



CUSTOMS DIGITAL INTEGRATION IN CEFTA-2006

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Goal of CEFTA - 2006 Agreement

- ▶ Economic integration of countries from Central and Eastern Europe which have not yet become members of the EU.
- ▶ Preparatory step towards EU accession.
- ▶ Current member states: North Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Serbia, Moldova, Kosovo (UNMIK).
- ▶ Immediate impact from the removal of all trade barriers within the first years.
- ▶ Standstill and decrease from 2009/10 onwards.



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, Croatia's entrance in the EU).



Additional Protocol 5 to the Amended CEFTA - 2006 Agreement

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



Overview of Protocol 5

Protocol 5 lists 3 main objectives that should be achieved:

- ▶ Reduction of formalities and simplified inspections relating to clearance procedures.
- ▶ Mutual recognition of national AEO programs in each CEFTA Party.
- ▶ Enhanced level of data exchange between customs authorities - with a goal to create risk management systems.



Reduction of formalities and simplified inspections relating to clearance procedures

- ▶ Each CEFTA Party has to undertake a review of its existing formalities and documentation requirements within one year.
- ▶ CEFTA Parties should recognize procedures relating to inspections and documentation carried by competent authorities of other CEFTA Parties, if they are **in line with the EU *acquis***.
- ▶ Separation of **release of goods** from **final determination** of customs duties, taxes, fees and charges.



Reduction of formalities and simplified inspections relating to clearance procedures

- ▶ Adoption of systems which allow **electronic payment** of duties, taxes, fees and all other charges collected by customs authorities.
- ▶ Competent authorities are to **accept electronic or paper copies of documents** from an authority which holds the original documents.
- ▶ Adoption of **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**.



Mutual Recognition of AEO

- ▶ 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.**
- ▶ 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 should align working hours, procedures and formalities, develop and share common facilities, perform joint controls and establish one stop border control.
 - ▶ Competent authorities are due to sign MoU allowing paper and electronic copies of documents necessary for clearance of goods.



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.**
- ▶ 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.



Enhanced level of data exchange

- ▶ The data exchange infrastructure has to be in accordance with **Annex I** of the Protocol 5, which 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.
- ▶ Information exchange should be through Systematic Electronic Exchange of Data (SEED)/ Virtual Private Network (VPN).



Customs Digitalization Process in Republic of North Macedonia

- ▶ **New Computerized Transit System (NCTS)**
 - ▶ Implemented in 2015 after the country signed the Convention on a Common Transit Procedure and the Convention on the simplification of the formalities in trade in goods.
 - ▶ Ensures easier movement of goods by reducing the requirements for transit with submission of a single transit declaration in electronic form - **Single Administrative Document**, issued at the place of departure.



Customs Digitalization Process in Republic of North Macedonia

- ▶ Integrated Tariff Environment (ITE)
 - ▶ Concept for grouping computer systems for information exchange between EU member states, and the EU Commission.
 - ▶ Ensures connection and full compatibility between the IT systems of the Customs Administration and the IT systems of the EU Customs.



Customs Digitalization Process in Republic of North Macedonia

- ▶ Single Window for Licenses and Tariff Quotas (EXIM)
 - ▶ Electronic system which provides interoperability among 16 institutions with competences in foreign trade operations.
 - ▶ Provides for electronic submission of applications for import, export and transit licenses, and gives the applicants the possibility for tracking the processing status of their application.



Customs Digitalization Process in Republic of North Macedonia

- ▶ Customs Declarations and Excise Documents Processing System (CDEPS)
 - ▶ Integrates all existing customs systems which previously operated independently and isolated from one another.
 - ▶ Compatible with the existing systems used by other state authorities involved in the customs procedures.
 - ▶ Replaces previous paper-based procedures with completely digitalized customs process.



Potential pitfalls

- ▶ Different dates for start of the negotiations for EU accession among member states.
- ▶ Different levels in the process of the adoption of the EU acquis in the national legislation.
- ▶ Lack of funding for the adoption of the systems for exchange of information.
- ▶ Member states are more focused towards integration with the EU.



Thank you for your attention!