

IFC Western Balkans Trade Logistics Project

Short overview



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OUTLINE OF THE PRESENTATION

THE PROJECT AND ITS OBJECTIVES

PROJECT ACTIVITIES

SUPPLY CHAIN MAPPING

SOME FINDINGS

FURTHER COOPERATION

THE PROJECT AND OBJECTIVES

 Promote regional integration by facilitating travel Stimulate economic development by provide efficient access to regional and global markets This will be achieved through reduction administrative and regulatory control clearant improvement of trade logistics services. 	iding more ts uction in constraints,
 PARTNERS Project implemented in cooperation with the I Project closely cooperates with CEFTA 	EU

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.

	RCHASE OI ODUCTION INPUTS	PRODUCTION PRODUCER'S WARE- PROCESS WARE- HOUSE TRANSPORT TO EXPORTER'S WARE- HOUSE WARE- HOUSE TRANSPORT TO CUSTOMS WARE- HOUSE WARE- HOUSE TRANSPORT TO CUSTOMS WARE- HOUSE TRANSPORT TO CUSTOMS WARE- HOUSE TRANSPORT TO CUSTOMS BORDER TO CUSTOMS BORDER TO CUSTOMS BORDER	TRANSIT
	LATIONS	 What are the regulations and important trade related provisions (country specific, regional, international legal acts)? How do these regulations and provisions affect trade procedures (issues and problems,)? What is the relevant international experience? How can issues be addressed/solved (suggestions and recommendations)? How can issues be addressed/solved (suggestions and recommendations)? 	BY SHIP, RAIL, TRUCK, UNLOADING /LOADING
Cdd	CEDURES	 What are the practices and procedures (including all customs and technical control procedures)? If relevant, issues related to a particular product can be discussed. How do they affect trade practices and procedures (issues and problems)? What is the relevant international experience? How can issues be addressed/solved (suggestions and recommendations)? 	TRANSPORT TO EXPORT COUNTRY
INEB A	STRUCTURE	 What is the level of trade logistics infrastructures? What is the logistics and distributions services structure? (including roads, warehousing, laboratories, customs broker's services, , cargo handling services, banking and other services). If relevant, specific issues related to a particular product can be discussed. How does the infrastructure and services affect trade procedures (issues and problems)? What is the relevant international experience? How can problems be addressed/solved (suggestions and recommendations)? How can issues be addressed/solved (suggestions and recommendations)? 	BORDER TRANSPORT TO CUSTOMS W-HOUSE
	SNOILULISNI	 What are the trade logistics institutions (including: state and private institutions, NGOs, unions and associations). What are the capacities of these institutions? How do they interact/cooperate in the import/export procedure? Is there an information exchange system? How do institutions affect trade procedures (issues and problems)? What is the relevant international experience? How can the problems be addressed/solved (suggestions and recommendations)? How can issues be addressed/solved (suggestions and recommendations)? 	CUSTOMS FORMALITY CUSTOMS RELEASE

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 Raća BCP
- BiH Croatia border crossing: Gradiška BCP in BiH

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

- Hungary Horgoš BCP
- Serbia-Montenegro Dobrakovo BCP





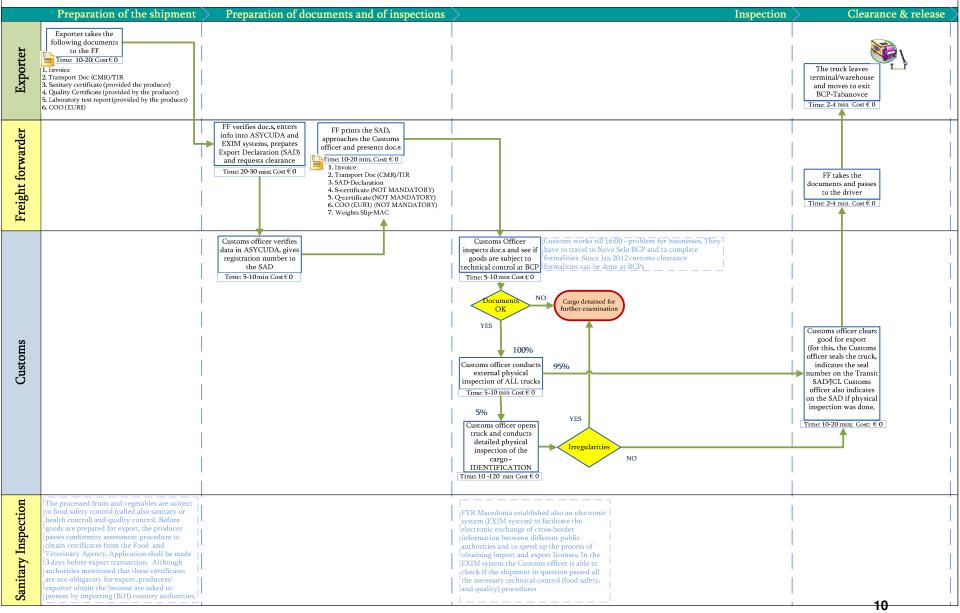
Route 3: Albania (Port of Durres) - Kosovo* (Pristina)

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

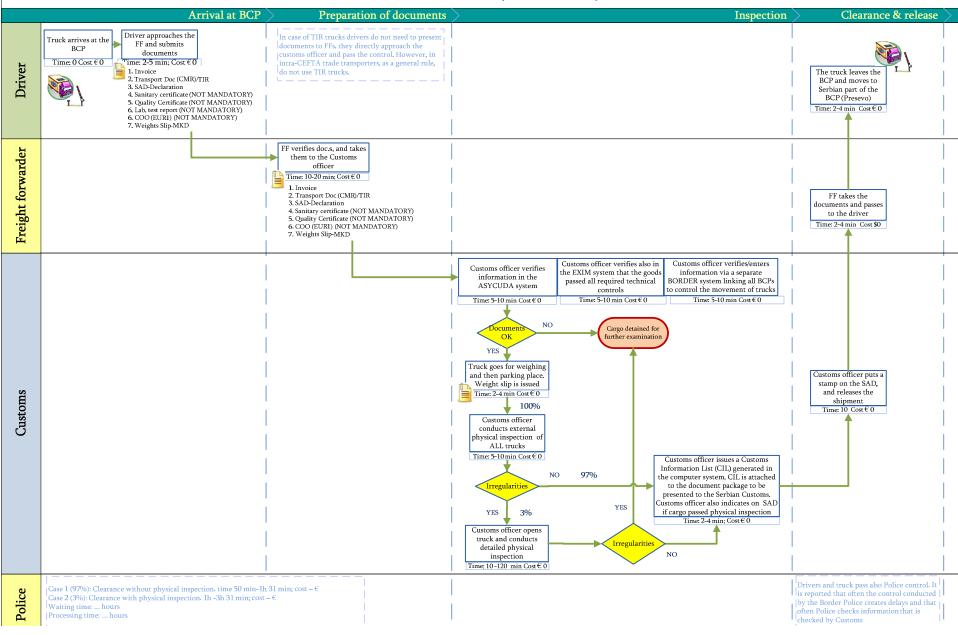
PROCESS MAPS

EXPORT FROM MACEDONIA – INLAND PROCEDURES (STRUMICA TERMINAL)

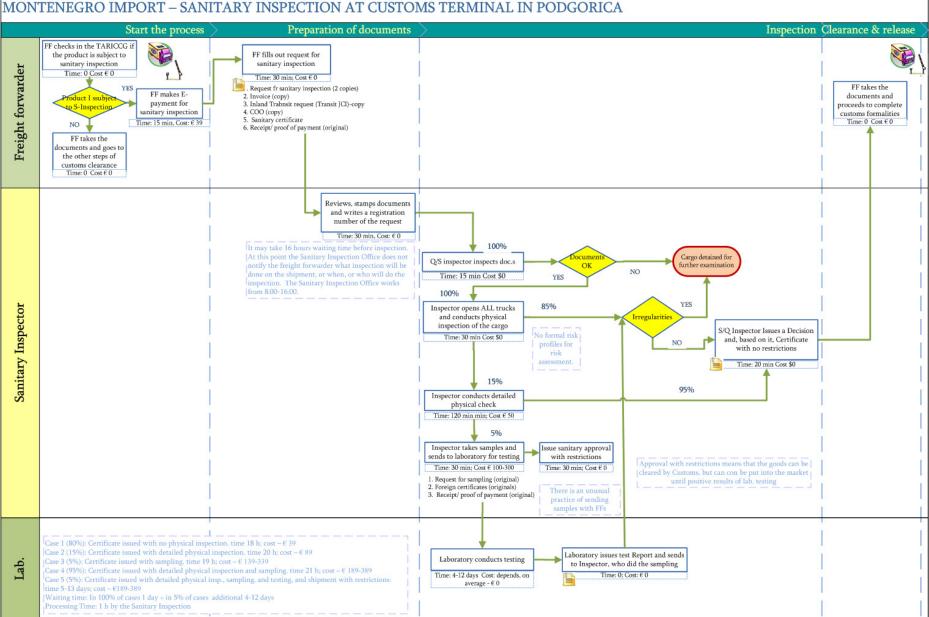


PROCESS MAPS

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



PROCESS MAPS



ONGOING INITIATIVES AND REFORM EFFORTS

INFTASRTUCTURE 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 certn 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		
Albania	2011	85.3	12	2.7	84.2	6.4	9.4		
D;L	2010	16.8	74.2	9	40.5	42.6	16.9		
BiH	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		
Croatia	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		
r i k Maceuollia	2011	37	52.4	10.6	50.1	31.3	18.6		
Montonogra	2010	12.5	87.2	0.3	11.5	81.5	7		
Montenegro	2011	9	86.4	4.6	11.1	79.4	9.5		
Corbia	2010	49.7	26.6	23.7	51.8	21.2	27		
Serbia	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.		
K03040	2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		

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

Unit	Alba	ania	BiH		Kosovo*		FYR		Monteneg		Serbia		
		_						Macedonia					
	Time	Cost	Time	Cost	Time	Cost	Time	_		_	Time	Cost	
	day	\$	day	Ş	day	Ş	day	\$	day	\$	day	Ş	
	8	2	12	25	1.	17	2	2	5	56		2	
	7	6	108		131		67		34		79		
	7	7	8	3	8		6		6		6		
	19	745	15	124	17	2270	12	137	14	805	12	143	
				0				6				3	
\$/Decl.	11	130	6	240	8	310	4	86	4	140	2	178	
\$/Decl.	2	65	2	100	1	100	1	50	3	65	2	70	
\$/Shipm	3	350	4	200	5	560	5	560	5	300	5	285	
\$/Shipm	3	200	3	700	3	1300	2	680	2	300	3	900	
	\$/Decl. \$/Decl. \$/Shipm	Time day Time day 8 7 7 7 19 \$/Decl. 11 \$/Decl. 2 \$/Shipm 3	Time day Cost \$ Time day Cost \$ 82 82 76 76 17 745 \$/Decl. 11 130 \$/Decl. 2 65 \$/Shipm 3 350	Time day Cost \$ Time day 12 82 12 76 10 10 77 745 15 19 745 15 \$/Decl. 11 130 6 \$/Decl. 2 65 2 \$/Shipm 3 350 4	Time day Cost $\$$ Time day Cost $\$$ 82 125 76 108 77 108 77 1108 100 1108 100 1108 1100 1100 111 1130 1100 1100 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1130 1100 111 1100 1100 111 1100 1100 111 1100 1100 111 1100 1100 111 1100 1100 111 1100 1100 111 1100 <	Time day Cost $\$$ Time day Cost $\$$ Time day Lime day 82 125 1 76 108 125 1 77 108 123 123 77 745 15 124 17 9 745 15 124 17 9 745 15 124 17 9 745 15 124 17 9 745 15 124 17 9 745 15 124 17 9 745 15 124 17 9 745 15 124 17 9 65 2 100 1 \$/Decl. 2 65 2 100 1 \$/Shipm 3 350 4 200 5	Image Cost ς Time day Cost ς Time day Cost ς 1000000000000000000000000000000000000	Image Cost ξ Time day Cost ξ C	Image Cost day Time day Cost day Time day Cost day Time day Cost day Time day Cost day Cost day <thcost day Cost day <t< td=""><td>$\begin{array}{c c c c c c c c c c c c c c c c c c c$</td><td>Image Cost of day Time day Cost of day Time day Cost of day Time day Cost day <thcost day<="" th=""> Cost day</thcost></td><td>Time day Cost day Time day Cost day Time day Cost frame day Cost frame day Time day Cost frame day Cost frame</td></t<></thcost 	$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	Image Cost of day Time day Cost of day Time day Cost of day Time day Cost day <thcost day<="" th=""> Cost day</thcost>	Time day Cost day Time day Cost day Time day Cost frame day Cost frame day Time day Cost frame	

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	Alba	ania	В	iH	Kosovo*		FYR Macedonia		Monteneg ro		Serbia	
		Time day	Cost, \$	Time day	Cost \$	Time day	Cost \$	-	Cost \$	Time day	Cost \$	Time day	Cost \$
DB RANK		82		1	125		117		22	56		92	
DB TRADE RANK		7	'6	1	08	1	31	67		3	4	79	
DOCUMENTS TO IMPORT		1	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

<u>OECD average</u>: time to import is 11 days, cost to import is \$1,085, documents to import is 5. <u>East Europe and Central Asia average</u>: time to import is 29 days, cost to import is \$1,990, documents to import is 8. Source: DB Report-2012

FURTHER COOPERATION

IFC Western Balkans Regional Trade Logistics Project

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