GTZ ORF support to “CEFTA 2006 – Improving Opportunities for Trade”

Key findings of the regional business survey on NTBs

ROUND TABLE ON REDUCING NON TARIFF BARRIERS TO TRADE IN THE CEFTA PARTIES

Budapest, October 8th 2009

Britta Margraf
Structure

- Background
  - Aim the regional business survey
  - Relevance of the comparative approach
  - Survey Implementation

- Results of the survey
  - General business perception on the CEFTA agreement
  - Highlighted trade barriers

- Summary
Background
Aim of the regional business survey on NTBS

- Evaluation of the current situation associated with NTBs to identify the priority areas
- Focusing on the perception of the business community on the CEFTA agreement and its implementation
- Formulating recommendations to efficiently tackle such obstacles
Relevance of the regional survey

- **First regional survey** among businesses of its kind:
  - One questionnaire & one methodology applied for all participating parties
  - Collaboration of officials of CEFTA CPs and private sector institutions (especially chambers of commerce) from all participating parties

- **Comparative approach**
  - Same methodology for all participating parties sets a baseline for monitoring the further development of NTB-issue in the region

- **Applying the recent international standard**
  - The questionnaire refers to the new *internationally agreed terminology and classification* of NTBs (developed by MAST – Multi Agency Support Team, January 2008; participation of ITC, WTO, UNCTAD, IMF, OECD, etc. agreed on in January 2008)
Methodology of the survey

**Sampling criteria**

- Size of the CEFTA party
- Number of companies
- Business sectors (export/import) – mining/fuels, manufacturing, agriculture/agro-processing

→ Sampling structure follows WTO methodology

**Data collection**

- Companies in each CEFTA party interviewed by national experts with a standardized questionnaire
- 520 questionnaires filled out in all participating parties

**Quantitative analysis**

- Basis for further in-depth research (so far no relation to costs of specific NTBs made, not specified to bilateral NTBS, etc.)
Results
General perception of the CEFTA Agreement

- Around 90% of the SEE companies declare to know about CEFTA (in general)
- Around 85% of the SEE companies see a positive impact of the CEFTA agreement to the development of the region
- Around 90% of the SEE companies regard the CEFTA as important for their business

![Bar chart showing the percentage of companies regarding the CEFTA as very important or moderately important in different countries.](chart.png)
General perception of the CEFTA Agreement

- 90% of questioned companies consider information about CEFTA as important for their business
Priority barriers according to the survey

1. **Technical Regulations and Conformity Assessment**
2. **Para-tariff and price control measures**
3. **Procedural obstacles including customs procedures**
Priority barriers according to the survey

Technical Regulations and Conformity Assessment

- Among them, as the most prevalent measures with which companies reported to face difficulties:
  - Product characteristic requirements (70%);
  - Labeling and/or packaging requirements (67%);
  - Testing, inspection and quarantine requirements (60%)
  - Traceability requirements (origin, processing history) (57% of the companies).
Companies per party that reported to face difficulties regarding **product characteristics** requirements

**V.1 Product Characteristics Requirement: Yes**

- **Albania**: 53.7%
- **UNMIK / Kosovo**: 28.0%
- **Macedonia**: 95.1%
- **Montenegro**: 52.8%
- **Serbia**: 86.7%
Technical regulations & conformity assessment 2/4

Companies per party that faced difficulties labeling requirements

V.1 Labelling requirements: Yes

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>55.4%</td>
</tr>
<tr>
<td>BiH</td>
<td>92.7%</td>
</tr>
<tr>
<td>UNMIK / Kosovo</td>
<td>26.4%</td>
</tr>
<tr>
<td>Macedonia</td>
<td>80.2%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>60.5%</td>
</tr>
<tr>
<td>Serbia</td>
<td>85.8%</td>
</tr>
</tbody>
</table>
Technical regulations & conformity assessment 3/4

Companies per party that faced difficulties regarding testing, inspection and quarantine requirements

V.1 Testing, inspection and quarantine requirements: Yes

- Albania: 40.5%
- BiH: 98.2%
- UNMIK / Kosovo: 27.0%
- Macedonia: 74.1%
- Montenegro: 61.9%
- Serbia: 71.7%
Companies per party that faced difficulties regarding requirements on origin and processing history

V.1 Traceability requirements (Origin, processing history): Yes
Para-tariff and price control measures 1/2

- Application of “taxes other than tariffs-fees, such as surcharges, stamp tax, license fees, internal taxes to import goods” represent a barrier for half of the total sample.

- "Other taxes applied at border: (Stamp tax, license fees, etc.)"

- Albania: 44.9%
- BiH: 63.0%
- UNMIK / Kosovo: 41.7%
- Macedonia: 91.4%
- Montenegro: 55.0%
- Serbia: 25.0%
Para-tariff and price control measures 2/2

- Application of “reference prices” by customs administration remains a real concern for the business although only 20% reported, in particular, a critical problem for 48% of the Albanian companies.

- Advance deposits for imported goods – a problem for Albania, Serbia and Kosovo
Priority barriers according to the survey

- **Procedural obstacles** - the most problematic are the following:
  - 41% of interviewed companies confirm “problems with the customs authorities”, the majority of which are of the type:
    - inappropriate working hours (45%)
    - non-harmonized working hours of the services (49%)
  - Misinterpretation of procedural rules and regulations
  - Problems in “finding out information about customs and procedures
Procedural obstacles 1/3

- Difficulties with customs authorities in general

Does your company have problems with customs authorities:
- Yes

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Albania</td>
<td>43.8%</td>
</tr>
<tr>
<td>BiH</td>
<td>74.5%</td>
</tr>
<tr>
<td>UNMIK / Kosovo</td>
<td>32.2%</td>
</tr>
<tr>
<td>Macedonia</td>
<td>22.2%</td>
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<tr>
<td>Montenegro</td>
<td>18.0%</td>
</tr>
<tr>
<td>Serbia</td>
<td>50.4%</td>
</tr>
</tbody>
</table>
Procedural obstacles 2/3

- Misinterpretation of procedural rules and regulations, whereas more harmful are:
  - Discriminatory behavior (14%) or corruptive practices are rather rare cases
  - Arbitrary or inconsistent behavior (misclassification of products/value) (61%)

- Arbitrary or inconsistent behaviour (misclassifications of product, or value of product)

<table>
<thead>
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<th>Country</th>
<th>Percentage</th>
</tr>
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<tbody>
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<td>Albania</td>
<td>56.3%</td>
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<tr>
<td>BiH</td>
<td>35.1%</td>
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<tr>
<td>UNMIK / Kosovo</td>
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<tr>
<td>Macedonia</td>
<td>42.1%</td>
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<td>Montenegro</td>
<td>0.0%</td>
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<tr>
<td>Serbia</td>
<td>100.0%</td>
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</tbody>
</table>
30% of interviewed companies report problems in "finding out information about customs and procedures":

- lack of responsibility by the government authority to provide such information
- inconsistent, incomplete or delayed information

- "Non transparent practices (inadequate information)"

<table>
<thead>
<tr>
<th>Country</th>
<th>Albania</th>
<th>BiH</th>
<th>UNMIK / Kosovo</th>
<th>Macedonia</th>
<th>Montenegro</th>
<th>Serbia</th>
</tr>
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<tbody>
<tr>
<td>Percentage</td>
<td>45.8%</td>
<td>32.4%</td>
<td>0.0%</td>
<td>47.4%</td>
<td>0.0%</td>
<td>0.0%</td>
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Summary
Summary

- Survey’s results **confirm the preliminary recommendations** of the 1st regional round table on NTBs in Budva/ May 2009
- While priorities of NTBs differ from country to country, some **common tendencies** can be deducted → in-depth studies needed
- Around 90% of the SEE companies know about CEFTA in general and recognize its **positive impact**, but lacking detailed information
- However: more than 90% of the surveyed companies report at least one type of difficulty with **customs issues**
- **Technical Regulations and Conformity Assessment** are perceived as the hardest measures (esp. product characteristic requirements and labeling and/or packaging requirements
- Among the **procedural obstacles** the most problematic are arbitrary or inconsistent behavior and problems with the customs authorities
“Coming together is a beginning.

Keeping together is progress.

Working together is success.”

~ Henry Ford

Thank you very much for your cooperation!

gtz
Open Regional Fund For South East Europe
Back up - data collection figures

- Number of supposed and received companies interviews:

<table>
<thead>
<tr>
<th>Countries</th>
<th>Interviews to be done</th>
<th>Interviews received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>Bosnia+Herzegovina</td>
<td>150</td>
<td>55</td>
</tr>
<tr>
<td>Croatia</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td>Kosovo/UNMIK</td>
<td>100</td>
<td>92</td>
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<tr>
<td>Macedonia</td>
<td>120</td>
<td>81</td>
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<tr>
<td>Montenegro</td>
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<td>52</td>
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<tr>
<td>Moldavia</td>
<td>100</td>
<td>-</td>
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<tr>
<td>Serbia</td>
<td>180</td>
<td>120</td>
</tr>
<tr>
<td>Total</td>
<td>1070</td>
<td>520</td>
</tr>
</tbody>
</table>

- Notes:
  - Croatia: survey was undertaken and implemented by the Chamber of Commerce. They did not submit the figures and consolidated data to our Consultant yet.
  - Moldavia: Despite our willingness to support with both human and financial resources in this regard there was no response.