

# IFC Western Balkans Trade Logistics Project

Short overview



# OUTLINE OF THE PRESENTATION



**THE PROJECT AND ITS OBJECTIVES**



**PROJECT ACTIVITIES**



**SUPPLY CHAIN MAPPING**



**SOME FINDINGS**



**FURTHER COOPERATION**

# THE PROJECT AND OBJECTIVES

## TIMEFRAME

- Started in February 2012, and will work till June 2014.
- Involves Albania, BIH, Croatia, Kosovo\*, FYR Macedonia, Montenegro, Serbia

## OBJECTIVES

- Promote regional integration by facilitating trade in the Western Balkans region.
- Stimulate economic development by providing more efficient access to regional and global markets
- This will be achieved through reduction in administrative and regulatory constraints, harmonization of border control clearances and improvement of trade logistics services.

## PARTNERS

- Project implemented in cooperation with the EU
- Project closely cooperates with CEFTA

# PROJECT ACTIVITIES

## MAIN AREAS

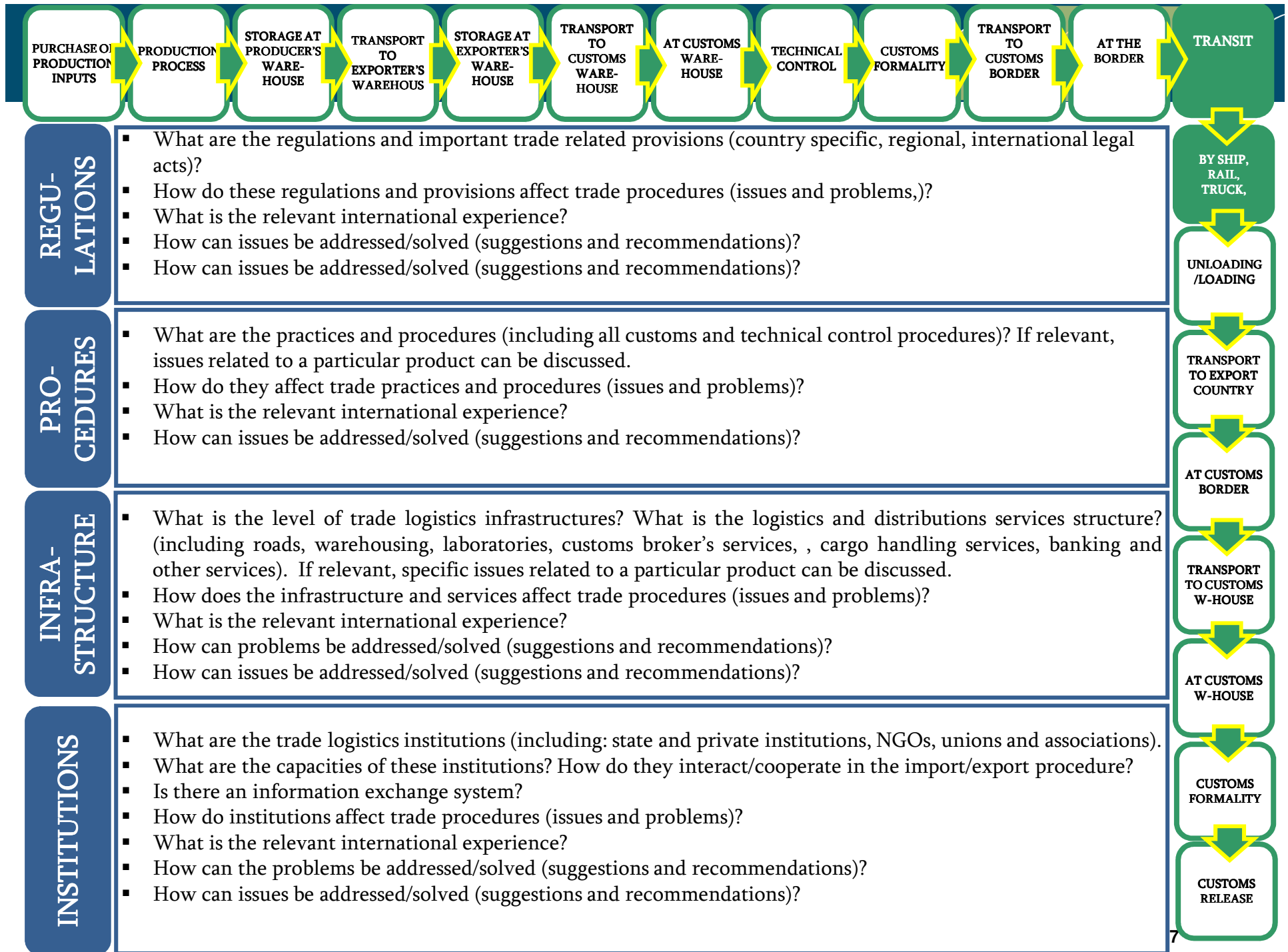
- Streamlining operations and simplification of procedures involved in trade logistics supply chain
- Improvement and wider use of risk based controls
- Increasing the efficiency of air cargo handling in major regional airports
- Simplification of clearance procedures for transit cargo on Danube river

# PROJECT ACTIVITIES

- **Supply chain mapping of selected products and routes**
  - To identify processes, and issues and provide recommendations for further improvement
- **Assist in designing agreed reform measures:**
  - Review of relevant legal and regulatory basis
  - Design of concepts, strategies, action plans, etc.
  - Design/improvement of risk profiles
- **Bringing knowledge and expertise in specific areas**
  - International experience and best practice
  - Internationally accepted rules
- **Facilitating discussions between stakeholders and countries**
  - Bring parties together (round table discussions, and workshops)
  - Awareness raising activities

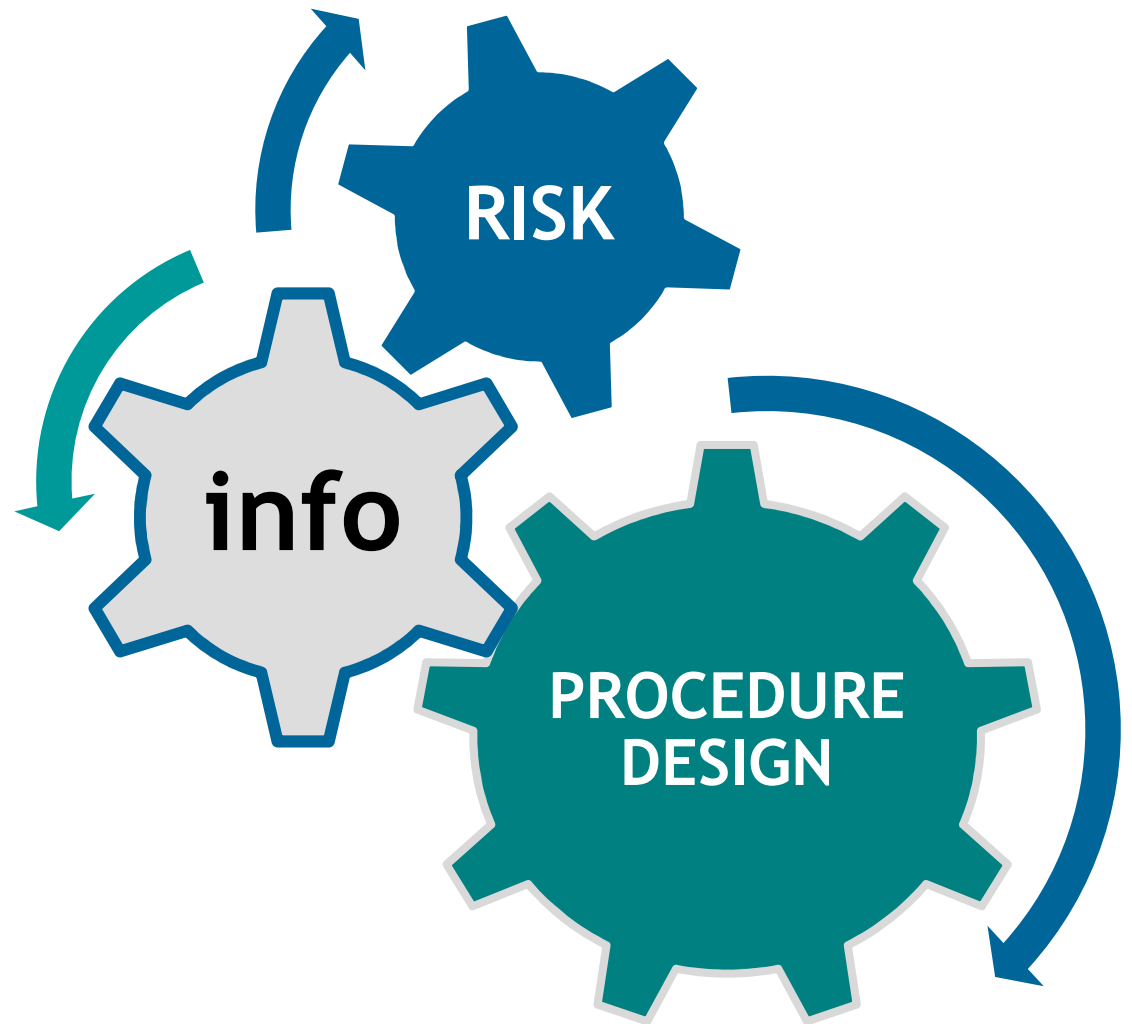
# THE MAPPING AND ITS OBJECTIVES

- 1) **Holistic supply chain approach, i.e.** not only customs, but also technical control and port related procedures
- 2) Based on observations of the processes, and on interviews with multiple stakeholders
- 3) View from business perspective
- 4) Focus on real procedures and not on provisions in legal acts
- 5) Focus on highlighting key issues and recommending and implementing short- to medium- term solutions.



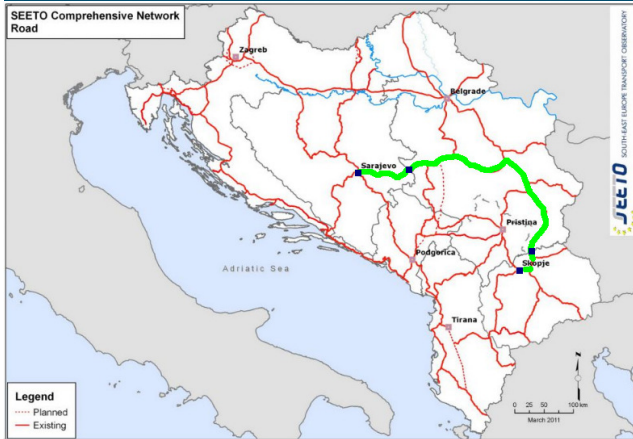
**ALL COMPONENTS  
ARE  
INTERRELATED,  
and**

to achieve  
improvements with  
strong and  
sustainable impact  
it is important to  
view all components  
in the context of  
the whole process.





# THE ROUTES

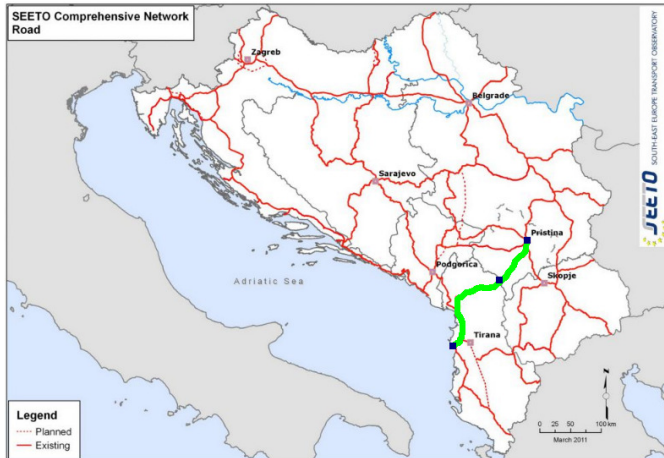
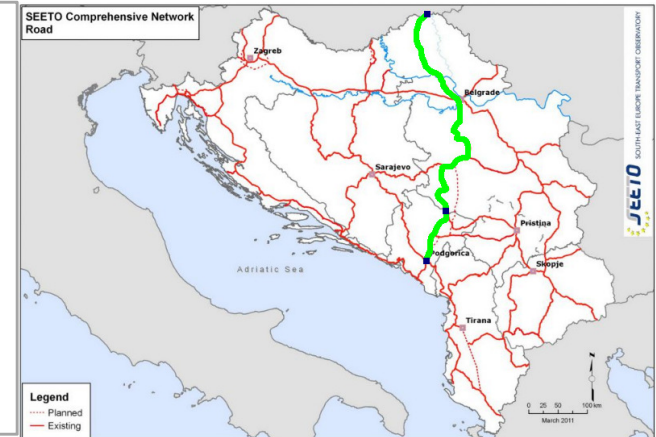


## Route 1: Macedonia (Skopje)-Serbia-BiH (Sarajevo)

- Macedonia-Serbia - Tabanovce BCP (on the Macedonia side), and Preševo BCP (on the Serbian side);
- Serbia-BiH border crossing - Rača BCP
- BiH - Croatia border crossing: Gradiška BCP in BiH

## Route 2: Hungary (Horgos) - Montenegro (Podgorica)

- Hungary - Horgoš BCP
- Serbia-Montenegro - Dobrakovo BCP

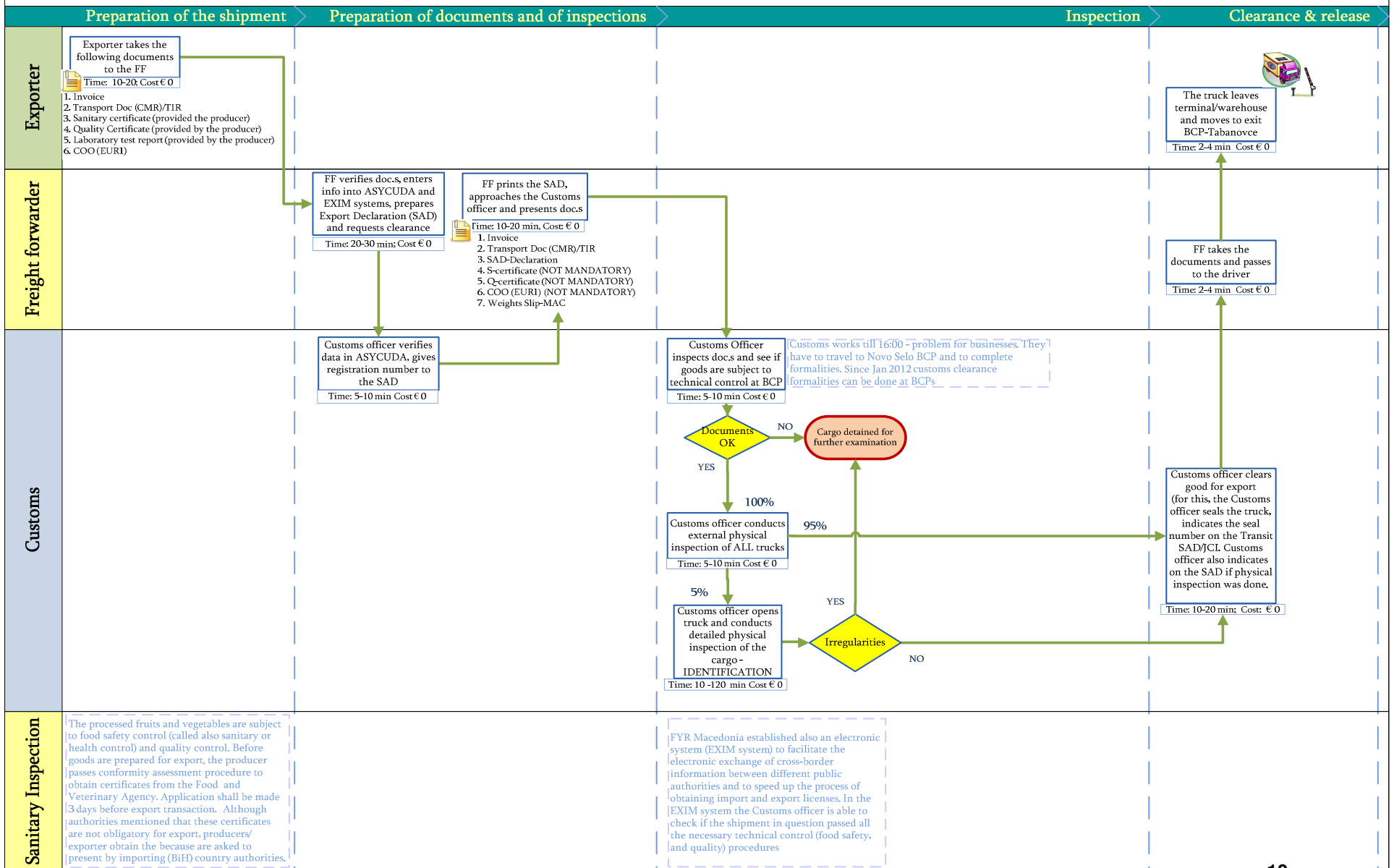


## Route 3: Albania (Port of Durrës) - Kosovo\* (Pristina)

- Albania-Kosovo\* - Morine BCP (Morinë -Vërmicë)
- \* This designation is without prejudice to position on status, and is in line with UNSCR 1244 and the ICJ advisory opinion on the Kosovo\* declaration of independence

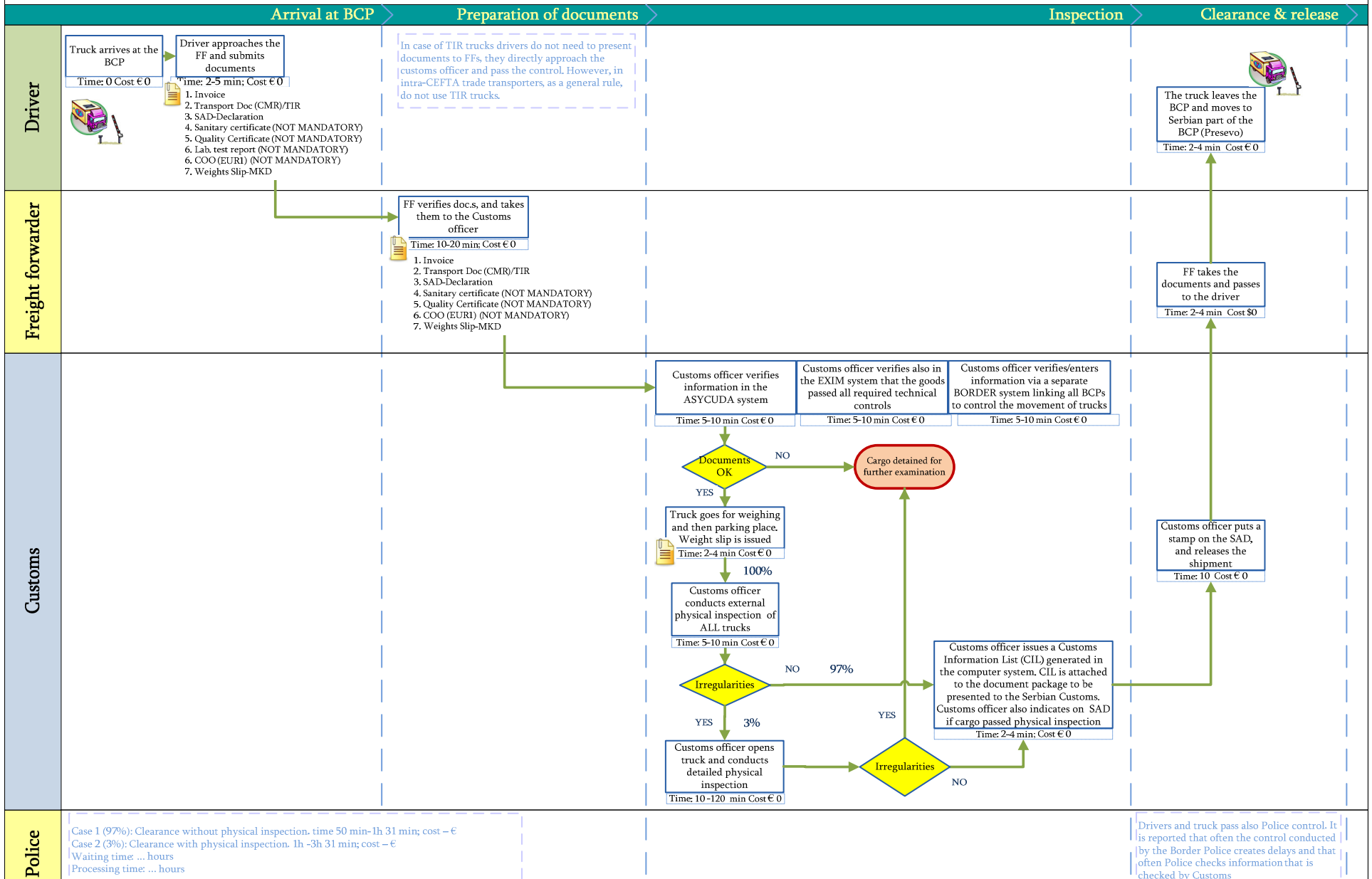
# PROCESS MAPS

## EXPORT FROM MACEDONIA – INLAND PROCEDURES (STRUMICA TERMINAL)



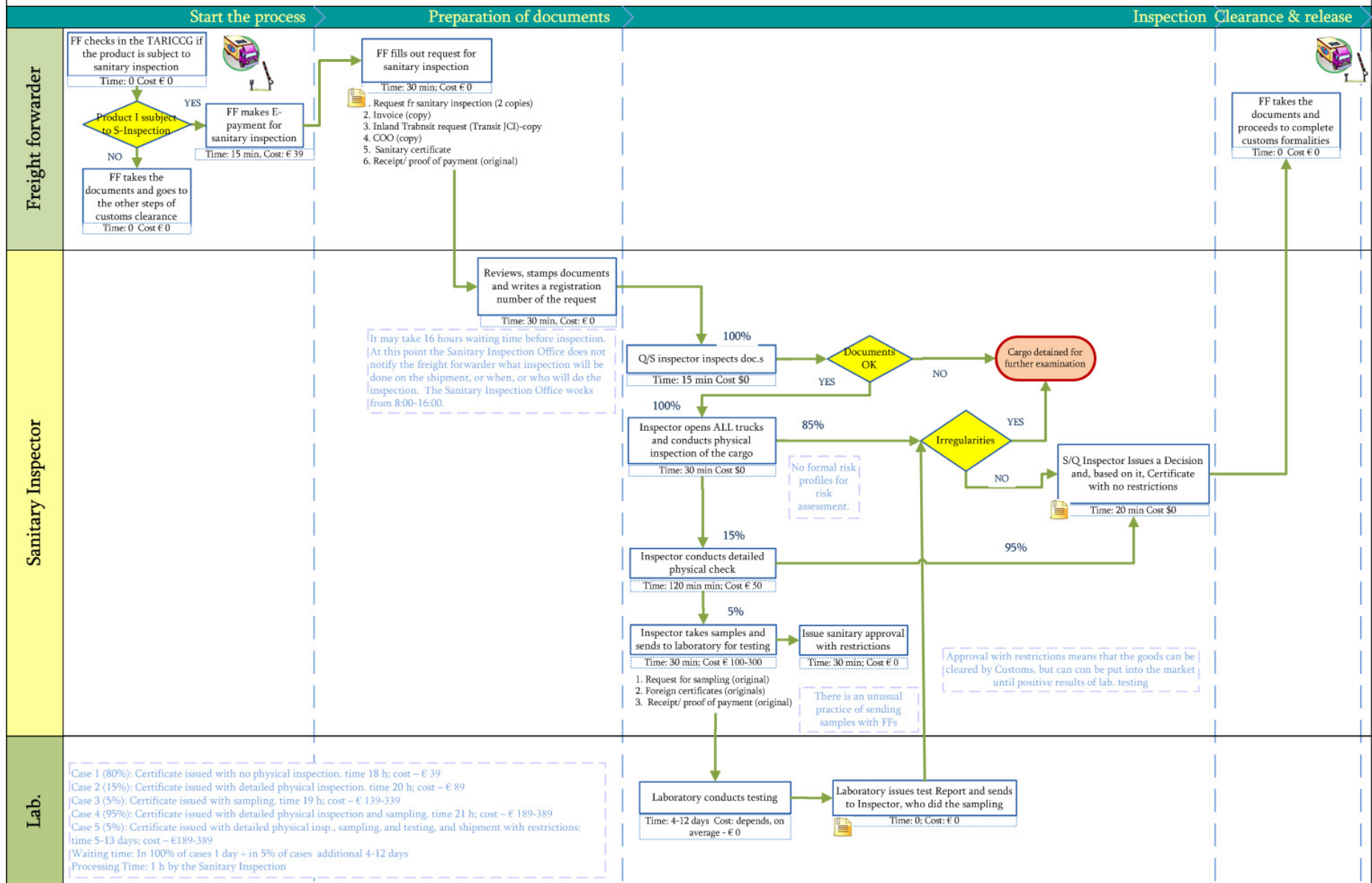
# PROCESS MAPS

## EXPORT FROM FYR MACEDONIA – AT THE BORDER CROSSING POINT (TABANOVČE)



# PROCESS MAPS

## MONTENEGRO IMPORT – SANITARY INSPECTION AT CUSTOMS TERMINAL IN PODGORICA



# ONGOING INITIATIVES AND REFORM EFFORTS

## INFRASTRUCTURE DEVELOPMENT

- Significant investments in transport infrastructure
- Road network development
- SEED network
- BCP improvement

## LEGAL AND INSTITUTIONAL DEVELOPMENT

- Ongoing legislative reform towards EU harmonization
- EU TWINNING projects

## HARMONIZATION OF PROCEDURES

- Agreements on mutual recognition of certification results
- Initiatives to harmonize documents

## REGIONAL COOPERATION EFFORTS

- CEFTA's important role in promoting regional cooperation
- SEED
- SEETO
- RCC

## EXAMPLES OF REFORMS AND COOPERATION

- Initiatives and reforms in FYR Macedonia (EXIM, SAR, surveys)
- Montenegro significant efforts to simplify procedures
- Albania and Kosovo\* cooperation efforts
- Serbia, BiH, Montenegro mutual recognition agreements

# SUMMARY AND CLASSIFICATION OF ISSUES

## RISK MANAGEMENT

- Is there Green Channel?
- High level of physical inspection?
- Low use of simplified procedures

## PROCEDURE DESIGN

- Payment procedures (take long, and are paper based)
- Burdensome bank guarantee procedures in some countries
- Complex sampling, testing and cert.-n procedures

## INFORMATION EXCHANGE

- Need and opportunity for improving the organization of and formats of information exchange
- Paper based procedures

## INFRA STRUCTURE

- Issues related to low capacity of border crossing points (BCP)
- Issues related to low capacity of and compatibility IT systems
- Underdevelopment of National Quality Infrastructures

## COOPERATION

- Lack of mutual recognition of certificates
- Inter-agency - IBM implementation (Customs, Police; Insp.s)
- Inter-agency and inter-country: information exchange



# SOME ISSUES IN MACEDONIA

- Macedonia is more advanced than other CEFTA countries in several respects
  - Electronic system and information exchange (EXIM; BORDER)
  - Risk management (SAR)
- Issues in border crossing procedures (inefficiencies in integrated border management)
- Issues in technical control procedures (sanitary control, phyto and veterinary controls, operation of EXIM, etc)
- Inefficiencies of some inland formalities (working hours, travel to the border and back to complete export formalities)
- Other ?

# TRADE-STATISTICS W-BALKAN COUNTRIES (2010, 2011)

		EXPORT			IMPORT		
		EU 27	WB	OTHER	EU 27	WB	OTHER
Albania	2010	86.3	11.8	1.9	80.8	11.8	7.4
	2011	85.3	12	2.7	84.2	6.4	9.4
BiH	2010	16.8	74.2	9	40.5	42.6	16.9
	2011	14.8	72.3	12.9	39.5	43.2	17.3
Croatia	2010	53	30.4	16.6	71	11.7	14.6
	2011	58	27.4	14.6	71.1	9.7	19.2
FYR Macedonia	2010	29.2	61	9.8	47.9	32.3	19.8
	2011	37	52.4	10.6	50.1	31.3	18.6
Montenegro	2010	12.5	87.2	0.3	11.5	81.5	7
	2011	9	86.4	4.6	11.1	79.4	9.5
Serbia	2010	49.7	26.6	23.7	51.8	21.2	27
	2011	58.5	22.7	18.8	53.3	20.9	25.8
Kosovo*	2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.



# EXPORT COSTS IN W-BALKAN COUNTRIES (20 FT CONTAINER)

Procedures	Unit	Albania		BiH		Kosovo*		FYR Macedonia		Montenegro		Serbia	
		Time day	Cost \$	Time day	Cost \$	Time day	Cost \$	Time day	Cost \$	Time day	Cost \$	Time day	Cost \$
DB RANK		82		125		117		22		56		92	
DB TRADE RANK		76		108		131		67		34		79	
DOCUMENTS TO EXPORT		7		8		8		6		6		6	
TOTAL TIME AND COSTS		19	745	15	1240	17	2270	12	1376	14	805	12	1433
Documents preparation	\$/Decl.	11	130	6	240	8	310	4	86	4	140	2	178
Customs clearance and technical control	\$/Decl.	2	65	2	100	1	100	1	50	3	65	2	70
Ports and terminal handling	\$/Shipm	3	350	4	200	5	560	5	560	5	300	5	285
Inland transport and handling	\$/Shipm	3	200	3	700	3	1300	2	680	2	300	3	900

**OECD average:** time to export is 4 days, cost to export is \$1,032, documents to export is 4  
**East Europe and Central Asia average:** time to export is 7 days, cost to export is \$1,774, documents to export is 7

Source: DB Report-2012.

# IMPORT COSTS IN W-BALKAN COUNTRIES (20 FT CONTAINER)

Procedures	Unit	Albania		BiH		Kosovo*		FYR Macedonia		Montenegro		Serbia	
		Time day	Cost, \$	Time day	Cost \$	Time day	Cost \$	Time day	Cost \$	Time day	Cost \$	Time day	Cost \$
DB RANK		82		125		117		22		56		92	
DB TRADE RANK		76		108		131		67		34		79	
DOCUMENTS TO IMPORT		8		9		8		6		6		6	
TOTAL TIME AND COSTS		18	730	16	1200	18	2280	11	1380	14	915	14	1609
Documents preparation	\$/Decl	12	115	5	200	8	300	4	90	6	250	6	139
Customs clearance and technical control	\$/Decl	2	65	2	100	1	100	1	50	3	65	2	90
Ports and terminal handling	\$/Ship m	2	350	3	200	4	560	4	560	3	300	3	280
Inland transport and handling	\$/Ship m	2	200	6	700	3	1320	2	680	2	300	3	1100

**OECD average:** time to import is 11 days, cost to import is \$1,085, documents to import is 5.  
**East Europe and Central Asia average:** time to import is 29 days, cost to import is \$1,990, documents to import is 8.

Source: DB Report-2012

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