

## TRANSPORT & TRADE FACILITATION

*Prepared by*  
**Yanis Tsorbatzoglou and SECIPRO**

The principle aim of the brief presentation/position paper provided in the framework of the BAC meeting in Brussels is to bring SECIPRO (network of 11 Committees / public private partnership schemes for trade and transport facilitation) closer to the Commission. SECIPRO has thrived with the execution of the Trade Facilitation Component of the World Bank, and cooperation with FIATA, the IRU and US Technical Assistance Teams in **customs, border crossing, border management and security related issues**. However, overall cooperation with Commission initiatives/actions/projects has been extremely limited. The existing PRO structures in most SEE countries are hosted by the National Chambers of Commerce and involve all critical transport related actors in the country – with the US gradually moving away from the region and the World Bank limiting its involvement, **it is only natural that the European Commission takes a lead role in the process and utilizes the PPP network to address transport related NTBs**. The time in now - or **the resulting inaction will lead to the gradual collapse of an experienced, efficient and capable PPP network, and the creation of duplicate structures**.

### TRADE AS A MULTI-FACETED AND CONTINUOUS PROCESS

It is estimated that over 50% of total trade exchange in Western Balkan countries is EU directed, but only 30-35% of total trade exchange in the Western Balkans is intra-regional. This reflects a number of aspects of economic development in the region, including a legacy of conflict and economic heterogeneity.

**Trade facilitation is a multi-faceted and continuous process**, integrally related with the availability and efficiency of transport services and infrastructure. Therefore, **transport facilitation is a key component of the broader process for trade facilitation**, and the two are inter-related and inter-dependent. **Public private partnerships lie at the core of all efforts for trade and transport facilitation**, by:

- creating a true environment of dialogue and exchange between all actors involved in regional and international trade and transport related procedures;
- enhancing security, especially in view of the region's geo-strategic and geo-economic location at the cross-roads of international trade and transport;
- strengthening the fight against corruption, as border agencies are considered to be among the most corrupt segments of the public sector – transparency is enhanced the simplification of processes, the reduction of opacity of procedures and the uniform implementation of regulations through clear and common directives, which the users of services are aware of
- minimizing costs for all parties involved in trade and transport, by reducing delays and waiting times;
- increasing state revenues;
- developing local know-how and human capacities;
- promoting intra-regional and multi-level cooperation;
- introducing best practices and harmonization to international standards

## NON-TARIFF BARRIERS TO TRADE (NTBs)

NTBs range from time consuming and expensive customs clearance procedures, inconsistent implementation of rules and instructions by customs officers, inadequate and non-transparent system of goods evaluation, to an ambiguous licensing, permit and supervision regime, and to the absence of mutually recognized certificate bodies which allow the non-transparent classification of goods for certificate purposes. The root of these practices lies with inadequate procedures, absence of cooperation among relevant agencies and lack of cross border agency cooperation but also with the misperception of trade liberalization as handing out economic sovereignty and the need to support local capacities. It is therefore suggested:

- to **introduce a single window payment at each side of borders** will contribute to a decrease of authorities and procedures at borders, and consequently reduce delays and eliminate unnecessary paperwork – along with opportunities for corrupt behavior;
- to **homogenise VAT regulations, processes, calculations, obligations** etc, as much as possible; and to duly train officers relating to VAT policies and procedures;
- to effectively **introduce diagonal and pan-European accumulation of origin of goods**, following negotiations among states, but also between national authorities and the private sector and end users;
- to **increase regional customs cooperation** and integrated border management, following EU based regulations and international best practices, so as to adequately respond to growing security concerns (including illegal trafficking of goods, people, drugs and weapons);
- to **establish national NTB focal points**, which will maintain direct communication with the European Commission **regarding the acquis** in this field, and will institutionally guarantee communication between decision makers, policy implementers and end users, thus securing transparency and efficiency of policy targeting - it is important to stress the constant need for interaction with the private sector based on the PRO model.

## NTBs PRODUCED BY PRACTICES IN THE TRANSPORT SECTOR & PHYSICAL MOBILITY OF GOODS

The physical mobility of people and goods is not related solely to border crossings, but also with regulations and practices governing the broader transport sector. Various such aspects act as NTBs, also reflecting broader political aspects concerning cooperation within the region, but also between SEE countries and the EU. Steps on the following aspects would foster the goals of on-going efforts:

- to **facilitate Visa**, especially in view of the need to reach out to the EU for technical know-how and expertise. The Schengen Accord is indisputable, but certain steps which can improve the existing visa regime are feasible – examples include establishing uniform procedures for visa application and issuing, leveling and decreasing costs for issuing visas and insurance, and introducing long-term visas for professionals and drivers (the practices followed by BSEC URTA constitute an excellent model on which this concept could be further developed);
- to **eliminate quotas for trucks** either transiting or transporting goods from one country to another; they **limit the trade exchange volume between SEE countries** – the existence of such bilateral agreements hampers trade prospects and local capacity development;
- to **implement execution of the licensing of international transporters** by qualified and certified agencies and authorities, in order to ensure professionalism according to the European and international standards;

- to **build direct routes between capital cities and economic centers** – stressing here air and rail transport – since **their absence is hampering bilateral and regional trade and investment**. The air transport network in particular is a growing problem, as there are not enough and not convenient connections between the major economic center of the region (example of traveling to Belgrade from Bucharest: by plane to Timisoara and then by car);
- to **implement the International Vehicle Weight Certificate** as foreseen in the existing UNECE agreements and previous regional MoUs; **his not-implementation is among the major transport costs**, causes of delays, and “loopholes” for corruption;
- to **leverage the existing basic fees and gradually introduce a unified level and system for basic transport fees** (tolls, vehicle registration, etc). this would enhance predictability in the transport sector and promote competitiveness of the SEE transport routes.

## **TRANSPORT INFRASTRUCTURE NETWORKS**

People and goods move along transport networks and routes – be it by road, rail, sea, river, or air. Given the internal geography of the region and its importance for international routes, it is increasingly important to develop the physical infrastructure and capacities that will service the growing needs of transportation of goods. The following two aspects are therefore essential:

- **Development of inter-modality capacities**, with an emphasis on ports and safe navigation on the Danube. An efficient range of combined transport services and logistics should be quickly developed – including human capacities as well as infrastructure (terminals, warehouses, IT applications, security, etc). The full development of the rail and road networks leading to multimodal nodes (Burgas, Varna, Constanza, Thessaloniki) should be further invested in and prioritized on the top of national projects;
- Given the importance of **Pan-European transport Corridors IV, VII and X**, investment along their route will improve regional interconnections, but also connections with international networks:
  - **Corridor IV** is the primary axis linking European networks to TRACECA, increasing the urgency for the implementation of border crossing facilitation procedures and the creation of additional border stations along its route, so as to absorb and handle traffic more efficiently
  - **Corridor X** is the backbone of the Western Balkans, directly linking the Aegean with Central Europe through the conflict-tormented former Yugoslav Republics; its full re-energization will enhance economic mobility and efficiency of transport and trade procedures in the region.
  - **The Danube** offers unique alternatives to transport within and through the region. The construction of 2-5 more bridges within the next decade, and in particular the construction of the Vidin-Kalafat bridge will additionally enhance local development.

## **CAPACITY BUILDING**

Building human capacities ensures efficient implementation of reforms and policies, but also sustainability of efficiency in delivering results with regard to trade facilitation and achievement of best practices. Therefore, it is essential to:

- **Promote the institutional strengthening of the Chambers;**
- Promote **training seminars** (on: Anti-Corruption - Bribe solicitation, Private sector bribery and SMEs, Customs & Trade Regulations, Electronic paper processing, Air Transport and

Airport Operations, E-business, IT & Telecoms, Taxation, Transport & Logistics, UN/CEFACT Recommendations on trade facilitation)

- To **encourage bilateral action (examples:** increasing the number and modernization of the cross-border points on the Romanian-Moldovan border, which will become EU frontier at the time of Romanian accession; cooperation between Bulgaria and Serbia & Montenegro)

## SECURITY

Since the tragic events of September 11<sup>th</sup>, the issue of security in transportation has climbed at the top of the agenda in trade facilitation. US initiatives like the C-TPAT and CSI and the response of the EU, individual member states and the World Customs Organization have strengthened the argument for the need to cooperate with the private sector in order to achieve security “through trade facilitation”. In many ways this can be viewed as an opportunity to address inadequate procedures, systematic corruption and internal and cross border cooperation in a way not possible in the past.