



# Digitalization and trade facilitation within the CEFTA - 2006

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## Obstacles preventing trade facilitation and deeper regional integration

- ▶ Weak economic structure of CEFTA Parties (low level of integration within the supply and value added chain, low level of finalization of manufactured goods, competitive instead of complementary structure of exchanged goods, etc.).
- ▶ Existence of NTB's (detected and measured with the help of the OECD).
- ▶ External factors (financial crisis, floods and landslides in the region).
- ▶ Generally, CEFTA Parties have better integrated trade exchange with the EU.



# Additional Protocol 5 to the Amended CEFTA - 2006 Agreement

- ▶ Drafted as part of the *Berlin Process*.
- ▶ Protocol 5 deals with liberalization of trade in goods.
- ▶ The acceptance of Protocol 5 aligns with the entry into force of the new Trade Facilitation Agreement (TFA) of the WTO.
- ▶ Protocol 5 envisages establishment of regional economic area which should be fully operational by 2023.



# Trade facilitation in Protocol 5

Protocol 5 lists 3 main objectives that should be achieved:

- ▶ Reduction of formalities and simplified inspections relating to clearance procedures;
- ▶ Enhanced level of data exchange between customs authorities;
- ▶ Mutual recognition of national AEO programs in each CEFTA Party (Article 3).



# Reduction of formalities and simplified inspections relating to clearance procedures

- ▶ Each CEFTA Party is due to undertake review of its existing formalities and documentation requirements within one year (Article 8.1 and 8.2).
- ▶ Competent authorities are to **accept electronic or paper copies of documents** from an authority which holds the original documents (Article 8.3).
- ▶ Separation of **release of goods** from **final determination** of customs duties, taxes, fees and charges (Article 20).
- ▶ CEFTA Parties are required to measure and publish average time release of goods using the Time Release Study of the WTO (Article 22).
- ▶ CEFTA Parties are to recognize legislation and procedures relating to inspections and documentation carried by competent authorities of other CEFTA Parties, if they are **in line with the EU *acquis*** (Article 24.3).
  - ▶ The recognition would possible after a process of validation adopted by the CEFTA Joint Committee.



# Status of Authorized Economic Operators

- ▶ CEFTA Parties are obliged to mutually recognize National Authorized Economic Operator's Programs if they are fully in line with the relevant EU *acquis*.
- ▶ Traders which fulfill the requirements in their home country and gain the status of **would enjoy such status in the other CEFTA Parties as well AEO**, (Article 26).
- ▶ Annex III of the Protocol 5 regulates the status of AEO in detail, particularly providing for the:
  - ▶ criteria on granting the status of AEO;
  - ▶ facilitations that are to be enjoyed by AEO;
  - ▶ conditions for recognition of AEO's; and
  - ▶ the rules for suspension, revocation, rejection and annulment of the status.



# Enhanced level of data exchange

- ▶ The obligations for enhanced level of data exchange are two-fold: at national and at international level, between customs authorities and competent authorities involved in the clearance of goods.
- ▶ At national level intensified cooperation, coordination and information exchange among all competent authorities is required.
  - ▶ Institutions are encouraged to align working hours, align procedures and formalities, develop and share common facilities, perform joint controls and establish one stop border control (Article 4).
  - ▶ Competent authorities are due to sign MoU allowing paper and electronic copies of documents necessary for clearance of goods (Article 8.3 and Annex II).



# Enhanced level of data exchange

- ▶ CEFTA Parties are required to exchange data electronically at national and international level between customs and competent authorities in real time.
- ▶ The data exchange infrastructure has to be in accordance with **Annex I** of the Protocol 5.
- ▶ Annex I defines:
  - ▶ the institutions that should exchange data;
  - ▶ the types of documents that should be exchanged between CEFTA Parties;
  - ▶ the relevant standard/model that should be used by the relevant authorities, which are to be mutually accepted for the purpose of creating common regional databases.
- ▶ CEFTA Parties are due to provide security of the systems using safe internet connection by applying Systematic Electronic Exchange of Data (SEED)/ Virtual Private Network (VPN) (Article 14).



# Enhanced level of data exchange

Data exchange at international level:

- ▶ CEFTA Parties are obliged to exchange data electronically among themselves with the aim of **establishment of common framework for risk management and joint risk management system** (Article 5.1).
- ▶ Selectivity criteria for risk management:
  - ▶ Nature and description of goods, country of origin, country of shipment, value of goods, compliance records of traders, type of transport etc.
  - ▶ The focus should be on high-risk consignments.



# Systems for advanced lodging

- ▶ **CEFTA Parties are also due to adopt systems for advanced lodging, which would allow economic operators, and traders the possibility for electronic submission of import documentation and other required information prior to the arrival (Article 13.4).**
- ▶ **Additionally, CEFTA Parties are due to process pre-arrival data through the risk management systems of all competent authorities involved in the clearance of goods for the purpose of risk assessment (Article 13.6).**



# Additional provisions on digitalization

- ▶ All relevant information relating to customs formalities has to be electronically available, not only in the language of the CEFTA Party, but also on English.
  - ▶ Information on fees and charges has to be published electronically in accordance with article 1 of WTO Agreement on Trade Facilitation (Article 7.2).
- ▶ CEFTA Parties are obliged to adopt and maintain procedures allowing electronic payment of duties, taxes, fees and all other charges collected by customs authorities (Article 19).



Thank you for your attention!