



CEFTA ISSUES PAPER 4

Elimination of Non-Tariff Barriers in CEFTA



Elimination of Non-Tariff Barriers in CEFTA

2012

This document has been produced with the financial assistance of the European Commission. The views expressed herein can in no way be taken to reflect the official opinion of the European Commission.

The information included in this report, and in particular the denomination of territories used in this document, do not imply any judgment on the part of the OECD on the legal status of territories mentioned in this publication.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.



Acknowledgements

The OECD Investment Compact (OECD-IC) would like to thank all the CEFTA contact points and stakeholders involved in the monitoring of the elimination of NTBs in CEFTA 2006 for their inputs to the assessment process conducted between September and November 2011.

The individual chapters of this report were prepared by Ms. Katarina Djermanovic from the OECD-IC, under the supervision of Mr. Antonio Fanelli from the OECD-IC, and with contributions from Mr. David Norris, an expert in the field of quality infrastructure (Chapter 1), Ms. Tanja Turquin Spicanovic, an expert in the field of quality infrastructure (Chapter 1), Ms. Gordana Ristic, an expert in the field of food safety (Chapter 2), and Mr. Umut Ergezer from the CEFTA Secretariat (Chapter 3). This report was edited by Ms. Emma Beer and Ms. Vanessa Vallée from the OECD.

The OECD-IC intends to continue providing input into the implementation of CEFTA 2006 and contribute to the debate about the benefits of regional trade integration in the broader framework of European economic integration.

The views expressed in this publication are those of the OECD-IC and do not reflect the official position of CEFTA institutions or any of the CEFTA Parties.

The signatories of CEFTA 2006 are: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, the Republic of Moldova, Montenegro, Serbia, and UNMIK/Kosovo.

Kosovo denomination has been adopted following the signing of the Arrangements Regarding Regional Representation and Co-operation on 23 February 2012, and is used throughout this report.*

* “This designation is without prejudice to positions on status, and is line with UNSCR 1244 and the ICJ opinion on the Kosovo declaration of independence”.

Table of contents

Acknowledgements.....	4
Acronyms and abbreviations	8
Foreword.....	9
Introduction	101
Executive summary	15
 Part I - Policy findings by category of Non-Tariff Barriers to trade.....	21
Chapter 1: Technical barriers to trade.....	21
1.1. Introduction.....	21
1.2. Institutional framework for standardisation and external co-operation	22
1.3. Transposition of EU technical regulations in priority sectors	26
1.4. Adoption of European standards in priority sectors.....	28
1.5. Institutional framework for accreditation and external co-operation	30
1.6. Conformity assessment procedures and infrastructure.....	34
1.7. Information and notification mechanisms.....	38
1.8. Conclusions and recommendations.....	41
Chapter 2: Sanitary and phytosanitary measures.....	45
2.1. Introduction	45
2.2 Institutional framework for SPS measures.....	46
2.3 Level of co-operation among SPS agencies at the intra-CEFTA and external levels	49
2.4 Framework SPS legislation.....	53
2.5 Transposition of European SPS measures.....	55
2.6 Information and notification mechanisms.....	57
2.7 Conclusions and recommendations.....	59
Chapter 3: Administrative barriers to trade	65
3.1. Introduction.....	65
3.2 Establishment of a national customs website with quality information provision	66
3.3 Enquiry points for customs	68
3.4 Involvement of the Trade Community	69
3.5 Advance Rulings.....	70
3.6 Appeal Procedures	72
3.7 Fees and Charges	73
3.8 Formalities - Documents and automation	75
3.9 Customs procedures and processes	76
3.10 Domestic and cross-border/international agency co-ordination and co-operation.....	78
3.11 Conclusions and recommendations.....	80
Part II - Profiles	87
Chapter 4: Scores.....	87
Albania.....	87
Bosnia and Herzegovina	90
Croatia.....	93
The Former Yugoslav Republic of Macedonia	96
Kosovo*.....	99
Moldova.....	102
Montenegro.....	105
Serbia.....	108
Annex 1	111
Annex 2	123

Bibliography	141
--------------------	-----

Figures

Figure 1.1 Technical barriers to trade: assessment framework	22
Figure 1.2 Overall scores for sub-dimension: institutional framework for standardisation	23
Figure 1.3 Overall scores for sub-dimension: transposition of EU technical regulations	27
Figure 1.4 Overall scores for sub-dimension: adoption of European standards	29
Figure 1.5 Overall scores for sub-dimension: institutional framework for accreditation	31
Figure 1.6 Overall scores for sub-dimension: conformity assessment procedures	35
Figure 1.7 Overall scores for sub-dimension: information and notification mechanism	38
Figure 1.8 Overall scores for dimension: technical barriers to trade	41
Figure 2.1 Sanitary and phytosanitary measures: assessment framework	46
Figure 2.2 Overall scores for sub-dimension: institutional framework for SPS measures	48
Figure 2.3 Overall scores for sub-dimension: level of co-operation among SPS agencies	50
Figure 2.4 Overall scores for sub-dimension: framework SPS legislation	53
Figure 2.5 Overall scores for sub-dimension: transposition of European SPS measures	55
Figure 2.6 Overall scores for sub-dimension: information and notification mechanisms	58
Figure 2.7 Overall scores for dimension: sanitary and phytosanitary measures	60
Figure 3.1 Administrative barriers to trade: assessment framework	66
Figure 3.2 Overall scores for sub-dimension: national customs website	67
Figure 3.3 Overall scores for sub-dimension: enquiry points for customs	68
Figure 3.4 Overall scores for sub-dimension: involvement of the trade community	70
Figure 3.5 Overall scores for sub-dimension: advance rulings	71
Figure 3.6 Overall scores for sub-dimension: appeal procedures	73
Figure 3.7 Overall scores for sub-dimension: fees and charges	74
Figure 3.8 Overall scores for sub-dimension: formalities-documents and automation	75
Figure 3.9 Overall scores for sub-dimension: customs procedures and processes	77
Figure 3.10 Overall scores for sub-dimension: domestic and cross-border agency co-operation	79
Figure 3.11 Overall scores for dimension: administrative barriers to trade	81
Figure 4.1 Albania: Scores for technical barriers to trade	87
Figure 4.2 Albania: Scores for sanitary and phytosanitary measures	88
Figure 4.3 Albania: Scores for administrative barriers to trade	89
Figure 4.4 Bosnia and Herzegovina: Scores for technical barriers to trade	90
Figure 4.5 Bosnia and Herzegovina: Scores for sanitary and phytosanitary measures	91
Figure 4.6 Bosnia and Herzegovina: Scores for administrative barriers to trade	92
Figure 4.7 Croatia: Scores for technical barriers to trade	93
Figure 4.8 Croatia: Scores for sanitary and phytosanitary measures	94
Figure 4.9 Croatia: Scores for administrative barriers to trade	95
Figure 4.10 The Former Yugoslav Republic of Macedonia: Scores for technical barriers to trade	96
Figure 4.11 The Former Yugoslav Republic of Macedonia: Scores for sanitary and phytosanitary measures	97
Figure 4.12 The Former Yugoslav Republic of Macedonia: Scores for administrative barriers to trade	98
Figure 4.13 Kosovo*: Scores for technical barriers to trade	99
Figure 4.14 Kosovo*: Scores for sanitary and phytosanitary measures	100
Figure 4.15 Kosovo*: Scores for administrative barriers to trade	101
Figure 4.16 Moldova: Scores for technical barriers to trade	102
Figure 4.17 Moldova: Scores for sanitary and phytosanitary measures	103
Figure 4.18 Moldova: Scores for administrative barriers to trade	104
Figure 4.19 Montenegro: Scores for technical barriers to trade	105
Figure 4.20 Montenegro: Scores for sanitary and phytosanitary measures	106
Figure 4.21 Montenegro: Scores for administrative barriers to trade	107

Figure 4.22 Serbia: Scores for technical barriers to trade	108
Figure 4.23 Serbia: Scores for sanitary and phytosanitary measures	109
Figure 4.24 Serbia: Scores for administrative barriers to trade	110

Tables

Table 1.1 Membership in international and European standardisation organisations	25
Table 1.2 Transposition of EU technical regulations in priority sectors	28
Table 1.3 Adoption of European standards in priority sectors	30
Table 1.4 Membership in international and European organisations	34
Table 1.5 Number of accredited Conformity Assessment Bodies (CABs)	37
Table 1.6 Information and notification mechanisms	40
Table 2.1 Membership in international organisation in the SPS field	52
Table 2.2 Transposition of European SPS measures in the food products and beverages area	56
Table 2.3 Transposition of European SPS measures in the agricultural products area	57

Acronyms and abbreviations

ACAA	Agreement on Conformity Assessment and Acceptance of Industrial Products
BOI	Binding Origin Information
BTI	Binding Tariff Information
CA	Conformity assessment
CAC	Codex Alimentarius Commission
CAB	Conformity Assessment Body
CEFTA	Central European Free Trade Agreement
CEN	European Committee for Standardisation
CENELEC	European Committee for Electrotechnical Standardization
EA	European co-operation for Accreditation
EA BLA	Bilateral Agreement of the European co-operation for Accreditation
EA MLA	Multilateral Agreement of the European co-operation for Accreditation
EDI	Electronic Data Interchange
EFTA	European Free Trade Association
EN	European Standard
EU	European Union
GATT	General Agreement in Tariffs and Trade
IAF	International Accreditation Forum
ILAC	International Laboratory Accreditation Co-operation
IEC	International Electrotechnical Commission
IPPC	International Plant Protection Convention
IRI	Investment Reform Index
ISO	International Standardisation Organisation
MLA	Multilateral agreement
MRA	Mutual Recognition Agreement
MMF	Multilateral Monitoring Framework
NAB	National Accreditation Body
NSB	National Standards Body
NTBs	Non-Tariff Barriers
OIE	World Organisation for Animal Health
RASFF	Rapid Alert System for Food and Feed
SME	Small- and medium-sized enterprises
SPS	Sanitary and phytosanitary standards
TBT	Technical Barriers to Trade
WTO	World Trade Organization

Foreword

Since the entry into force of the CEFTA 2006, significant accomplishments have been made by the Parties in ensuring proper and efficient implementation of the Agreement and in contributing to the process of integration of the region into the European Union. The implementation of the CEFTA Agreement, by focusing on greater regional trade and investment integration, is an important stepping stone to sustainable long-term growth and improved standards of living.

One of the objectives of the CEFTA Agreement is to eliminate barriers to trade and facilitate the movement of goods between the territories of the Parties. Therefore, the main priority of Bosnia and Herzegovina as 2011 Chair of the Subcommittee on non-tariff barriers (NTBs) and technical barriers to trade (TBT) was to support the elimination of NTBs through the use of the Multilateral Monitoring Framework (MMF) developed by OECD. Furthermore, the 2011 Chairmanship was focused on strengthening cooperation in the area of NTBs and TBT within the CEFTA structures, improving transparency and information exchange between the Parties, and promoting CEFTA implementation at national and regional events.

As Chair of the NTBs Subcommittee for 2011, Bosnia and Herzegovina welcomes the publication produced by the OECD Investment Compact for South East Europe on monitoring the elimination of non-tariff barriers in CEFTA 2006. The analysis contained in this paper will help the CEFTA Parties understand where progress has been made and where more work needs to be done. This publication would not have been possible without the financial support of the European Commission.

Closer cooperation between the CEFTA institutions, the European Commission and organisations such as the OECD Investment Compact ensure that the benefits of CEFTA 2006 reach their maximum potential.



Midhat Salic
Assistant minister for International Trade Relations
Ministry of Foreign Trade and Economic Relations
Bosnia and Herzegovina

Introduction

The main objectives of the Central European Free Trade Agreement (CEFTA) 2006 are to expand trade in goods and services; foster investment by means of fair, stable and predictable rules; eliminate barriers to trade between the eight Parties to the Agreement; provide appropriate protection of intellectual property rights in accordance with international standards; and harmonise provisions on modern trade policy issues such as competition rules and state aid.¹

The objective to eliminate barriers to trade between the Parties includes provisions for the elimination of Non-Tariff Barriers (NTBs), which fall within the mandate of certain structures created under CEFTA: the Subcommittee on Technical Barriers to Trade (TBTs) and NTBs, the Subcommittee on Agriculture and Sanitary and Phytosanitary (SPS) Issues, and the Subcommittee on Customs and Rules of Origin. More specifically, the Terms of Reference for the Sub-Committee on TBTs and NTBs stipulates that “the task of the Sub-committee is to identify, review and propose measures for elimination of technical barriers to trade and non-tariff barriers among the Parties”.

The CEFTA Parties have already introduced a system of regular identification of NTBs. A market access database is used which has the merit of identifying in a transparent and timely fashion *ad-hoc* or more permanent measures that are implemented by a Party and that have the potential to disrupt trade. However, the existing matrix looks at specific bilateral measures, and it lacks a general framework under which the measures can be categorised. It is important to categorise accurately what kind of NTBs is affecting the trade among CEFTA Parties since different types of NTBs will require different solutions.

Therefore, the OECD developed, in consultation with the CEFTA Secretariat and trade experts a Multilateral Monitoring Framework (MMF), composed of sets of indicators for each of the key NTBs areas, with the aim of establishing an instrument for the coordination of actions for the elimination of NTBs at multilateral level, complementing the actions already taken by the Parties at bilateral level. The MMF is based on the OECD Investment Reform Index (IRI), but greatly expanded as regards NTBs.² It includes all areas of NTBs covered by the CEFTA agreement, namely: (i) TBTs (standards, technical regulations and conformity assessment); (ii) SPS measures; (iii) Administrative barriers to trade.

¹ The signatories of CEFTA 2006 are: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, the Republic of Moldova, Montenegro, Serbia, and UNMIK/Kosovo. Kosovo* denomination has been adopted following the signing of the Arrangements Regarding Regional Representation and Co-operation on 23 February 2012, and is used throughout this report.

*“This designation is without prejudice to positions on status, and is line with UNSCR 1244 and the ICJ opinion on the Kosovo declaration of independence”.

² OECD (2010), *Investment Reform Index 2010: Monitoring Policies and Institutions for Direct Investment in South-East Europe*, OECD, Paris.

In parallel, the OECD conducted an extensive analysis of trade flows in intermediary goods among CEFTA Parties to underpin the process of prioritising certain sectors where efforts could be made to eliminate NTBs. Twelve priority sectors were identified. A number of options to prioritise products within the 12 selected sectors were proposed to the Parties. Most opted to select the 3 products most frequently exported by the Party within CEFTA, which resulted in 193 products in total.

The meeting of the CEFTA Sub-committee on NTBs and TBTs, held in Sarajevo in June 2011, formally endorsed the selection of the 12 priority sectors (and corresponding priority products), and agreed that Parties would undergo monitoring based on the MMF to support the reduction of NTBs.³ Detailed instructions and questionnaires were prepared and submitted to CEFTA Contact Points on 1 July 2011. CEFTA Contact Points were to co-ordinate replies from relevant institutions and ensure all replies were submitted to OECD by 5 September 2011 latest. After analysing the completed questionnaires, OECD conducted a series of missions to all CEFTA Parties in September and October 2011 in order to clarify certain issues from the questionnaires, collect additional data and documents and hold review meetings with government officials, independent experts and private sector representatives.

This publication provides policy guidance and recommendations on steps to be taken to eliminate NTBs. The recommendations are based on the analysis of the state of reform made by CEFTA Parties in the process of aligning technical regulations, standards and SPS measures with International and EU requirements. Also the process of reducing administrative burdens to trade caused by inconsistent, non-transparent and complex customs procedures is evaluated.

The results of this report were presented by OECD at the 3rd Budapest Roundtable, held on 3-4 November 2011 and have been communicated and endorsed by the CEFTA Joint Committee, as inputs to the CEFTA negotiating process.

This report is part of a series of working papers jointly produced by the OECD and the CEFTA 2006 Secretariat, with the financial support of the European Commission, that cover a number of issues related to the implementation of CEFTA 2006 (see www.investmentcompact.org).

³ Base metals; Food products and beverages; Fabricated Metal Products, except Machinery and Equipment; Other Non-metallic Mineral Products; Agriculture; Pulp, Paper and Paper Products; Chemicals, Chemical Products and Man-made Fibre; Electrical Machinery and Apparatus; Rubber and Plastic Products; Wood and Products of Wood and Cork; Machinery and Equipment; Coke, Refined Petroleum Products and Nuclear Fuels.

The co-operation between the OECD-IC and the CEFTA 2006 bodies, started in 2007, has been extended to other priority areas for the CEFTA Parties, such as trade in services liberalisation and industry concentration, international/regional supply chains and investment location. The common objective is to support growth and employment through deeper regional, European and global economic integration.

A handwritten signature in dark ink, appearing to read 'A. Fanelli'.

Antonio Fanelli
Deputy Head of PSD Division, OECD

A handwritten signature in blue ink, appearing to read 'Renata Vitez'.

Renata Vitez
Director, CEFTA Secretariat

Executive Summary

The CEFTA 2006 Agreement is an innovative and ambitious free trade agreement that provides for the immediate liberalisation of trade in industrial products and the gradual liberalisation of trade in agricultural goods. It also incorporates provisions on free trade in services as well as clauses on investment promotion and protection, provisions on government procurement and dispute resolution mechanisms.

Since the CEFTA Agreement came into force, CEFTA Parties (hereafter Parties) have achieved full tariff liberalisation on trade in manufactured products and made substantial progress on reducing tariffs on agricultural goods. Although the Agreement has generated an increase in intra-CEFTA trade, trade flows continue to be strongly oriented towards the EU. To further enhance intra-CEFTA trade, progress needs to be made in the reduction and elimination of Non-Tariff Barriers (NTBs). A negotiating framework for the elimination of NTBs has been established between the Parties. However, given the technical nature of NTBs, their elimination on a multilateral basis has been relatively slow.

Another complexity in reducing NTBs lies in the fact that CEFTA Parties are simultaneously pursuing regional trade integration and integration with EU and are therefore in the process of adopting the relevant EU *acquis*. While most CEFTA Parties are moving toward alignment with EU norms in terms of procedures and regulations, the unsynchronised and multi-speed adoption of EU *acquis* is generating additional barriers to trade among the Parties. Therefore, it is essential that CEFTA Parties take a coordinated approach to tackling NTBs.

This report assesses progress made by CEFTA Parties in reducing NTBs. The assessment, based on the Multilateral Monitoring Framework (MMF) developed by the OECD, was carried out with the support of governments, independent experts and private sector representatives in each CEFTA Party. The MMF measures the level of harmonisation of technical regulations, standards, sanitary and phytosanitary (SPS) measures and administrative procedures in each CEFTA Party against EU and international requirements and focuses on priority sectors and products. Monitoring is structured around three policy dimensions: i) technical barriers to trade; ii) sanitary and phytosanitary measures; and iii) administrative barriers to trade. These dimensions are further broken down into sub-dimensions and then divided into indicators, which are ranked on a scale of 1 to 5. The lowest level (1) represents a situation of minimal policy development. Higher scores represent progressively superior policy or institutional conditions, while the highest level (5) is equivalent to best practice in the OECD area (or best international practice).

The results of this assessment provide policy guidance and recommendations to CEFTA Parties for coordinated actions in the elimination of different categories of NTBs. This report could be also used by the Parties as a basis for further negotiations in the area of NTBs.

Key findings and recommendations

The main findings of the assessment underscore that progress has been uneven in eliminating NTBs across the CEFTA Parties. CEFTA Parties have made the best progress in dimensions related to reducing

“technical barriers to trade” and “administrative barriers to trade”. Scores in the dimension related to “sanitary and phytosanitary measures” are comparatively lower.

Technical barriers to trade

The assessment of “technical barriers to trade” focused on the status of frameworks for standardisation and for accreditation, the existence of conformity assessment procedures and infrastructure, information and notification mechanisms and level of transposition of EU technical regulations and standards to CEFTA Party practices. Analysis showed that:

- National Standards Bodies (NSBs) of CEFTA Parties often have insufficient capacity to participate actively in European standardisation activities. More effort is needed to fully align NSB’s structure, rules, procedures and operations with international and EU good practice.
- Responsibilities for transposing EU technical regulations should be clearly defined for all CEFTA Parties. Responsible ministries should ensure that new technical regulations are properly enforced by co-operating with market surveillance authorities.
- The process of adoption of European standards should be maintained and conflicting national standards withdrawn. National standards bodies of CEFTA Parties should pool their scarce resources and share translations of the final text of European Standards in order to give the opportunity to local companies to access the text of European standards in their local language.
- Significant progress has been made by several CEFTA Parties in aligning their conformity assessment systems with the EU system through the Multilateral or Bilateral Agreement of the European Co-operation for Accreditation (EA MLA/EA BLA). Parties are encouraged to continue striving for full EA membership and, more importantly, signature of EA MLA in all appropriate scopes.
- Only a few CEFTA Parties have satisfactory physical capacity and competence for conformity assessment in the 12 priority sectors. Accredited conformity assessment capacities across CEFTA Parties should be therefore reviewed to identify duplication and gaps related to the priority sectors. Furthermore, sectors where the level of harmonisation is similar across CEFTA Parties should be identified so that the Parties can be trained on how to negotiate and sign ACAAs (Agreements on Conformity Assessment and Acceptance of industrial products).
- CEFTA Parties lack a systematic notification system to inform the Parties of new technical regulations, mandatory conformity assessment procedures and draft national standards in CEFTA Parties. Although operational procedures for notification and information have been established, they are not fully implemented. World Trade Organisation (WTO), CEFTA and EU notification procedures and reporting formats should be harmonised.

Sanitary and phytosanitary measures

The “sanitary and phytosanitary measures” dimension assessed the status of the institutional framework for SPS measures, capacity building in CEFTA SPS agencies, the level of collaboration among SPS agencies in the region, the status of harmonisation of regulations and practices with international requirements, and information and notification mechanisms. Key findings include:

- Although SPS agencies exist in all CEFTA Parties, the majority of these agencies are suffering from a lack of trained staff, inadequate equipment for inspection and restricted financial resources. Risk management implementing capacity remains weak and strategic plans for dealing with SPS requirements are not present in most CEFTA Parties. Capacities for risk assessment should be strengthened and experiences shared in the development of check lists and guidelines for risk-based inspection.
- There is no direct co-operation between SPS agencies at the CEFTA level. Information is exchanged through participation at CEFTA meetings or workshops. Furthermore, there is limited capacity for establishing national positions on proposed regional or international SPS measures. Rounds of discussion over important common SPS issues should be organised in preparation for CEFTA meetings.
- Most CEFTA Parties are either at the stage of early adoption of framework legislation that is compliant with international and EU requirements, or at the stage of early implementation of legislative framework. Through the use of the CEFTA Trade Web Portal, the Parties should secure early notification of by-laws drafts and build a network for exchange of regulatory documents and guidelines. Legal basis for risk management should be strengthened, laws and by-laws further harmonised with WTO SPS Agreement and EU requirements and full transparency achieved.
- Although national legislation is not always in line with the EU, SPS measures for major export products are in line with the *acquis*. More groups of major trading products should be identified by CEFTA parties in order to assess the level of harmonisation with the *acquis* and potential NTBs issues.
- The way that information and notification mechanisms are operating in most CEFTA Parties is not fully in line with provisions of WTO SPS Agreement and Directive 98/34/EC. Capacities for notification should be strengthened in CEFTA Parties and channels developed to disseminate SPS information to all stakeholders.

Administrative barriers to trade

The assessment of “administrative barriers to trade” focused on how national customs websites and enquiry points operate in CEFTA, the involvement of the trade community, the existence of advance rulings, appeal procedures, fees and charges, the level of automation for the processing of customs documentation, the efficiency of customs procedures, and domestic and cross-border agency co-operation. Analysis showed that:

- Few CEFTA Parties publish information on their customs' websites about advance rulings, penalties for breaches of import and export formalities, information on procedures of border agencies and examples of judicial decisions. This information should be therefore published and exchanged through the CEFTA Trade Web Portal.
- In the majority of CEFTA Parties enquiry points are limited in structure, and often no specific unit within customs administration has been officially designated and attributed the functions of an enquiry point. The capacity of enquiry points should be strengthened and their operation system structured in coordination with the other CEFTA Parties.
- The consultation process between the government and traders in CEFTA Parties should be further enhanced by involving the trading community at the drafting stage of customs laws, regulations and trading procedures. The Parties should also ensure that the input of the "CEFTA Forum of Chambers of Commerce" is taken into consideration in national consultations.
- Existing advance ruling mechanisms in CEFTA Parties mainly concern classifications according to the national customs tariff and verification of the origin of goods declared for preferential treatment. CEFTA Parties could also introduce an advance ruling mechanism to provide information on the method that will be applied for customs valuation.
- There are few Parties that do not provide a right of appeal to an authority independent of the authority which issued the decision in the administrative stage of appeal procedures. However, appeal to an independent judicial authority is available in all CEFTA Parties. In order to enhance transparency customs administrations should dedicate a special webpage on their customs websites which will provide necessary information on appeal procedures.
- Very few CEFTA Parties provide a comprehensive view of the type of fees and charges that they apply. Moreover, the appropriateness and relevance of fees in the customs area are not regularly reviewed. CEFTA Parties could ensure that the information on fees and charges is regularly exchanged through the CEFTA Trade Web Portal⁴.
- Improvements in handling of documentation and automation could be implemented in co-operation with the other CEFTA Parties. Priority should be given to electronic submission of documents and full implementation of risk management in all CEFTA Parties.
- Although audit-based customs control (post-clearance audit) is in use, it is not well integrated in the risk management system. CEFTA Parties that have an operational single window could share their experience with the other Parties through organised workshops. Also, the implementation of pre-arrival processing should be accelerated.
- Domestic border co-operation in CEFTA Parties could be strengthened through an integrated IT system, such as a single window platform. On the other hand, cross border co-operation could be

⁴ CEFTA Trade Portal website, www.ceftatradeportal.com.

enhanced through further bilateral agreements or more effective use of CEFTA mutual administrative assistance in customs matters.

Conclusion

The outcomes of this assessment provide a solid basis to guide CEFTA 2006 Parties in removing potential obstacles to trade stemming from NTBs. It identifies specific activities to help improve national quality infrastructure systems and to adjust CEFTA Parties' technical legislation to meet EU requirements. Furthermore, the report recommends actions to help CEFTA Parties better align their SPS measures with international and EU requirements, which in parallel will support increased harmonisation of SPS approaches across the CEFTA region. Finally, the report identifies measures to strengthen co-operation and exchange of information between CEFTA customs authorities and to harmonise customs procedures in CEFTA.

For the different dimensions of the NTBs monitoring, CEFTA Parties should consider the following policy recommendations:

- To reduce “Technical barriers to trade”, CEFTA Parties should make negotiating and signing ACAAs (Agreements on Conformity Assessment and Acceptance of industrial products) with the EU a priority. As a result, products covered by the signed ACAAs between each CEFTA party and EU would be accepted not only on single EU market (without additional testing and conformity assessment procedures), but as well among all CEFTA Parties having signed an ACAA. Therefore, signed ACAAs between individual CEFTA Parties and the EU would lead to automatic common acceptance of product test reports, which currently is the single largest technical barrier to trade. The Parties should also prioritise the signing of ACAAs for sectors where harmonisation is similar, taking into account CEFTA/EU and intra-CEFTA trade volume.
- “Sanitary and phytosanitary measures” should be based on clear risk assessment and CEFTA Parties should ensure that by-laws and implementing measures reflect the risk analysis paradigm. Strategic Action Plans should be developed in the SPS area, transparent financing of control systems should be secured and the private sector should be included in the development and evaluation of regulations and measures. The most important products for the regional trade should be identified in order to speed up the process of harmonisation and mutual recognition of certificates. CEFTA Parties should enhance capacities for notification, align procedures with WTO SPS requirements, establish adequate contact points that could help lower problems in food trade and ensure transposition of international requirements into national systems.
- With regard to “Administrative barriers to trade”, CEFTA Parties should enhance transparency by regularly exchanging information on customs procedures through the CEFTA Trade Facilitation Web Portal. National enquiry points for customs should be implemented in co-ordination with other CEFTA Parties and the handling of documentation and automation should be improved in co-operation with the other Parties. Furthermore, risk management should be fully implemented, and the Parties could share good practice on the implementation of risk management and electronic data interchange through dedicated workshops. Finally,

implementation of simplified procedures should be accelerated, especially regarding the use of pre-arrival processing.

The way forward

This assessment has confirmed that the MMF is a useful tool in supporting CEFTA Parties to eliminate NTBs and should serve as the basis for future monitoring. To tackle these barriers in greater depth, the next assessment cycle should focus on a limited number of final products as opposed to the wider sample of intermediary goods studied in the first evaluation. The selected products should be goods which are significant to intra CEFTA trade and for which harmonisation and implementation of corresponding regulations is the same or similar. In parallel, all Parties could be trained on how to negotiate and sign ACAAs with the EU for those priority products.

CEFTA Parties should consider using the recommendations resulting from this monitoring exercise as a basis for further harmonisation in the area of NTBs and jointly agree to implement them within a set timeframe. Parties would then reach an agreement to define which targets should be met and recommendations prioritised in terms of their implementation feasibility. Setting out a time-bound roadmap for implementation of these recommendations at national level will also help ensure that the Parties are able to make tangible inroads into reducing NTBs in the CEFTA region.

Part I - Policy findings by category of Non-Tariff Barriers to trade

Chapter 1: Technical barriers to trade

1.1. Introduction

Standards, technical regulations and conformity assessment procedures (the “quality infrastructure” system) can all give rise to technical barriers to trade. The above mentioned measures aim to achieve legitimate public policy objectives, including national security, public health and safety and environmental protection. However, they may explicitly or implicitly become barriers to trade when they are implemented non-proportionally and are not well focused on achieving a specific objective. Problems also arise when regulations and procedures are implemented arbitrarily, or are enforced through testing and certification requirements that are unclear or not well-publicised and are not easily accessible for foreign manufacturers or producers.⁵ In all these cases, mutual recognition agreements or harmonisation of standards, technical regulations and conformity assessment procedures with international and EU requirements can help overcome potential barriers.⁶

The *WTO Agreement on Technical Barriers to Trade* (WTO TBT Agreement) contains rules aimed specifically at preventing regulations and procedures from becoming unnecessary barriers to trade. This agreement provides instructions for the elaboration, application, notification and review of technical regulations, standards and conformity assessment procedures for WTO Members. Most CEFTA Parties are WTO Members and have therefore agreed to identify and eliminate unnecessary existing technical barriers to trade within the definition of the WTO Agreement on Technical Barriers to Trade (see article 13 of the CEFTA 2006 Agreement).

EU member states have harmonised their quality infrastructure systems and as a result TBTs in the EU’s internal market have practically been eliminated. As EU accession is a policy priority for all CEFTA Parties, they are all in the process of harmonising their quality infrastructure systems with that of the EU (and they receive support via EU-funded multi-beneficiary and bilateral projects to achieve harmonisation). If one CEFTA Party fully harmonises its quality infrastructure system with the EU, TBTs will be removed between that Party and the EU (as demonstrated by accession to the EU or by the signing of an ACAA between a Party and the EU). Once other Parties have fully harmonised their quality infrastructure system, then TBTs can be eliminated between each of the harmonised Parties. It is for this reason that, in order to remove TBTs between CEFTA Parties, the policy priority should remain full technical harmonisation with the EU.

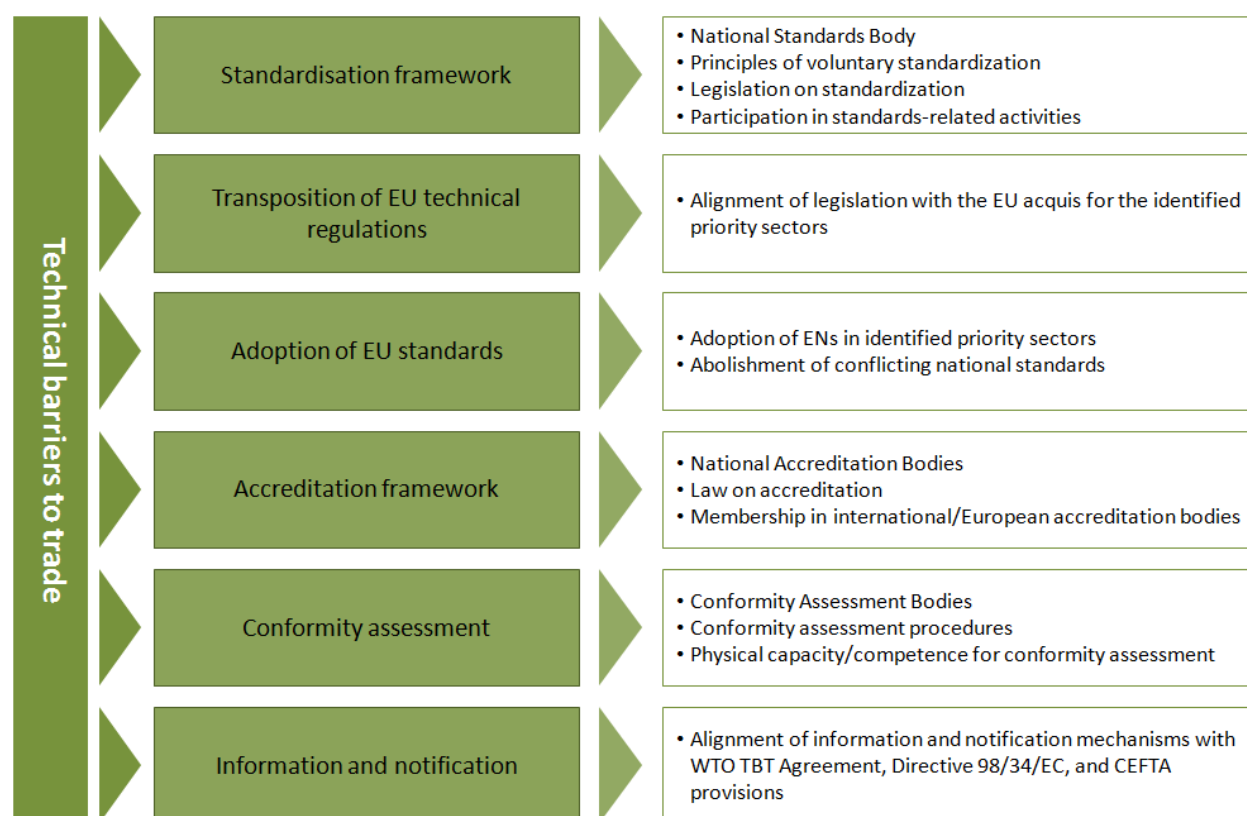
⁵ B.F. Kotschwar, (2001), “Standards and Technical Barriers to Trade”, in *Toward Free Trade in the Americas*, Brookings Institution Press, Washington D.C.

⁶ A mutual recognition agreement or MRA is an international agreement by which two or more economies agree to recognise one another's conformity assessments.

Indicators to monitor the elimination of intra-CEFTA TBTs used in this assessment include:

- Institutional framework for standardisation and external co-operation
- Transposition of European technical regulations in priority sectors
- Adoption of European standards in priority sectors
- Institutional framework for accreditation and external co-operation
- Conformity assessment infrastructure and procedures
- Information and notification mechanisms.

Figure 1.1 Technical barriers to trade: assessment framework



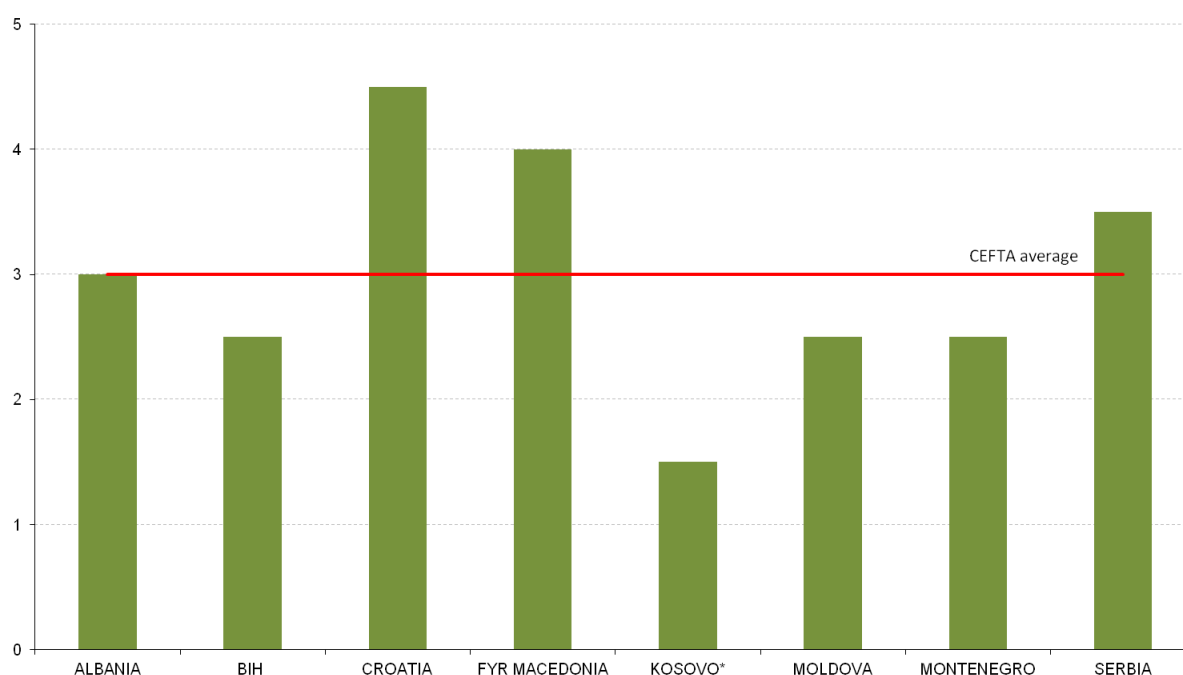
Source: OECD (2010), “Multilateral Monitoring Framework on the elimination of Non-Tariff Barriers in CEFTA”, internal working document, Directorate for Financial and Enterprise Affairs, Private Sector Development Division, OECD, Paris.

1.2. Institutional framework for standardisation and external co-operation

This indicator examines whether a National Standards Body is present in the economy, how it functions; the implementation of the principles of voluntary standardisation; the main characteristics of legislation on standardisation, (especially in respect of EU legislation); and the degree of active participation in all standards-related activities at the regional and international levels.

The priority for the National Standards Bodies (NSB) of all economies is the adoption of European Standards (ENs) as national standards and the withdrawal of conflicting national standards. More than 90% of standard collections of the NSBs of all economies are European Standards.⁷ It is therefore vital for all Parties to ensure economic operators⁸ are aware of the newly adopted ENs and are able to use them properly. The principles of voluntary standardisation are recognised and reflected in the structure and operations of the NSB in all economies.⁹ However, most economies have insufficient resources to actively participate in European standardisation activities.

Figure 1.2 Overall scores for sub-dimension: institutional framework for standardisation



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

The structure, rules, procedures and operations of the NSB of Croatia, as a member body of the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC), are fully aligned with international and EU good practice. More precisely they are in line with the directives of the International Standardisation Organisation (ISO) and International Electrotechnical Commission (IEC) and CEN and CENELEC internal regulations. In Albania, the Former

⁷ The exception is Bosnia and Herzegovina, where a large number of former mandatory standards have not yet been withdrawn.

⁸ The term economic operator refers to all parties, other than public institutions, involved in the international movement of goods (manufacturers, importers, exporters, brokers, and so on).

⁹ In order to serve its defined purposes and meet the requirements of its various stakeholder groups, voluntary, consensus-based standardisation needs to be implemented according to the rules, in accordance with internationally agreed procedures and good practice. The NSB safeguards these rules and manages the standardisation process.

Yugoslav Republic of Macedonia, Moldova and Serbia, the NSB's structure, rules, procedures and operations appear to be fully aligned with international and EU good practice. In Bosnia and Herzegovina and Montenegro they are mainly, but not yet fully, aligned. The rules and procedures of the NSB of Kosovo* are not fully aligned due to a lack of capacity, a lack of access to European standardisation activities and a recent lack of external support, for example, through EU funding.

In most economies, internal rules and procedures for standardisation are approved and implemented by the NSBs. In Albania, internal rules and procedures are not yet implemented in two key areas. Financial constraints limit participation in European standardisation work and procedures regarding the provision of information in the field of technical standards and regulations are not yet approved by the NSB. In Montenegro, internal rules for standardisation (ISME 1-2) are approved and implemented, while the other economies are in the final stage of preparation. A number of internal rules and procedures have been approved in Kosovo*, and some of them have been converted into administrative instructions (to be signed by the Minister) to give them more weight.

Albania, Bosnia and Herzegovina and Serbia have established Technical Committees in all 12 selected priority sectors. Technical Committees are established for most of the 12 priority sectors in Croatia and the Former Yugoslav Republic of Macedonia, while only a few have been established in Moldova, Montenegro and Kosovo*. However, in many economies in areas not overseen by Technical Committees, national standards for implementing European standards are adopted through a public enquiry process.

Active co-operation exists between several National Standard Bodies in CEFTA and a number of bilateral agreements have been concluded. With the exception of Croatia, economies have capacity limitations in observing or participating in international and European work, due mainly to financial constraints. Additional expertise and technical know-how is required. Table 1.1 summarises the current status of membership or affiliation of economies with the main international and European standardisation organisations.

* This designation is without prejudice to positions on status, and is line with UNSCR 1244 and the ICJ opinion on the Kosovo declaration of independence.

Table 1.1 Membership in international and European standardisation organisations

	ISO	IEC	CEN	CENELEC	Plant to apply CEN/CENELEC
Forms of participation	Member bodies/ Correspondent members/ Subscriber members ¹⁰	Full members/ Associate members ¹¹	Members/ Affiliates ¹²	Members/ Affiliates ¹³	
Albania	Correspondent member	Associate member	Affiliate	Affiliate	End 2012
Bosnia and Herzegovina	Member body	Associate member	Affiliate	Affiliate	no info
Croatia	Member body	Full member	Member	Member	n.a.
FYR Macedonia	Member body	Associate member	Affiliate	Affiliate	In 2011
Kosovo*	n.a.	n.a.	n.a.	n.a.	n.a.
Moldova	Correspondent member	n.a.	Affiliate	n.a.	no info
Montenegro	Correspondent member	Associate member	Affiliate	Affiliate	no info
Serbia	Member body	Full member	Affiliate	Affiliate	Mid 2013

Source: ISO, IEC, CEN, CENELEC websites and information provided by governments throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

¹⁰ A member body of ISO is the national body “most representative of standardisation in its country”. A correspondent member is usually an organisation in an economy which does not have a fully developed national standards activity. Subscriber membership has been established for economies with very small economies.

¹¹ Full membership allows economies to participate fully in international standardisation activities. Associate membership allows for limited participation of economies with limited resources.

¹² The national standards bodies of the 27 European Union economies and the national standards bodies of the three European Free Trade Area (EFTA) economies and the national standards bodies of Croatia and Turkey make up CEN’s National Membership. Affiliation to CEN is available to a national standards body, which is a member (or corresponding member) of the ISO and is a standardisation body from an EU neighbouring economy having links with the EU or EFTA.

¹³ Members are national organisations in Europe entrusted with electrotechnical standardisation, and are therefore recognised at national and European levels as being able to oversee all standardisation.

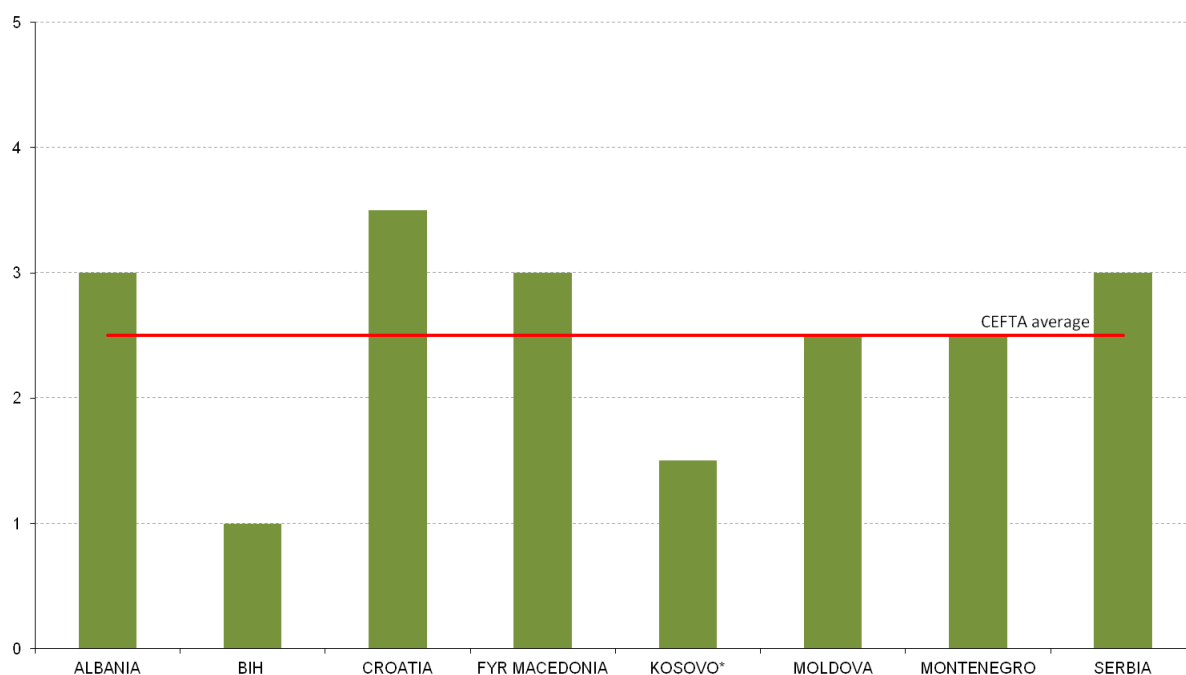
1.3. Transposition of EU technical regulations in priority sectors

Most CEFTA Parties are in the process of adopting the EU *acquis* and therefore the procedures, regulations and standards are increasingly in line with those in the EU. A lot of progress was achieved in recent years relating to the adoption of relevant horizontal or sectoral legislation, where a majority of CEFTA Parties adopted a number of EU technical regulations and New Approach directives.¹⁴

However, multi-speed adoption of EU technical regulations and standards results in the creation of additional technical barriers for intra-CEFTA trade. Products originating from Parties that are lagging in the implementation of standards cannot access the markets of those Parties that have adopted more stringent product and process requirements.

¹⁴ The New Approach is based on the following key principles: EU legislative harmonisation is limited to essential requirements; European standardisation organisations draw up the corresponding technical standards; standards are voluntary, but a producer is obliged to prove that his products comply with the essential requirements; and public authorities are responsible for market surveillance, i.e. once the product is put on the market, it has to be ensured that it complies with the essential requirements.

Figure 1.3 Overall scores for sub-dimension: transposition of EU technical regulations



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

In order to maximise impact, the framework monitoring was tailored to sectors where CEFTA Parties agreed TBTs should be tackled as a priority. Following statistical analysis done by the OECD of intra-CEFTA trade of intermediate goods, 12 priority sectors, corresponding to 193 products, were identified as areas where economies agreed to focus their efforts to reduce NTBs. Table 1.2 summarises the current status of the transposition of EU technical regulations in these priority sectors.

It was left to the economies to decide which EU technical regulations would be applied to the priority sectors, and there were widely divergent views on this. Consequently the numbers in the table are not comparable. Given the huge number of sectors and products identified as a priority, the task of identifying which technical regulations were applicable was enormous and required multiple expertise in many sectors. Therefore, the economies identified for themselves which technical regulations should be applied from the EU and stated their position in the assessment reports.

The “Totally/Partially implemented” column refers to the number of EU technical regulations transposed into national legislation and to a greater or lesser extent, implemented. “Draft stage” means that the decision has been taken to transpose an EU technical regulation and that it is therefore in the process of being transposed. “No transposition of EU sectoral legislation” refers to EU technical regulations that have been identified, but the process of transposing them has not yet begun. For instance in Bosnia and Herzegovina, although it was reported that EU technical regulations have not yet been identified in the

priority fields, it is known that a certain number of technical regulations in priority fields have been adopted, though none as yet are fully implemented.

Table 1.2 Transposition of EU technical regulations in priority sectors

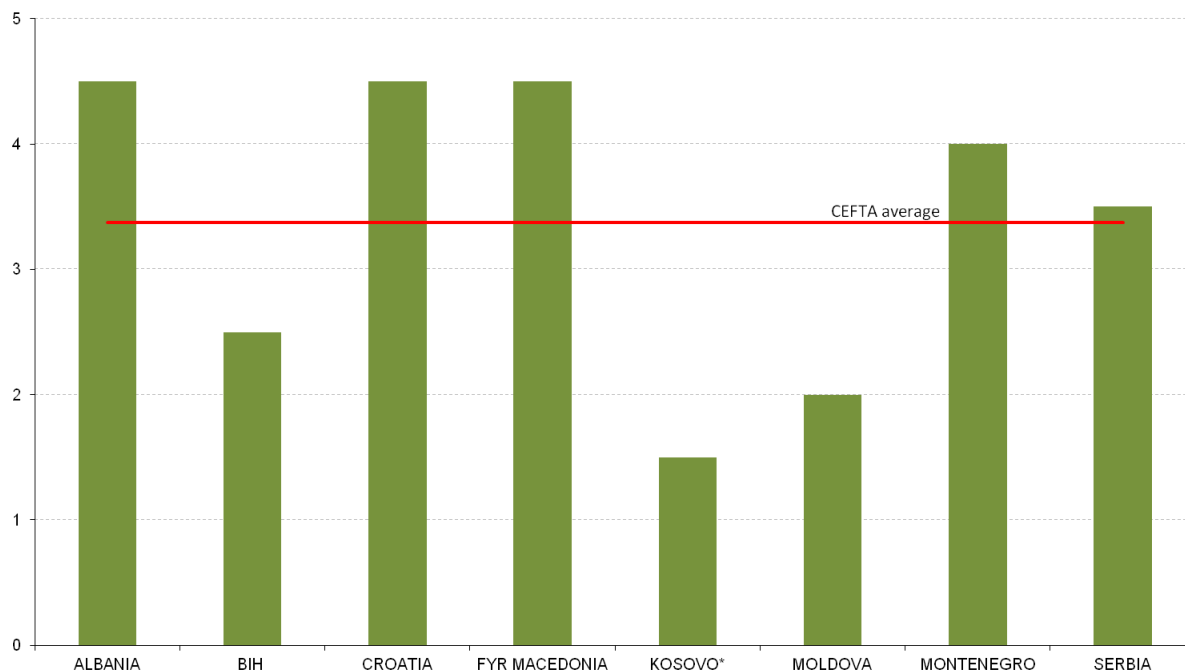
	Totally/ Partially implemented	Draft stage	No transposition of EU sectoral legislation
Albania	122	16	32
Bosnia and Herzegovina	3	2	3
Croatia	97	0	12
FYR Macedonia	53	0	13
Kosovo*	0	3	11
Moldova	79	6	102
Montenegro	2	79	83
Serbia	30	11	81

Source: Information on transposition of EU technical regulation was provided by governments throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

1.4. Adoption of European standards in priority sectors

Compliance with technical standards appears to be one of the factors hindering the expansion of trade with the EU, which is already the largest trading partner of the region. The use of European Standards in the manufacturing process should ensure a product's compliance with EU technical requirements and facilitate entry to the EU market and the potential for CEFTA Parties to join more sophisticated value chains.

Figure 1.4 Overall scores for sub-dimension: adoption of European standards



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Table 1.3 summarises the current status of adoption of European standards in the twelve priority sectors. The figures in the table are not all comparable, as was formerly noted for Table 1.2.

However, the figures in the column “Proportion of all European standards adopted as national standards” are comparable, as the total number of European standards is more or less clear at any given time, and the number of national adoptions of European Standards at any given time should be clear to the economies’ national standards bodies. This heading does not refer to the priority sectors in particular.

The heading “Number of National standards connected to the 12 priority sectors” includes all national adoptions of European standards and all other national standards in each economy which were considered to be connected with the priority sectors. These figures are not comparable.

The absolute figures given under the heading “Number of National standards connected with the 12 priority sectors which are harmonised with European Standards” are not comparable for the reasons stated above, but the percentages are a useful indicator of where there may be potential TBTs.

Table 1.3 Adoption of European standards in priority sectors

	Proportion of all European standards adopted as national standards	Number of national standards connected to the 12 priority sectors	Number of national standards connected to the 12 priority sectors which are harmonised with European Standards
Albania	95%	7402	6378 (86%)
Bosnia and Herzegovina	60%	519	450 (87%)
Croatia	93%	1046	947 (90.5%)
FYR Macedonia	94%	> 6000	> 4800(> 80%)
Kosovo*	20%	216	216 (100%)
Moldova	no information	no information	no information
Montenegro	40%	1046	881 (84%)
Serbia	>50%	5391	3991 (74%)

Source: Information on transposition of European standards was provided by national standards bodies throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

It should be noted that when EU technical regulations are fully implemented, it is mandatory for manufacturers and importers to ensure their products comply with them. However, the adoption of European standards only means that there are no other conflicting national standards, but the use of the adopted European standards by manufacturers, whilst highly desirable, remains voluntary.

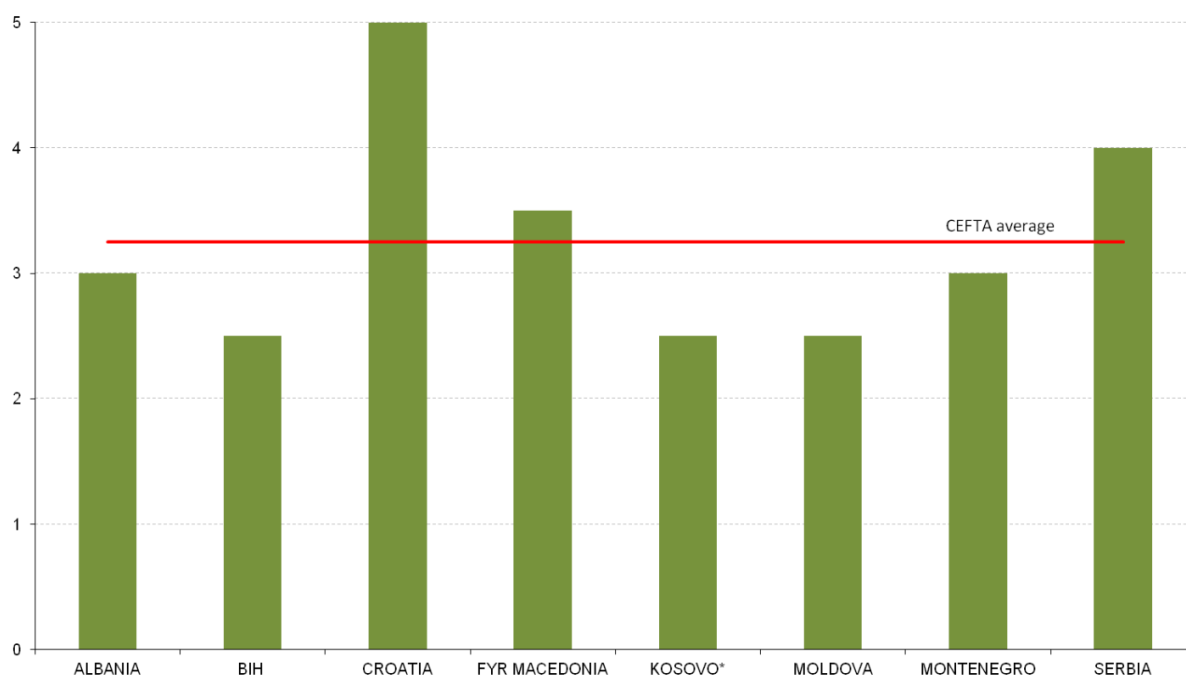
1.5. Institutional framework for accreditation and external co-operation

This indicator examines the structure and operations of National Accreditation Bodies, the main characteristics of the law on accreditation, especially with respect to EU legislation, and the status of membership in international and European accreditation bodies.

The major responsibility of a National Accreditation Body (NAB) is to ensure an effective, efficient and fair conformity assessment system. Formal accreditation of conformity assessment bodies (CABs) allows local economic operators to be confident in CAB certification. Therefore, the efficiency of the accreditation system is a significant factor in preventing potential TBTs.¹⁵

¹⁵ B. Fliess and R. Schonfeld (2006), "Trends in Conformity Assessment Practices and Barriers to Trade: Final Report on Survey of Cabs and Exporters", *OECD Trade Policy Working Papers*, No. 37, OECD, Paris.

Figure 1.5 Overall scores for sub-dimension: institutional framework for accreditation



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of non-tariff barriers in CEFTA 2006.

In all economies except Moldova the principles of accreditation are recognised. They are also fully reflected in NAB structure, internal rules and procedures, according to EN ISO/IEC 17011:2004 and the relevant documents of the European Co-operation for Accreditation (EA), the International Laboratory Accreditation Forum for laboratory and calibration testing (ILAC) and the International Accreditation Forum for quality and environmental management systems certification, inspection and product certification (IAF).¹⁶ The principles of accreditation are recognised but not fully reflected in the Moldovan NAB structure since the NAB is currently subordinated to the Ministry of Economy and therefore does not meet the EA requirements for impartiality.

The accreditation systems and the laws on accreditation in Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia appear to be in compliance with European Commission Regulation (EC) 765/2008.¹⁷ Although the Albanian accreditation system complies with Regulation (EC) 765/2008, the law on accreditation of conformity assessment bodies is in the process of being updated to ensure legal compliance with EU, while in Kosovo* the law on accreditation was recently amended on 16 June 2011 to ensure compliance. The Moldovan accreditation system is not fully compliant with the EC Regulation.

¹⁶ General requirements for accreditation bodies accrediting conformity assessment bodies.

¹⁷ Regulation (EC) 765/2008 of the European Parliament and of the Council of 9 July 2008 sets out the requirements for accreditation and market surveillance relating to the marketing of products.

When it comes to assessment capacity, the National Accreditation Bodies of Croatia and Serbia have adequate capacity in all areas of business and stakeholder interest, with sufficient numbers of competent and permanent management and administrative personnel, qualified lead assessors, technical assessors and technical experts. The remaining economies have an adequate assessment capacity in their major areas of business, while the number of staff directly involved in the accreditation and surveillance processes is considered insufficient in Bosnia and Herzegovina and Montenegro.

A number of bilateral agreements have been signed between the CEFTA NABs to enhance their co-operation. Based on these agreements, the NABs exchange information and good practice, participate in seminars and training courses organised by other NABs and use the expertise of other NABs where necessary. However, no mutual recognition agreements on the acceptance of conformity assessment activities are in place. These agreements eliminate the need for suppliers of products or services to be certified in each economy where they sell their products or services, and therefore provide a means for goods and services to cross boundaries throughout the world.

Mutual recognition agreements (MRAs) between two or more economies are internationally used to facilitate trade and prevent the creation of TBTs caused by multiple conformity assessment requirements and failure to recognise certification across borders.¹⁸ Accreditation bodies have also developed MRAs on the reciprocal acceptance of conformity assessment results produced by accredited CABs. The most important arrangements have been created under the auspices of the EA, ILAC and IAF.¹⁹

Several economies are making good progress in aligning their conformity assessment systems with those operating in the EU, through the Multilateral or Bilateral Agreement of the European Co-operation for Accreditation (EA MLA / EA BLA). The EA MLA is an agreement signed between the EA accreditation body members to recognise the equivalence, reliability and therefore acceptance of accredited certifications, inspections, calibration certificates and test reports issued by accredited bodies. An accreditation body can be a signatory to MLA in all areas of expertise (testing, calibration, certification and inspection) or only in some of them. A BLA on the other hand is a bilateral agreement with the EA which allows accreditation bodies of European economies who are not yet candidates for EU membership to gain access to the EU market. This possibility is thus open for products tested by laboratories accredited by non-EU or EFTA accreditation bodies.

Currently only the Croatian National Accreditation Body is a signatory of the EA MLA in all its scopes. The NAB of the Former Yugoslav Republic of Macedonia went through a peer evaluation in order to achieve the EA MLA in the fields of testing, inspection, calibration and product certification. The results of evaluation are generally positive and the Former Yugoslav Republic of Macedonia expects to sign the EA MLA in 2012. The Serbian NAB will be peer evaluated in order to achieve the EA MLA in all its possible scopes (with the exception of certification of persons). The NAB of Montenegro is under preparation for the submission of its application for the status of EA MLA signatory. Other economies are

¹⁸ B. Fliess and R. Schonfeld (2006), "Trends in Conformity Assessment Practices and Barriers to Trade: Final Report on Survey of Cabs and Exporters", *OECD Trade Policy Working Papers*, No. 37, OECD, Paris.

¹⁹ D. Shortall, (2007), "Regulatory Reform and Market Openness: Processes to Assess Effectively the Trade and Investment Impact of Regulation", *OECD Trade Policy Working Papers*, No. 48, OECD, Paris.

following the application process to sign a bilateral agreement with the EA in the following fields: Albania and Kosovo* in the field of testing, Bosnia and Herzegovina in the fields of inspection, testing and calibration and Moldova in the fields of testing, management systems certification and product certification.

Finally, very few economies are full members and signatories of ILAC or IAF mutual recognition agreements. Croatia is the only economy with full membership of ILAC, and is a signatory to the ILAC Mutual Recognition Arrangement in the fields of testing and calibration. Other economies have mainly the associate status. When it comes to the membership of IAF, Albania, Serbia and Kosovo* are the only members. However, they have not yet been admitted to the IAF Multilateral Recognition Agreement (MLA) recognising the equivalence of other members' accreditations to their own.

Table 1.4 Membership in international and European organisations

	EA	ILAC	IAF	EA MLA/BLA
Forms of participation	Full member/ Co-operation ²⁰	Full members/ Associates/ Affiliates ²¹	Members	
Albania	Co-operation	Associate	Member	Pre-peer evaluation for BLA in testing
Bosnia and Herzegovina	Co-operation	Associate	n.a.	Applied for BLA: T&C labs, IBs
Croatia	Full member	Full member	n.a.	EA MLA in all scopes
FYR Macedonia	Full member	Associate	n.a.	Peer evaluation for MLA T&C labs, IBs, PC bodies
Kosovo*	Co-operation	Associate	Member	Pre-peer evaluation for BLA in testing
Moldova	Co-operation	Affiliate	n.a.	Will apply for BLA
Montenegro	Full member	Associate (applied for full member)	n.a.	Will apply for MLA
Serbia	Co-operation	Associate	Member	Pre-peer evaluation for BLA all scopes (except certification of persons)

Source: EA, ILAC, IAF websites and information provided by governments throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

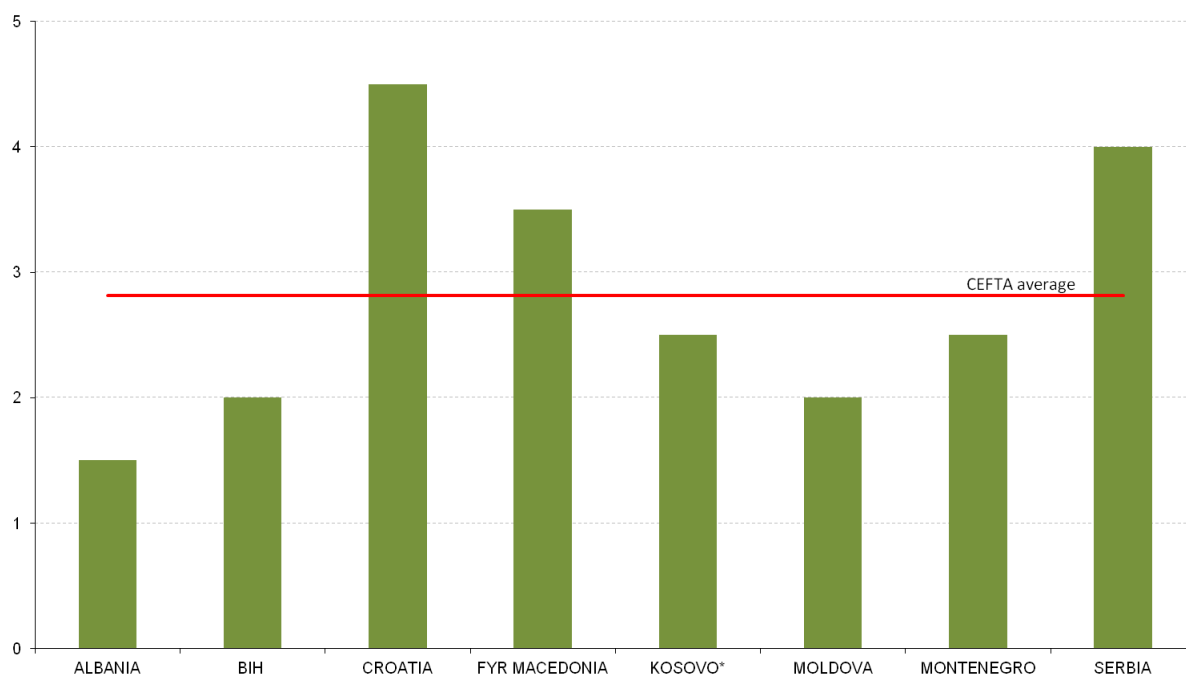
1.6. Conformity assessment procedures and infrastructure

This indicator focuses on the number and status of accredited CABs, differentiation between types of conformity assessment procedures, physical capacity and competence for conformity assessment in priority areas.

²⁰ Full members: The members of EA are the nationally recognised accreditation bodies of the member economies or the candidate economies, of the European Union and EFTA. Co-operation: 18 accreditation bodies signed a contract of co-operation with EA.

²¹ Full members: Accreditation bodies that meet the requirements for associates and have also been accepted as signatories to the ILAC Mutual Recognition Arrangement. Associates: Accreditation bodies that while not yet signatories to the ILAC Arrangement, comply with the requirements set out in relevant standards and are recognised in their economies as offering accreditation services. Affiliates: Accreditation bodies that are currently operating, being developed or intended to be developed for testing laboratories, calibration laboratories, inspection bodies and or other services and declare their intention to operate their accreditation programmes in compliance with the requirements set out in relevant standards. European co-operation for Accreditation (EA) website, www.european-accreditation.org/content/home/home.htm.

Figure 1.6 Overall scores for sub-dimension: conformity assessment procedures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Conformity assessment bodies are quite heavily involved in international trade, in the sense that a significant proportion of their activity is export and import related. Although conformity assessment (CA) provides benefits for manufacturers, consumers, government regulators, and trade in general, it can also act as a technical barrier to trade. According to an OECD study, the most important CA barriers in trade are caused by testing requirements; refusals by governments in export markets to accept home-economy test reports, the repetition of identical tests for different markets (that is, by different CABs) and the imposition of different types of tests for different markets, which are considered to be technically unjustified and economically inefficient. These problems can be also expressed by the inability of suppliers to achieve international recognition in destination markets and thus failing to have cross-border recognition of conformity assessment tests and certificates.²²

Easy access to adequate physical facilities for testing and inspection is the main condition for a cost-effective conformity assessment system that benefits an economy's economic operators. However, few economies need or can afford these facilities in all possible testing areas. It is not necessary that an economy (especially a small one) has enough CABs to cover all aspects of testing, calibration, inspection

²² B. Fliess and R. Schonfeld (2006), "Trends in Conformity Assessment Practices and Barriers to Trade: Final Report on Survey of Cabs and Exporters", *OECD Trade Policy Working Papers*, No. 37, OECD, Paris.

and certification for all sectors of the economy. Therefore, the selection of priority areas should be taken seriously and be based on a careful assessment of the economy's potential and existing needs.²³

In terms of physical capacity and competence for conformity assessment only Croatia and the Former Yugoslav Republic of Macedonia appear to have satisfactory capacity and competence in all 12 priority sectors with a sufficient number of accredited conformity assessment bodies. Serbia is preparing a Quality Infrastructure Development Strategy and one of the main areas of focus will be an analysis of the capacities and competences of CABs to perform CA activities in accordance with industry needs. Currently, physical capacity and competence for some of the 12 priority sectors are considered to be satisfactory. Moldova appears to have satisfactory physical capacity and competence in most of the 12 priority sectors, though accreditation is not at the same level as that undertaken by an EA MLA signatory. In Albania, Bosnia and Herzegovina, Montenegro and Kosovo* the physical capacity and competence for conformity assessment is limited and there is an insufficient number of accredited CABs. Moreover, in Bosnia and Herzegovina there is no system of nomination of CABs at the state level and no clear criteria for the existing nominations.

National needs regarding conformity assessment infrastructure have been fully established in most economies, though in Bosnia and Herzegovina there is no systematic assessment or a definition of national conformity assessment infrastructure needs.

A designation and authorisation procedure is fully implemented in Croatia and Serbia. However some improvement is needed in the Serbian system. The procedure is established but not fully implemented in Macedonia, though eight conformity assessment bodies have been authorised by the Ministry of Economy. A procedure for the authorisation of conformity assessment bodies is established and implemented in Kosovo*. Finally, in Albania, Montenegro and Moldova the procedure is established but not fully implemented, with secondary legislation required to provide detailed procedures while the designation procedure does not exist in Bosnia and Herzegovina.

Croatia, Montenegro, Moldova and Serbia have full information and transparency about accredited CABs operating in the economy (registers of accredited bodies are publicly available). Although the NAB of Bosnia and Herzegovina maintains and regularly updates a publicly available register of accredited CABs through its web site, there is not enough information and transparency on CABs available to all stakeholders. Furthermore, there is limited information and transparency on CABs operating in Albania, the Former Yugoslav Republic of Macedonia and Kosovo*. The National Accreditation Bodies maintain a publicly available register with all relevant information about accredited CABs. However, there is little information about unaccredited domestic CABs and also limited information about foreign CABs operating in these economies.

Currently only Croatia has a sufficient number of testing laboratories participating in regional and European proficiency testing and comparison schemes on a regular basis (111 accredited laboratories

²³ E. Aldaz-Carroll (2006), "Regional Approaches to Better Standards Systems", World Bank Policy Research Working Paper, No. 3948, World Bank, Washington DC.

participated in total of 817 proficiency testing programs in 2010). In Montenegro, 11 laboratories have participated in significant proficiency testing schemes in the framework of EU Projects. Although participation in proficiency testing schemes is a requirement for accreditation in Albania, the Former Yugoslav Republic of Macedonia, Moldova and Kosovo*, few CABs have participated regularly in proficiency testing schemes. Finally, as a consequence of a low number of accredited entities in Bosnia and Herzegovina, the number of laboratories participating in proficiency testing schemes is low.

Table 1.5 Number of accredited Conformity Assessment Bodies (CABs)

	Testing/ calibration laboratories	Certification bodies	Inspection bodies	Medical laboratories	Total accredited CABs
Albania	10	2	3	--	15 (designation not fully implemented)
Bosnia and Herzegovina	22/ 7	2	11	--	42 (designation does not exist)
Croatia	135/ 19	26	59	5	244 (designation fully implemented)
FYR Macedonia	30	4	56	--	90 (designation fully implemented)
Kosovo*	16	--	1	--	17 (designation fully implemented)
Moldova	74	--	--	--	74 (designation not fully implemented)
Montenegro	15/ 1	0	3	--	19 (designation not established)
Serbia	291/ 41	23	59	4	418 (designation fully implemented)

Source: Information on the number of CABs was provided by governments throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Furthermore, among Parties only Croatia and the Former Yugoslav Republic of Macedonia have initiated negotiations for Agreements on Conformity Assessment and Acceptance of Industrial Products (ACAA). An ACAA is a specific type of mutual recognition agreement with the EU, whereby recognition of conformity assessment procedures is based on the adoption of the EU *acquis* in the areas covered by the agreement. The negotiation of an ACAA with the EU can start as soon as legislation is brought into line with the EU *acquis* and the quality infrastructure is ready for at least two or three industrial sectors in conformity with relevant European requirements. The conclusion of ACAAs by individual Parties will contribute to the elimination of technical barriers to trade, thereby increasing the accessibility of the CEFTA market to products from the EU and vice versa. Moreover, once two or more Parties have

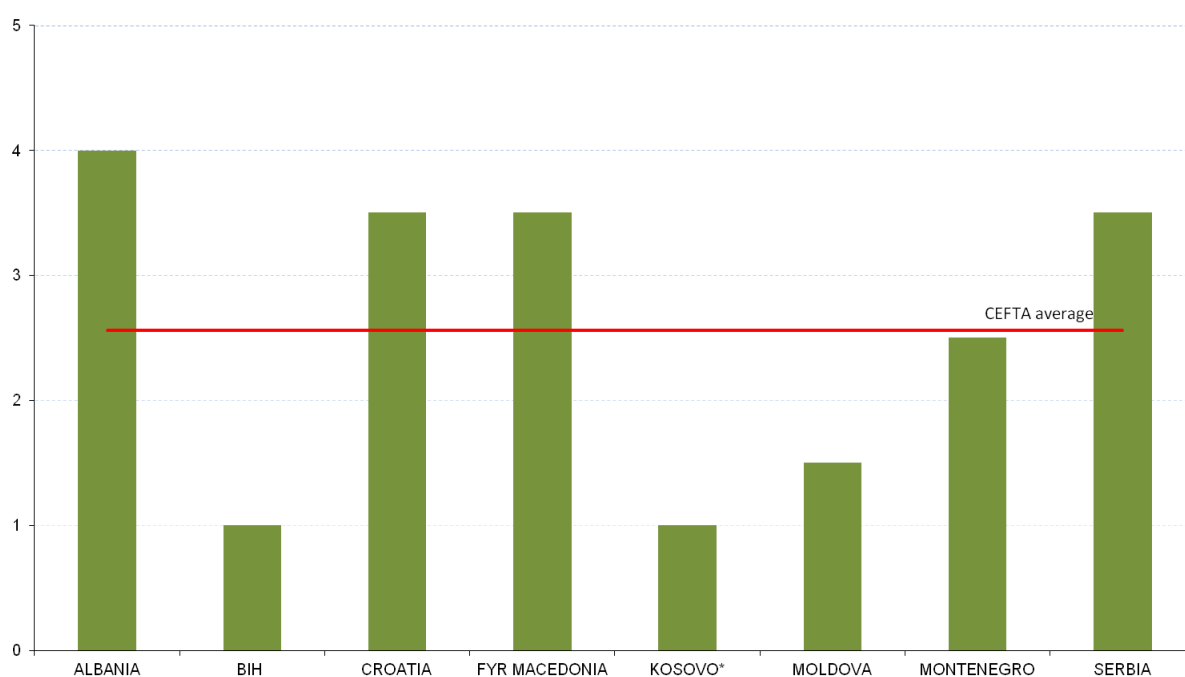
concluded ACAAs in the same sectors the potential for the free movement of goods between those Parties can be realised.

1.7. Information and notification mechanisms

Article 13.3.b of the CEFTA Agreement foresees the creation of an information and notification system, obliging the Parties to notify draft technical regulations, mandatory conformity assessment procedures and national standards. Such a system is bound to follow the format of the international system requirements for WTO members according to the Agreement on Technical Barriers to Trade. A further model – definitely more stringent and wider in scope than the WTO example – is provided by Directive 98/34/EC, as modified by Directive 98/48/EC (the “EU Information Directive”).

This indicator does not strictly follow either of these models, but concentrates on the underlying principles and good practices of transparency on existing and potential unnecessary TBTs.

Figure 1.7 Overall scores for sub-dimension: information and notification mechanism



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Responsibilities for the notification of potential and unnecessary TBTs to the CEFTA Joint Committee and for the provision of TBT-related information are defined by most Parties. However, notifications of draft technical regulations, mandatory conformity assessment procedures and draft national standards are systematically sent to CEFTA by Albania and Moldova only. Establishment of the system of notification in Serbia is still in development and internal notifications mechanisms are not yet fully operational. In Montenegro, despite the fact that the decree on the procedure of notification in the

conformity assessment area prescribes an internal notification form between the Department for Quality Infrastructure (DQI) and other relevant authorities, there appears to be insufficient co-operation between Ministries and no notifications of technical regulations are sent to DQI. Montenegro has, generally speaking, limited capacity and limited resources for the notification and information purposes. Furthermore, in Croatia and Bosnia and Herzegovina, notifications of draft technical regulations, standards and mandatory conformity assessment procedures are not systematically sent to CEFTA.

National co-operation mechanisms with all relevant authorities regarding draft technical regulations, standards and conformity assessment procedures are defined but not fully implemented or effective in Parties. Bosnia and Herzegovina has not yet defined the national co-operation mechanism, due to the complex constitutional structure of the State - there are a number of institutions (for example, Ministries, Agencies or other bodies) at different levels (State, Entity or Cantonal) that could potentially propose technical regulations. Overall Parties are working on the enhancement of their notification systems. For instance, Serbia has developed application software (called “Tehnis”) to send notifications of draft technical regulations and mandatory conformity assessment procedures, which includes an electronic database and an Internet portal.

Although operational procedures for notifications and information have been established, they are not fully implemented in all economies. Currently, only Albania is fully implementing the operational procedures for notification and information to CEFTA.

Finally, all economies, with the exception of Moldova and Montenegro, have sufficient resources to ensure active participation in CEFTA meetings and programmes.

Table 1.6 Information and notification mechanisms

	Responsibilities for TBT notification	Draft TRs, standards, mandatory CA procedures notified in CEFTA System	WTO TBT Enquiry Point	National co- operation mechanisms
Albania	General Directorate for Standardisation (DPS)	Yes	Yes	Defined, not fully implemented
Bosnia and Herzegovina	Ministry of Foreign Trade and Economic Relations	No	No	Not defined
Croatia	Ministry of Economy	No	Not fully implemented	Defined, not fully effective
FYR Macedonia	Yes	Not systematically	Yes	Defined and effective
Kosovo*	no information	no information	no information	no information
Moldova	Yes	Yes	Established, not fully implemented	Defined, not fully implemented
Montenegro	Ministry of Economy, Institute for Standardisation (ISME)	Not systematically	Limited	Defined, not fully effective
Serbia	Ministry of Economy, Institute for Standardisation (ISS)	Not systematically	Established, not fully operational	Defined, not fully effective

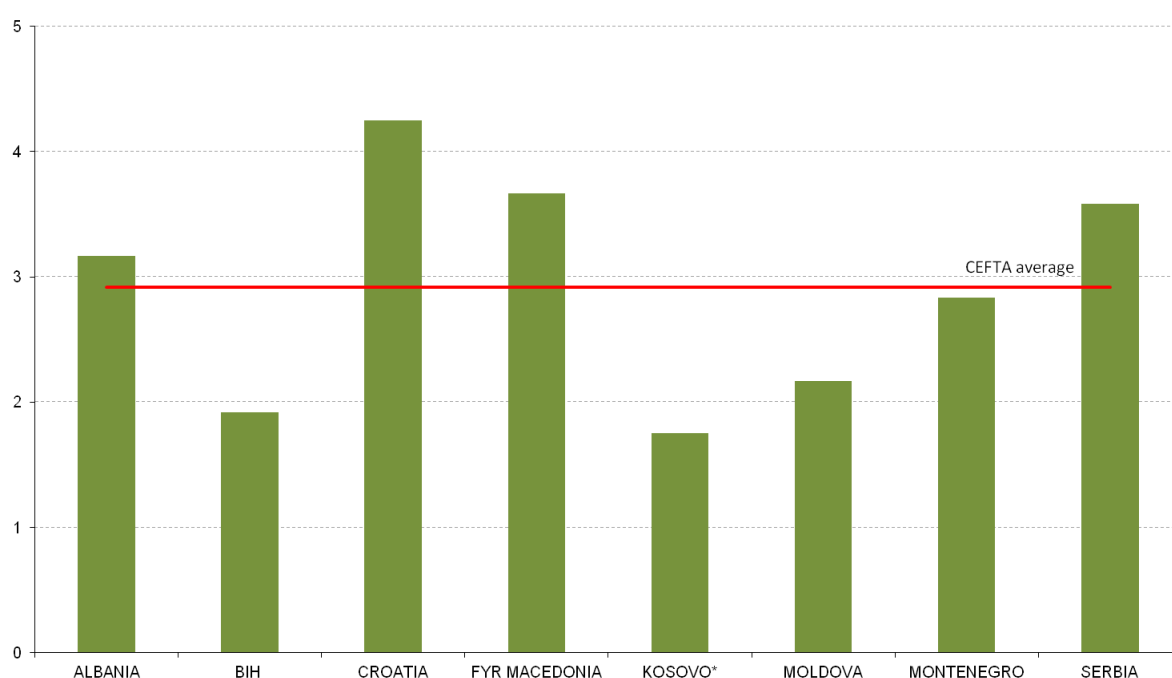
Source: Information was provided by governments throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

1.8. Conclusions and recommendations

The “Technical Barriers to Trade” dimension assessed the status of the institutional standardisation framework, the framework for accreditation, existence of conformity assessment procedures and infrastructure, information and notification mechanisms and level of transposition of EU technical regulations and European standards in CEFTA. The outcome of this assessment should provide a solid basis for the economies to determine the priority areas for improving their quality infrastructure systems. This will allow economies to work towards aligning their technical legislation to EU requirements, as well as removing potentially unwanted obstacles to trade within CEFTA, as well as between CEFTA and the EU.

In terms of overall progress for the dimension, the analysis shows that Croatia has made the biggest improvement. The Former Yugoslav Republic of Macedonia, Serbia, and Albania are all above CEFTA average. Montenegro is very close to the CEFTA average, while Moldova, Bosnia and Herzegovina and Kosovo* need to make the most effort to get closer towards good international practise. Figure 1.8 presents aggregated average scores for this dimension.

Figure 1.8 Overall scores for dimension: technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

When looking at the different sub-dimensions, the assessment reveals that in the field of accreditation, more constant progress has been made within Parties than in any of the other fields assessed. Croatia is aligned with international and EU requirements in this field and its National Accreditation Body is a signatory of the EA MLA in all its scopes. National accreditation bodies of the remaining Parties are

encouraged to continue striving for full EA membership and signature of EA MLA in all appropriate scopes. Less but still significant progress has been made in the field of “standardisation”, while in the fields of “conformity assessment”, “information and notification mechanisms”, “transposition of EU technical regulations” and “adoption of EU standards” progress has been much more uneven and discrepancies should be addressed to avoid the creation of additional NTBs.

It should be stressed that the main recommendation for CEFTA Parties is to identify sectors where harmonisation is similar (taking account CEFTA/EU and intra-CEFTA trade volume) in order to be trained on how to negotiate and sign ACAAs (Agreements on Conformity Assessment and Acceptance of industrial products). Signed ACAAs between individual CEFTA Parties and the EU would lead to automatic mutual acceptance of product test reports, which currently is the single largest technical barrier to trade.

For the different sub-dimensions of technical barriers to trade, the following policy conclusions should be taken into consideration by CEFTA Parties:

Institutional framework for standardisation

The principles of voluntary standardisation are recognised and reflected in the structure and operations of CEFTA National Standards Bodies (NSBs). However, many Parties have insufficient capacity to participate actively in European standardisation activities. More effort is needed to fully align NSB’s structure, rules, procedures and operations with international and EU best practice. Technical Committees (TCs) have not yet been established for all 12 priority sectors selected by CEFTA Parties. Although active co-operation exists between several NSBs in CEFTA Parties, there are capacity limitations with regards to observing or participating in international and European work.

Joint meetings of technical committees should be considered in priority areas. Furthermore, given the expenses of participating in European Technical Committees, CEFTA Parties should also consider having joint representatives in priority areas with joint reporting.

Transposition of EU technical regulations

Full transparent lists of ministerial responsibilities for transposing EU technical regulations should be developed. CEFTA Parties should also ensure that all responsible ministries understand their obligations to ensure new technical regulations are properly used, in co-operation with market surveillance authorities. In parallel, efforts should be made in ensuring industry understands the new technical regulations.

Adoption of European standards

The rapid pace of adoption of European standards should be continued and conflicting national standards withdrawn. Given that most European standards are adopted by “cover page method” in the English language, national standards bodies of CEFTA Parties should pool their scarce resources and share translations of European Standards amongst each other.

Institutional framework for accreditation

The principles of accreditation in most CEFTA Parties are recognised and fully reflected in NAB structures, internal rules and procedures. When it comes to assessment capacity, the National Accreditation Bodies (NABs) in CEFTA Parties have adequate capacity in major areas of business and stakeholder interest, though some Parties are struggling to ensure sufficient number of competent staff directly involved in the accreditation processes. A lot of bilateral agreements have been signed between the CEFTA NABs to enhance their co-operation; however no mutual recognition agreements on the acceptance of conformity assessment activities are in place. Most CEFTA Parties are not signatories to the ILAC or IAF mutual recognition agreements. Nevertheless, a lot of progress has been made by several CEFTA Parties in aligning their conformity assessment systems with the EU system, through the Multilateral or Bilateral Agreement of the European Co-operation for Accreditation (EA MLA / EA BLA).

Parties are encouraged to continue striving for full EA membership and, more importantly, the signing of EA MLA in all appropriate scopes. Furthermore, co-operation with PTB-funded regional accreditation roundtable should be continued.

Conformity assessment procedures and infrastructure

National needs and priorities regarding conformity assessment infrastructure have been fully established in some CEFTA Parties. In terms of physical capacity and competence for conformity assessment few Parties have satisfactory capacity and competence in the 12 priority sectors with a sufficient number of accredited CABs. The designation and/or authorisation procedure is established but not fully implemented in all CEFTA Parties with secondary legislation required to provide detailed procedures. Full information and transparency about accredited CABs is still lacking in some Parties. Although participation in proficiency testing schemes is a requirement for accreditation in many Parties, few CABs have participated regularly in regional and European proficiency testing and comparison schemes. Further, only two CEFTA Parties have initiated negotiations for Agreements on Conformity Assessment and Acceptance of Industrial Products (ACAA).

Accredited conformity assessment capacities across CEFTA Parties should be reviewed to identify duplication and gaps related to the priority sectors.

CEFTA Parties should identify a few priority sectors where the level of harmonisation/implementation is the same or similar, taking into account intra-CEFTA trade volume. For those priority sectors (or at least for one product group as a “pilot”) all Parties should be trained/advised on how to negotiate and sign ACAA with the EU. The final objective is that all ACAAs should be signed between each CEFTA party and EU; products covered by the pilot project would be accepted on single EU market (without additional testing and conformity assessment procedures); as well as in all CEFTA economies who have signed an ACAA. Therefore, signed ACAAs would not only *de facto* create a multilateral agreement on mutual recognition between those CEFTA Parties having signed ACAAs, but these product groups will also be accepted in the EU single market. This would, at the same time, meet the commitment specified in Article 13 paragraph 4 of CEFTA.

Information and notification mechanisms

Responsibilities for information and notification of potential and unnecessary TBTs to CEFTA Joint Committee are defined in most CEFTA Parties. However, draft technical regulations, mandatory conformity assessment procedures and draft national standards are not systematically notified. National co-operation mechanisms with all relevant CA authorities are defined but not fully implemented or effective in CEFTA Parties. Finally, operational procedures for notification and information though mainly established are not fully implemented.

WTO, CEFTA and EU notification procedures and reporting formats should be harmonised. Also, joint training should be organised in EU/CEFTA/WTO information and notification procedures and enquiry points.

Chapter 2: Sanitary and phytosanitary measures

2.1. Introduction

Sanitary and phytosanitary (SPS) measures, by their very nature, may result in restrictions on trade. All governments accept the fact that some trade restrictions may be necessary to ensure food safety and animal and plant health protection. However, governments are sometimes pressured to go beyond what is necessary for health protection and can use sanitary and phytosanitary restrictions to shield domestic producers from economic competition.²⁴ Moreover, while SPS measures may be introduced for legitimate reasons, they can lead to reduced export opportunities in transition economies because institutions, infrastructure and legislation required to support SPS measures often need upgrading.²⁵

The WTO SPS Agreement allows economies to set their own food and feed safety, animal and plant health standards, while at the same time ensuring that SPS measures do not represent unnecessary, arbitrary, scientifically unjustifiable, or disguised restrictions on international trade. The SPS Agreement encourages members to use international standards, guidelines and recommendations, where they exist.

The CEFTA Parties have committed to respecting the main requirements of the SPS Agreement, namely: risk assessment (SPS measures need to be based on scientific evidence, and should take into account the biological and economic consequences of stricter regulations for animal or plant life or health); the principle of equivalence (where members must accept SPS measures that the exporter demonstrates are equivalent in their own economy), harmonisation (where members agree to base their sanitary or phytosanitary measures on international standards, guidelines or recommendations, where they exist); and transparency (all SPS measures need to be promptly published and made available through information and enquiry points).²⁶

Articles 12 of CEFTA states that the Parties should abide by the provisions of the WTO SPS Agreement, co-operate in the SPS field and apply regulations in a non-discriminatory manner where possible. They should also exchange information. This provision is governed by the CEFTA Subcommittee on Agriculture whose mandate includes sanitary and phytosanitary measures.

Indicators used in this assessment to monitor NTBs arising from SPS measures include:

- Institutional framework for SPS measures
- Level of co-operation among SPS agencies at the intra-CEFTA and external levels

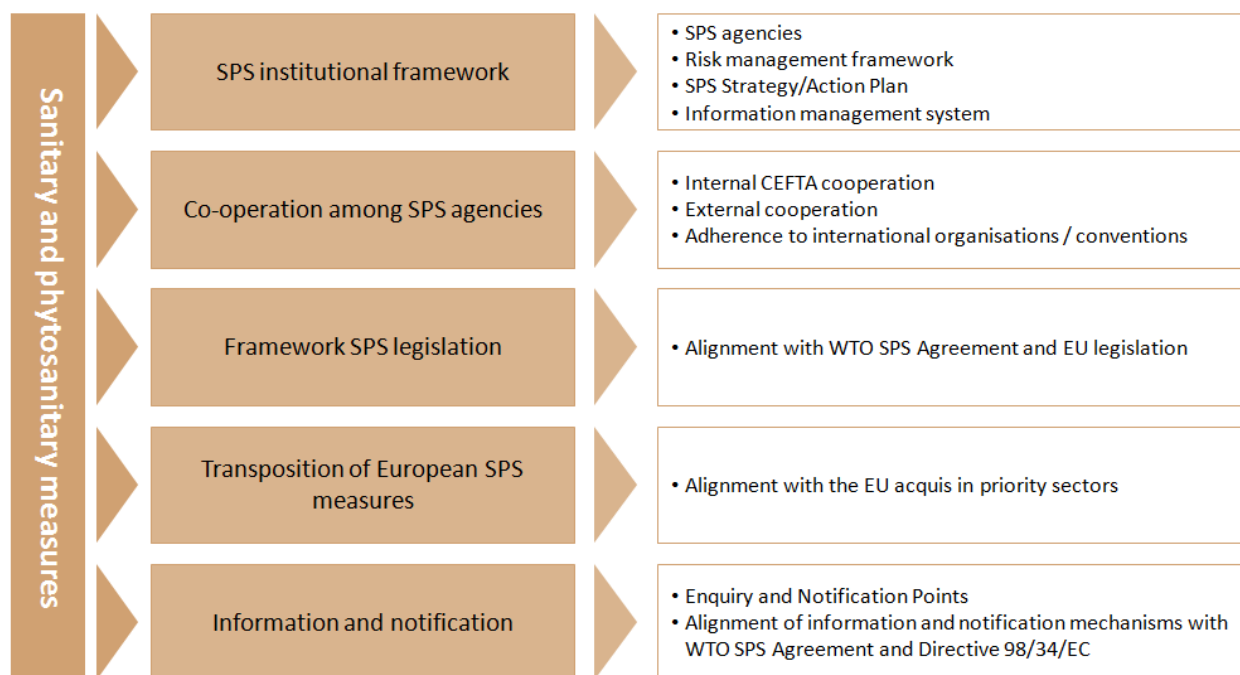
²⁴ Pursuant to WTO SPS Agreement, sanitary or phytosanitary measures can be defined as any measure applied: (a) to protect animal or plant life or health within the territory of the member from risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms; (b) to protect human or animal life or health within the territory of the Member from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs; (c) to protect human life or health within the territory of the member from risks arising from diseases carried by animals, plants or products thereof, or from the entry, establishment or spread of pests; or (d) to prevent or limit other damage within the territory of the Member from the entry, establishment or spread of pests.

²⁵ OECD, (2001), *Agricultural Policies in Emerging and Transition Economies*, OECD, Paris.

²⁶ The WTO SPS Agreement (Article 7 and Annex B) contains provisions on both notification and enquiry points.

- Framework legislation on SPS measures
- Transposition of European SPS measures
- Information and notification mechanisms.

Figure 2.1 Sanitary and phytosanitary measures: assessment framework



Source: OECD (2010), “Multilateral Monitoring Framework on the elimination of Non-Tariff Barriers in CEFTA”, internal working document, Directorate for Financial and Enterprise Affairs, Private Sector Development Division, OECD, Paris.

2.2 Institutional framework for SPS measures

A national SPS system needs to ensure safety of food and protection of consumers’ health and their interests. At the same time, it needs to meet food and agricultural requirements of export markets, and facilitate imports of the same goods from trading partners. In the international context, SPS systems can be operated within a (i) regional framework including regional trade agreements, SPS-related strategies and priorities, and (ii) an international framework comprising the international standard setting bodies (Codex, IPPC, OIE), the WTO SPS committee, and bilateral agreements with trading partners.

Furthermore, in a well-developed SPS institutional framework, SPS measures are developed through a regulatory process which typically involves risk analysis. In fact, according to the WTO SPS Agreement, members must ensure that their SPS measures are based on a risk assessment. In carrying out an assessment of SPS risks, available scientific evidence must be taken into account and risk assessment techniques should be developed in line with the standards of international organisations referenced in the WTO SPS Agreement. Measures taken on the basis of risk assessment should thus be appropriate to the established

level of risk, minimizing negative trade effects, respecting precautionary principles and adapting to regional conditions. They should also be based on regulatory documents.^{27,28,29}

This indicator examines the presence of national institutions, and how they function in terms of management of SPS issues (for example Ministries of Agriculture and Health, and Agencies for Food Safety, Veterinary and Plant Protection), implementation of risk analysis in CEFTA Parties, existence of SPS Strategic and Action Plans and information management systems.

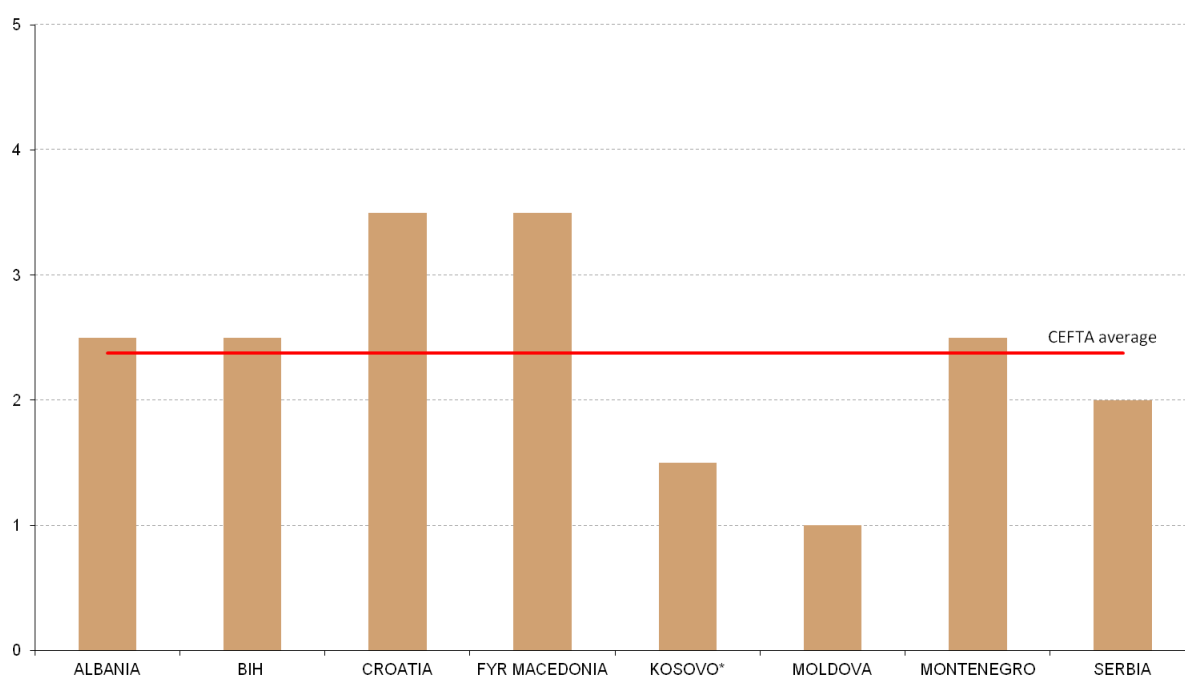
²⁷ *Reg Ec 178: 2002, Article 7, Precautionary principle*: In specific circumstances where, following an assessment of available information, the possibility of harmful effects on health is identified but scientific uncertainty persists, provisional risk management measures necessary to ensure the highest level of health protection chosen in the community may be adopted, pending further scientific information for a more comprehensive risk assessment.

²⁸ *WTO-SPS Agreement, Article 5*: Members shall ensure that their sanitary or phytosanitary measures are based on an assessment, as appropriate to the circumstances, of the risks to human, animal or plant life or health, taking into account risk assessment techniques developed by the relevant international organisations.

In cases where relevant scientific evidence is insufficient, a member may provisionally adopt sanitary or phytosanitary measures on the basis of available pertinent information, including that from the relevant international organisations as well as from sanitary or phytosanitary measures applied by other members. In such circumstances, members shall seek to obtain the additional information necessary for a more objective assessment of risk and review the sanitary or phytosanitary measure accordingly within a reasonable period of time.

²⁹ *WTO-SPS Agreement, Article 6*: Members shall ensure that their sanitary or phytosanitary measures are adapted to the sanitary or phytosanitary characteristics of the area - whether all of an economy, part of an economy, or all or parts of several economies - from which the product originated and to which the product is destined. In assessing the sanitary or phytosanitary characteristics of a region, members shall take into account, *inter alia*, the level of prevalence of specific diseases or pests, the existence of eradication or control programmes, and appropriate criteria or guidelines which may be developed by the relevant international organisations.

Figure 2.2 Overall scores for sub-dimension: institutional framework for SPS measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

SPS agencies exist in all economies, either as independent administrative bodies (Bosnia and Herzegovina, Croatia Food Safety Agency, Former Yugoslav Republic of Macedonia - Food and Veterinary Administration), and or within ministries which are competent authorities for food and feed safety (Directorates for Veterinary and or Phytosanitary issues within ministries of agriculture, for example in Serbia, or Phytosanitary Directorate in Former Yugoslav Republic of Macedonia). Capacities in those agencies vary from party to party. Some of them are experiencing a lack of trained staff (Albania, Bosnia and Herzegovina, Serbia, Kosovo*), inadequate equipment in inspection units for field inspection (Albania, Bosnia and Herzegovina, Kosovo*, Moldova, Serbia), and restricted access to electronic communication (Moldova, Montenegro, Serbia). The Former Yugoslav Republic of Macedonia did not report any capacity needs. In Croatia there are capacity needs in the phytosanitary sector.

Financing of agencies is generally secured through state budgets and published in official Gazettes on the annual basis, but clear data was missing on whether annual financing is based on risk analysis.

Most CEFTA Parties have started developing databases and information management systems for food safety, animal diseases and plant pests or are using such systems in one or two of the SPS areas. Information systems are developed vertically and specific to sectors in the Former Yugoslav Republic of Macedonia and Croatia, while in Serbia only veterinary database exists. In Montenegro, Moldova and Bosnia and Herzegovina there are plans for setting such systems up, but for the moment only paper based systems exist. Even where they do exist, electronic management systems need to be made interoperable.

Risk analysis is regulated by framework laws and or sub-law documents in all CEFTA Parties, and officially described as a paradigm for the organisation and functional capacity of SPS agencies. However, there are cases where outdated by-laws, that did not require a risk based approach at the time, contradict the current framework laws (Serbia). In most economies the capacity to establish risk analysis are still weak (Moldova in all sectors, Serbia and Bosnia and Herzegovina in food and phytosanitary area). Precise information on existing tools for the implementation of risk based inspections (such as guidelines, check lists, instructions for risk based inspection) was not available, but the above mentioned data on the needs for further training of inspectors, databases and other information gathering systems under construction show that further development in this area is needed.

Strategic and or multiannual action plans dealing with SPS requirements often do not exist, are not updated, or they been replaced by annual plans prepared by different agencies in charge of food safety. In Albania SPS strategies exist but they have not been updated in terms of the division of responsibilities, requirements for transparency, recently obtained results or new problems emerging. In Bosnia and Herzegovina there are strategies for the veterinary and food safety area. In Kosovo*, Montenegro and Serbia, no comprehensive SPS strategy papers exist. In Serbia there are only multiannual plans for the eradication of diseases and pest prevention, while in Montenegro there are different documents defining different parts of SPS sectors. In Croatia, there is a strategy paper for the period 2009-2012 and multiannual plans for implementation. In the Former Yugoslav Republic of Macedonia, each agency has a strategy paper and its multiannual plans for implementing these. Without a comprehensive food safety strategy, there is the risk that activities are duplicated or left out. Furthermore, some problems require a strategic approach with financing planned over a period of years. Finally, a review of annual financial reports may give an insight into the level of burden caused by repeatedly testing and certification of imports to the private sector.

Up-to-date lists of animal diseases and plant pests were reported to exist in each economy and are the result of membership to international bodies (OIE, IPPC and other) and EU projects which helped to administer such an approach.

International organisations and donor projects organise numerous types of professional training for CEFTA Parties and the need for donor aid still exists to support these. All economies expressed the high value of this training.

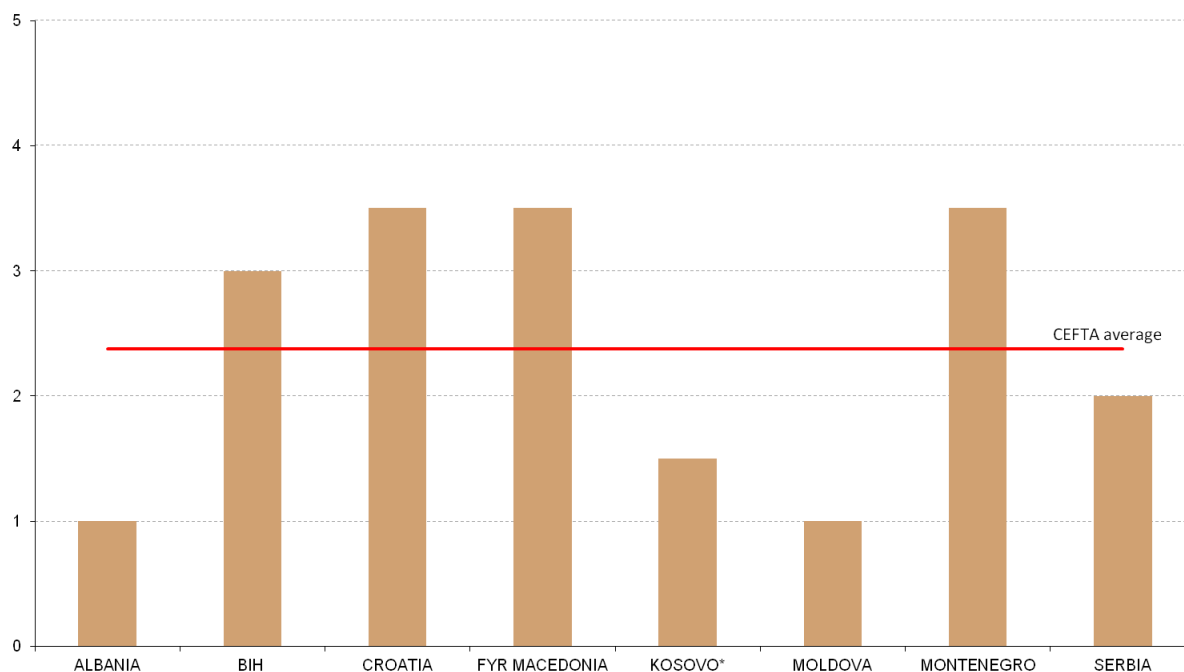
2.3 Level of co-operation among SPS agencies at the intra-CEFTA and external levels

This indicator assesses the extent to which SPS institutions and agencies co-operate internally within CEFTA, and the extent to which they co-operate externally with institutions and agencies from third economies.³⁰ It also assesses economies' adherence status to international organisations and conventions in

³⁰ The term 'third economy' refers to an economy that is not a Party of the CEFTA 2006 Agreement.

the SPS field. Internal co-operation is enshrined in Article 12.2 of CEFTA, while external co-operation is foreseen in the SPS Agreement, which is applicable to CEFTA indirectly.³¹

Figure 2.3 Overall scores for sub-dimension: level of co-operation among SPS agencies



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

The economies that were assessed are all members of the Codex Alimentarius Commission (except Kosovo*), OIE, IPPC (except Kosovo*) and this is stipulated in legal documents. Bosnia and Herzegovina, Serbia and Montenegro are observers, Kosovo* is neither a member nor an observer, and other economies are full members of the WTO. National contact points are established; however they are not functioning well in many economies due to a lack of capacity.

³¹ *WTO-SPS Agreement Article 9:* Members agree to facilitate the provision of technical assistance to other Members, especially developing economy Members, either bilaterally or through the appropriate international organizations. Such assistance may be, *inter alia*, in the areas of processing technologies, research and infrastructure, including in the establishment of national regulatory bodies, and may take the form of advice, credits, donations and grants, including with, sanitary or phytosanitary measures necessary to achieve the appropriate level of sanitary or phytosanitary protection in their export markets.

WTO-SPS Agreement, Annex B, Transparency of sanitary and phytosanitary measures stipulates that member economies should provide through enquiry points documents on: the membership and participation of the member, or of relevant bodies within its territory, in international and regional sanitary and phytosanitary organisations and systems, as well as in bilateral and multilateral agreements and arrangements within the scope of this Agreement, and the texts of such agreements and arrangements.

Co-operation between SPS agencies at the national level is set out in the legislation of CEFTA Parties (Food Safety Law and or Veterinary Law), but is not always functioning optimally. Duplication of control and contradictory approaches of agencies may pose NBTs, and are always a substantial burden to trade. It should be investigated where such burdens exist and reasons defined. In the case of Bosnia and Herzegovina, this might be the result of the unique constitutional organisation of the economy.

When it comes to private sector involvement in decision making and professional training, the private sector representatives mainly assist in the drafting process of new regulation and are usually not consulted during the impact assessment of regulations and practices. It is highly recommended to facilitate their participation in this area and thus achieve a more market-driven approach for the operation of the SPS area. They could also, help prioritise problems and support the development of common agreements.

Exchange of information between CEFTA Parties and harmonisation is enabled through participation at CEFTA meetings or workshops. However, financial resources limit the number of participants attending CEFTA meetings. The private sector has not yet been involved in CEFTA coordination meetings and training. Furthermore, the number of officials participating in the work of international agencies and committees is also very limited, and often restricted to heads of departments.

CEFTA Parties are actively contributing to negotiations on harmonization or mutual recognition of SPS measures. However, they still rely on the organisation of official CEFTA meetings in order to discuss and agree on measures. Although meetings are necessary and good for initiating communication, it would perhaps be possible to speed up the process by using other means for discussion on mutual problems (preparing documents, sharing experience, commenting electronically) which could be approved at meetings.

Table 2.1 Membership in international organisation in the SPS field

	Codex Alimentarius	OIE	IPPC	WTO	National Contact Points
Forms of participation	Members of the Codex Commission	OIE Members	Contracting Parties to the Convention	Members and Observers	Contact points for Codex, OIE, IPPC, WTO
Albania	Member	Member	Contracting Party	Member	Established and functional
Bosnia and Herzegovina	Member	Member	Contracting Party	Observer	Established, not fully functional
Croatia	Member	Member	Contracting Party	Member	Established and fully functional
FYR Macedonia	Member	Member	Contracting Party	Member	Established and functional
Kosovo*	n.a.	n.a.	n.a.	n.a.	Established only for OIE
Moldova	Member	Member	Contracting Party	Member	Established, not fully functional
Montenegro	Member	Member	Contracting Party	Observer	Established, not fully functional
Serbia	Member	Member	Contracting Party	Observer	Established, not fully functional

Source: Codex Alimentarius, OIE, IPPC, WTO and information provided by governments throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

There are capacity limitations for establishing national positions on proposed regional or international SPS measures. CEFTA Parties have not yet explored the possibility of having common approaches to certain measures which should be proposed at the international level. The negotiating power of the region has not been recognised by the CEFTA Parties. Participation of representatives from CEFTA Parties at CAC, OIE, IPPC, WTO-SPS meetings are focused on acquiring information from international organisations, without expressing their regional interests and concerns.³²

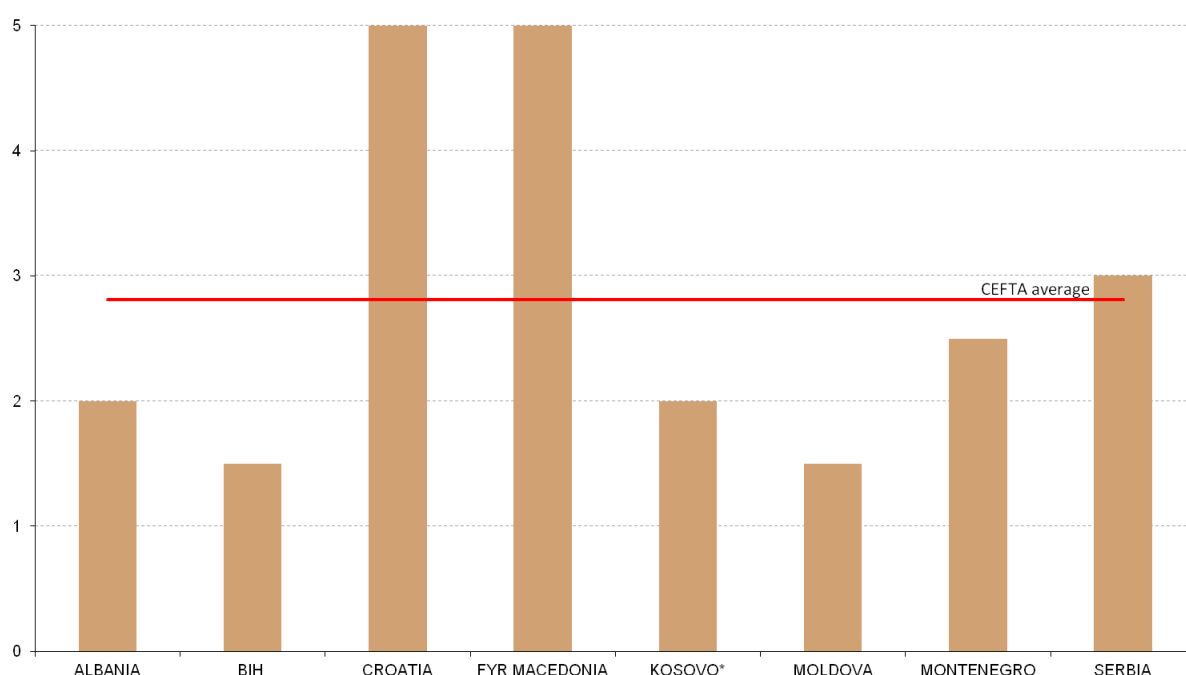
³² *WTO-SPS Agreement, Article 12, paragraph 4:* For those cases in which a Member does not apply an international standard, guideline or recommendation as a condition for import, the Member should provide an indication of the reason therefore, and, in particular, whether it considers that the standard is not stringent enough to provide the appropriate level of sanitary or phytosanitary protection.

2.4 Framework SPS legislation

This indicator assesses the existence and the key features of SPS framework legislation, with respect to WTO SPS Agreement and EU legislation.

According to Article 12 of the CEFTA 2006, SPS framework legislation in the Parties should be assessed against the requirements of the WTO SPS Agreement. Furthermore, as CEFTA Parties need to approximate their legislation to that of the EU in the framework of the enlargement and neighbourhood policy processes, the monitoring was also focused on compliance with the EU *acquis*.

Figure 2.4 Overall scores for sub-dimension: framework SPS legislation



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

The situation in CEFTA varies depending on the status of each economy in terms of negotiations on accession to the WTO and EU. In Croatia, which is close to EU accession (set for 1 July 2013), framework regulations and bylaws are already harmonised with the WTO and the EU, in all sectors. Croatia closed negotiations with the EU on Chapter 11 and Chapter 12 of the *acquis*, which demonstrates the high harmonisation of legislation with EU and WTO. In the areas of food safety, veterinary and phytosanitary policy, transposition of the EU legislation and implementation of a properly structured and trained administration have been achieved.

Paragraph 6: The Committee may, on the basis of an initiative from one of the Members, through appropriate channels invite the relevant international organisations or their subsidiary bodies to examine specific matters with respect to a particular standard, guideline or recommendation, including the basis of explanations for non-use given according to paragraph 4 (see above).

Other economies are either at the stage of early adoption of framework legislation that is compliant with international and EU requirements, or at the stage of early implementation of legislative framework. SPS legislative framework of the Former Yugoslav Republic of Macedonia is at the early implementation stage and framework legislation for food and veterinary issues is fully in line with the WTO and EU legislation. In Montenegro, the framework legislation has been adopted, and they have demonstrated the early implementation of legislative framework. Harmonisation with the EU was achieved predominantly in the area of plant protection and plant health area over the other two areas, where only partial harmonisation was achieved. In Albania, Moldova, Serbia and Kosovo*, the framework legislation compliant with international and EU requirements is at an early adoption stage. The most advanced sector in Albania is the food safety area, where legislation is fully compliant with WTO and EU requirements. In the veterinary and phytosanitary areas, regulations are partially harmonised. SPS framework legislation of Bosnia and Herzegovina is partially compliant with WTO and EU legislation. In Moldova, SPS framework regulations exist in food, veterinary, animal welfare and the sanitary area, but are not present for livestock health and in plant health. The existing regulations are partially harmonised with WTO and EU. Although the Serbian legal system has limitations regarding full transposition of European legislation, framework laws provided a basis for the adoption of numerous by-laws in line with EU requirements. All important segments of the food and feed chain are covered by the framework legislation. In Kosovo* the hygiene package is transposed into national legislation, while other regulations and measures (such as microbiological criteria, the importing procedure for milk and so on) are still under development. According to a governmental decision all legislation and by-laws must meet EU standards.

The principles of risk assessment, harmonisation and transparency are usually fully integrated in the legislation (except in Moldova). Publishing in official gazettes is a requirement for all economies and in the majority of economies documents are publicly available on websites also (in Moldova and Kosovo* some major policy documents, or administrative measures are published on the website, but the full list of regulations still needs to be published). However, the capacity for risk analysis is limited in some economies and transparency in terms of information sharing with trade partners when developing regulations and measures, still needs to be improved in line with WTO-SPS Agreement and EU rules.³³ Policy and decision making processes are decided mostly within official bodies without sufficient involvement of the private sector.

It must be emphasised that there are sector specific considerations in CEFTA Parties and some sectors are more advanced than the others. This is dependent predominantly upon the characteristics of the agriculture and agro-industry in each economy. Hence, some framework laws still need to be developed (mostly in phytosanitary area) and Parties working on them could use the experiences of other CEFTA Parties, such as making use of existing models for preparing regulations harmonised with WTO and EU requirements.

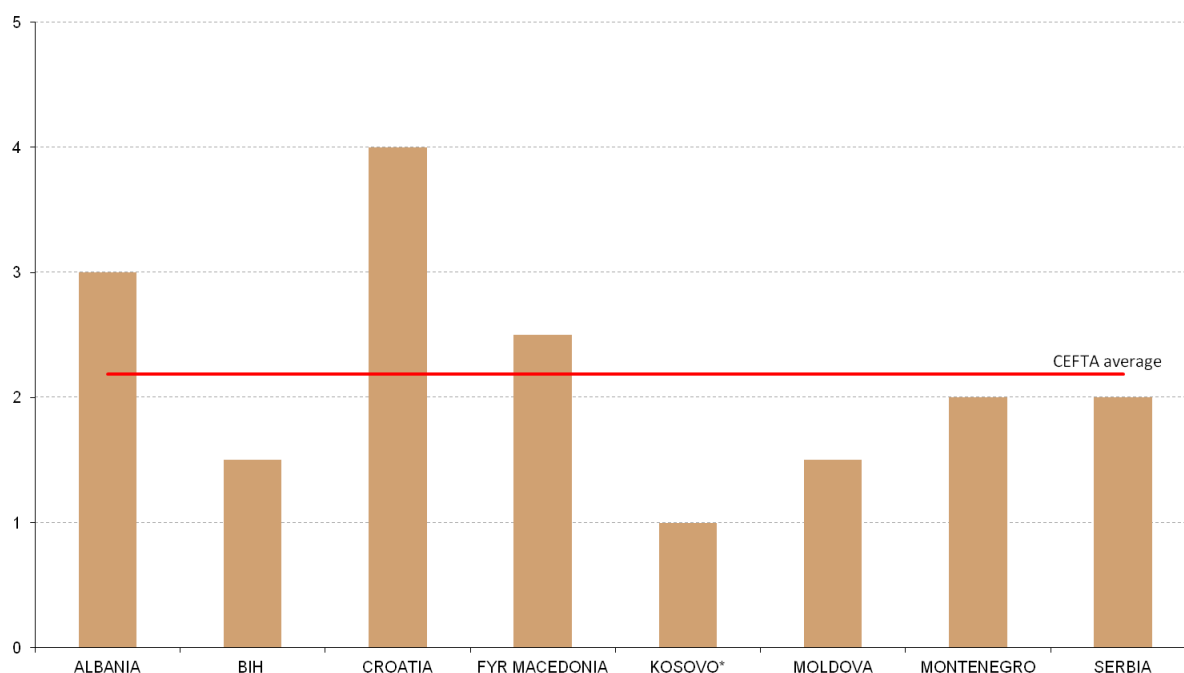
³³ *WTO-SPS Agreement, Annex B, Transparency of sanitary and phytosanitary measures*: Members shall ensure that all sanitary and phytosanitary regulations which have been adopted are published promptly in such a manner as to enable interested Members to become acquainted with them.

Except in urgent circumstances, members shall allow a reasonable interval between the publication of a sanitary or phytosanitary regulation and its entry into force in order to allow time for producers in exporting members, and particularly in developing economy members, to adapt their products and methods of production to the requirements of the importing Member.

2.5 Transposition of European SPS measures

This indicator examines the status of transposition of European requirements into national legislation, by focusing on SPS implementing legislation, regulations, rulebooks and other administrative acts.

Figure 2.5 Overall scores for sub-dimension: transposition of European SPS measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Most CEFTA Parties have, or are in the process of, adopting the relevant EU *acquis* and, accordingly, the procedures, regulations and standards tend to be in line with EU norms.³⁴ However, unsynchronised and multi-speed adoption of EU measures results in the creation of additional technical barriers in intra-CEFTA trade. Products originating from economies that are lagging behind in the implementation of SPS measures are excluded from the markets of those economies that have adopted more stringent product and process requirements.

In order to maximise its impact, monitoring is tailored to the sectors where SPS measures should be tackled as a priority. Following an OECD statistical analysis of intra-CEFTA trade of intermediary goods, two priority sectors, (food products and beverages and agricultural products) alongside a 36 corresponding

³⁴ *Reg EC 178:2002, Article 11*: Food and feed imported into the community for placing on the market within the community shall comply with the relevant requirements of food law or conditions recognised by the community to be at least equivalent thereto or, where a specific agreement exists between the community and the exporting economy, with requirements contained therein.

products were identified as areas in which the economies should focus their efforts to reduce NTBs in the sanitary and phytosanitary area.

Regarding transposition of European SPS measures in the area of food products and beverages it can be concluded that for almost 42% measures national legislation is still in force. Croatia and the Former Yugoslav Republic of Macedonia are leading in the number of regulations transposed and measures applied. In Croatia, national legislation and measures are in line with the *aquis* for all products except for product number 9894, 1123 and 04841, while they do not exist for 986. In the Former Yugoslav Republic of Macedonia they are not in line with the *aquis* for products 461, 986, 1123, 04841. In other economies only strategic sectors are in line with *aquis* namely: Bosnia and Herzegovina (8199), Montenegro (11215), Serbia (122, 11217, 11215), Moldova (461, 42171) and Kosovo* (111, 112). (See Annex 1 for the Product List).

Table 2.2 Transposition of European SPS measures in the food products and beverages area

	Sectoral measures not transposed	Measures in state of draft	Measures in place more than 50%	Sectoral legislation in place and aligned with <i>aquis</i>	Full implementation of sectoral legislation
Albania	16%	16%	68.50%		
Bosnia and Herzegovina	37%	16%	21%	5%	
Croatia	26%		50%	74%	
FYR Macedonia	21%		5%	47.70%	
Kosovo*	21%	5%		10%	
Moldova				10%	
Montenegro	68.50%	10%		5%	
Serbia	47%			16%	16%

Source: Information on transposition of SPS measures was provided by governments throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

When it comes to transposition of European SPS measures in the area of agricultural products economies are in line with the *aquis* in the following order. In Croatia, national legislation and measures are in line with the *aquis* for all products except 29249, 22269, 8113. They are aligned and in place in the Former Yugoslav Republic of Macedonia for nine products, in Albania for products 149, 139, Serbia 149, 11217, Moldova 05421, 0411, Bosnia and Herzegovina 1211, and Kosovo* - none. (See Annex 1 for the Product List).

Table 2.3 Transposition of European SPS measures in the agricultural products area

	Sectoral measures not transposed	Measures in state of draft	Measures n place more than 50%	Sectoral legislation in place and aligned with aquis	Full implementation of sectoral legislation
Albania	26%	5%	47.40%	10%	
Bosnia and Herzegovina	32%	63%		5%	
Croatia	26%		50%	68.50%	
FYR Macedonia	26%			21.00%	
Kosovo*	16%	5%			
Moldova				16%	
Montenegro	42.00%	16%	16%		5%
Serbia	32%	16%	16%	10%	

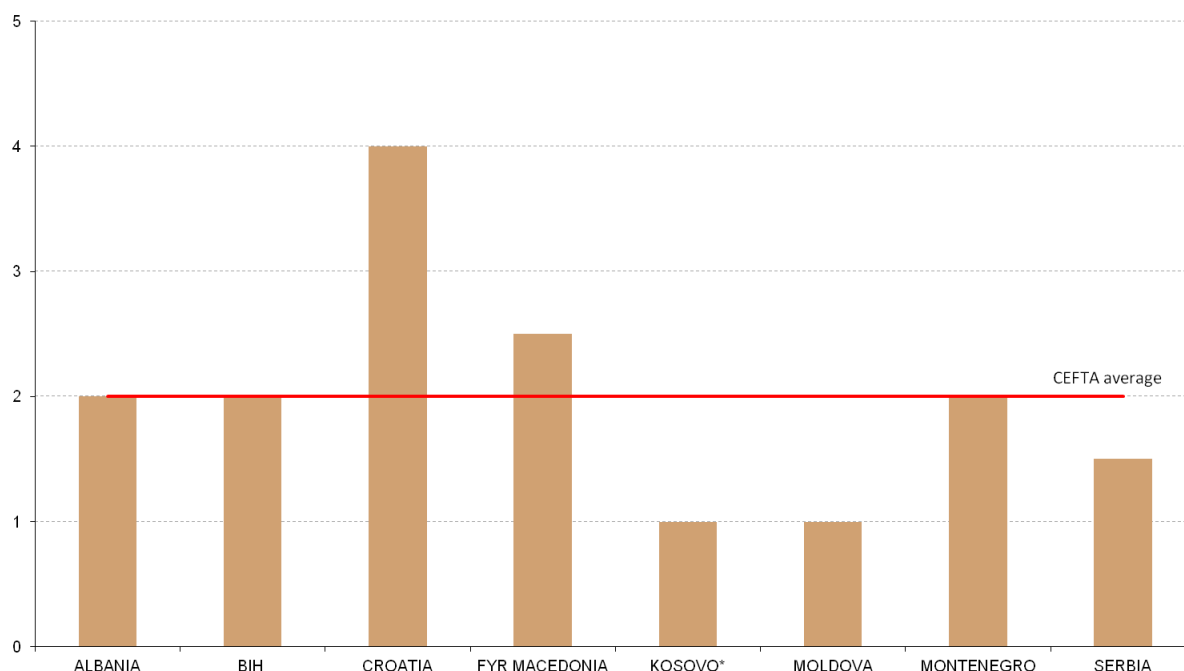
Source: Information on transposition of SPS measures was provided by governments throughout the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

2.6 Information and notification mechanisms

This indicator assesses the mechanisms of transparency and information in the area of SPS put in place by the CEFTA Parties, focusing in particular on the existence of enquiry and notification points, and how they work in practice.³⁵ Criteria for evaluation are based on the economies' adherence to the WTO, EU and CEFTA requirements in the area of enquiry and notification (Article 7 and Annex B of the WTO SPS Agreement; EU Notification Directive 98/34/EC, as modified by Directive 98/48/EC and Directive 2006/96/EC; and Article 12.2 of the CEFTA Agreement).

³⁵ The WTO SPS Agreement (in Article 7 and in Annex B) contains provisions on both notification and Enquiry Points. In regard to notification, the Agreement stipulates that WTO members must notify SPS measures if: (i) an international standard, guideline or recommendation does not exist or the content of a proposed sanitary or phytosanitary regulation is not substantially the same as the content of an international standard, guideline or recommendation; and (ii) the regulation may have a significant effect on trade of other Members. In addition, WTO members are required to set up an Enquiry Point, where other WTO members can request information on SPS regulations, control and inspection procedures, risk assessment procedures, and international SPS aspects of the member's participation in international organisation and bilateral or multilateral arrangements.

Figure 2.6 Overall scores for sub-dimension: information and notification mechanisms



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Although most CEFTA Parties have established enquiry and notification points and are publishing notifications of their legislation and measures on official websites, these enquiry and notification points are not always functioning properly and have capacity limitations. In Croatia there are temporary limitations in terms of human resource capacity, due to the high number of officials working intensively on EU integration, while in other Parties there are notification points. However clear measures and procedures for notification need be developed (Albania, Bosnia and Herzegovina, Montenegro, and Serbia).

Dedicated personnel in charge of notifications are needed in each economy and should be knowledgeable about managing information that should be made publicly available. Also, they should be capable of deciding which type of information gathered internationally should be directed at policy makers, control bodies and or industry. Furthermore, a lack of effective communication and collaboration within national borders and a lack of access to a common database of SPS data can disrupt the decision making in CEFTA Parties.

In most CEFTA Parties, the way that an enquiry point, notification authority and information and notification mechanisms work is not fully in line with provisions of WTO SPS Agreement. Therefore, notification according to CEFTA 2006 appears to be a very important mechanism and source of information in CEFTA Parties which are not members of WTO.

In fact, the main difficulty across CEFTA Parties is the absence of clear notification mechanisms and procedures. Notifications of new draft rules is not general practice in the CEFTA region, nor of laws and measures which are not fully in line with WTO-SPS and EU provisions. Therefore, trade partners cannot express their opinion in the preparatory phase of regulatory documents. Sometimes, even adopted documents are not notified properly. This practice is also in contradiction with EU principles stipulated in Reg EC 178:2002.³⁶

The existence of measures which are not in line with WTO-SPS and EU rules is usually explained as a provisional measure aimed to protect national producers until they become capable of producing according to international norms. However, these measures can be a source of NTBs and notification in an appropriate timeframe could prevent the onset of such new NTBs.

Finally, the participation in the Rapid Alert System for Food and Feed (RASFF) is encouraged since the RASFF system is an effective tool for rapid exchange of information between food and feed control authorities about measures taken in response to serious risks detected in food or feedstock.³⁷

2.7 Conclusions and recommendations

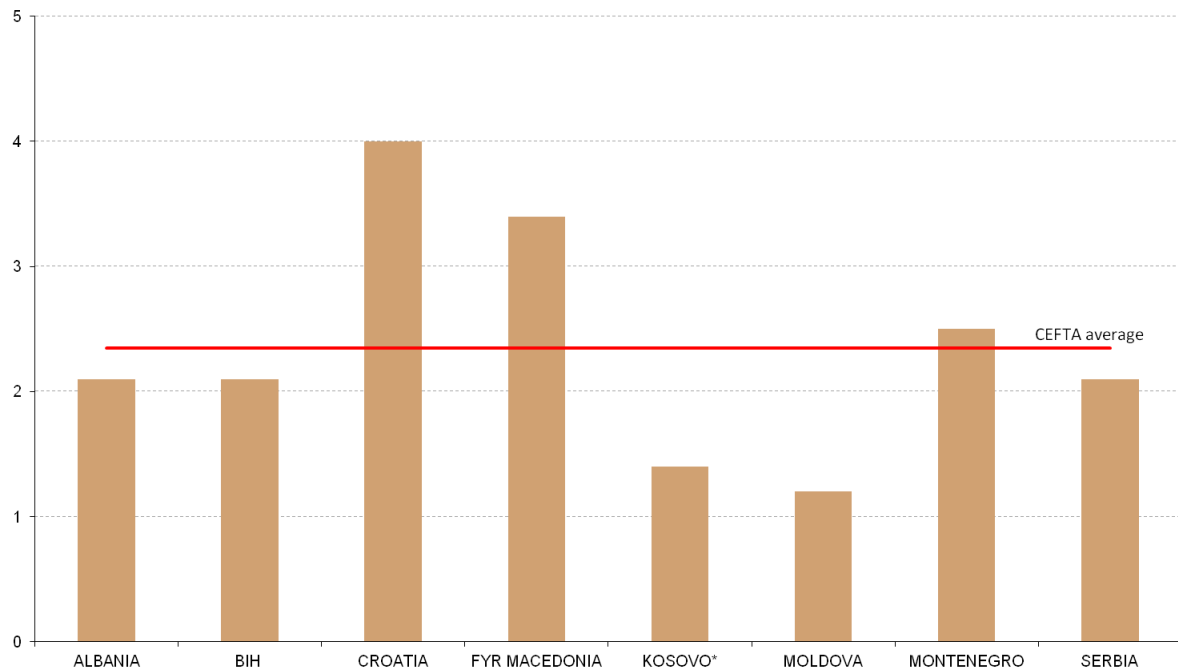
The Sanitary and Phytosanitary measures dimension assessed the status of the Institutional framework for SPS measures, the status of the capacity building in CEFTA - SPS agencies, the level of collaboration among SPS agencies in the region, development of regulations and practices in line with international requirements, status of harmonisation of regulations and practices in control of highly traded food and agricultural goods, and capacities of contact points and notification bodies for assuring transparency in the food safety area. At the same time, future activities were identified in order to lower the number of NTBs and harmonise the SPS area in the CEFTA region.

In terms of overall progress for this dimension, the analysis shows that Croatia has made the greatest progress. The Former Yugoslav Republic of Macedonia and Montenegro are above the CEFTA average. Albania, Bosnia and Herzegovina and Serbia have reached the same level and are relatively close to the CEFTA average, while Moldova and Kosovo* need to make the most effort to get closer towards good international practice. Figure 2.7 presents aggregated average score for this dimension.

³⁶ *Reg EC 178:2002, Article 9*: There shall be open and transparent public consultation, directly or through representative bodies, during the preparation, evaluation and revision of food law, except where the urgency of the matter does not allow it.

³⁷ *Reg EC 178:2002, Articles 50*: Participation in the rapid alert system may be opened up to applicant economies, third economies or international organisations, on the basis of agreements between the Community and those economies or international organisations, in accordance with the procedures defined in those agreements. The latter shall be based on reciprocity and shall include confidentiality measures equivalent to those applicable in the Community.

Figure 2.7 Overall scores for dimension: sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

When looking at the different sub-dimensions, the assessment reveals that the progress made in different fields is quite uneven across economies. For instance, in the field of SPS legislation, where the biggest average progress was made, discrepancies between the economies are quite significant. While Croatia and the Former Yugoslav Republic of Macedonia are aligned with international and EU requirements in this field, other Parties, and in particular Bosnia and Herzegovina and Moldova, are considerably below the average and should speed up the harmonisation of laws and by-laws with WTO-SPS and EU requirements. Big discrepancies are also noted in the fields of co-operation among SPS agencies, transposition of European SPS measures and information and notification mechanisms; while slightly more even progress has been made in the field of institutional framework for SPS measures.

The main recommendations of the assessment highlight that in order to avoid NTBs the principles of a risk based paradigm need to be applied by CEFTA parties when developing sub-law documents and implementing measures. Parties should apply a strategic approach to SPS area reforms, securing transparent financing of control systems and including the private sector in the development and evaluation of regulations and measures. The most important products for regional trade should be identified in order to speed up the process of harmonisation of SPS measures and mutual recognition of certificates. Developing capacities for notification, clear procedures in line with WTO-SPS requirements, and active and adequate contact points could help reduce problems in food trade and secure the effective transposition of international requirements into national systems.

For the different sub-dimensions of sanitary and phytosanitary measures, the following policy conclusions should be taken into consideration by CEFTA Parties:

Institutional framework for SPS measures

Although SPS agencies exist in all CEFTA Parties, agency capacity varies from Party to Party with the majority revealing a lack of trained staff, inadequate equipment for inspection, and restricted financial resources. Risk analysis is regulated by framework laws and or sub-law documents in all CEFTA Parties, but the implementation capacity for risk analysis and management is still weak. Strategic and or Multiannual Action Plans dealing with SPS requirements are not present in most CEFTA Parties. There is lack of interoperable information management systems for food safety, animal diseases and plant pests. However, up-to-date lists of animal diseases and plant pests are available in each individual CEFTA Party.

CEFTA Parties should:

- strengthen the system of regular information sharing on any relevant changes in competencies of relevant agencies dealing with SPS issues;
- develop strategies in SPS area or update existing ones;
- further develop capacity for risk assessment;
- develop risk management tools and methodologies;
- further develop capacities for notification to the RASFF;
- share experiences in the development of check lists, guidelines and other tools for risk based inspection;
- share experiences on the establishment of laboratory control.

Level of co-operation among SPS agencies at the intra-CEFTA and external levels

Co-operation between SPS agencies at the national level is foreseen in the legislation of CEFTA Parties. However, when it comes to intra-CEFTA co-operation, direct co-operation should be encouraged. In past it was mostly relying on exchange of information through participation at CEFTA meetings or workshops. Exchange programmes between CEFTA Parties and agencies from third economies are rarely foreseen in multiannual plans. CEFTA Parties are actively contributing to negotiations on harmonisation or mutual recognition of SPS measures but still rely on official meetings in order to discuss and agree on measures. Furthermore, there are capacity limitations for establishing national positions on proposed regional or international SPS measures. Involvement of representatives of the private sector in the CEFTA meetings and meetings with third economies is limited and could be improved.

CEFTA Parties should:

- increase co-operation between national agencies and plan exchange programmes on an annual or multiannual basis between agencies from CEFTA region;
- involve representatives of the private sector in the preparatory phase and in the ongoing CEFTA meetings;

- organise rounds of informal discussion over important common SPS issues, by means of electronic communication, as a way of preparing for CEFTA meetings;
- secure involvement of representatives of the private sector in the evaluation of impacts of new regulations and measures at the national level;
- secure full transparency of control procedures;
- strengthen the pool of experts participating in the work of different commissions of the Codex Alimentarius Commission, OIE, IPPC and train them in negotiating CEFTA SPS common positions at international organisation meetings.

Framework SPS legislation

Most CEFTA Parties are either at the stage of early adoption of framework legislation compliant with international and EU requirements, in consultation with other CEFTA Parties, or at the stage of the early implementation of legislative framework. Croatia is the only economy where framework regulations and by-laws are already harmonised both with WTO and EU in all sectors. Croatia is also close to EU accession, set for 1 July 2013. In CEFTA Parties the principles of risk assessment, harmonisation and transparency are usually fully integrated in the legislation and relevant documents are publicly available in official gazettes and websites. However, risk analysis is not implemented in by-laws, capacities for risk analysis and risk management are limited in some CEFTA Parties and transparency still needs to be improved.

CEFTA Parties should:

- make use of the CEFTA Trade Web Portal (www.ceftatradeportal.com) to secure early notification of by-laws drafts and build a network for exchange of regulatory documents and guidelines;
- use existing expert knowledge from CEFTA Parties to increase capacities in other CEFTA parties (such as in phytosanitary regulatory and control issues);
- further harmonise laws and by-laws with WTO-SPS and EU requirements and establish full transparency;
- provide a legislative basis for risk management.

Transposition of European SPS measures

When it comes to the transposition of EU SPS measures, although national legislation is not always in line with the EU requirements, SPS measures for major export products are in line with the *aquis*.

CEFTA Parties should:

- organise rounds of discussion among relevant agencies to recognise other key products where national regulations in CEFTA are not causing NTBs;
- identify more groups of major trading products and assess the level of harmonisation with the *aquis*, potential NTBs problems and capacities for solution;

- regularly update the CEFTA Trade Web Portal with new national regulations and measures.

Information and notification mechanisms

Although most CEFTA Parties have established enquiry and notification Points and are notifying their legislation and measures on official websites, these enquiry and notification points have capacity limitations. The way that enquiry point, notification authority and information and notification mechanisms work in most CEFTA Parties is not fully in line with provisions of WTO SPS Agreement. The main difficulty across CEFTA Parties is the absence of clear notification mechanisms and procedures.

CEFTA Parties should:

- strengthen capacities for notification (via the comprehensive training of staff, and the provision of adequate IT equipment);
- develop channels to disseminate SPS information to all stakeholders;
- provide relevant information to trade partners on SPS regulations, control and inspection procedures and risk assessment procedures;
- strengthen capacities for translation and transposition of EU regulations and measures in the national system;
- assess the impact of new standards, regulations and measures in SPS areas on the trade amongst CEFTA Parties and with third economies.

Chapter 3: Administrative barriers to trade

3.1. Introduction

Customs and administrative procedures at the border are a necessary cost of doing business. However, onerous import and export requirements, beyond what is necessary to move a product across the border in a manner consistent with local policy objectives, may unnecessarily hinder trade by “thickening” the border. Complicated procedures make it harder for economies to fully benefit and participate in international production supply chains and may discourage foreign direct investment.³⁸

Costs associated with trade procedures and requirements are relatively high. The OECD estimates that trade transaction costs can amount to up to 15% of the value of the traded good.³⁹ Simplification and harmonisation of international trade procedures has a positive impact on trade flows and can significantly reduce the costs of compliance for all businesses, while continuing to satisfy the policy objectives of these procedures.

More specifically, transactions costs can be reduced by transparent and consistent procedures, impartial and uniform administrative border requirements, simplified clearance systems, harmonised administrative requirements, reducing burdensome procedures, the application of internationally-agreed standards and regulatory co-operation, risk management and the introduction of electronic customs clearance systems.⁴⁰ Thus, in order to reduce unnecessary burdens on the flow of goods, customs and border procedures should be designed and implemented to provide consistency, predictability, simplicity and transparency. These are the core principles of trade facilitation outlined in articles VIII and X of GATT/WTO.⁴¹

Indicators used in this assessment to monitor administrative barriers to trade between CEFTA Parties include:

- establishment of a national customs website with quality information provision
- establishment of enquiry points for customs
- involvement of the trade community
- advance rulings
- appeal procedures
- fees and charges
- formalities: documents and electronic automation
- customs procedures and processes
- domestic and cross-border/international agency co-ordination and co-operation

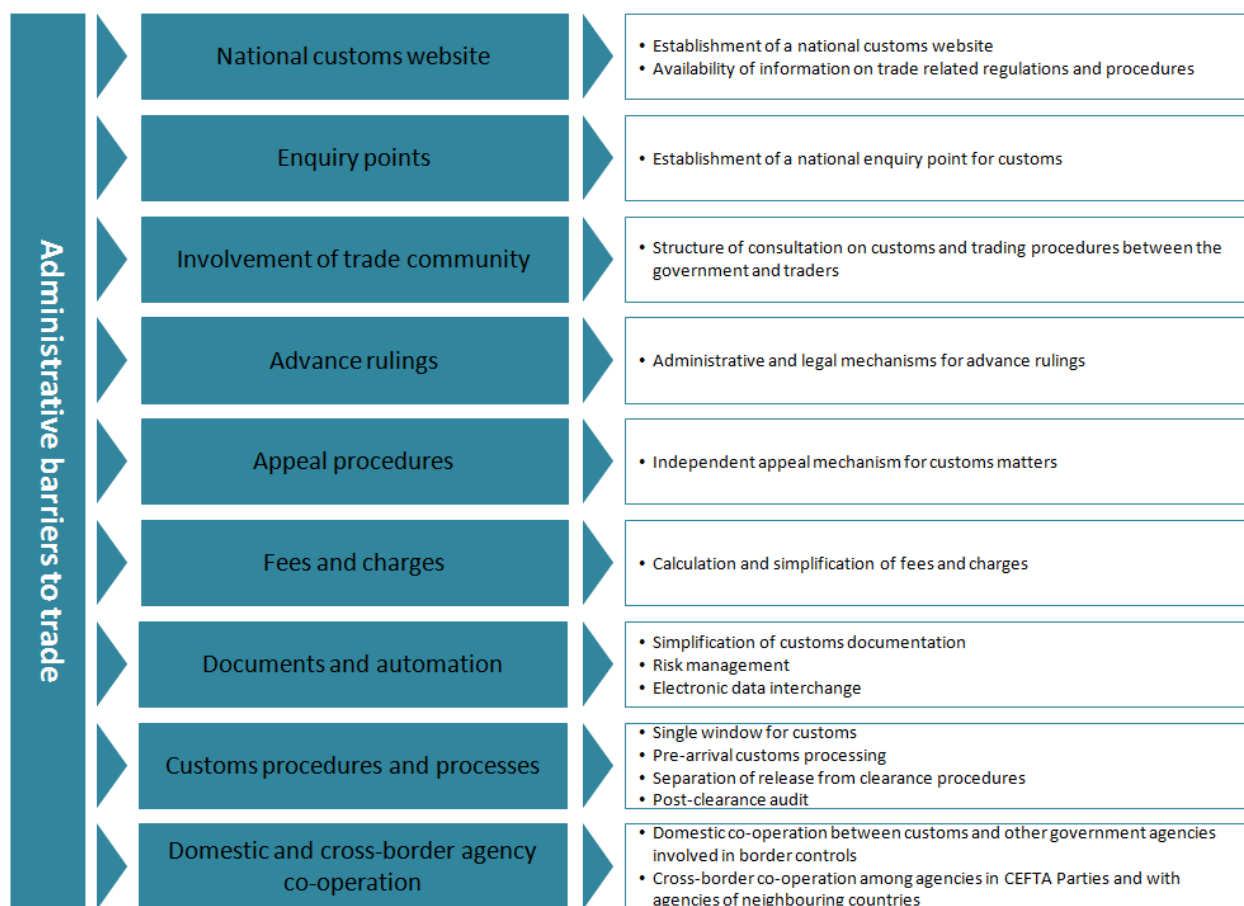
³⁸ OECD (2009), *Overcoming Border Bottlenecks: The Costs and Benefits of Trade Facilitation*, OECD, Paris.

³⁹ M. Engman, (2005), “The Economic Impact of Trade Facilitation”, *OECD Trade Policy Working Papers*, No. 21, OECD, Paris.

⁴⁰ OECD (2006), *Policy Framework for Investment*, OECD, Paris.

⁴¹ Articles VIII and X of the WTO General Agreement on Tariffs and Trade (GATT) 1994.

Figure 3.1 Administrative barriers to trade: assessment framework



Source: OECD (2010), “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA”, internal working document, Directorate for Financial and Enterprise Affairs, Private Sector Development Division, OECD, Paris.

3.2 Establishment of a national customs website with quality information provision

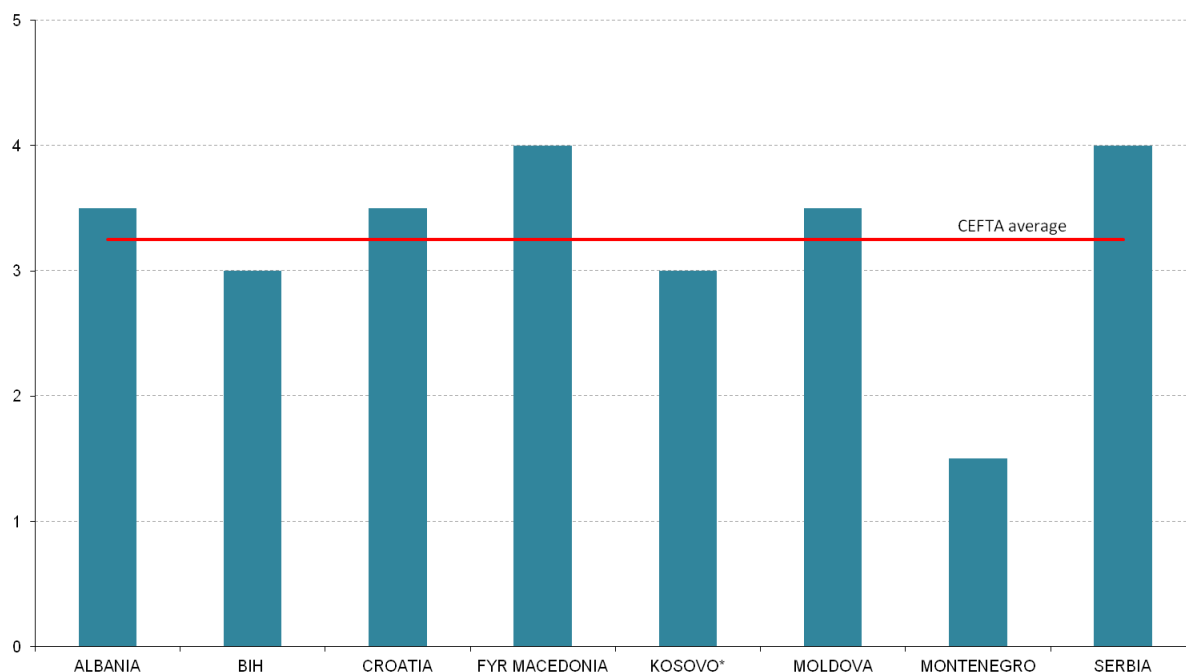
This indicator assesses the establishment of a national customs website with quality information provision, which is an important instrument to ensure transparency and dissemination of information.

Transparency of customs and trade-related regulations and procedures are explicitly included in WTO commitments, especially Article X of the GATT. In addition, Article 44 of the CEFTA Agreement contains provisions on transparency. These transparency provisions aim at ensuring predictability and access to information on trade policies, regulations, and legislation. The anticipated benefits lie in ameliorating the conditions under which traders and operators engage in international trade transactions.

The transparency obligation of Article X of GATT is mainly related to legislative texts (laws, regulations, judicial decisions and administrative rulings of general application). However, further information on, for example, operational procedures of customs and border agencies, access to online

forms, descriptive outlines of import and export requirements as well as updates on changes in legislation are equally important to traders, and constitute the value added from a trade facilitation perspective.⁴²

Figure 3.2 Overall scores for sub-dimension: national customs website



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

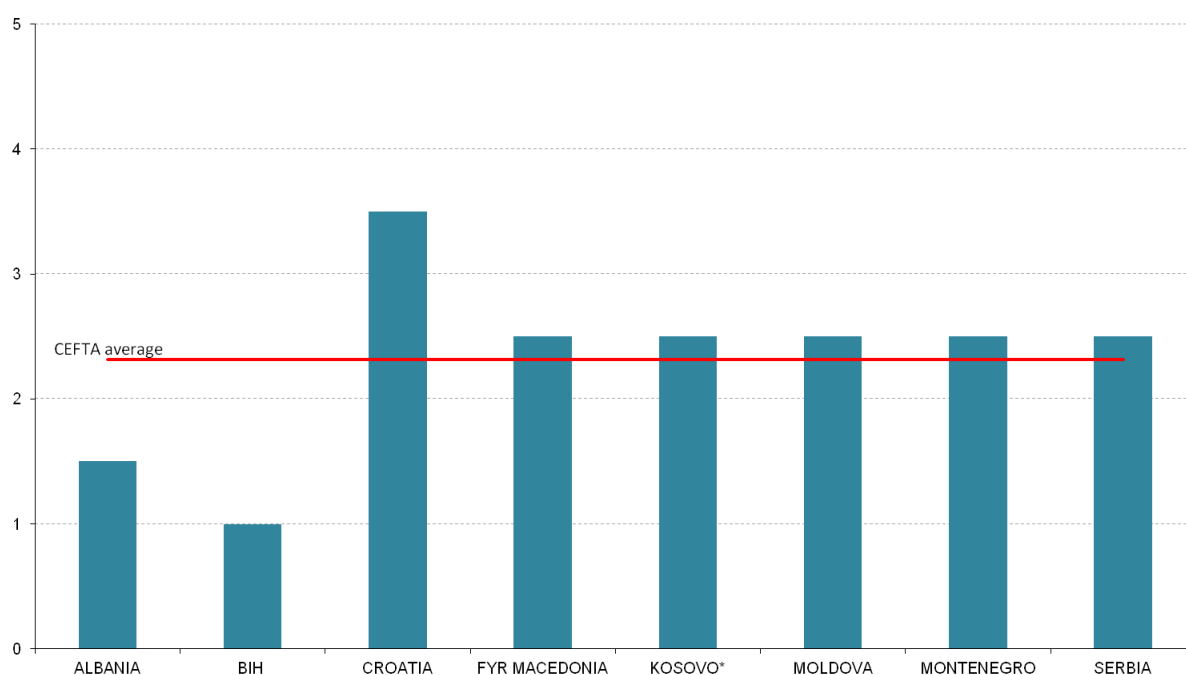
In all economies there is a national customs website and almost all economies publish information on trade-related regulations and procedures in both the local language and in the English language. However, often only a limited amount of information is available in English. The rates of duties are published and regularly updated, as well as information on import and export procedures, and clear information on customs valuation is usually available also. However, fewer economies publish information on advance rulings (Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia), penalties for breaches of import and export formalities (Croatia, the Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Kosovo*), and information on procedures of border agencies (the Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Kosovo*). None of the economies publish examples of judicial decisions.

⁴² UNCTAD (United Nations Conference on Trade and Development) (2011), “Technical Notes on Trade Facilitation Measures”, Technical Notes on Trade Facilitation Measures: Internet publication, United Nations, New York and Geneva.

3.3 Enquiry points for customs

This indicator focuses on the establishment of a national enquiry point for customs and how it functions. A national enquiry point should act as single co-ordination point for requests for information on customs and trade-related procedures and legislation. This could strengthen the implementation of the transparency provision contained in Article X of the GATT. Furthermore, Article 44.2 of the CEFTA agreement requires the creation of contact points in charge of handling requests for information originating in Parties.

Figure 3.3 Overall scores for sub-dimension: enquiry points for customs



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

For the clarity and transparency of international trade transactions it is essential to have access to trade-related information. A national enquiry point provides a means to facilitate access to already published information (on current regulations, charges and procedures in place) with the additional benefit of providing it in a personalised and customised manner, responding to specific requests.⁴³

Establishing and maintaining a national enquiry point should not generate additional expenses, since it results in saving time for staff that was previously dealing with routine enquiries. OECD studies show that

⁴³ UNCTAD (2011), “Technical Notes on Trade Facilitation Measures”, *Technical Notes on Trade Facilitation Measures: Single national enquiry points*, United Nations, New York and Geneva.

operating an internet network and enquiry points represents on average only 2% of the total customs administration allocated budget in non OECD economies.⁴⁴

In the majority of CEFTA Parties more than one division is responsible for answering enquiries on trade related legislation and procedures, while there only seems to be a single entity acting as enquiry point for customs in Croatia, Serbia and Moldova.

Most enquiry points have capacity limitations and often no specific unit within Customs administration is designated as the official enquiry point. Customs feedback is handled by telephone and email, while full time telephone hotlines are not yet available.

Co-ordination between CEFTA Parties on the functioning and operations of enquiry points has not been established.

3.4 Involvement of the Trade Community

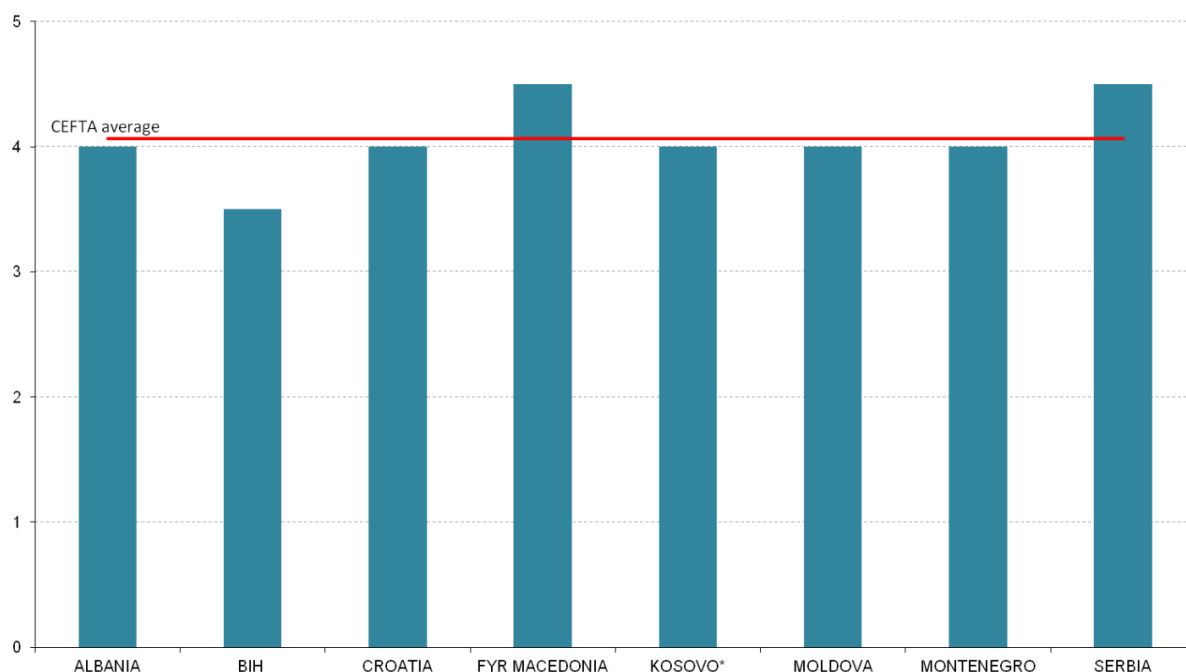
This indicator assesses the steps taken by the CEFTA Parties to ensure the broadest possible involvement of the trade community in the elaboration and implementation of legislation on customs and trading procedures.

Effective mechanisms for consultation at the national level on proposed customs and trade-related laws, regulations, and administrative rulings should be established in order to provide interested stakeholders with an opportunity to comment on the proposed new or amended trade related rules, and for governments to take such comments into account, as appropriate, prior to their implementation. Consultations should take place at an early stage in order to ensure that amendments can still be taken into account. They should also involve the widest possible group of stakeholders.⁴⁵

⁴⁴ E. Moisé, (2004), "The Cost of Introducing and Implementing Trade Facilitation Measures: Interim Report", *OECD Trade Policy Working Papers*, No. 8, OECD, Paris.

⁴⁵ WTO (2009), Negotiating Group on Trade Facilitation – WTO Negotiations on Trade Facilitation – Self Assessment Guide, TN/TF/W/143/Rev. 3, WTO, Geneva.

Figure 3.4 Overall scores for sub-dimension: involvement of the trade community



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

In most of the Parties, official consultation measures exist between the government and traders. Consultations between government and traders occur on regular basis and are facilitated through the chambers of commerce and in some Parties through an established business advisory council.

When introducing or amending laws and regulations related to customs and trading procedures, in most of the Parties the government involves four or more stakeholder groups. A minimum of two weeks are required for consultation with the business community. Only the Former Yugoslav Republic of Macedonia and Serbia are involving the trading community at the drafting stage of customs laws and regulations. Furthermore, representatives of the trade community from other CEFTA Parties are not directly involved in the consultation process.

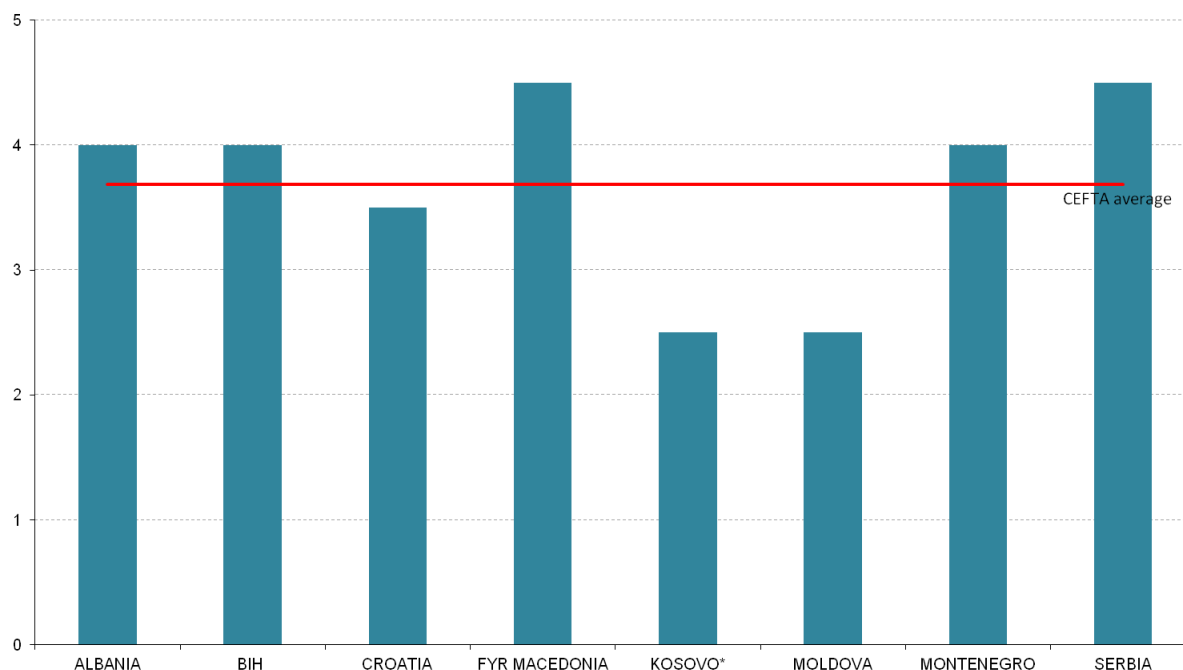
Customs policy objectives are usually communicated to the general public. They are either published in official gazettes or on the customs websites of the Parties.

3.5 Advance Rulings

This indicator assesses the administrative and legal mechanisms for advance rulings within the CEFTA Parties, especially in relation to the way that CEFTA operates. An advance ruling is a type of administrative ruling that consists of “a binding official decision prior to an importation or exportation,

issued by a competent customs authority in writing, which provides the applicant with a time-bound ruling on the goods to be imported”.⁴⁶

Figure 3.5 Overall scores for sub-dimension: advance rulings



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

The way goods are handled for customs purposes (for example, determination of the value, classification of goods, and determination of rules of origin) is a major source of dispute between customs officials and traders. Therefore, advance rulings are important instruments in facilitating trade, as they contribute to ensuring a stable and transparent trading environment for economic operators. Once obtained, the advance ruling is legally binding on the Customs authority as well as, in some economies, the trader over a fixed period of time.⁴⁷

All CEFTA Parties provide a mechanism for advance rulings. Existing advance ruling mechanisms mainly concern classification according to the national customs tariff and verification of the origin of goods declared for preferential treatment. Binding Tariff Information (BTI) and Binding Origin Information (BOI) is issued by customs within 30 to 150 days.

⁴⁶ UNCTAD (2011), “Technical Notes on Trade Facilitation Measures”, *Technical Notes on Trade Facilitation Measures: Advance rulings*, United Nations, New York and Geneva.

⁴⁷ UNCTAD (2011), “Technical Notes on Trade Facilitation Measures”, *Technical Notes on Trade Facilitation Measures: Advance rulings*, United Nations, New York and Geneva.

However, the scope of advance rulings in CEFTA Parties is more limited than the scope of the advance ruling scheme proposed in the WTO negotiations. For instance, there is no advance ruling mechanism for the information on the methodology that will be applied for customs valuation.

Advance rulings of general interest are usually publicly available through published regulations and the internet (for example, via customs websites).

In all CEFTA Parties, the decisions of customs administrations regarding the revocation or refusal to issue advance rulings are motivated. A request is refused where the application does not relate to any intended use covered by the BTI or BOI decision or any intended use of a customs procedure. Advance rulings may be revoked where one or more of the conditions set out are no longer fulfilled (for instance due to a change in legal provisions). Furthermore, in the majority of the parties, advance ruling provisions include an appeal mechanism.

3.6 Appeal Procedures

This indicator assesses the existence of an independent appeal mechanism for review and, when appropriate, for correction of administrative actions or omissions. It is crucial that economic operators can appeal against customs or other border agencies' decision if that decision is not in compliance with laws or regulations.

Among different appeal procedures, judicial review in particular can often be lengthy and costly for the traders. Administrative appeal processes often offer substantive advantages over judicial reviews as they enable faster decision-making and involve fewer costs for traders. Therefore, the provision of a multiple-stage appeal is beneficial both for the traders and the national administrations. Furthermore, to ensure impartiality and fair treatment, the authority which oversees appeals should be independent from the administration which issued the original decision.⁴⁸

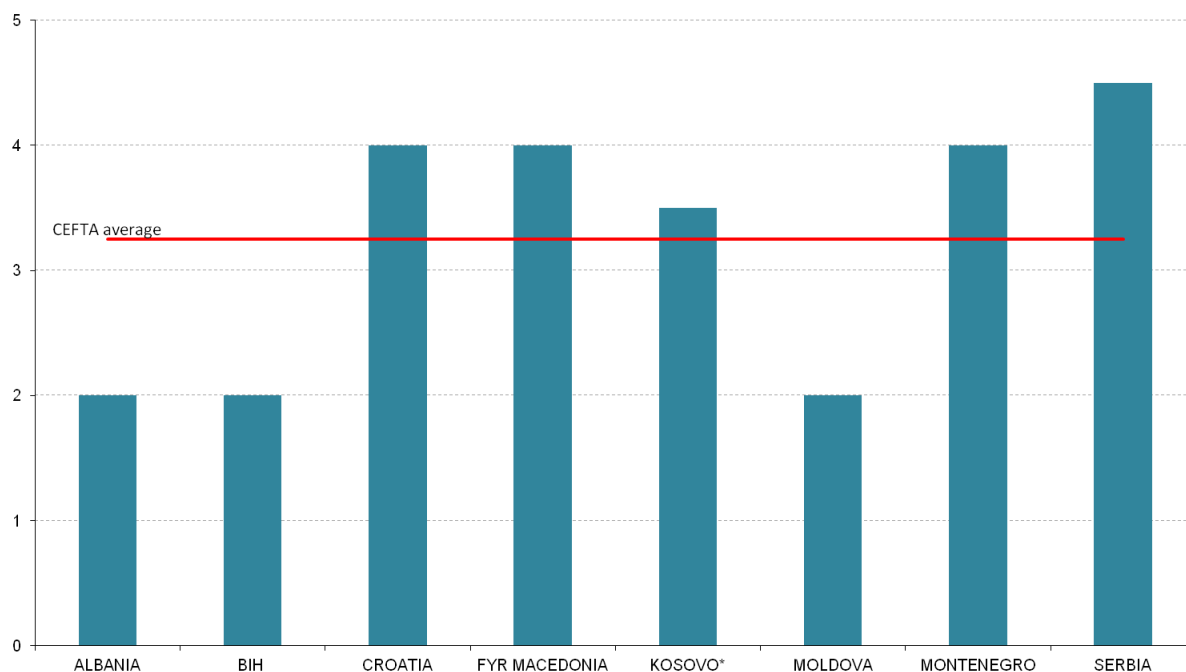
In most economies (Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo*) appeal procedures follow similar patterns. The administrative stage of the appeal process usually begins with an initial right of appeal with the administration which issued the original decision; either at the same level of authority, (for example, the Customs office) or to a higher authority supervising the administration. This is then followed by a right to appeal to an authority independent of the authority which issued the decision (such as an established Customs Appeal Commission, Ministry of Finance's Independent Appellate Authority, and so on). Information about the reasons for the administrations original decision is usually provided.

There are however a few economies (Albania, Bosnia and Herzegovina and Moldova) that do not provide a right of appeal to an authority independent of the authority which issued the original decision at the administrative stage. Nevertheless, in all parties, an appeal to an independent judicial authority is

⁴⁸ UNCTAD (2011), "Technical Notes on Trade Facilitation Measures", *Technical Notes on Trade Facilitation Measures: Right of appeal against customs and other agency rulings and decisions*, United Nations, New York and Geneva.

available to all individuals. Individuals and legal entities may initiate the proceedings before the relevant court in accordance with law/ and regulations on administrative disputes.

Figure 3.6 Overall scores for sub-dimension: appeal procedures



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

In most of economies information on appeal procedures on customs websites is limited and is not easily accessible. Information can be found on customs codes, but only Albania, Moldova, and Serbia have a dedicated page on their customs websites.

3.7 Fees and Charges

This indicator assesses the CEFTA Parties compliance with the provisions of Article 6 of the CEFTA 2006 and Article VIII of the GATT 1994, and co-operation among the Parties in meeting the requirements of those provisions.⁴⁹

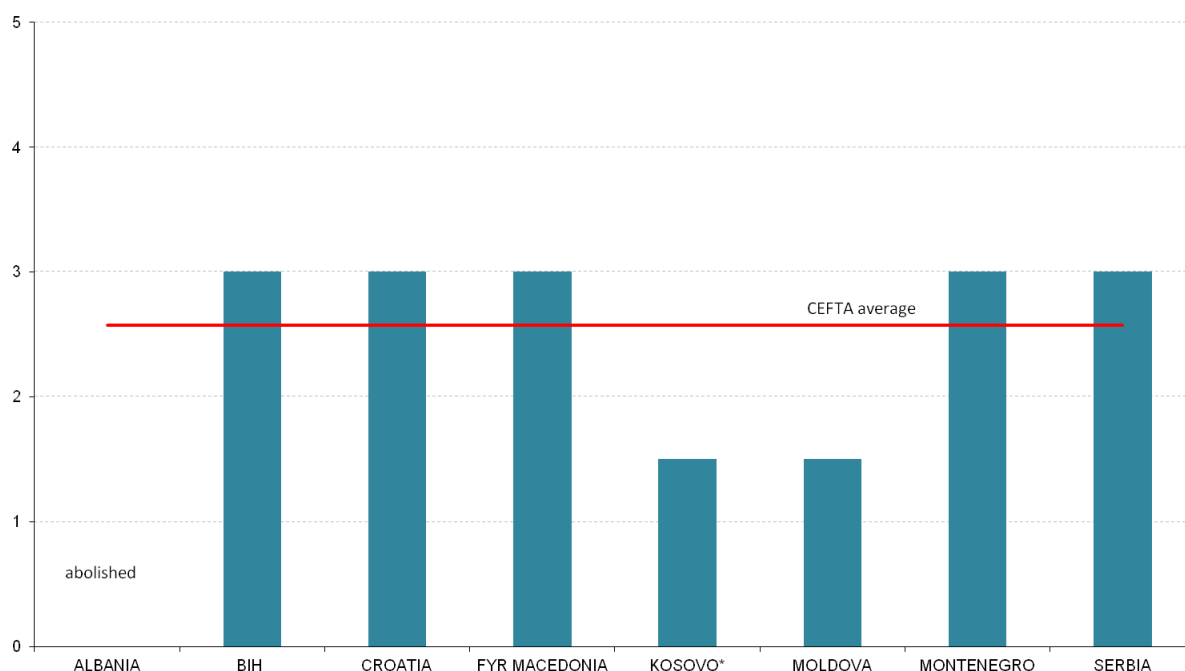
Article VIII of the GATT 1994 refers to all fees and charges imposed by customs and other government agencies (including bodies that act on behalf of government agencies) for services rendered in connection with importation or exportation of goods or for any formality required for undertaking such

⁴⁹ Article 6 of the CEFTA 2006 Agreement stipulates that “the Parties shall abolish customs fees contrary to Article VIII of The General Agreement on Tariffs and Trade 1994 [...] in their mutual trade and other similar charges”. Central Trade Agreement – CEFTA 2006, signed 19 December 2006, Bucharest, Romania, www.cefta2006.com/legal-texts, accessed January 12, 2012.

importation or exportation. It imposes an obligation on WTO Members that the amount of fees and charges must approximate the cost of services rendered and not serve covert protectionist fiscal motives.

From a trade facilitation perspective, the levy of fees and charges should be simplified as much as possible, based on objective and transparent parameters, corresponding in a reasonable way to the costs of the service rendered, and be administered in a consistent way.⁵⁰

Figure 3.7 Overall scores for sub-dimension: fees and charges



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

In most of the economies, fees and charges are not calculated *ad valorem*, and are determined by a fixed amount reflecting the actual cost of services provided. Only Moldova and Kosovo* are still calculating fees *ad valorem*, while in Albania all fees and charges have been abolished.

Fees and charges are made public via an official gazette and or the internet. However, economies rarely provide a comprehensive view on the type and level of fees and charges that they apply. Most of the time this information can be found in the customs code and other customs regulations published on the customs website, but it does not appear on a dedicated webpage.

⁵⁰ UNCTAD (2011), “Technical Notes on Trade Facilitation Measures”, *Technical Notes on Trade Facilitation Measures: Levy of fees and charges*, United Nations, New York and Geneva.

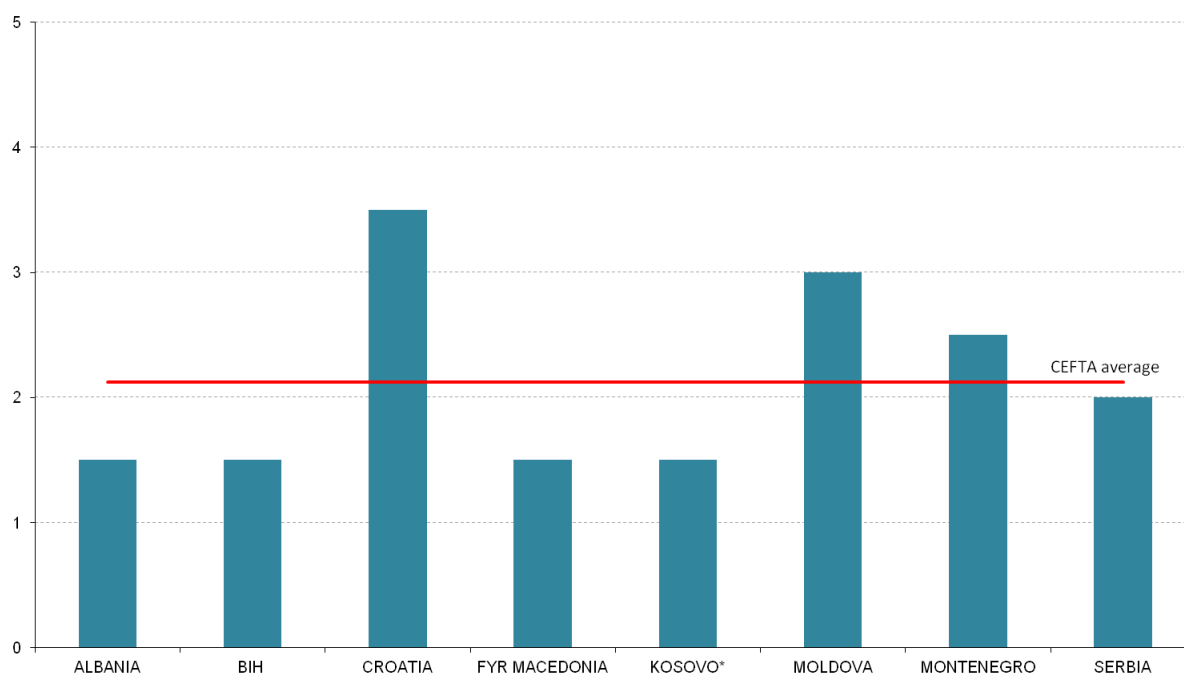
Appropriateness and relevance of the fee costs in the customs area are not regularly reviewed in all CEFTA Parties. Furthermore, information on fees and charges are not regularly exchanged with the relevant administration in other CEFTA Parties.

3.8 Formalities - Documents and automation

This indicator assesses the steps taken by CEFTA Parties to facilitate trade by reducing the burden created by customs documentation and other formalities.

Article 14.4 stipulates that “[the] Parties shall...reduce, as far as possible, the formalities imposed on trade”. Simplification of trade documentation is also at the centre of Article VIII of the GATT 1994, which stipulates in paragraph 1(c) “the need for minimising the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements”.

Figure 3.8 Overall scores for sub-dimension: formalities-documents and automation



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

For most of economies the number of documents for export and import is within the CEFTA average. Only in Albania, Croatia and Kosovo* the number of documents required is slightly above the CEFTA average.

Documents can be fully lodged electronically only in Croatia and Moldova. In Montenegro, Serbia and Kosovo* documents can be lodged electronically with some exceptions, while in Albania, Bosnia and

Herzegovina and the Former Yugoslav Republic Macedonia there is no possibility of the electronic submission of documents.

In most of the economies, risk management is being implemented and there is a special risk management unit in the customs administration. Some economies operate, or plan to operate, risk management systems based on the risk assessment module of the information technology programme ASYCUDA in use by the customs administration. However, the main obstacles for a full implementation of the risk management are: i) limited capacity of the information technology system; ii) need for further development of risk management modules and tools, including selectivity criteria; and iii) the lack of a sufficient number of trained staff.

Proper implementation of risk management is important for enhancing the efficiency and facilitating the implementation not only of the main customs tasks and controls but also of the other trade facilitation measures, such as advance lodgement and processing of data, the separation of release from clearance or post control audit.⁵¹

In almost all CEFTA Parties, Electronic Data Interchange (EDI) is in the process of implementation but is not yet fully operational. EDI between traders and customs can contribute significantly to reducing costs and saving time for traders. Croatia and the Former Yugoslav Republic of Macedonia are currently the only economies with an operational EDI system.

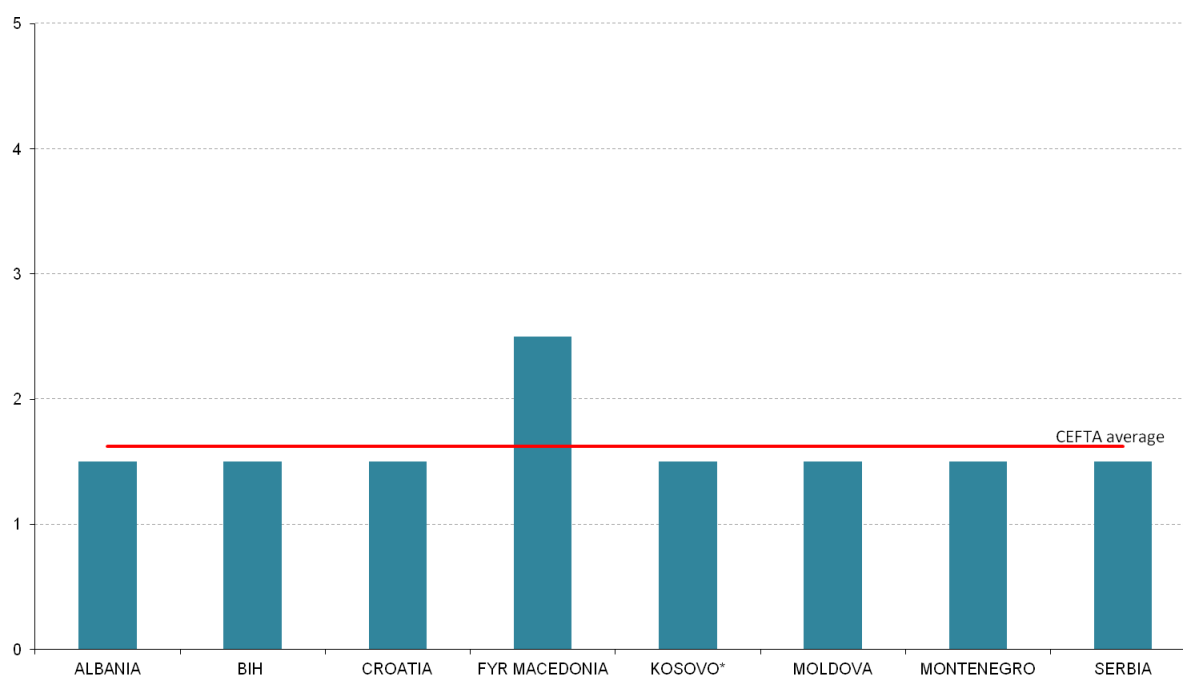
The regulations governing digital certificates and signatures and their potential use in the customs procedure have been adopted in most of the economies. However, at this point in time they are applicable in practice only in the Former Yugoslav Republic of Macedonia (both digital certificates and signatures), Croatia (digital signatures), Moldova (digital signatures) and Serbia (digital certificates).

3.9 Customs procedures and processes

This indicator assesses progress made by the CEFTA Parties in facilitating trade through the simplification of customs procedures and processes, including: the implementation of a single window for customs; pre-arrival customs processing; separating the release from clearance procedures; and post-clearance audit. Namely, paragraph four of article 14 of the CEFTA 2006 stipulates that “the Parties shall simplify and facilitate customs procedures...”

⁵¹ UNCTAD (2011), “Technical Notes on Trade Facilitation Measures”, *Technical Notes on Trade Facilitation Measures: Risk management for customs control*, United Nations, New York and Geneva.

Figure 3.9 Overall scores for sub-dimension: customs procedures and processes



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

Single window is a system for submitting and processing electronic trade documents and as such is an important trade facilitating measure for increasing efficiency and reducing costs for both government and traders.⁵² Currently only the Former Yugoslav Republic of Macedonia and Moldova use a single window system.

In the Former Yugoslav Republic of Macedonia, the electronic single window for import, export, transit licenses and tariff quota (EXIM), is developed to facilitate trade, by providing a single access point to its users, to obtain, control and monitor the status of issuance and the use of all import, export and transit licenses by economic operators, as well as the state agencies. The model of the single window implemented in Moldova enables responsible governmental authorities and agencies to access relevant information, use information and communication technology managed by customs, to centralize payment of relevant duties, taxes and fees, and to ensure that the co-ordination of the customs controls is in line with the “one-stop shop” principle.

⁵² A single window can be defined as “a facility that allows parties involved in trade and transport to lodge standardised information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements; UN CEFTACT (2005), “Recommendation and Guidelines on establishing a Single Window”, *Recommendation No. 33*, United Nations, New York and Geneva.

Pre-arrival processing is another important simplified procedure allowing traders to submit clearance data to customs for advance processing and release of goods immediately upon arrival in the economy.⁵³ Many economies have undertaken necessary legislative amendments to allow the introduction of pre-arrival processing, but none of them has started to implement these changes as advance lodgement and processing of data requires a certain degree of automation of customs systems. The capacity of the IT system in the CEFTA region limits to a certain extent the possibility of lodging and data processing in advance.

Separating release from clearance procedures can contribute to reducing time and costs for traders by allowing goods to be released by customs prior to the payment of duties and taxes in cases where final classification of the goods, assessment of value and other transactions are pending.⁵⁴ In most economies, separation of release from final determination and payment of customs duties is conditional to a security deposit. According to their Customs Laws, the goods will be released to the trader, when the customs debt has been paid or covered by security. Kosovo* allows the separation of release from clearance exclusively for authorized traders, while Albania and Moldova have not yet started the implementation of this simplified procedure.

The majority of the Parties apply different documentary and physical inspections for perishable and non-perishable goods. Based on the customs authorities' internal instructions, customs officers give priority to customs formalities, especially at export, in case of perishable goods.

In all Parties there is a possibility of a post-clearance audit. Special divisions in customs are in place to deal with this procedure. Post-clearance audits are laid down in customs laws which stipulate that the customs authority may, *ex officio* or at the request of the trader, amend the customs declaration after the release of goods. However, the post-clearance audit is not well integrated in the risk management system and should be conducted more regularly on the basis of risk analysis.

With the exception of Moldova, the average customs clearance time in CEFTA Parties is not published on customs websites.

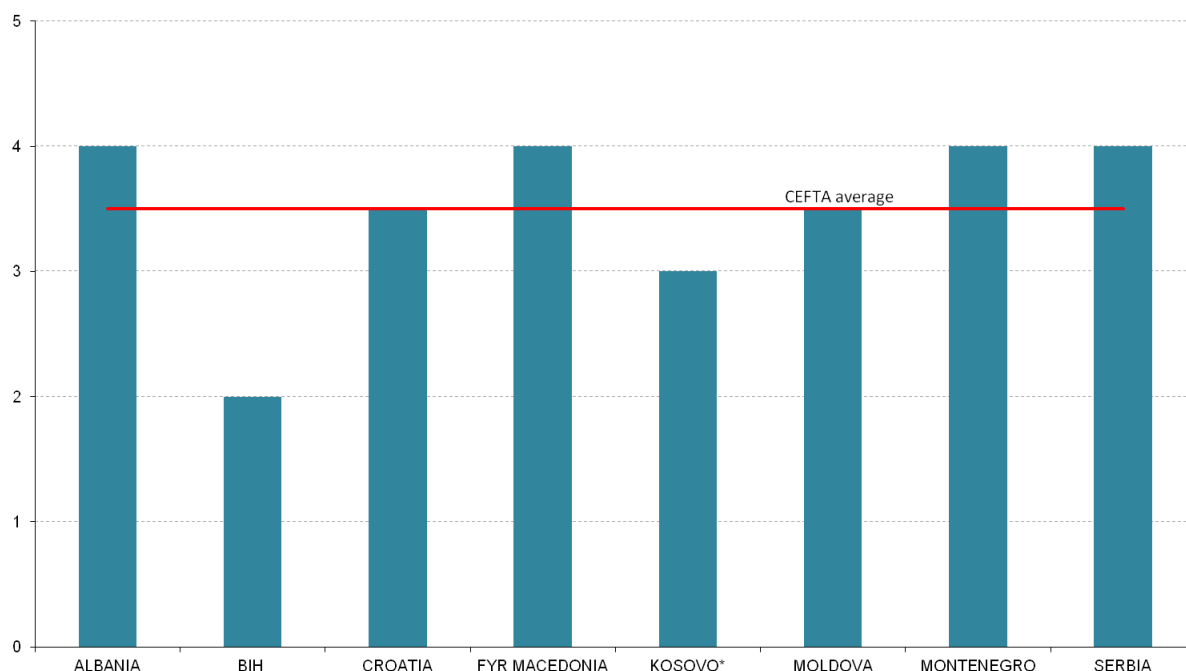
3.10 Domestic and cross-border/international agency co-ordination and co-operation

This indicator measures the steps taken by the CEFTA Parties to improve border agency coordination and co-operation. There are two aspects to this indicator: i) domestic co-operation among national agencies involved in border controls; and ii) cross-border/ and international co-operation among agencies of CEFTA Parties and between CEFTA Parties, and agencies of neighbouring economies that share a common border.

⁵³ UNCTAD (2011), "Technical Notes on Trade Facilitation Measures", *Technical Notes on Trade Facilitation Measures: Pre-arrival Customs Processing*, United Nations, New York and Geneva.

⁵⁴ UNCTAD (2011), "Technical Notes on Trade Facilitation Measures", *Technical Notes on Trade Facilitation Measures: Separating release from clearance procedures*, United Nations, New York and Geneva.

Figure 3.10 Overall scores for sub-dimension: domestic and cross-border agency co-operation



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

Domestic co-ordination and co-operation involves different components, including: joint, coordinated or delegated conduct of inspections with a shared risk management process, control and payment procedures; exchange of data to allow traders and agents unique entry of data for trading purposes; operation of integrated procedures; and joint management of the border post and related facilities.⁵⁵

Cross-border agency co-operation on the other hand, relies on a shared formal legal framework by both economies: a policy declaration, a memorandum of understanding, or a bilateral agreement. More specifically, jointly operating borders requires close co-operation in the daily management of the borders, the harmonisation of requested documentation, the exchange of data, joint or mutually recognised controls and the operation of border agency officials on an extra-territorial basis when needed.⁵⁶

The national legislation of all economies enables co-operation between customs and other relevant government agencies. Co-operation between customs and other relevant agencies with clearly defined roles and responsibilities is in place in most of economies, either through the Integrated Boarder Management (IBM) system or memorandums of understanding. In Bosnia and Herzegovina, Croatia, Moldova, Serbia

⁵⁵ UNCTAD (2011), “Technical Notes on Trade Facilitation Measures”, *Technical Notes on Trade Facilitation Measures: Border agency co-ordination/ co-operation*, United Nations, New York and Geneva.

⁵⁶ UNCTAD (2011), “Technical Notes on Trade Facilitation Measures”, *Technical Notes on Trade Facilitation Measures: Border agency co-ordination/ co-operation*, United Nations, New York and Geneva.

and Kosovo* government delegates inspection controls to the customs authority, while in Albania, the Former Yugoslav Republic of Macedonia and Montenegro, delegation is not yet in place.

In many economies, regular meetings are held to improve co-operation between government bodies involved in international trade and, where necessary, co-ordination meetings and training also involve the private sector.

Most economies have signed a bilateral agreement on joint customs controls with one neighbouring economy. For instance, a joint customs control agreement is in force between Albania and Montenegro; Serbia has concluded an agreement on border control and procedure in railway traffic with Montenegro and Bulgaria; the Former Yugoslav Republic of Macedonia has an agreement on joint police and customs co-operation with Bulgaria; and Moldova has an agreement on joint customs control with Ukraine. Furthermore, many other agreements on customs co-operation and mutual assistance are in place across all CEFTA Parties.

Almost all Parties are involved in exchange programmes with other CEFTA Parties, mainly through the multi-beneficiary IPA programmes and other international projects. Few parties have regular exchange activities and study visits within the scope of the CUSTOMS 2013 and FISCALIS 2013 Community Programmes.⁵⁷

3.11 Conclusions and recommendations

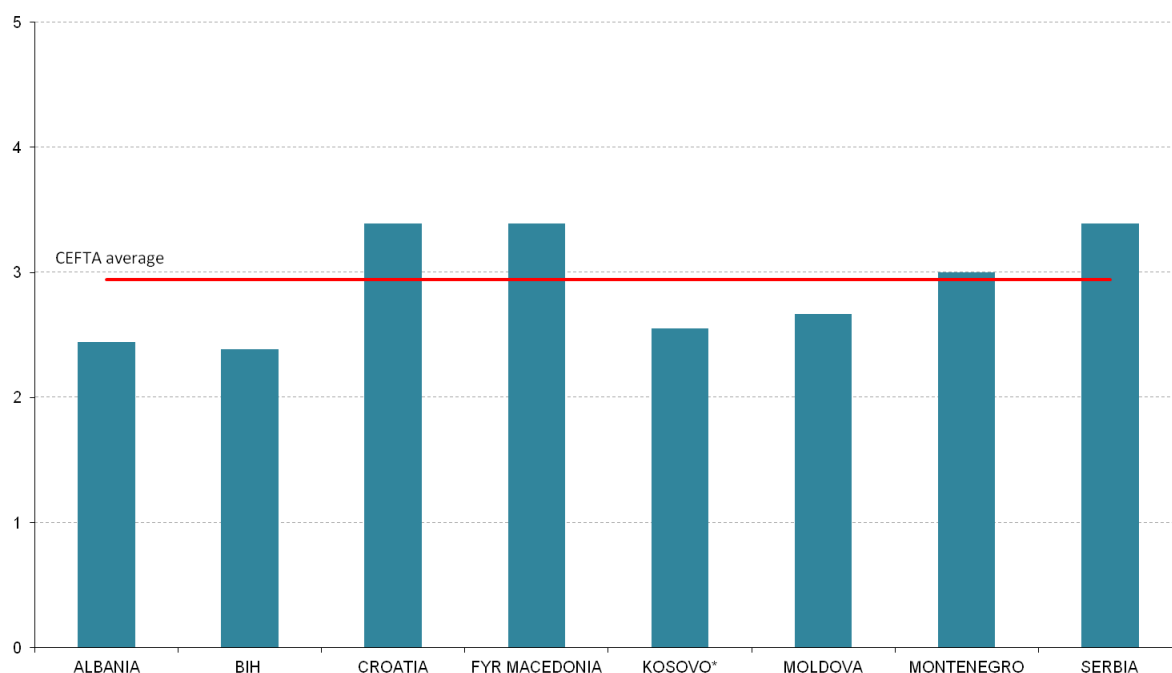
The Administrative Barriers to Trade dimension assessed the status of national customs websites and enquiry points in CEFTA, involvement of the trade community, existence of advance rulings, appeal procedures, fees and charges, level of automation for the processing of customs documentation, efficiency of customs procedures, and domestic and cross-border agency co-operation. The analysis helped to evaluate the economies' commitment to ensuring that customs and border procedures are designed and implemented in a consistent, predictable, simplified and transparent manner. Furthermore, future activities were identified in order to strengthen co-operation and the exchange of information between CEFTA customs authorities and to harmonise customs procedures in the CEFTA region.

In terms of overall progress for the dimension, the analysis shows that Croatia, the Former Yugoslav Republic of Macedonia and Serbia have made the biggest progress. While Montenegro is slightly above the CEFTA average, Albania and Moldova are very close to reaching the CEFTA average. Bosnia and Herzegovina and Kosovo* need to make some more effort to get closer towards good international practise. Figure 3.11 presents an aggregated average score for this dimension.

⁵⁷ The CUSTOMS 2013 Community Programme aims to support the development of a pan-European electronic customs environment which ensures that customs activities match the needs of the internal market, guarantees the protection of the financial interests of the EC and increases safety and security.

FISCALIS 2013 is an EU co-operation programme enabling national tax administrations to create and exchange information and expertise. It allows developing and operating major trans-European IT systems in partnership, as well as establishing various person to person networks by bringing together national officials from across Europe.

Figure 3.11 Overall scores for dimension: administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment conducted on the basis of the “Multilateral Monitoring Framework (MMF) on the elimination of Non-Tariff Barriers in CEFTA 2006”.

When looking at the different sub-dimensions, the assessment reveals that in the field of involvement of the trade community more constant progress has been made within economies than in any of the other fields assessed. The Former Yugoslav Republic of Macedonia and Serbia are aligned with international and EU requirements in this field, while the remaining economies are encouraged to continue enhancing the consultation process by involving trading community at the drafting stage of customs and trading procedures. In the fields of appeal procedures and domestic and cross-border agency co-operation there is a good average level of progress that has been achieved, however there are significant divergences between the economies. Finally, relatively even but also the lowest progress has been achieved in the area of “customs procedures and processes”, while in the area of “documentation and automation” progress is very low and at the same time differences between the economies are significant.

The main recommendations of the assessment highlight that in order to avoid NTBs, CEFTA Parties should enhance transparency by regularly exchanging information on customs procedures through the CEFTA Trade Facilitation Web Portal. National enquiry points for customs should be implemented in co-ordination with other CEFTA Parties and the handling of documentation and automation should be improved in co-operation with the other Parties. Furthermore, risk management should be fully implemented and the Parties could share good practices on the implementation of risk management and electronic data interchange through dedicated workshops. Finally, implementation of simplified procedures should be accelerated, especially in terms of the enforcing pre-arrival processing.

For the different sub-dimensions of administrative barriers to trade, the following policy conclusions should be taken into consideration by CEFTA Parties:

Establishment and functioning of a national customs website

On the custom websites of CEFTA Parties rates of duties are published and regularly updated, as well as information on import and export procedures, and clear information on customs valuation. However, fewer parties publish information on advance rulings, penalties for breaches of import and export formalities, information on procedures of border agencies and examples of judicial decisions.

CEFTA Parties should publish the above mentioned information on their customs websites and exchange this information through the CEFTA Trade Facilitation Web Portal. The creation of a dedicated web page on customs websites should be prioritised, and should include: i) necessary information on advance rulings (that is, procedures required when making and processing a request) and ii) penalties for breaches of import and export formalities (explaining the different types of penalties).

Enquiry point for customs

In the majority of CEFTA Parties, more than one division is responsible for answering enquiries on trade related legislation and procedures, while there only seems to be a single entity acting as an enquiry point for customs in Croatia, Serbia and Moldova. Most enquiry points have capacity limitations and frequently there is no specific unit within customs administration designated the function of an enquiry point.

The optimal operation of an enquiry point should be implemented in co-ordination with the other CEFTA Parties. The Parties could jointly develop guidelines on: i) the type of information that should be made available through the enquiry point; ii) the language(s) in which the information is to be provided; iii) the Parties entitled to request the information; iv) the channels and the means required to submit requests and receive replies.

The capacity of enquiry points should be strengthened in order to ensure that precise, up-to-date, complete and continuous information is provided. On the institutional side, it is desirable that an appropriate department within customs is designated and attributed the functions of the enquiry point. The responsibilities of such a customs enquiry point have to be set, including the definition of the relationship of the enquiry point with other relevant agencies which are bound to collaborate and provide information.

Involvement of the Trade Community

In most of the Parties, permanent consultation platforms exist between the government and traders. When introducing or amending laws and regulations related to customs and trading procedures, in most of the Parties, the government involves four or more stakeholder groups. A minimum of two weeks is allowed for consultation with the business community. Very few parties involve the trading community at the drafting stage of customs laws and regulations.

CEFTA Parties should further enhance the consultation process by involving the trading community at the drafting stage of customs laws and regulations and trading procedures. Also, sufficient time for

consultation (a minimum of eight weeks) should be allowed, to ensure that amendments can still be taken into account.⁵⁸

Advance Rulings

Existing advance ruling mechanisms in CEFTA Parties mainly concern classifications according to the national customs tariff and verification of the origin of goods declared for preferential treatment. There is no advance ruling mechanism on the method that will be applied for customs valuation. Advance rulings of general interest are usually publicly available through published regulations and the internet. In all CEFTA Parties, the decisions of customs administrations regarding the revocation or refusal to issue advance rulings are motivated.

CEFTA Parties could also introduce an advance ruling mechanism for information on the methodology for customs valuation since this is a useful facilitation measure to ensure traders are aware of the supporting documents required to prove the value of the goods. This advance ruling mechanism could be designed in direct consultation with other CEFTA Parties as part of their mutual administrative assistance in customs matters.

Appeal Procedures

In most CEFTA Parties, the administrative stage of appeal procedures usually begins with an initial right of appeal within the administration which issued the original decision, which is then followed by the right to appeal to an authority independent of the authority which issued the decision. However three CEFTA Parties (Albania, Bosnia and Herzegovina and Moldova) do not provide a right of appeal to an independent authority in the administrative stage. In all Parties an appeal to an independent judicial authority is available to all individuals. Information on appeal procedures on customs websites is limited and not easily accessible in most Parties.

In order to enhance transparency, the customs administration should create a dedicated webpage on the website which will provide necessary information on appeal procedures. The Parties that do not provide a right of appeal to an independent authority in the administrative stage could design this mechanism in consultation with other CEFTA Parties.

Fees and Charges

In most CEFTA Parties fees and charges are not calculated *ad valorem* and are made public via an official gazette and or the internet. However, very few economies provide a comprehensive view of the type and level of fees and charges that apply. The appropriateness and relevance of fees in the customs area are not regularly reviewed. Information on fees and charges are not regularly exchanged with the relevant administrations amongst CEFTA Parties.

⁵⁸ European Commission (2002), *Communication from the Commission: Towards a reinforced culture of consultation and dialogue - General principles and minimum standards for consultation of interested parties by the Commission*, COM(2002) 704 final, Brussels.

A dedicated webpage on the customs website could be introduced with a comprehensive overview on the type and level of fees and charges that are applied, the basis of the calculations, and the government authority assessing the fee and the timeframe of payment.⁵⁹

Information on fees and charges could be regularly exchanged with other CEFTA Parties through the Trade Facilitation Web Portal. The following information could be provided by each CEFTA party: how many types of fees and charges are applied, the collecting entities and the type of fees (that is, veterinary inspections, inspections outside normal working hours, and so on).⁶⁰

Formalities-Documents and automation

In most CEFTA Parties documents can be lodged electronically for a select number of customs procedures. Risk management is being implemented and there is a special risk management unit in the customs administration. However, the main obstacles for the full implementation of the risk analysis are; the limited capacity of the IT system, the need for further development of risk management modules and tools, and lack of sufficiently trained staff. Electronic Data Interchange is in the process of implementation but not yet fully operational. The regulations governing digital certificates and signatures and the possibility for their use in the customs procedure have been adopted but are not yet applicable in practice in most Parties.

Improvements in handling documentation and electronic automation could be implemented in co-operation with the other CEFTA Parties. The Parties that are most advanced in the area of electronic submission of documents, implementation of risk management and electronic data interchange (EDI) could share their good practice with other CEFTA Parties through dedicated workshops. Priority should be given to electronic submission of documents and full implementation of risk management in all CEFTA Parties.

However, risk analysis and management are very complex trade facilitation measures, mainly because of their infrastructure and training requirements. Therefore specialised technical training for staff directly involved in the implementation of risk management should be organised in co-operation with EU economies that are advanced in this field.

Customs Procedures and processes

Single window is an important trade facilitating measure which is currently in use only in two CEFTA parties. Many Parties have undertaken necessary legislative amendments to allow the introduction of pre-arrival processing but none of them have started implementing this change due to weak IT system capacity. The customs process for separating release from the final determination and payment of customs duties is conditional to deposit of a security in most of the Parties. There is a possibility of post-clearance audit and special divisions in customs are in place dealing with this procedure. However, post-clearance audit should be conducted more regularly on the basis of a rigorous risk analysis.

⁵⁹ E. Moisé, T. Orliac and P. Minor (2011), "Trade Facilitation Indicators: The Impact on Trade Costs", *OECD Trade Policy Working Papers*, No. 118, OECD, Paris.

⁶⁰ Customs and other government agencies (including bodies that act on behalf of government agencies).

CEFTA Parties that have an operational single window (the Former Yugoslav Republic of Macedonia and Moldova) could share their experience with the other Parties through workshops. Each party can define how complicated the single window system will be since the WTO provisions give a very limited description of how this system should operate.

As the legislation on pre-arrival processing is already in place in most of the parties, the implementation of pre-arrival processing could be accelerated. The prerequisites to its implementation are; electronic submission of data and documents, operational electronic data exchange and effective implementation of the risk management system.

The average customs clearance time should be published on the customs websites of CEFTA Parties.

Domestic and cross-border/international agency co-ordination and co-operation

National legislation of all CEFTA Parties foresees co-operation between customs and other relevant government agencies, with clearly defined roles and responsibilities. In many CEFTA parties, regular meetings are held to improve co-operation between governmental bodies involved in international trade. Government delegates inspection controls to the customs authority in most of the Parties. An international agreement on joint customs controls has been signed with one neighbouring economy in five of the eight CEFTA Parties. Almost all Parties are involved in exchange programmes with other CEFTA parties mainly through the multi-beneficiary IPA programmes and other international projects.

Domestic border co-operation could be strengthened through an integrated IT system, such as a Single window platform. This would facilitate the exchange of data and the operation of integrated procedures, and therefore support border agency co-operation and co-ordination. CEFTA Parties that delegate controls to the customs authority could share their experience with the other Parties.

Cross border co-operation could be strengthened either through further bilateral agreements, or through a more effective use of Annex 5 of the CEFTA Agreement dealing with mutual administrative assistance in customs matters. Harmonisation of opening hours of border agencies could be tackled as a priority.

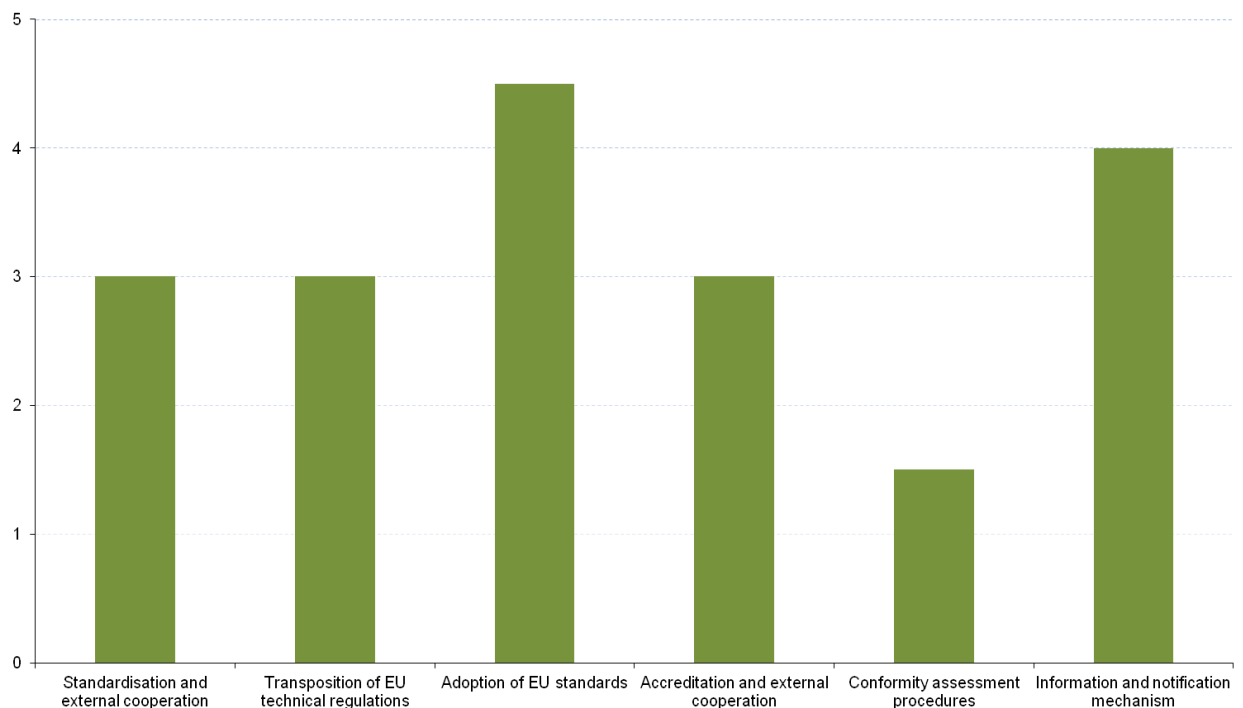
Part II - Profiles

Chapter 4: Scores

Albania

Set out below is Albania's performance in each of the "technical barriers to trade" six sub-dimensions.

Figure 4.1 Albania: Scores for technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

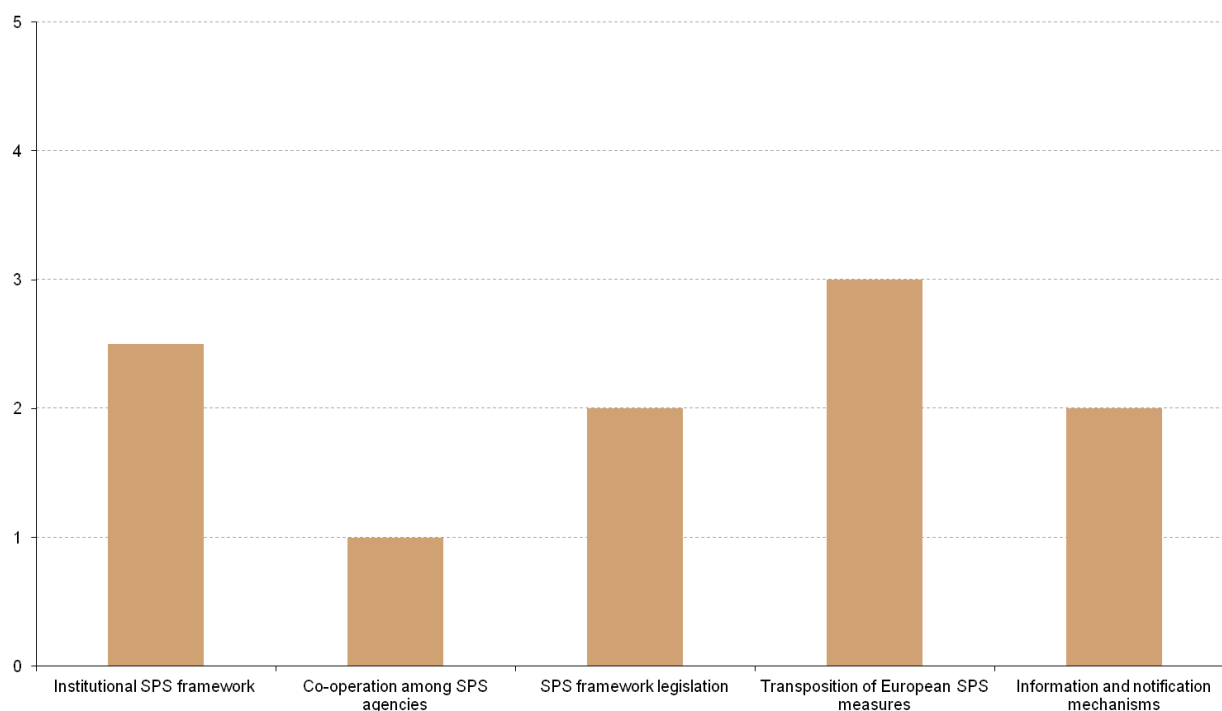
Good progress has been achieved in the following sub-dimensions: "adoption of EU standards" and "information and notifications mechanisms".

The areas of "standardisation and external co-operation", "transposition of EU technical regulations" and "accreditation and external co-operation" are less advanced. The weakest scoring relates to the area of "conformity assessment procedures" where capacity building is required within all ministries responsible for the adoption and implementation of technical regulations, particularly in terms of designation and authorisation of conformity assessment bodies.

Scores for sanitary and phytosanitary measures

Set out below is Albania's performance in each of the "sanitary and phytosanitary measures" five sub-dimensions.

Figure 4.2 Albania: Scores for sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

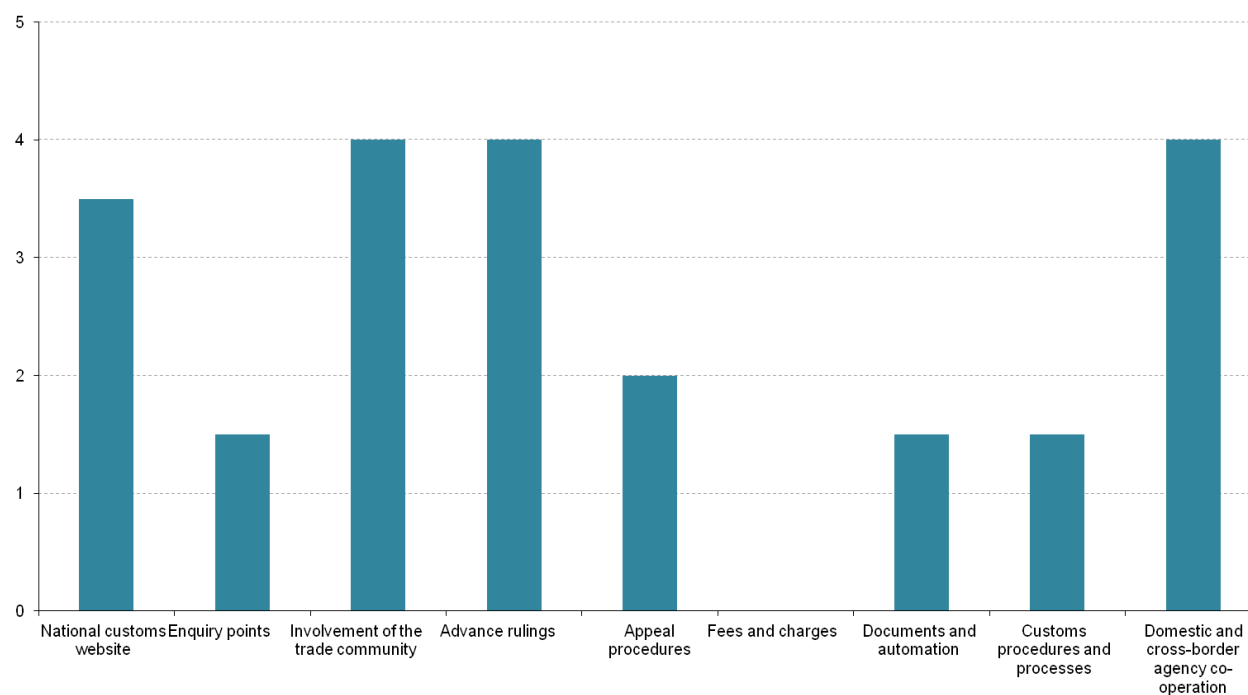
Albania has made good progress in the area of "transposition of European SPS measures", while it is bit less advanced in the area of "institutional SPS framework".

The areas where Albania had low scores include "co-operation among SPS agencies", "SPS framework legislation" and "information and notification mechanisms". Albanian food safety and phytosanitary agencies should collaborate more actively with other SPS agencies in the CEFTA region. Regulations in the veterinary and phytosanitary should be fully harmonised with WTO and EU requirements and sub-law documents transposed. Further improvements in information systems are needed, where a national alert system should be established for the phytosanitary area and horizontal integration between sectors should be facilitated.

Scores for administrative barriers to trade

Set out below is Albania's performance in each of the "administrative barriers to trade" nine sub-dimensions.

Figure 4.3 Albania: Scores for administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

In Albania, significant progress has been made in the areas of "involvement of the trade community", "advance rulings" and "domestic and cross-border agency co-operation". The area of "national customs website" is less advanced.

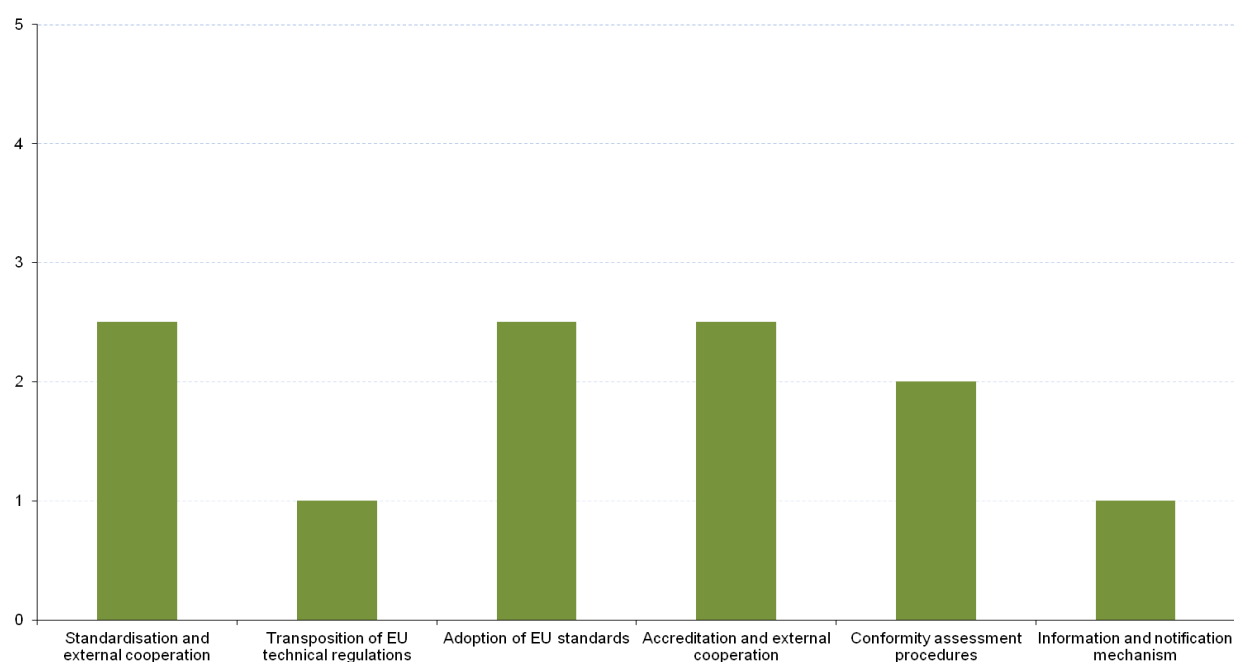
Weaker scores relate to the areas of "enquiry points", "appeal procedures", "documents and automation" and "customs procedures and processes". A single enquiry point for customs should be established to deal with enquiries on trade-related legislation and procedures. A right of appeal to an authority independent of the authority which issued the original decision should be introduced in the administrative stage of appeal procedures. Management of documentation and automation should be improved in co-operation with other CEFTA Parties. The legislation should be amended to allow pre-arrival processing and the separation of goods release from final determination and payments of customs duties.

Bosnia and Herzegovina

Scores for technical barriers to trade

Set out below is Bosnia and Herzegovina's performance in each of the "technical barriers to trade" six sub-dimensions.

Figure 4.4 Bosnia and Herzegovina: Scores for technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

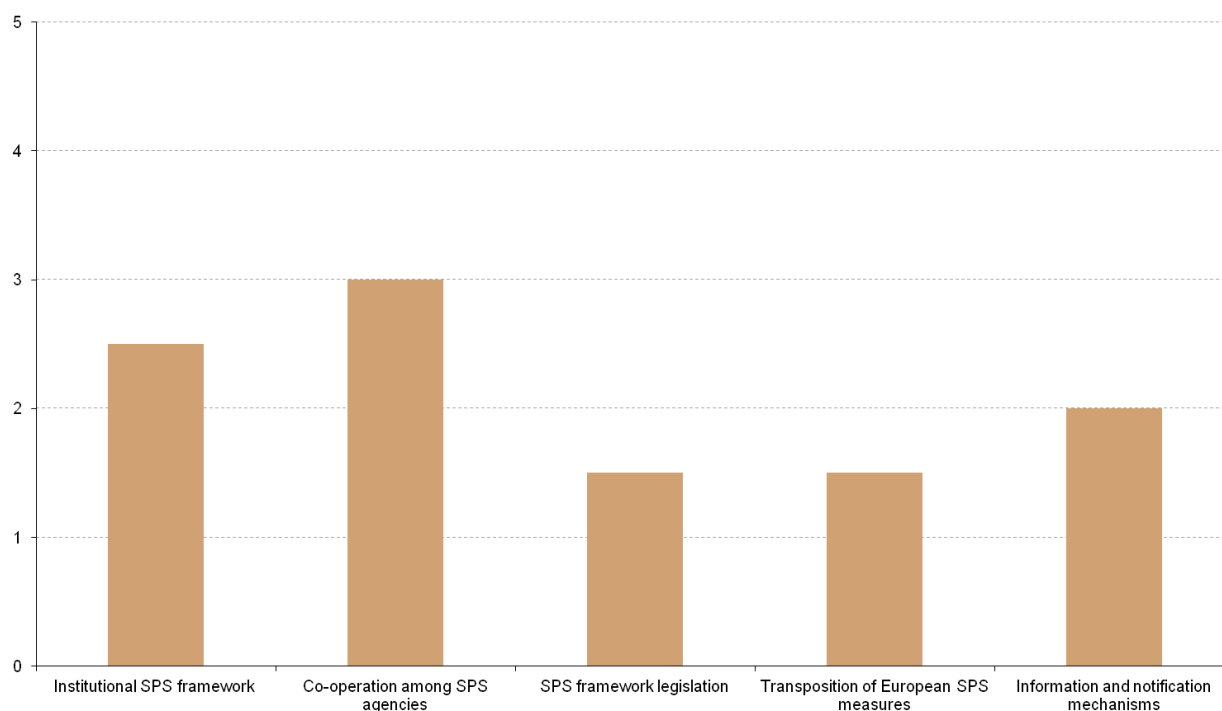
Bosnia and Herzegovina has made some progress in the areas of "standardisation and external co-operation", "adoption of EU of standards" and "accreditation and external co-operation".

Low scoring relates to the areas of "transposition of EU technical regulations", "conformity assessment procedures", and "information and notifications mechanisms". The process of transposition of technical regulations should be considered as a priority, and should be accelerated. Limited physical capacity and competence for conformity assessment in general is an obstacle to the external trade relations. Furthermore, operational procedures for notification and information should be established, and a national co-operation mechanism defined.

Scores for sanitary and phytosanitary measures

Set out below is Bosnia and Herzegovina's performance in each of the "sanitary and phytosanitary measures" five sub-dimensions.

Figure 4.5 Bosnia and Herzegovina: Scores for sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

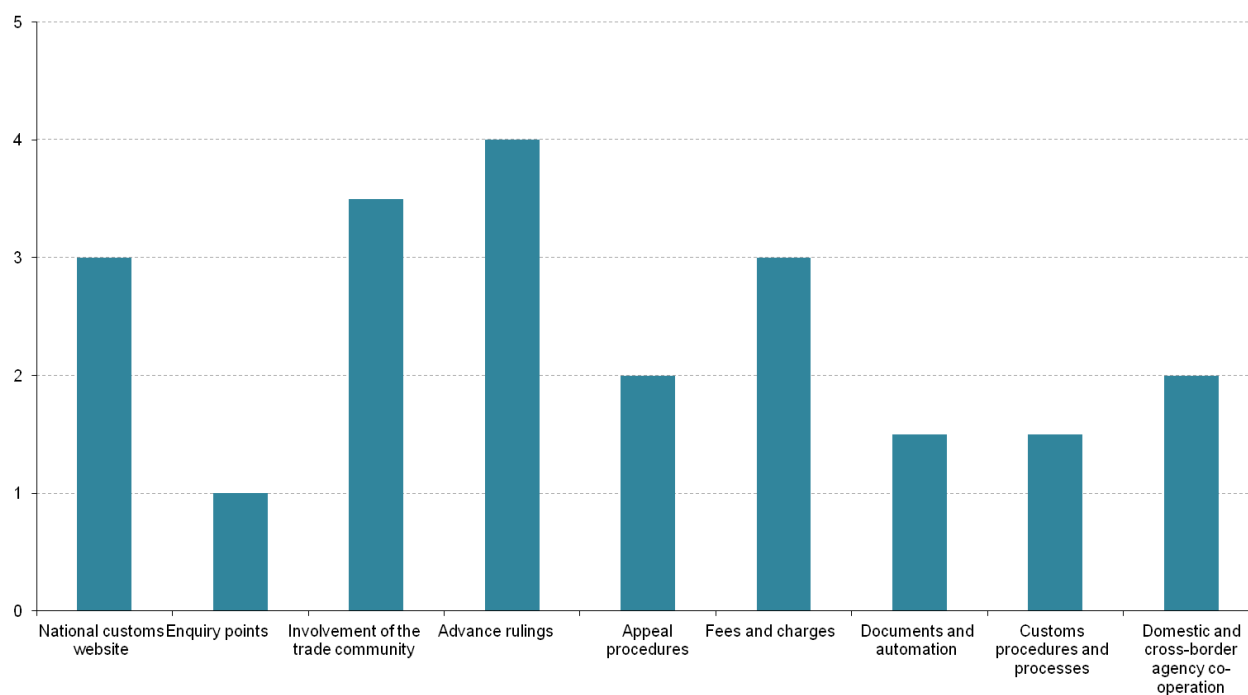
Bosnia and Herzegovina perform well in the area of "co-operation among SPS agencies", while the area of "institutional SPS framework" is less advanced.

Some progress has been made in the area of "information and notification mechanisms"; while the lowest scoring relates to the areas of "SPS framework legislation" and "transposition of European SPS measures". Notification of legislation and measures needs to be efficiently organised and structured in line with Directive 98/34/EC in order to increase transparency. Principles of risk analysis, transparency and harmonisation should be fully integrated into the SPS framework legislation and legislation on sanitary inspection should be revised and harmonised with WTO and EU requirements. Furthermore, transposition of European SPS measures in the Bosnia and Herzegovina context should be accelerated.

Scores for administrative barriers to trade

Set out below is Bosnia and Herzegovina's performance in each of the "administrative barriers to trade" nine sub-dimensions.

Figure 4.6 Bosnia and Herzegovina: Scores for administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

In Bosnia and Herzegovina good progress is demonstrated in the areas of "involvement of the trade community" and "advance rulings". Less advanced are the sub-dimensions "national customs website" and "fees and charges".

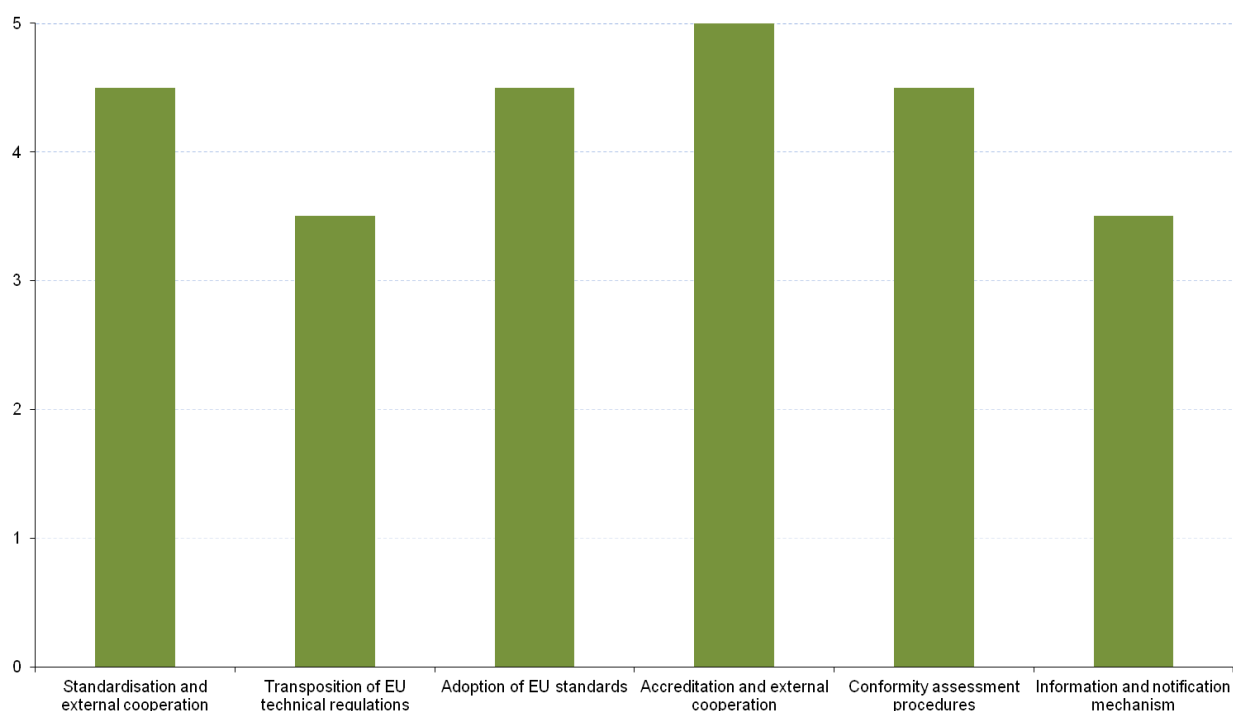
Weaker scores relate to the areas of "enquiry points", "appeal procedures", "documents and automation", "customs procedures and processes" and "domestic and cross-border agency co-operation". Single enquiry point for customs should be established to deal with enquiries on trade related legislation and procedures. A right of appeal to an authority independent of the authority which issued the original decision should be introduced in the administrative stage of appeal procedures. Management of documentation and automation should be improved in co-operation with other CEFTA Parties. The legislation should be amended to allow for pre-arrival processing. Co-operation between customs and other relevant agencies should be setup with clearly defined roles and responsibilities.

Croatia

Scores for technical barriers to trade

Set out below is Croatia's performance in each of the "technical barriers to trade" six sub-dimensions.

Figure 4.7 Croatia: Scores for technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

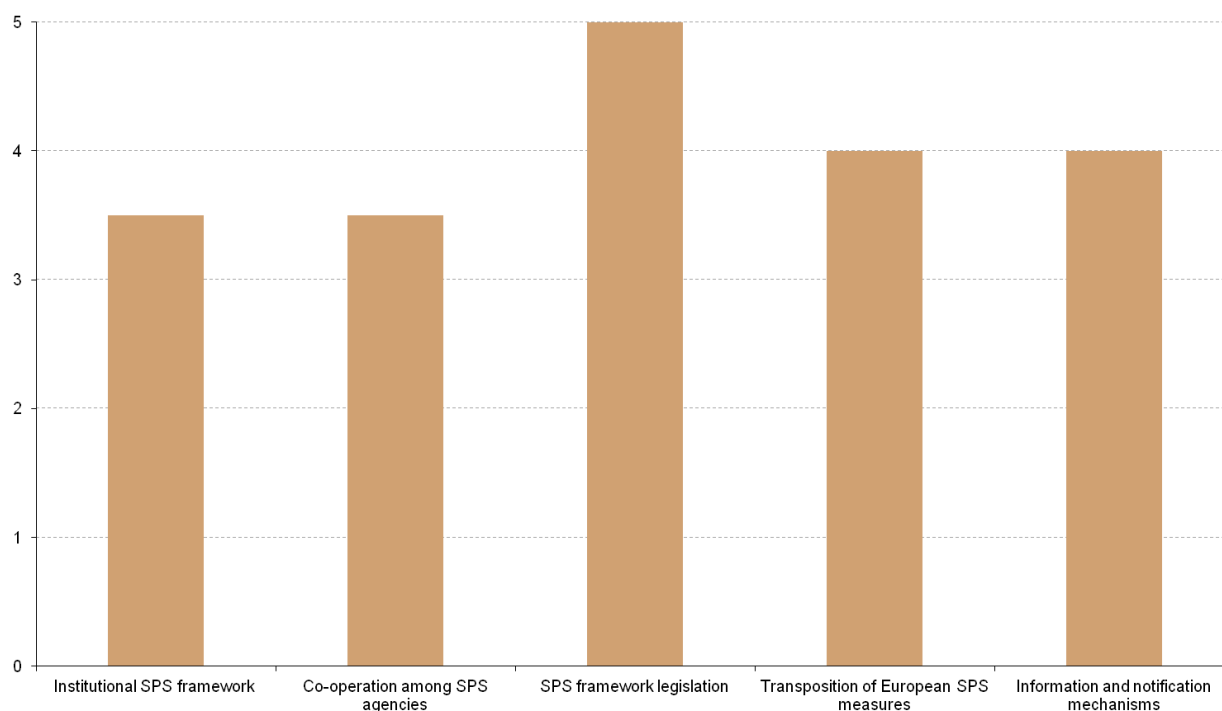
Croatia performs particularly well in the areas of "standardisation and external co-operation", "adoption of EU standards", "accreditation and external co-operation", and "conformity assessment procedures".

The areas of "transposition of EU technical regulations" and "information and notification mechanisms" are less advanced. The transposition process should be considered as a priority, and should be accelerated. Notification processes need to be improved, in particular, co-operation between ministries and governmental agencies should be strengthened, information and communication should be more systematic, and the notification mechanism made operational.

Scores for sanitary and phytosanitary measures

Set out below is Croatia's performance in each of the "sanitary and phytosanitary measures" five sub-dimensions.

Figure 4.8 Croatia: Scores for sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

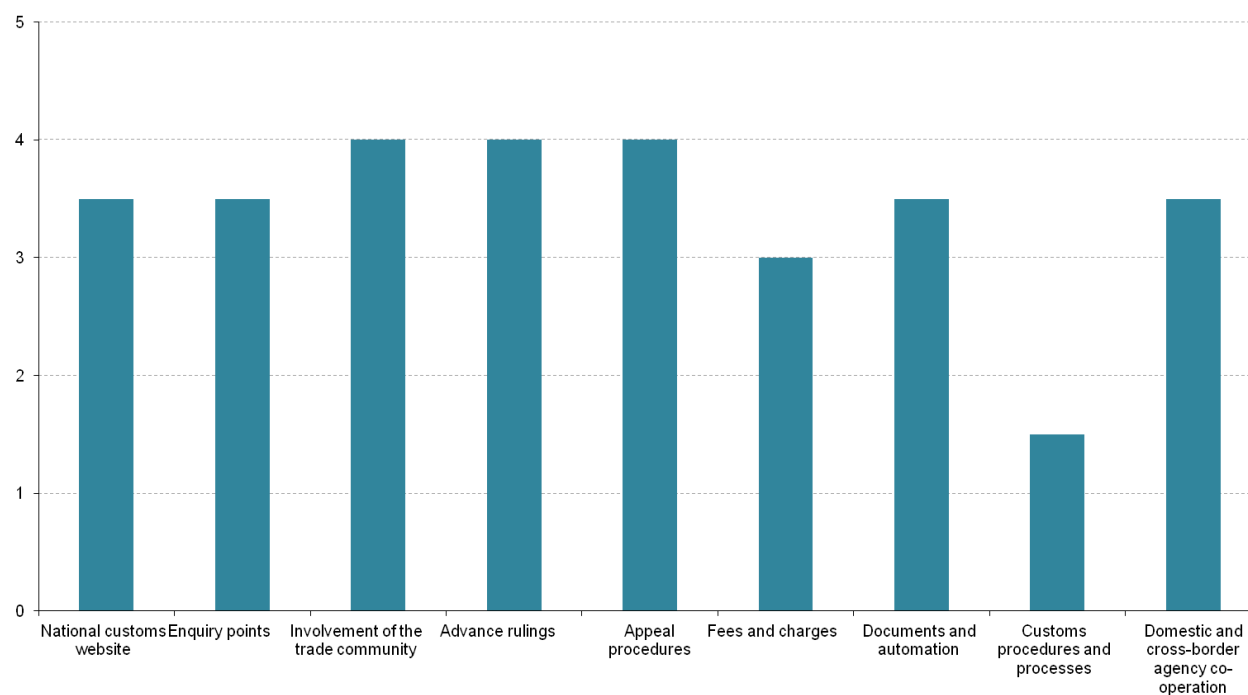
Croatia is particularly advanced in the area of "SPS framework legislation". Very good progress can be seen in the areas of "transposition of European SPS measures" and "information and notification mechanisms".

Less advanced are the areas of "institutional SPS framework" and "co-operation among SPS agencies". The national strategy on the application of SPS measures should be revised into one comprehensive document with action plans and a clearly defined budget, in order to help bringing all agencies to the same level of capacity. Capacity building is needed for the transposition of international measures in the phytosanitary area. Notification and enquiry contact points have to be strengthened and dedicated persons appointed, where needed.

Scores for administrative barriers to trade

Set out below is Croatia's performance in each of the "administrative barriers to trade" nine sub-dimensions.

Figure 4.9 Croatia: Scores for administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

In Croatia, good progress has been made in the areas of "involvement of the trade community", "advance rulings" and "appeal procedures". Sub-dimensions "national customs website", "enquiry points", "documents and automation" and "domestic and cross-border agency co-operation" are a bit less advanced.

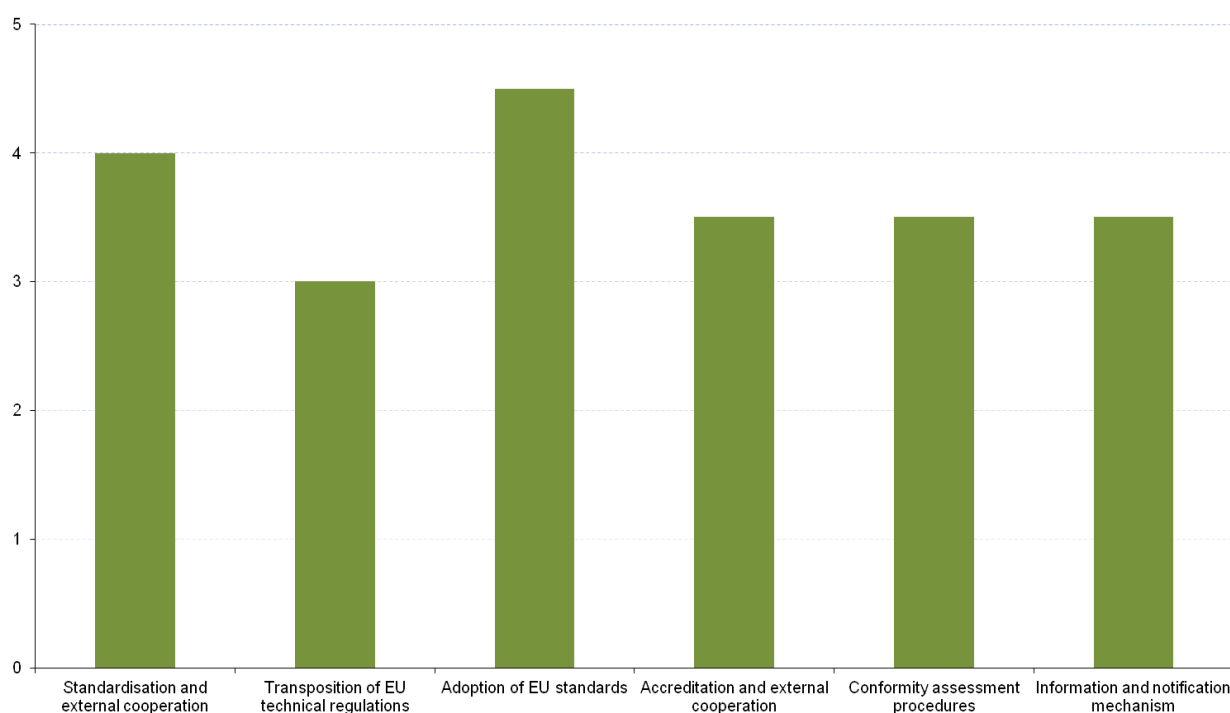
Weaker scores relate to the areas of "fees and charges" and "customs procedures and processes". A dedicated webpage on the customs website could be introduced with a comprehensive overview of the type and level of fees and charges that are applied. This information could be also regularly exchanged with other CEFTA Parties through the CEFTA Trade Web Portal. The implementation of the pre-arrival processing should be completed and the average clearance time should be published on the customs website.

The Former Yugoslav Republic of Macedonia

Scores for technical barriers to trade

Set out below is the Former Yugoslav Republic of Macedonia's performance in each of the "technical barriers to trade" six sub-dimensions.

Figure 4.10 The Former Yugoslav Republic of Macedonia: Scores for technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

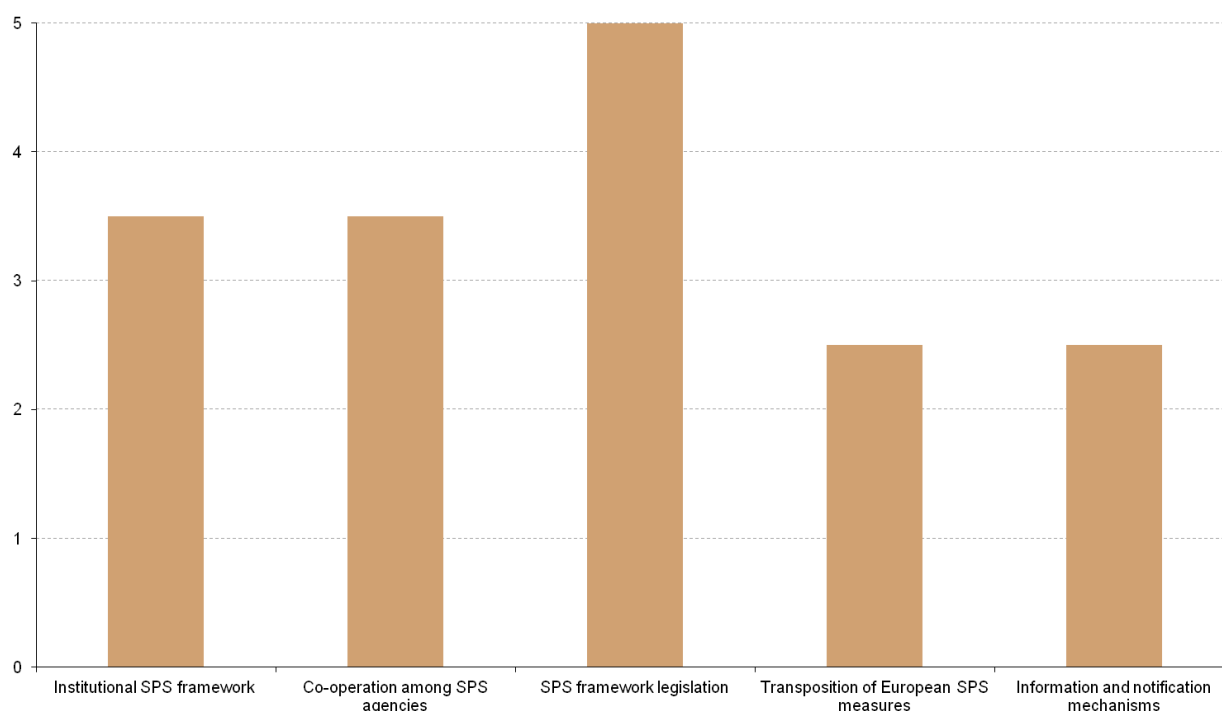
In the Former Yugoslav Republic of Macedonia, good performance has been made in the areas of "standardisation and external co-operation" and "adoption of EU standards".

The areas of "accreditation and external co-operation", "conformity assessment procedures" and "information and notification mechanisms" are a bit less advanced. More effort should be made to promote accreditation in its own right. Continuous monitoring system over designated conformity assessment bodies should be developed. Notification processes need to be strengthened along with improvements to the communication network. The weakest scoring relates to the area of "transposition of EU technical regulations" and therefore the transposition process should be accelerated.

Scores for sanitary and phytosanitary measures

Set out below is the Former Yugoslav Republic of Macedonia's performance in each of the "sanitary and phytosanitary measures" five sub-dimensions.

Figure 4.11 The Former Yugoslav Republic of Macedonia: Scores for sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

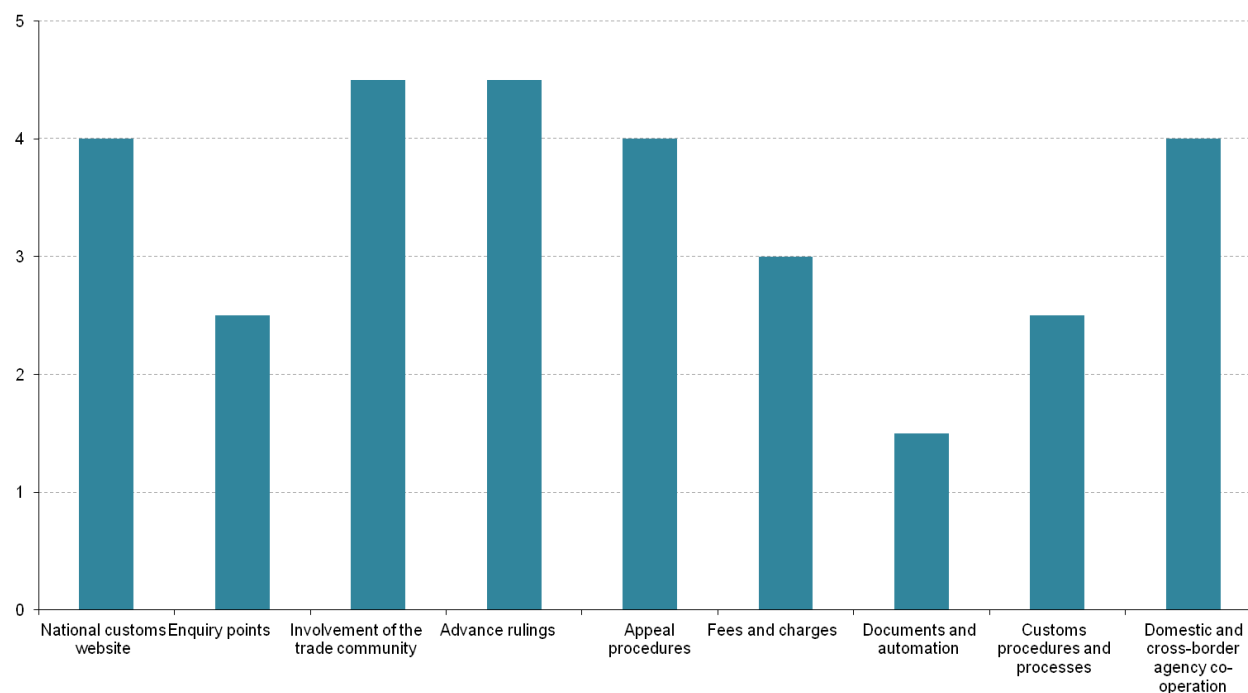
The Former Yugoslav Republic of Macedonia is particularly advanced in the area of "SPS framework legislation". Good performance can be noted in the areas of "institutional SPS framework" and "co-operation among SPS agencies".

Weaker scores relate the areas of "transposition of European SPS measures" and "information and notification mechanisms". Involvement of the private sector in the development of regulations, trainings, and revision of implemented measures should be further facilitated. Regulations call for greater transparency but this needs to be enforced. Notification mechanisms and procedures should be further strengthened.

Scores for administrative barriers to trade

Set out below the Former Yugoslav Republic of Macedonia's performance in each of the "administrative barriers to trade" nine sub-dimensions.

Figure 4.12 The Former Yugoslav Republic of Macedonia: Scores for administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

The Former Yugoslav Republic of Macedonia has made good progress in the areas of "national customs website", "involvement of the trade community", "advance rulings", "appeal procedures" and "domestic and cross-border agency co-operation". The area of "fees and charges" is less advanced.

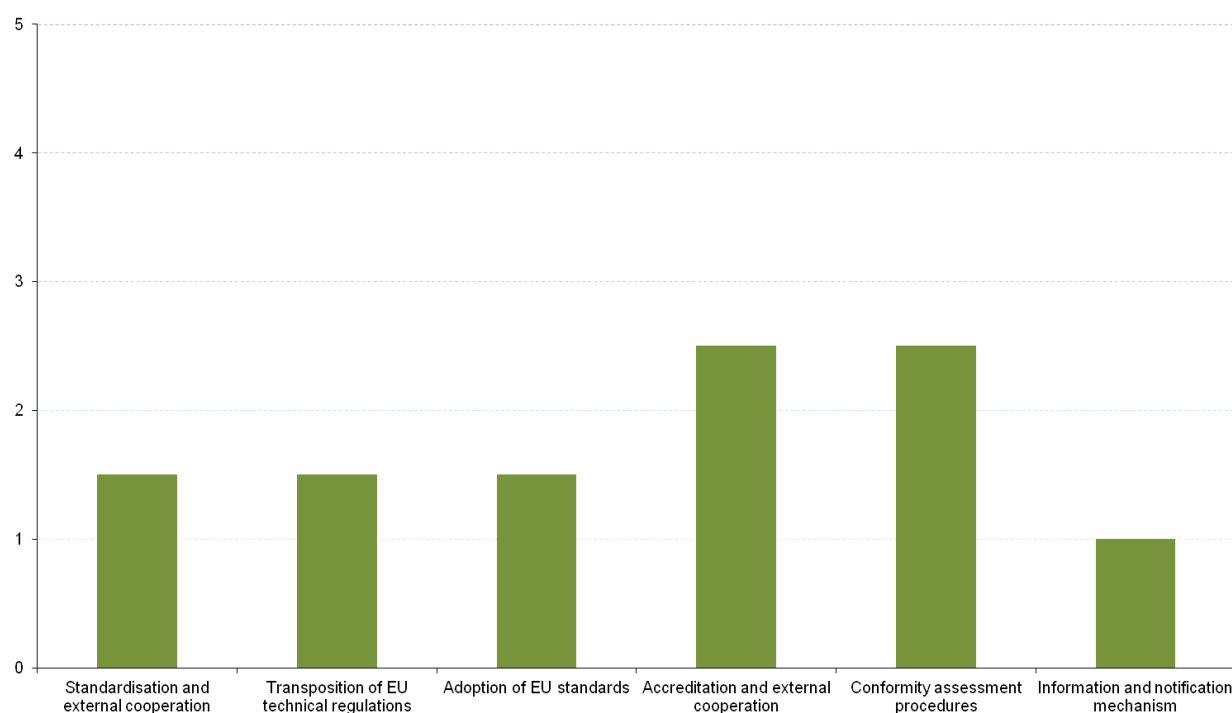
Further progress is needed in the areas of "enquiry points", "documents and automation" and "customs procedures and processes". A single enquiry point for customs should be established to deal with enquiries on trade related legislation and procedures. Management of documentation and automation should be improved in co-operation with other CEFTA Parties. The implementation of the pre-arrival processing should be completed and the average clearance time should be published on the Former Yugoslav Republic of Macedonia's customs website.

Kosovo*

Scores for technical barriers to trade

Set out below is Kosovo*'s performance in each of the “technical barriers to trade” six sub-dimensions.

Figure 4.13 Kosovo*: Scores for technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers.

Strengths and areas for improvements

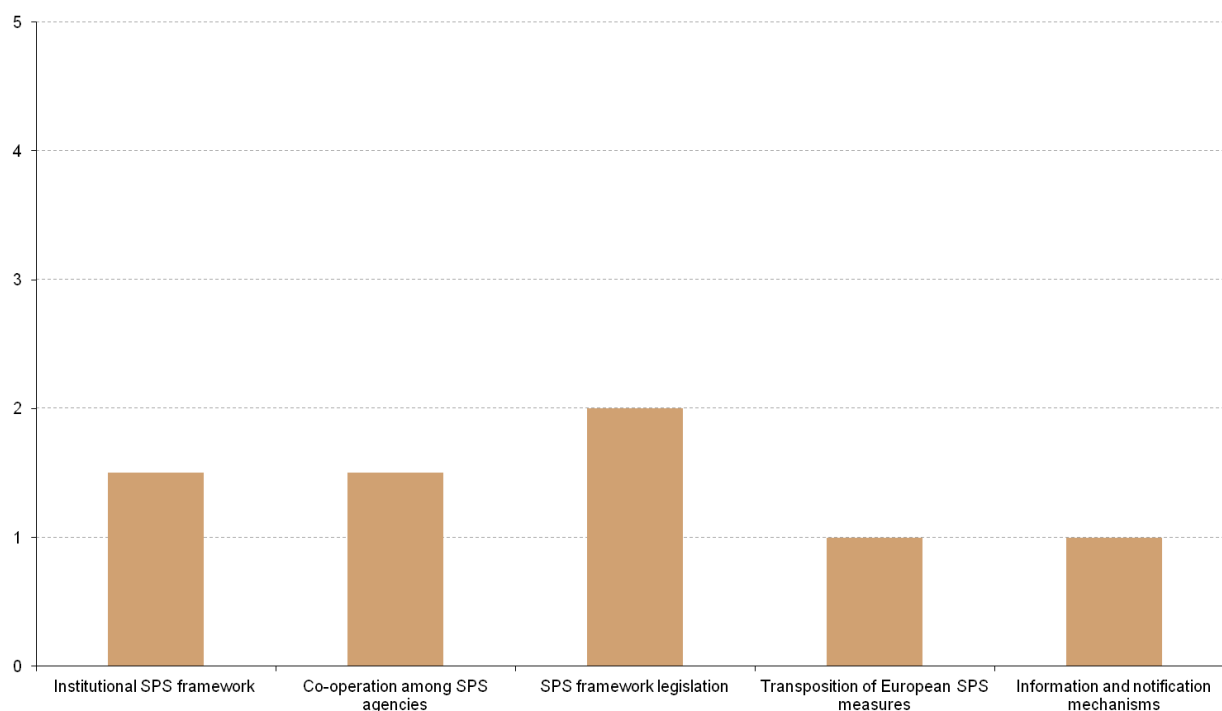
Kosovo* has made some progress in the areas of “accreditation and external co-operation” and “conformity assessment procedures”.

Weaker scores relate to the areas of “standardisation and external co-operation”, “transposition of EU technical regulations”, “adoption of EU standards”, and “information and notifications mechanisms”. Strengthening capacities of the National Standardisation Body is necessary for the achievement of EU integration priorities. The process of transposition of technical regulations should be accelerated. A specific effort should be made to translate EU/ISO standards into the Albanian language. In terms of improving notification and information mechanisms, the organisation of seminars for enterprises and guides relating to the application of rulebooks should be increased.

Scores for sanitary and phytosanitary measures

Set out below is Kosovo*'s performance in each of the “sanitary and phytosanitary measures” five sub-dimensions.

Figure 4.14 Kosovo*: Scores for sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers.

Strengths and areas for improvements

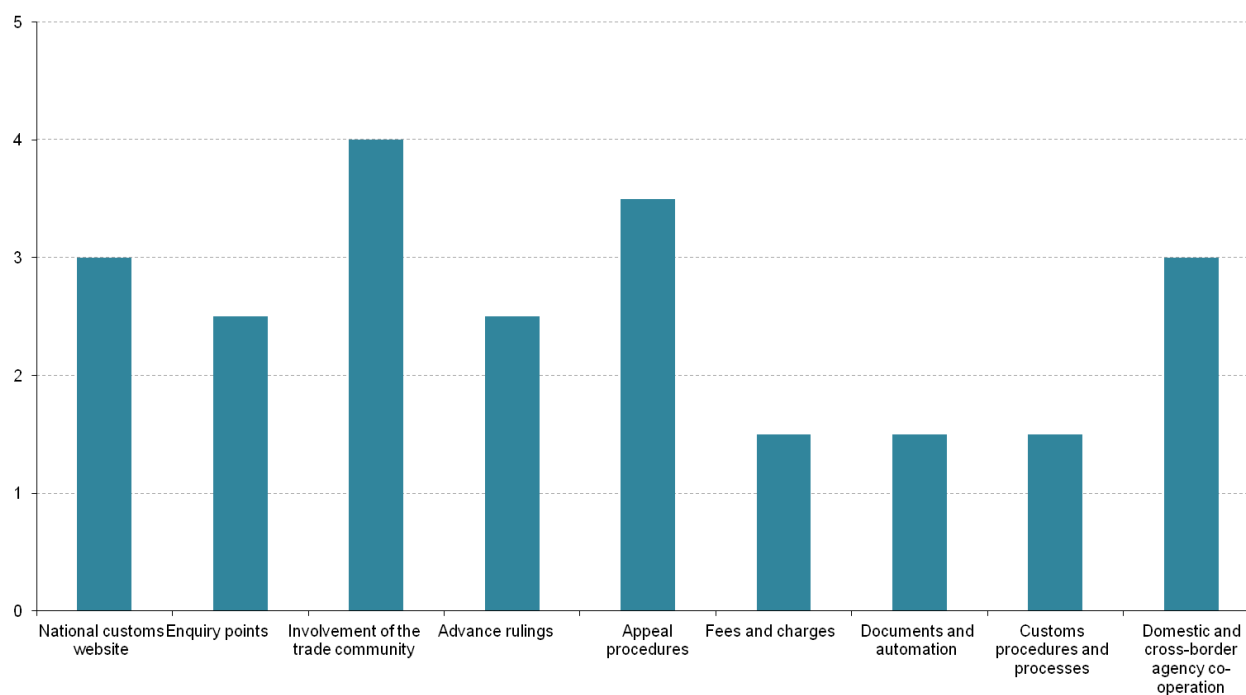
In Kosovo* some progress has been made in the area of “SPS framework legislation”.

Low scoring relates to the areas of “institutional SPS framework”, “co-operation among SPS agencies” and particularly in the areas of “transposition of European SPS measures” and “information and notification mechanisms”. Strategy or action plan in the SPS area should be developed. In order to benefit from the experiences and lessons learned by CEFTA Parties during the reforming process of their food safety systems, Kosovo* should be in greater contact with CEFTA Parties. Strengthening capacities for risk analysis as a basis for the food safety system is needed. A notification authority responsible for publishing SPS measures should be established and notification mechanisms and procedures put in place.

Scores for administrative barriers to trade

Set out below is Kosovo*'s performance of in each of the “administrative barriers to trade” nine sub-dimensions.

Figure 4.15 Kosovo*: Scores for administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers.

Strengths and areas for improvements

Kosovo* has made good progress in the areas of “national customs website”, “involvement of the trade community”, “appeal procedures” and “domestic and cross-border agency co-operation”. Less advanced are the areas of “enquiry points” and “advance rulings”.

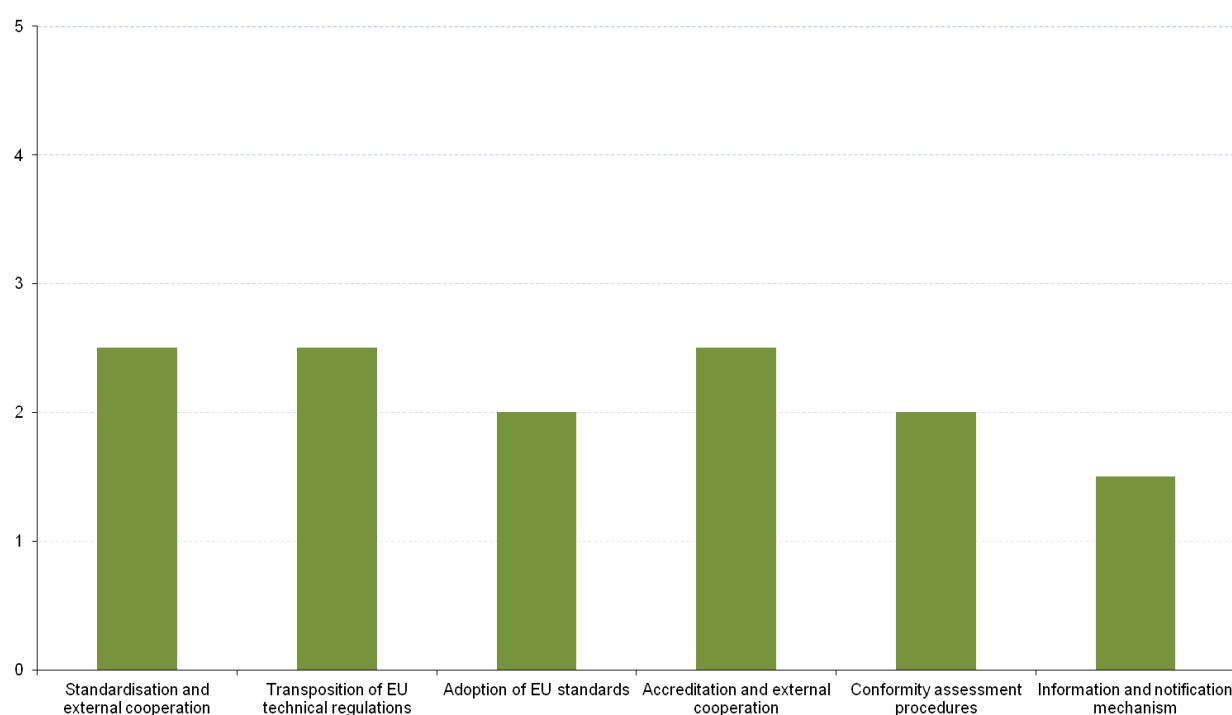
There is also room for improvement in the areas of “fees and charges”, “documents and automation” and “customs procedures and processes”. The amount of fees and charges should approximate the cost of services rendered. A dedicated webpage on the customs website should be set up with a comprehensive overview of the type and level of fees and charges that are applied. Management of documentation and automation should be improved in co-operation with other CEFTA Parties. The legislation should be amended to allow pre-arrival processing and the customs administration should make a difference in physical and documentary inspection between perishable and non perishable goods.

Moldova

Scores for technical barriers to trade

Set out below is Moldova's performance in each of the "technical barriers to trade" six sub-dimensions.

Figure 4.16 Moldova: Scores for technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

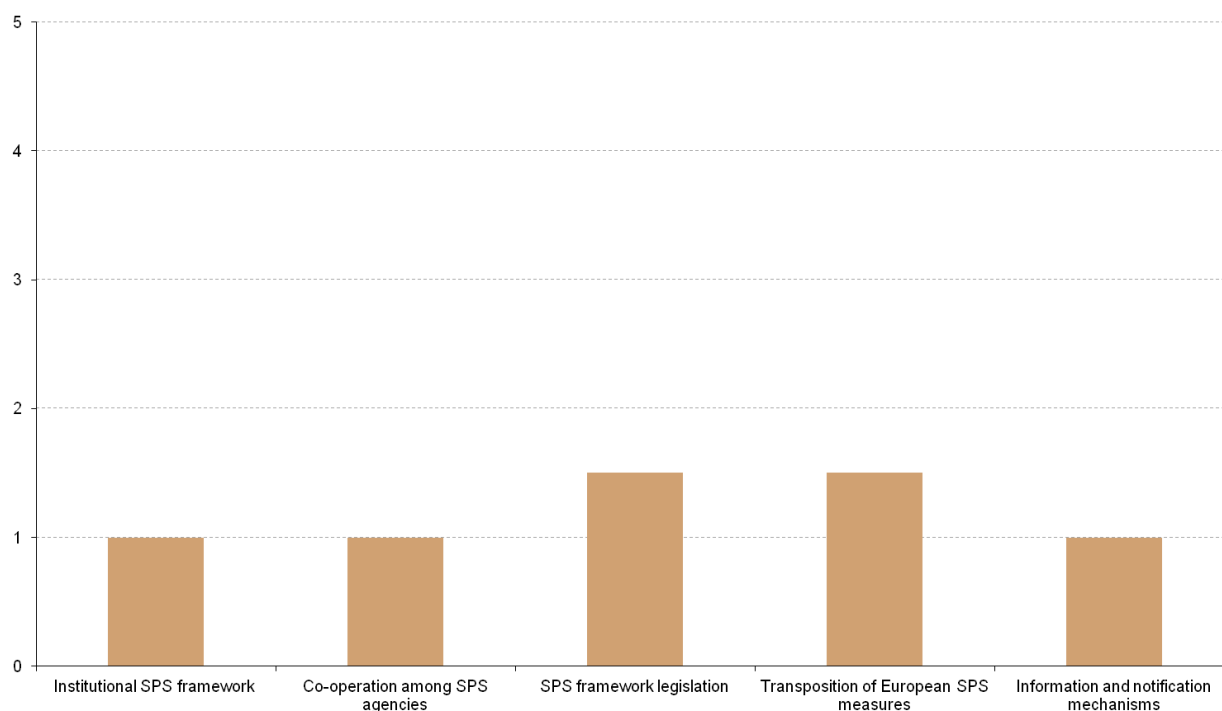
Moldova has made some progress in the areas of "standardisation and external co-operation", "transposition of EU technical regulations" and "accreditation and external co-operation".

Weaker scores relate to the areas of "adoption of EU standards", "conformity assessment procedures", and "information and notifications mechanisms". A specific effort should be made to translate EU/ISO standards into the Romanian language. Education and capacity building is required within all ministries responsible for adoption and implementation of technical regulations, particularly in terms of the designation and authorisation of conformity assessment bodies. The notification process needs to be enhanced with the establishment of an improved communication network.

Scores for sanitary and phytosanitary measures

Set out below is Moldova's performance in each of the "sanitary and phytosanitary measures" five sub-dimensions.

Figure 4.17 Moldova: Scores for sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

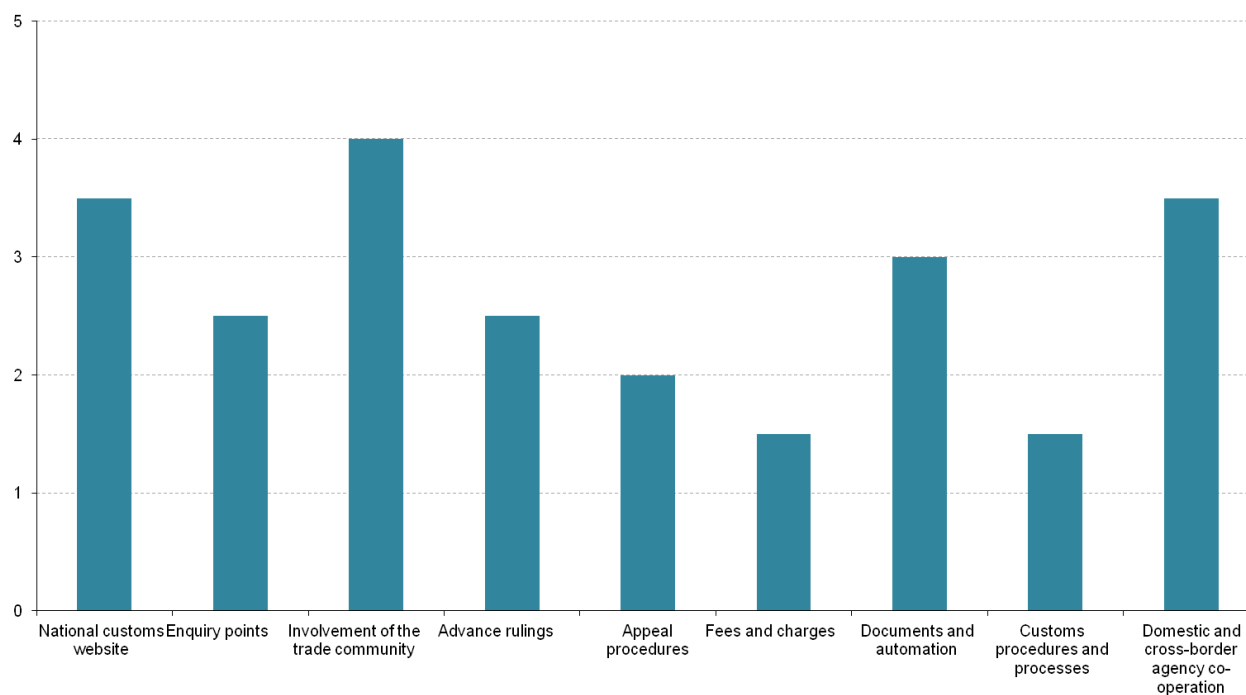
Some progress has been made in Moldova in the areas of "SPS framework legislation" and "transposition of European SPS measures".

A general lack of activity can be noted in the areas of "institutional SPS framework", "co-operation among SPS agencies" and "information and notification mechanisms". Establishment of the institutional framework for SPS measures should be accelerated. In order to benefit from the experiences and lessons learned by CEFTA Parties during the reforming process of their food safety systems, Moldova should be in greater contact with CEFTA Parties. National SPS agencies should hold regular meetings to improve their co-operation. The operation of SPS contact points and notification bodies should be enhanced and capacities for participation in the work of international SPS organisations strengthened.

Scores for administrative barriers to trade

Set out below is Moldova's performance in each of the "administrative barriers to trade" nine sub-dimensions.

Figure 4.18 Moldova: Scores for administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

Moldova has made good progress in the areas of "national customs website", "involvement of the trade community", "documents and automation" and "domestic and cross-border agency co-operation". Less progress has been made in the areas of "enquiry points" and "advance rulings".

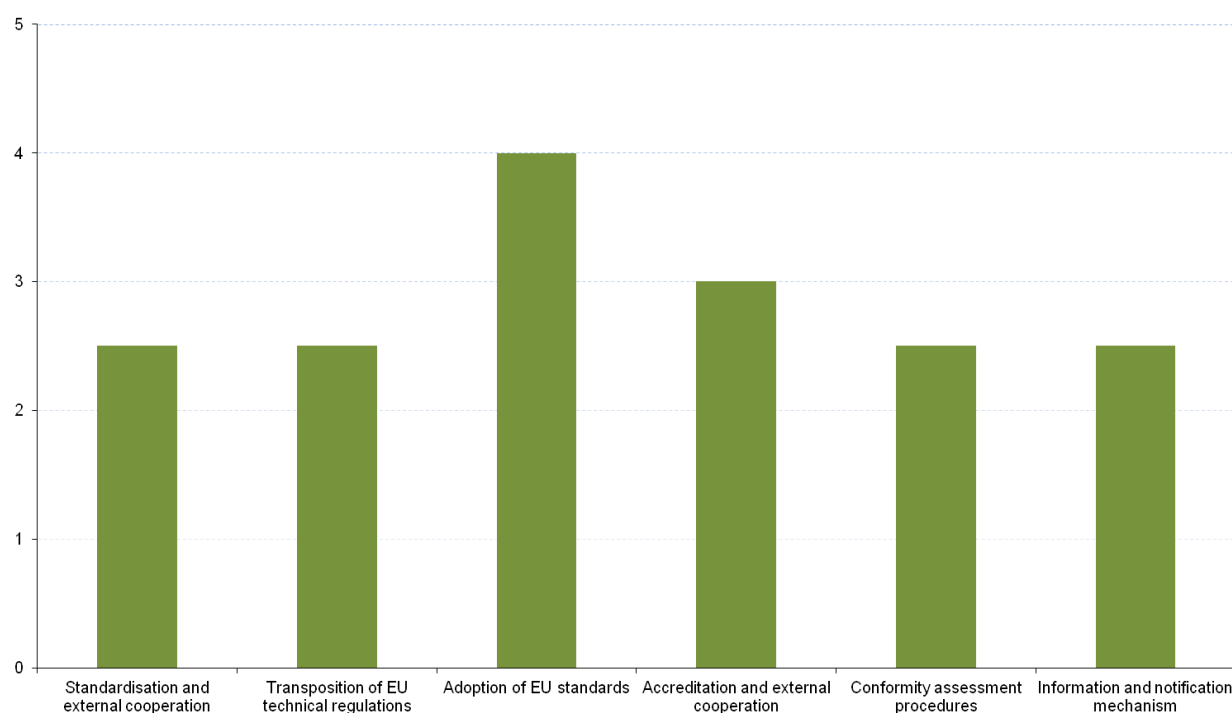
Low scores relate to the areas of "appeal procedures", "fees and charges" and "customs procedures and processes". A right of appeal to an authority independent of the authority which issued the original decision should be introduced in the administrative stage of appeal procedures. The amount of fees and charges should approximate the cost of services rendered. Also, a dedicated webpage on the customs website should be set up with a comprehensive overview of the type and level of fees and charges that are applied. The legislation should be amended to allow pre-arrival processing and the separation of goods release from final determination and payments of customs duties.

Montenegro

Scores for technical barriers to trade

Set out below is Montenegro's performance in each of the "technical barriers to trade" six sub-dimensions.

Figure 4.19 Montenegro: Scores for technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

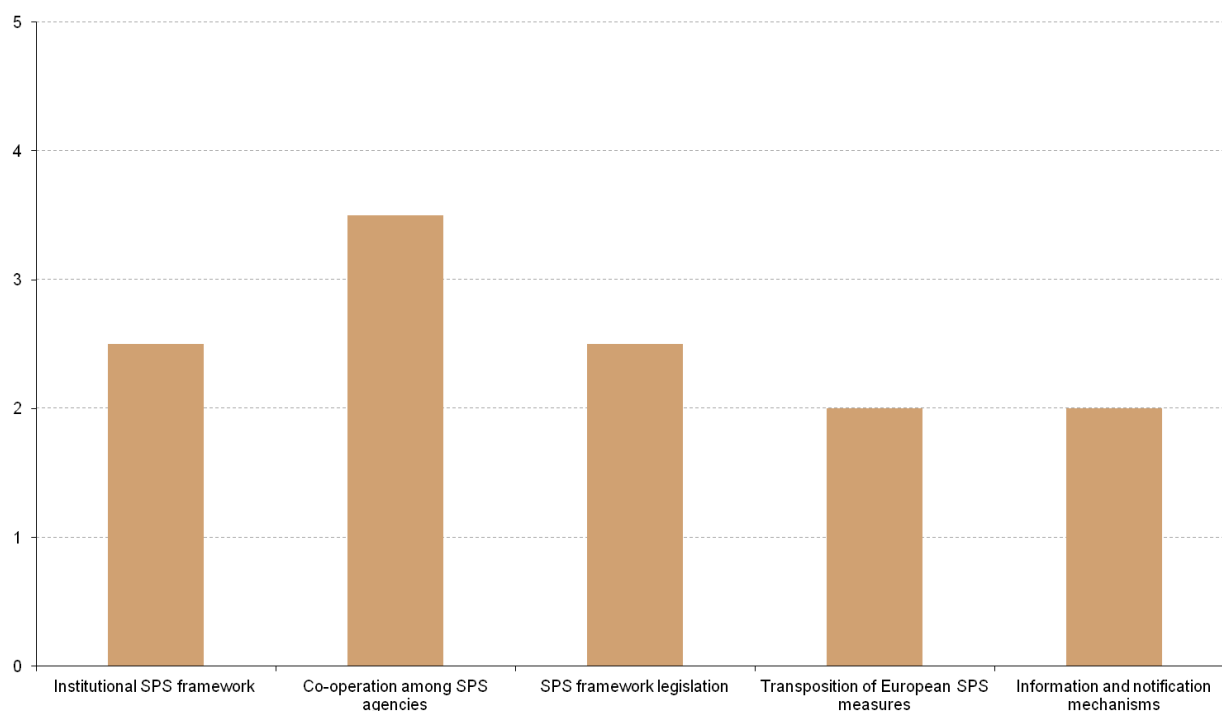
In Montenegro, good performance has been made in the areas of "adoption of EU standards" and "accreditation and external co-operation".

Weaker scores relate to the areas of "standardisation and external co-operation", "transposition of EU technical regulations", "conformity assessment procedures", and "information and notifications mechanisms". Technical Committees of the National Standardisation Body should be extended. The transposition process should be accelerated. The recruitment and training of additional staff would improve the capacity for conformity assessment. Operational procedures for notification and information should be strictly implemented, and co-operation mechanisms made fully effective.

Scores for sanitary and phytosanitary measures

Set out below is Montenegro's performance in each of the "sanitary and phytosanitary measures" five sub-dimensions.

Figure 4.20 Montenegro: Scores for sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

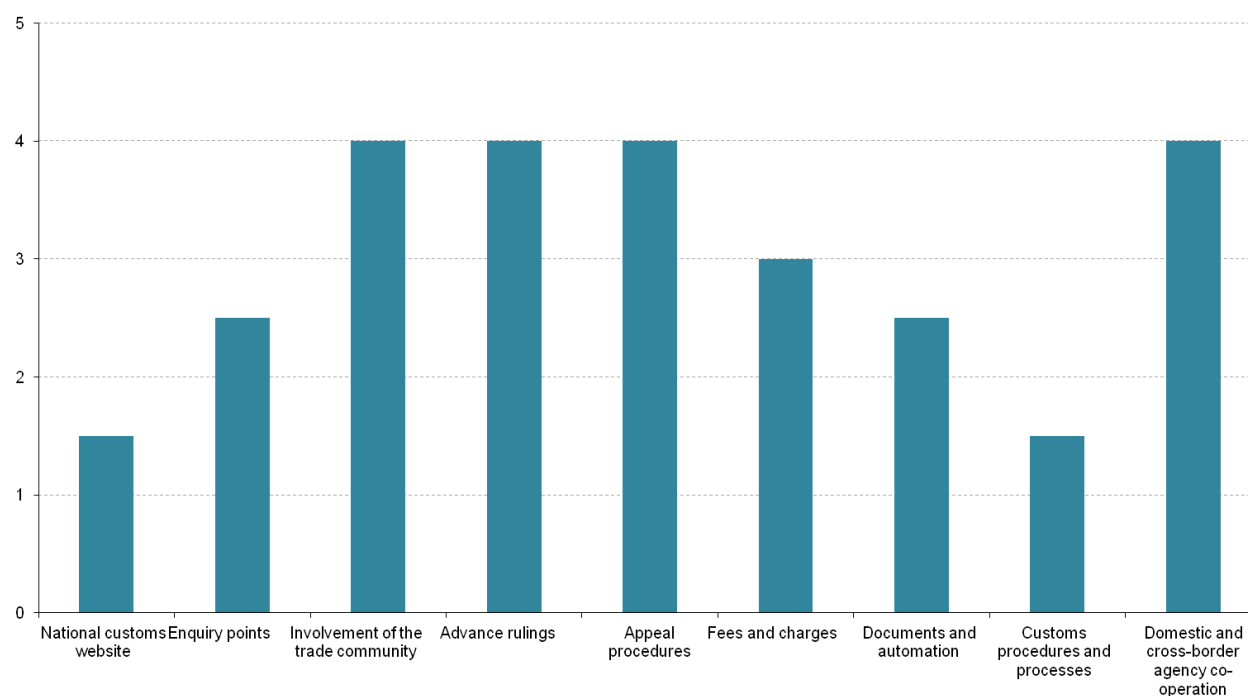
Montenegro has made good progress in the area of "co-operation among SPS agencies".

Less advanced are the areas of "institutional SPS framework" and "SPS framework legislation"; while lower scoring relates to the areas of "transposition of European SPS measures" and "information and notification mechanisms". The national strategy on the application of SPS measures should be revised into one comprehensive document with action plans and a clearly defined budget, in order to help bringing all agencies to the same level of capacities. A risk based approach should always be used when drafting regulation and implementing measures. Notification mechanisms and procedures should be improved.

Scores for Administrative barriers to trade

Set out below is Montenegro's performance in each of the "administrative barriers to trade" nine sub-dimensions.

Figure 4.21 Montenegro: Scores for administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

In Montenegro good progress has been made in the areas of “involvement of the trade community”, “advance rulings”, “appeal procedures” and “domestic and cross-border agency co-operation”. Less advanced is the area of “fees and charges”.

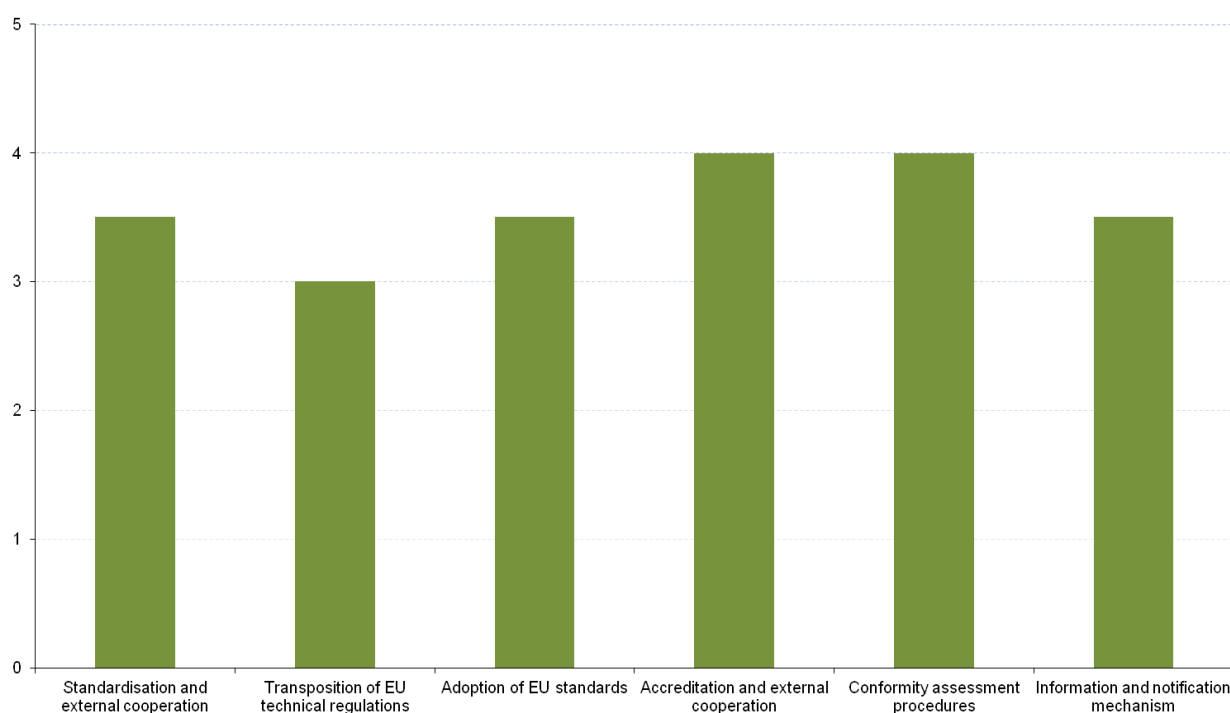
There is room for improvement in the areas of “national customs website”, “enquiry points”, “documents and automation” and “customs procedures and processes. Information on the customs website should be made available in English. A single enquiry point for customs should be established to deal with enquiries on trade related legislation and procedures. Handling of documentation and automation should be improved in co-operation with other CEFTA Parties. The legislation should be amended to allow pre-arrival processing and the average clearance time should be published on the customs website.

Serbia

Scores for technical barriers to trade

Set out below is Serbia's performance in each of the "technical barriers to trade" six sub-dimensions.

Figure 4.22 Serbia: Scores for technical barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

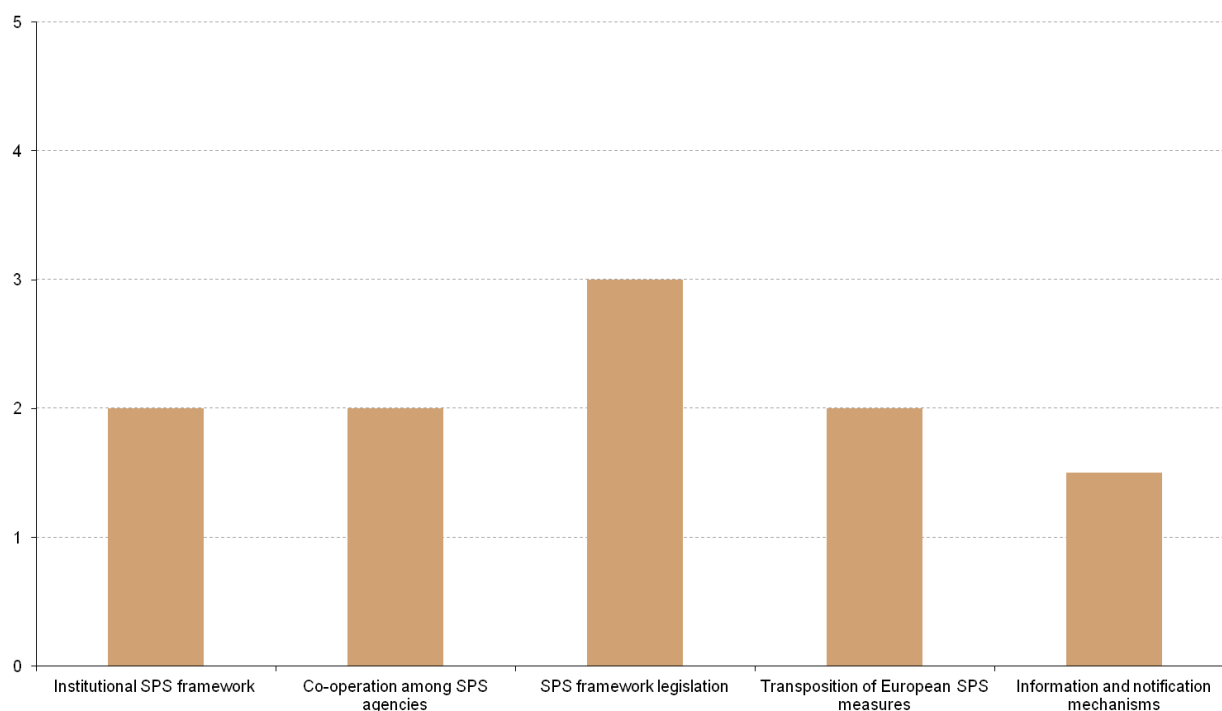
Serbia performs well in the areas of "accreditation and external co-operation" and "conformity assessment procedures".

The areas of "standardisation and external co-operation", "adoption of EU standards" and "information and notification mechanisms" are a bit less advanced. Strengthening capacities of the National Standardisation Body is necessary for the achievement of EU integration priorities. A specific effort should be made to translate EU/ISO standards into the Serbian language. Notification process needs to be improved through the enhanced communication network. The weakest scoring relates to the area of "transposition of EU technical regulations" and therefore the transposition process should be accelerated.

Scores for sanitary and phytosanitary measures

Set out below is Serbia's performance in each of the "sanitary and phytosanitary measures" five sub-dimensions.

Figure 4.23 Serbia: Scores for sanitary and phytosanitary measures



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

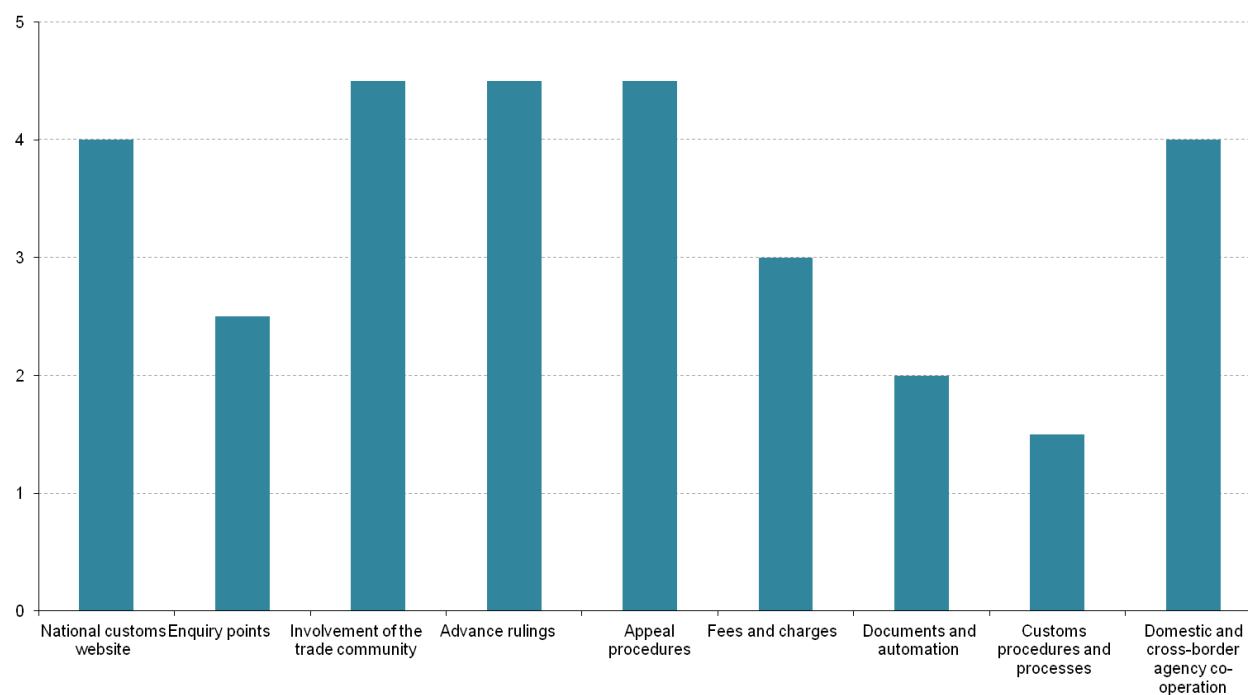
In Serbia, good performance can be noted in the area of "SPS framework legislation".

Some efforts have been made in the areas of "institutional SPS framework", "co-operation among SPS agencies" and "transposition of European SPS measures", while the lowest scoring relates to the area of "information and notification mechanisms". The national SPS strategy should be revised in order to help bringing all SPS agencies in Serbia to the same level of capacities. Capacity building for risk assessments should be enhanced and *The Expert Council for Risk Assessment in the Field of Food Safety* should become functional. The functioning of the enquiry point and the notification authority, and information and notification mechanisms should be fully harmonised with WTO and EU requirements.

Scores for administrative barriers to trade

Set out below is Serbia's performance in each of the "administrative barriers to trade" nine sub-dimensions.

Figure 4.24 Serbia: Scores for administrative barriers to trade



Source: Scores are based on the results of the 2011 OECD assessment on the elimination of Non-Tariff Barriers in CEFTA 2006.

Strengths and areas for improvements

Serbia has made good progress in the areas of "national customs website", "involvement of the trade community", "advance rulings", "appeal procedures" and "domestic and cross-border agency co-operation". The area of "fees and charges" is less advanced.

Weaker scores relate to the areas of "enquiry points", "documents and automation" and "customs procedures and processes". A single enquiry point for customs should be established to deal with enquiries on trade related legislation and procedures. Management of documentation and automation should be improved in co-operation with other CEFTA Parties. The implementation of the pre-arrival processing should be completed and the average clearance time should be published on the customs website.

Annex 1

Priority sectors and products

OECD analysis of trade flows in intermediary goods among CEFTA Parties has identified twelve priority sectors and 193 corresponding priority products (SITC REV.4 classification):

Base Metals

676.21	Bars and rods of iron or non-alloy steel
679.44	Other tubes, pipes and hollow profiles, of iron or steel, welded, of non-circular cross-section
67681/67682	U, I, H, L or T sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm, of iron or non-alloy steel
684.21	Aluminium bars, rods and profiles
684.12	Aluminium alloys
684.24	Aluminium foil (whether or not printed or backed with paper, paperboard, plastics or similar backing materials)
673.24	Flat-rolled products of iron or non-alloy steel, not clad, plated or coated, not further worked than hot-rolled of a width of 600 mm or more, not in coils
682.41	Wire and refined copper
682.71	Copper tubes and pipes
672.49	Ingots and other primary forms of other alloy steel
684.11	Aluminium, not alloyed
676.11	Bars and rods, of iron or steel of iron or non-alloy steel, containing indentations, ribs, grooves or other deformations
676.43	Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling
677.01	Rails (including check rails and rack-rails), of iron or steel

Food Products and Beverages

211.2	Raw hides and skins of bovine (including buffalo) or equine animals
046.1	Flour of wheat or of meslin
081.99	Preparations of a kind used for animal food
211.6	Sheepskins and lambskins (except Astrakhan, Broadtail, Caracul, Persian or similar lambs, Indian, Chinese, Mongolian or Tibetan lambs)
061.99	Other sugars (including invert sugar)
081.31	Oilcake and other solid residues of oil from soya beans
421.71	Crude rape, colza or mustard oil
048.2	Malt, whether or not roasted (including malt flour)
098.94	Malt extract; food preparations of flour, meal, starch or malt extract
098.6	Yeasts (active or inactive); other single-cell micro-organisms, dead
512.15	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% or higher
072.2	Cocoa powder not containing added sugar or other sweetening matter
011.1	Meat of bovine animals, fresh or chilled
012.2	Meat of swine, fresh, chilled or frozen
112.17	Wine of fresh grapes (other than sparkling wine); grape must with fermentation prevented or arrested by the addition of alcohol
112.3	Beer made from malt (including ale, stout and porter)
062.21	Chewing-gum, whether or not sugar-coated
112.15	Sparkling wine
048.41	Crispbread, rusks, toasted bread and similar products

Fabricated Metal Products, except Machinery and Equipment

699.69	Articles of iron or steel
--------	---------------------------

691.19	Other structures and parts of structures, of iron or steel
693.51	Cloth (including endless bands), grill, netting and fencing, of iron
691.29	Aluminium structures and parts of structures; aluminium plates
699.79	Articles of aluminium
691.14	Equipment for scaffolding, shuttering, propping or pit-propping, of iron or steel
694.1	Nails, tacks, drawing-pins, corrugated nails, staples (other than those of heading 895.12) and similar articles, of iron or steel
699.63	Cast articles of other iron and steel
694.21	Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers and similar articles, of iron or steel, threaded
699.53	Stoppers, caps and lids (including crown corks, screw caps) of base metal
676.29	Other bars and rods of iron or non-alloy steel, hot-rolled, hot-drawn or hot-extruded
672.82	Semi-finished products of other alloy steel
694.4	Nails, tacks, staples (other than those of heading 895.12) and similar articles of aluminium
695.63	Rock-drilling or earth-boring tools
699.13	Hinges (locksmiths' wares, safes, strongboxes and hardware, of base metal)

Other Non-metallic Mineral Products

665.11	Carboys, bottles, flasks, jars, pots, phials and other containers of glass
662.45	Glazed ceramic flags and paving, hearth or wall tiles
661.22	Portland cement
662.41	Ceramic building bricks, flooring blocks, support or filler tiles and the like
273.24	Plasters (consisting of calcined gypsum or calcium sulphate)
663.33	Prefabricated structural components for building or civil engineering

665.10	Carboys, bottles, flasks, jars, pots, phials and other containers
663.31	Articles of plaster or of compositions based on plaster
662.32	Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods
662.42	Roofing tiles, chimney pots, cowls, chimney liners, architectural ornaments and other ceramic constructional goods
663.32	Building blocks of bricks, tiles, flagstones and similar articles
322.21	Lignite (not agglomerated)
278.3	Sodium chloride, pure, and common salt (including table salt and denatured salt), sea water
285.1	Aluminium ores and concentrates
663.51	Slag wool, rock wool and similar mineral wools (including intermixtures thereof) in bulk, sheets or rolls

Agriculture

292.49	Other plants and parts of plants (including seeds and fruits) of a kind used primarily in perfumery, in pharmacy, or for insecticidal, fungicidal or similar purposes
292.69	Other live plants (including their roots), cuttings and slips; mushroom spawn
041.2	Other wheat (including spelt) and meslin, unmilled
081.13	Swedes, mangolds, fodder roots, hay, clover, sainfoin, forage kale, lupines, vetches and similar forage products
121.2	Tobacco, wholly or partly stemmed/stripped
001.49	Other poultry, live
044.1	Maize seed (not including sweet corn)
222.4	Sunflower seeds
222.61	Rape or colza seeds
121.1	Tobacco, not stemmed/stripped

001.19	Bovine animals, live, other than pure-bred breeding animals
001.39	Swine, live, other than pure-bred breeding animals
111.01	Mineral waters, aerated waters (not containing added sugar or flavour)
112.17	Other wine, grape must (fermentation arrested; in containers 2l or less)
421.51	Crude oil
054.21	Peas
041.1	Wheat and meslin

Pulp, Paper and Paper Products

642.11	Cartons, boxes and cases, of corrugated paper or paperboard
642.12	Folding cartons, boxes and cases, of non-corrugated paper or paperboard
892.81	Paper or paperboard labels of all kinds, whether or not printed
641.46	Kraft paper and paperboard, n.e.s., weighing 150 g/m ² or less
642.14	Other sacks and bags, including cones
641.63	Toilet or facial tissue stock, towel or napkin stock and similar paper
641.64	Paper and paperboard, corrugated (with or without glued flat surface sheets), whether or not perforated
641.42	Sack craft paper, uncoated, in rolls or sheets
641.54	Testliner (recycled liner board)
641.26	Other paper and paperboard, not containing fibres obtained by a mechanical or chemi-mechanical process
641.72	Other paper and paperboard coated, impregnated or covered with plastics
641.77	Other paper and paper board
642.13	Sacks and bags, having a base of a width of 40 cm or more

251.13	Paper or paperboard made mainly of mechanical pulp (e.g., newspapers, journals and similar printed matter)
251.92	Pulps of fibres derived from recovered (waste and scrap) paper or paperboard or of other fibrous cellulosic material
642.31	Registers, account-books, notebooks, order books, receipt books, letter pads, memorandum pads, diaries and similar articles
892.86	Trade advertising material, commercial catalogues and the like

Chemicals, Chemical Products and Man-made Fibres

533.54	Glaziers' putty; grafting putty, resin cements, caulking compounds and other mastics;
533.42	Paints and varnishes based on synthetic polymers in an non-aqueous medium
571.11	Polyethylene having a specific gravity of less than 0.94
575.54	Cellulose ethers
573.92	Other vinyl chloride copolymers
523.72	Neutral sodium carbonate (disodium carbonate)
562.16	Urea, whether or not in aqueous solution
593.2	Safety fuses; detonating fuses; percussion or detonating caps; igniters; electric detonators
562.91	Fertilizers, mineral or chemical, containing the three fertilizing elements nitrogen, phosphorus and potassium.
522.21	Hydrogen, rare gases, nitrogen and oxygen
571.12	Polyethylene having a specific gravity of 0.94 or more
533.41	Paints and varnishes, based on synthetic polymers in an aqueous medium
542.12	Medicaments containing other antibiotics, not put in measured doses
541.39	Other Antibiotics

098.99	Other Food Preparations
112.42	Spirits obtained by distilling grape wine or grape marc
553.1	Perfumes and toilet waters
551.31	Essential oils (terpeneless or not),including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurate or macerating
553.51	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations

Electrical Machinery and Apparatus

778.12	Electric accumulators (storage batteries)
772.61/772.62	Boards, panels (including numerical control panels), consoles, desks, cabinets and other bases
773.17	Other electric conductors, for a voltage exceeding 1,000 V
778.86	Carbon electrodes, carbon brushes, lamp carbons, battery carbons and other carbon articles, of a kind used for electrical purposes
772.49/772.59	Other electrical apparatus for switching or protecting electrical circuit
773.15	Other electric conductors, for a voltage exceeding 80 V
716.9	Parts suitable for use solely or principally with the machines falling within group 716
778.31	Electrical ignition or starting equipment
813.11	Chandeliers and other electric ceiling and wall lighting fittings
772.53	Other apparatus for protecting electrical circuits
813.15	Electric lamps and lighting fittings
772.58	Plugs and sockets
772.52	Automatic circuit breakers for a voltage not exceeding 1.000 V

775.22	Deep-freezes, household-type (electric or other)
728.32	Crushing or Grinding Machines for Mineral Substances
792.95	Other parts of airplanes or helicopters
728.12	Machine-tools (including machines for nailing, stapling, glueing or otherwise assembling) for working wood, cork, bone, hard rubber, hard plastics or similar hard materials
813.11	Lamps and lighting fittings
811.0	Prefabricated buildings

Rubber and Plastic Products

893.19	Articles for the conveyance or packing of goods, of plastic
582.91	Other plates, sheets, film, strip, of plastics, cellular
581.2	Tubes, pipes and hoses, rigid
581.6	Other tubes, pipes and hoses
893.11	Sacks and bags (including cones), of plastics
583.2	Monofilament of which any cross-sectional dimension exceeds 1 mm, rods, sticks and profile shapes, of polymers of ethylene
625.1	Tyres, pneumatic, new, of a kind used on motor cars
582.21	Other plates, sheets, film, foil and strip of polymers of ethylene
582.99	Other plates, sheets, film, foil and strip, of plastics, other than cellular
579.1	Waste, parings and scrap of polymers of ethylene
575.29	Other acrylic polymers
893.94	Other articles of plastics
232.11	Styrene-butadiene rubber; carboxylated styrene-butadiene rubber
621.11	Compounded rubber, unvulcanized, in primary forms or in plates, sheets or strip, compounded with carbon black or silica

Wood and Products of Wood and Cork (except Furniture)

248.4	Wood of non-coniferous species, sawn or chipped lengthwise, sliced or peeled
635.32	Doors and their frames and thresholds
635.39	Other builders' joinery and carpentry of wood
634.51	Fibreboard of wood, density > 0.8 g/cm ³
248.2	Wood of coniferous species, sawn or chipped lengthwise, sliced or peeled
634.22	Particle board and similar board of wood, whether or not agglomerated
248.5	Wood of non-coniferous species (including strips and friezes)
635.12	Pallets, box pallets and other load boards, of wood
634.39	Other plywood, veneered panels and similar laminated wood
635.99	Other articles of wood
635.31	Windows, French windows and their frames
247.3	Wood in the rough or roughly squared, treated with paint, stains or other preservatives
247.4	Wood of coniferous species, in the rough or roughly squared, but not treated with paint, stains or other preservatives.
635.49	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery
633.11	Articles of natural cork

Machinery and Equipment

723.99	Other parts for the machinery of group 723 (excluding heading 723.48)
728.39	Parts of the machinery of subgroup 728.3
747.8	Taps, cocks, valves and similar appliances

742.91	Parts of the pumps of group 742
748.9	Parts, for the articles of group 748
775.81	Electric instantaneous or storage water heaters and immersion heaters
697.33	Parts, of iron or steel, of the appliances of headings 697.31 and 697.32
721.29	Parts of machines of headings 721.21 through 721.26
743.8	Parts of pumps, compressors, fans and hoods
746.1	Ball-bearings
748.22	Bearing housings, not incorporating ball- or roller bearings; plain shaft bearings
723.43	Other coal or rock cutters and tunnelling machinery
775.21	Refrigerators, household-type (electric or other), whether or not containing a deep-freeze compartment
744.91	Parts suitable for use solely or principally with the machinery of headings 842.5 to 843.0
727.22	Machinery for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils

Coke, Refined Petroleum Products and Nuclear Fuels

335.41	Petroleum bitumen and other residues of petroleum oils or of oils
342.5	Butanes, liquefied
325.0	Coke and semi-coke (including char) of coal, of lignite or of peat
342.1	Propane, liquefied
344.2	Gaseous hydrocarbons, liquefied
335.42	Petroleum coke
335.12	Paraffin wax, microcrystalline petroleum wax, slack wax, and other mineral waxes

525.19	Radioactive elements and isotopes and their compounds
335.11	Petroleum jelly (petrolatum)
278.97	Bitumen and asphalt, natural; asphaltites and asphaltic rocks
334.6	Petroleum oils and oils obtained from bituminous minerals, other than crude
343.1	Petroleum gases and other gaseous hydrocarbons
511.36	Halogenated derivatives of hydrocarbons

Annex 2

Multilateral Monitoring Framework for the elimination of NTBs: **1. Technical barriers to trade**

1.1 Institutional framework for standardisation and external cooperation

Level 1	Level 2	Level 3	Level 4	Level 5
<p>National Standards Body (NSB) established.</p> <p>Principles of voluntary standardization recognised but not fully reflected in NSB structure and operations.</p> <p>Rules and procedures approved but not implemented.</p> <p>No or very few Technical Committees (TC) established.</p>	<p>Internal rules and procedures implemented.</p> <p>TC established and operational in areas of highest national priority.</p> <p>Structural deficits with regard to implementation of principles of voluntary standardisation (e.g. openness, balanced representation of all interested parties at governance and operational levels)</p>	<p>Principles of voluntary standardization fully reflected in NSB structure and operations.</p> <p>TC established and operational in all areas of national interest and relevance.</p> <p>Mainly observer status with regard to European and international work.</p>	<p>NSB structure, rules, procedures and operations fully aligned with international and EU best practice.</p> <p>Capacity limitations with regard to active participation in CEFTA exchange and cooperation programmes and European and international work.</p>	<p>+ active participation in CEFTA exchange and cooperation programmes</p> <p>+ Right (through full membership) and sufficient capacity to actively participate in European and international work.</p>

1.2 Transposition of EU technical regulations in priority sectors

Level 1	Level 2	Level 3	Level 4	Level 5
No transposition of EU sectoral legislation in priority sector .*	<p>Sectoral legislation in the priority sectors* at the state of draft.</p> <p>Priority sectors have been identified in consultation with the other CEFTA Parties.</p>	Sectoral legislation in place for at least part of the priority sectors .*	Sectoral legislation in place and aligned with the acquis for all the priority sectors .*	Full implementation of the relevant sectoral legislation.*

1.3 Transposition of European standards in priority sectors

Level 1	Level 2	Level 3	Level 4	Level 5
No European standards (ENs) adopted.	<p>Adoption of ENs in priority sectors * started (25% of ENs in all priority sectors adopted).</p> <p>Priority sectors* have been identified in consultation with the other CEFTA Parties.</p>	Adoption of ENs continued (50% of ENs in priority sectors * adopted) and conflicting national standards abolished.	Adoption of ENs continued (80% of ENs in priority sectors * adopted) conflicting national standards abolished.	Adoption of standards finalised (100% of ENs in priority sectors * adopted), conflicting national standards abolished.

1.4 Institutional framework for accreditation and external cooperation

Level 1	Level 2	Level 3	Level 4	Level 5
<p>National Accreditation Body (NAB) established. Principles of accreditation recognised but not fully reflected in NAB structure and operations.</p> <p>Rules and procedures approved but not implemented. No Sector Committees established.</p> <p>Strong limitations with regard to assessment capacity</p>	<p>Internal rules and procedures implemented.</p> <p>Sector committees established and operational in areas of highest national priority.</p> <p>Adequate assessment capacity in major areas of business.</p>	<p>Principles of accreditation fully reflected in NAB structure and operations.</p> <p>Sector Committees established and operational in all areas of national interest and relevance.</p> <p>Adequate assessment capacity in all areas of business and stakeholder interest.</p> <p>Mainly observer status with regard to European and international work.</p>	<p>NAB structure, rules, procedures and operations fully aligned with international and EU best practice.</p> <p>EA peer recognition in field(s) of highest priority.</p> <p>Capacity limitations with regard to full and active participation in CEFTA exchange and cooperation programmes and European and international networks.</p>	<p>Level 4</p> <p>+ active participation in CEFTA exchange and cooperation programmes</p> <p>+ EA peer recognition in all fields of activity</p> <p>+ adequate capacity to actively participate in European and international networks.</p>

1.5 Conformity assessment procedures and infrastructure

Level 1	Level 2	Level 3	Level 4	Level 5
<p>Physical capacity and competence for conformity assessment in all relevant areas (of EU product safety legislation as reflected by “Old” and New Approach directives and European standards) extremely limited.</p> <p>Insufficient differentiation and delimitation between types of conformity assessment.</p> <p>Very few accredited CABs.</p> <p>No systematic assessment and definition of national conformity assessment infrastructure needs.</p> <p>No designation procedure for CABs in regulated area.</p>	<p>National needs and priorities regarding infrastructure established.</p> <p>Satisfactory physical capacity and competence in some priority areas*.</p> <p>Improved differentiation and delimitation between types of CA.</p> <p>Few accredited labs.</p> <p>Designation procedure established but not fully implemented.</p>	<p>Level 2</p> <p>+ full differentiation between types of CA</p> <p>+ designation procedure fully implemented</p>	<p>Sufficient number of accredited CABs in all areas of national priority*, including designated CABs in regulated area.</p> <p>Full information and transparency on CABs operating in the country.</p>	<p>Level 4</p> <p>+ sufficient number of testing laboratories participating in regional and international proficiency testing and comparison schemes on a regular basis</p>

1.6 Information and notification mechanisms

Level 1	Level 2	Level 3	Level 4	Level 5
<p>No defined responsibilities for notification of potential and unnecessary TBT to CEFTA Joint Committee nor for provision of TBT-related information.</p> <p>Draft technical regulations (TR), mandatory conformity assessment procedures (CAP) and draft national standards are not systematically notified.</p>	<p>Responsibilities for notification and information defined.</p> <p>Corresponding organisational units established and notified to CEFTA.</p>	<p>Operational procedures for notification and information established.</p> <p>National cooperation mechanism with all relevant authorities (regarding draft TR and CAP) and NSB (for standards) defined.</p>	<p>Operational procedures implemented.</p> <p>Cooperation mechanism not yet fully effective.</p> <p>Capacity limitations with regard to service delivery and participation in CEFTA meetings and programmes.</p>	<p>Operational procedures fully implemented and in line with best international practice.</p> <p>Cooperation mechanism fully effective.</p> <p>Sufficient resources to ensure delivery of adequate client services and</p> <p>active participation in CEFTA meetings and programmes</p>

2. SANITARY AND PHYTOSANITARY MEASURES

2.1 Institutional framework for SPS measures

Level 1	Level 2	Level 3	Level 4	Level 5
<p>PS agencies (Food safety agency, national plant protection office, veterinary authority, etc.) are established.</p> <p>Capacity limitations (administrative, equipment, physical infrastructure, financial, human resources) exist.</p>	<p>Level 1 + Delimitation of competences of SPS agencies are clearly defined by law or implementing measures and reflects the risk analysis paradigm.</p> <p>Existence of SPS Strategy and/or Action Plan. Clear definition of responsibilities of SPS agencies.</p> <p>Organisation of SPS agencies in consultation / cooperation with other CEFTA Parties.</p>	<p>Level 2 + Capacity limitations (e.g. lack of technical support and expertise, scarce resources) persist but partly solved.</p> <p>A structured risk assessment and risk management frameworks are established.</p> <p>Clear financing structure established in the law and made public. Operational funding is ensured.</p> <p>Information management systems for food safety, animal diseases and plant pests are in place and well functioning.</p> <p>Up-to date lists of animal diseases and plant pests for quarantine.</p>	<p>Level 3 + Relevant training is provided to staff.</p>	<p>Level 4 + No capacity limitations.</p>

2.2 Level of co-operation among SPS agencies at the intra-CEFTA and external levels

Level 1	Level 2	Level 3	Level 4	Level 5
<p>No de jure or de facto communication and co-operation between the SPS agencies.</p> <p>No co-operation or exchange programmes with SPS agencies from third countries.</p>	<p>National legislation foresees co-operation between SPS agencies.</p> <p>Exchange programmes and other co-operation programmes are held with other CEFTA Parties.</p> <p>Contributing actively to negotiations on harmonisation or mutual recognition of SPS measures with CEFTA Parties.</p>	<p>Modus operandi of cooperation is clearly established in by-laws, regulations or administrative acts.</p> <p>Regular meetings are held to improve co-operation between SPS agencies.</p> <p>Exchange programmes and other forms of co-operation are held with CEFTA Parties and other third countries.</p>	<p>Level 3 + coordination meetings and training also involving the private sector.</p> <p>Stakeholders' involvement in the development of laws and regulations and in review of implementation mechanisms.</p> <p>Member or contracting party of international SPS-related bodies, agreements and conventions. Contact points established and well functioning.</p>	<p>Level 4 + strong capacity for establishing national positions on proposed regional or international SPS measures.</p> <p>High level of attendance of coordination commissions and committees of international SPS bodies and conventions.</p> <p>Positions and meeting participation are coordinated with other CEFTA Parties.</p>

2.3 Framework SPS legislation

Level 1	Level 2	Level 3	Level 4	Level 5
<p>Lack of or incomplete SPS framework legislation.</p> <p>SPS framework legislation is not compliant with WTO and EU legislation.</p>	<p>Early adoption of framework legislation compliant with international and EU requirements, in consultation / cooperation with other CEFTA Parties.</p>	<p>Early implementation of legislative framework.</p> <p>The principles of risk assessment, harmonisation and transparency are fully integrated in the legislation.</p>	<p>Level 3 + legislation cover most of the following areas: food, animal welfare and protection, veterinary, sanitary inspection, livestock, plant health and plant protection</p>	<p>Legislation is fully in line with WTO and EU requirements and covers all aspects in level 4.</p>

2.4 Transposition of European SPS measures

Level 1	Level 2	Level 3	Level 4	Level 5
<p>No transposition of EU and SPS measures in priority sectors.</p>	<p>Sectoral measures in the priority sectors at the state of draft, in consultation / cooperation with other CEFTA Parties.</p>	<p>Sectoral measures in place for more than 50% of the priority sectors.</p>	<p>Sectoral legislation in place and aligned with the acquis for all the priority sectors.</p>	<p>Full implementation of the relevant sectoral measures.</p>

2.5 Information and notification mechanisms

Level 1	Level 2	Level 3	Level 4	Level 5
There is no Enquiry Point responsible for handling questions about SPS measures and related issues or Notification Authority responsible for publishing SPS measures of notifying changes to SPS measures.	<p>An Enquiry Point and Notification Authority are established and functioning.</p> <p>Clear mechanisms and procedures for notification and information are established.</p>	Level 2 + Functioning of Enquiry Point and Notification Authority and information and notification mechanisms are fully in line with provisions of WTO SPS Agreement.	Level 3 + Steps have been taken to ensure that functioning of Enquiry Point and Notification Authority and information and notification mechanisms comply with provision of CEFTA 2006.	Level 4 + Functioning of Enquiry Point, Notification Authority and information and notification mechanisms are fully in line with Directive 98/34/EC (as modified by Directive 98/48/EC and Directive 2006/96/EC).

3. ADMINISTRATIVE BARRIERS TO TRADE

3.1 Establishment and functioning of a national customs website

Level 1	Level 2	Level 3	Level 4	Level 5
There is no customs website or website exists only in local language.	There is a website and information is published in at least one of the WTO languages (English/French/Spanish)	Level 2 + rate of duties are published and regularly updated. Website includes the following information: information on import and export procedures, necessary information on advance rulings, penalty provisions for breaches of import and export formalities.	Level 3 + Website includes clear information on customs valuation.	<p>Level 4 + website includes information on procedures of border agencies (downloadable), agreements with any country or countries relating to customs issues, examples of customs classification, applicable legislation, judicial decisions examples, electronic manuals when systems are implemented.</p> <p>All the above information is regularly communicated to update the CEFTA trade facilitation web portal.</p>

3.2 Establishment and functioning of enquiry points

Level 1	Level 2	Level 3	Level 4	Level 5
There is no Enquiry point for customs	There is an Enquiry point responsible for answering enquiries on trade-related legislation and procedures.	Level 2 + Functioning and operations of enquiry point are implemented in coordination with the other CEFTA Parties.	Level 3 + Enquiry point handles customs feedback (complaints), by telephone, human contact or online (email, online forms)	Level 4 + Enquiry point has a full time hotline (24/7)

3.3 Involvement of the trade community

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is no structure of consultation between the government and traders OR consultations involve less than 2 stakeholder groups (including SMEs, large traders, transporters, customs brokers and citizens)</p>	<p>The government holds ad hoc consultations when introducing or amending laws, regulations and administrative rulings of general application related to customs and trading procedures.</p> <p>At least 3 stakeholder groups are consulted.</p> <p>Representatives of the trade community from other CEFTA Parties are involved in the consultation. Customs policy objectives are communicated to the general public.</p>	<p>Level 2 + Permanent consultation structures exist.</p>	<p>Level 3 + Four or more stakeholder groups are consulted, and a minimum of 2 weeks are allowed for consultation</p>	<p>Level 4 + the trading community is involved at the drafting stage of customs laws and regulations.</p> <p>A minimum of eight weeks are allowed for consultation.</p>

3.4 Advance rulings

Level 1	Level 2	Level 3	Level 4	Level 5
There are no administrative and legal mechanisms to issue advance rulings for investment and trading purposes	<p>Mechanisms to issue advance rulings exist for the following: classification according to the national customs tariff, information on the method that will be applied for customs valuation, verification of the origin of goods declared for preferential treatment.</p> <p>Mechanisms to issue advance rulings have been designed in consultation / coordination with the other CEFTA Parties as part of their mutual administrative assistance in customs matters.</p>	Level 2 + advance rulings are issued within 30 – 120 days after submission of the request + advance rulings of general interest are made public	Level 3 + refusal to issue or revocation of advance rulings are motivated	Level 4 + advance ruling provisions foresee an appeal mechanism (possibility to request a review or its revocation/ modification)

3.5 Appeal procedures

Level 1	Level 2	Level 3	Level 4	Level 5
There is no appeal mechanism for customs matters, or the related laws are not publicly available	<p>Administrative appeal mechanisms exist and provisions are publicly available in the Customs Code or other Gazette. Information about the motives of the administration's decisions is provided.</p> <p>Administrative appeal mechanisms have been designed in consultation / coordination with the other CEFTA Parties as part of their mutual administrative assistance in customs matters.</p>	Level 2 + right to appeal to an authority independent of the authority which issued the decision, such as an established arbitration procedure or a special administrative tribunal	Level 3 + appeal to an independent judicial authority is available to all individuals	Level 4 + information on appeal procedures is easily accessible on customs website

3.6 Fees and charges

Level 1	Level 2	Level 3	Level 4	Level 5
Fees and charges are calculated ad valorem and are not published.	Fees and charges are not calculated ad valorem. They are published on paper (gazette, customs bulletin...).	Level 2 + fees and charges are published on the internet.	Level 3 + Information on fees and charges are regularly exchanged with the relevant administration in the other CEFTA Parties.	Level 4 + appropriateness and relevance of fees and charges are reviewed at regular intervals.

3.7 Formalities: documents and automation

Level 1	Level 2	Level 3	Level 4	Level 5
Number of documents for export and imports is above CEFTA average.	Documents can be lodged electronically, with some exceptions.	Document can be lodged electronically, with no exceptions.	Level 3 + risk management is in the process of implementation (but not yet fully operational). EDI is in the process of implementation (but not yet fully operational). Improvements in handling of documentation and automation are implemented in cooperation with the other CEFTA Parties.	Risk management and EDI are fully operational. Digital certificate and signature are in place.

3.8 Customs procedures and processes

Level 1	Level 2	Level 3	Level 4	Level 5
<p>No single window is in place.</p> <p>Pre-arrival processing is not in use.</p> <p>No separation of release from final determination and payment of customs duties. No difference in physical and documentary inspection between perishable and non perishable goods.</p>	<p>A single window is planned or in the process of implementation. Separation of release from final determination and payment of customs duties is available for Authorised Traders.</p> <p>There is a difference in treatment of perishable and non perishable goods. Single window has been designed in consultation / coordination with the other CEFTA Parties as part of their mutual administrative assistance in customs matters.</p>	<p>Separation of release from final determination and payment of customs duties (conditional to deposit of a security). Elimination of pre-shipment inspections</p>	<p>Level 3 + possibility of post-clearance audit.</p> <p>A single window is operational.</p>	<p>Level 4 + publication of average clearance time.</p>

3.9 Domestic and cross-border/international agency co-ordination and co-operation

Level 1	Level 2	Level 3	Level 4	Level 5
<p>There is no delegation of controls to the Customs agency. There are no exchange programmes with third countries.</p>	<p>National legislation foresees co-operation between customs and other relevant government agencies.</p> <p>Co-operation between customs and other relevant agencies with clearly defined roles and responsibilities. Regular meetings are held to improve co-operation between government bodies involved in international trade. Exchange programmes are held with other CEFTA Parties.</p>	<p>Exchange programmes are held with CEFTA Parties and other third countries. Coordination meetings and training also involve the private sector.</p>	<p>Level 3 + Country have international agreements on joint customs controls.</p>	<p>Level 4 + Government delegates controls to Customs agency.</p>

BIBLIOGRAPHY

- Aldaz-Carroll, E. (2006), "Regional Approaches to Better Standards Systems", World Bank Policy Research Working Paper, No. 3948, World Bank, Washington DC.
- Engman, M. (2005), "The Economic Impact of Trade Facilitation", *OECD Trade Policy Working Papers*, No. 21, OECD, Paris.
- European Commission (2002), *Communication from the Commission: Towards a reinforced culture of consultation and dialogue - General principles and minimum standards for consultation of interested parties by the Commission*, COM(2002) 704 final, Brussels.
- Fliess, B. and R. Schonfeld (2006), "Trends in Conformity Assessment Practices and Barriers to Trade: Final Report on Survey of Cabs and Exporters", *OECD Trade Policy Working Papers*, No. 37, OECD, Paris.
- Kotschwar, B.F. (2001), "Standards and Technical Barriers to Trade", in *Toward Free Trade in the Americas*, Brookings Institution Press, Washington D.C.
- Moisé, E. (2004), "The Cost of Introducing and Implementing Trade Facilitation Measures: Interim Report", *OECD Trade Policy Working Papers*, No. 8, OECD, Paris.
- Moisé, E., T. Orliac and P. Minor (2011), "Trade Facilitation Indicators: The Impact on Trade Costs", *OECD Trade Policy Working Papers*, No. 118, OECD, Paris.
- OECD, (2001), *Agricultural Policies in Emerging and Transition Economies*, OECD, Paris.
- OECD (2006), *Policy Framework for Investment*, OECD, Paris.
- OECD (2009), *Overcoming Border Bottlenecks: The Costs and Benefits of Trade Facilitation*, OECD, Paris.
- OECD (2010), *Investment Reform Index 2010: Monitoring Policies and Institutions for Direct Investment in South-East Europe*, OECD, Paris.
- Shortall, D. (2007), "Regulatory Reform and Market Openness: Processes to Assess Effectively the Trade and Investment Impact of Regulation", *OECD Trade Policy Working Papers*, No. 48, OECD, Paris.
- United Nations Conference on Trade and Development (2011), "Technical Notes on Trade Facilitation Measures", United Nations, New York and Geneva.

