

19. Statistical Office of the Republic of Serbia (SORS) Statistical Pocket Book 2019; available at: http://publikacije.stat.gov.rs/G2019/PdfE/G201917012.pdf. Statistics by SORS do not cover AP Kosovo and Metohija.

20. National Bank of Serbia (https://www.nbs.rs/internet/english/80/platni_bilans.html).

Figure 1.4 FDI inflows by sector (Percentage share)



Source: Statistical Office of the Republic of Serbia.

1.1.2 The trade sector

With a trade-to-GDP ratio estimated at around 110 per cent in 2018,[21] Serbia has effectively established itself as an open economy. This high degree of trade openness has been underscored by steady export growth, fuelled by the country's expanding export mix that has been exhibiting marked concentration in knowledge-intensive products. As shown in table 1.2, export-oriented manufacturing enterprises are exhibiting increased engagement in knowledge/technology intensive activities, with many registering high scores on the product complexity index, PCI[22]. Serbia's structural transformation is also reflected in the country's impressive score on the economic complexity index (ECI). Serbia's score was estimated at 0.533 in 2017, placing it in 40th position in a ranking of 129 countries.[23]

Moreover, many of the top products of complexity index products also have export advantages (measured used revealed comparative advantage, RCA[24]). Most notable among these high RCA products are transportation and machinery equipment, which as shown in Figure 1.5, dominate Serbia's top 10 exports.

21. World Bank Data Bank (https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?locations=RS).

22. The PCI ranks the diversity and sophistication of the productive know-how that went into manufacturing of individual products. It is used as a proxy for measuring the technical and knowledge intensity of products.

23. OEC calculations. ECI measures the knowledge intensity of an economy by considering the knowledge intensity of the products it exports. An up-to-date ranking of countries against ECI is available at: https://oec.world/en/rankings/country/eci/.

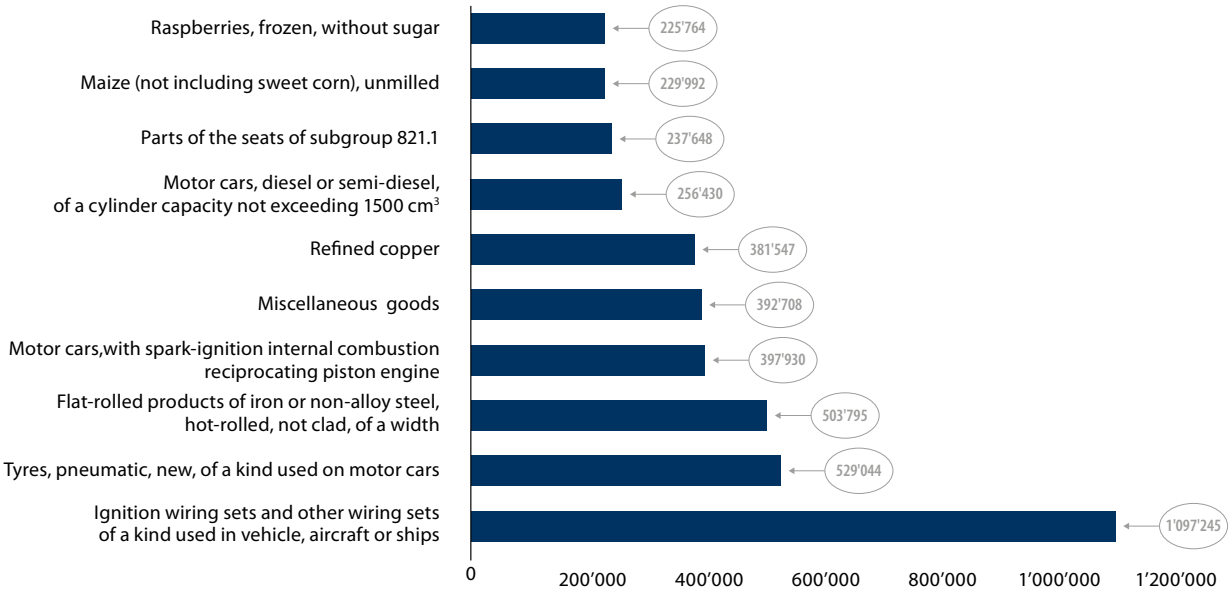
24. An empirical application of the definition of comparative advantage, the RCA index is based on the idea that if a country exports more than the global average exports of a specific product, then said country has a comparative advantage in that product and RCA carries a value greater than 1. Serbia's top 10 exports with high RCA scores is available at https://oec.world/en/profile/country/srb/.

Table 1.2 Serbia: Top 10 knowledge-intensive products, 2018

Products (Harmonized System) HS4	PCI
Tools for working by hand, non-motor electric	1,65
Sharpening, honing, lapping, grinding machine tools	1,64
Self-adhesive plates, sheets, film etc. made of plastic	1,55
Machinery, non-domestic, involving heating or cooling	1,43
Moulds for metals (except ingot) plastic, rubber, etc.	1,42
Pumps for liquids	1,38
Machinery for paper pulp, paper, and paperboard making	1,37
Air, vacuum pumps, compressors, ventilating fans, etc.	1,21
Rubberized textile fabric, except tyre cord	1,19
Chains and parts thereof, of iron or steel	1,18

Source: Observatory of Economic Complexity (https://oec.world/).

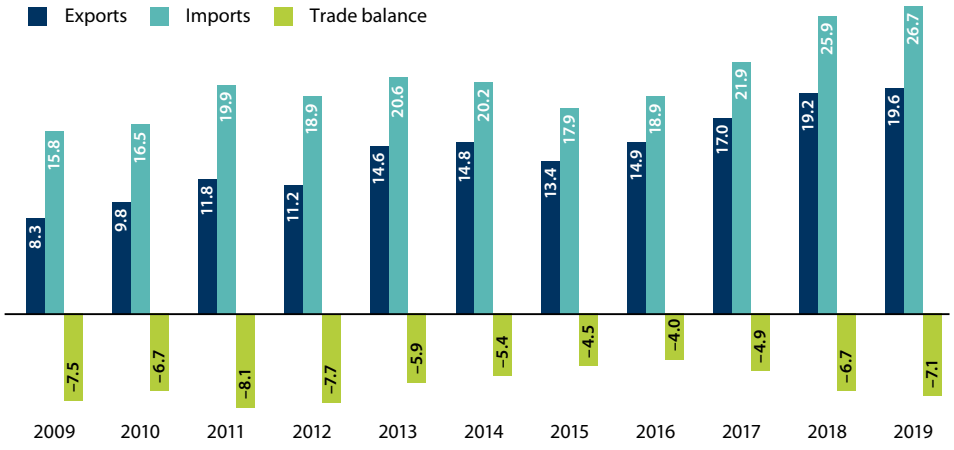
Figure 1.5 Serbia's Top 10 exports, 2018 (in thousands of United States dollars)



Source: Statistical Office of the Republic of Serbia.

Nonetheless, like in many transition economies, imports have been outstripping export growth. As shown in Figure 1.6, Serbia has managed to achieve consistent reductions in its trade deficit over the period 2012-2017, as enterprises carved themselves a niche in EU markets.[25] Most successful were enterprises engaged in agriculture, which have been registering a trade surplus since 2005.[26]

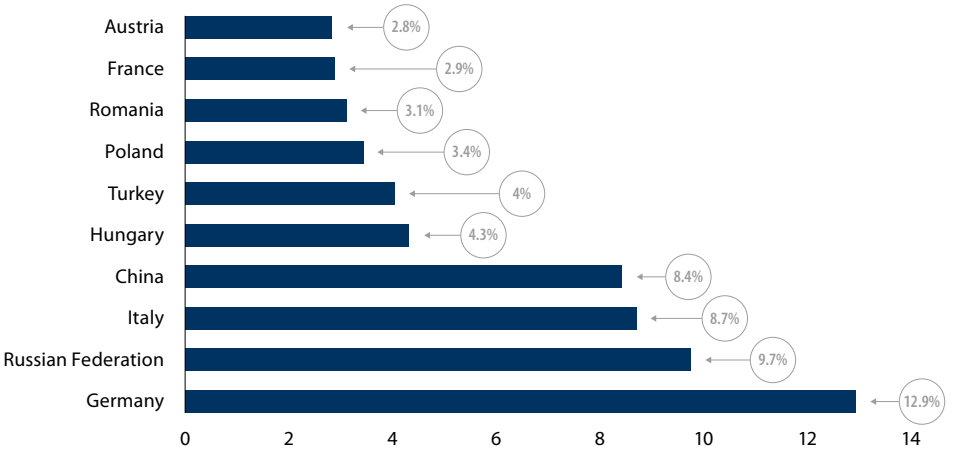
Figure 1.6 Serbia's trade balance (in billions of United States dollars)



Source: Statistical Office of the Republic of Serbia.

However, Serbia's continued reliance on international markets, particularly Germany, China and the Russian Federation for satisfying local demand for petroleum, consumer goods and raw materials (Figure 1.7). This has been exerting upward pressures on its trade deficit that has been assuming an increasing trend since 2018 (Figure 1.6).

Figure 1.7 Serbia's Top 10 supply sources, 2019 (Percentage share in total imports)



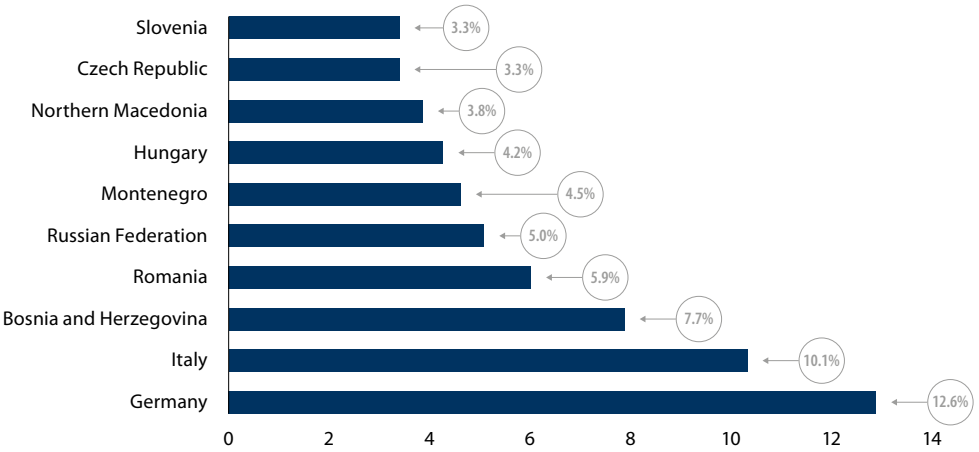
Source: Statistical Office of the Republic of Serbia.

25. Statistics by the European Commission, show Serbia's exports to the EU more than tripled over the past decade from EUR 3.3 billion in 2009 to EUR 11.2 billion in 2019 (https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_serbia_en.pdf).

26. SORS (https://data.stat.gov.rs/Home/Result/170303?languageCode=en-US).

The challenge is how best to consolidate achievements to date with new exports and trade partners in a manner that creates new impetus for inclusive and sustained structural transformation. As shown in Figure 1.8, although the period since 2006 has seen Serbia triple its exports to the EU,[27] the country is yet to diversify its trade partners, with Germany and Italy accounting for the largest share of total exports.

Figure 1.8 Serbia's Top 10 export markets, 2019 (Percentage share in total exports)



Source: Statistical Office of the Republic of Serbia.

1.1.3 Challenges and emerging opportunities

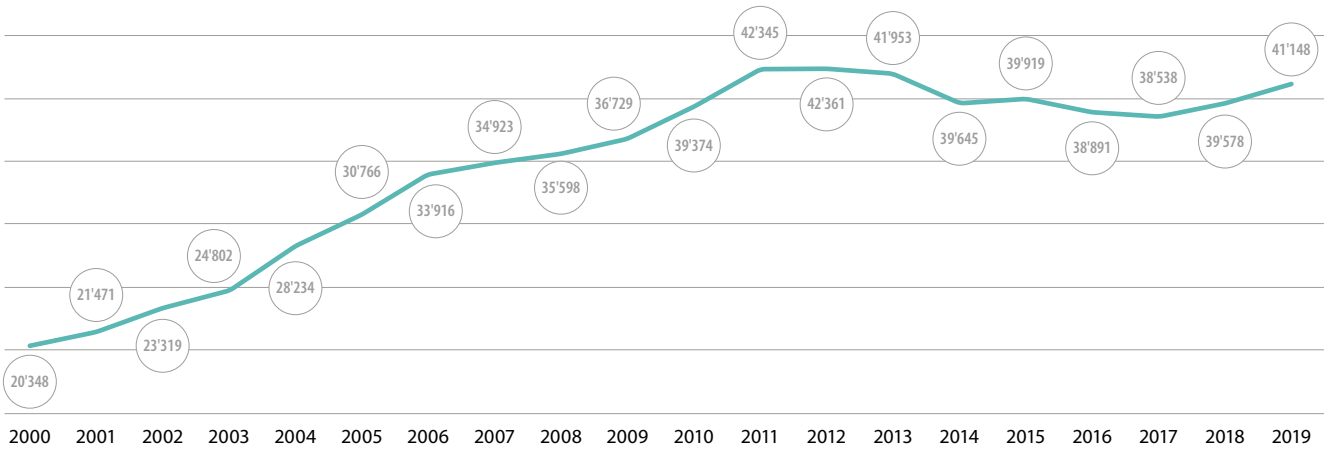
The previous sections show that the Government of Serbia has registered significant achievements in generating an inclusive trade-led growth. Trade policy has been geared towards creating new growth opportunities through tariff reduction and the harmonization of non-tariff measures (NTMs), with investment policy focused on attracting and facilitating FDI inflows and industrial policy focused on supporting industrial development.

This multi-faceted approach enabled Serbia to register an impressive export performance record, with export growth underpinned by increased specialization in knowledge-intensive activities with high value-added benefiting from foreign investments. However, evidence suggests that more could be done to maximize the trickle-down effects of trade reforms to MSMEs that account for 99 per cent of active enterprises.[28]

27. Data on Serbia's trade with the EU since 2004 is available at the European Commission's institutional website at: https://madb.europa.eu/madb/statistical_form.htm.

28. Statistical Office of the Republic of Serbia, Statistical Yearbook 2019 (https://publikacije.stat.gov.rs/G2019/PdfE/G20192052.pdf).

Figure 1.9 Output per worker, Serbia – Purchasing power parity (GDP constant 2011 international USD)



Source: International Labour Organization.

Available statistics show that only 11.6 per cent of small and medium enterprises were engaged in export activities in 2015; of which only 3.3 per cent were engaged on a continuous basis.[29] Moreover, MSMEs appear to be mainly involved in low value-added activities, evidenced by the country's lagging labour productivity levels, which at USD 41,148 per worker in 2019, is well below the Eastern Europe and Southern Europe region's average (Figure 1.9).[30] ILO 2019 estimates put labour productivity averages in Eastern Europe and Southern Europe at USD 50,510 and USD 78,891, respectively.

The low level of the MSMEs' productivity cannot be explained in isolation of the limited investments in science and research, which represented 0.93 per cent of GDP in 2018. This low investment level is partly explained by the private sector's limited contribution, which accounts for only one third of Serbia's investments in research.[31]

In addition, poverty and income equality continue to be a challenge. Around 26 per cent of the population were found at risk of poverty in 2017 compared to 25 per cent in 2014.[32] When taking into account those living in severe material deprivation and in households with low work intensity, the percentage of population at risk of poverty or exclusion becomes higher and was estimated at 36.7 per cent in 2017.[33]

29. Bobić, Danijela (2015) "International Competitiveness of Small and Medium-sized Enterprises", Center for Advanced Economic Studies (CEVES) Business & Finance Magazine, 29 December; available at: https://ceves.org.rs/category/media_corner/

30. ILO estimates (https://ilostat.ilo.org/data/). ILO measures labour productivity in terms of output per worker (GDP constant 2011 international PPP).

31. European Commission, Serbia 2019 Report, staff working document accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2019 Communication on EU Enlargement Policy; available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-serbia-report.pdf

32. In Serbia, the "at risk of poverty" threshold amounts to 15,600 Serbian dinars (RSD) per month for a single person household; RSD 28,080 per month for a household with two adults and one child below 14 years old; and, RSD 32,760 per month for a four-member household with two adults and two children below 14. The at-risk-of-poverty rate is one of the three indicators set out in the EU 2020 Strategy for measuring poverty and social exclusion. The remaining two indicators are the percentage of population under the age of 60 living in households with very low work intensity and the percentage of population living in sever material deprivation. For further details see SORS 2017 report on poverty and inequality in Serbia; available at: http://publikacije.stat.gov.rs/G2018/PdfE/G20181345.pdf.

33. Low work intensity is defined as the number of persons living in a household where the members of working age worked less than 20 per cent of their total potential during the previous 12 months. For further details see SORS 2017 report.

Serbia's Gini index was estimated at 37.8 points in 2017, [34] and income inequality appears to be structural in that it is caused by an urban-rural gap in living standards, as well as by high-level unemployment among the youth. Unemployment among the youth (aged 15–24 years) was 27.5 per cent in 2018, more than double the overall unemployment rate of 10.4 per cent.[35]

This means that higher income levels, while providing a strong impetus for lifting the disadvantaged out of poverty, would be insufficient for addressing the problem of income inequality.[36] The implication is that efforts should focus on furthering structural transformation, including in the industrial sector, in a two-pronged approach that targets both labour- and capital-intensive activities. Given the important contribution of FDI to Serbia's economic development, special emphasis should be accorded to better integrating foreign and transnational corporations into the country's production networks to multiply spin-off benefits.

Trade policy, particularly non-tariff measures (NTMs), has an important role to play in this respect. By virtue of underpinning end to end supply chain activities, these measures set the context for the enterprises' ability to achieve economies of scale and scope. This study highlights avenues for increasing the contribution of NTMs to sustainable and inclusive structural transformation in Serbia by supporting the removal of regulatory and procedural barriers to trade in goods. It provides action-oriented recommendations, which carry significant bearing on the achievement of the 2030 global sustainable development goals (SDGs), particularly in relation to leveraging NTMs for structural transformation (SDG 8), job creation (SDG 9) and partnerships for the goals (SDG 17).

1.2 Methodology

The UNECE evaluation methodology features actor-oriented questionnaires, geared to ascertaining regulatory and procedural trade barriers both behind and at the border. The questionnaires focus on: (a) trade facilitation measures; (b) the national quality infrastructure system embodied in standardization policies, technical regulations, quality assurance, accreditation and metrology (SQAM); and (c) trade-related infrastructure, including transport and logistics.[37] Below is a brief discussion of the concepts and analytical parameters that underpin the methodology.

34. For further details see SORS poverty and social inequality indicators, available at: http://publikacije.stat.gov.rs/G2018/PdfE/G20181345.pdf. An in-depth analysis of poverty and inequality by the Government's Social Inclusion and Poverty Reduction Unit is available at: http://socijalnoukljucivanje.gov.rs/wp-content/uploads/2017/09/Poverty-in-the-Republic-of-Serbia-for-the-Period-2006-%E2%80%93-2016-%E2%80%93-Revised-and-New-Data.pdf.

35. SOR (2020) Statistical Pocket Book of the Republic of Serbia-2020; available at: https://publikacije.stat.gov.rs/G2020/PdfE/G202017013.pdf.

36. Empirical evidence shows that income growth is not necessarily correlated with inequality in a cause-effect relation. Income growth can reduce or exacerbate inequality; in the sense that growth spells can be accompanied by rising inequality, so that the positive impact of income growth on poverty reduction is effectively undermined. UNCTAD (2012) Trade, Income Distribution and Poverty in Developing Countries: A Survey; available at: https://unctad.org/en/PublicationsLibrary/osgdp20121_en.pdf.

37. The UNECE evaluation methodology is available online at: https://www.unece.org/tradewelcome/studies-on-regulatory-and-procedural-barriers-to-trade.html.

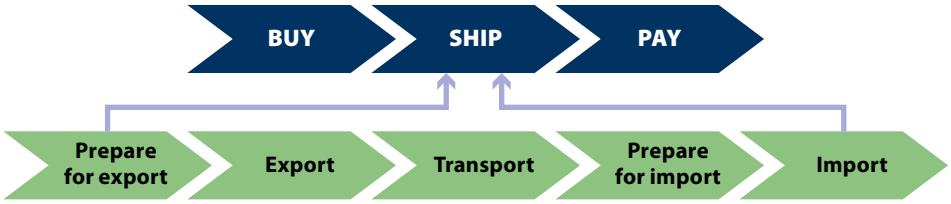
1.2.1 Analytical parameters

The analysis of trade facilitation conditions is based on the UN/CEFACT Buy-Ship-Pay (BSP) reference model, which provides a system-based conceptualization of international trade transactions.[38] These transactions are treated as proceeding along a single continuous process, which is spread across the three main operations carried out by traders:

- **BUY** – the conclusion of trade terms and the establishment of sales contract.
- **SHIP** – the physical transfer of the goods, and the regulatory procedures related to official controls.
- **PAY** – the payment transactions (the claim for the payment in the case of exports, and the payment for the purchased goods in the case of imports).

As shown in Figure 1.10, the business processes are conceived as a chain of logically sequenced activities to establish commercial contracts, arrange for the inland and cross-border transportation of goods, complete export and import formalities and secure payments.

Figure 1.10 UNECE international supply chain Buy-Ship-Pay reference model



Commercial procedures	Transport procedures	Regulatory procedures	Financial procedures
• establish sales contract • order goods • advise on delivery • request payment	• establish transport contract • collect transport and deliver goods • provide waybills, goods receipts status reports	• obtain import/ export licenses • provide customs declarations • provide cargo declarations • apply trade security procedures • clear goods for import/export	• provide credit rating • provide insurance • provide credit • execute payment • issue statements

38. UN/CEFACT Recommendation 18 "Facilitation Measures Related to International Trade Procedures"; available at: https://unece.org/fileadmin/DAM/cefact/recommendations/rec18/Rec18_pub_2002_ecetr271.pdf.

In order to identify capacity shortfalls undermining overall end-to-end value chain operations, the main supply chain actors targeted by the questionnaires are traders, public officials, transport operators, logistical service providers[39] and market support institutions. Actors are assessed in terms of their contribution to increasing the efficiency, transparency and predictability of trade, as opposed to their functional performance.[40] Attention is also given to trade documents and procedures, which are measured against key trade facilitation principles, including transparency, communications, consultations and cooperation; simplification, practicability and efficiency; non-discrimination, consistency, predictability and due process; harmonization, standardization and recognition; and the use of modern information and communication technology (ICT) systems.[41]

The insights emerging from the actor-oriented questionnaires are complemented by a sector-focused assessment of regulatory and procedural barriers to trade, using the UNECE/ESCAP Business Process Analysis (BPA) methodology.[42] The methodology applies the Unified Modelling Language, which uses internationally recognized standard graphical notations for mapping the day-to-day activities carried out under the Buy-Ship-Pay categories. The aim is to capture:

- Quantitative (time/money) and qualitative impacts of regulatory and procedural barriers
- Shortfalls in transport and logistical services
- Shortcomings in the country's SQAM system
- Shortfalls in public-private sector consultative mechanisms
- Key policy issues with direct bearing on the traders' performance
- Alternative options for addressing the identified regulatory and procedural barriers
- Capacity-building needs of State agencies, traders, transport sector, logistics service providers.

The results of the BPA could serve as a basis for the following:

- Analysing data requirements and data flow
- Developing standardized data
- Designing improved export processes
- Designing a prototype Single Window entry form
- Designing a prototype Single Window entry system
- Deciding on the necessary infrastructure and logistics services to be developed
- Designing appropriate laws and market-support institutions

To take the analysis a step further, the study uses the product life cycle approach to ascertain capacity shortfalls within the SQAM system. As shown in Figure 1.11, regulations and institutions are assessed in terms of their impact on product design, placement on the market and eventual distribution.

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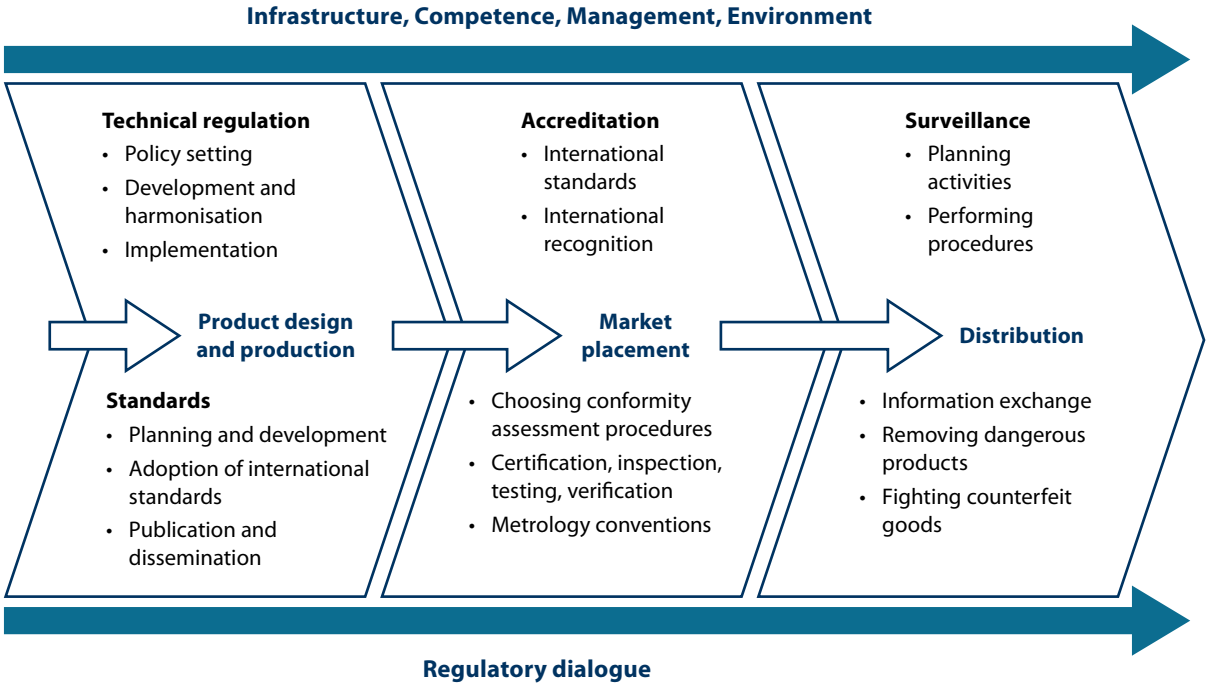
39. Only transport operators and logistical service providers with extensive services and broad geographic coverage are interviewed.

40. UN/CEFACT Recommendation 18 "Facilitation Measures Related to International Trade Procedures"; available at: https://unece.org/fileadmin/DAM/cefact/recommendations/rec18/Rec18_pub_2002_ecetr271.pdf.

41. UNECE (2006). Towards an Integrated Strategy for UN/CEFACT, Geneva, Switzerland.

42. http://tfig.unece.org/contents/unnext-guide-bpa.htm.

Figure 1.11 Product life cycle and regulatory system processes



1.2.2 Concepts and terminology

The concept of "trade facilitation" and the terms covered under SQAM are to be understood as follows:

- **Trade facilitation** refers to the extent to which import/export procedures, information and documentation requirements are rationalized, harmonized, simplified, streamlined and automated to reduce transaction costs and increase overall efficiency and transparency.
- A **Standard** refers to a technical specification approved by a recognized national, regional or international standardization body and made available to the public for repeated or continuous application. Conformity with standards, which are developed by public or private entities, is voluntary.[43] When a standard is referenced in legislation (as a basis for technical regulation), it becomes mandatory. **Standardization policies** refer to policy documents and legislation concerned with the formulation, publication and implementation of guidelines, rules and specifications associated with the characteristics of products, such as their size, shape, design, functions and performance, or the way they are labelled or packaged before being placed on the market.
- **Technical regulations** are defined, pursuant to the Agreement on Technical Barriers to Trade (TBT), as documents which set out "product characteristics or their related processes and production methods, including the applicable administrative provisions, compliance with which is mandatory. These may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method". Technical regulations are mandatory.

43. The study focuses only on public standards and the policies associated with their development.

- **Conformity assessment**, pursuant to the Agreement on TBT, relates to the procedures used, directly or indirectly, to establish that relevant requirements under technical regulations are fulfilled. Conformity assessment can be set up as voluntary "self-regulation" or mandatory schemes.[44]
- Related to conformity assessment is accreditation, which refers to, among other things, independent evaluation of testing and calibration laboratories, management systems, and inspection bodies, to confirm compliance with internationally recognized standards and requirements for risk reduction purposes.
- **Metrology**, traditionally known as "weights and measures", is the science of measurement. Together with standardization, accreditation and conformity assessment, it is one of the essential pillars of national quality infrastructure. Scientific and industrial metrology is crucial for establishing and disseminating measurement units and providing the necessary tools to support the measurements needed by industry. Legal metrology ensures the credibility of measurements and measuring instruments in regulated areas of trade, health, safety and environment. It is essential not only for consumer protection but also for protecting export revenues and official measurements.

1.3 Scope of the study

The study focuses on strategic non-resource-based sectors, which were selected in consultation with the Ministry of Trade, Tourism and Telecommunications, based on their contribution to exports. Listed using the Standard International Trade Classification (SITC) Revision 3 (top level), these sectors include: Food and live animals.

- Beverages and tobacco
- Chemicals and related products
- Manufactured goods classified chiefly by material
- Miscellaneous manufactured articles

The regulatory and procedural barriers to trade were identified using actor-oriented questionnaires targeting supply chain members.[45] These were approached in late 2018–2019 by UNECE national and international consultants in face-to-face interviews and are listed below.

Traders

In-depth face-to-face interviews were carried out with 61 traders who represented MSMEs from across the country. The traders were engaged in strategic sectors, including those with a major contribution to exports as well as sectors with export potential, which were identified in consultation with the Government. The majority (95 per cent) represented private enterprises and belonged to manufacturing enterprises. Their views and concerns are, therefore, pertinent for gaining a better understanding of prevailing regulatory and procedural barriers to trade and their impact on the achievement of the 2030 SDGs.

44. The study focuses only on mandatory conformity assessment schemes.

45. Only transport operators and logistical service providers with extensive services and broad geographic coverage were interviewed.

Ministries and State agencies

- Ministry of Trade, Tourism and Telecommunications
- Ministry of Finance
- Ministry of Economy
- Ministry of Agriculture, Forestry and Water Management
- Institute for Standardization of Serbia
- Accreditation Body of Serbia
- National Metrology Institution
- Serbian Customs Administration

Market support institutions and logistics service providers

- Customs brokers
- Freight forwarders

1.4 Outline of the study

The study is divided into six chapters. The introduction in Chapter 1 is followed by the profile of the interviewed traders in Chapter 2 that sets the context for the analysis. Chapter 3 provides an assessment of trade facilitation conditions in the country and leads to an examination of the institutional bottlenecks facing State agencies involved in the areas of technical regulation, standardization and conformity assessment in Chapter 4.

Chapter 5 captures the interplay between the identified regulatory and procedural trade barriers and export diversification. Chapter 6 provides concluding remarks and action-oriented recommendations for the Government's consideration. The recommendations are also mapped to the SDGs to which they contribute, with a view to providing the Government with evidence-based indicators for monitoring progress in implementing the 2030 Agenda.

In addition, upon the request of the Government, a thorough analysis was made of regulatory and procedural barriers to increasing exports of fresh fruit using the BPA methodology. The results of the analysis, which was concluded in 2019, is provided in the appendix along with proposed recommendations for the Government's consideration.

Chapter Two

Traders' profile

2.1 Location and size

Mirroring the overall national trend of enterprise geographic distribution,[46] the interviewed traders were concentrated in the regions of Vojvodina, Šumadija and Western Serbia, and Belgrade. The three regions were home to 90 per cent of the interviewed traders, with the region of Southern and Eastern Serbia accounting for the remaining 10 per cent (Figure 2.1). In terms of cities, Belgrade, Serbia's capital and industrial hub, was the location of choice for the largest segment of the interviewed traders (Figure 2.2).

Figure 2.1 Surveyed enterprises, by region (Percentage share)

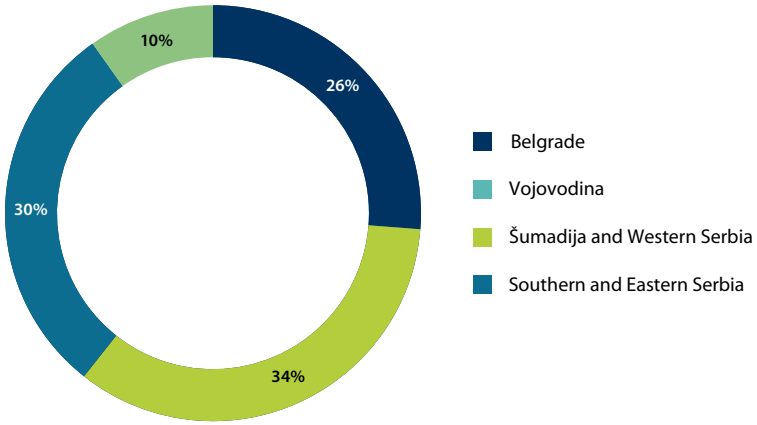
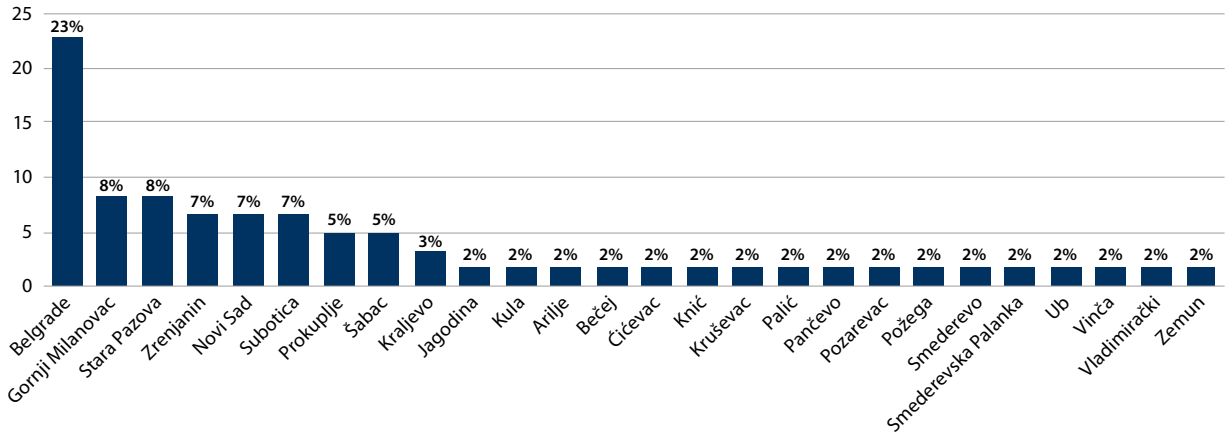


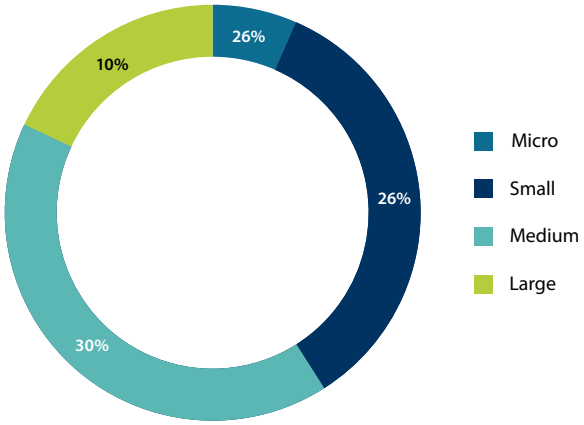
Figure 2.2 Surveyed enterprises, by city (Percentage share)



Source: UNECE Survey of Serbian traders.

46. According to the most recent official statistics, 45 per cent of the registered enterprises were in Belgrade in 2017. The region of Vojvodina was home to 25 per cent, while the regions of "Šumadija and Western Serbia" and "Southern and Eastern Serbia" accounted for 18 per cent and 11 per cent of the registered enterprises, respectively. SORS Statistical Yearbook 2018.

Figure 2.3 Surveyed enterprises, by size (Percentage share)



Source: UNECE Survey of Serbian traders.

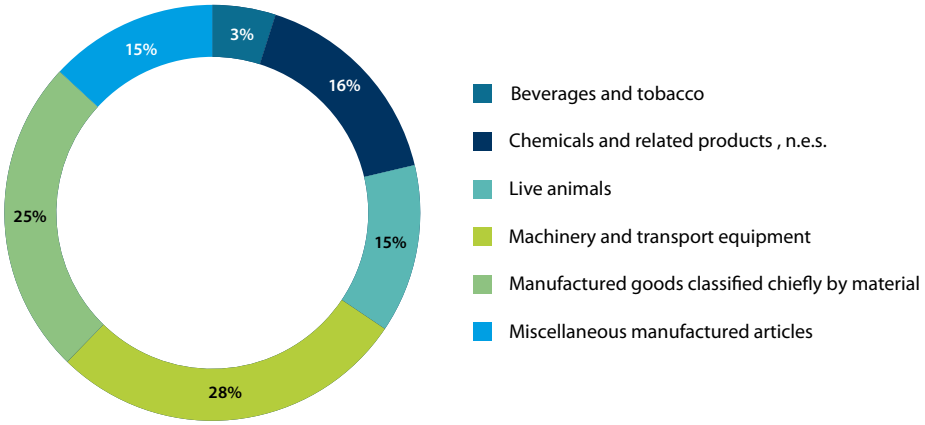
As shown in figure 2.3, the traders represented medium-sized enterprises, employing 250 persons and above (41 per cent). Traders representing small enterprises employing between 10 and 49 persons represented the second largest segment (34 per cent), followed by those representing large enterprises employing 500 persons and above (18 per cent). Traders representing microenterprises employing fewer than 10 persons, made up the remaining balance (7 per cent).

2.2 Activities

As shown in figure 2.4, most of the traders represented enterprises engaged in machinery and transportation. Manufactured goods classified chiefly by material were the activities of choice for the second largest segment. The remaining enterprises were engaged in chemicals and related products, live animals, miscellaneous manufactured articles and beverages.

The traders represented enterprises heavily engaged in export and import activities, and around 87 per cent were also involved in production. As shown in annex 1 (Table A1.1), the enterprises manufactured 139 products, of which only 10 were semi-final.

Figure 2.4 Surveyed enterprises, by sector (Percentage share)

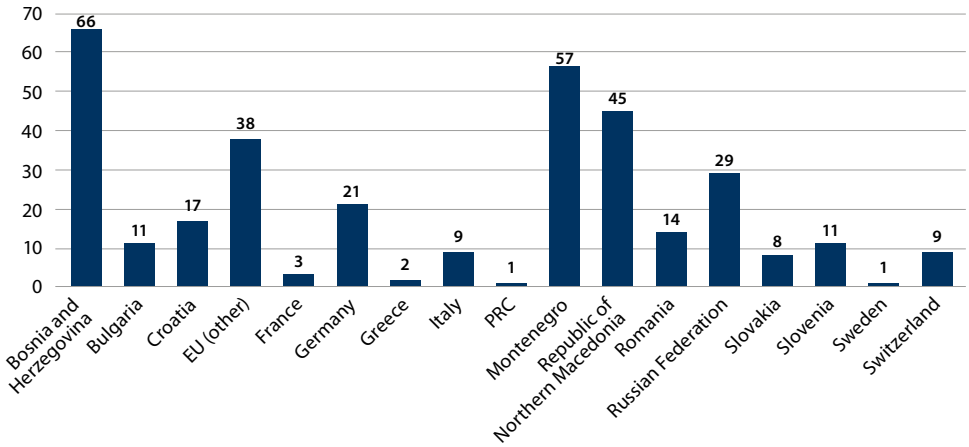


Source: UNECE Survey of Serbian traders.

2.3 Export, import and trading partners

The traders exported 117 products to over 46 countries across the globe (Annex 1, Table A1.2), with Bosnia and Herzegovina, Montenegro and North Macedonia standing as the main destination markets, followed by EU countries and the Russian Federation (Figure 2.5).

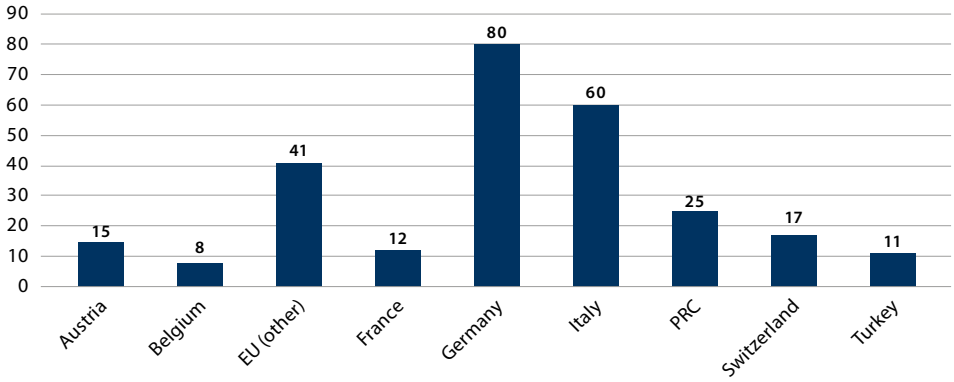
Figure 2.5 Surveyed enterprises' main export markets (Number of products)



Source: UNECE Survey of Serbian traders.

On the import side, the traders sourced 134 products, including consumer goods, machinery, and transport equipment (Annex 1, Table A1.3). As shown in figure 2.6, most of the products were sourced from Germany, Italy, other EU countries and China.

Figure 2.6 Surveyed enterprises' main supply sources (Number of products)



Source: UNECE Survey of Serbian traders.

2.4 Transport modes of choice

Trucks constituted the traders' transport mode of choice, and around 61 per cent reported using their own fleets for undertaking the entire journey. Trucks were also used in combination with maritime transport for dispatching cargo to/from distant markets using the port facilities in neighbouring countries. To be more specific, trucks were used for transporting outbound cargo (exports) to the gateway ports of Antwerp (Belgium), Bar (Montenegro), Hamburg (Germany), Koper (Slovenia), Rijeka (Croatia), Rotterdam (Netherlands) and Thessaloniki (Greece). These ports, along with the port of Constanta (Romania), were also used by traders for shipping inbound cargo (imports).

Rail was used by a few traders to transport goods to/from a few countries (Italy, North Macedonia and Slovakia) and, in combination with maritime, to transport goods to/from/via Croatia, Montenegro and Slovenia. Transport by air was used only on a limited basis for shipping small packages, given its high costs.

The traders' transport modes are consistent with the national trend. Road freight has been replacing railways as the Serbian trading community's preferred transport mode of choice for the past few years.[47] This trend is likely to be reversed (with railways regaining market shares) upon the completion of the ongoing transport development initiatives.[48]

47. The volume of freight transported by road increased by 25.5 per cent during the first half of 2019 from 5,825 to 7,309 thousand tons in relation to the same period in 2018, while the operation volume increased by 29.5 per cent from 3,036 to 3,931million ton-kilometres (tkm). In contrast, freight transported by rail decreased by 6.3 per cent from 6,101 to 5,741 thousand tons during the same period, while operation volume decreased by around 12 per cent from 1,593 to 1,403 million ton-kilometres (tkm). For details see, SORS statistical releases "Total Transport of Passengers and Goods"; and, "Total Transport of Passengers and Goods, 2016 and 2017" available at: https://www.stat.gov.rs/en-us/oblasti/saobracaj-i-telekomunikacije/.

48. An overview of ongoing transport development efforts is provided in the next chapter (Section 3.5).

Chapter Three

Trade facilitation conditions

3.1 Introduction

Consistent with its strive to consolidate a competitive market-based economy, the Government has been intensifying efforts to remove unnecessary trade barriers. As well as reducing tariffs[49] and value-added tax (VAT)[50], it has removed trade restrictions, except for products posing health and security risks. Such products (which include certain pharmaceutical substances, antiques, works of art, precious metals, arms and munitions, dual-use goods,[51] endangered species of wild fauna and flora and waste and ozone-depleting substances) are subject to specific control measures in line with Serbia's commitments under trade agreements and international treaties and conventions.[52]

The removal of trade restrictions has been complemented by targeted efforts to standardize, simplify and harmonize customs clearance procedures following internationally recognized best practices as established under the World Customs Administration (WCO),[53] the SAA and the WTO Agreement on Trade Facilitation. These efforts are established in consultation with the private sector within the context of the National Coordinating Body (NCB) for Trade Facilitation[54] and its working groups (Box 3.1).

49. Customs duties on imports range between 0 to 30 per cent of the declared customs value depending on the product and source. These rates are ad valorem (with certain exceptions) and are imposed on goods originating in countries which have Most Favored Nation (MFN) status with Serbia. The most heavily taxed goods are tobacco, arms and munitions, with the highest rate (57.6 per cent) imposed on cigarettes containing tobacco. Goods subject to customs duty are provided in the Law on Customs Tariff and the Regulation on Harmonization of Customs Tariff Nomenclature for 2018 (http://www.upravacarina.rs/cyr/PoslovnaZajednica/Stranice/Carinskatarifa.aspx); Decision on the conditions and manner of reducing the customs duties on certain goods and exemption of certain goods from customs duties; Decision on the conditions for reducing the customs duties on certain goods; and, Decision on Seasonal Customs Duty Rates on the Import of Certain Agricultural Products.

50. VAT is set at 20 per cent for non-essential products and at 10 per cent for essential agricultural and food products (e.g. bread, flour, milk and dairy products, sugar, edible oil from sunflower, corn, soya, rape seed, olives, animal or plant origin fat, honey, frozen, processed, fresh fruits and vegetables, meat and meat products, fish, eggs, grains, oilseeds, sugar beet, seeds, planting material, cattle feed, pesticides and fertilizers).These rates are consistent with the EU Sixth Directive (https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:31977L0388).

51. Serbia's list of dual-use goods subject to control measures is aligned with the EU regime on exports, transfer, brokering and transit. Serbia also aligned its national control list of arms and military equipment with the Common Military List. European Commission, Serbia 2019 Report, staff working document accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 2019 Communication on EU Enlargement Policy; available at: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-serbia-report.pdf.

52. Serbia a signatory of the Aarhus Convention and the International Plant Protection Convention (IPPC) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). It is also a member UN Convention on Biological Diversity.

53. SCA responses to the UNECE questionnaire, received on 11 February 2020. An updated list of signatories to the WCO conventions is available at: http://www.wcoomd.org/en/about-us/legal-instruments/conventions.aspx.

54. Detailed information is published on NCB's institutional website at: https://nktot.mtt.gov.rs/en/.

Box 3.1 National Coordinating Body for Foreign Trade Facilitation

- Coordinates the implementation of reform efforts to ensure consistency with the requirements of the WTO Agreement on Trade Facilitation, as well as internationally recognized standards, recommendations and best practices.
- Proposes and participates in the development of trade facilitation reform initiatives and measures.
- Advises ministries and other authorities and organizations on trade facilitation issues and coordinates the exchange of information on trade activities.
- Keeps the business community and the general public abreast of reform plans and initiatives for facilitating foreign trade.
- Promotes proper addressing of the business community's needs, drawing on international best practices.

Source: SCA responses to the UNECE questionnaire, received on 11 February 2020.

Recent reforms involved the introduction of the Authorized Economic Operator (AEO) programme in September 2014. As shown in box 3.2, the programme, which draws on the EU model, certifies AEOs (subject to certain criteria) for: (a) customs simplification; (b) security and safety; or, (c) for simplification, security and safety.

Box 3.2 Serbia's Authorized Economic Operator programme

Eligibility criteria for obtaining AEO status (in Serbian, *Ovlašćeni Privredni Subjekat, OPS*)*

- Absence of serious breach or repeated violations of customs and tax regulations, including the absence of criminal offences.
- Advanced system of managing commercial and, where appropriate, transport records which allow appropriate customs controls.
- Financial liquidity. Financial liquidity shall be considered proven if the applicant is in good financial condition which enables fulfilment of obligations, considering its business activities.
- Authorizations for customs simplifications require expertise knowledge of, and practical experience in implementing best practices in trade facilitation.
- With regard to safety and security approvals, applicants must demonstrate knowledge of, and experience in implementing relevant safety and security standards throughout the international supply chain, including the logistical operations, proper handling of perishable and other types of special goods, vetting staff and identifying business partners.

Benefits

- Easier admittance to customs simplifications.
- Reduced data set for entry and exit summary declarations.
- Prior notification of AEO when, as a result of security and safety risk analysis, the consignment has been selected for further physical control.
- Reduced physical and document-based controls.
- Priority treatment of consignments if selected for control.
- Choice of the place of controls.

* New Customs Law (Article 28).

Source: SCA responses to the UNECE questionnaire, received on 11 February 2020.

Other simplifications include the pre-arrival clearance and expedited shipment procedures, which, just like the AEO scheme, are consistent with the WTO Agreement on Trade Facilitation.[55] Pre-arrival clearance enables traders to submit the import declarations and associated documentary requirements in electronic format prior to arrival of their consignment (i.e. advance lodging of information prior to presenting goods to customs), while the expedited shipment procedure speeds up the release of goods shipped by air. These new measures, which were introduced in November 2018, come in addition to the simplified declaration[56] and the local clearance procedure.[57]

The above measures were paralleled with a focus on setting up the legal basis for the use of electronic documents, with the adoption of the law "On Electronic Document and Digital Signature" in January 2018.[58] The law, which is in line with the EU Regulation on electronic identification and trust services (eIDAS Regulation), sets out the basic requirements for fulfilling the principles of authenticity, integrity and legibility of electronic documents.[59]

Trade facilitation efforts gained new impetus in December 2018 with the adoption of the new Customs Law to mark Serbia's harmonization of its customs procedures with the EU Union Customs Code (UCC).[60] The law, which was implemented in 2019, ushered in further simplification, standardization and streamlining of customs procedures, including centralized customs clearance[61] and self-assessment.[62]

Moreover, in 2020, preparations were under way to develop a Single Window (SW) facility within the context of a 5-year implementation plan. The facility is consistent with the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Recommendation 33.[63] SCA officials explained that the SW will connect all relevant State agencies and supply chain actors (e.g., traders) using international standards. In this regard, they referred to ongoing preparations for implementing the most recent version of the World Customs Organization (WCO) Customs Data Model,[64] and introducing the EU's unified Automated Import System (AIS) and Automated Export System (AES).

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55. WTO Agreement on Trade Facilitation, Articles 7.1, 7.7 and 7.8.

56. Under the simplified declaration procedure, the AEO submits the declaration in two phases. The first involves submitting an initial declaration containing basic information, while the second involves submitting a supplementary declaration within a certain period following the release of goods.

57. Under the local clearance procedure, the AEO can carry out clearance in on premises or other designated facilities approved by customs (i.e., warehouse) without carrying out the customs formalities at the customs office.

58. https://mtt.gov.rs/download/1(2)/Law%20on%20electronic%20document%20electronic%20identification%20and%20trust%20services%20in%20electronic%20business.pdf.

59. As per the law on Electronic Document and Digital Signature, an electronic signature shall not be denied legal effect and admissibility as evidence in legal proceedings solely on the grounds that it is in an electronic form. The law defines three types of electronic signatures (standard electronic signature, advanced electronic signature, and qualified electronic signature) and sets the requirements for trust services. It is in line with EU Regulation No. 910/2014 (eIDAS Regulation), which replaces the eSignature Directive (1999/93/EC) and establishes an EU-wide legal framework for electronic signatures and a range of newly defined electronic "trust services".

60. The new Customs Law was adopted by Parliament in December 2018. The law entered into force in June 2019.

61. Centralized clearance authorizes a holder to lodge at the customs office where he is established, a customs declaration for goods which are presented at another customs office within the customs territory of the Union (https://ec.europa.eu/taxation_customs/sites/taxation/files/01_taxud_ucc_customs_procedures_and_customs_declarations_quick_info_en.pdf).

62. Self-assessment allows an economic operator to carry out the following customs formalities that normally are carried out by the Customs Authority: (a) to determine the amount of import and export duty payable; and (b) to perform certain controls under customs supervision. Ibid.

63. As established under UN/CEFACT Recommendation No. 33, a SW is "a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single-entry point to fulfil all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once".

64. SCA is using version 2.0 of 2005. SCA responses to UNECE questionnaire, received on 11 February 2020.

SCA, which will be assuming the lead role in coordinating the development and implementation of the SW facility, accords priority to ensuring continuous staff training as an integral part of reform efforts. The SCA has an in-house Vocational Education and Training Centre that provides training courses to its functional and ICT staff on a regular basis. The courses follow annual plans,[65] aimed at addressing the emerging needs of the 2,873 SCA staff across the different departments and offices, guided by the customs administration's strategic goals and legislation (Box 3.3). SCA staff also participate in training activities for civil servants organized by the National Academy for Public Administration.

Box 3.3 Legislative basis of the SCA Vocational Education and Training Centre (Key laws)

- Law on Civil Servants, Regulation on professional training of civil servants.
- Customs Law.
- Rulebook on the programme, method of taking a special professional exam for customs officer and the records of past exams.
- Regulation on accreditation, method of engagement and compensation of executors and implementers of the professional training programmes in public administration.
- Law on National Academy for Public Administration.
- Rulebook on central record of the professional training programmes in public administration and issuing of certificates of participation in the programme.
- Regulation on professional training through internship.
- Instruction on methodology for determining the needs for professional training in public administration organs.

Source: SCA responses to the UNECE questionnaire, received on 11 February 2020.

The SCA Vocational Education and Training Centre also runs a developed system for testing, training, licensing, accrediting and monitoring customs brokers. Prospective brokers should meet specific criteria relating to their business premises, employees, and (lack of a) criminal record, and must arrange for a minimum financial guarantee. They must also pass theoretical and practical tests administered by the centre, following which they obtain the licence to operate. The licences are issued for an unlimited duration, and the centre can withdraw licences and impose penalties in cases of unsatisfactory performance.[66]

Trade facilitation efforts are paralleled by transport development initiatives to further integrate Serbia into international transport routes (Section 3.5). These initiatives are grounded in regional cooperation arrangements and internationally recognized transport conventions and protocols. As shown in table 3.1, Serbia is signatory to 38 UNECE transport agreements and conventions, which provide a solid basis for transport development and the smooth flow of cross-border trade.

65. See SCA Special Professional Training Programmes (different years) and Teaching Activities (different years); available at: https://www.carina.rs/cyr/Informacije/Stranice/DokumentiIObrasci.aspx.

66. SCA responses to the UNECE questionnaire, received on 11 February 2020. The legislative basis for the centre's licensing and training system is established under the Customs Law (Official Gazette of the Republic of Serbia, no. 95/18) and the Rulebook on the programme and the contents of special professional exam, issuing and withdrawal of license for representation in customs procedure (Official Gazette of the Republic of Serbia, No. 97/10).

Table 3.1 Serbia's participation in UNECE transport agreements and conventions

Area	Agreements and conventions
Infrastructure networks	• European Agreement Concerning the International Carriage of Dangerous Goods by Inland Waterway (ADN) of 26 May 2000 • European Agreement on Main Inland Waterways of International Importance (AGN) of 19 January 1996 • Protocol on Combined Transport on Inland Waterways to the European Agreement on Important International Combined Transport Lines and Related Installations (AGTC) of 1991 of 1997 • European Agreement on Important International Combined Transport Lines and Related Installations (AGTC) of 1 February 1991 • Declaration on the Construction of Main International Traffic Arteries of 16 September 1950 • European Agreement on Main International Traffic Arteries (AGR) of 15 November 1975 • European Agreement on Main International Railway Lines (AGC) of 31 May 1985
Road traffic and road safety	• Convention on Road Traffic of 19 September 1949 • Convention on Road Traffic of 8 November 1968 • Protocol on Road Signs and Signals of 19 September 1949 • Convention on Road Signs and Signals of 8 November 1968 • European Agreement supplementing the 1968 Convention on Road Traffic of 1 May 1971 • European Agreement on the Application of Article 23 of the 1949 Convention on Road Traffic concerning the Dimensions and Weights of Vehicles Permitted to Travel on Certain Roads of the Contracting Parties of 16 September 1950 • European Agreement supplementing the 1949 Convention on Road Traffic and the 1949 Protocol on Road Signs and Signals of 16 September 1950 • European Agreement on Road Markings of 13 December 1957 • Protocol on Road Markings, Additional to the European Agreement supplementing the Convention on Road Signs and Signals of 1 March 1973 • Agreement on Minimum Requirements for the Issue and Validity of Driving Permits (APC) of 1 April 1975
Vehicles	• Agreement concerning the Adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment and Parts which can be fitted and /or be used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions of 20 March 1958
Inland navigation	• Convention on the Measurement of Inland Navigation Vessels of 15 February 1966 • Convention relating to the Unification of Certain Rules concerning Collisions in Inland Navigation of 15 March 1960
Border-crossing facilitation	• Convention concerning Customs Facilities for Touring of 4 June 1954 • Additional Protocol to the Convention concerning Customs Facilities for Touring, relating to the importation of tourist publicity documents and material of 4 June 1954 • Customs Convention on the Temporary Importation of Private Road Vehicles of 4 June 1954 • Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) of 14 November 1975 • Customs Convention on the Temporary Importation for Private Use of Aircraft and Pleasure Boats of 18 May 1956 • Customs Convention on the Temporary Importation of Commercial Road Vehicles of 18 May 1956 • Customs Convention on Containers of 18 May 1956 • Customs Convention on Containers of 2 December 1972 • European Convention on Customs Treatment of Pallets Used in International Transport of 9 December 1960 • International Convention on the Harmonization of Frontier Controls of Goods of 21 October 1982
Dangerous goods and special cargo	• Protocol amending article 1 (a), article 14 (1) and article 14 (3) (b) of the European Agreement of 30 September 1957 concerning the International Carriage of Dangerous Goods by Road (ADR) of 28 October 1993 • European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) of 30 September 1957 • Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for such Carriage (ATP) of 1 September 1970

Source: UNECE.

Serbia is also a party to the EU Convention on the Common Transit Procedure and the Convention on the Simplification of Formalities in Trade of Goods.[67] The former involved joining the EU's New Computerized Transit System (NCTS) in May 2016,[68] which enables electronic submission and processing of transit and TIR (Transports Internationaux Routiers) declarations. Serbia also adopted provisions for the deployment of intelligent transport systems in May 2018. Concrete steps in this direction involved the introduction of an electronic system for tracking cargo transported overland by trucks, with the aim of ensuring the protection Serbia's interests, safety and security, as well as preventing illicit trade, human trafficking and smuggling. The system is managed by SCA, which has taken the necessary steps to ensure seamless implementation (Box 3.4).

Box 3.4 Serbia's intelligent transport system for tracking and tracing shipments by trucks

The intelligent transport system was implemented following media campaigns and a series of information dissemination workshops that were organized by SCA in cooperation with the Chamber of Commerce and Industry to familiarize traders with the procedures for affixing and removing the tacking devices.

SCA has made the necessary arrangements to ensure seamless implementation. This includes establishing a dedicated Command Centre, which operates as an integral part of SCA, to coordinate activities and monitor the daily operations and processes associated with implementing the system.

Officials noted that tracking devices are affixed onto trucks within 1.30 minutes maximum, and their removal, which takes place in designated customs offices upon the trucks return, is supported by "mobile teams". Traders and forwarders were fully briefed about the procedure for contacting the Command Centre should any problems or delays arise.

Source: SCA.

In October 2018, Serbia also took steps to further strengthen regional harmonization, when the Parliament ratified an additional Protocol to the CEFTA Agreement, the Additional Protocol 5 on the Facilitation of Trade, with the aim of harmonizing trade facilitation efforts with CEFTA members.[69] For example, the protocol provides for the mutual recognition of AEO status between CEFTA parties. The Government also developed a single list of fees and charges applicable to export, import and transit trade activities in accordance with the CEFTA Additional Protocol 5 requirements. The single list, which was prepared in late 2019, was duly notified to CEFTA and published on the NCB website.[70]

The assessment brings forward several issues that need to be considered as the Government forges ahead in its reform efforts. This chapter highlights these issues, drawing on a review of relevant legislation, the results of face-to-face interviews with traders, major freight forwarders and customs brokers. The chapter also draws on the written responses from SCA to the UNECE questionnaire.

67. Serbia acceded to the EU Convention on a Common Transit Procedure and the Convention on the Simplification of Formalities in Trade of Goods in February 2016.

68. The NCTS facilitates the movement of goods between the EU Member States, EFTA, North Macedonia and Turkey.

69. The text of the additional protocol is available at: https://cefta.int/legal-documents/#1463498231136-8f9d234f-15f9.

70. https://nktot.mtt.gov.rs/en.

The introduction is followed by an overview of the challenges reported by traders, freight forwarders and SCA. Mirroring the BSP Model, the challenges are divided into three clusters. The first cluster focuses on issues related to the traders' efforts to gaining an understanding of regulatory requirements and associated administrative procedures (section 3.2), while the second covers the most difficult to obtain trade documents (section 3.3). The third cluster comprises challenges associated with customs clearance (section 3.4) and leads to a discussion of challenges to regional cooperation and transit trade (section 3.5).

3.2 Transparency

Serbia's reform measures have been proceeding against a backdrop of continuous improvements in transparency in a manner that is consistent with the WTO Agreement on Trade Facilitation. Key achievements involved institutionalizing public/private consultations over planned reforms within the context of the NCB on Trade Facilitation, prior consultations over draft legislation,[71] and the publication of trade-related rules and administrative procedures[72] on the ministries' and State agencies' websites as well as on the national Gazette.[73]

In addition, most State agencies accord priority to keeping their institutional websites up to date with information on applicable trade legislation and administrative procedures, including those pertaining to technical regulations, documentary requirements, application forms and fees. For instance, the Ministry of Economy keeps the private sector abreast of applied laws and reform initiatives in the areas of standardization, technical regulations, conformity assessment, accreditation and metrology. It maintains an online portal, which provides not only detailed information on relevant laws, but also explanatory brochures for helping enterprises ensure compliance with regulatory requirements and news alerts on upcoming events of interest to the private sector. [74] Supply chain actors also benefit from the SCA hot line, which was established for fielding questions on customs clearance and trade facilitation measures.[75]

71. This is consistent with Article 2 of the WTO Agreement on Trade Facilitation, which stipulates that members should make available information about changes in laws and regulations concerning the movement, release, and clearance of goods in transit, and give parties the opportunity to comment on proposed regulatory changes before they enter into force.

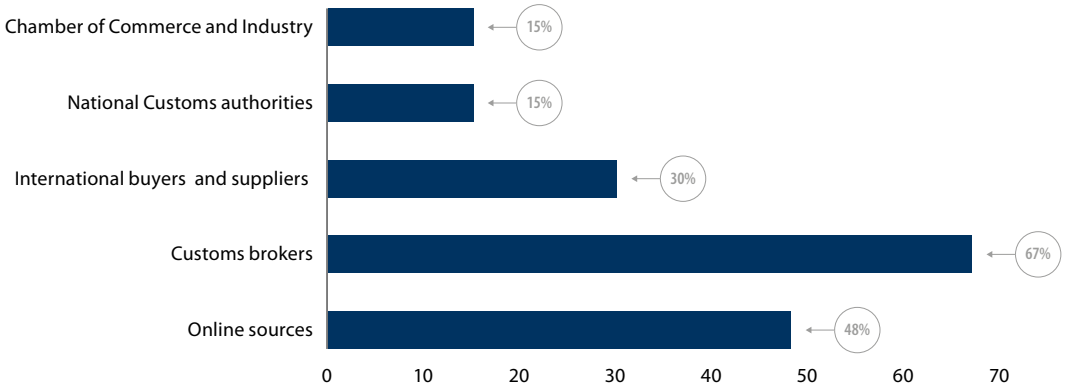
72. This is consistent with Article 1.1 of the WTO Agreement on Trade Facilitation, which stipulates that members shall publish the general trade-related information promptly and in a "on-discriminatory and easily accessible manner.

73. http://www.slglasnik.com/; https://www.pravno-informacioni-sistem.rs/.

74. https://tehnis.privreda.gov.rs/en/Serbian-QI.html. As of June 2020, the Ministry was in the process of updating the English version of the portal.

75. In accordance with Article 11 of the Customs Law, the customs authority, at the request of the interested person/company, provides information on the application of customs regulations. The customs authority maintains regular communication with both small and large companies through workshops, meetings and inquiries, and cooperation with the business community is well developed. The interpretation of customs regulations is equal to small and large companies, and in that sense the size of the company is not affected. For that reason, dividing the organizational units into one that would focus on large companies and one that would focus on smaller ones is not relevant in this case. Further details on this service, named "Open Customs Line", is available at the SCA institutional website (https://www.carina.rs/cyr/Informacije/Stranice/KorisneInformacije.aspx).

Figure 3.1 Traders' information sources (Percentage share of total respondents)



Source: UNECE Survey of Serbian traders.

Yet, most of interviewed traders relied on customs brokers and freight forwarders for keeping abreast of regulatory requirements and associated administrative procedures, which as shown throughout the remainder of this chapter, is consistent with the important role that these actors play in supporting export and import activities. Otherwise, the traders relied on international buyers and suppliers along with online sources, including those maintained by specialized national and international consulting firms (Figure 3.1).

Only a limited segment of the interviewed traders reported relying on online government sources. Traders reported that it takes a considerable amount of time to piece together a clear understanding of applicable rules and procedures from public sources. This is particularly the case of the SCA website, because information tends to be either outdated, or too brief to allow for a proper understanding of the implications of the rules. Traders explained that they make it a priority to maintain persistent contact with SCA to ensure full and complete compliance.

These concerns are being addressed by SCA, which formed a Working Group to revitalize its institutional website in May 2020. The aim is to transform the website into a user-friendly platform, which provides the Serbian trading community and their counterparts in partner countries with reliable, up-to-date information on applicable trade-related legislation, regulatory requirements and administrative procedures.[76]

The assessment also suggests that traders had reservations about using the SCA advance rulings service, even as this service constitutes an important element of transparency. Only 12 per cent of the interviewed traders reported using this service, which, as of February 2020, covered tariff classification and origin only, with a maximum response time of 120 days and a 3-year validity period (rulings are not valid for similar cases).[77]

76. SCA written comments received on 25 June 2020.

77. Detailed information on procedure for obtaining advance rulings is available on the SCA website and is fully harmonized with the EU requirements. Additionally, as of 2019, businesses may submit a request for advance ruling on origin of goods fully electronically, using the SCA website: https://www.carina.rs/cyr/PoslovnaZajednica/PorekloRobe/Stranice/ePoreklo.aspx. Detail user manuals for enterprises on electronic submission of requests for advance ruling on origin are also available on the SCA website.

The majority (49 per cent) explained that, when in doubt, they seek the guidance of customs brokers. Others (18 per cent) revealed a preference for addressing their concerns directly to customs officers to save time. Still others (20 per cent) emphasized that using the advance rulings service runs the risk of creating unnecessary tensions with customs officials at the border-crossing points. Presenting these officials with an advance ruling may be interpreted as an attempt to undermine their authority.

The traders also participated very little in public-private sector consultative meetings. Only 18 per cent of the traders reported participating in such meetings, which were mainly organized by the Chamber of Commerce and Industry of Serbia and business associations on annual or quarterly basis depending on the organizing agency. The traders also reported participating in consultative meetings organized by SCA and the Ministry of Health. In all cases, the meetings provided the private sector with an opportunity to voice their concerns and present their views on new/revised legislation and administrative procedures. Traders found these meetings useful, including for networking with their counterparts. But several noted that the Government does not usually incorporate their feedback on draft legislation and proposed solutions for existing challenges.

The points raised by traders were echoed by customs brokers and freight forwarders, who reported that keeping abreast of regulatory requirements and their implication for export-import activities is challenging because the SCA website is not being regularly updated. As such, they rely on the national Gazette as a primary information source along with consulting firms and make the point of contacting the SCA officials when exporting to new destinations.

The brokers and forwarders interviewed also reported that their work is complicated by the lack of up-to-date information on phytosanitary import requirements. They also noted that they are not familiar with the EU phytosanitary requirements and control procedures. Obtaining such information tends to be time consuming, since the Ministry of Agriculture, Forestry and Water Management (which is responsible phytosanitary control) lacks the required ICT systems for ensuring continuous exchange of information with the private sector.

At issue is also the limited uptake of the private sector's suggestions and proposals for improving trade-related rules and procedures. Most of the interviewed brokers and forwarders said that they make the point of highlighting existing challenges and advancing clear proposals on draft laws during consultative meetings. Suggestions are taken into account after lengthy discussions, which take several months and require persistent efforts on the part of the private sector. The brokers and forwarders noted that it is difficult to maintain continuous discussions with the different agencies, since public-private consultative meetings are usually initiated on an ad hoc basis when there is a need for presenting draft laws and revised/new procedures.

Traders, brokers and forwarders added that officials tend to proceed from a reformist perspective. They appear to be focused on bringing legislation up to international best practices as an end in itself. While the business community is eager to see planned reforms come through, it is concerned that the daily challenges are not adequately captured in draft laws and reform efforts. Attempts to convey this concern tend to be seen by the Government as a sign of resistance to change, when at issue is how best to adapt the laws and associated reforms to the specific needs and realities of the Serbian economy.

These concerns, noted SCA officials, are at the centre of ongoing efforts to revitalize the SCA institutional website, and were the main reason behind the SCA decision to form a dedicated Working Group to inform decisions on the website's content, structure and functionality.[78] On their part, Government officials said that they appreciated the private sector's concerns. They noted that since September 2013, which marked the entry of the SAA with EU into force, reforms have focused on aligning national legislation with the requirements of the EU *Acquis Communautaire*. This means that adjustments to the national content must be in line with the country's obligations under the SAA. [79]

To this end, ad hoc meetings are difficult to avoid under the current conditions of intensive reforms. Officials explained that since the entry of the SAA into force in 2013, public-private consultations have mirrored the stages of legislative harmonization. Consultations have, and continue to be, initiated within the context of the Government's efforts to align national legislations with the requirements of the *Acquis Communautaire*. Legislative harmonization covers a broad range of issues, which the Government must tackle within the timeframe agreed upon with the EU. [80]

Beyond the above, traders and forwarders emphasized the need to empower the private sector; something which can be achieved by enabling businesses to comply with the new regulatory requirements. Indeed, as shown throughout the remainder of this chapter, the private sector's limited ability to benefit from trade facilitation procedures and other reforms, especially MSMEs, is a major challenge.

The above concerns point to a government-business perception gap – something which is unavoidable under the current conditions, whereby reforms have been outstripping the country's absorptive capacity. The Government is still lacks the required institutional capacity to implement legislative reforms and the enterprises are unable to meet the new regulatory requirements and associated administrative procedures.

The need to strike a balance between legislative reforms and capacity building is a running theme throughout the assessment, and needs to be properly addressed. Otherwise, it would be difficult for the private sector to reap the expected benefits – and this is demonstrated in the BPA. The selected enterprise has a strong command over export procedures, acquired over a decade of working in partnership with the different agencies and investing in its production facility. The enterprise did not have plans to venture into new markets, particularly the EU, citing the lack of required capacity and expertise knowledge for meeting the region's quality, safety, health and environmental conservation requirements.

78. Government written comments received on 25 June 2020.

79. Government written comments received on 25 June 2020.

80. Government written comments received on 25 June 2020.

3.3 Documentary requirements

Serbia's legislation limits documentary requirements for customs clearance to the commercial invoice and transport documents, which traders (or their representatives) should submit along with Customs Identification Certificate (in Serbian "Jedinstvena Carinska Isprava", JCI), a summary declaration (which they prepare themselves or request their customs brokers to prepare on their behalf)[81] and proof of tax payment in the form of a bank statement.

Additional requirements are imposed on products carrying security risks and hazardous consequences for safety, human, plant and animal health, animal welfare, and environmental and consumer protection. Products falling under the first category include military equipment and dual-use goods, which cannot be imported/exported without permits. The second category includes plant products (which require phytosanitary certificates) along with animal products, food, animal feed and pharmaceuticals (which require sanitary certificates). In addition, permits are required for importing medicine, veterinary drugs and vaccines.[82]

As at February 2020, trade documents were paper based,[83] with the customs declaration based on the single administrative document (SAD).[84] Electronic submission was only possible through the NCTS, except for the transit accompanying document (TAD) that was still paper based. Electronic data interchange (EDI) was possible between customs, the Tax Administration and the National Bank and was limited to customs declaration messages.

The establishment of the Single Window facility will certainly improve trade facilitation conditions, and the assessment reveals several issues that SCA and other agencies will need to consider in developing it. At issue is not the number of documentary requirements for customs clearance, which at seven to eight documents is reasonable and in tune with international trends, but that of supporting documents, or the documents behind the documents.

Traders described cumbersome procedures, which appear to be at once a reflection of the State agencies' low level of trust in businesses, the continued reliance on paper-based procedures and the lack of uniform application of existing rules – a problem that is common to customs authorities in several countries and in Serbia is exacerbated by the sheer number of customs offices (Annex 2).

81. As established under article 112 of the new Customs Law, the entry summary declaration "shall be lodged at the customs authority of first entry within a specific time-limit, before the goods are brought into the customs territory of the Republic of Serbia. Customs authority may allow the entry summary declaration to be lodged at another customs authority, provided that the latter immediately communicates or makes available electronically the necessary particulars to the customs authority of first entry".

82. "Decision on Determining Goods Subject to Issuance of Specific Documents on Importation, Exportation and Transit"; and, SCA "Export Procedure" Directive (https://www.carina.rs).

83. Trade documents and forms are published on the SCA website at: https://www.carina.rs/cyr/Informacije/Stranice/DokumentiIObrasci.aspx.

84. SAD is used for customs declarations in the EU, Switzerland, Norway, Iceland, Turkey, and North Macedonia. Further details on the use of SAD in EU is available at: https://ec.europa.eu/taxation_customs/business/customs-procedures/general-overview/single-administrative-document-sad_en.

The most cited concern is the requirement to submit the Serbian translations of all supporting documents accompanying inbound consignments, including official documents by authorized bodies in exporting countries (e.g. conformity and health certificates) and the technical reports. Another concern relates to the requirement of submitting the original invoice with stamp and signature for customs clearance and for obtaining the phytosanitary certificate. Traders said that it sometimes takes up to three working days to obtain the original invoices as these are usually sent by post, and several reported collecting invoices in person from nearby suppliers to save time.

There was also a lack of clarity among traders as to the specific list of supporting documents applicable to their products, with several noting that the list is invariably dependent upon the customs officer at the border-crossing point. For example, several noted that, even though the requirement has been lifted, they are requested to submit notarized translations of commercial invoices accompanying imports.

This concern was echoed by forwarders and brokers. They reported that lack of clarity is particularly pronounced in the case of new/revised regulations, which are not implemented in a uniform manner across customs offices. Rules tend to be subject to different interpretations, and it is often the case that the officers at border-crossing points are unfamiliar with the new/revised rules. Obtaining written implementation guidelines from SCA is not feasible, as it involves additional costs in the form of fees. [85]

The assessment also reveals instances of repetitive submissions of information requirements. For example, exporters of medical devices reported submitting the invoices in several copies (six copies, along with the original invoice) for clearance purposes along with a notarized copy of the product registration certificate issued by the Medicines and Medical Devices Agency of Serbia. This requirement becomes cumbersome when consignments contain several products, as they often do.[86] Importers of medicine reported submitting three notarized copies of the marketing authorization certificate issued by that Agency.

Traders reported that they must consistently factor in the time needed for collecting and translating the documents. This is especially the case for inbound shipments containing sophisticated products such as machinery equipment, since traders are required to submit Serbian translations of technical reports that often involve hundreds of pages. This results in delays that are compounded by the requirement of submitting notarized translations of conformity and health certificates.

These conditions result in loss of business and penalties (for failing to fulfil contract obligations), thereby placing strain on the traders' resources. This applies to not only micro and small enterprises, but also to medium and large enterprises who also reported hiring core staff for the exclusive purpose of fulfilling documentary requirements. The more the traders intensify their export and import activities, the higher the additional costs in the form of translation fees and wage bills. A case in point is a major exporter of machinery equipment, who reported that these costs amount to around EUR 100,000 annually.

85. Several brokers and forwarders reported paying EUR 110 per guideline.

86. As explained by one of the exporters interviewed, this requirement adds up to 120 pages to the documents accompanying consignments containing 30 products (3–4 pages per notarized copy*30).

In terms of the most difficult documents to obtain, exporters singled out the preferential certificates of origin (CoO) for products destined to the EU, the EUR.1 movement certificate,[87] as the most challenging. As shown in table 3.2, depending on the product, obtaining the EUR.1 certificate, which is issued by SCA for goods valued above EUR 6,000, may take weeks, owing to the extensive documentary requirements for proving origin. These include: commercial invoices of sourced raw material and products used in production; customs declarations for imported raw material and products used in production; suppliers' self-declaration for goods sourced from the EU valued EUR 6,000 or less; and, technical reports detailing the production process and use of raw material.

Some supporting documents are impossible to obtain, such as technical reports for sophisticated semi-final goods and spare parts sourced from abroad. Exporters explained that international suppliers refuse to provide technical reports detailing the design and functionalities of their products, as they consider this as akin to disclosing their patent protected manufacturing secrets.

Other EUR.1 supporting documents require a major effort to obtain; for instance, CoOs issued from Serbian and international suppliers. An exporter of machinery equipment, who ships several products in one lot, said that he usually compiles certificates from around 20 Serbian and international suppliers, even though his enterprise has been sourcing the goods from the same suppliers for several years. This leads to significant delays and generates a large number of documents. The procedures for issuing the EUR.1 certificate are set out in box 3.5.

Similar concerns were raised in relation to obtaining the preferential CoO for products destined to the Eurasian Economic Union (EAEU), CT-2, which is issued by SCA. The traders lamented the extensive documentary requirements and noted that it takes up to 15 working days to obtain the certificate.

Another difficult to obtain document cited by traders is the phytosanitary certificate, issued by the Phytosanitary Directorate, Ministry of Agriculture, Forestry and Water Management (MAFWM). Most of the traders said that products are usually tested, and this causes significant delays. Samples, which are collected by the phytosanitary inspector before loading consignments onto the rail wagons/trucks, are dispatched to another city[88] given the shortages of testing laboratories for agricultural products.[89] Further delays are caused by the requirement of obtaining the Inspector's stamp on the certificate of analysis (CoA) that is issued by the testing laboratory.

If the consignments are shipped by rail, the delays are compounded by additional costs in the form of railway fees (for retaining the consignments at the railway station) and damaged goods. Delays are also caused by the Phytosanitary Directorate's reduced working hours on Fridays. Failure to complete the procedures before the directorate's close of business day means retaining the consignments at the railway station until the following Monday.[90]

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87. The EUR.1 certificate is issued in lieu of the CoO for goods circulating countries with established free trade agreements with the EU (available at: https://trade.ec.europa.eu/tradehelp/proofs-origin).

88. For example, enterprises operating in Bečej reported that samples are sent to Sremska Mitrovica, which is 80 kilometres away.

89. An overview of Serbia's conformity assessment bodies is provided in the next chapter.

90. The Phytosanitary Directorate's regional offices working week is from Monday to Sunday, with regular working hours starting at 7.00 am till 7.00 pm. Government written comments received on 25 June 2020. Traders and forwarders noted that the Phytosanitary Directorate follow reduced working hours at rail border crossings on Fridays (until 13.00).

Table 3.2 List of difficult-to-obtain documents, as reported by exporters

Document	Product	Cost and waiting period	Supporting documents
Preferential certificates of origin EUR-1 issued by SCA for products destined to EU, EFTA, CEFTA and Turkey if the value of the goods (registered in the commercial invoice) is above EUR 6,000 (for goods carrying a value below or equal to EUR 6,000, the manufacturer provides a self-declaration attesting to compliance with EU preferential rules of origin).	All products	Up to 7 days waiting period; EUR 30-50 (e.g. mills for grinding plastic) Up to 12 days; up to EUR 170 (e.g. soybeans). Up to 35 days; 800–1,200 EUR (e.g. cabins, control panels and electrical cabinets for CNC machine tools) 60 to 100 days; 100–140 EUR (e.g. LED display)	• Duly filled application form • Commercial invoices for domestically sourced and imported raw material, semi-final products and parts integrated into the final product. • Import declarations for raw material and goods used to manufacture the final goods. • Supplier's declaration of origin for domestically sourced raw material and products. EU originating raw material and products should be accompanied by the supplier's self-declaration (in original language and Serbian) if valued EUR 6,000 or less, or a copy of EUR.1 certificate (in original and Serbian) if valued above EUR 6,000. If sourced from outside the EU, the goods should be accompanied by the CoO issued by the competent authorities in original and Serbian. • For grains, pulses and oilseeds, proof of origin requirements include seed declaration, evidence of cultivation on parcels located in Serbia, etc. • Producers are required to submit a detailed technical report (in Serbian "Radni nalog") listing the type and quantity of raw material and semi products used as well as production costs (e.g. electricity, wages). • Internal decision (s) or working order(s) establishing the specific use of sourced raw material and semi-final products and integration into the final product(s) (reported by some traders). • Technical reports detailing components, features and functionalities of imported products integrated into the final products (reported by exporters of machinery equipment in reference to imported machinery parts). • Packing list (only for sourced goods)
Certificate of Origin CT-2 (EAEU countries) issued by SCA for goods valued above USD 5,000 (for goods carrying a value below or equal to USD 5,000, the manufacturer provides a self-declaration attesting to compliance with the Russian Federation's preferential rules of origin).	Metal manufacturing machinery and equipment	Up to 3 working days; EUR 50–100 certificate fees (e.g. metal dishes). Waiting period can go up to 15 days (e.g. pump castings)	See documentary requirements for obtaining EUR 1
Phytosanitary certificate issued by the Phytosanitary Department, Ministry of Agriculture, Forestry and Water Management (MAFWM)	All agricultural products	2–3 working days; EUR 40–120. Some reported that waiting period can be up to 10 working days	• Duly filled application form along with the documentary requirements 24 hours before loading the cargo. The documentary requirements for fresh fruit and vegetables differ by destination (see Appendix for the list of documentary requirements for fresh fruit destined to the Russian Federation). • Sample (if tests are needed). • CoA bearing the Inspector's stamp. • Payment receipt. • Some traders reported submitting the packing list.

Table 3.2 (cont'd)

Document	Product	Cost and waiting period	Supporting documents
Registration of Medicines and Medical Devices Agency of Serbia	Medical equipment	Minimum of 30 days; EUR 100	• Duly filled application form (paper request) for registration • Technical reports (Instructions manual in Serbian, service manual, wiring diagram, mounting diagram, list of components) • Commercial invoice (original, and in Serbian) • Sales contract • Technical reports (sometimes) • Statement by buyer on the intended use of the equipment • Test certificate issued by recognized certification body attesting conformity with the IEC Scheme of the Electrotechnical Equipment and Components (IECEE) for Mutual Recognition of Test Certificates for Electrical Equipment. Note: Some traders pointed out that customs requires them to provide a notarized copy of the registration
Conformity certificate issued by MAFWM	Wine	10–12 days, 35 EUR per test	• Duly filled application form • Samples for organoleptic testing • Statement from the winery attesting to the fact that the samples are not intended for sale • Organoleptic testing results (CoA) in 6 copies

Source: UNECE Survey of Serbian traders.

Wine producers drew attention to the demanding procedures associated with obtaining the conformity certificate, which is issued by the MAFWM. Traders are requested to submit, as part of the documentary requirements, the registration number of the vehicle that will be used for shipping the cargo. This creates tension with suppliers if shipments are made under FOB delivery terms. Suppliers insist that they cannot commit a vehicle 12–15 working days prior to shipment, which is the waiting time for obtaining the organoleptic test results. Traders explained that the waiting time could exceed this time frame if they do not collect the CoA in person. They added that the COA is issued in six copies, which should be signed by the Ministry of Health Directorate for Sanitary Inspection through its local sanitary inspection office. The local office issues the conformity certificates. This process usually involves one or two additional working days, particularly if the local office refers the traders to another Sanitary Inspection Office. Extending the certificate's validity (six-months validity period) involves an additional testing fee of EUR 115.

Box 3.5 Laws governing the issuance of EUR.1 Certificates in Serbia

Pursuant to the Article 27 of the Appendix I (The definition of the concept of "originating products" and methods of administrative cooperation), of the PEM Convention the documents referred to in Article 16 (Procedure for the issue of a movement certificate EUR.1) used for the purpose of proving that products covered by a movement certificate EUR.1 may be considered as products originating in a Contracting Party and fulfil the other requirements of this Convention may consist *inter alia* of the following:

(1) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in their accounts or internal bookkeeping;

(2) documents proving the originating status of materials used, issued or made out in the relevant Contracting Party where these documents are used in accordance with national law;

(3) documents proving the working or processing of materials in the relevant Contracting Party, issued or made out in the relevant Contracting Party, where these documents are used in accordance with national law;

(4) movement certificates EUR.1 or EUR-MED or origin declarations or origin declarations EUR-MED proving the originating status of materials used, issued or made out in the Contracting Parties in accordance with this Convention;

(5) appropriate evidence concerning working or processing undergone outside the relevant Contracting Party by application of Article 11, proving that the requirements of that Article have been satisfied.

In accordance with Article 16 a movement certificate EUR.1 or EUR-MED shall be issued by the customs authorities of the exporting Contracting Party on application having been made in writing by the exporter or, under the exporter's responsibility, by their authorized representative at the time of export clearance if all documents proving the preferential status of the goods has been submitted.

Source: SCA written comments received 2 September 2020.

Traders also pointed out that compliance with documentary requirements is particularly challenging when exporting goods for repair purposes under the temporary export regime.[91] Some documents are difficult to obtain in view of the elapsed time since import. This is particularly the case of the commercial invoice, which traders must submit in original with the supplier's stamp at a time when some suppliers do not stamp their invoices. These concerns stand in contrast with recent reforms. This requirement has been effectively lifted,[92] and SCA officials noted that steps had been undertaken to ensure the uniform application of this law across customs offices.

91. This special customs regime allows the exit of goods from Serbia with total or partial exemption of taxes, provided that they return to the country within a set deadline and in an unaltered condition.

92. Article 25 of the revised Law on Business Companies states: "A separate regulation may not institute an obligation to the company to use the stamp in business letters and other company documents. When entering into legal transactions, i.e. undertaking legal acts by the company, the courts, state bodies, organizations and persons exercising public authority, as well as other legal persons, may not express objections regarding the non-usage of stamps, nor may they be stated as a reason for annulment, termination, i.e. inapplicability of the concluded legal transaction, i.e. undertaken legal act, even in the case when the company by-laws stipulate that the company has and uses the stamp in the business operations". The revised Law on Business Companies was adopted on 8 June 2018 . The Law and subsequent amendments are published on the Official Gazette of the Republic of Serbia (No. 36/2011, 99/2011, 83/2014 - other law, 5/2015, 44/2018, 95/2018 and 91/2019).

Traders exporting goods produced under the inward processing regime[93] noted that clearance is complicated by the requirement of accompanying export declarations with the import declarations linked to the sourced material used. This requirement complicates the preparation of end-of-year financial reports, since part of the imported material is often defective and must be written off. Several traders were of the view that this requirement needs to be reconsidered by the legislators, with a view to adapting it to production processes at the enterprise level. In addition, goods should be cleared in the customs office of entry (where the imported material used for manufacturing the goods), which is not always located in the same city as the manufacturing facilities.

On the import side, traders complained about product retesting because SCA does not recognize accompanying conformity certificates, including those issued by competent EU bodies. As shown in table 3.3, this applies particularly to imported machinery equipment, which is invariably tested. Delays are inevitable and the process of obtaining the test results are complicated by the lack of uniform testing procedures. Moreover, products are retested if they undergo the slightest modification (e.g., colour) or if the supplier used different components. Product testing is also carried out on samples, even though they are not intended for use in manufacturing processes.

Table 3.3 List of difficult-to-obtain documents, as reported by importers

Document	Product	Cost and waiting period	Supporting documents
Conformity Certificate (valid for 2 years)	Industrial machinery and equipment	• Up to 7 days waiting period, 50–250 EUR with (Ribbed reinforcement iron bars from the EU) • Up to 18 days, 250–300 EUR (LED light systems from China, Indonesia and the EU) • Up to 20 days waiting period; minimum 200 EUR (magnetic drills from EU) • Up to 7 days ; EUR 300 with (electric motors from EU) • Up to 30 days ; 350 EUR with (machinery for manufacturing plastic household items from EU) • Up to 7 days; 300–400 EUR (machinery for manufacturing stainless steel products) • Up to 60 days; 2,000–2,500 EUR (Machinery for manufacturing plastic injection moulds)	• Duly filled application form • Certificate of analysis issued by the competent authorities in the exporting country • Declaration of conformity (provided by the supplier for products originating in the EU) • Technical reports • CB certificate (Test certificate issued according to the IEC System for Conformity Assessment Schemes for Electrotechnical Equipment and Components- IECEE) • Payment receipt

93. Under this regime, goods are imported for export purposes after substantive manufacturing.

Table 3.3 (cont'd)

Document	Product	Cost and waiting period	Supporting documents
Phytosanitary certificate	All products	4–12 days	• Supplier invoice (original) • Phytosanitary certificate issued by the competent authorities in the exporting country • Sample • CoA issued by an accredited Serbian testing laboratory signed and stamped by the authorized inspector
Registration with Medicines and Medical Devices Agency of Serbia	Medical devices	7–8 months; 1,000 EUR	• Duly filled application form • Technical reports (e.g. instructions manual, service manual, wiring diagram, mounting diagram, list of components) • Commercial invoice • Sales contract • Statement/attestation by the importer for the intended use of the imported product • Conformity certificate issued by the competent authorities in the exporting country • CB certificate
Import permit (Veterinary Directorate, MAFWM)	Meat	14–21 days (meat) and can exceed 30 days (raw material of animal origin); EUR 115, including testing (food additives)	• Duly filled application form • CoA issued by a Serbian testing laboratory • Veterinary certificate issued by the competent authority in exporting country (original and notarized Serbian translation) • Statement/attestation by the importer for the intended use of the product
Excise stamps (Ministry of Finance)	Alcoholic drinks	4–10 days	• Product label • Import declaration (identification number) • Commercial invoice • Sales contract
Import permit (Phytosanitary Department, MAFWM)	Seedlings	5–7 days*	• Plant passport issued by the competent authorities in the exporting country • Conformity Certificate issued by the competent authorities in the exporting country • Seed quality certificate issued by the competent authorities in the exporting country • Phytosanitary certificate issued by the competent authorities in the exporting country • Technical description of the seedling nursery (e.g. location, size) prepared by the importer • Permit to operate a seedling nursery (MAFWM) • Seed registration (MAFWM)

* Some traders reported that it takes up to 15 days to obtain this permit.

Source: UNECE Survey of Serbian traders.

Similar concerns were raised by importers of agricultural products accompanied by phytosanitary certificates issued by competent authorities in export countries. Clearance time may be extended to up to 12 working days, even if the certificates are recognized, if the risk analysis signals the need for sampling and testing (for protection against harmful organisms). According to customs brokers, in such cases, this costs traders with large export volumes an additional cost of EUR 18,000 per month.

Yet another concern raised by traders relates to obtaining import permits – for instance, importers of telecommunication equipment reported that it takes up to 30 days to obtain the import permit from the Serbian Telecommunication Agency (RATEL). Importers of medical devices noted that it takes between seven and eight months to register their products with Medicines and Medical Devices Agency.

Importers of meat and products of animal origin said that it takes up to 30 days to obtain import permits from the MAFWM Veterinary Directorate; a process that also involves product testing even as the consignment is accompanied by veterinary certificates from competent authorities in the EU.

Similarly, importers of seedlings[94] said that it takes up to 15 working days to obtain import permits from MAFWM Phytosanitary Directorate. To avoid business losses, traders plant the seedlings in designated areas approved by the customs at an additional cost of EUR 1,750 per lot. For wine importers, there's a waiting period of up to 10 working days for obtaining the Ministry of Finance's approval of the labels that will incorporate the excise stamps prior to import.

Challenges were also reported in relation to special customs regimes. Traders sourcing products for repair under the temporary import regime complained about the requirement of accompanying consignments with test certificates from accredited laboratories in exporting countries. This is often difficult to provide in view of the amount of time elapsed.

The above conditions have been undermining efforts to reduce clearance time. As shown below, disputes over documentation and errors in submitted documents are common, creating unnecessary delays along with additional fees and late delivery penalties.

94. Imports of seeds and planting materials into Serbia are regulated by the Law on Seeds, the Law on Planting Material of Fruits, Vine and Hops, and the Law on Protection of Plant Breeders' Rights.

3.4 At the border control

Control functions at border-crossing points (BCPs) are carried out at customs offices, free zones and other designated places by SCA, Border Police, Border Phytosanitary Inspection and Border Veterinary Inspection (Table 3.4). The agencies are guided by an Integrated Border Management (IBM) Strategy,[95] which is geared towards aligning control procedures with the requirements of the EU *Acquis Communautaire* and best practices as applied in the EU.[96]

Table 3.4 Border-control agencies and their responsibilities

Agencies	Responsibilities
Border Police Directorate, Ministry of Internal Affairs	State border control and border checks, curbing cross-border crime, risk analysis related to the movement and stay of foreigners, curbing human trafficking, asylum, control of legality in work and logistics.
SCA, Ministry of Finance	Protection of economic, fiscal and financial interests of Serbia, curbing illegal and illicit trade, security and protection of people and environment, international trade facilitating.
Border Veterinary Inspection, MAFWM	Sanitary controls on the import and transit of live animals, products of animal origin, animal food and related items which are subject to veterinary-sanitary control.
Border Phytosanitary Inspection, MAFWM	Control of inbound consignments of plants, plant products, plant protection products (pesticides), active substances used in pesticides, residues of pesticides in food of plant origin, plant nutrition products (and raw materials for their production), genetically modified organisms (GMOs), as well as the safety of non-processed and processed food and feed of plant origin.

Source: SCA written responses to the UNECE questionnaire, received on 11 February 2020.

The SCA operates through its offices located at air, rail, road, river and ferry BCPs, whereas Border Phytosanitary Inspection and Veterinary Inspection do not have a presence at BCPs. Furthermore, SCA has a centralized service within the Customs Procedures Division to support the uniform application of customs regulations and procedures. Implementation instructions are prepared and circulated to all customs offices to address cases where inconsistencies in implementation are detected and where there

95. "Integrated Border Management Strategy in the Republic of Serbia" was adopted by the Government in 2006 pursuant to Article 45.1 of the Law on Government No. 55/05 and 71/05-amendment. The strategy is available at: https://www.srbija.gov.rs/uploads/documents/strategy_border.pdf. The Strategy was subsequently revised. The most recent strategy, titled "Development Plan of the Customs Service 2017 – 2020", which integrates IMB principles, is available at: https://www.mfin.gov.rs/UserFiles/File/dokumenti/2017/Development%20Plan%20of%20the%20customs%20service%202017-2020.pdf . Work is underway for developing a new multi-year IBM Strategy.

96. The Strategy is based on, among other, the Serbian National Strategy for the Association of Serbia Montenegro to the European Union; The European Partnership; and, the Directions of the European Commission for Integrated Border Management for the Western Balkan States (https://www.srbija.gov.rs/uploads/documents/strategy_border.pdf).

is a lack of clarity over the application of stipulated regulations and procedures.[97] It also has designated representatives who participate at the National Coordinating Body's deliberations, and take part in the Body's Expert Working Group for customs procedures that is tasked with proposing reform measures and initiatives for simplifying and streamlining customs procedures.

As shown below, the agencies carry out controls over imports, exports and goods in transit in a logical sequence. For inbound cargo (imports), the procedures begin with passport control followed by documentary checks and cargo/vehicle examination and the release of goods upon payment, and the reverse for outbound cargo (exports).[98]

Outbound cargo

Control of outbound cargo begins following the submission of the JCI, which is lodged electronically through the ISCS (Information System of Customs Service) and then presented (upon SCA approval) to the Customs Office of Export in three hard copies along with the supporting documents. Physical checks are conducted, as needed, at the Customs Office of Export and once completed, the cargo is transported to the Customs Office of Exit (at the border-crossing point). This office marks the cargo's exit, with officers opening the gates for the trucks to leave Serbia once SCA stamps the three copies of the JCI. SCA keeps two copies and returns one to the trader.[99]

Inbound cargo

Control of inbound cargo also begins following the submission of the JCI and supporting documents, which are presented to the Customs Office of Entry (at the border-crossing point). Security checks by border police are then conducted and once completed the cargo is transported, following vehicle examination and the authorization of SCA, to the Customs Office of Import for veterinary, sanitary and phytosanitary control, as needed. Then, SCA stamps the three copies of the JCI, keeps two copies and returns one to the trader.

Customs clearance is risk based, supported by two teams. The first team, housed in the Department for Analytics and Direction of Controls, is responsible for risk analysis and at the national level; while the second team, housed in the Regional Risk Management Department, is responsible for risk management at the regional and local levels. Risk-based control is carried out using the SCA Customs Service Information System (which features a risk assessment module) and the NCTS for transit traffic.[100]

In addition, SCA has established 29 bilateral agreements on mutual assistance with its counterparts in the region and beyond. These agreements include mutual assistance agreements with neighbouring countries, which are listed in Table 3.5.

97. SCA written comments received on 25 June 2020.

98. As established under the Customs Law (Articles 118; 162-268).

99. As established under Serbia's Export Procedure; available at: https://www.carina.rs/en/Zakoni%20engleski/EXPORT%20PROCEDURE.pdf.

100. SCA responses to the UNECE questionnaire, received on 11 February 2020.

Table 3.5 SCA Mutual Assistance Agreements

Customs authorities	Date
North Macedonia (formerly, FYR of Macedonia)	1997
Bulgaria	1998
Hungary	1999
Romania	2001
Bosnia and Herzegovina	2004
Croatia	2006
Montenegro	2011
Albania	2015

Source: SCA responses to the UNECE questionnaire, received on 11 February 2020.

SCA is also guided by the following agreements and protocols:

- Mutual Railway Traffic Control with North Macedonia.
- Protocol on the Implementation of the Agreement between the Government of the Republic of Serbia and the Government of the Republic of Macedonia on the establishment of a border procedure for the Presevo-Tabanovce Railway Border (2016).
- Agreement on Mutual Recognition of Authorized Economic Operator - Security and Safety (AEOS) Authorizations with the Republic of North Macedonia (2019).
- Southeast European Law Enforcement Center (SELEC) Convention (2011).
- Framework Agreement on Cooperation in facilitating Customs Clearance among the Chinese, Hungarian, Serbian and former Yugoslav Republic of Macedonia customs (2014).[101]

SCA officials noted that outbound consignments of fruits and vegetables destined to the Russian Federation have the highest incidents of physical checks for the purpose of ensuring fulfilment with rules of origin. On the import side, inbound consignments of second-hand vehicles from the EU are usually subject to such checks for the purpose of establishing customs valuation as well as ensuring compliance with preferential rules of origin and other regulatory requirements (Table 3.6).

The results of the traders' survey highlight several factors that work against the full realization of the expected benefits from trade facilitation and IBM measures. As shown below, these stem from the lack of clarity over documentary requirements, disputes over customs valuation, cumbersome inspection procedures and congestion at BCPs – all of which must be measured against the difficult conditions that the border-control agencies operate under.

101. SCA is a signatory to this framework and participates regularly in its activities. SCA responses to the UNECE questionnaire, received on 11 February 2020.

Table 3.6 Consignments subject to regular physical checks

Product	Outbound	Inbound	Reasons
Fruits and vegetables	Russian Federation (60 per cent)		Control of preferential rule of origin
Second-hand vehicles		EU countries, (67 per cent)	Customs value, preferential rules of origin and other regulatory requirements

Source: SCA responses to the UNECE questionnaire, received on 11 February 2020.

Not only do the control agencies lack proper ICT systems to transition to a paperless environment (and this is reflected in the limited number of IT staff in regional offices as shown in Annex 2), but they also carry out control functions in the absence of adequate infrastructure facilities. On their part, traders seem to be unable to meet the AEO eligibility criteria, while the brokerage industry exhibits uneven performance. This calls for according priority to efforts that allow for simultaneous treatment of capacity shortfalls in soft and hard infrastructure, something that the Government is trying to achieve.

Lack of clarity over documentary requirements

Border-control processes are complicated by cumbersome documentary checks given the lack of uniform application and interpretation of laws and procedures. Coupled with the repetitive submission of information elements (sometimes in several copies), errors in submitted documents are common and delays are inevitable, as traders and forwarders seek to gain clarity over documentary requirements. Errors are also due to the uneven performance of the brokerage industry. Customs brokers, forwarders and several traders noted that performance standards vary, and errors are common, which creates confusion and hinders the efficient processing of the declarations.

The assessment suggests that the lack of clarity over documentary requirements also stems from the traders' limited understanding of applicable rules. This was the case of those governing the export of repaired manufactured goods imported under the temporary import regime. Exporters reported that the customs clearance is complicated by the requirement to provide an estimated value for the repaired products. This requirement causes delays and undermines the relations of trust with international buyers. As explained by an exporter of moulds for metal casting to the EU, buyers are wary about the reason for providing commercial invoices containing the nominal value of products (EUR 10 per mould) shipped for repairs when EU customs authorities do not require declaring the value of such products.

SCA officials explained that submitting the commercial invoice is part of customs clearance regulations. The commercial invoice should be submitted even if the goods are exported without paying the equivalent. The customs value of goods cleared under temporary admission or inward processing must be determined in the event that a customs debt is accrued. [102]

102. Government written comments received on 25 June 2020.

Other cases in point related to imports valued EUR 6,000 or less. Traders noted that SCA does not acknowledge the self-declaration of origin provided by European sellers – despite this document being in line with EU rules – and proceeds to block the entire consignment unless the trader submits the EUR.1 certificate issued by the competent authorities in the source countries. As the EUR.1 is a preferential certificate of origin, the SCA refusal to acknowledge the suppliers' self-declaration means that traders can no longer import their goods at reduced or duty-free rates. The interviewed traders said that they had to pay the full amount of customs duties, thereby undermining their competitiveness in domestic markets. SCA officials explained that cases where the self-declaration accompanying imports were rejected are limited and are due to errors in submitted self-declaration. Moreover, applicable rules[103] provide for the possibility to submit the proof of origin retrospectively in cases where he submitted proof is rejected. [104]

Capacity shortfalls among traders

Only 2 per cent of the interviewed traders enjoyed he AEO status. The remainder were either not keen on applying in view of their modest export volumes or unable to meet the eligibility criteria. Traders described the process for obtaining the AEO status as complicated, and several said that they are yet to fulfil the requirements even though they had begun preparations several years back. Indeed, the criteria are exacting, since the scheme is meant to bring traders up to the best practices stipulated in the EU UCC, which involve, for instance, training personnel to build expertise in trade facilitation procedures and supply chain management in general, establishing a streamlined organizational structure with adequate ICT management systems and upscaling storage and logistics capacities. [105]

The security criteria, which require the absence of criminal offences throughout the two-year period leading to application, is also challenging. SCA tends to be strict, so that it is difficult to have a clean record. The challenges reported by the interviewed traders go a long way in explaining the low number of registered AEO, which, as of February 2020, was 23 despite SCA efforts to promote the programme. Interviewed traders with AEO status said that they had been approached by SCA with an invitation to apply and benefited from SCA support and guidance throughout the process.

Cumbersome inspection procedures

Further complicating control procedures is the lack of synchronization in control processes since agencies have different working hours. While some customs offices work throughout the week, other agencies work irregular hours and some phytosanitary inspection offices follow reduced working hours.

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103. See Appendix I of the Convention on pan-Euro-Mediterranean preferential rules of origin (PEM Convention) published in OJ L54 of 26 February 2013. Detailed information on the PEM Convention is available at: https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/paneuromediterranean-cumulation-pem-convention_en#heading_1.

104. Government written comments received on 25 June 2020.

105. WCO AEO Template for determining the eligibility of applicants provide a clear idea of the investments that enterprises should make in order to obtain the AEO status (http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/safe-package/aeo-template.pdf?la=en).

This renders customs clearance particularly challenging, especially for importers of agricultural products. As established by law, Border Phytosanitary Inspection should be notified 24 hours prior to the consignment's arrival at the declared Customs Office of Entry (for inbound consignments) and Customs Office of Export (for outbound consignments). Shipments that fail to arrive before the end of the phytosanitary inspection's business day are delayed.[106]

Several traders were also in doubt as to whether the phytosanitary inspection receives the notifications in time since most offices only use fax. Exporters complained that outbound consignments are often retained at the Customs Office of Export, while inbound consignments are retained in the trucks/wagons because the cargo can only be unloaded for physical inspection in designated places under the phytosanitary inspector's supervision.[107] Clearance is further delayed if samples are collected for testing, generating losses in the form of damaged goods and additional costs such as the following:

- Freight forwarding charges (a minimum of EUR 150/ day).
- Parking fees (EUR 1.8/hour for shipments by rail, as goods are retained in the wagons, and EUR 15/day for shipment by truck).
- Storage fees (warehouse fees EUR 5/day/m^2, EUR 50-320 loading/unloading).
- Penalties for failing to fulfil commitments under the sales contract.

Similarly, exporters of radioactive material reported delays at some border-crossing points, given the lack of harmonization in working hours between the inspection agencies. This often translates into delays of up to two working days, pending inspection from Serbia's Directorate for Radio-logical and Nuclear Safety (the inspector may not always arrive on time).

Traders also drew attention to the lack of clarity over sanitary and phytosanitary testing procedures for inbound cargo. Several reported that their products are consistently tested for establishing compliance with health and safety requirements, even though they have been sourcing the products in question from the same suppliers for many years. Others noted that several samples are taken from the same product. This translates into direct losses which, in some cases, amount to EUR 500 per shipment.

The long waiting time for completing inspection was also raised by importers of construction material, who said that it takes up to 30 days to obtain the results of radiological testing. Forwarders added that construction materials are invariably subject to such testing, even if sourced from the same suppliers. Similar concerns were raised by importers of metal processing, noting that these tests take 15-20 days to complete at a high cost, which in some cases, amount to EUR 7,800 per shipment.

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106. Traders noted that the waiting period is extended to 2 days if the cargo arrives on a Friday, since some phytosanitary inspection only work until 13.00 and does not work during weekends. As explained by Government officials, the working hours of the three major border-crossing points Horgoš (border with Hungary) and Batrovci (border with Croatia) and Presevo (North Macedonia) are as follows: Border phytosanitary inspection works 24 hours during the working days and Saturday, only night shift on Sundays follow reduced working hours . Veterinary inspection works 24 hours during the week. The working hours on Saturday and Sunday are from 7.00 a.m. to 7.00 p.m. The working hours on the remaining less frequented border-crossing points are from 7.00 a.m. to 7.00 pm during the summer and 7.00 a.m. to 5.00 p.m. during the winter. Government written comments received on 25 June 2020.

107. As established under Article 124 of the Customs Law "Goods shall be unloaded or trans-shipped from the means of transport carrying them solely with the authorization of the customs authority in places designated or approved by this authority".

Another challenge raised by traders relates to clearing inbound combined (i.e. consolidated) shipments; a process that usually takes two days to complete because the unloading and loading operations are not synchronized. Traders importing combined shipments of machinery equipment reported a longer waiting time of up to five days. This lack of synchronization also means that goods are released in stages and the truck (carrying the shipment) is withheld at the customs office pending the clearance of all goods. To avoid delays in production, traders often send their own or rented trucks to collect the cleared goods, which increases transaction costs.

Beyond the above, traders complained that outbound consignments shipped by rail are often delayed by the customs requirement of accompanying each shipment with the original paper-based payment receipt issued by the Serbian Railways. This requirement is particularly cumbersome when shipping cargo from distant parts of the country. To ensure compliance, traders said that they usually have no option but to visit the railway stations of each city through which the cargo was transhipped in order to collect the payment receipts.[108]

In addition, several traders mentioned that customs seals tend to be susceptible to damage. Traders, who must notify customs and order new seals, said that it sometimes takes up to three days to obtain the new seals. SCA officials noted that customs seals are not used in cases where it is possible to identity and ensure the inviolability of goods by other means.[109]

Disputes over customs valuation

The Customs Law integrates internationally recognized valuation methods as established under the WTO Valuation Agreement.[110] However, delays are also caused by disputes over customs valuation. Traders and forwarders noted that in practice, SCA works from the standpoint that customs value is routinely under-declared by importers, and that documents presented – in particular, the commercial invoice – cannot be relied upon. It therefore demands additional documentary evidence to support the invoice value or use its own reference price list. The difficulty is that SCA has good reason, based on previous cases, to believe that at least some imports are, in fact, deliberately under-valued; and it has no means – beyond assessing the presented paperwork – of checking its assumptions, and arriving at judgements.

Disputes over customs valuation are particularly pronounced when inbound cargo contains products at discount prices. For instance, importers of second-hand machinery noted that customs officials do not recognize the prices mentioned in the commercial invoice and request additional documentation. Traders cited, among other things, price lists obtained from the supplier, printouts of those published online and statements from the previous owner attesting to the prices provided in the commercial invoice. These documents must be collected, which results in significant delays that often extend over several days.

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108. One exporter said this requirement translates into an additional EUR 100 (in fuel costs) per shipment.

109. As explained by SCA officials the appearance and characteristics of customs seals are defined under Article 3 of the Rulebook on Customs Markings (Official Gazette of RS No. 48/19 and 43/20). The said Rulebook also stipulates that customs seals do not have to be used in cases where it is possible to identity and ensure the inviolability of goods by other means. Government written comments received on 25 June 2020.

110. As contained in the WTO Agreement on Implementation of Article VII of GATT, 1994.

Traders also noted that valuation is often complicated by lack of clarity over tariff classification. Several noted that customs officials are slow to deliver their decision, causing delays that, for some goods, such as machinery parts, can reach up to 15 days. Traders importing/exporting industrial machinery equipment noted that they remain unclear as to the classification methods used by customs officials, which are not in tune with engineering standards.

Most of the traders reported that they choose to accept customs valuation. They explained that appealing these decisions is an expensive process to be eschewed, since it involves taking out a bank guarantee to cover the difference between the duty on the declared value and that determined by customs. [111]

VAT refund

Exporters pointed out that applying for VAT refunds is complicated by delays in obtaining confirmation of exportation.[112] Obtaining this confirmation, which is provided in the form of stamped JCI, involves a waiting time of up to 20 days. Traders reported that rather than provide the carrier with the conformation of exportation upon releasing the goods, customs officials send the stamped JCI (original copy) by post. The majority opt to collect the JCI in person; a process which sometimes requires several visits to the customs office and is overwhelming, especially for traders with high export volume. SCA officials noted that until the customs and tax information systems are connected, JCI should be submitted in paper form. [113]

Congestion

Traders reported that congestion at all border-crossing points has become the norm, with trucks forming long queues of up to 15 kilometres in length, which can translate into a waiting time of 24–36 hours. Officials said that a major contributor to this congestion are new EU regulations and procedures for controlling migration, which had been put in place over the period 2016–2017 pursuant to EU Regulation 2016/399 of April 2017 (Schengen Border Code).[114] Physical checks were introduced at border-crossing points throughout the Schengen zone, and are applicable to EU and third-country nationals, as well as to all modes of transport by road (cars, trucks and buses). Completing vehicle controls and passport checks involves long waiting times, since control procedures draw on three separate databases: the Schengen information system, the Interpol database of missing persons and the national databases of Serbia and its neighbouring countries.[115]

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111. Traders can appeal customs decisions by lodging a request with the SCA, which should render its decision within 30 days. If the SCA rejects the claims contained in the appeal, the trader can appeal, in a second instance, with the Ministry of Finance. The goods may be released if the trader pays the amount of import duty corresponding to the customs debt or provides a guarantee to cover that debt. SCA responses to the UNECE questionnaire, received on 11 February 2020. The legal basis for appealing customs decisions are established under articles 17 and 30 of the Customs Law.

112. The border-crossing clearance process must be complied with for obtaining confirmation of exportation on the export documents, and the confirmation must be submitted for refunds no later than the 10th day of the following month.

113. SCA written comments received on 25 June 2020.

114. Detailed information on the EU migration crisis and migration policy is available at: https://www.consilium.europa.eu/en/policies/migratory-pressures/.

115. Government written comments received on 25 June 2020.

Lack of adequate infrastructure and basic facilities

While the Government has adopted IBM principles, implementation is difficult given the lack of proper infrastructure facilities. These shortfalls were at the centre of the 2006 IBM Strategy.[116] The assessment shows that border-control agencies, including those manning main BCPs, are still operating in the absence of the much-needed basic infrastructure and facilities, including separate facilities for perishable goods, terminal facilities and inspection equipment (Table 3.7).

Table 3.7 Status of basic infrastructure and facilities at Preševo and Horgoš border-crossing points

Facilities	Preševo (road) with North Macedonia	Horgoš (road) with Hungary
Facilities for joint control by all national agencies	Yes	Yes
Facilities for joint control with agencies from neighbouring countries	Yes	No
Separation of traffic on both sides of the border giving preference to vehicles under cover of valid international Customs transit documents or carrying live animals or perishable foodstuffs	No	No
Off-lane control areas for random cargo and vehicle checks	Yes	Yes
Appropriate parking and terminal facilities	No	Yes
Inspection equipment (scanners, weighbridges, gantries, inspection pits forklift trucks, etc.)	• Scanners • Detectors (chemical, radiology and nuclear materials)	• Scanners • Detectors (chemical, radiology and nuclear materials)
Special facilities for perishable goods	No	No
Testing laboratories under customs or other agencies	No (testing laboratories are outside of SCA responsibilities)	No (testing laboratories are outside of SCA responsibilities)
Warehouse facilities	No (these are managed by the private sector)	No (these are managed by the private sector)
Fumigation	No	No
Cashiers / banks	Yes	Yes

Source: SCA.

116. The strategy notes that "equipment at most border crossings is obsolete and does not meet basic needs of modern control and security of borders, and at some border crossings there is no equipment at all. Each service at a border crossing uses its own equipment. Approach of common use of equipment contributes to a more efficient work of border services, heightens their optimal work and decreases cost" . See, "Integrated Border Management Strategy in the Republic of Serbia" of 2006, page 1 (https://www.srbija.gov.rs/uploads/documents/strategy_border.pdf).

3.5 Regional cooperation and transit trade

Goods in transit are exempted from duties and taxes, are transported under the cover of TIR[117] and ATA Carnets (for temporary import or export of goods) and are governed by bilateral and regional agreements. Most notable among these agreements is the SAA, which saw Serbia join the NCTS in 2016. The SCA has also established protocols for supporting the electronic exchange of customs information with the Republic of North Macedonia (2010, before 2019, Macedonia), Bosnia and Hercegovina (2011) and Montenegro (2012).[118]

Legislative and procedural harmonization is complemented by major infrastructure development efforts to link Serbia's transport system to international transport routes. Serbia is a member of the South East Europe Transport Observatory (SEETO) Comprehensive Network (Box 3.6); the Western Balkans' Connectivity Agenda:[119] and, the Transport Corridor Europe-Caucasus-Asia (TRACECA) routes. [120]

Moreover, standard operating procedures are in place at all BCPs to deal with outbreaks of disease, and special emphasis is accorded to institutionalizing joint inspection facilities. Where cross-border traffic management issues are concerned, cooperation between agencies with the same or similar responsibilities is generally said to work well.[121]

Serbia's simultaneous treatment of infrastructure development and regional cooperation, particularly on procedural matters, have set a strong foundation for facilitating cross border trade. Nonetheless, the assessment suggests that there remains room for further improvement, particularly in the case of BCPs with Bosnia and Herzegovina, Hungary and Montenegro. As shown in table 3.8, traders pointed to challenges stemming from: the lack of the harmonization of working hours between the border agencies on both sides of the BCPs; the lack of coordination among the different agencies involved in physical inspection: and, inconsistent application of regulatory requirements.

117. TIR carnet is a customs permit that allows a motor vehicle to be taken across an international border for a limited period.

118. The protocols were signed within the context of the Systematic Electronic Exchange of Data (SEED) project. SCA responses to the UNECE questionnaire, received on 11 February 2020. Details on the SEED project, which commenced in 2008, is available at: https://www.safenet.rs/codeless_portfolio/european-union-systematic-electronic-exchange-of-data/; and, at: http://www.eu-seed.net/pages/projectinfo.aspx.

119. The Connectivity Agenda was launched during the 2014 Conference of Western Balkan States in Berlin, which set in motion a regional initiative, commonly referred to as the Berlin Process, in support of the future enlargement of the EU. The common priority list of soft measures on transport were agreed upon during the 2015 Conference of Western Balkan States, which was held in Vienna. For further details see http://ec.europa.eu/enlargement/pdf/policy-highlights/regional-cooperation/20150828_addendum_western_balkans_summit.pdf; http://ec.europa.eu/enlargement/pdf/policy-highlights/regional-cooperation/20150828_vienna_info_pack.pdf).

120. TRACECA member countries: Azerbaijan, Armenia, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine, and Uzbekistan.

121. Results of face-to-face interviews with traders, freight forwarders and customs brokers.

Box 3.6 Serbia's participation in SEETO Comprehensive Network*

Road corridors

- Corridor X (726km) Croatian border /Batrovci–Belgrade (Serbia) – Skopje (North Macedonia) – Bogorodica/ Greek border
- Corridor XB (185km) Hungarian border/ Horgoš—Novi Belgrade (Serbia)
- Corridor XC (110km) Nis (Serbia) —Gradina/Bulgarian border
- **Route 3 (185km) Sarajevo (Bosnia and Herzegovina) —Užice (Serbia)**
- Route 4 (601km) Romanian border/Vatin – Belgrade (Serbia) – Podgorica (Montenegro) – Bar (Montenegro)
- **Route 5 (213km) Čačak (Serbia) – Krusevac (Serbia) – Paracin (Serbia) – Vrska Cuka/Bulgarian border**
- Route 6a (259km) Ribarevina (Montenegro) – Ribarice (Serbia) – Priština (Kosovo/UNSCR 1244) – Skopje (North Macedonia)
- Route 7 (314km) Lezhe (Albania) – Priština (Kosovo/UNSCR 1244) – Doljevac (Serbia)
- Route 9a (305km) Novi Sad (Serbia) – Ruma (Serbia) – Loznica (Serbia)/Zvornik (Bosnia and Herzegovina) – Tuzla (Bosnia and Herzegovina) – Doboj (Bosnia and Herzegovina) – Banja Luka (Bosnia and Herzegovina)

Rail corridors

- Corridor X (730 km) Sid (SER) – Belgrade – Skopje (MKD) – Gevgelija/Greek border
- Corridor Xb (151 km) HU border/Kelebija – Stara Pazova (Serbia)
- Corridor Xc (104 km) Nis (Serbia)-Dimitrovgrad/Bulgarian border

Rail routes

- Route 4 (580 km) Romanian border / Vrsac — Belgrade (Serbia) — Bar (Montenegro)
- **Route 7 (152 km) Nis (Serbia) – Doljevac (Serbia) – Priština (Kosovo/UNSCR 1244)**
- **Route 9A (491 km) Dobrljin (Bosnia and Herzegovina) - Novi Grad - Banja Luka (Bosnia and Herzegovina) – Doboj (Bosnia and Herzegovina) – Tuzla (Bosnia and Herzegovina) – Brcko (Bosnia and Herzegovina) /Zvornik (Bosnia and Herzegovina) – Loznica (Serbia)-Ruma (Serbia)**
- **Route 10 (340 km) Lapovo-Kraljevo (Serbia) — Priština (Kosovo/UNSCR 1244) — Gorce Petrov (MKD)**
- Route 11 (138 km) Požega (Serbia) — Stalac (Serbia)
- Route 13 (28 km) HU border/ Horgoš – Subotica (Serbia)

Inland waterways transport (Corridor VII)

- Croatia/Serbia (137.5km): Batina/Bezdan – Ilok/Backa Palanka
- Serbia (220.5 km): Backa Palanka – Ram/Nera river
- Serbia/Romania (230km): Ram/ Nera river – Timok river/Pristol
- Sava River:
- Croatia/Serbia/Bosnia and Herzegovina (593 km): Belgrade – Sisak
- Tisa River:
- Serbia (164 km) Hungarian border – Danube river

* The SEETO Comprehensive Network comprises the membership of Albania, Bosnia and Herzegovina, Croatia, North Macedonia, Montenegro, Serbia, the UN Mission in Kosovo (UNMIK) and the European Commission. It seeks to establish a regional multimodal transport system in South-East Europe (SEE) that is linked to the EU's two-layered Trans-European Transport Network (TEN-T) . See Memorandum of Understanding (MoU) on the development of the South-East Europe Core Regional Transport Network between Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, the former Yugoslav Republic of Macedonia (since 2019, North Macedonia), the United Nations Interim Administration Mission in Kosovo, signed in Luxembourg on June 11, 2004. The MOU and subsequent agreements are available at: http://www.seetoint.org/. Further details on TEN-T are available at: http://ec.europa.eu/transport/themes/infrastructure/ten-t-guidelines/maps_en.htm.

Source: SEETO (https://www.seetoint.org/).

Table 3.8 Areas requiring further improvement at border-crossing points

Border-crossing point	Clearance time	Issues
Gradina with Bulgaria	Up to one working day	• Lack of coordination between the border-control agencies on both sides. Procedures are not implemented in consistent manner, with each side tending to proceed from own interpretation. This leads to delays and congestion.
All BCPs with Bosnia and Herzegovina	8-10 hours	• Lack of coordination between the border- control agencies on both sides. Procedures are not implemented in consistent manner, with each side tending to proceed from own interpretation. This leads to delays and congestion. • This is especially the case of Rača BCP) • Lack of harmonization of customs working hours. The Hungarian customs follow reduced working hours at some BCPs (e.g. Mali Zvornik) on Fridays (until 17.00). This translates into a long waiting time (at the BCP) of up to 3 days.
Kelebia (Road) with Hungary	12-14 hours	• Congestion due to the lack of proper cross-border traffic management. • There is a need for opening additional BCPs.
Horgoš (Road) with Hungary	10-14 hours	• Congestion due to the lack of proper cross-border traffic management systems and heavy documentary checks at the Hungarian side.
BCPs with Montenegro		• Inconsistent application of regulatory requirements. • Additional documentary requirements at the other side of the border. For example, officials at the other side of the border (e.g. Dobrakovo BCP in Bijelo Polje, Montenegro) request Serbian exporters to submit the certificate of origin even though the goods are re-exports and accompanied by the CoO provided by the international supplier. As such, traders clear their goods at other BCPs even if this means that they have to travel longer distances and assume additional transport costs.
Serbia-Romania		• Double clearance of goods destined to Romania, owing to Iron Gates system that are located where the Danube forms the boundary between Romania and Serbia. Goods are subject to control at the border crossing Belgrade (first customs clearance) and Prahova village in Romania (the second control of the same loaded goods). This is a rather challenging situation, which results in significant delays (up to 2 days).

Source: UNECE Survey of Serbian traders.

The assessment also shows that exporters are faced with significant trade barriers that find root in partner countries' regulatory and procedural measures. As shown in table 3.9, clearance is often delayed by instances of cumbersome clearance procedures and documentary requirements, particularly in relation to proving origin and compliance with health and product safety regulatory requirements. Products originating from Serbia are subjected to re-testing in North Macedonia and Bosnia and Herzegovina, since the accompanying conformity and health certificates are not recognized by the authorities in two countries. Moreover, China does not recognize certificates of origin issued by Serbian authorities.

Table 3.9 Regulatory and procedural measures by trading partners reported by traders

Destination country and territory	Measure	Description
Algeria	Payment methods and documentary requirements (proof of origin)	• Payments can only made through letter of credit. • Extensive documentary requirements for proving origin.
Belarus	Clearance procedures: Documentary requirements (proving compliance with preferential rules of origin-Metals)	If the CoO (CT-2) is not signed by an authorized signatory (i.e. signing officer who have been given the legal power to sign the certificate), the clearance process is suspended, and the cargo undergoes inspection.
Bosnia and Herzegovina	Clearance procedures: Cumbersome documentary requirements	Each trade document should be signed by the authorized representative of the company and only original copies are accepted. Traders described this requirement as cumbersome (each document should be printed out and signed, which increases the time spent on preparing the documents and increases the company's workload).
Bosnia and Herzegovina	Clearance procedures: Cumbersome documentary requirements	Documentary requirements for exporting to the Federation of Bosnia and Herzegovina differ from those associated with exporting to the Republika Srpska.
Bosnia and Herzegovina	Clearance procedures: Cumbersome documentary requirements (Proving compliance with sanitary requirements for food of animal origin)	Sanitary certificates issued by the Serbian authorities are not authorized. Products are thus re-tested, causing delays of up to 3 days during which the shipment is kept at the border-crossing points pending the release of the test results.
China	Clearance procedures: Documentary requirements (Proof of origin)	The Serbian certificate of origin is not recognized.
Egypt	Market access requirements (Components for plastic injection moulding machines)	Export authorization is required from the Embassy of Egypt in Serbia, which takes several days to obtain.
Hungary	Clearance procedures: Cumbersome documentary requirements (Proving compliance with phytosanitary requirements pertaining to wheat and maize)	Wheat and maize shipments should be free of Ambrosia (ragweed) seeds. Samples are taken for testing, which causes delays of up to two working days. Some traders noted that consignments are sometimes rejected, including those in transit.
UNMIK/Kosovo*	Clearance procedures: Cumbersome documentary requirements	All trade documents should be submitted in Albanian language, which increases the transaction costs accrued by traders.
UNMIK/Kosovo*	Applied tariff rates	• During the period November 2018 till May 2020, goods sourced from central parts of Serbia destined to this territory were subjected to 100 per cent tariffs. • Goods are not released without full payment of customs duties.
Montenegro	Clearance procedures: Cumbersome documentary requirements	• Extensive documentary requirements • hifting regulatory requirements and procedures without prior notice • Customs clearance procedures are not implemented in a consistent manner throughout the BCPs. Goods, which are exported on a regular basis, are often tested (at the discretion of the border control agencies). • VAT is paid twice during export to Montenegro; first in Serbia, and then in Montenegro.

Table 3.9 (cont'd)

Destination country and territory	Measure	Description
Montenegro	Clearance procedures: Cumbersome documentary requirements	Each truck should be accompanied by a Manufacturer Report on Entered Tools (prepared by the exporter), listing the goods. This increases the enterprises' workload.
North Macedonia	Clearance procedures: Documentary requirements (proving compliance with product safety requirements)	Conformity certificates issued by Serbian bodies are not recognized. Products are, therefore, retested for obtaining conformity certificates from the authorities of North Macedonia at an addition cost (ranging from EUR 70 to EUR 450 per shipment, depending on the product and testing criteria). This undermines the competitiveness of the Serbian products (exporters reported increasing the costs of the final product to make up for the additional costs).
North Macedonia	Clearance procedures: Cumbersome documentary requirements (proving compliance with product safety requirements)	• Sanitary certificates issued by Serbian authorities are not recognized. • Products are re-tested, resulting in delays and additional costs (re-testing fees) in the amount of EUR 200 per shipment.
North Macedonia	Market access requirements (Polyethylene thermo-foil)	The exporter was requested to provide a statement on the intended use of the product.
North Macedonia	Clearance procedures: Cumbersome documentary requirements (proving compliance with product safety requirements	Traders are requested to provide conformity certificates for raw materials used (i.e. used in manufacturing the products) sourced from China. Obtaining conformity certificates from China is cumbersome and involves long waiting times. Failure to provide these certificates means that the Serbian goods are rejected at the borders.
North Macedonia	Clearance procedures: Cumbersome documentary requirements (proving compliance with phytosanitary requirements	• Goods accompanied by phytosanitary certificates issued by Serbian authorities are re-tested. • Exporters are also required to submit a food hygiene certificate (issued by the authorities).
Russian Federation	Border control	Border-control officials often subject the consignments to physical control and request additional trade documents.
Russian Federation	Clearance procedures: Cumbersome documentary requirements (proving compliance with preferential rules of origin)	• Extensive documentary requirements: Traders are required to provide documents establishing the origin of materials used in the production process, including commercial invoices and statements (attesting to the origin of the martial used) from the supplier/ manufacturer. • Some traders reported that it took them 3-5 days to fulfil the documentary requirements for proving origin, especially since the documents should be presented in hard copies (in original form).
United States of America	Difficulties in meeting sanitary requirements (Wine)	Wine exporters must be registered with the Federal Food and Drug Administration (FDA). Traders described the FDA regulatory requirements as exacting and difficult to comply with.

* All references to Kosovo should be understood in full compliance with United Nations Security Council resolution 1244 and without prejudice to the status of Kosovo.

Source: UNECE Survey of Serbian traders.

Chapter Four

Regulatory and standardization policies

4.1 Introduction

Serbia has a modern quality infrastructure, which comprises technical regulations, standardization, accreditation, metrology and market surveillance. This system falls under the responsibility of the Institute for Standardization of Serbia (ISS) and the Accreditation Body of Serbia (ATS) along with the Ministry of Economy, which is also responsible for metrology through its Directorate of Measures and Precious Metals. These agencies are guided by six principle laws:[122]

- Law on Technical Requirements for Products and Conformity Assessment
- Law on Standardization
- Law on Accreditation
- Law on Metrology
- Law on the Control of Precious Metal Articles
- Law on Market Surveillance

Working alongside the above-mentioned agencies are those responsible for ensuring the safety of products placed on the domestic markets. The first is the Ministry of Trade, Tourism and Telecommunications, which is responsible for overseeing Market Surveillance of non-food products guided by the Law on Market Surveillance. The second is MAFWM, which is responsible for ensuring the safety of food products guided by the Law on Food Safety.

As in the case with trade facilitation, national quality infrastructure development entered a new phase upon the signing of the SAA, which provided new impetus to legislative harmonization and capacity-building efforts to bring the various SQAM institutions up to internationally recognized best practices. Officials noted that as an acceding country, Serbia has adopted as a strategic goal the achievement of full integration into the EU's internal market.

This chapter provides an overview of these efforts based on the written responses to the UNECE questionnaires[123] and the results of the face-to-face interviews with the traders. The introduction is followed by a brief discussion of reform achievements in the areas of technical regulations (section 4.2), standardization (section 4.3), accreditation (section 4.4), conformity assessment (section 4.5), and metrology (section 4.6). The chapter also highlights the main challenges and capacity shortfalls that need to be accorded priority treatment in order to reap the expected benefits from trade facilitation and enterprise development efforts and achieve inclusive structural transformation.

122. The laws are published on the Ministry of Economy's website at: https://tehnis.privreda.gov.rs/en/Technical-Regulations/technical-regulations-harmonized-with-eu.html.

123. The written responses were received on 23 September 2019.

4.2 Technical regulations

Technical regulations development follows annual plans that are published online.[124] The plans are set out by the Government according to national priorities and commitments under cooperation agreements, whereby technical regulations are developed by line ministries in a manner consistent with WTO best practices. Only the essential requirements are spelled out.[125] The requirements are limited to ensuring compliance with safety, health and environmental conservation concerns, and are provided in the text of the technical regulations, with standards referenced by number, title, scope, date or any combination of these.

Another salient feature of technical regulations development is the involvement of the private sector through special working groups set up by the Ministry of Economy. Moreover, draft regulations are subject to regulatory impact assessments (RIAs), which are undertaken by the Public Policy Secretariat of the Republic of Serbia (PPS) to ensure responsiveness to the country's needs and avoid unnecessary trade barriers. [126]

The above guidelines have been underpinning the harmonization of Serbia's technical regulations with the *EU Acquis Communautaire*, which began in earnest in 2010 upon the entry of the Interim Agreement into force.[127] Serbia has committed to transposing all directives (Annex 3, table A3.1). It has also committed to transposing the New Approach (global) directives, which set out the requirements for placing products on the market, the obligations of the producers and distributors, conformity assessment bodies and notified bodies, market surveillance and inspection, and withdrawal of products from the market and notification procedures.[128]

As of July 2020, most of the New Approach directives relating to the free movement of goods had been transposed into national laws. These comprise over 1,000 directives, regulations and decisions which should be transposed into national laws to ensure the removal of all technical barriers to trade that could undermine the country's full integration into the EU internal market.

Officials from the Ministry of Trade, Tourism and Telecommunications explained that this complex legislative approximation requires concerted coordination efforts to ensure successful implementation and prompt exchange of information with relevant authorities in EU countries. This concerted effort, which is led by the ministry, involves:

- Continuous inter-ministerial coordination to ensure a uniform approach to implementing harmonized EU technical regulations throughout the quality infrastructure system.

124. www.privreda.gov.rs; www.tehnis.privreda.gov.rs.

125. See Annex 3 of the WTO Agreement on Technical Barriers to Trade, also referred to as the "Code of Good Practice".

126. Ministry of Economy written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

127. The "Interim Agreement on trade and trade-related matters between the European Community, of the one part, and the Republic of Serbia, of the other part" entered into force on 1 February 2010. It was established pursuant to Serbia's decision to unilaterally initiate the implementation of the trade-related arrangements foreseen under the Stabilization and Association Agreement. The Interim Agreement is available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A22010A0130%2802%29.

128. For a discussion of the New Approach, see, Commission of the European Communities (2000) Guide to the Implementation of Directives Based on the New Approach and the Global Approach; available at: https://op.europa.eu/en/publication-detail/-/publication/4f6721ee-8008-4fd7-acf7-9d03448d49e5.

- Improving coordination between the different quality infrastructure bodies to ensure systematic harmonization in the areas of standardization, accreditation and metrology.
- Overseeing the transposition of the EU harmonized technical legislation into national laws, and ensuring prompt updating of national laws to take into account changes in the EU harmonized technical regulations.
- Withdrawing, amending and including mutual recognition provisions in national regulations as needed, so as to ensure prompt abolishing of legislation that contradict the EU harmonized technical regulations.
- Ensuring effective implementation of transposed legislation through focused training of key supply chain actors (manufacturers, importers, distributors).
- Organizing educational/training activities to raise awareness among consumers and familiarize them with the EU harmonized technical regulations and associated requirements for protecting the safety and health of consumers, animals and plants, as well as the environment.
- Organizing training activities to prepare accredited conformity assessment bodies (e.g. testing laboratories, control houses, certifying bodies), particularly in their strategic role as candidates for notified bodies.[129]
- Strengthening market surveillance through proactive and reactive inspection surveillance.
- Maintaining a continuous exchange of information with the European Commission.

Traders pointed out that difficulties stem from the exacting regulatory requirements that the directives carry, which do not correspond to the specific challenges facing the enterprises and overall capacity. Echoing the concerns of State agencies responsible for trade facilitation, the Ministry noted that the Government is fully aware of the compliance challenges facing the enterprises, particularly MSMEs (section 3.2). The reality is that reforms have to take into account the country's obligations under the SAA, which involves transposing EU harmonized legislation and associated procedures.

The need for striking a balance between legislative reforms and capacity building also applies to SQAM areas. The issues and concerns raised by Government stakeholders in the remaining sections provide a clear idea on priority needs that should be addressed to bolster the State agencies' capacity to deliver on their mandates and enable the enterprises to comply with the EU regulatory requirements.

129. As set out in the EA Document on Accreditation for Notification Purposes (EA-2/17 M) a notified conformity assessment body refers to a limited segment of CABs designated by relevant authorities in EU country to carry out conformity assessment procedures set out in applicable legislation before products are placed on the EU markets, when a third party is required. The EA Document on Accreditation for Notification Purposes (EA-2/17 M); available at: https://european-accreditation.org/publications/ea-2-17-m/. The European Commission publishes a list of such notified bodies (https://ec.europa.eu/growth/single-market/goods/building-blocks/notified-bodies_en).As a signatory to the EA, ATS accredits CABs to carry out conformity assessment activities for the specific EU directives applicable to their specialization, following the guidelines established in EA-2/17 M.

4.3 Standardization

Standard-setting activities fall under the competency of Institute for Standardization of Serbia (ISS), which is responsible for the issuance, publishing, reviewing and withdrawing of Serbian standards and related documents.[130] The registry of Serbia's standards is published on the ISS website, which also features up-to-date information on regional and international standards and handbooks (in Serbian) on standard implementation.[131]

ISS also accords priority treatment to promoting standards implementation, particularly among SMEs. It offers free-of-charge advisory services to SMEs that are in the process of, or with plans to embark on, implementing standards;[132] organizes training and awareness raising events to familiarize SMEs with standards;[133] and, supplies standards to SMEs at special rates or in bundles at reduced prices. [134]

In delivering on its mandate, ISS draws on its active membership in regional and international standard-setting organizations (Table 4.1). Membership in international organizations is complemented by a culture of continuous learning. ISS permanent staff, which comprised 61 in September 2019, including 44 experts, undergo in-house training on a regular basis to keep abreast of new developments in their areas and maintain compliance with international best practices.[135]

Table 4.1 ISS participation in regional and international standard-setting organizations

Organization	Status
International Organization for Standardization (ISO)	Full member
International Electrotechnical Commission (IEC)	Full member
European Committee for Standardization (CEN)	Full member
European Committee for Electrotechnical Standardization (CENELEC)	Full member
European Telecommunications Standards Institute (ETSI)	National Standards Organization

Source: ISS.

130. ISS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019. ISS mandate and responsibilities are spelled out in the Law on Standardization (Official Gazette of the RS, No. 36/2009 and No. 46/2015) and subsequent legislation (Decision amending the Decision on Establishing the Institute for Standardization of Serbia, Official Gazette of the RS 93/2015 and 27/2016, respectively).

131. https://www.iss.rs.

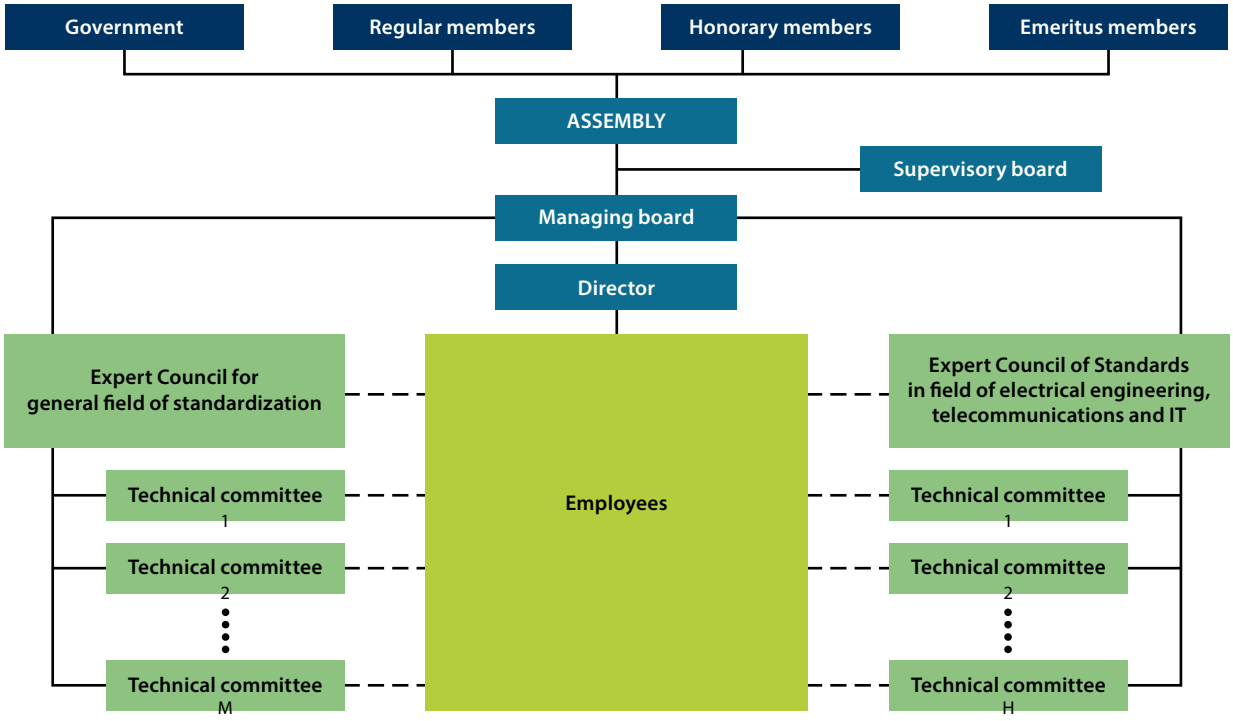
132. ISS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

133. For detailed information on activities in support of SMEs, see ISS Annual Reports; available at: https://www.iss.rs.

134. https://www.iss.rs.

135. ISS has an inhouse training facility, which provides regular training for staff following an "Annual Plan for the Education and Training". ISS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

Figure 4.1 ISS governing structure



Source: ISS.

ISS has also established an institutionalized system of checks and balances for ensuring impartiality. This is reflected in the institute's governing structure, which comprises a General Assembly, Managing Board, Director and a Supervisory Board, supported by Expert Councils and Technical Committees (TCs) for standardization that are established in accordance with the principle of "appropriate representation" (Figure 4.1).[136]

The system provides for involving the private sector in standard-setting activities, with the TCs bringing together representatives from the public and private sector. Over the years, ISS has established 163 TCs,[137] which are headed by an elected Chairperson (who reports to the Expert Council) and benefit from the institute's support in its capacity as the Secretary. As explained by officials, ISS tasks involve managing the conscription of TC experts following a rigorous process. ISS ensures that proposals for establishing TCs are received from a broad range of actors, including the ISS Assembly members, ISS Expert Councils and interested parties outside of ISS. The conscription of TC members involves an online public outreach campaign, with experts selected to populate the committees based on their skills and proven experience following the principle of "appropriate representation".[138]

136. As established under article 4 of the Law on Standardization, the principle "appropriate representation" is denotes ensuring: (i) the right of voluntary participation of all interested parties in the adoption of Serbian standards; and (ii) the prevention of the precedence of individual interests over the common interest of the interested parties. ISS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

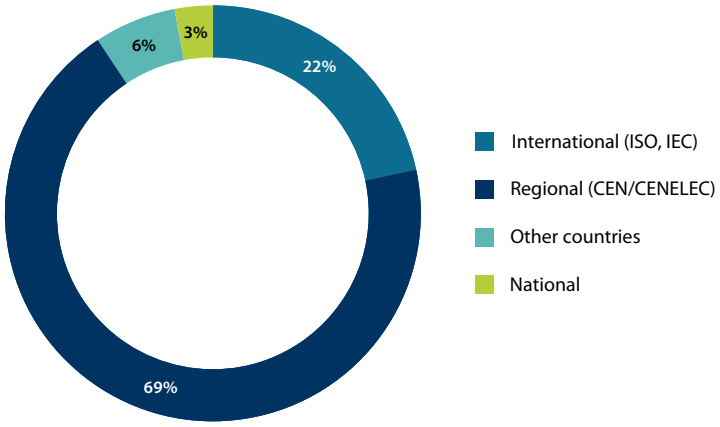
137. TCs are established by the ISS Director (Articles 34 and 50 of the Decision amending the Decision on Establishing the Institute for Standardization of Serbia). An up-to-date list, broken down by the status of TCs (active/disbanded/in the establishment/dormant), is available at: https://iss.rs/en/committee.

138. This campaign involves online public invitations as part of the ISS monthly Information Bulletin (https://iss.rs/en/iss-information-bulletin_c139). Experts submit their candidacy to ISS through filling an application form (https://iss.rs/en/membership/forml).

The emphasis on involving the private sector is also reflected in the institute's proactive approach to standard setting, with annual work plans developed in cooperation with enterprises and experts. As explained by officials,[139] the period leading up to the development of these plans involves an outreach campaign, with ISS inviting enterprises, experts and other interested parties to submit proposals for standard-development. This campaign is paralleled by consultations with line Ministries and specialized agencies (through the Ministry of Economy) to identify standards that will be referenced in technical regulations. Only proposals for developing national standards that are justified are considered, since, consistent with international best practices, the rule of thumb is to adopt existing international standards that are deemed to meet the enterprises' needs. Draft standards and related documents are also shared online with the private sector for comments within the context of a public enquiry process.

Once adopted, standards are published on the ISS website[140] and are circulated through the Chamber of Commerce and Industry of Serbia and other professional organizations for further dissemination to the enterprises.[141] As of December 2020, Serbia's registry of standards comprised 30,276 standards, which were developed following international best practices as established by ISO, IEC, CEN/CENLEC and ETSI.[142] National standards (SRPS), accounted for only 3 per cent of the national registry. As shown in figure 4.2, the registry is dominated by European harmonized standards (ENs) further reflecting Serbia's record in transposing EU directives (Annex 3, table A3.2).

Figure 4.2 Serbia's registry of standards



Source: ISS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

139. ISS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

140. https://iss.rs/en/publication.

141. ISS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

142. In particular, CEN/CENELEC Internal regulations – Part 2:2018, Common rules for standardization work; ISO/IEC Directives – Part 1:2018, Procedures for the technical work; ISO/IEC Directives – Part 2:2018, Rules for the structure and drafting of International standards; ISO/IEC Directives, IEC supplement:2018, Procedure specific to IEC; and, ETSI Directives, Version 39, October 2018. For further details, see, the Internal Rules of Standardization – Part 1, Development, Publication, Maintenance, Review and Withdrawal of Serbian Standards and Related Documents (On the link https://iss.rs/en/interna-pravila-standardizatsije_p720.html).

For ISS, at issue is the shortage of technical experts for populating TCs in certain fields (e.g. machinery equipment, passenger vehicles, trucks, containers, construction machines and agriculture) owing to the lack of resources. ISS relies on the public purse for financing 70.94 per cent of its activities, with the sales of standards and training/educational services for supporting standards implementation accounting for the remaining balance (18.69 per cent, and 10.37 per cent, respectively).[143]

At issue is also the low level of standards implementation, particularly among SMEs. Since 2016, ISS has been intensifying its efforts to help SMEs implement standards[144] through seminars, training workshops and advisory services.[145] Officials reported that they regularly field queries from SME representatives, who seem to be unclear about the interpretation of regulatory requirements and their implications, particularly in relation to implementing standards. SMEs also seek ISS guidance on the implementation of standards referenced in public procurement tenders.

The low level of standards implementation among SMEs cannot be understood in isolation from their weak technological capability.[146] SME representatives interviewed also noted that standards implementation, particularly ENs, is rendered difficult by the language barrier. Most of the harmonized standards are not available in Serbian, because they were adopted following the cover method (i.e., only the cover page of the standard is translated into Serbian).

4.4 Accreditation

Serbia has a developed accreditation system.[147] ATS is a signatory to the International Laboratory Accreditation Co-operation (ILAC) Mutual Recognition Arrangement for the fields of calibration, inspection, medical testing and testing as well as the International Accreditation Forum (IAF) Recognition Arrangement for product certification, management systems and certification of persons (Annex 3, table A3.3). In addition, ATS is among the European Commission approved national bodies for the accreditation of bodies performing the certification of organic products in line with the Acquis.

143. ISS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

144. This emphasis on supporting standards implementation is enshrined in Article 37 of the ISS Statute.

145. ISS reports on activities in support of SMEs in its annual reports. See, for example, its most recent report from 2018 https://iss.rs/en/dokumenti_c111.

146. This will be discussed in further details in chapter 5.

147. ATS accreditation activities are based on: the Law on Accreditation; Act on Establishment of the Accreditation Board of Serbia; Statute of the Accreditation Board of Serbia; adopted international standards: SRPS ISO/IEC 17011, 17020, 17021-1, 17024, 17025, 17043, SRPS ISO 15189; SRPS EN ISO/IEC 17065 containing requirements related to the work of a national accreditation body and competence assessment of conformity assessment bodies; Rules of Accreditation, procedures, instructions and guides of the European Cooperation for Accreditation and/or International Laboratory Accreditation Cooperation and/or the International Accreditation Forum.

ATS activities cover eight accreditation standards (testing including medical examinations, calibration, proficiency testing, inspection, certification of products, management systems and persons), following annual plans. The plans are set out by the ATS Management Board with the support of the Accreditation Council, which comprises experts from the public sector, the business community and the academia.[148]

The Council provides expertise advice on the scope of ATS activities as well as the implementation of regulatory requirements and standards across the different fields of accreditation. To deliver on its mandate, the Council has the right to establish temporary/standing technical committees, as needed, to attend to such technical details as the preparation and review of EA, ILAC/IAF documents, the identification of potential assessors, and recognition of inter-laboratory comparisons and PT schemes. Working groups are also established, as needed, to support the technical committees.

Moreover, just like ISS, ATS attaches great importance to continuous training. ATS 41 staff, which include 28 experts, undergo specialized training on a regular basis and benefit from the exchange of experience with their regional counterparts within the context of bilateral cooperation agreements with regional accreditation agencies (Box 4.1).

Accreditation follows a rigorous process to ensure the consistent application of standards, which takes up to eight months to complete (Box 4.2). In May 2020, ATS completed reforms for further streamlined and simplified the accreditation processes, with the successful implementation of ISO/IEC 17011:2017 "Conformity assessment – Requirements for accreditation bodies accrediting conformity assessment bodies".[149]

148. The Accreditation Council comprises representatives from the: public administration bodies and holders of public authorizations – 3 members (one representative from the Ministry of Economy, one from the Ministry of Education, Science and Technological Development and the Vice Rector of the University of Belgrade); faculties and institutes – 2 members (director of Veterinary Institute Novi Sad, Dean of the Chemical Faculty); the business community – 2 members (Chairman of the Expert Council of the Foundation for a Culture of Quality and Excellence- and president of the Association for quality and standardization of Serbia); consumer protection organizations – 1 member (director of Institute for Science Application in Agriculture); manufacturers– 1 member; and, accredited conformity assessment bodies – 2 members (one representative from Directorate of Measures and Precious Metals (DMDM) and other one Institute of Public Health, Čačak). Source: ATS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

149. Following the review of ATS self-evaluation report and the EA Multilateral Agreement Council (MAC) Management Group proposal, the EA MAC confirmed, in its decision of 26 May 2020, that ATS successfully made the transition from ISO/IEC 17011:2004 to ISO/IEC 17011:2017. Further information on this decision is available at: https://www.ekapija.com/en/news/2908235/accreditation-body-of-serbia-switches-to-new-edition-of-isoiec-170112017-standard.

Box 4.1 ATS Bilateral Cooperation Agreements as at September 2019

Agreements

1. Institute for Accreditation of the Republic of North Macedonia (IARNM)
2. Institute for Accreditation of Bosnia and Herzegovina (BATA)
3. Accreditation Body of Montenegro (ATCG)
4. National Accreditation Body of Hungary (NAH)
5. Croatian Accreditation Agency (HAA)
6. Romanian Accreditation Association (RENAR)
7. Slovak Accreditation Service (SNAS)
8. Slovenian Accreditation (SA)
9. Belarusian State Centre for Accreditation (BSCA)
10. Bulgarian Accreditation Service (BAS)
11. Federal Accreditation Service of the Russian Federation (RusAccreditation)
12. UK Accreditation Service (UKAS)
13. Slovenian Accreditation (SA)

Key elements

- Exchanging information about accreditation-related activities and documentation.
- Exchanging best practices in the field of accreditation.
- Organizing training and development of personnel.
- Organizing joint working meetings, thematic workshops, subject-specific seminars, and conferences on the practice of accreditation of conformity assessment bodies (when needed).
- Exchanging experience in implementing international standards in the field of accreditation.
- Organizing study visits for lead assessors, assessors and technical experts for witnessing, observing and/or working in the partner's assessment teams in field of common interest (when needed).
- Exchanging information on assessors and lead assessors.
- Identifying through mutual visits the areas of mutual interest (e.g. accreditation policies, criteria, procedures, and interlaboratory comparisons).

Source: ATS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

Box 4.2 ATS accreditation process

- **Phase 1:** The applicant submits the filled application form along with the supporting documents by email.
- **Phase 2:** ATS reviews the submitted application and supporting documents to determine ATS ability to perform the assessment in a timely fashion based on its own policy, competence, and availability of resources.
- **Phase 3:** ATS designates a team of assessors and conducts preliminary filed visits if requested by the CAB.
- **Phase 4:** The assessment process is carried out by the appointed assessment team who visits the CAB's facilities.
- **Phase 5:** The decision on accreditation is made by the Director of ATS based on the Accreditation Committee's recommendation. ATS proceeds to issue the Decision on Accreditation and the Accreditation Certificate and assign an Accreditation Symbol to the accredited CAB guided by the Rules for the Use of the Accreditation Symbol, Reference to Accreditation and Reference to the Status of ATS as Signatory of the EA MLA, ILAC MRA and IAF MLA Agreement, ATS-PA04.
- **Phase 6:** The accreditation certificate is valid for four years, during which ATS monitors the CAB's activities (assessments, documentary review, etc.) based on an evaluation programme.

Source: ATS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

4.5 Conformity assessment[150]

Serbia has an impressive registry of conformity assessment bodies (CABs), which comprised 687 bodies as of 31 December 2019 (Annex 3, table A3.4). These operate from the privileged position, since their certificates are in principle recognized internationally by virtue of ATS membership in ILAC Mutual Recognition Arrangement and the IAF Recognition Arrangement.[151] As of June 2020, ATS was in the process of accrediting 140 CABs, including 118 Inspection bodies for fire protection equipment along with 13 testing laboratories for construction material (Annex 3, table A3.5).

However, ATS still lacks experts for accrediting testing laboratories. [152] At the same time, reaping the expected benefits from reforms is undermined by the CABs' hesitancy to assume the role of notified bodies.[153] Officials explained that Serbian CABs tend to view this role as an additional burden. This means that enterprises are left without a national first port of call when in doubt as to how EU directives should be interpreted. Enterprises must go also elsewhere to obtain conformity marks (or certification marks) for affixing the CE mark (before placing their products on the EU markets [154]).

The results of the traders' survey also suggest that there remains room for improving testing procedures. Delays in obtaining test results constitute a major impediment to efficient cross-border trade formalities. Moreover, several traders noted that some laboratories, particularly for machinery equipment, do not follow uniform testing procedures. Delays are also caused by the re-testing of Serbian products in North Macedonia and Bosnia and Herzegovina, since the Governments do not recognize conformity assessment results issued by accredited Serbian CABs.[155]

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150. Conformity assessment is conducted in accordance with the Decree on Manner of Performing Conformity Assessment, Content of Document of Conformity, as well as Form, Appearance and Content of the Conformity Marking. In addition, the Law on Technical Requirements for Products and Conformity Assessment and the Decree on Manner of Recognition of Foreign Documents and Markings of Conformity contain provisions on the conditions and manner of recognition of foreign documents and markings of conformity as valid in Serbia.

151. According to ILAC, "though a laboratory or inspection body that has been accredited by an ILAC MRA signatory is more likely to have its results accepted in a foreign market, there is still no guarantee that these results will be accepted by other parties within that market, as the work in ensuring governments and regulators understand the nature of both accreditation and the acceptance of results via the ILAC MRA is ongoing" (https://ilac.org/about-ilac/faqs/).

152. ATS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

153. As set out in the EA Document on Accreditation for Notification Purposes (EA-2/17 M) a notified conformity assessment body refers to a limited segment of CABs designated by relevant authorities in EU country to carry out conformity assessment procedures set out in applicable legislation before products are placed on the EU markets, when a third party is required. The EA Document on Accreditation for Notification Purposes (EA-2/17 M); available at: https://european-accreditation.org/publications/ea-2-17-m/. The European Commission publishes a list of such notified bodies (https://ec.europa.eu/growth/single-market/goods/building-blocks/notified-bodies_en).As a signatory to the EA, ATS accredits CABs to carry out conformity assessment activities for the specific EU directives applicable to their specialization, following the guidelines established in EA-2/17 M.

154. CE marking is mandatory for products that fall under one of the 25 CE Directives or Regulations.

155. The Institute for Accreditation of the Republic of North Macedonia is a signatory to ILAC MRA for the fields of calibration, testing, inspection, and medical testing, while the Institute for Accreditation of Bosnia and Herzegovina is a signatory to ILAC MRA for the fields of calibration, testing and inspection (https://ilac.org/signatory-search/). According to ILAC, "though a laboratory or inspection body that has been accredited by an ILAC MRA signatory is more likely to have its results accepted in a foreign market, there is still no guarantee that these results will be accepted by other parties within that market, as the work in ensuring governments and regulators understand the nature of both accreditation and the acceptance of results via the ILAC MRA is ongoing" (https://ilac.org/about-ilac/faqs/).

4.6 Market surveillance

The task of market surveillance (for ensuring the safety of products placed on the domestic markets) falls under the responsibility of the Ministry of Health and MAFWM, working closely with SCA and the Ministry of Trade, Tourism and Telecommunication, which is responsible for coordinating market surveillance activities.

Inspections are risk based and this applies to food products as per the Law on Food Safety[156] and non-food products as per the Law on Market Surveillance.[157] Inspectors from the Ministry of Health and MAFWM, who are monitored by the Product Safety Council, conduct site visits to the enterprises' production and storage facilities (which involve choosing random samples for testing) and take the necessary measures for ensuing compliance (e.g., product withdrawal from markets).

The results of inspection activities pertaining to non-food products are published online through the Rapid Exchange of Information on Dangerous Products (NEPRO).[158] In 2019, the Government was preparing an amendment to the Law on Food Safety, with a view to further defining the competences between the MAFWM and Ministry of Health, creating the legal basis for establishing the National Codex Committee in the Ministry of Agriculture, and establishing a Food Safety Agency to act as an independent authority in line with EU practices.[159]

4.7 Metrology

Metrology activities fall under the responsibility of the Directorate of Measures and Precious Metals (DMDM), which acts as the National Metrology Institute as well as the National Legal Metrology Institute in accordance with the International Organization of Legal Metrology (OIML) guidelines[160](Box 4.3).

In delivering on its mandate, DMDM draws on its membership in the International Bureau of Weights and Measures (BIPM), OIML,[161] European cooperation in measurement standards (EURAMET) and Eurachem as well as its associate membership in the Western European Cooperation in Legal Metrology (WELMEC). The Directorate attaches great importance to continuous learning, according priority to training its staff on a regular basis and to ensuring their participation in training activities by international organizations.

156. Pursuant to the Law on Food Safety, MAFWM established a Food Safety Risk Assessment Expert Council, which brings together scientists, representatives of consumer associations, representatives of academia and MAFWM. Source: United States Department of Agriculture (UNDA), Foreign Agricultural Service (FAS) Global Agriculture Information Network (GAIN) "Serbia: Food and Agricultural Import Regulations and Standards Report, FAIRS Annual Country Report, GAIN Report Number: RB1902, Dated 20 February 2019.

157. The Law on Market Surveillance is complemented by the "Rule on specific elements of risk assessment, frequency of performing surveillance on the basis of risk assessment and specific elements of the plan in area under market surveillance" (Official Gazette of the Republic of Serbia, No. 88/2018).

158. http://195.222.98.53/portal/web/guest/agency#p_39_INSTANCE_pYEibXjyduVq.

159. United States Department of Agriculture (UNDA) Foreign Agricultural Service (FAS) Global Agriculture Information Network (GAIN) "Serbia: Food and Agricultural Import Regulations and Standards Report, FAIRS Annual Country Report, GAIN Report Number: RB1902, Dated 20 February 2019.

160. DMDM officials referred to the International Organization of Legal Metrology (OIML) normative document D1 "Considerations for a Law on Metrology" (https://www.oiml.org/en/files/pdf_d/d001-e12.pdf). DMDM written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

161. Serbia is signatory to the Metre Convention (1879) that set up BIPM and to the Convention establishing OIML.

Box 4.3 Responsibilities of the Directorate of Measures and Precious Metals

- Maintain Serbia's legal units of measurement.
- Develop, realize, proclaim, keep up, maintain and improve standards of Serbia.
- Coordinate and supervise the work of appointed holders of national standards.
- Provide metrological traceability.
- Research and development in the field of metrology.
- Conduct testing of pre-packaged products in order to verify compliance with metrological requirements.
- Represent Serbia in international and regional metrological organizations, ensure performance of obligations arising from membership in these organizations, and establish cooperation in the field of metrology.
- Perform metrological supervision.
- Supervise the work of authorized bodies.
- Carry out conformity assessment of measuring instruments.
- Decide on administrative proceedings in the field of metrology.
- Perform metrology expertise.
- Prepare the national strategy and regulations in the field of metrology.
- Maintain the register of measuring instruments subject to legal control and other prescribed records.
- Provide metrological information and publish official gazette.
- Timely dissemination.
- Provide professional assistance and perform training for tasks in the field of metrology.
- Publish technical and scientific literature.

Source: DMDM.

DMDM is an active participant in interlaboratory comparisons, which is a key prerequisite for maintaining accreditation.[162] In 2018, it participated in 10 comparisons and organized 30 proficiency testing schemes with accredited laboratories to provide objective evidence as to whether the laboratories in question have attained the level of competence required to perform measurements.

Through this active participation in interlaboratory comparisons, DMDM has developed its capacity to establish and maintain the national standards of units, including the reproduction of basic and derivative dimensions of the International System of Units (SI). It has 32 national standards as of September 2019, excluding those pertaining to physics and chemistry. The latter set of standards, which included 6 national standards as of September 2019, are established and maintained by the University of Belgrade Vinča Institute of Nuclear Sciences (VINS) that operates national standard-holding laboratories in the field of ionizing radiation accredited under SRPS ISO 17025.

162. As established under standard ISO/IEC 17043:2010, interlaboratory comparison refers to the organization, performance, and evaluation of calibration/test results for the same or similar item by two or more laboratories in accordance with predetermined criteria. Such comparisons offer an effective means for demonstrating technical competence, serves as a basis for accreditation, and are important for monitoring the quality of measurement results as required by ISO/IEC 17025:2005 standard for laboratories.

Legal metrology covers mass, pressure, length and angle, acoustics, volume, temperature sensors, heating energy, active and reactive electrical energy, metrology in chemistry and velocity and DMDM has a well-established measuring instrument approval system that is based on international standards. [163] Inspections are carried out in the marketplace by the Department for Metrology Supervision and its six local metrology branches to ensure that measuring equipment is properly type approved and that verification intervals are kept.

As explained by DMDM officials, inspection activities pertain to the following: (a) supervision of manufacture, trade, import, installation, use, maintenance and repair of measuring instruments; (b) supervision and testing quantity of pre-packed products; and (c) supervision of the operation of authorized bodies. Inspection activities also pertain to in-service measuring instruments, which are subject to re-verification, periodically within defined time intervals for certain kinds of measuring instruments. Typical re-verification intervals involve:

- Weighing instruments used in trade (every 2 years)
- Petrol pumps (1 year)
- Cold water meters (5 years)
- Gas meters (5 years)
- Electricity meters (12 years)
- Taximeters (1 year)
- Law enforcement instruments (1 year)

DMDM also has a special system for controlling pre-packaged goods. Control activities are risk based and involve site visits to the premises of manufacturers, distributors and importers, during which inspections are carried out to verify compliance with the metrological regulations' requirements. The inspectors investigate, among other things, product labelling, the accuracy and suitability of the equipment and whether it is adequately maintained, and the accuracy and consistency of records kept.

Officials noted strengthening the national system of metrology is effectively a function of intensifying DMDM participation in international organizations' activities. Such participation enables it to maintain and improve national standards, coordinate and supervise the work of appointed holders of national standards, provide metrological traceability and invest in new laboratory equipment. However, as shown in table 4.2, DMDM's ability to maintain continuous participation is undermined by the lack of financial resources.

163. Metrological performance and usability of type approval are tested in accordance with the provisions of the Law on Metrology as per specific metrology regulations for the measuring instrument the type of which is being approved. Type of measuring instruments slated to undergo type approval and verification are listed in the Regulation on the Types of Measuring Instruments That Require Mandatory Approval and Time Intervals of Periodical Approval. DMDM written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

Table 4.2 Participation of the Directorate of Measures and Precious Metals in regional and international organizations

Organization	Areas of involvement	Requirements for reaping further benefits
BIPM	• Real world measurements of unity. • Realization and maintenance of international standards. • Interlaboratory comparisons. • Coordination of measurement methods. • Research on physical constants that are used in standards development.	• Assume a more active and permanent role in BIPM bodies • Ensure participation in all BIPM initiatives and training activities.
OIML	• Internationally recognized solutions for technical and administrative problems raised by the use of measuring instruments. • Participation in in OIML bodies.	Assume a more active and permanent part in OIML bodies: • International Conference of Legal Metrology • International Committee of Legal Metrology • International Bureau of Legal Metrology (BIML) • Technical Committees and Subcommittees
EURAMET	• Coordination and cooperation with European metrology institutes in the areas of research in metrology, measurement traceability to SI units, international recognition of national measurement standards and calibration and measurement capabilities (CMCs) of its members. • Responsible for managing and executing the European Metrology Research Programme (EMRP).	• Active membership in EURAMET is a necessary step to participate in the implementation of the Mutual Recognition Arrangement for national measurement standards and for calibration and measurement certificates issued by national metrology institutes (CIPM MRA). It would enable DMDM to maintain, upgrade, and extend measurement and calibration capabilities in BIPM key comparison database (KCDB) Appendix C.
WELMEC	• Participate in the work of WELMEC's Working Groups.	• Achieving membership in WELMEC is important for effective transposition of EU Directive on Measuring Instruments (WELMEC advises the European Commission on the development of this Directive).
EURACHEM	• Participate in the different activities aimed at establishing a system for the international traceability of chemical measurements and the promotion of good quality practices.	• Addressing the needs and concerns of Serbia's research and industrial communities.

Source: DMDM written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

Chapter Five

Implications for export diversification

5.1 Introduction

The previous chapters show that despite significant improvements in removing regulatory and procedural trade barriers, particularly in relation to regulatory harmonisation and ensuring transparency in trade, the road ahead remains challenging. The enterprises are still faced with high trade costs, owing to capacity shortfalls in the areas of trade facilitation and SQAM. At the same time, enterprises, particularly MSMEs, are not well placed to reap the expected benefits from trade reforms.

This chapter captures the influence of the identified regulatory and procedural barriers on structural transformation. To do this, the chapter first discusses the impact of the identified barriers on the MSMEs' business development decisions. In particular, the chapter looks into the extent to which the additional transaction costs generated by the barriers pose a disincentive to investment. The chapter then takes the analysis a step further by identifying the main factors influencing the enterprises' technological capability and the extent to which these are trade driven. The focus on technological capability is consistent with the strategic focus of this assessment, which seeks to support increasing the contribution of trade to structural transformation and the achievement of the 2030 Agenda. Technological capability is to be understood as the accumulated knowledge and skills to identify, appraise, utilise, and improve on existing technologies and production techniques or develop new ones to modernize production processes and venture into new innovative production activities.[164]

164. For a succinct discussion of this concept, see, Lall, S. (1992) "Technological capabilities and industrialization", World Development, vol. 20, p. 167.

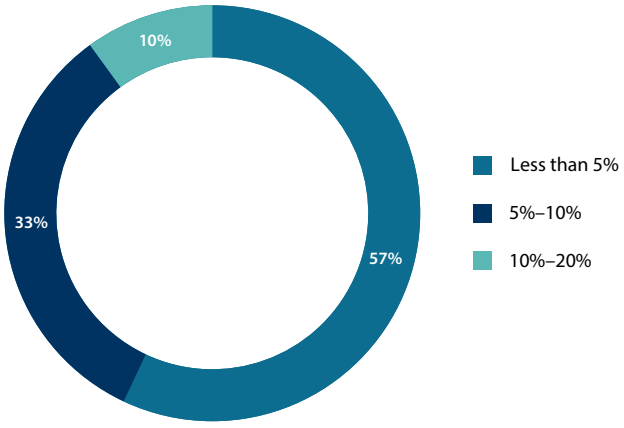
5.2 The interplay between the identified barriers and enterprise growth

As shown in figure 5.1, around 43 per cent of the surveyed enterprises reported that trade costs consume over 5 per cent of their monthly expenditures. Of these 10 per cent allocate between 10 and 20 per cent of their monthly expenses to cover trade costs, and the remaining 33 percent allocate between 5 to 10 percent.

The surveyed enterprises singled out red tape as the major contributor to trade costs, owing to the continued prevalence of paper-based procedures. Enterprises noted that all the supporting documents are submitted in hard copies, and most forms are only available in PDF format so that they have to be printed out and filled in manually. The difficulties surrounding red tape are compounded by high exploration costs given the lack of clarity over applicable regulatory requirements, which have been shifting over the past two years under the weight of the legislative approximation with the EU *Acquis*.

These conditions have been placing a tremendous strain on the enterprises' resources, particularly micro and small enterprises. Medium enterprises reported having dedicated staff (up to two staff) for handling these requirements. Micro and small enterprises allocate up to 40 per cent of their weekly working hours to achieve compliance with documentary requirements. Several outsource this task to external consultants during peak seasons at an additional cost. Needless to say, time and resources invested in achieving compliance comes at the expense of, among others, improving promotional activities, exploring new export markets and production methods.

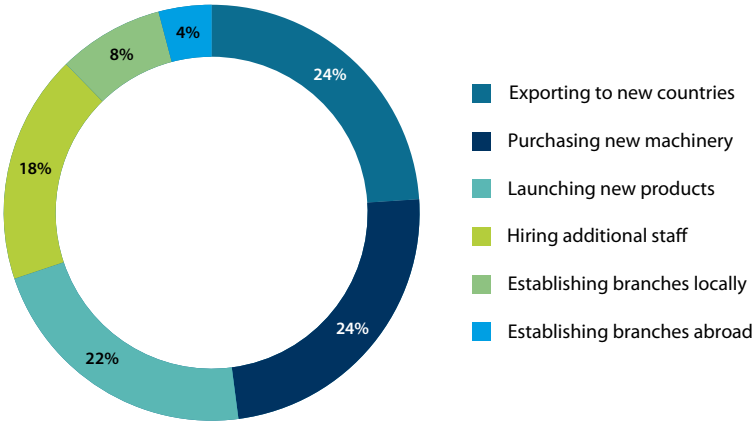
Figure 5.1 Trade costs (Percentage share of the surveyed traders' monthly expenditures)



Source: UNECE survey of Serbian traders.

Despite the significant burden that trade costs place on the enterprises, they did not pose an investment disincentive. Around 95 per cent 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 SAA. As shown in figure 5.2, the enterprises were planning to launch new products, establish new branches in Serbia and abroad and venture into new markets, particularly China, the EU, the Russian Federation and, to a more limited extent, the Middle East and the USA.

Figure 5.2 Surveyed traders' expansion plans (Percentage share of responses)



Source: UNECE survey of Serbian traders.

5.3 Enterprises' growth dynamics

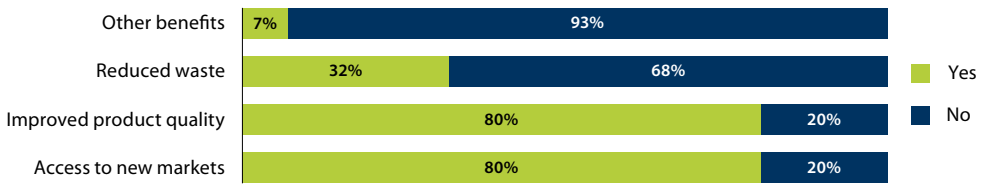
This section introduces the growth enabling factors that have been contributing to the enterprises' success, which combined, represent the enterprises' growth dynamics. These factors are heavily influenced by non-tariff measures and should be supported simultaneously through targeted enterprise development efforts.

International Standards

Compliance with the health, safety and environmental conservation regulatory requirements in destination countries constitutes an important pre-requisite for accessing new markets, and international standards implementation provides the main vehicle for achieving compliance. In addition, by addressing the different aspects of production processes, international standards enable the enterprises to make informed investment decisions for achieving increased specialization in production activities with higher value-added.

Most of surveyed enterprises were well versed on the importance of standards implementation. Around 85 percent reported implementing international standards, particularly ISO 9001, as well as industry standards. In terms of reaped benefits, the majority reported the standards implementation has enabled them to improve the quality of their products and enjoy better market access conditions. For producers of transport machinery equipment, plastics and electrical machinery, standards implementation was crucial for reducing manufacturing waste (Figure 5.3).

Figure 5.3 Benefits of implementing standard (Percentage share of responses)



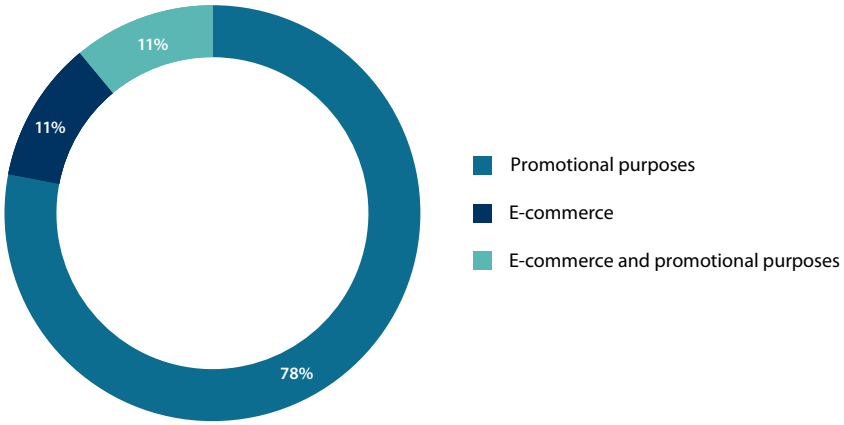
Source: UNECE survey of Serbian traders.

Standards implementation came hand in hand with consistent investments in research and development. Around 58 per cent of the standard implementing enterprises invest in research and development, which went into funding in-house research or outsourced reach activities. The amounts varied between USD 22,000-USD 26,000 per year, with those involved in manufacturing transport machinery equipment investing around USD 220,000 per year.

E-commerce

While 90 per cent of the surveyed enterprises reported having own websites, the majority were not engaged in e-commerce. This is reflected in figure 5.4, which shows that only 22 per cent of the surveyed enterprises with institutional websites were engaged in e-commerce. The remaining used their websites exclusively for promotional purposes, noting that they see "no need" to engaging in e-commerce. The enterprises see e-commerce as a complex undertaking that requires not only IT capacities but also a broad network of international buyers: something which the majority of the MSMSs lack. This explains why the enterprises attach great importance to linking with regional and global supply chains (see below).

Figure 5.4 Traders' use of institutional websites (Percentage of responses)

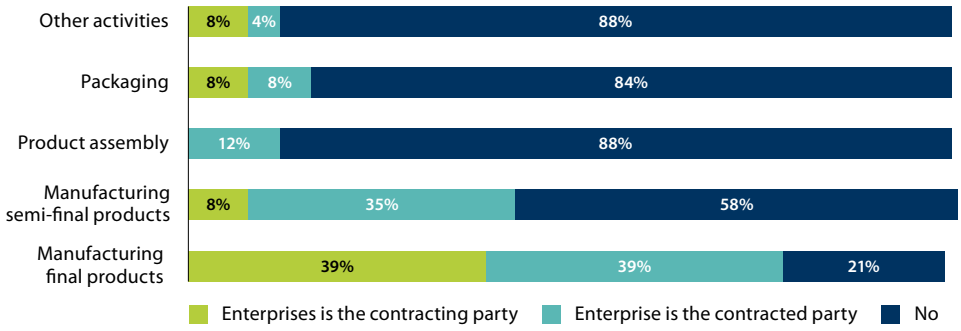


Source: UNECE survey of Serbian traders.

Cooperation and networking

Cooperation and networking were cited as a major growth enabling dynamic by almost all of the surveyed enterprises. For 46 per cent, cooperation and networking relations are anchored in sub-contracting arrangements with national, regional, and transnational corporations (TNCs), which assign all or part of the manufacturing process to the surveyed enterprises. Medium enterprises also use sub-contracting arrangements to delegate all or part of the manufacturing process to smaller national enterprises. Several medium enterprises also reported that they are contracted by smaller enterprises to execute the entire manufacturing process (Figure 5.5).

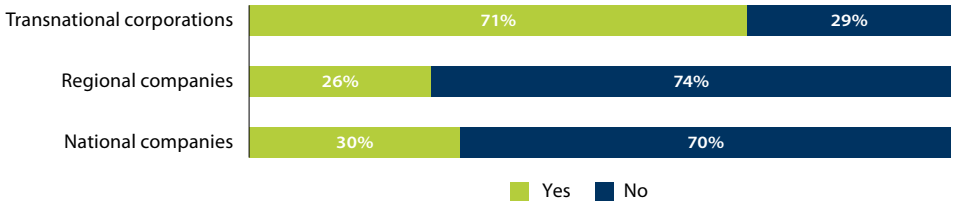
Figure 5.5 Traders involvement in sub-contracting arrangements
(Percentage of responses)



Source: UNECE survey of Serbian traders.

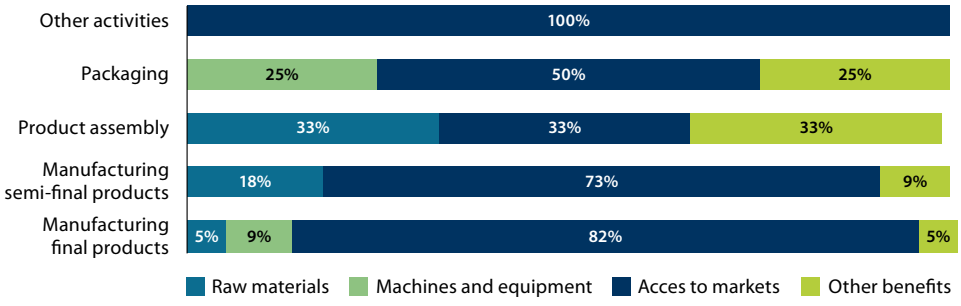
The assessment demonstrates that sub-contracting arrangements are at the centre of spontaneous industry-specific clusters, which bring together enterprises from across the country to operate as a network. Figure 5.6 shows that these networks are driven by TNCs, which account for the largest share of the enterprises' sub-contracting arrangements. These arrangements enable the enterprises to achieve the twin objective of improving their productive capacity and venturing into new markets. This is demonstrated in Figure 5.7, with the surveyed enterprises citing access to markets among the major benefit reaped from existing sub-contracting arrangements along with access to high quality machinery and raw material at a competitive price (Figure 5.7).

Figure 5.6 Traders' subcontracting arrangements by partner
(Percentage of responses)



Source: UNECE survey of Serbian traders.

Figure 5.7 Benefits received under sub-contracting arrangement
(Percentage of responses)

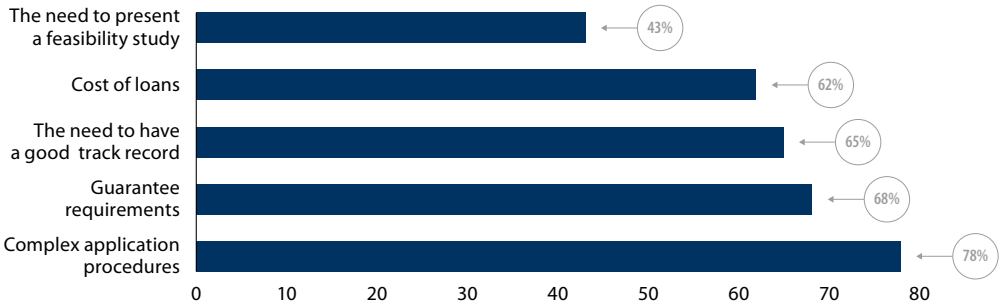


Source: UNECE survey of Serbian traders.

Access to finance

16 per cent of the surveyed enterprises reported experiencing difficulties in accessing bank loans, owing to the complex application procedures, demanding guarantee requirements and high interest rates. Some lamented failure to meet the banks' eligibility criteria, particularly those related to creditworthiness (business track record), while others were unable to present sound feasibility studies for their expansion plans (Figure 5.8).

Figure 5.8 Factors undermining the traders' access to finance
(Percentage of responses)



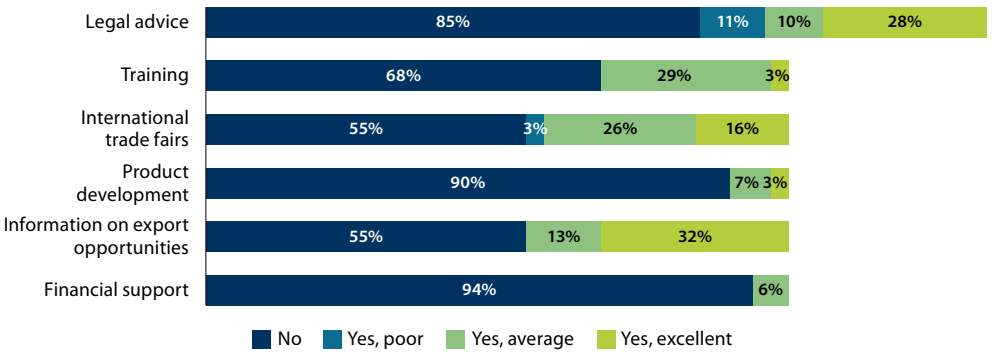
Source: UNECE survey of Serbian traders.

Enterprise support services

The surveyed enterprises appear to operate in the absence of adequate support services. Around 52 per cent were members of business associations and enterprise support institutions. As shown in figure 5.9, support services received over the past two years tended to be concentrated in marketing support, including information on export opportunities and participation in international trade fairs.

Other services received include training on applicable trade rules and international standards, product development along with legal advice on applied trade rules and procedures, labour laws and public procurement. These services were positively rated, and the enterprises emphasized the importance of intensifying such support services. At issue is the dearth of support services in the field of product development and industrial organization.

Figure 5.9 Traders' evaluation of support services received (Percentage share of responses)



Source: UNECE survey of Serbian traders.

Other factors

All the interviewed traders complained that at 20 per cent, the VAT is too high. Some suggested reducing VAT levels to 15 percent, while others proposed granting traders longer payment period to alleviate their liquidity crunch. For exporters selling their products on the EAEU markets, at issue is also the delayed receipt of required documents for VAT payments from buyers, which undermines their ability to benefit from the zero VAT rate and/or excise tax relief. EAEU partners, particularly Russian buyers, provide the confirmation of tax payment well beyond the 180 days deadline designated by law.

Other growth impediments singled out by the enterprises include: the high-income tax levels (reported by enterprises as ranging between 24-32 per cent); the underdeveloped road networks; the poor quality of electricity supply; and, the shortage of skilled workers locally.

Chapter Six

Conclusion and recommendations

This study identified regulatory and procedural barriers to trade in Serbia. It showed that these barriers stem from legislative and institutional shortfalls within State agencies as well as within the enterprise sector, as legislative harmonization under the SAA continue to outstrip capacity building efforts. The study also demonstrated how these barriers pose greater obstacles to development than tariffs, given their direct impact on behind and at-the-border supply chain activities. The barriers not only inflate transaction costs, but also undermine the enterprises' ability to improve their productive capacity and, thereafter, reap the expected benefits from economic and trade reforms as follows:

Lack of clarity over applicable rules and procedures

Traders reported that it takes a considerable amount of time to piece together a clear understanding of applicable rules and procedures from public sources, including those published online. Information tends to be either outdated, or too brief to allow for a proper understanding of the rules and their implication.

Complex documentary requirements

Serbia's legislation limits documentary requirements for customs clearance to the minimum. At issue is not the number of documentary requirements for customs clearance, which at seven to eight documents is reasonable and in tune with international trends, but that of supporting documents, or the documents behind the documents.

Traders described cumbersome procedures, which appear to be at once a reflection of the State agencies' low level of trust in businesses, the continued reliance on paper-based procedures and the lack of uniform application of existing rules – a problem that is common to customs authorities in several countries and in Serbia is exacerbated by the sheer number of customs offices.

Cumbersome inspection procedures

State agencies carry out controls over imports, exports and goods in transit in a logical sequence. For inbound cargo (imports), the procedures begin with passport control followed by documentary checks and cargo/vehicle examination and the release of goods upon payment, and the reverse for outbound cargo (exports).

However, border control is complicated by the continued reliance on paper-based procedures. Disputes over documentation and errors in submitted documents are common, creating unnecessary delays during customs clearance along with additional fees and late delivery penalties. Exporters also reported that applying for value-added tax (VAT) refunds is complicated by delays in obtaining confirmation of exportation. Obtaining this confirmation, which is provided in the form of stamped JCI, involves a waiting time of up to 20 days.

Further delays are generated by the lack of synchronization in control processes, as agencies have different working hours, and disputes over customs valuation. The introduction of the new EU regulations and procedures for controlling migration (Schengen Border Code) in 2016-2017 created further complications in the form of congestion at all border-crossing points. Traders described trucks forming long queues of up to 15 kilometres in length, which can translate into waiting times of 24–36 hours.

Moreover, while the Government has adopted integrated border management principles, implementation is undermined by the lack of proper infrastructure facilities, including separate facilities for perishable goods, terminal facilities and inspection equipment.

Gaps in regional cooperation

Serbia's simultaneous treatment of infrastructure development and regional cooperation, particularly on procedural matters, has set a strong foundation for facilitating cross border trade. Nonetheless, the assessment suggests that there remains room for further improvement, particularly in the case of BCPs with Bosnia and Herzegovina, Hungary and Montenegro. The study highlights challenges stemming from: the lack of the harmonization of working hours between the border agencies on both sides of the BCPs; the lack of coordination among the different agencies involved in physical inspection; and inconsistent application of regulatory requirements.

Capacity shortfalls in the national system of quality infrastructure

Serbia has consolidated a modern quality infrastructure system that is in tune with international best practices and the WTO requirements. However, the Government's efforts to capitalize on reform achievements to date is undermined by the lack of financial resources. In particular, the Institute for Standardization of Serbia (ISS) is held back by a shortage of technical experts for populating technical committees in certain fields (e.g. machinery equipment, passenger vehicles, trucks, containers, construction machines and agriculture).

Similarly, the Directorate of Measures and Precious Metals (DMDM), which is responsible for legal and applied metrology, also lacks the resources to intensify its participation in international organizations. This has been undermining its ability to maintain and improve national standards, coordinate and supervise the work of appointed holders of national standards and provide metrological traceability. Such participation is also critical for making informed decisions on investments in new laboratory equipment.

The lack of resources is also at the centre of the Accreditation Body of Serbia (ATS) capacity shortfalls, with officials reporting the lack of experts for accrediting testing laboratories as the most challenging to accredit. Moreover, reaping the expected benefits from reforms is undermined by the conformity assessment bodies' (CABs) hesitancy to assume the role of notified bodies. In addition, there remains room for increasing the efficiency of the CABs' testing procedures. Traders also reported that Serbian products are re-tested in North Macedonia and Bosnia and Herzegovina, since the Governments do not recognize conformity assessment results issued by accredited Serbian CABs.

The study underscored the need to further align and coordinate capacity building efforts across all State agencies and institutions, within the context of a whole-of-government approach. Table 6.1 provides action-oriented recommendations for enabling such an approach in a manner that is consistent with the 2030 Agenda's notion of trade as a means of implementation and principles of policy coherence.

The recommendations were agreed upon with the Government and are aimed at improving trade facilitation conditions in Serbia, further developing the national system of quality infrastructure and supporting enterprise development. As the recommendations address capacity shortfalls within State agencies and the enterprise sector, they carry direct contribution to the SDGs, particularly goals 1 (no poverty), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 16 (peace, justice and strong institutions) and 17 (partnerships for the goals).

UNECE stands ready to assist the Government in implementing the recommendations.

Table 6.1 Gearing NTMs to serve as a means of implementation

Outstanding needs	Recommendations	Contribution to the SDGs
Improving trade facilitation conditions		
Strengthening transparency	1. State agencies' institutional websites should be improved and kept up to date to offer detailed information in one international language, as well as in Serbian,[165] on applied regulations and associated administrative procedures, including fees and forms. 2. State agencies should also publish brief online explanatory brochures on the steps that traders should follow to ensure due diligence in fulfilling the legislative requirements. These brochures should be prepared in close cooperation with the private sector to ensure that they respond to the enterprises' needs. 3. In the medium term, establish a customs trader portal[166] to serve as the authoritative source of information on existing clearance regulatory and procedural requirements and implementation guidelines for enterprises. The portal should also feature information on new/planned regulations along with explanatory brochures on expected implications, including: any changes to legislation, regulations, procedures, fees, forms, and the timing of these changes; the areas in which no change will be required; and, the implications for export-import activities, supply chain operations and ICT requirements that enterprises have to meet. 4. Strengthen with additional experts the Customs Procedures Division of the Serbian Customs Administration (SCA) and its Department for "Customs Procedures" and "Section for Implementation of Customs Procedures" with additional experts so that it could continue to act as the point of reference for the customs offices on issues related to the interpretation of regulatory requirements and implementation of the associated administrative procedures. Following international best practices, e.g. in France and the United States, SCA could structure this service around two sub-groups, with the first focusing on large enterprises and the second on MSMEs, which require more coaching. 5. Add further capacity to the National Coordinating Body for Trade Facilitation and its working groups in the areas of policy analysis, impact assessment and outreach, with a view to enabling it to maintain continuous public-private dialogue.	SDG: 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda

165. This is in line with the WTO Agreement on Trade Facilitation. The agreement stipulates that "members shall make available, and update to the extent possible and as appropriate, the following through the internet" (Article 1, paragraph 2.1). This includes "description of its procedures for importation, exportation, and transit, including procedures for appeal or review, that informs governments, traders, and other interested parties of the practical steps needed for importation, exportation, and transit" (Article 1, paragraph 2.1a). "Whenever practicable, the description referred to in subparagraph 2.1(a) shall also be made available in one of the official languages of the WTO" (Article 1, paragraph 2.2). WTO official languages are English, French and Spanish.

166. See, for example, the EU Customs Trader Portal, which provides authoritative information on AEOs (https://ec.europa.eu/taxation_customs/eu-customs-trader-portal_en).

Table 6.1 (cont'd)

Outstanding needs	Recommendations	Contribution to the SDGs
Transitioning to paperless trade	1. Develop online training courses on using SCA's bookkeeping programme for preparing the documentary requirements. 2. Lift the requirement for notarized copies of original documents issued by Serbian authorities in line with the WTO Agreement on Trade Facilitation (Article 10.2.2).[167] 3. Lift the requirement for accompanying outbound consignments shipped by rail with the original paper-based payment receipt issued by the Serbian Railways. This could be done by establishing EDI between SCA and Serbian Railways. 4. Expand the number of MSMEs authorized to use the simplified customs procedures so as to help them achieve full and complete compliance with the AEO eligibility criteria. This could be done by complementing the existing system for testing, training, licensing, accrediting customs brokers with face-to-face and online professional/ technical training courses on new/revised trade related rules and administrative procedures in the light of the EU approximation process.[168] Such training should be extended to the business community, especially since the use of customs brokers is not mandatory under the new Customs Code (as per the UCC). 5. Consolidate the legal basis for electronic documents: 5.1 Enforce the competent authorities to accept e-invoice without stamp and signature,[169] which would be in line with the WTO Agreement on Trade Facilitation (Article 10.2.1).[170] Begin by defining the minimum information requirements for generating the original invoice electronically (i.e. e-invoicing). The European Committee for Standardization (CEN) standard on minimum requirements for public procurement[171] could provide the basis for defining the basic information to be contained in the e-invoice for customs clearance, while UN/CEFACT Cross Industry Invoice (CII) XML v. 2.0[172] and v. 3.0[173] provide a more comprehensive definition of such requirements.	SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda SDG 17.6: Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries

167. "Where a government agency of a Member already holds the original of such a document, any other agency of that Member shall accept a paper or electronic copy, where applicable, from the agency holding the original in lieu of the original document".

168. At present, subsequent broker training is voluntary, as is staying abreast of legislative and procedural developments (where it is possible to do so). Since brokers are essential to MSME's compliance with customs clearance regulatory requirements, it would be useful to enable their continuous learning.

169. https://mim-law.com/invoices-no-longer-need-include-stamp-signature/.

170. "Each Member shall, where appropriate, endeavor to accept paper or electronic copies of supporting documents required for import, export, or transit formalities".

171. CEN CWA 16562: 2013 "Business Interoperability Interfaces for public procurement in Europe - Post award profiles". A semantic model for the invoice and credit note is covered in Annexes B and C. The invoice profile is covered in Annex B, which can be downloaded at ftp://ftp.cen.eu/public/CWAs/BII2/CWA16562/CWA16562-Annex-B-BII-Profile-04-InvoiceOnlyV2_0_0.pdf.

172. Business Requirements Specification (BRS): http://www.unece.org/fileadmin/DAM/cefact/brs/BRS_CrossIndustryInvoice_v2.0.5.pdf; Requirements Specification Mapping (RSM): http://www.unece.org/fileadmin/DAM/cefact/rsm/RSM_CrossIndustryInvoice_v2.0.pdf; XML schema: http://www.unece.org/cefact/xml_schemas/index.

173. Various documents available at: http://www.unece.org/fileadmin/DAM/cefact/rsm/RSM_CrossIndustryInvoice_v3.0.1.zip.

Table 6.1 (cont'd)

Outstanding needs	Recommendations	Contribution to the SDGs
Transitioning to paperless trade (cont'd)	5.2 Develop the required IT infrastructure for supporting the use of digital signatures. A reference framework for developing such infrastructure is provided by the European Union Agency for Network and Information Security (ENISA) "Security guidelines on the appropriate use of qualified electronic signatures".[174] 6. As SCA forges ahead to eliminate instances of repetitive submission of documents, it would be important to sequence this effort along the milestones set out below. This will not only ensure the successful implementation of the Single Window facility, but also achieve full and complete compliance with the WTO Agreement on Trade Facilitation (Article 10): 6.1 Examine the business processes underpinning the information flows within and between agencies to identify the factors contributing to repetitive submissions. The UNECE/ESCAP Business Process Analysis provides a useful tool for such an examination. 6.2 Undertake proper regulatory impact assessment of the transition to paperless trade. UN/CEFACT Recommendation 35 on establishing a legal framework for international trade Single Window is of direct relevance. 6.3 Re-examine documentary requirements to ensure that all the information requirements are standardized and harmonized. UN/CEFACT Recommendation 34 on Data Simplification and Standardization for Single Windows is of direct relevance, as well as recommendations on simplification, harmonization and standardization of trade documents (e.g. recommendations 1 on UN Layout Key for Trade Documents; 14 on Authentication of Trade Documents; and 15 on Simpler Shipping Marks). UN/CEFACT Recommendation 34 provides clear guidelines capturing, defining, analysing and reconciling data elements contained in the different documentary requirements, while recommendations 1, 14 and 15 provide guidelines for the standardization and visual display of trade documents.[175] 6.4 Based on the above, standardize data requirements using recognized international standards, including UNECE-UN/CEFACT recommendations and business standards – Core Component Library; Reference Data Models; XML Schema; 25 on Use of the UN Electronic Data Interchange for Administration, Commerce and Transport Standard-UN/EDIFACT; Code List Recommendations and Libraries; and over 300 business standards such as e-invoicing and e-SPS certificates – and the WCO Data Model. [176] 7. The SCA information system interoperability and full functionality with the Single Window information system is essential. UN/CEFACT recommendation 36 on Single Window interoperability ensures interoperability with trade partners, while recommendation 37 on single submission ensures interoperability with the private sector.	

174. https://www.enisa.europa.eu/publications/security-guidelines-on-the-appropriate-use-of-qualified-electronic-signatures/at_download/fullReport.

175. https://www.unece.org/cefact/recommendations/rec_index.html.

176. https://www.unece.org/cefact/recommendations/rec_index.html.

Table 6.1 (cont'd)

Outstanding needs	Recommendations	Contribution to the SDGs
Further reducing clearance time	1. Synchronize the working hours of control agencies across all border crossing points and extend as needed. 2. Abolish all parking charges for trucks for the period when their drivers await routine checking of their paperwork and customs clearance. 3. Establish a system for bringing together the loading and unloading operations of inbound combined shipments, as this seems to be related to the distribution of staff across the customs offices and the synchronization of working hours. Ideally, the cargo should be unloaded for clearance on the day of entering and cleared cargo should be loaded on the same day. 4. Accord priority to replenishing SCA inventory with high quality customs seals. 5. Reconsider the existing system for affixing the tracking devices onto trucks and that for their removal. This seems to be related to distribution of staff across the customs offices and/or the procedures for affixing/removing the tracking devices. Alternatively consider replacing the tracking devices with electronic customs seals (e-seals). 6. SCA should extend the coverage of advance rulings so that it also covers valuation. 7. Provide the carriers with conformation of exportation (the stamped JCI) upon the release of goods. 8. Undertake a thorough review of the risk parameters and profiles established in the SCA information system, so as to reduce the amount of cargo assigned to physical control. The review should be conducted with the principles of trade facilitation in mind, as well as the national effort to improve the business environment. As an initial step, develop local risk profiles for individual customs offices to reflect the specific control environment at each. The results of their practical application would then be progressively used to update and adjust the central risk-management system. 9. In parallel, continue to develop the post-clearance audit function. This would not only reduce release time but would also enable SCA to further develop its risk-management function, since post-clearance audits involves the control of traders' commercial data, business systems, records, and books in relation to individual transactions (transaction-based audit) and/or exports and imports undertaken over a certain period of time (company-based audit). Such audits would allow for the considered examination of the commercial processes and systems, which lie behind the consignments. SCA could then use the findings to review previous risk-based judgements and adjust the parameters in the risk management system. 10. The refurbishment of border-crossing points should focus on basic infrastructure for clearing perishable goods – in particular (a) adequate facilities for physical inspection of cargo, (b) refrigeration points for perishable cargo and (c) quarantine facilities at or close to the border-crossing points.	SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda SDG 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Table 6.1 (cont'd)

Outstanding needs	Recommendations	Contribution to the SDGs
Further developing the national system of quality infrastructure		
Strengthening standard-setting	1. Further strengthen the national Enquiry Point within the Ministry of Economy, so that it can become fully operational – this includes providing free-of-charge online information on applicable regulatory requirements and administrative procedures associated with product certification and conformity assessment in general, and responding to related queries by Serbian and international actors as per EU Regulation 2019/515 on the mutual recognition of goods.[177] 2. Accord priority to strengthening capacities for translating harmonized standards into Serbian. As this is a demanding task, start work on the standards that are relevant to strategic sectors. 3. Publish additional online training materials[178] on standards implementation. Such training materials, which must be in Serbian, should not only cover best practices but also be context specific and feature case studies from Serbia on issues related to the selection and implementation of standards.	SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors

177. EU Regulation 2019/515 of the European Parliament and of the Council of 19 March 2019 "on the mutual recognition of goods lawfully marketed in another Member State and repealing Regulation (EC) No 764/2008" is available at: https://eur-lex.europa.eu/eli/reg/2019/515/oj. A list of product contact points is available at: https://ec.europa.eu/growth/single-market/goods/free-movement-sectors/mutual-recognition/contacts-list_en.

178. https://tehnis.privreda.gov.rs/sr/dokumenti.html?position=1.

Table 6.1 (cont'd)

Outstanding needs	Recommendations	Contribution to the SDGs
Strengthening conformity assessment	1. Strengthen CABs with technical experts, lead assessors, assessors and recognition managers to enable them to assume the role of notified bodies. 2. Strengthen ATS with additional trained experts so that it can carry out its mandate and periodically monitor accredited testing laboratories against current or updated criteria for continued recognition of competence. 3. Further develop NEPRO. A first step would be to link the system with the EU Rapid Alert System for Non-Food Products (RAPEX). 4. Accord priority to establishing bilateral mutual recognition agreements (MRAs) with trade partners to ensure acceptance of accredited test and inspection reports and certificates of compliance. Experiences suggest that successful MRAs provide for: • A progressive list of products to which the MRA would apply. To simplify matters, begin with a limited list designated at the HS-6 digit level with a provision for periodic revision to add products and take into account technological change, which may lead to new products being developed under the same HS-6 digit code (but for which the capacity of testing laboratories in many countries might need to be reassessed or re-evaluated periodically). • Consultation and the right to withdraw if (despite the MRA) either party continues to encounter market access obstacles.[179] • Establishing joint committees for the effective functioning of the agreement. • Preserving domestic market surveillance prerogative to determine legislative, regulatory and administrative measures, or the level of protection it considers appropriate for the safety of human, animal, or plant life, or health; and the protection of the environment, including withdrawing products from the market or prohibiting imports.[180]	SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda SDG 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Strengthening metrology	1. Accord priority to intensifying DMDM participation in international organizations. 2. Accord priority to supporting DMDM investments in new laboratories.	SDG 17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda SDG 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

179. See for example the EU-US MRA (Article 2); available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:21999A0204%2801%29.

180. See for example the EU-US MAR (article 15).

Table 6.1 (cont'd)

Outstanding needs	Recommendations	Contribution to the SDGs
Supporting enterprise development		
Developing the enterprises' productive capacity	1. Develop training programmes, including online courses, on international standards implementation, particularly the European Union (EU) harmonized standards, to enable MSMEs to achieve compliance with health, safety, and environmental conservation requirements in domestic and destination markets. 2. Develop training programmes, including online course, on best practices in trade facilitation and supply chain management to enable MSMEs to reap benefits of trade facilitation measures. 3. Launch linkages programmes to integrate the Serbian enterprises, particularly MSMEs, with regional and global value chains. Such programmes should target both labour and technology intensive sectors and seek to create: (i) horizontal collaboration, such as sharing the costs of expensive equipment or research and development; (ii) vertical collaboration through facilitating the decentralization of the production process; and/or (iii) exchange of information on technology and common problems. 4. Launch targeted credit schemes for financing the enterprises' expansion plans. Such schemes could include reginal and international standards implementation as part of eligibility criteria. 5. Address the skills mismatch in the labour market: • Strengthen vocational training institutions with resources to develop targeted training for: (i) existing MSMEs' employees to improve their skill sets within their areas of work; and, (ii) unemployed individuals whose skills could be upgraded to the specific requirements of the demanding jobs within their areas of work. The emphasis should be on enabling the individuals on acquiring the necessary skills for engaging in production activities with high value added. • Develop advanced, forward looking curricula and programmes within the higher education institutions, which tailor both the content and approaches to industry needs. • Establish a national skills-matching strategy (or sectoral/field-specific matching strategies) for guiding the above. 6. Promote e-commerce: • Launch awareness raising campaigns to address public's concerns over e-commerce. • Launch targeted programmes, which combines training, advisory services and credit schemes, for enabling the MSMEs' to engage in e-commerce.	SDG 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

Annexes

Annex 1. Traders' profile

Table A1.1 Products manufactured by the surveyed enterprises

Manufactured product	Final	Semi-final
Air-conditioning components	✔	
Alarm devices (hand fires, parallel indicators, safety barriers, sirens, etc.)	✔	
Aluminium screw caps	✔	
Aluminium tubes		✔
Apples	✔	
Automatic Passenger Counting (APC) sensors	✔	
Baby food	✔	
Ball joints for motor vehicles	✔	
Beams and joists (wood)	✔	
Bearings cast with white metal or bronze	✔	
Boilers (houses and residential buildings)	✔	
Boilers for industry, hotels and large residential buildings	✔	
Brake pads for electric turbines at hydro-power plants	✔	
Brake pads for heavy vehicles, dumper trucks and special vehicles	✔	
Brake pads for passenger vehicles	✔	
Brandy	✔	
Cabins, control panels and electrical cabinets for CNC machine tools	✔	
Cable heads and cabinets	✔	
Car clamps	✔	
Car seat covers	✔	
Car tyres	✔	
Cardboard and cardboard pallet boxes (transport packaging)	✔	
Cardboard boxes (commercial packaging)	✔	
Cardboard shelves	✔	
Cash registers and related equipment	✔	

Table A1.1 (cont'd)

Manufactured product	Final	Semi-final
Casting machines (ovens, mixers, towels, etc.)	✔	
Centrifugal casting bushings and rings for mining surface exploitations, steel manufacturers, thermal power plants and industrial machinery and equipment		✔
Clothes	✔	
Cold rolled plates	✔	
Complete lines for various industrial applications		✔
Components for assembly systems in the automotive industry	✔	
Components for plastic injection moulding machines	✔	
Composite panels (polyester acryl-modified resin mixed with aluminium trihydride) for kitchens, labs, bathrooms and interior design	✔	
Containers for underground waste disposal systems	✔	
Controllers for electric vehicles	✔	
Cookware	✔	
Corn	✔	
Cosmetics	✔	
Cross- laminated timber	✔	
Depot sockets and plugs for electric vehicles	✔	
Devices for signalling and safety system (transport sector)	✔	
Devices for tracking energy consumption in locomotives	✔	
Drag links and tie rods for motor vehicles cars	✔	
Dried plums	✔	
Ear spray	✔	
Electric braking resistors for locomotives, trams, trolleybuses, mine dampers	✔	
Electric equipment (lamps for street lighting, decorative lamps, floor pipes, and other installation materials)	✔	
Electric switches for industrial machines	✔	
Electric thermostats for various electrical appliances	✔	
Electrical measuring devices for industrial machines	✔	
Electromagnetic brakes for trains	✔	
Electronic LED displays for public transport (destination displays for buses, parking displays, information)	✔	
Exhaust systems for cars	✔	
Exhaust systems for construction machines	✔	

Table A1.1 (cont'd)

Manufactured product	Final	Semi-final
Exhaust systems for trucks	✔	
Food supplements	✔	
Forage	✔	
Friction material and brake pads for industrial applications	✔	
Frozen fruit		✔
Frozen vegetables		✔
Fruit juice	✔	
Fuel tanks	✔	
Galvanized plates	✔	
GPS system for remote tracking of vehicles	✔	
Gun safes	✔	
High end clothing labels	✔	
Hot beverages for vending machines	✔	
Hot rolled patterned plates	✔	
Hot rolled plates	✔	
Hydraulic car lifts	✔	
Industrial boilers	✔	
Insulating panels for refrigerated trucks	✔	
Jam	✔	
Kitchen appliances	✔	
Kitchen furniture	✔	
Knitted canvases		✔
Large tubular structures of high rigidity and strength (cantilevers for stackers), large tube frames for business buildings, tube framework columns and consoles for traffic monitoring and control equipment.	✔	
Licence plate frames (vehicles)	✔	
Lightning poles	✔	
Liquid medicine (syrup, different types)	✔	
Machines (food manufacturing industry)	✔	
Margarine	✔	
Materials for manufacturing plastic plates	✔	
Mayonnaise	✔	

Table A1.1 (cont'd)

Manufactured product	Final	Semi-final
Medicinal herbs		✔
Medicine	✔	
Metal cabinets	✔	
Metal cans for chemical products	✔	
Metal caps for beer, wine and juice		✔
Metal dishes and utensils	✔	
Metal fireplaces and stoves	✔	
Metal semi-finished products for steelworks		✔
Metal shelves	✔	
Nasal spray	✔	
Pantographs for railway vehicles and trams, locomotives for trams, trolleybuses, mine dampers	✔	
Paprika	✔	
Peaches	✔	
Plastic foils	✔	
Plastic household Items	✔	
Plastic injection moulds	✔	
Plastic moulded parts	✔	
Plastic processing machines	✔	
Plastic wrap	✔	
Plums	✔	
Pneumatic tyres	✔	
Polyethylene thermo-foil	✔	
Processed iron	✔	
Railway and tram isolators	✔	
Refrigerated box bodies for frozen and fresh food distribution	✔	
Safety electrical appliances for other machines and appliances	✔	
Self-lubricating sliding bearings with graphite (brushings, rings and sliding plates) for mine equipment, precise machines and robotics	✔	
Shoes	✔	
Shoes (upper parts only)		✔
Sliding bushings and rings (from different types of bronze) for the auto industry	✔	
Solid wood panels	✔	

Table A1.1 (cont'd)

Manufactured product	Final	Semi-final
Soybean meal	✔	
Soybeans	✔	
Spare parts for machines	✔	
Spare parts for wind turbines		✔
Special casts for pumps, agricultural machinery, construction and industrial machinery and equipment		✔
Stabilizer links for motor vehicles	✔	
Stainless steel sink	✔	
Steel lattice structures	✔	
Street furniture	✔	
Sunflower	✔	
Sunflower meal	✔	
Sunflower oil	✔	
Switch points (railroads)	✔	
Tanks for hydraulic pumps	✔	
Tin cans (for preserving food and chemical products)	✔	
Torque rods for motor vehicles	✔	
Treasury doors, cash registers and safe boxes (large and small for hotels)	✔	
Uniform insignia	✔	
Water heaters (households)	✔	
Watermelons	✔	
Wind turbines	✔	
Wine	✔	
Wine caps	✔	
Wood pellets	✔	

Source: UNECE survey of Serbian traders.

Table A1.2 Surveyed enterprises' exports by product and destination

Products	Products
Aluminium screw caps and wine caps Albania Bosnia and Herzegovina European Union (EU) North Macedonia Russian Federation Ukraine	**Car headlights** Bosnia and Herzegovina Montenegro
Aluminium castings Austria	**Car plate frames** Austria
Apples Montenegro Russian Federation	**Car seat covers** Germany Italy
Ball joints for motor vehicles European Union (EU)	**Car tyres** European Union (EU) United States of America
Beams and joists (wood) Australia European Union (EU) Switzerland	**Cardboard boxes (commercial and transport packaging)** Bosnia and Herzegovina Montenegro Slovakia
Electric boilers Bosnia and Herzegovina Equatorial Guinea North Macedonia	**Cardboard shelves** France Slovakia
Bottled spirit Belgium Germany Hungary	**Chimney sweepers** Germany
Bottled wine Albania Belgium Bosnia and Herzegovina China Germany Hungary Montenegro North Macedonia Russian Federation United Kingdom of Great Britain and Northern Ireland	**Clothes for children** Bosnia and Herzegovina
Brake pads for passenger vehicles United States of America Bosnia and Herzegovina Croatia Egypt European Union (EU) Slovenia	**Coffee beans** Montenegro
Cabins, control panels and electrical cabinets for machine tools Canada Germany	**Communal mobilier products** Algeria Azerbaijan Bosnia and Herzegovina Croatia Egypt Germany Kazakhstan Montenegro North Macedonia Tunisia
Car clamps European Union (EU)	**Complete lines for various industrial applications-metal systems for the transhipment of cereals in the food industry** Switzerland
	Components for assembly systems in the automotive industry Germany
	Components for plastic injection moulding machines Bosnia and Herzegovina France Germany Slovenia

Table A1.2 (cont'd)

Products	Products
Composite panels for kitchens Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia Russian Federation	**Electric switches for industrial machines** North Macedonia United Arab Emirates
Cookware Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia Russian Federation United States of America	**Electric thermostats for various electrical appliances** Bosnia and Herzegovina Estonia European Union (EU) North Macedonia
Corn Italy Romania	**Electronic LED displays for public transport (destination displays for buses, parking displays, information)** Bulgaria Croatia Czechia Hungary Poland
Cosmetics Bosnia and Herzegovina Montenegro North Macedonia	**Emblems** Bosnia and Herzegovina Hungary Lebanon
Cotton clothes for adults Bosnia and Herzegovina	**Equipment for telecommunication networks** Iraq
Distant rings Germany	**Equipment for welding processes** Montenegro
Drag links and tyre rods for motor vehicles European Union (EU) Russian Federation	**Equipment, accessories and material for AT welding of rail tracks** Montenegro
Dried plums Czechia Russian Federation	**Exhaust systems for cars** Germany Russian Federation
Ear spray	**Exhaust systems for trucks** European Union (EU) Germany
Edible sunflower oil Bosnia and Herzegovina Bulgaria Croatia Montenegro North Macedonia Slovakia Slovenia	**Footwear** Slovenia
Electric boilers Austria	**Fiscal cash registers and related equipment** Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia Ukraine
Electric switches for industrial machines Bosnia and Herzegovina Egypt Estonia European Union (EU)	**Food supplements** Bosnia and Herzegovina Bulgaria Croatia Montenegro North Macedonia

Table A1.2 (cont'd)

Products	Products
Fuel tanks Germany	**Juice (fruit juice)** Bosnia and Herzegovina Bulgaria Czechia Germany Montenegro North Macedonia Romania Russian Federation
GPS system for remote tracking of vehicles Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia Russian Federation	**Kitchen appliances** Montenegro
Household plastic products Belarus Bosnia and Herzegovina Bulgaria Czechia Greece Montenegro North Macedonia Romania Switzerland	**Knitted canvases** Bosnia and Herzegovina Bulgaria Montenegro
Hydraulic car lifts Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia	**Labels for clothes and apparel** Austria Germany United Kingdom of Great Britain and Northern Ireland
Industrial boilers Bosnia and Herzegovina North Macedonia	**Large tubular structures for traffic monitoring and control equipment** Austria Sweden
Industrial vacuum cleaners Bosnia and Herzegovina Montenegro	**Lightning poles** Angola Bosnia and Herzegovina Croatia Greece Libya Montenegro Romania Russian Federation
Inox kitchen furniture Montenegro	**LMS - Lighting Management Systems** Bosnia and Herzegovina Croatia Montenegro
Insignia and emblems for uniforms Bosnia and Herzegovina Hungary Slovenia	**LMS - Lighting Management Systems (stage lighting)** Bosnia and Herzegovina Montenegro North Macedonia
Insulating panels for refrigerated trucks Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia Russian Federation	**Machines** Montenegro
Iron reinforcement for concrete Montenegro North Macedonia	**Margarine** Bosnia and Herzegovina Croatia Montenegro North Macedonia Slovenia

Table A1.2 (cont'd)

Products	Products
Mayonnaise Albania Bosnia and Herzegovina Bulgaria Croatia Montenegro North Macedonia Romania Slovenia	**Metal shelves** Bosnia and Herzegovina France Hungary Montenegro North Macedonia Romania Slovakia
Medical equipment Montenegro	**Mills for grinding plastic** Bosnia and Herzegovina Montenegro
Medicine Bosnia and Herzegovina Bulgaria Croatia Montenegro North Macedonia Romania Switzerland	**Nasal spray** Bosnia and Herzegovina Croatia Czechia North Macedonia Slovakia Slovenia
Metal cabinets Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia	**Pantographs for railway vehicles** Bosnia and Herzegovina Croatia Czechia Montenegro North Macedonia Slovakia
Metal cans for chemical products Albania Bosnia and Herzegovina Canada European Union (EU) Macao Special Administrative Region of China Russian Federation Switzerland Ukraine	**Peaches** Belarus Russian Federation
Metal caps for beer, wine and juice Bosnia and Herzegovina European Union (EU) other countries Montenegro North Macedonia Russian Federation	**Pipe exchangers for tyre pyrolysis** Slovenia
Metal dishes and utensils Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia Russian Federation United States of America	**Plastic foil materials** Bosnia and Herzegovina Montenegro
	Plastic injection moulds Austria Bosnia and Herzegovina Egypt Germany
	Plastic panel materials Bosnia and Herzegovina Montenegro
	Plastic wrapping Bosnia and Herzegovina Bulgaria Czechia Montenegro North Macedonia Romania

Table A1.2 (cont'd)

Products	
Poles for public lighting	Bosnia and Herzegovina Croatia Montenegro Romania Russian Federation
Polyethylene thermo-foil	Italy North Macedonia Russian Federation
Refrigerated box bodies for frozen and fresh food distribution	Bosnia and Herzegovina European Union (EU) other countries Montenegro North Macedonia Russian Federation
Self-lubricating sliding bearings with graphite (brushings, rings and sliding plates) for mine equipment	Canada Croatia European Union (EU)
Shoes	Italy
Small household water heaters	Albania Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia
Solid wood panels	European Union (EU) Switzerland
Soybean	Italy Romania Saudi Arabia
Soybean meal	Bosnia and Herzegovina European Union (EU) Montenegro
Spare metal parts for machines	Germany Switzerland

Products	
Spare parts for wind turbines	Brazil Canada Denmark European Union (EU) Germany India Spain United States of America
Special casts for pumps (public utility systems)	Germany Russian Federation
Special casts for various industrial machines	Austria Germany Republic of Korea
Special LED modules	Bosnia and Herzegovina Montenegro
Stainless steel sink	Albania Bosnia and Herzegovina European Union (EU) Montenegro North Macedonia Russian Federation
Steel constructions for melting furnaces for metals	Bosnia and Herzegovina North Macedonia Russian Federation South Africa United States of America
Steel fences and gates	European Union (EU) Russian Federation
Steel lattice structures	Angola Bosnia and Herzegovina Libya Montenegro Romania Russian Federation
Steel reservoirs	Bosnia and Herzegovina European Union (EU) Montenegro Russian Federation Ukraine

Table A1.2 (cont'd)

Products
Steel structures for halls
Bosnia and Herzegovina
European Union (EU)
North Macedonia
Russian Federation
Storage boilers for industry, hotels and large residential buildings
Albania
Bosnia and Herzegovina
European Union (EU)
Montenegro
North Macedonia
sunflower meal
Bosnia and Herzegovina
European Union (EU)
Montenegro
Russian Federation
United Arab Emirates
Sunflower seeds
Italy
Switch points (railroads)
Bosnia and Herzegovina
Croatia
North Macedonia
Syrups
Albania
Bosnia and Herzegovina
European Union (EU)
Montenegro
North Macedonia
Textile car seat covers
Germany
Italy
Spain
Tin cans for preserving food
Bosnia and Herzegovina
Canada
European Union (EU)
North Macedonia
Russian Federation

Products
Torque rods for motor vehicles
European Union (EU)
Underground containers
Algeria
Bosnia and Herzegovina
Croatia
Egypt
North Macedonia
Tunisia
Iron waste
North Macedonia
Wheat
Egypt
Hong Kong, China
Italy
Republic of Korea
Romania
Saudi Arabia
Spain
Wind turbines
Brazil
Denmark
European Union (EU)
Germany
India
Poland
United States of America
Workshop machines for cutting metal and wooden materials
Montenegro

Source: UNECE survey of Serbian traders.

Table A1.3 Surveyed enterprises' imports, by product and source

Products	Products
Acrylic boards Germany Hungary	**Basic electric cables** European Union (EU) Germany Italy
Food additives Austria Croatia Germany Italy Poland Romania Switzerland Turkey	**Beer** Austria Belgium Czechia Germany Italy
Agricultural machinery equipment European Union (EU) China Japan Turkey	**Black sheets** European Union (EU) India
Air mixer Germany	**Glass bottles** Croatia
Alcoholic base Slovakia Slovenia	**Bulbs for special purposes** Germany
Aluminium Germany	**Caoutchouc** Côte d'Ivoire Malaysia
Aluminium panels European Union (EU)	**Cash register printer parts** China Germany Italy
Anatomical reinforcements Italy	**Casting machines for steel** European Union (EU) Germany
Aromas Czechia Germany Greece Hungary Italy	**Chemical reagents** European Union (EU) India Viet Nam
Artificial filament yarn China	**Coffee beans** Portugal
Automobile tyre European Union (EU) Turkey	**Cooling devices** European Union (EU)
Baby food Hungary	**Copper wire** Austria France Germany
Barcode readers Germany Hong Kong, China	**Cork** France
	Cotton European Union (EU) Greece Turkey

Table A1.3 (cont'd)

Products	Products
Cotton clothes Greece Turkey	**GPS locators** Germany
Degassers and refiners Italy	**Granulates** Austria European Union (EU) Germany Italy
Digital control electronics systems Germany	**Graphite** Austria Germany
Electric motors China Slovenia	**Hard metal raw material** Germany Italy
Electric sensors France Germany Netherlands	**Headlights for cars** China Germany
Electrodes Germany Italy	**Shoe reinforcements (toe counter, vamp reinforcement, heel counter, etc.)** Italy
Emulsifiers Germany	**High quality steel** Germany
Equipment and accessories for gas cutting welding and soldering European Union (EU)	**Hook and loop type HS 392** France
Equipment for welding process European Union (EU) Switzerland	**Iced coffee and Iced tea** European Union (EU)
Equipment, accessories and material for welding rail tracks European Union (EU) Switzerland	**Kitchen appliances** Germany Italy
Fertilizers European Union (EU)	**Kitchen furniture made of inox** Germany Italy
Fresh tropical fruit (e.g. orange, lemon, pineapple, kiwi) Cyprus Egypt Greece Portugal Spain Turkey	**Laminate linings made of plastic** European Union (EU)
Frozen drinks European Union (EU)	**Laser cutting appliances** France Germany
Yogurt Greece	**Leather** Italy
Glass parts China Belgium Italy	**LED light systems** China European Union (EU) Indonesia
	LED modules China Germany

Table A1.3 (cont'd)

Products	Products
Lighting solutions for vehicles China European Union (EU)	**Medicine** China France Germany Italy Switzerland United Kingdom of Great Britain and Northern Ireland
Lumber Germany Italy	**Metal base (for disc pads)** Germany
Machinery equipment for production Belgium China EU (other) Germany Italy Republic of Korea	**Metal components (for machinery)** France Germany Netherlands
Machinery equipment (spare parts) France Germany Italy Netherlands Switzerland	**Metal pipes** Italy
Machinery equipment (for processing metal) Austria Belgium China Germany Italy Switzerland	**Mineral matter** Austria
Machinery equipment (for processing plastic wrapping) Italy Turkey	**Moulding machines** China France Germany Italy Switzerland
Machinery equipment (for processing stainless steel) Belgium Germany	**Multi-friction mass for casting metal parts** Germany Italy
Machinery equipment (woodworking) Germany Switzerland	**Packaging materials** European Union (EU)
Machinery equipment (for processing textile) Italy	**Paints and varnishes** European Union (EU)
Magnetic drills Germany	**Paper pulp** Czechia Germany Italy
Medical devices Germany Italy Netherlands Republic of Korea	**LED display (parts)** China Poland Slovenia
	Pineapple Greece Portugal Tunisia Turkey

Table A1.3 (cont'd)

Products
Plastic foils
China
France
Germany
Italy
Slovakia
Plastic granules
Germany
Italy
Plastic profile HS 391690
China
Germany
Plastic dynamo sheets
Germany
Italy
Poland
Polyethylene granules
Austria
European Union (EU)
Polystyrene
Czechia
Germany
Poland
Power supplying systems (for stage lighting)
China
Malaysia
Printed modules and boards
Germany
Hong Kong, China
Italy
Printing machines
Austria
China
Germany
Italy
PVC mudguards
European Union (EU)
Raw materials for cookware enamelling
China
Belgium
Finland
Germany
Italy
Raw materials for syrups
China
European Union (EU)
India
Morocco

Products
Raw materials for automobile tyres
Russian Federation
Singapore
Taiwan Province of China
Turkey
Raw materials for medicine
Austria
France
Germany
Switzerland
Resistors
China
European Union (EU)
Germany
Italy
Ribbed reinforcement iron bars
Italy
Metal sandwiches
Czechia
Second-hand machines for metal processing
Germany
Seedlings
Austria
Hungary
Seeds
European Union (EU)
Metal sheets
Austria
Germany
Italy
Slovenia
Soda
European Union (EU)
Soot
Hungary
Russian Federation
Uzbekistan
Soybean meal
Bosnia and Herzegovina
Spare parts for machines
Germany
Italy
Switzerland

Table A1.3 (cont'd)

Products	Products
Stainless steel Belgium Finland Germany Italy Taiwan Province of China	**Tin** China Brazil Malaysia
Steel bearings and latches European Union (EU)	**Tin sheet metal** European Union (EU) Germany Italy
Steel panels of higher degree of processing Germany	**Tractors** Belarus European Union (EU)
Steel pipes Italy Slovakia	**Tropical oils** Italy
Steel profiles Italy Slovakia North Macedonia	**Truck tyres** European Union (EU) Italy Turkey
Steel tubes European Union (EU)	**Various types of electric motors** China Germany Italy
Sunflower meal Bosnia and Herzegovina	**Vitamins** Austria Denmark Germany
Synthetic fibres Croatia	**Wood-welding machines** Germany Italy Switzerland
Tarpaulins trailers Austria Germany	
Textile fabric Greece Italy	
Thermoelectric processing machines Belgium Germany Italy Turkey	

Source: UNECE survey of Serbian traders.

Annex 2. SCA offices and human resources as of February 2020

Customs offices	Location	No. of offices	No. of staff	Staff category	
				Operational	Information technology (IT)
Headquarters	Belgrade	116	675	458	79
Customs Office Belgrade	Belgrade	32	444	409	
Customs Office Kladovo	Kladovo	12	92	85	
Customs Office Dimitrovgrad	Dimitrovgrad	8	122	111	
Customs Office Kraljevo	Kraljevo	11	129	117	
Customs Office Niš	Niš	17	207	193	
Customs Office Kragujevac	Kragujevac	16	92	83	
Customs Office Novi Sad	Novi Sad	20	292	270	
Customs Office Sombor	Sombor	10	84	80	
Customs Office Vršac	Vršac	7	74	67	
Customs Office Zrenjanin	Zrenjanin	10	72	63	
Customs Office Subotica	Subotica	15	252	242	
Customs Office Priština	Priština	5	38	38	
Customs Office Šabac	Šabac	12	163	154	
Customs Office Kruševac	Kruševac	7	35	29	
Customs Office Užice	Užice	14	102	97	
Total		**312**	**2873**	**2496**	**79**

Source: SCA responses to the UNECE questionnaire, received on 11 February 2020.

Annex 3. Serbia's quality infrastructure

Table A3.1 Serbia's legislative harmonization

EU Directive (Number)	Title	Status of transposition into national law
New Approach Directives		
89/686/EEC	Personal protective equipment	Fully transposed
94/62/EC	Packaging and packaging waste	Fully transposed
99/5/EC	Radio and telecommunications terminal equipment	Fully transposed
2006/42/EC	Machinery	Fully transposed
2009/23/EC	Non-automatic weighing instruments	Fully transposed
2009/48/EC	Safety of Toys	Fully transposed
2009/105/EC	Simple pressure vessels	Fully transposed
2000/9/EC	Cableway installations designed to carry persons	Fully transposed
2004/22/EC	Measuring instruments	Fully transposed
2014/30/EC	Electromagnetic compatibility	Fully transposed
2014/35/EC	Low voltage electrical safety (replacing directive 2006/95/EC)	Fully transposed
2014/34/EU	Equipment and protective systems intended for use in potentially explosive atmospheres (replacing the previous directive 94/9/EC)	Fully transposed
(EC) 1907/2006	Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)	Not fully transposed
(EC) 765/2008	Requirements for accreditation and market surveillance relating to the marketing of products	Fully transposed
(EC) 305/2011	Construction products	Not fully transposed
Old Approach Directive		
2001/95/EC	General product safety	Fully transposed

Source: https://www.iss.rs/en/standard/directive.php.

Table A3.2 Serbia's adoption of European harmonized standards (ENs)

Field	Directive	Subject of regulation	No. of ENs	No. of national harmonized standards
Chemicals	93/15/EEC	Explosives for civil uses	57	57
	2007/23/EC	Pyrotechnic articles	24	24
	(EC) 1907/2006	Chemical substances	3	3
Conformity assessment and management systems	765/2008/EC 768/2008/EC (EC) 1221/2009	New legislative framework; Eco-management and audit scheme	33	33
Construction	89/106/EEC	Construction products	442	441
Consumer and worker protection	89/686/EEC	Personal protective equipment	280	280
	2009/48/EC, 88/378/EEC	Toy safety	11	11
	2001/95/EC	General product safety	65	65
	(EC) 1223/2009	Cosmetics	1	1
Electric and electronic engineering	94/9/EC	Equipment for explosive atmospheres	93	93
	2006/95/EC	Low-voltage equipment	737	735
	2004/108/EC	Electromagnetic compatibility	136	136
	1999/5/EC	Radio and telecommunications terminal equipment	26	26
	2011/65/EU	Restriction of the use of certain hazardous substances	1	1
Healthcare engineering	90/385/EEC	Active implantable medical devices	45	45
	93/42/EEC	Medical devices	242	242
	98/79/EC	In vitro diagnostic medical devices	39	33
Measuring technology	2004/22/EC	Measuring instruments	19	19
	2009/23/EC	Non-automatic weighing instruments	1	1
Mechanical engineering and means of transportation	2009/142/EC	Gas appliances	92	92
	97/23/EC	Pressure equipment	187	187
	2000/9/EC	Cableway installations	23	23
	95/16/EC	Lifts	16	16
	2006/42/EC	Machinery	768	768
	2008/57/EC	Interoperability of the rail system	145	145
	94/25/EC	Recreational craft	56	56
Services	97/67/EC	Postal services	8	8
Sustainability	94/62/EC	Packaging and packaging waste	6	6

Source: ISS.

Table A3.3 ATS participation in regional and international accreditation bodies

International/regional regulatory bodies	Membership	Involvement in activities, programmes and schemes
EA	Yes	EA MLA since 2012 for the following fields (schemes) of accreditation: testing laboratories including medical laboratories, calibration laboratories, inspection bodies and certification bodies providing certification of products. EA MLA since 2014 for certification of management systems and certification of persons.
ILAC	Yes	ILAC MRA since 2012 for testing including medical laboratories, calibration labs and inspection.
IAF	Yes	IAF MLA since 2012 for product certification; IAF MLA since 2014 for management system certification (Sub-scopes: Level 4:ISO/IEC 17021-3, ISO/IEC 17021-2 Level 5: ISO 9001, ISO 14001) IAF MLA since 2016 for certification of persons IAF MLA since 2018 for additional sub-scopes for management system certification (Level 4: ISO/TS 22003, ISO/IEC 27006 Level 5: ISO/IEC 27001, ISO 13485, ISO 22000). IAF MLA since 2020 for additional sub-scope for management system certification (Level 4: ISO/IEC TS 17021-10 Level 5: ISO 45001)

Source: ATS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

Table A3.4 Serbia's accredited CABs by accreditation type

CABs	Number
Testing laboratories according to the requirements of SRPS ISO/IEC 17025:2006/SRPS ISO/IEC 17025:2017	324
Calibration laboratories according to the requirements of SRPS ISO/IEC 17025:2006/ SRPS ISO/IEC 17025:2017	64
Medical laboratories according to the requirements of SRPS EN ISO 15189:2014	15
Product certification bodies according to the requirements of SRPS EN ISO/IEC 17065:2016	21
Inspection bodies according to the requirements of SRPS ISO/IEC 17020:2012	240
Systems certification bodies according to the requirements of SRPS ISO/IEC 17021- 1:2015	16
Personnel certification bodies according to the requirements of SRPS ISO/IEC 17024:2012	6
PT providers according to the requirements of SRPS ISO/IEC 17043:2011	1
Total	**687**

Source: ATS Annual Report-2019; available at: https://www.ats.rs/sr/godisnji-izvestaji. Serbia's registry of accredited CABs is published online. The most recent registry is available at: http://www.registar.ats.rs/. An up-to-date list of accredited CABs is available at https://tehnis.privreda.gov.rs/sr/tehnis-pretraga-registara.html#/?_k=xpfqpe.

Table A3.5 List of CABs undergoing accreditation as at December 2020

Field	No. of CABs	Ownership
Inspection bodies – fire protection equipment	118	Private
Inspection bodies – medical devices	1	Private
Inspection body – product fit for human consumption, including food	1	Private
CB providing certification of products –geographic origin mark	1	State-owned
Testing laboratory – construction material testing, electrical testing, food testing etc.	13	Joint (public and private)
Calibration laboratories – mass, temperature, pressure, dimensions	4	Private
Medical examination – clinical chemistry	1	State-owned
PT provider – metals	1	Private

Source: ATS written responses to the UNECE questionnaire on technical regulations, received on 23 September 2019.

Appendix

Improving the Competitiveness of Serbia's Fresh Fruit Exports: Business Process Analysis

List of abbreviations

BPA	Business Process Analysis
CoO	Certificate of Origin
EU	European Union
UNECE	United Nations Economic Commission for Europe
MAFWM	Ministry of Agriculture, Forestry and Water Management
SCA	Serbian Customs Administration

AA1. Introduction

This annex provides a detailed assessment of the administrative processes associated with exporting fresh fruits from Serbia using the business process analysis (BPA) methodology[1] described in chapter one of the study on regulatory and procedural barriers to trade in Serbia. This focus was established in consultation with the Government in view of the sector's strategic role in generating income growth.

One enterprise was selected to serve as a case study given its significant involvement in both farming and export activities as well as its intimate knowledge of the sector, accumulated over the past two decades. Located in southern and eastern Serbia, the enterprise, which has its own fruit and vegetable orchards, operates a storage facility with a capacity for 1,500 tons of fresh fruits and vegetables. It is a major supplier in the domestic market and often sources from cooperatives for meeting domestic demand and obligations under sales contracts with international buyers. It exports fresh fruit, including apples, cherries, grapes, peaches and strawberries, to Bosnia and Herzegovina, Croatia, Poland, Montenegro, Slovenia, the Republic of North Macedonia and the Russian Federation.

The BPA, which was completed in 2019, was prepared by a UNECE consultant, who visited the enterprise's premises. Armed with a clear understanding of regulatory requirements based on having reviewed published legislation and associated procedures, the consultant conducted extensive interviews with senior and middle management.

The analysis covers all the business processes typically undertaken by exporters of fresh fruit. These processes are mapped along the Buy-Ship-Pay reference model using the following analytical tools:

- Use case diagrams (Table AA1.1)
- Business process flowcharts (Buy-Ship-Pay operations)
- Time procedure charts

1. http://tfig.unece.org/contents/business-process-analysis.htm.

Table AA1.1 Use case and activity diagram notations

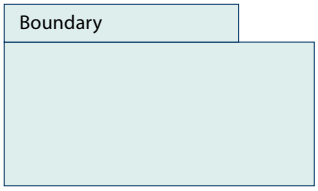
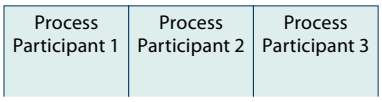
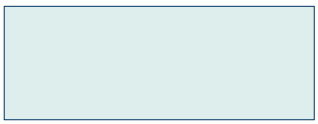
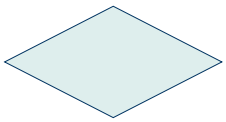
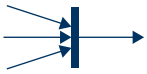
Notation	Description and instruction for use
Use case notations	
	**Subject Boundary** • Represents a process area • Includes the name of a subject boundary on top
	**Actor** • Is a person who participates in a particular business process • Is labelled with a role • Is placed outside the subject boundary which represents a process area
	**Use Case** • Represents a business process • Is labelled with a descriptive verb-noun phase • Is placed inside the subject boundary which represents a process area
	Association Relationship • Link actors with business processes that they participate in
Activity diagram notations	
	**Initial State** • Represents the beginning of a set of actions • There is only one initial state for each activity diagram
	**Final Flow State** • Is used to stop the flow of actions in an activity diagram • Indicates that further actions cannot be pursued
	**Final Activity State** • Is used to indicate the completion of activity i.e. no further action is needed after this point
	**Swim lane** • Is used to break up individual actions to individuals/ agencies that are responsible for executing their actions • Is labelled with the name of the responsible individual or agency
	**Action** • Represents a non-decomposable piece of behaviour • Is labelled with a name that 1) begins with a verb and ends with a noun; and 2) is short yet contain enough information for readers to comprehend
	**Object** • Represents a document or information that flows from one action to another action • Is labelled with a name of a document

Table AA1.1 (cont'd)

Notation	Description and instruction for use
	**Decision** • Represents the point where a decision, depending on the outcome of a specific prior action, has to be made • Has multiple transition lines coming out of a decision point and connecting to different actions • Attach label with the condition on each transition line that comes out of an action and connects to a decision point
	Transition line • Indicates a sequence flow of actions and information in an activity diagram
	**Fork (Splitting of Control)** • Is used to visualize a set of parallel or concurrent flow of actions
	**Join (Synchronization of Control)** • Is used to indicate the termination of a set of parallel or concurrent flow of actions

This annex consists of six sections. The introduction is followed in section A2 by a brief overview of Serbia's fresh fruit and vegetables sector and the scope of the BPA. Section A3 provides the analysis of the business processes associated with the export of fresh fruit from the country. An overview of the export documents and time process charts comes next (A4 and A5), leading to recommendations for the Government's consideration (A6).

AA2. Domain of interest

AA2.1 Product selection

The focus on fresh fruit was established in consultation with the Government because of the sector's important contribution to the Serbia's income growth and rural development. Due to the country's geographical position, fertile soil composition and favorable climatic conditions, fruit cultivation has always been a vital part of Serbia's economy. Serbia is also endowed with arable land that is treated with meticulous care as to not deplete from the soil the necessary nutrients for the cultivation of healthy, edible fruit. Fruit orchards accounted for the largest share of utilized arable land in 2019 (5.3 per cent), followed by vineyards (0.6 per cent).[2] As shown in Table A2.1, the fruits most cultivated are apples, plums and raspberries.

Table AA2.1 Land used for fruit cultivation in 2019 (major fruits)

Fruit	Hectares used for fruit cultivation
Plum	72,316
Apple	26,089
Raspberry	23,249
Sour cherry	19,114

Source: Statistical Office of the Republic of Serbia.[3]

Fruit has been a major contributor to Serbia's exports. Trade data from 2016 to 2019 shows an increase in the value of exported fruit from $607 million to $611 million (Table A2.2). Fruit has also registered a trade surplus that increased from $362 million to $447 million during the same period.

Table AA2.2 Exports and imports of fresh fruit, 2016–2019 (USD million)

Year	Imports	Exports	Percentage of total exports
2016	191	607	4.09
2017	214	661	3.90
2018	223	585	3.04
2019	236	611	3.11

Source: Statistical Office of the Republic of Serbia.

2. Statistical Office of the Republic of Serbia, Statistical Yearbook, 2020 (https://publikacije.stat.gov.rs/G2020/PdfE/G20202053.pdf).

3. Ibid.

The major cultivated fruits are apples, plums, raspberries, cherries, peaches and pears (Table A2.3). Of the 2016 harvest, $106 million came from the production of apples, and $105 million from the production of raspberries. Since apples and raspberries are crops where Serbia shows a comparative advantage, they are worth further discussion.

Table AA2.3 Fruit yields, 2017 (major fruits)

Fruit	Quantity (tons)
Apple	499,578
Plum	558,930
Raspberry	120,058
Sour cherry	96,965

Source: Statistical Office of the Republic of Serbia.

Serbia ranks twelfth internationally in terms of land area dedicated to cultivating apples, mainly global varieties such as Gala, Idared, Golden, Granny Smith, and Jonagold.[4] The volume of apple production has doubled in recent years, as more producers are investing in modern cultivation technologies with complex irrigation and systems that can increase orchard productivity up to 50 to 70 tons, depending on the variety.

At the same time, there has been a significant change in the organization of the production process. For years, most apple growers were small farmers, who cultivated apples on lands of between 2 and 5 hectares. This has changed with many orchards doubling their surface areas of cultivation. Commercial agricultural holdings are gradually increasing the area of cultivated land for apples and are investing into new modern systems of production.[5]

However, apple exports have decreased over the last few years (Table A2.4). Most of the exports (84 per cent) went to the Russian Federation while the remaining harvest went mainly to Italy, Germany and Hungary.[6]

Table AA2.4 Apple yields and exports

Year	Yield (tons)	Exports (tons)	Exports (USD million)
2016	400,000	232, 203	127
2017	379,000	197, 581	125
2018	460,000	144, 747	101

Source: Statistical Office of the Republic of Serbia.

4. https://serbiadoesapples.com/about/.
5. Interviews with representatives of the selected enterprise.
6. Statistical Office of the Republic of Serbia.

There has also been an increase in raspberry production. During the past 10 years, raspberries have become major contributors to exports, along with corn and sugar. Raspberries have one of the highest export values compared to other fruits, accounting for around 23 per cent of total agricultural exports (Table A2.5).

Table AA2.5 Raspberry yield and exports

Year	Exports (tons)	Exports (USD million)	Total agricultural exports (USD million)
2016	85,956	247	1,062
2017	94,000	233	990
2018	103,275	226	1,044

Source: Statistical Office of the Republic of Serbia.

Raspberries and apples are mainly exported in frozen form (approximately 95 per cent) and principally to Germany, France, Belgium, the Netherlands, the United Kingdom, Austria, Sweden, Poland, Slovenia, Italy, the United States and the Russian Federation.[7]

AA2.2 Scope of the business process analysis

The analysis maps the day-to-day activities typically undertaken by fresh fruit exporters against the core buy-ship-pay business processes. It takes into account existing legislation and the selected enterprise's export arrangements. These arrangements[8] are reflected in the following assumptions:

1 The exporter is registered in the national register of enterprises authorized to export fresh fruit to the Russian Federation, which is maintained by the Ministry of Agriculture, Forestry and Water Management (MAFWM), and thus meets the Russian Federation's sanitary and phytosanitary regulatory requirements. This includes ownership of cold storage warehouse facilities with a capacity for at least 500 tons of fruit and 200 tons of vegetables; parking facilities and a dedicated area for phytosanitary inspection (600 lux minimum illuminance); a permanent staff (one expert) with formal training (higher education) and established experience in plant protection; and, ownership of orchard and/or a well-established network of suppliers.

2 Fresh fruits are exported to the Russian Federation, the selected enterprise's main export market.

3 Exporter is selling to an established buyer.

4 Goods are transported by truck.

5 Transport is organized by a freight forwarder.

6 Fresh fruit is shipped under "Carriage Paid To" (CPT) terms.[9]

7 Customs clearance is handled by a customs broker.

8 Payment is made through wire transfer.

7. Statistical Office of the Republic of Serbia.

8. Interviews with representatives of the selected enterprise.

9. The seller pays the freight for the carriage of the goods to the named destination. The risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered to the carrier, is transferred from the seller to the buyer when the goods have been delivered into the custody of the carrier (https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-rules-2010/).

AA3. Core business processes

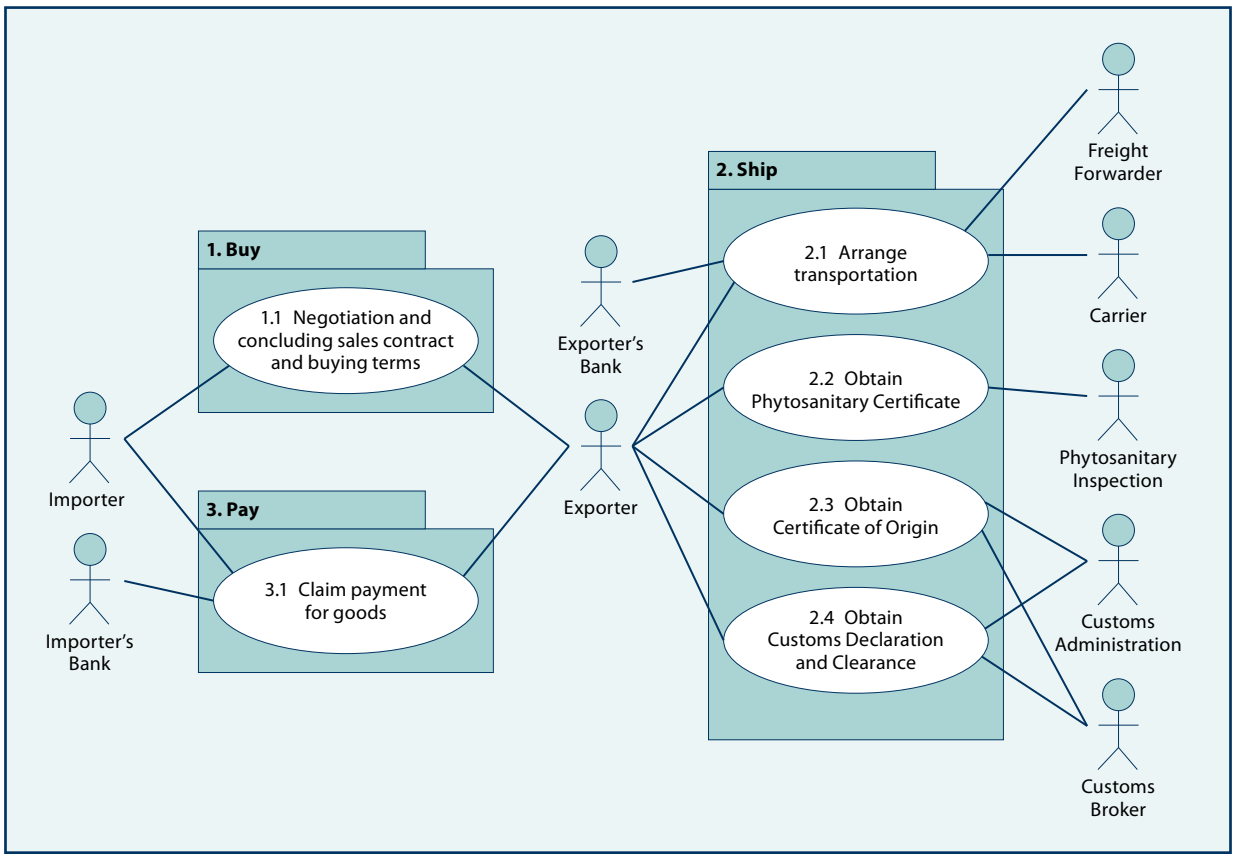
As shown in table A3.1, exporting fresh fruit from Serbia to the Russian Federation involves 6 core business processes and 9 participants.

Table AA3.1 Core business processes and stakeholders involved in exporting fresh fruit from Serbia

	Exporter	Exporter's Bank	Importer	Importer's Bank	Freight Forwarder	Carrier	Phytosanitary Inspection Office	Customs Administration	Customs Broker
1. Buy									
1.1 Negotiate and conclude the sales contract	✗		✗						
2. Ship									
2.1 Arrange transport	✗	✗			✗	✗			
2.2 Obtain the phytosanitary certificate	✗						✗		
2.3 Obtain the Certificate of Origin	✗							✗	✗
2.4 Pass customs	✗							✗	✗
3. Pay									
3.1 Claim payment	✗		✗	✗					

The core business processes are mapped in a use case diagram in figure A3.1, followed by a detailed analysis of each process.

Figure AA3.1 Exporting fresh fruit from Serbia use case diagram



AA3.1 BUY

Core business process area 1.1: Negotiate and conclude sales contract

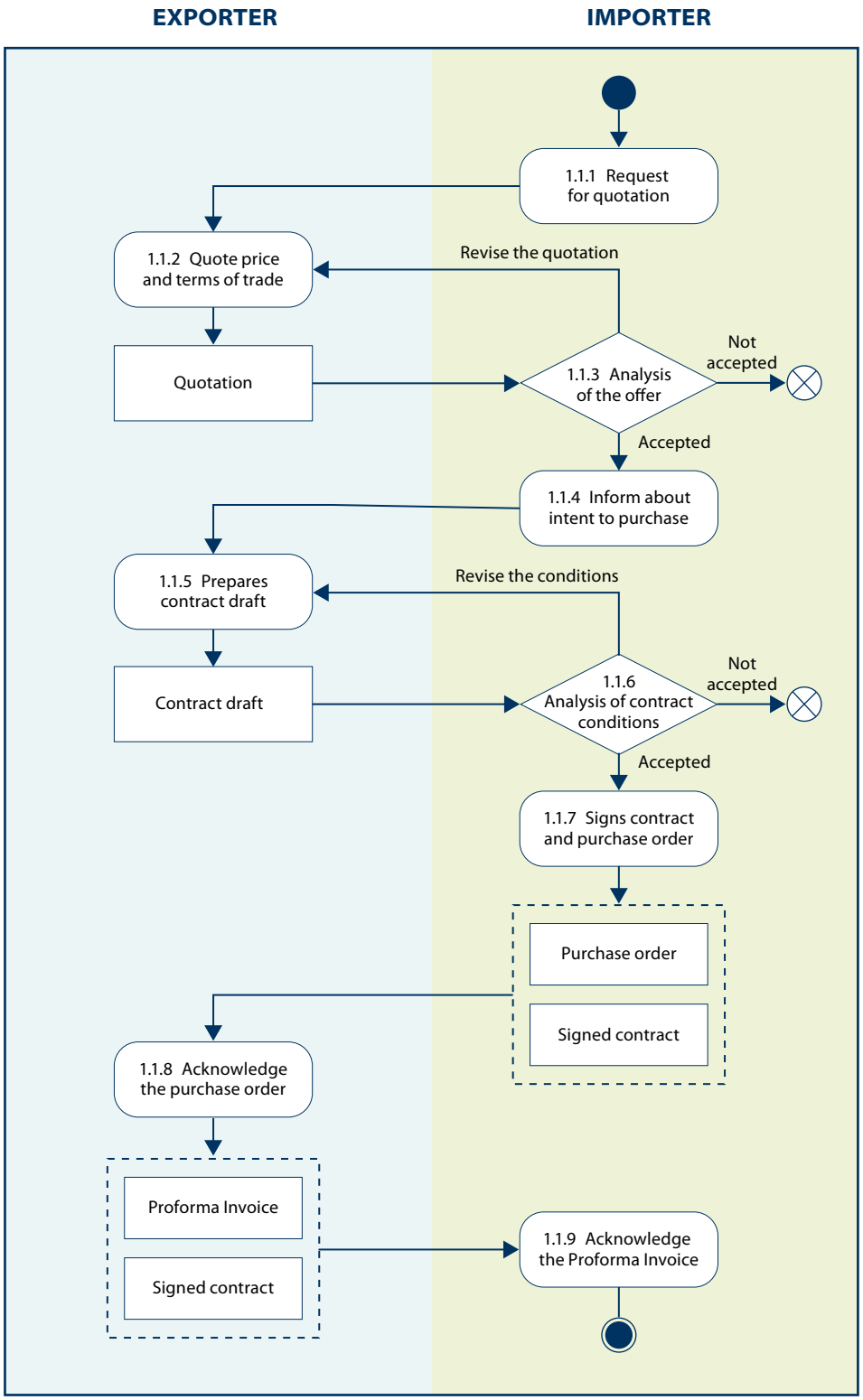
Figure AA3.2 Negotiate and conclude the sales contract use case diagram

As shown in figure A3.2, the negotiations over the sales contract require the participation of the importer and the exporter.

The process starts at the beginning of the harvest season once the exporter has a clear estimation of yield per harvested acre. The selected enterprise sells only to established clients, with whom it enjoys close cooperation built on mutual trust. Venturing into new partnerships is a delicate undertaking for the selected enterprise, as these carry higher risks of non-payment. There is also the risk of delivery failures, since the enterprise may not be able to meet the additional demand from new clients.

The procedures involve providing a detailed quotation at the request of the buyer/importer, which is followed by negotiations (via phone and email) over the price and the terms of the sale. Once the contract is signed, the importer makes an advance payment. The entire process takes up to three working days to complete. When this process is completed, the exporter proceeds to prepare the cargo for shipment. Figure A3.3 maps the activities associated with negotiating and concluding the sales contract.

Figure AA3.3 Negotiate and conclude sales contract activity diagram

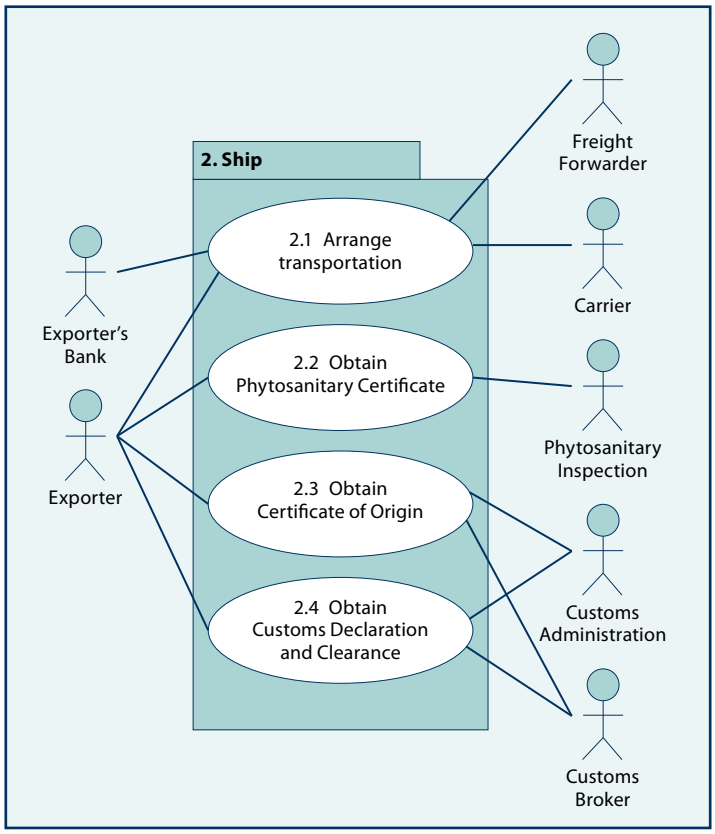


Name of process area	1. Buy
Name of business process	1.1 Negotiate and conclude the sales contract
Process participants	• Exporter • Importer
Related laws, rules, and regulations	• Incoterms 2010
Input and criteria to begin the business process	• Exporter is included in the national register of exporters authorized to export fresh fruit and vegetables to the Russian Federation.
Activities and associated documentary requirements	1.1.1 Importer contacts the exporter to enquire about the harvest and requests a quotation. 1.1.2 Exporter prepares a quotation detailing the terms of sale and price and submits to the importer by email. 1.1.3 Importer reviews the quotation and either accepts, rejects or revises its terms. 1.1.4 If quotation is accepted, the importer confirms intent to purchase. 1.1.5 Exporter acknowledges the intent to purchase and prepares a draft sales contract. 1.1.6 Importer reviews the sales contract and either accepts, rejects, or revises the terms. 1.1.7 If the draft sales contract is accepted by the exporter, the importer signs it and prepares a purchase order for a single or multiple shipment. 1.1.8 The exporter co-signs the contract and issues the proforma invoice. 1.1.9 Importer receives and acknowledges the proforma invoice.
Output criteria to exit the business process	• Importer and exporter have concluded the sales contract. • Based on a purchase order, an exporter can prepare goods for export.
Costs and resources	None
Average time required to complete the business process	3 days

AA3.2 SHIP

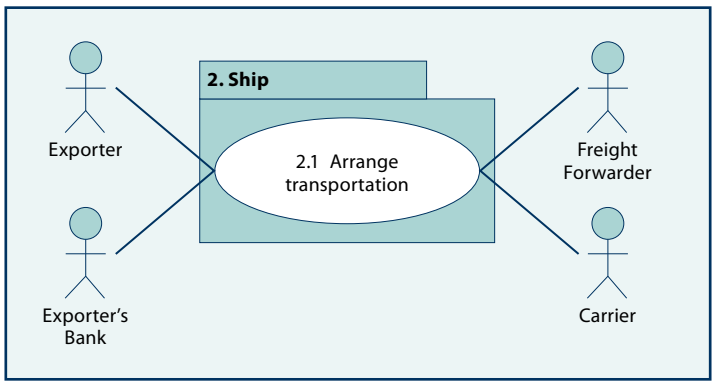
As shown in figure A3.4, the ship process area involves four activities. These pertain to organizing trans-port and fulfilling the regulatory requirements for exporting fresh fruit. Below is a detailed description of the activities.

Figure AA3.4 Ship use case diagram



Core business process area 2.1: Arrange Transport

Figure AA3.5 Arrange transport use case diagram

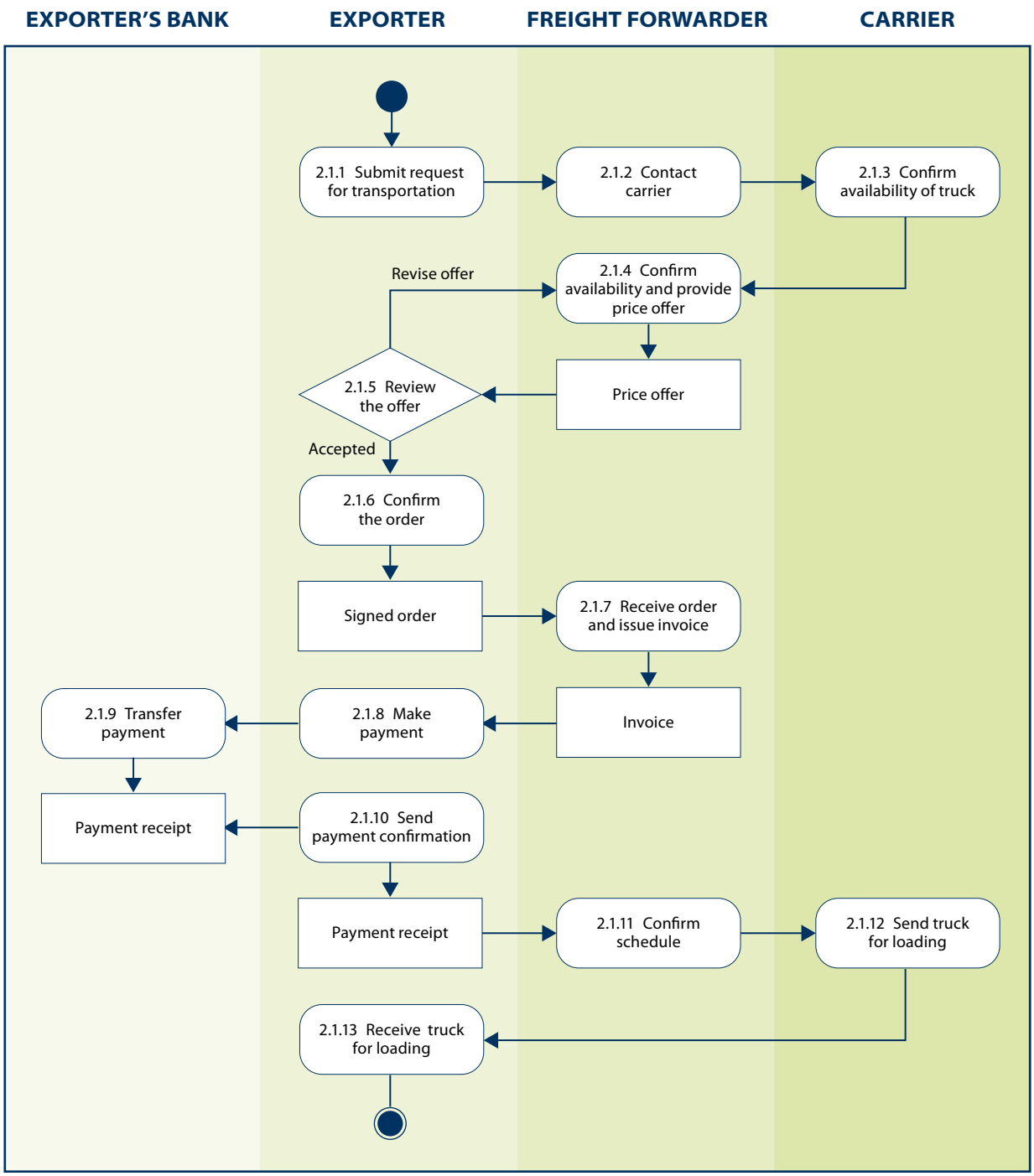


As shown in figure A3.5, arranging for the transport of fresh fruit to the Russian Federation requires the participation of the exporter, the freight forwarder, the carrier and the exporter's bank.

The exporter uses the services of freight forwarding companies, which contact the carriers and arrange for insuring the cargo. This is a straightforward process since the exporter has well established relations of cooperation and mutual trust, as well as decades of experience, with several forwarders.

As shown in figure A3.6, the process begins with the exporter providing the freight forwarders with detailed shipment information (e.g. time frame, destination, product description and transport requirements) and takes up to two days to complete.

Figure AA3.6 Arrange transport activity diagram

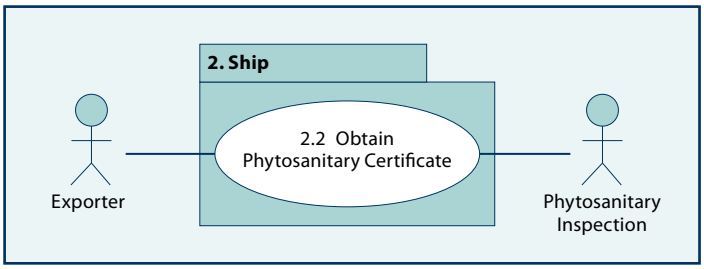


The fresh fruit is shipped to the Russian Federation in refrigerated trucks – an expensive means of transport, costing between € 3,500 and € 4,000 in rental fees per shipment. These high transport costs inflate the prices of Serbian products, rendering them less competitive than those sourced from other countries by the Russian Federation, such as Poland and the Republic of Moldova.

Name of process area	**2. Ship**
Name of business process	2.1 Arrange transport
Process participants	• Exporter • Freight Forwarder • Carrier • Exporter's bank
Related laws, rules, and regulations	• Law on Transport of Goods • CMR Convention
Input and criteria to begin the business process	• Sales contract • Transport documentary requirements are in order • Cargo is ready for shipment
Activities and associated documentary requirements	1.1.1 Exporter contacts freight forwarder (by phone and via email) and provides detailed information on the intended shipment. 1.1.2 Freight forwarder contacts carriers (by phone and via email) to establish availability of refrigerated trucks and terms of contract. 1.1.3 Freight forwarder informs the exporter about the availability of refrigerated trucks and associated costs (by phone) and then proceeds to submit an offer. 1.1.4 Exporter reviews the offer and either accepts, rejects, or revises its terms. 1.1.5 If the exporter finds the offer in order, he/she sends a shipment order. 1.1.6 Freight forwarder acknowledges receipt of the order and issues the payment invoice. 1.1.7 Exporter makes payment though bank transfer. 1.1.8 Exporter's bank transfers payment and issues payment receipt. 1.1.9 Exporter sends payment receipt to the freight forwarder. 1.1.10 Freight forwarder contacts carrier to confirm schedule. 1.1.11 Carrier sends the refrigerated trucks to the exporter's warehouse facility. 1.1.12 Exporter receives the trucks for loading the cargo.
Output criteria to exit the business process	The truck is dispatched to the exporter's facilities for loading the cargo.
Costs and resources	€3,500–€4,000/truck
Average time required to complete the business process	2 days

Core business process area 2.2: Obtain phytosanitary certificate

Figure AA3.7 Obtain phytosanitary certificate use case diagram



As shown in figure A3.7, obtaining the phytosanitary certificate requires the participation of the exporter and the Phytosanitary Inspection Office.

The phytosanitary certificate is issued by the MAFWM Phytosanitary Inspection in accordance with Serbia's regulatory requirements for fresh fruit and vegetables as well as those established under cooperation arrangements with the Russian Federation. For the selected enterprise, the process of obtaining the phytosanitary certificate is straightforward since it is fully compliant with the applicable regulatory requirements.

These requirements are tailored to match the specific roles assumed by the different supply-chain actors, including producers (farmers), storage operators and traders. Each actor is expected to comply with a minimum set of requirements to ensure the safety and health of consumers, plants and the environment, and must prove compliance as follows:[10]

- **Producers** should maintain records on the use of plant protection products (i.e. pesticides) during the harvest season.
- **Storage operators** should only source products that are accompanied by detailed records of plant protection products used during the harvest season. They should also maintain detailed records of plant protection products and treatments administered to the products during storage.
- **Traders** should only source products that are accompanied by detailed records of plant protection products and treatments used during the harvest season and throughout the storage.

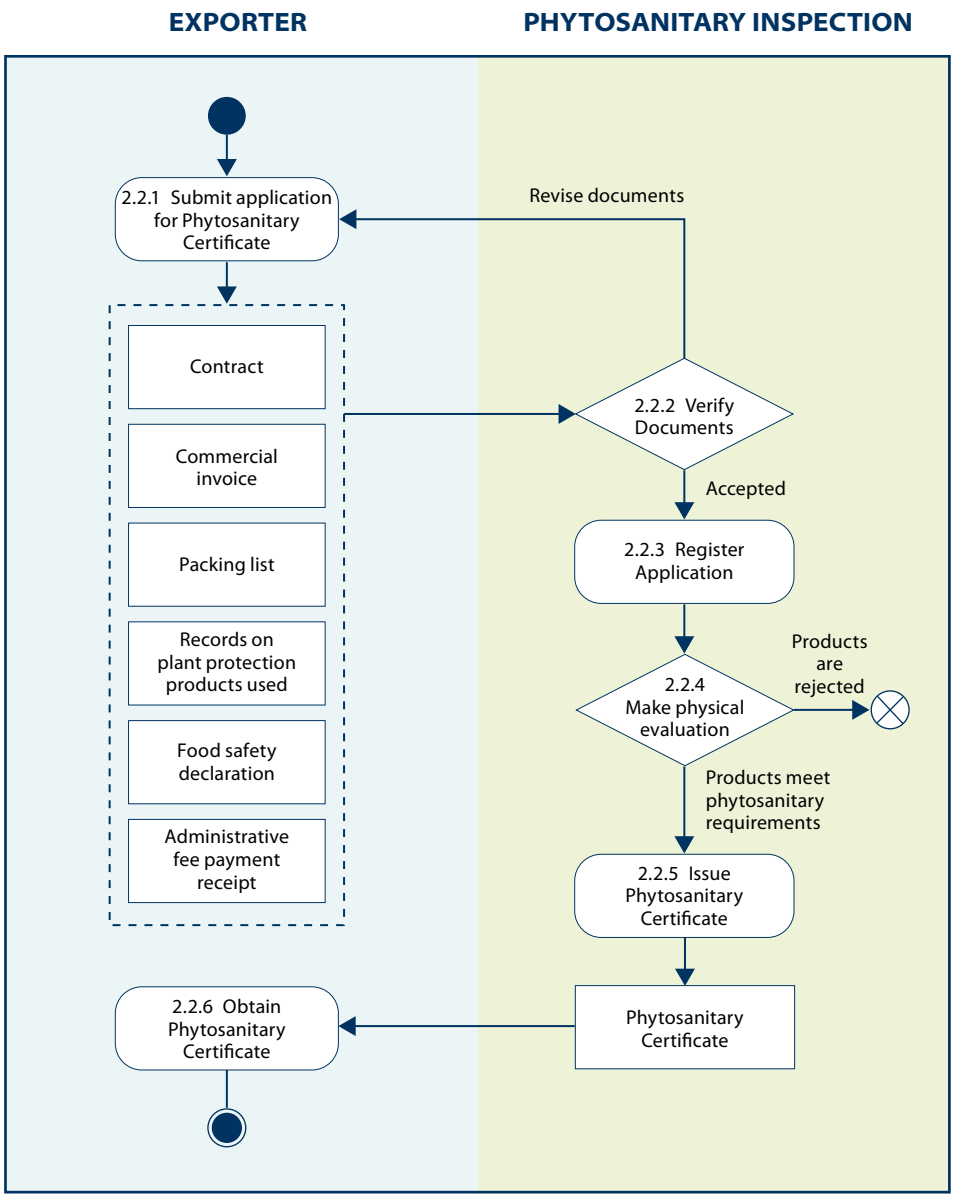
Representatives of the selected enterprise explained that their facilities are monitored by the Phytosanitary Inspection throughout the year. The inspector visits their facilities on several occasions and conducts documentary checks to establish the type of plant protection products and treatment used during the harvest season and storage. Samples are sometimes collected, if the inspector deems it necessary to conduct laboratory tests.

As shown in figure A3.8, the exporter initiates the process of obtaining the certificate by submitting the application form to the MAFWM Phytosanitary Inspection at least 24 hours before loading the cargo onto the refrigerated trucks. The application form should be accompanied by the packing list, commercial invoice, payment receipt of inspection fees and a declaration of conformity attesting to full and complete compliance with the Russian Federation's plant health and safety regulatory requirements.

10. Interviews with the selected enterprise's senior and middle management.

The inspector visits the warehouse facilities 24 hours later and inspects the cargo before it is loaded onto the refrigerated trucks, and proceeds to issue the phytosanitary certificate immediately on the spot or at the Phytosanitary Inspection Office (without laboratory testing) or after up to 6 days (if samples were sent for laboratory testing). The selected enterprise pointed out that shipments are rarely subjected to laboratory tests. Such tests create additional costs, since shipments that do not arrive on time are either rejected by the buyer or are sold at a loss.

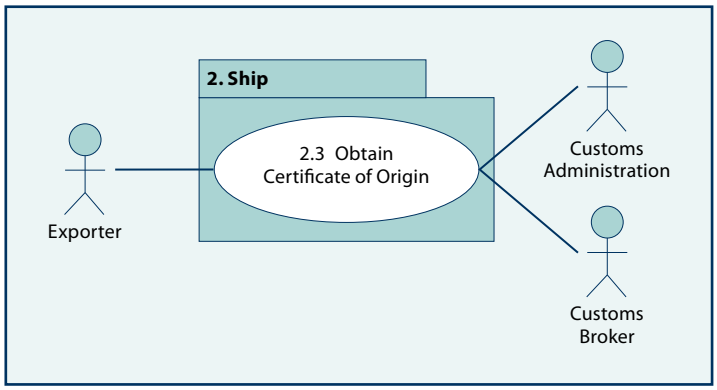
Figure AA3.8 Obtain phytosanitary certificate activity diagram



Name of process area	2. Ship
Name of business process	2.2 Obtain phytosanitary certificate
Process participants	• Exporter • Phytosanitary Inspection, MAFWM
Related laws, rules, and regulations	• Law on State Administration • Law on Food Safety • Law on Plant Protection Products • Law on Plant Nutrition Products and Soil Enhancers (fertilizers) • Law on Plant Health • Rulebook on Phytosanitary Inspection of Plants, Plant Products and Prescribed Objects in International Trade • Memorandum between MAFWM and the Russian Federation Federal Service for Veterinary and Phytosanitary Control on the safety of products of plant origin that come from Serbia to the Russian Federation • MAFWM instructions on the organization of work and the method of work in the process of export of food of plant origin from Serbia to the Russian Federation
Input and criteria to begin the business process	Detailed records on plant protection products and treatments used during the harvest season and storage
Activities and associated documentary requirements	1.2.1 Exporter alerts the Phytosanitary Inspection and submits the application for obtaining the certificate along with the documentary requirements by email or in person 24 hours prior to loading the cargo unto the trucks. 1.2.2 Phytosanitary Inspection carries out documentary checks. 1.2.3 If the documents are in order, the Phytosanitary Inspection approves and registers the application. 1.2.4 Phytosanitary inspector visits the exporter's premises and inspects the cargo. He/she verifies the goods, packaging, labelling and correspondence with the information contained in the submitted documents. The inspector also inspects the refrigerated trucks. 1.2.5 If the shipment is in order, the phytosanitary inspector issues the phytosanitary certificate. Either on the spot or at the Phytosanitary Inspection office. 1.2.6 The exporter receives the phytosanitary certificate.
Output criteria to exit the business process	Exporter receives the phytosanitary certificate.
Costs and resources	€35–€50 for laboratory tests
Average time required to complete the business process	1 day (Maximum 24h between the submission of the application until the issuance of the certificate)

Core business process area 2.3: Obtain certificate of origin

Figure AA3.9 Obtaining the certificate of origin use case diagram

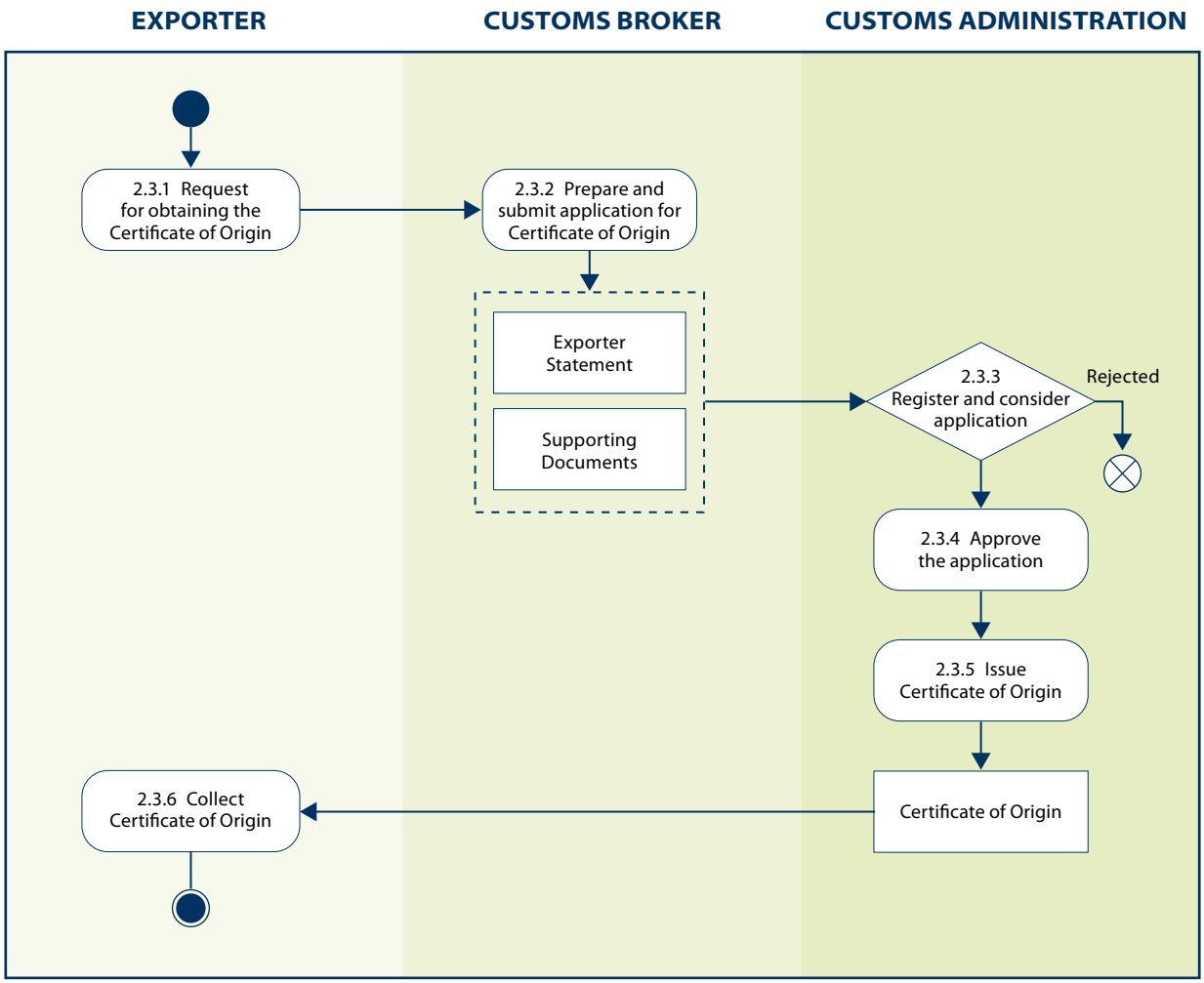


As shown in figure A3.9 obtaining the certificate of origin (CoO) requires the participation of the exporter, the customs broker and SCA.

The CoO for goods destined to the Russian Federation (CT-2) is issued by SCA, and this process is also straightforward. As shown in figure A3.10, it is initiated by the customs broker on behalf of the exporter with the submission of the application form for obtaining the CoO. The application form should be accompanied by a self-declaration prepared by the exporter attesting to the origin of the cargo, the commercial invoice and the packing list.

SCA carries out documentary checks and proceeds to issue the certificate (with a 12-month validity) in the same day if the submitted documents are in order, though the exporter has to collect the certificate from the Customs Office of Export. The issuance is delayed (by several days) if SCA requires additional documents for proving origin – for instance for consignments containing produce sourced from other farmers and suppliers, whereby traders are requested to submit, among other things, the sales contracts with suppliers, commercial invoices, delivery notes, purchase notice and documentation on suppliers' ownership/lease of orchards/storage facilities.

Figure AA3.10 Obtain the certificate of origin activity diagram

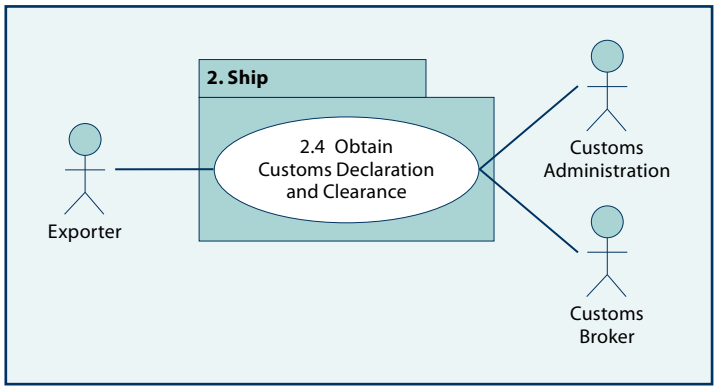


Name of process area	2. Ship
Name of business process	2.3 Obtain Certificate of Origin
Process participants	• Exporter • Customs broker • Customs administration
Related laws, rules, and regulations	• Customs Law • Regulation on customs-approved treatment of goods • Protocol between Serbia and the Russian Federation on exemptions from the free trade regime and on rules for determining the country of origin • Free trade agreement between Serbia and the Eurasian Economic Union
Input and criteria to begin the business process	The products meet the Russian Federation's preferential rules of origin.

Name of process area	2. Ship
Activities and associated documentary requirements	1.3.1 Exporter requests the customs broker to obtain Certificate of Origin (CT-2). 1.3.2 Customs broker prepares and submits the application to SCA along with the supporting documents. 1.3.3 SCA carries out documentary checks and advises the broker if any additional documents are needed for proof of origin. 1.3.4 If the documents are in order, SCA approves the application and lodges the information into the system. 1.3.5 SCA issues CT-2. 1.3.6 Exporter collects the Certificate from SCA.
Output criteria to exit the business process	Exporter receives the Certificate of Origin.
Costs and resources	
Average time required to complete the business process	0.5 days

Core business process area 2.4: Pass customs

Figure AA3.11 Pass customs use case diagram



As shown in figure A3.11, passing customs requires the participation of the exporter, the customs broker and SCA.

As shown in figure A3.12, this business process begins upon the cargo's arrival at the customs office of export, where the customs broker submits the customs declaration along with the documentary requirements. The customs officer carries out a risk assessment to determine whether the cargo should be subject to physical inspection.

Once border-control formalities are completed, SCA issues the customs declaration. As explained in the study (Section 3.4), SCA also stamps the Customs Identification Certificate (in Serbian "Jedinstvena Carinska Isprava", JCI), which is issued in three copies. SCA retains two copies and returns one copy to the trader. The goods are then transported to the customs office of exit, where SCA officers check the customs seals and supervise the cargo's physical exit from the customs territory of Serbia.

Figure AA3.12 Pass customs activity diagram

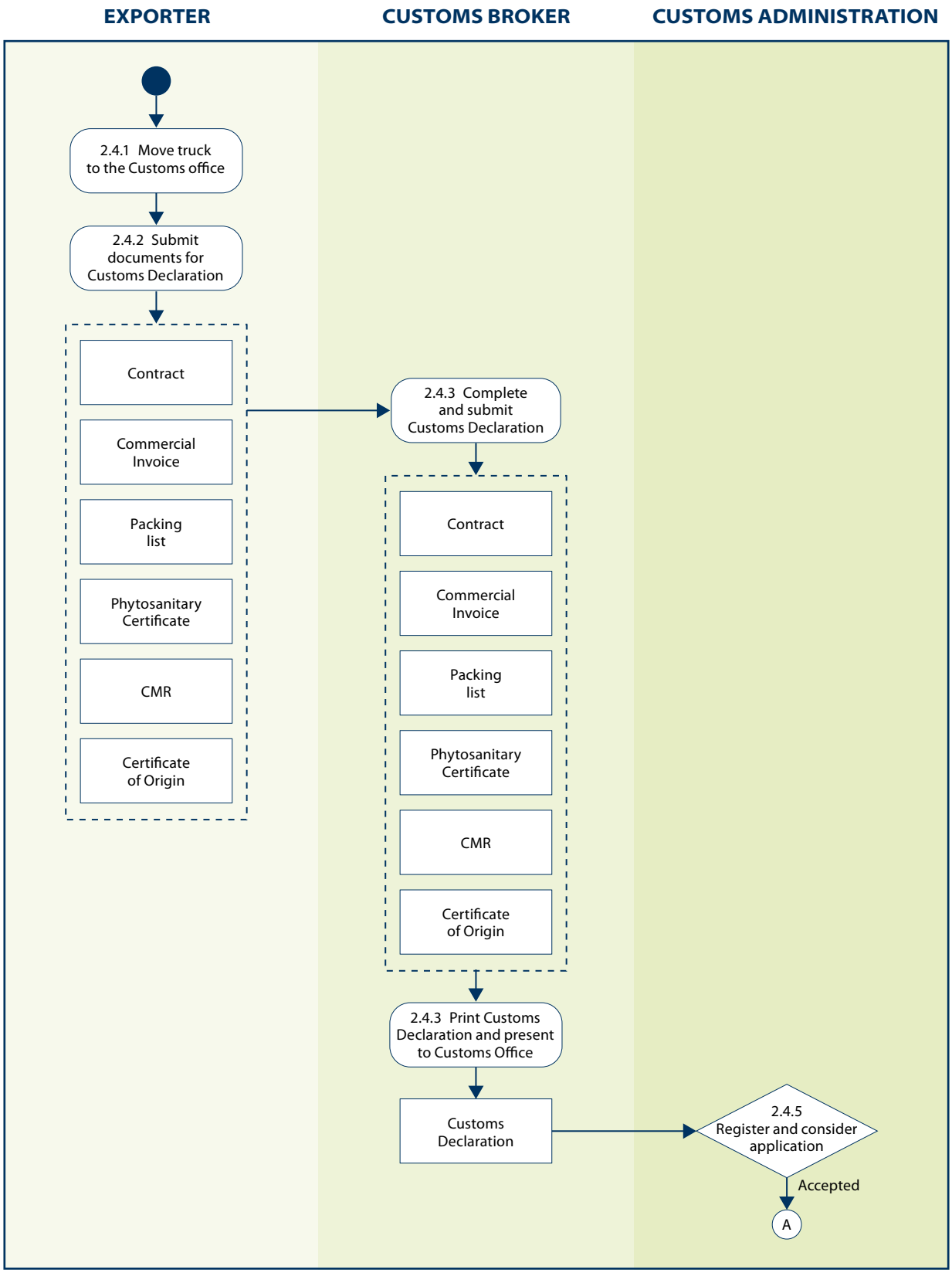
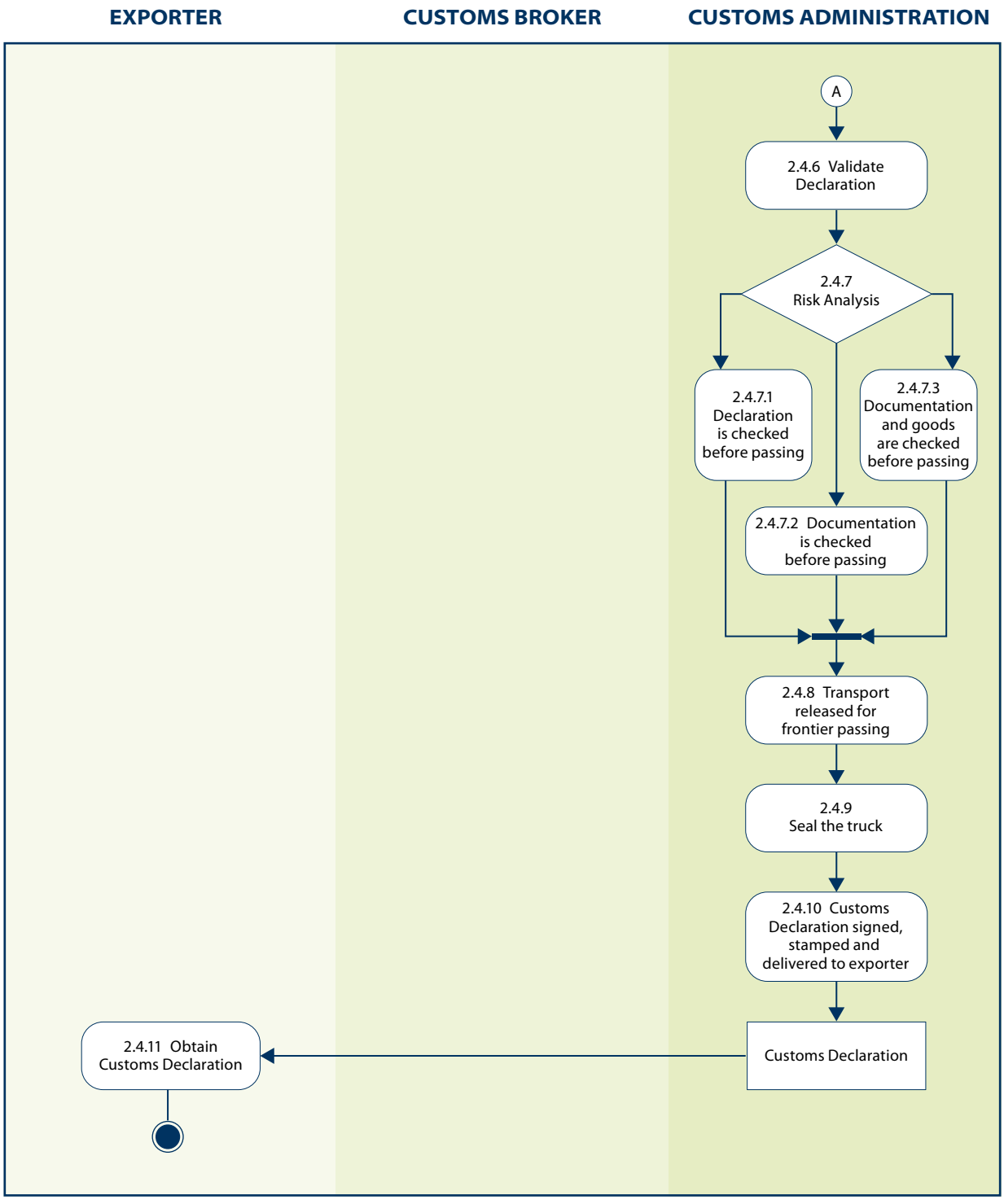


Figure A3.12 (cont'd)

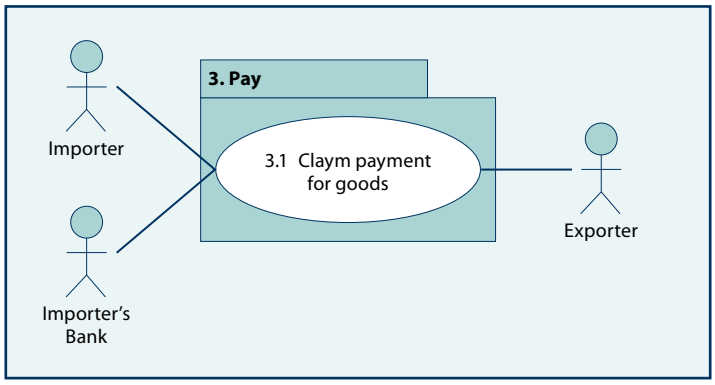


Name of process area	2. Ship
Name of business process	2.4 Pass customs
Process participants	• Exporter • Customs broker • Customs Office of Export • Customs office of exit
Related laws, rules, and regulations	• Customs Law • Regulation on Customs Approved Treatment of Goods • Rulebook on Form, Content, Means of Submission and Filling of the Declaration and Other Forms in Customs Procedure • Export procedure
Input and criteria to enter/begin the business process	• Customs broker should be well versed in customs formalities • Customs broker has obtained all the documentary requirement. • Customs broker is licensed by the SCA • Customs broker is authorized to pass customs on behalf of the exporter • Customs broker is informed about set date for loading the cargo onto the refrigerated trucks.
Activities and associated documentary requirements	1.4.1 Exporter arranges for transporting the cargo to the customs office of export. 1.4.2 Exporter ensures that all the documentary requirements have been delivered to the customs broker. 1.4.3 Customs broker prepares the customs declaration 1.4.4 Customs broker prints out the customs declaration and presents to SCA in hard copies 1.4.5 Customs officer reviews submitted declaration and supporting documents and determines whether the documents are in order. 1.4.6 If the documents are in order, the declaration is entered into the SCA system and assigned a registration number. 1.4.7 SCA conducts its risk assessment, which determines whether the cargo should be subject to documentary and/or physical checks. 1.4.8 Goods are released for shipment to the customs office of exit at the border-crossing point. 1.4.9 Customs officer seals the truck. 1.4.10 Customs declaration is issued. 1.4.11 Exporter receives the customs declaration.
Output criteria to exit the business process	• Exporter receives the customs declaration. • Goods are released and free for export.
Costs and resources	€40 (cost of customs broker services)
Average time required to complete the business process	0.5 days

AA3.3 PAY

Core business process area 3.1: Claim payment

Figure AA3.13 Claim payment use case diagram



Claiming payment, which marks the final business process, requires the participation of:

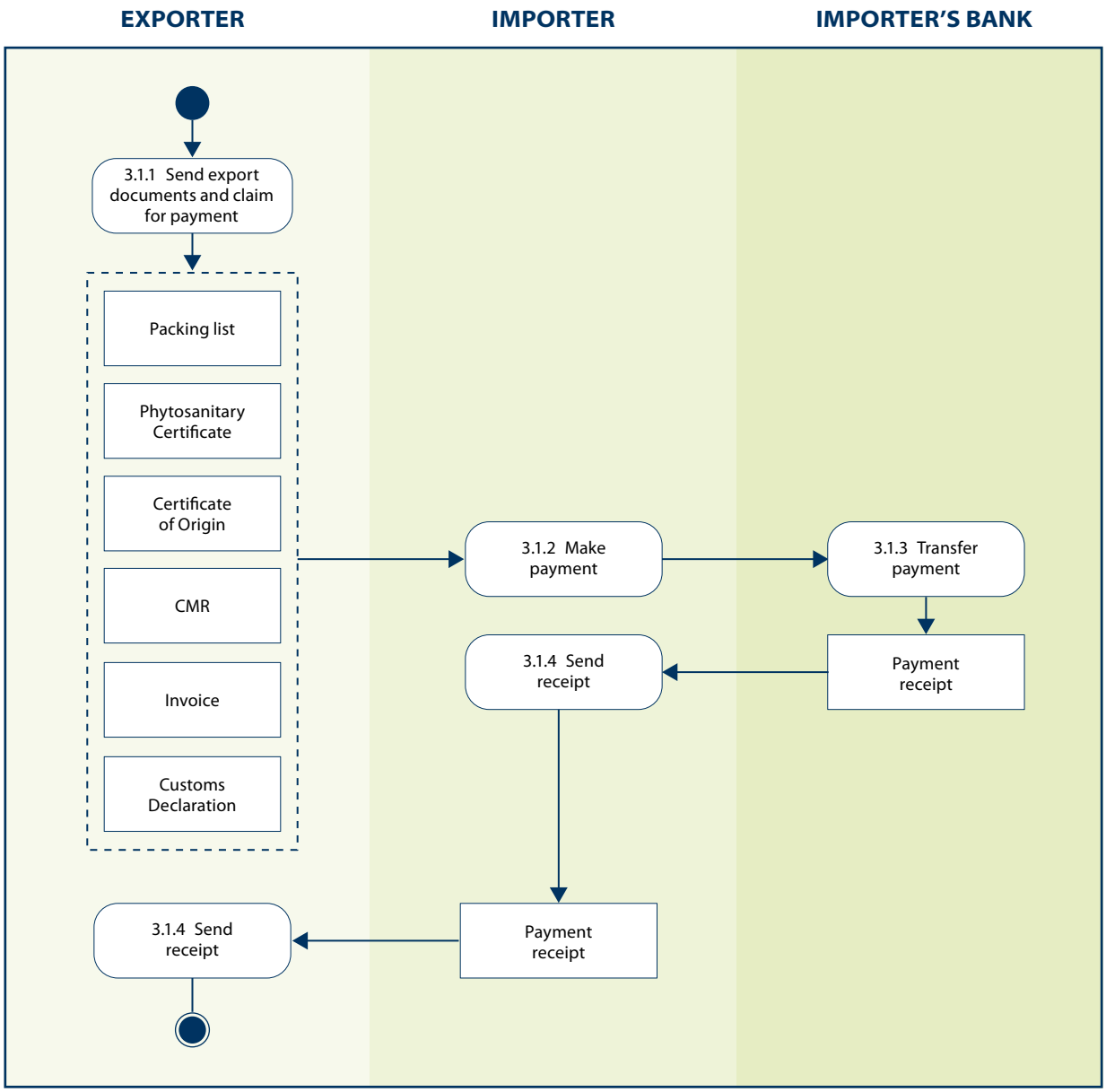
- Exporter
- Importer
- Importer's bank

The selected enterprise mitigates the risk of non-payment by committing first-time buyers to an advance payment upon signing the sales contract. This condition is lifted once relations of trust are established and replaced with more lenient terms, committing the buyer to full payment upon receipt of goods.

However, in most cases, and upon the request of the buyers, the payment is organized using the open account method. This method is most advantageous to the importer, as it effectively transfers the risks to the exporter. It also puts a strain on the exporter's cash flow, delaying payment by several days, equivalent to the delivery time. For consignments shipped to the Russian Federation by truck, the delays are translated into a waiting time of up to 10 days.

As shown in figure A3.14, the claiming payment business process begins upon release of the goods. The exporter notifies the importer and provides copies of the customs declaration and supporting documents. The importer pays via bank transfer and the entire process is completed in a few hours.

Figure AA3.14 Claim payment activity diagram



Name of process area	3. Pay
Name of Business process	3.1 Claim payment
Process participants	• Exporter • Importer • Importer's bank
Related laws, rules, and regulations	• Incoterms 2010 • Sales contract • Law on Foreign Currency Transactions
Input and criteria to begin the business process	Goods have been released for export.
Activities and associated documentary requirements	3.1.1 Exporter informs importer about the readiness of goods for passing the final stage – customs clearance; and request the buyer to make the final payment. The documents are scanned and sent to the importer: • Commercial invoice. • Packing list. • Phytosanitary certificate. • Certificate of Origin. • CMR (The CMR Convention (Convention on the Contract for the International Carriage of Goods by Road) consignment note • Customs declaration 3.1.2 Importer receives the documents and makes the payment via bank transfer. 3.1.3 Importer's bank accepts the payment and issues the payment receipt. 3.1.4 Importer sends the payment receipt to the exporter. 3.1.5 Exporter acknowledges receipt of payment.
Output criteria to exit the business process	Exporter received the payment.
Costs and resources	None
Average time required to complete the business process	Less than 1 working day

AA4. Export documents

As shown in table A.4.1, the number of documents required for exporting fresh fruit from Serbia is limited to seven documents, including transport documents. Traders must also present supporting documents for obtaining the phytosanitary certificate and the CoO. These documents are more demanding when the consignments contain products sourced from domestic and international partners. Instances of repetitive submission are limited to the commercial invoice and packing list, which are submitted more than once for obtaining the CoO, the phytosanitary certificate and for passing customs.

Table AA4.1 Documentary requirements for exporting fresh fruit from Serbia

Document	Required or owned by	Issued/filled by	Process	Comments
1. Documents for goods (mandatory)				
Customs declaration	SCA	Customs broker	Ship	Filled by customs broker
Commercial invoice	SCA, Phytosanitary Inspection	Exporter	Ship	Requirement for customs clearance as well as for obtaining the CoO and the phytosanitary certificate
Packing list	SCA, Phytosanitary Inspection	Exporter	Ship	Requirement for customs clearance as well as for obtaining the CoO, the phytosanitary certificate and transport documents
Certificate of Origin (CoO)	Importer	SCA	Ship	Requirement for proving compliance with the rules of origin
Phytosanitary certificate	SCA, Importer	Phytosanitary Inspection	Ship	Requirement for proving compliance with food safety and plant protection regulations in Serbia and destination market
2. Transport documents for shipping				
CMR	SCA	Carrier/Exporter	Ship	Requirement for arranging transport
TIR Carnet	SCA	Carrier/Exporter	Ship	Requirement for arranging transport

Table AA4.1 (cont'd)

Document	Required or owned by	Issued/filled by	Process	Comments
3. Inputs to obtaining the phytosanitary certificate				
Application from	Phytosanitary Inspection	Exporter	Ship	Submitted to request the phytosanitary certificate
Invoice	Phytosanitary Inspection	Exporter	Ship	Define name and quantity of goods destined for exports
Packing list	Phytosanitary Inspection	Exporter	Ship	Define name and quantity of goods destined for exports
Records on plant protection products used and administered treatments during harvest and storage	Phytosanitary Inspection	Producer (Farmer)	Ship	Requirement for proving compliance with food safety and plant protection regulations in Serbia and destination market
Food safety declaration	Phytosanitary Inspection	Exporter	Ship	Prove compliance with food safety requirements in Serbia and destination country
4. Inputs to obtaining the CoO				
Application	SCA	Customs broker/exporter	Ship	Submitted to request the COO
Declaration on origin	SCA	Exporter	Ship	Confirms the origin of goods
Invoice	SCA	Exporter	Ship	Supports defining type of certificate to be issued
Packing list	SCA	Exporter	Ship	Supports defining type of certificate to be issued

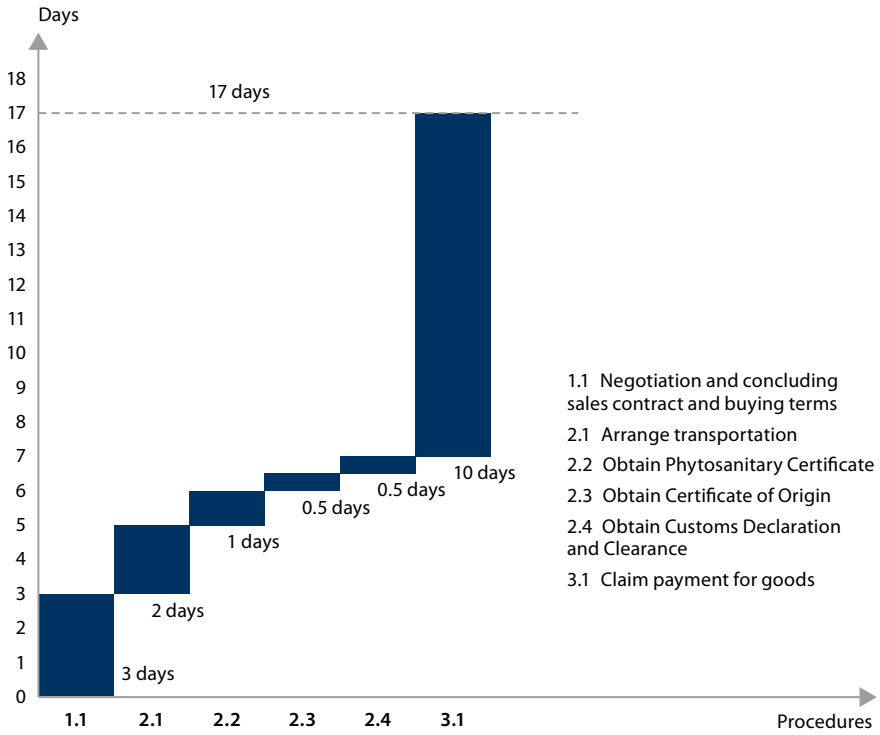
AA5. Time process chart

As shown in figure A5.1, completing the business processes associated with exporting fresh fruit from Serbia to the Russian Federation takes up to 17 working days. Claiming payment is the most time consuming, as it takes up to 10 days for the exporter to receive the payment. This waiting time can be reduced by improving payment methods.

Experience shows that exporters can offer competitive open account terms while substantially mitigating the risk of non-payment by using export credit insurance. Alternatively, exporters of fresh fruit can opt to use other payment methods, particularly letters of credit, which are considered the most secure instruments.

Negotiating and concluding the sales contract is the second most time-consuming procedure, taking up to three days to complete. It is followed by arranging transport business process, which takes up to two days to complete. This process follows straightforward, standardized procedures.

Figure AA5.1 Time-procedure chart for exporting fresh fruit from Serbia to the Russian Federation



In contrast, obtaining the CoO and passing customs can be further improved by migrating to a paperless trading environment. Obtaining the phytosanitary certificate takes 24 hours if the consignment does not contain produce sourced from domestic and international partners and if Phytosanitary Inspection does not conduct laboratory tests. This process can also be improved by transitioning to a paperless environment. Table A5.2 maps the business processes by sequence and duration.

Table AA5.2 Duration and relation of dependence among the core business processes for exporting fresh fruit from Serbia

Core business process	Duration	Predecessor	Simultaneous tasks
1. Buy			
1.1 Negotiate and conclude the sales contract	3 days	None	None
2. Ship			
2.1 Arrange transport	2 days	1.1.	None
2.2 Obtain the phytosanitary certificate	1 day	1.1, 2.1	None
2.3 Obtain the Certificate of Origin	0.5 days	2.2	None
2.4 Pass customs	0.5 days	2.3	None
3. Pay			
3.1 Claim payment	10 days	2.3	None

AA6. Recommendations

This business process analysis presents an ideal situation for exporting fresh fruit from Serbia, whereby the documentary requirements are minimal, and the exporter is fully capable of complying with documentary requirements. The process could involve delays if the consignments contained produce sourced from domestic and international partners, and if the goods were shipped by rail.

Nonetheless, a key factor in ensuring swift completion of the core business processes seems to lie with the exporter's bookkeeping system. The exporter did not complain about the documentary requirements associated with obtaining the phytosanitary certificate even under conditions where the consignments contained produce sourced from elsewhere. He explained that his enterprise had developed an intricate system with the support and assistance of the customs broker.

Table A6.1 provides recommendations for optimizing the business processes associated with exporting fresh fruit from Serbia. They complement the detailed recommendations provided in the study on regulatory and procedural barriers to trade in Serbia (Chapter 6).

Table AA6.1 Proposed recommendations, by business process

Core business process	Observations	Recommendations
1.1 Negotiate and conclude the sales contract	The process is simple and straightforward for existing buyers. There is a lack of up-to-date information on potential buyers in neighbouring countries and beyond. Moreover, reaching out to new clients is a risky undertaking, owing to the Russian Federation's exacting regulatory requirements.	• Assist enterprises in identifying new export opportunities in regional and global markets. Such services could be delivered by enterprise support institutions and could involve, among others, diagnostics market research and networking initiatives to link Serbian fresh fruit farmers and exporters with their counterparts abroad. • Organize trade fairs and study tours to the Russian Federation and other regional and global partner countries. Such services can be delivered by enterprise support institutions with the support of the Government. • Organize training workshops to familiarize farmers and exporters with the regulatory requirements applicable in the Russian Federation and other potential markets.
2.1 Arrange transport	The process is simple and straight forward, leaving no room for further optimization	–
2.2 Obtain the phytosanitary certificate	Although this process is straight forward, it could benefit from further optimization. The selected enterprise noted that its experience is more the exception than the rule. It is usually the case that outbound consignments of fresh fruit are subject to laboratory testing.	• Introduce risk-based assessments to guide decisions on laboratory testing. • Encourage farmers and exporters of fresh fruit to apply for obtaining the Authorized Economic Operator (AEO) status.

Table AA6.1 (cont'd)

Core business process	Observations	Recommendations
2.3 Obtain the CoO	The process is straightforward. However, efficiency gains are undermined by the necessity of visiting the Customs Office of Export in person to obtain the certificate.	• This process will be optimized upon the establishment of a single window facility as detailed in the study on regulatory and procedural barriers to trade in Serbia (Chapter 6).
2.4 Pass customs	The customs declaration and support documents are submitted in hard copies and there are instances of repetitive submissions of support documents	• This process will be optimized upon the establishment of a Single Window facility. • Encourage farmers and exporters of fresh fruit to apply for obtaining the Authorized Economic Operator (AEO) status.
3.1 Claim payment	While claiming payment can be completed in less than one working day, the use of open accounts delays the receipt of payment by up to 10 days. This puts a strain on the Exporter's cash flow.	• Assist exporters in using other payment methods such as letters of credit and/or combine open account with export credit insurance.

Regulatory and Procedural Barriers to Trade in Serbia

Since 2010, the United Nations Economic Commission for Europe (UNECE) has been undertaking demand-driven national studies of regulatory and procedural barriers to trade to help countries achieve greater regional and global economic integration, apprise donors and development partners as to where assistance might be required, and inform inter-governmental discussions under the UNECE Steering Committee on Trade Capacity and Standards.

This study summarizes the key findings of the ninth study, which focuses on Serbia. It was prepared by the UNECE secretariat in close consultation with public and private-sector stakeholders, using the UNECE evaluation methodology. The study provides action-oriented recommendations that address immediate and long-term capacity building needs for removing the identified trade barriers, and for increasing the contribution non-tariff measures to structural transformation and the implementation of the 2030 sustainable development goals (SDGs).

UNECE supports closer economic relations among its 56 member States in the pursuit of the UN Sustainable Development Goals (SDGs) and the 2030 Agenda. Its Trade and Economic Cooperation and Integration programmes assist member States in better integrating their economies into the world economy and in promoting enabling and promoting a better policy, financial and regulatory environment conducive to inclusive economic growth, innovative and sustainable development and higher competitiveness in the UNECE region. The two programmes of the Economic Cooperation and Trade Division service several inter-governmental bodies which develop and support countries in putting into practice standards and policy recommendations for trade facilitation and electronic businesses, standardization policy and regulatory cooperation, agricultural quality standards, public private partnerships and innovation policies.

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