

REPUBLIC OF SERBIA

NATIONAL TRADE FACILITATION BODY



**ANNUAL REPORT
2017**

Belgrade, March 2018

1. Introduction

The National Trade Facilitation Body (NTFB) was established by the Government of Serbia by its Decision No. 02-10409/2017 (*Official Gazette of the Republic of Serbia*, No. 98/17) enacted on 2 November 2017. The purpose of the NTFB is to comprehensively and effectively facilitate foreign trade of the Republic of Serbia and coordinate relevant authorities, the business community, and other foreign trade stakeholders.

The NTFB is tasked with:

- 1) Reviewing, directing, and coordinating the execution of trade facilitation commitments resulting from the process of accession to the World Trade Organization (WTO) and application of the WTO Agreement on Trade Facilitation (TFA) and other international trade agreements;
- 2) Contributing to the preparation and initiation of measures and activities aimed at enhancing and facilitating foreign trade and reviewing and contributing to plans for facilitating foreign trade and removing barriers to trade as proposed by Expert Groups of the NTFB, relevant Ministries, and the business community;
- 3) Directing cooperation between Ministries and other relevant bodies and organizations with regard to trade facilitation policy and coordinating the exchange of information pertaining to the import, export, and transit of goods;
- 4) Keeping the general public informed of trade facilitation plans and providing information and contact details for government authorities responsible for import, export, and transit controls;
- 5) Directing and coordinating other trade facilitation activities in accordance with best global practices and the needs of the business community.

The **Chair of the NTFB** is Stevan Nikčević, State Secretary at the Ministry of Trade, Tourism and Telecommunications; its **Vice Chair** is Veselin Milošević, Acting Assistant Director / Coordinator of the Customs Administration at the Ministry of Finance.

The **Ministry of Trade, Tourism and Telecommunications** and the **Customs Administration** provide technical and administrative support to the NTFB.

The NTFB meets as and when required and at a minimum twice every year.

The NTFB submits **annual operating reports** to the Government **at the latest by 31 March of the following year**, as well as **additional reports as and when required**.

2. Rules of Procedure

The NTFB enacted its Rules of Procedure on 12 December 2017 pursuant to Article 6 of the Decision Establishing the NTFB. The Rules govern the mode of operation, convening and preparation of meetings, voting and decision-making, and any and all other issues of importance for the deliberations of the NTFB.

3. Expert Groups

The NTFB may establish Expert Groups tasked with considering particular issues and proposing solutions with the aim of facilitating foreign trade, removing barriers to trade, streamlining and modernizing customs procedures and import, export, and transit controls; and simplifying and eliminating formalities.

Meetings of these working parties entail the active involvement and attendance of interested members of the business community, professional chambers and other associations, other entities that exercise public powers, academic institutions, and other organizations able to contribute to the facilitation of foreign trade.

Consultations with the business community are in progress with regard to the creation of a number of working parties and the clarification of their respective duties and issues. Businesses are also expected to nominate representatives for each of the working groups.

4. Public scrutiny

The NTFB is open to public scrutiny; its openness is ensured by presenting activities of the NTFB on its web site and issuing public announcements and press releases.

5. Meetings of the NTFB

5.1 First meeting of the NTFB

The first meeting of the NTFB took place in Belgrade on 16 November 2017 with the following agenda:

- 1) Constitution of the NTFB;
- 2) Removal of barriers to trade between Serbia and Bosnia and Herzegovina.

Discussion of the first item of the agenda centered on the long-standing need to establish this body and the business community's initiative to provide a venue where the public and private sector could work systematically to address all issues encountered in foreign trade that concern the application of customs, veterinary, phytosanitary, and other measures and procedures in cross-border trade. Moreover, it was heard, the creation of a trade facilitation body had become a requirement for Serbian membership in the World Trade Organization (WTO), as mandated by the WTO Trade Facilitation Agreement that entered into effect in February 2017. The meeting also heard the key duties of the NTFB in accordance with its establishing decision, and resolved to include representatives of the business community in its deliberations by means of its Expert Groups.

With respect to the second item of the agenda, it was agreed that ongoing measures and activities to remove barriers to trade with Bosnia-Herzegovina would henceforth be pursued as part of the NTFB mechanism. The following observations and resolutions were made:

- 1) The relevant institutions on the Serbian side reported having considered all outstanding issues and noted that most issues had been resolved and misunderstandings clarified since the last round of negotiations with the Bosnia-Herzegovina delegation (in early October 2017).
- 2) At the invitation of their Bosnia-Herzegovina counterparts, officers of the Serbian Ministry of Agriculture, Forestry and Water Management and Ministry of Health undertook to meet the relevant bodies of Bosnia-Herzegovina at the earliest opportunity (and no later than 30 November 2017) to discuss ways to enhance cooperation.
- 3) The Serbian Ministry of Finance resolved to contact the Serbian Chamber of Commerce to explore options for designating an additional border crossing point for customs clearance formalities for sugar imports.

- 4) It was confirmed that the next round of negotiations with Bosnia-Herzegovina would be held on 30 November 2017 in Sarajevo. This encounter was expected to result in firm agreements and to produce a document that could be signed by the relevant cabinet ministers of both sides during a visit by the Presidency of Bosnia-Herzegovina to Belgrade, planned for 6 and 7 December 2017.

The meeting was chaired by Stevan Nikčević, State Secretary at the Ministry of Trade, Tourism and Telecommunications.

5.2 The second meeting of the NTFB was held remotely on 12 December 2017. This meeting adopted the Rules of Procedure of the NTFB.

6. Removing barriers to trade

6.1 Removing barriers to trade between Serbia and Bosnia and Herzegovina

Delegations of Serbia and Bosnia and Herzegovina met on 4 October 2017 in Belgrade and 30 November 2017 in Sarajevo. These encounters resulted in substantial progress towards addressing and resolving a number of issues.

Barriers to trade were identified and eliminated in the following areas:

- Exports of chicken meat and processed products made from chicken meat, and milk and dairy products from Bosnia-Herzegovina to Serbia. Agreement was reached for Serbia to recognize analyses prepared by accredited laboratories in Bosnia-Herzegovina.
- Exports of beer from Bosnia-Herzegovina to Serbia. The Serbian Ministry of Agriculture notified the negotiators that the problem of customs declarations could be resolved by admitting declarations with multiple importers provided that it clearly identifies the lead importer.
- Exports of raspberries from Bosnia-Herzegovina to Serbia. It was noted that standard phytosanitary procedures were being followed on the Serbian side and that no non-tariff barriers were in operation.
- Exports of bottled water, fruit juices, and flour from Bosnia-Herzegovina to Serbia. The negotiations heard that not all shipments were being inspected but that samples were being taken as mandated by standard procedures. Products were sampled, it was indicated, only if reports from accredited laboratories were not provided. The meetings also heard that the goods were not held at the border until results became available, but could be transported into Serbia and kept in cold storage.
- Exports of milk and dairy products into Bosnia-Herzegovina. The issue here involved how the goods were packaged, with Bosnia-Herzegovina authorities insisting that the center of the truck be free of pallets. It was stated that an instruction introduced by Bosnia-Herzegovina due to increased milk imports from the EU was still in force but was not being applied in practice.
- With regard to the request of Bosnia-Herzegovina to permit exports of sugar from Bosnia-Herzegovina to Serbia via the Sremska Rača Customs Post, the Serbian Customs Administration reported that it had immediately called for amendments to the relevant rules, which were made in short order (on 1 December 2017). The rules now designate one additional border crossing point as an entry point for raw sugar.
- The issue of steel exports from Bosnia-Herzegovina was resolved.

A number of initiatives were agreed that can be implemented rapidly:

- It was agreed that protocols concerning control of products of plant and animal origin were a good foundation on which to improve collaboration and that these joint efforts should continue. The parties agreed that points of contact for these protocols needed to be designated.
- Another meeting was scheduled for December 2017; it was also resolved to set up bilateral sectoral teams tasked with facilitating cooperation. This sectoral meeting was duly held on 16 and 17 December 2017 in the town of Bijeljina, Bosnia-Herzegovina.
- The two sides agreed to sign a Memorandum of Understanding to regulate the recognition and acceptance of documents issued by accredited laboratories for industrial non-food products. This instrument is yet to be finalized.
- The number of freight transport licenses issued by the Serbian side has been growing steadily (from 600 in 2009 to 900, plus an additional 100, in 2017). This issue will be addressed by the Joint Commission for Road Transport, which should meet in May 2018.

Additional outstanding issues were identified that require additional consultations, time, funds, and capacity:

- **Exports of beer from Serbia to Bosnia-Herzegovina.** This issue, raised by the Serbian side, remains unresolved. Differentiated rates of excise duty remain in effect, and Bosnia-Herzegovina has announced amendments to its Excise Law. Bosnia-Herzegovina presented statistics indicating a major fall over the past year in prices of imported Serbian beer, from BAM 0.948 per liter to BAM 0.443 per liter. The volume of imports has remained the same, it was pointed out, with its value decreasing substantially, which Bosnia-Herzegovina authorities believe may constitute a dumping policy. Both sides agreed to analyze the information and discuss options at the next meeting. On 14 December 2017, the Serbian Chamber of Commerce organized a meeting between the Serbian Ministry of Trade and beer producers and exporters to review these data and export pricing contested by Bosnia-Herzegovina at the meeting in Sarajevo on 30 November 2017.
- **Status of the Kotroman-Vardište and Ljubovija-Bratunac border crossing points** will be resolved by national border crossing point commissions. It was underlined that customs clearance at actual crossing points created delays, as well as that the absence of clearance facilities for freight caused additional problems (such facilities as did exist were privately owned). No veterinary inspection station was available on the Serbian side at Kotroman-Vardište, while both phytosanitary and veterinary checkpoints had been set up on the Bosnia-Herzegovina side. A veterinary inspection site may be provided on the Serbian side of the border once infrastructure is created and agreement reached; the problem should also be considered at government level. The Serbian delegation noted that IPA funds amounting to EUR 2.2mn were earmarked for improvement of this border crossing point and that a tender had been published; this would improve working conditions and result in the construction of up-to-date facilities. Nevertheless, the time limit for awarding this contract is 23 December 2018, meaning that construction can begin in early 2019 at the soonest. Bosnia-Herzegovina authorities told the meeting that documents had been prepared for the construction of a new border crossing point at Vardište-Kotroman, and that a tender to select the contractor would be advertised in early 2018.

The access road and bridge for the planned joint border crossing point at Ljubovija-Bratunac on the Serbian side had been completed, the meeting was told; building the

actual checkpoint required amending the Agreement on Border Crossing Points to allow a tender to be advertised in Bosnia-Herzegovina. This country also has to resolve issues with title to land on its side of the border. The Serbian Government and the Bosnia-Herzegovina Council of Ministers will have to sign an agreement for the new Bratunac-Ljubovija border crossing as soon as is practicable, and will also have to amend the Agreement on Border Crossing Points to categorize this facility.

- **Preferential treatment in public procurement in Bosnia-Herzegovina.** There have been issues with the interpretation of the Bosnia-Herzegovina decision to apply preferential measures in public procurement, which has in some cases led to breaches of CEFTA. It was agreed for the Serbian side to notify the Bosnia-Herzegovina counterparts of this in writing and for the Bosnian authorities to take the issue under consideration.
- **Temporary imports of vehicle-mounted cranes into Serbia.** The Serbian side notified the meeting it would reconsider the request to apply type approval rules to temporary imports. The Ministry of Trade, Ministry of Finance, Customs Administration, and Road Safety Agency met on 14 December 2017 to discuss this issue and resolved that additional data and analyses were needed for a final position to be adopted. It was noted that this measure did not constitute a non-tariff barrier but was rather part of standard procedure.
- **Proposed Transportation of Hazardous Materials Bill of the Federation of Bosnia-Herzegovina.** The Serbian side noted that this piece of legislation would be detrimental to Serbian exporters of oil and oil products into Bosnia-Herzegovina (as it would restrict transportation to refineries and storage facilities to rail only). Bosnia-Herzegovina officials reassured the meeting they would take the Serbian objections into consideration and most likely permit transportation by road subject to an environmental fee. It was agreed that public consultations and enactment of this law should be monitored.

A number of high-level meetings were held as part of these initiatives for removing obstacles to trade. **On 15 December 2017, the Serbian Deputy Prime Minister and Minister of Trade, Tourism and Telecommunications, Rasim Ljajić, and the Vice-Chairman of the Council of Ministers and Minister of Foreign Trade and Economic Relations of Bosnia and Herzegovina, Mirko Šarović, signed a Joint Declaration on Removal of Non-Tariff Barriers to Trade between the Republic of Serbia and Bosnia and Herzegovina.**

Task teams of the Serbian Ministry of Trade and Bosnia-Herzegovina Ministry of Foreign Trade and Economic Relations and the two countries' chambers of commerce will continue to meet periodically to follow the implementation of these conclusions.

7. Other trade facilitation activities

The NTFB undertook the following activities:

- The NTFB partnered with AmCham and USAID to organize a conference on Public-Private Dialogue for Facilitation of Foreign Trade. **The Serbian Deputy Prime Minister and Minister of Trade, Tourism and Telecommunications, Rasim Ljajić,** acquainted the business community with the role and duties of the newly-established NTFB;
- To allow Serbia to become an observer state in the Pacific Alliance (an initiative of Mexico, Chile, Peru, and Colombia), proposals were drawn up for cooperation with these nations as part of the Government's Trade Facilitation priority area;

- In view of the extended trade liberalization arrangements agreed as part of the Free Trade Agreement in force between Serbia and Turkey, in January 2018 prospective investors were notified of the requirements and legal framework currently applicable to exports of agricultural produce from Serbia to Turkey, as well as of ongoing activities to align veterinary and sanitary certificates issued by the two countries;
- The NTFB set up a dedicated e-mail address at nktot@mtt.gov.rs, while a web site is also being developed;
- The United Nations Conference on Trade and Development (UNCTAD) was notified of the establishment of a trade facilitation body by Serbia. The notification is accompanied by a questionnaire detailing the operation of the NTFB that will be published on the UNCTAD web site.

8. Activities planned for 2018

The following activities are planned for 2018:

- The creation of Expert Groups will be planned. These working parties will deal with particular issues and will formally involve representatives of the business community;
- An Action Plan will be prepared for each Expert Group;
- Activities to eliminate barriers to trade will continue in bilateral contacts with a number of countries;
- The NTFB web site will be created.