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# EDGE Activities Supporting CRM 2021 – 2024 Implementation WTO TFA Compliance Assessment

## **9th TRANSPORT FACILITATION TECHNICAL COMMITTEE MEETING**

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# EDGE Project

- ✓ **Economic Development, Governance and Enterprise Growth Project - EDGE** is a regional project that aims to create inclusive and sustainable economic growth, and to support intra-regional and Euro-Atlantic integration in twelve countries from **three sub-regions**:
  - Western Balkans, Caucasus, Belarus, Moldova, Ukraine
- ✓ **Project components**
  1. Reduced barriers in cross-border trade and investment
  2. Improved business climate through enhanced stakeholder participation
  3. Improved financial sector stability and access to finance
  4. Increase private sector competitiveness through value chains and trade promotion
- ✓ **Regional aspect** – every activity must include and benefit at least two countries.
- ✓ **Grant program** to promote capacity building and sustainability of local organizations, government entities, and private sector.

# Component I: Reduced Barriers in Cross-Border Trade and Investment

- ✓ **Overall objective** - To support national and regional reforms for facilitating cross-border trade in line with the WTO Agreement on Trade Facilitation, EU Acquis and other international standards.
- ✓ **Assistance framework** for the Western Balkans:
  - WTO Agreement on Trade Facilitation
  - CEFTA Additional Protocol 5 on Trade Facilitation
  - Common Regional Market Action Plan 2021 - 2024
- ✓ Activities designed in **consultations** with relevant national and regional stakeholders to enable complementarity and synergies.
- ✓ Strong **coordination** with donors, regional and international organizations active in the area of trade facilitation.

# EDGE Support to Trade Facilitation in CEFTA

## Implemented and planned (I)

- ✓ WTO TFA Assessment
- ✓ Regional trainings on Post-Clearance Audit and Advanced Risk Management for all Customs Administrations in CEFTA
- ✓ AEO
  - Promote the benefits of AEO programs to companies in the region
  - Strengthen capacity of Customs Administrations to evaluate and audit value chain security aspects of potential and existing AEOs
- ✓ Implementation of transitional PEM rules of origin
  - Regional Decision incorporating the transitional rules of origin into the body of CEFTA
  - Inform the private sector of the benefits of the transitional rules and how they will be implemented

# EDGE Support to Trade Facilitation in CEFTA Implemented and planned (2)

- ✓ Fees and charges in cross-border trade in the CEFTA region
  - National inventories of fees and charges in BiH, Moldova and North Macedonia
  - Support efforts for regional harmonization of fees and charges
  
- ✓ CEFTA Week Conference organized under the 2021 Chairmanship of North Macedonia
  
- ✓ Increased cross-border cooperation at bilateral and regional level
  - Support the implementation of the Joint Border Crossing Point (JBCP) between Albania and North Macedonia at Kjafasan – Qafe Thane
  - Regional event promoting the benefits of the JBCP concept and discussing implementation challenges

# WTO TFA Compliance Assessment Scope

- ✓ **Objective** – Asses the level of compliance of the twelve EDGE countries, including the Western Balkan 6 with the WTO Agreement on Trade Facilitation (WTO TFA)
- ✓ Focus on the following **WTO TFA provisions**:
  - Article 7.1 Pre-arrival processing
  - Article 7.4 Risk Management
  - Article 7.7 Trade facilitation measures for authorized operators
  - Article 8.2 Border agency cooperation (cross-border)
  - Article 10.4 Single window
  - Article 23.2 Institutional arrangements – National Committee on Trade Facilitation
- ✓ Included **both WTO and non-WTO members**, CEFTA requires WTO compliance from non-members
- ✓ Implemented in the period **April – August 2020**
- ✓ Limitations due to COVID-19

# WTO TFA Compliance Assessment Methodology

- ✓ Information and data collection:
  - Desktop **legal research**, including WTO TFA notifications by members
  - Remote **interviews** with representatives of the public and the private sector
- ✓ The assessment was **based on the actual practice** rather than the law and drew on the judgement of respondents, including the representatives of the private sector
- ✓ The level of compliance of countries **indicatively evaluated** with a four-score system:
  - 0 – Not implemented
  - 1 – Partially implemented
  - 2 – Fully or substantially implemented
  - 3 – Best practice

# WTO TFA Compliance Assessment

## Overall findings

- ✓ **Average implementation rate** of all six WTO TFA provisions by all EDGE countries – 75%
  - **WTO members** demonstrate a higher level of compliance – 86%
  - **Non-WTO members** and acceding countries – 60%
- ✓ Though their implementation levels vary, **all countries**, regardless of their WTO membership status are **engaged in and are noting progress** in implementing the selected trade facilitation reforms.



# WTO TFA Article 8.2 - Cross-Border Agency Cooperation

## ✓ WTO Agreement on Trade Facilitation, Article 8.2

*Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include:*

- *Alignment of working days and hours;*
- *Alignment of procedures and formalities;*
- *Development and sharing of common facilities;*
- *Joint controls;*
- *Establishment of one-stop border post controls.*

## ✓ Best endeavor provision

# WTO TFA Compliance Assessment

## Key findings for the Western Balkans (I)

- ✓ Alignment of working days and hours for customs clearance comparatively well implemented, although there is still place for improvement
  
- ✓ Admirable progress in the area of cross-border exchange of data
  - SEED role pre and post-COVID
  - SEED+
  
- ✓ Ample room for improvements related to:
  - Harmonization of procedures and formalities, both bilaterally and regionally
  - Sharing of common facilities, joint controls and one-stop border controls

# WTO TFA Compliance Assessment

## Key findings for the Western Balkans (2)

- ✓ Main challenges for implementation of the most advanced approaches to cross-border cooperation
  - Dissimilarities in the formalities and procedures at borders
  - No mutual recognition arrangements
  - Lack of coordination with other border agencies at both national and bilateral level
  - Inappropriate infrastructure

# Regional framework for enhancing cross-border cooperation in the Western Balkans by establishing joint border crossing points - JBCPs

- ✓ Coordinated efforts implemented under the auspices of CEFTA and the Berlin Process
- ✓ Additional Protocol 5 on Trade Facilitation (Article 4.1)
  - ... CEFTA Parties may extend the scope of data exchanged electronically in order to include other authorities, than the customs authorities, in the electronic exchange of data and may strengthen the cooperation between their border and other control agencies with respect to the following: a) alignment of working days and hours; b) alignment of procedures and formalities; c) development and sharing of common facilities; d) joint controls; and e) establishment of one stop border post control.
- ✓ Common Regional Market Action Plan (CRM) 2021 - 2024
  - I.I. Maintain the Green Corridors/Lanes and streamline BCPs/ CCPs controls
    - I. Establish integrated controls – one-stop-shop – to ensure all formalities can be completed in one place and to enable agencies involved in the process of clearance of goods (and other agencies present at BCPs/CCPs) from two neighbouring parties to operate from a single office, including sharing control equipment.

# Implementation of JBCPs

- ✓ Efforts **coordinated by CEFTA** and supported by the Transport Community, World Bank, USAID
- ✓ Key success factors
  - Strong **support by the highest levels of government** in both countries based on the awareness of the political and economic benefits of the initiative.
  - **Active involvement of the management and the operating staff** of the participating border agencies arising from their good understanding of the overall implementation requirements, the necessary resources, the envisaged efficiency gains, and the potential challenges.
  - Sound **coordination and cooperation** at both national and bilateral level.
  - Basic **human, institutional and technical capacities** for implementation of the legal, procedural, and operational measures needed for introducing the new model.

# EDGE support to JBCP efforts in the Western Balkans

- ✓ Establishment of the **joint border crossing point between North Macedonia and Albania** at the Kjafasan - Qafe Thane border crossing:
  - Prepared **analysis** assessing the current situation and identifying key implementation considerations, August 2020
  - **Grant** for procurement of control equipment, provision of expert advice and organization of two study visits, October 2021
  - **Future assistance** will be discussed with counterparts – implementation protocols, trainings
- ✓ Continue to work on **promoting the JBCP concept in the region** in close coordination with the CEFTA Secretariat and the Secretariat of the Transport Community
  - **Regional event** aimed at increasing the understanding of relevant authorities of the key JBCP benefits and implementation considerations
  - EDGE available to support **other JBCP initiatives** between countries in the region



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**THANK YOU FOR YOUR ATTENTION!**

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