



# Economic and Social Council

Distr.: General

2 June 2021

English

Original: English and Russian only

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## Economic Commission for Europe

### Steering Committee on Trade Capacity and Standards

#### Sixth session

Geneva, 21-22 (am) June 2021

Item 4 of the provisional agenda

#### **Supporting the removal of regulatory and procedural barriers to trade: Serbia**

## **Economic Commission for Europe study on regulatory and procedural barriers to trade in Serbia: Recommendations**

**Submitted by the secretariat**

### *Summary*

This document summarizes the key findings and recommendations emerging from the Economic Commission of Europe (ECE) study of regulatory and procedural barriers to trade in Serbia. The study, which was funded by the United Nations Development Account (UNDA), was carried out in 2019–2020 pursuant to the Government's request to increase the trade sector's contribution to economic and trade development and the achievement of the 2030 Sustainable Development Goals (SDGs).

The study was prepared in close consultation with public and private-sector stakeholders and integrates the written comments of key stakeholders, which were submitted in June 2020 and February 2021.

ECE stands ready to assist the Government of Serbia in implementing the recommendations.

The document is presented to the Steering Committee on Trade Capacity and Standards for decision.



## I. Introduction

1. Serbia is undertaking extensive reforms to consolidate a competitive market-based economy. Driving these reforms is a trade-led development approach. This approach is consistent with the multilateral trading system, even though Serbia is not yet a World Trade Organization (WTO) member,<sup>1</sup> and is anchored in bilateral and regional cooperation arrangements.
2. These arrangements started a new phase in 2013, which saw the entry of the Stabilization and Association Agreement (SAA) with the European Union (EU) into force. Serbia, which initiated a gradual opening of its markets to the EU industrial and agricultural goods in 2010, sees in SAA a strategic framework for informing its legislative and institutional reforms. This is particularly because the SAA provides for the approximation of legislation of Serbia with the EU *Acquis Communautaire*.
3. 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.
4. However, poverty and inequality continue to be a challenge. This means 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.
5. To support the Government's efforts, ECE undertook an assessment of regulatory and procedural barriers to trade in Serbia. The assessment was carried out in 2019–2020 using the ECE 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).
6. 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 specialized agencies involved in supporting the country's quality infrastructure system. The study focuses on the following sectors: food and live animals, beverages, chemicals and related products, manufactured goods classified by material, and miscellaneous manufactured articles. It also features a sectoral analysis of fresh fruits, which were found to be particularly affected by the identified barriers. The analysis of fresh fruit exports was conducted using the ECE/ESCAP (Economic and Social Commission for Asia and the Pacific) business process analysis methodology, and features targeted recommendations for improving the export competitiveness of Serbia in fresh fruits.

## II. Key findings

7. Despite significant improvements in removing trade barriers in Serbia, particularly in relation to regulatory harmonization and bolstering transparency in trade, the road ahead for the Government remains challenging. Almost every supply chain actor reported facing regulatory and procedural trade barriers. As shown below, these barriers reflect at once legislative and institutional shortfalls within State agencies and MSMEs, as legislative harmonization under the SAA continues to outstrip capacity-building efforts. Most of the State agencies lack the required expertise skills and information and communications technology (ICT) systems to ensure successful implementation, while MSMEs lack the capacity to reap benefits from reforms.

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<sup>1</sup> Serbia is in the process of acceding the WTO. Details on Serbia's accession process are available at: [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_serbia\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_serbia_e.htm).

## **A. Lack of clarity over applicable rules and procedures**

8. 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.

## **B. Complex documentary requirements**

9. Legislation of Serbia limits documentary requirements for customs clearance to the minimum. At issue is not the number of documentary requirements for customs clearance, which, depending on the type of products, includes up to eight documents. This number is reasonable and in tune with international trends.

10. Rather, at issue, are the 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. In Serbia, this challenge is exacerbated by the sheer number of customs offices.

## **C. Cumbersome inspection procedures**

11. 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).

12. 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 Customs Identification Certificate (in Serbian “Jedinstvena Carinska Isprava”, JCI) involves a waiting time of up to 20 days.

13. 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.

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

## **D. Gaps in regional cooperation**

15. The Government'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 border-crossing points (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 BCPs; the lack of coordination among the different agencies involved in physical inspection; and, inconsistent application of regulatory requirements.

## E. Capacity shortfalls in the national system of quality infrastructure

16. 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).

17. 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.

18. 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.

## III. Recommendations

19. 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. The table below 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.

20. The recommendations were agreed upon with the Government, and are grouped under five 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. The focus should be on enabling State agencies 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, harmonize and standardize information requirements. The focus should be on institutionalizing 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 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. This can be done through targeted programmes that are geared towards developing the enterprises' productive capacity.

## Recommendations for gearing NTMs to serve as a means of implementing the 2030 Agenda in Serbia

| <i>Outstanding needs</i>                       | <i>Recommendations</i>  | <i>Contribution to SDGs</i>  |
|--|---|--|
| <b>Improving trade facilitation conditions</b> |   |  |
| <b>Strengthening transparency</b>              | <ol style="list-style-type: none"> <li>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,<sup>2</sup> on applied regulations and associated administrative procedures, including fees and forms.</li> <li>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.</li> <li>3. In the medium term, establish a customs trader portal<sup>3</sup> 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.</li> <li>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 of America, SCA</li> </ol> | <p>SDG: 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p> <p>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</p> |

<sup>2</sup> 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.

<sup>3</sup> 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](https://ec.europa.eu/taxation_customs/eu-customs-trader-portal_en)).

| <i>Outstanding needs</i>                | <i>Recommendations</i>  | <i>Contribution to SDGs</i>  |
|---|---|--|
| <b>Transitioning to paperless trade</b> | <p>could structure this service around two subgroups, with the first focusing on large enterprises and the second on MSMEs, which require more coaching.</p> <p>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.</p> <p>1. Develop online training courses on using SCA bookkeeping programme for preparing the documentary requirements.</p> <p>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).<sup>4</sup></p> <p>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 electronic data interchange (EDI) between SCA and Serbian Railways.</p> <p>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 authorized economic operator (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.<sup>5</sup> Such training should be extended to the business community, especially since the use of customs brokers is not mandatory under the new Union Customs Code.</p> <p>5. Consolidate the legal basis for electronic documents:</p> <p>5.1. Enforce the competent authorities to accept e-invoice without stamp and signature,<sup>6</sup> which would be in line with the WTO Agreement on Trade</p> | <p>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</p> <p>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</p> |

<sup>4</sup> Article 10.2.2 WTO TFA: “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”.

<sup>5</sup> 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 compliance of MSMEs with customs clearance regulatory requirements, it would be useful to enable their continuous learning.

<sup>6</sup> <https://mim-law.com/invoices-no-longer-need-include-stamp-signature/>.

Facilitation (Article 10.2.1).<sup>7</sup> 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<sup>8</sup> 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<sup>9</sup> and v. 3.0<sup>10</sup> provide a more comprehensive definition of such requirements.

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”.<sup>11</sup>

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 ECE/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

<sup>7</sup> Article 10.2.1 WTO TFA: “Each Member shall, where appropriate, endeavour to accept paper or electronic copies of supporting documents required for import, export, or transit formalities”.

<sup>8</sup> 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](ftp://ftp.cen.eu/public/CWAs/BII2/CWA16562/CWA16562-Annex-B-BII-Profile-04-InvoiceOnlyV2_0_0.pdf).

<sup>9</sup> Business Requirements Specification (BRS): [http://www.unece.org/fileadmin/DAM/cefact/brs/BRS\\_CrossIndustryInvoice\\_v2.0.5.pdf](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](http://www.unece.org/fileadmin/DAM/cefact/rsm/RSM_CrossIndustryInvoice_v2.0.pdf); XML Schema: [http://www.unece.org/cefact/xml\\_schemas/index](http://www.unece.org/cefact/xml_schemas/index).

<sup>10</sup> Various documents available at: [http://www.unece.org/fileadmin/DAM/cefact/rsm/RSM\\_CrossIndustryInvoice\\_v3.0.1.zip](http://www.unece.org/fileadmin/DAM/cefact/rsm/RSM_CrossIndustryInvoice_v3.0.1.zip).

<sup>11</sup> [https://www.enisa.europa.eu/publications/security-guidelines-on-the-appropriate-use-of-qualified-electronic-signatures/at\\_download/fullReport](https://www.enisa.europa.eu/publications/security-guidelines-on-the-appropriate-use-of-qualified-electronic-signatures/at_download/fullReport).

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 United Nations 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.<sup>12</sup>

6.4 Based on the above, standardize data requirements using recognized international standards, including ECE-UN/CEFACT recommendations and business standards – Core Component Library; Reference Data Models; XML Schema; 25 on Use of the United Nations 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 World Customs Organisation (WCO) Data Model.<sup>13</sup>

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.

**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.

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

<sup>12</sup> [https://www.unece.org/cefact/recommendations/rec\\_index.html](https://www.unece.org/cefact/recommendations/rec_index.html).

<sup>13</sup> [https://www.unece.org/cefact/recommendations/rec\\_index.html](https://www.unece.org/cefact/recommendations/rec_index.html).



| <i>Outstanding needs</i> | <i>Recommendations</i>   | <i>Contribution to SDGs</i> |
|--------------------------|--|-----------------------------|
|                          | <p>4. Accord priority to replenishing SCA inventory with high quality customs seals.</p>   |                             |
|                          | <p>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).</p>   |                             |
|                          | <p>6. SCA should extend the coverage of advance rulings so that it also covers valuation.</p>  |                             |
|                          | <p>7. Provide the carriers with conformation of exportation (the stamped JCI) upon the release of goods.</p>   |                             |
|                          | <p>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.</p>  |                             |
|                          | <p>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.</p> |                             |
|                          | <p>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.</p>   |                             |

| <i>Outstanding needs</i>  | <i>Recommendations</i>   | <i>Contribution to SDGs</i>   |
|---|--|---|
| <b>Further developing the national system of quality infrastructure</b> |  |   |
| <b>Strengthening standard-setting</b>                                   | <ol style="list-style-type: none"> <li>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.<sup>14</sup></li> <li>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.</li> <li>Publish additional online training materials<sup>15</sup> 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.</li> </ol>                                    | <p>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</p> <p>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</p>  |
| <b>Strengthening conformity assessment</b>                              | <ol style="list-style-type: none"> <li>Strengthen CABs with technical experts, lead assessors, assessors and recognition managers to enable them to assume the role of notified bodies.</li> <li>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.</li> <li>Further develop the Rapid Exchange of Information on Dangerous Products (NEPRO). A first step would be to link the system with the EU Rapid Alert System for Non-Food Products (RAPEX).</li> <li>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: <ul style="list-style-type: none"> <li>A progressive list of products to which MRA would apply. To simplify matters, begin with a limited list designated at the Harmonized Coding System (HS)</li> </ul> </li> </ol> | <p>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</p> <p>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</p> |

<sup>14</sup> 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](https://ec.europa.eu/growth/single-market/goods/free-movement-sectors/mutual-recognition/contacts-list_en).

<sup>15</sup> <https://tehnis.privreda.gov.rs/sr/dokumenti.html?position=1>.

| <i>Outstanding needs</i>                               | <i>Recommendations</i>   | <i>Contribution to SDGs</i>   |
|--|--|---|
|  | <p>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).</p> <ul style="list-style-type: none"> <li>• Consultation and the right to withdraw if (despite MRA) either party continues to encounter market access obstacles.<sup>16</sup></li> <li>• Establishing joint committees for the effective functioning of the agreement.</li> <li>• 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.<sup>17</sup></li> </ul> |   |
| <b>Strengthening metrology</b>                         | <ol style="list-style-type: none"> <li>1. Accord priority to intensifying DMDM participation in international organizations.</li> <li>2. Accord priority to supporting DMDM investments in new laboratories.</li> </ol>  | <p>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</p> <p>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</p> |
| <b>Supporting enterprise development</b>               |  |   |
| <b>Developing the enterprises' productive capacity</b> | <ol style="list-style-type: none"> <li>1. Develop training programmes, including online courses, on international standards implementation, particularly the EU harmonized standards, to enable MSMEs to achieve compliance with health, safety, and environmental conservation requirements in domestic and destination markets.</li> </ol>   | <p>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</p>  |

<sup>16</sup> See, for example, the Agreement on mutual recognition (MRA) between the European Community and the United States of America (Article 2); available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:21999A0204%2801%29>.

<sup>17</sup> See for example the EU-US MRA (Article 15).

| <i>Outstanding needs</i> | <i>Recommendations</i>   | <i>Contribution to SDGs</i>   |
|--------------------------|--|---|
|                          | <p>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.</p> <p>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.</p> <p>4. Launch targeted credit schemes for financing the enterprises' expansion plans. Such schemes could include regional and international standards implementation as part of eligibility criteria.</p> <p>5. Address the skills mismatch in the labour market:</p> <ul style="list-style-type: none"> <li>• Strengthen vocational training institutions with resources to develop targeted training for: (i) existing employees of MSMEs 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.</li> <li>• Develop advanced, forward looking curricula and programmes within the higher education institutions, which tailor both the content and approaches to industry needs.</li> <li>• Establish a national skills-matching strategy (or sectoral/ field-specific matching strategies) for guiding the above.</li> </ul> <p>6. Promote e-commerce:</p> <ul style="list-style-type: none"> <li>• Launch awareness-raising campaigns to address public's concerns over e-commerce.</li> <li>• Launch targeted programmes, which combines training, advisory services and credit schemes, for enabling MSMEs to engage in e-commerce.</li> </ul> | <p>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</p> |