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TRADE FACILITATION IN CEFTA 2006 REGIONAL INTEGRATION: CASE OF BEVERAGES SECTOR TRADE¹

ОЛАКШАВАЊЕ ТОКОВА ТРГОВИНЕ У РЕГИОНАЛНОЈ ИНТЕГРАЦИЈИ ЦЕФТА 2006: СТУДИЈА СЛУЧАЈА ТРГОВИНЕ У СЕКТОРУ ПИЋА

Summary: *The aim of this paper is the analysis of the importance of the beverages sector and concrete trade facilitation measures for CEFTA 2006 economies, in general and for their intra-regional trade, in particular. The paper analyses both trade in beverages of CEFTA 2006 economies and heterogeneous group of barriers that exporters and importers are faced with at the CEFTA 2006 beverages market. Additionally, the paper points to possible solutions for elimination of those barriers through the implementation of selected trade facilitation measures. As the most of problems are related to the trade facilitation and marked as problems that could be easily removed, the most recommendations are based on the WTO Trade Facilitation Agreement measures.*

Keywords: *beverages sector, CEFTA 2006 economies, intra-CEFTA trade, trade barriers, trade facilitation.*

JEL classification: *F13, F14, F15*

Резиме: *Циљ овог рада је анализа важности сектора пића и одређених мера за олакшавање трговинских токова у случају привреда ЦЕФТА 2006, генерално, а посебно за њихову интраврегионалну трговину. Раd анализира како трговину пићима привреда ЦЕФТА 2006, тако и хетерогену групу баријера са којима се извозници и увозници пића суочавају на ЦЕФТА 2006 тржишту. Раd додатно указује на могућа рјешења за елиминацију тих баријера, кроз имплементацију одабраних мјера олакшавања трговинских токова. Будући да су многи од проблема који се односе на олакшавање трговинских токова означени као проблеми који се могу лако отклонити, већина препорука заснована је на намјерама СТО Споразума о олакшавању трговинских токова.*

Кључне ријечи: *сектор производње пића, економије ЦЕФТА 2006, интра-ЦЕФТА трговина, трговинске баријере, олакшавање трговинских токова.*

ЈЕЛ класификација: *F13, F14, F15*

1. INTRODUCTION

The beverages sector is estimated as one of few sectors with the greatest potential to form regional value chains and to increase intra-CEFTA trade (Bjelić 2016, 5). This is the sector that includes different products, mostly wine and beer, which are the subject of mutual trading in the region. All CEFTA 2006 economies produce and export beer and wine and at the same time, they import the same products from other CEFTA 2006 economies.

The paper aims on pointing out the importance of beverages sector for CEFTA 2006 countries' trade and concrete trade facilitation measures for realization of the sector's potential for the regional trade. The research follows the hypothesis that trade facilitation measures could eliminate some trade barriers thus significantly contributing to increase the beverages sector trade at the CEFTA 2006 market.

The first part of the paper consists of the analysis of beverages export-import flows of the CEFTA 2006 economies within the period 2012-2016, using conventional statistical tools to show and compare trade trend and intensity by countries. As Croatia, during the observed period, was shortly a member, during 2012 and the first part of 2013, trade data for Croatia have not been included in the analysis. For the purpose of this research, beverages trade has been reported on the basis of the UN COMTRADE and ITS Statistics data.

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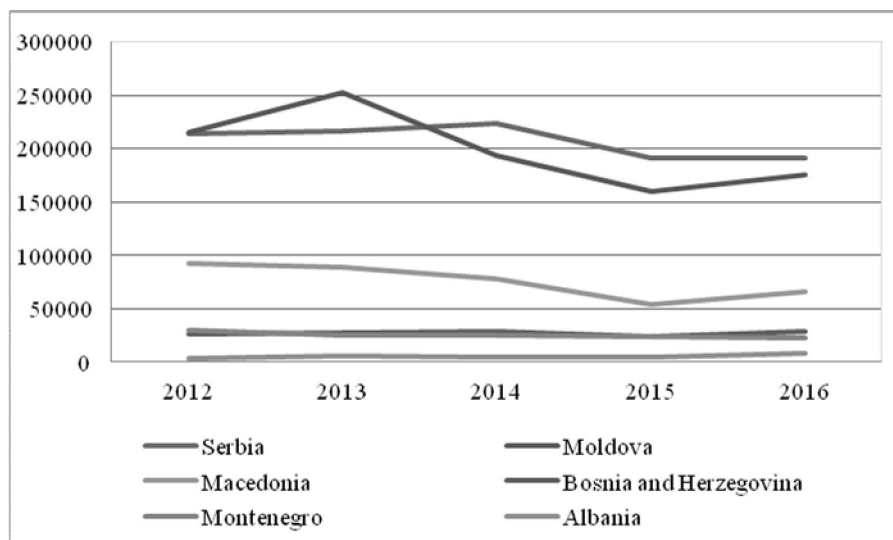
The main part of research focuses on the identification of non-tariff barriers that prevent the beverages sector to realize its full potential for increasing trade and forming regional value chains as well as identification of adequate trade facilitation measures. The research has been based on an expert analysis of barriers reported by EU exporters to the CEFTA 2006 market, and barriers reported by exporters and importers of CEFTA 2006 countries.

It was noticed that some problems in the extra- and intra-regional trade exist constantly, that there exists a group of mutual problems and that they could be further classified, with the aim to present some measures which can decrease their negative impact on regional as well as on total trade in beverages. That classification could be the basis for their easier solving within the context of the WTO Trade Facilitation Agreement in the future.

2. BEVERAGES TRADE IN CEFTA 2006 IN THE PERIOD 2012-2016

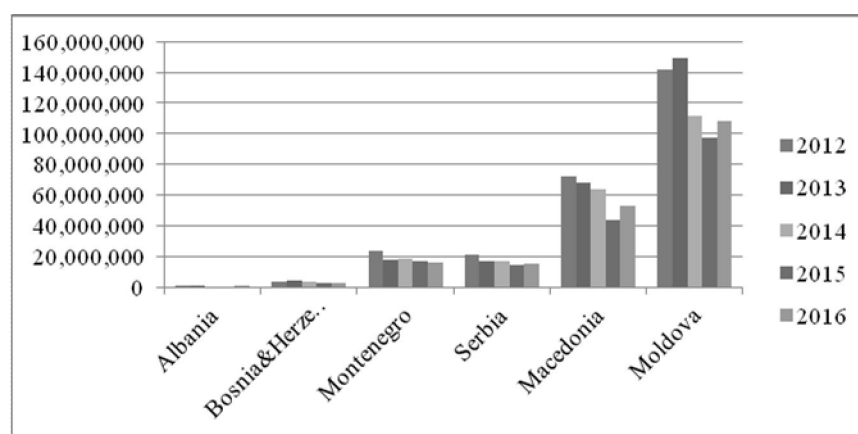
According to the ITC classification, beverages sector includes: Waters, which include natural or artificial mineral waters, Beer made from malt, Wine of fresh grapes, Vermouth, Cider, Perry, Liqueurs, Vinegar (ITC 2018b).

Graph 1. Beverages, spirits and vinegar – Exports of CEFTA 2006 economies (in 000 USD)



Source: Authors, on the basis of ITC Trade Map data

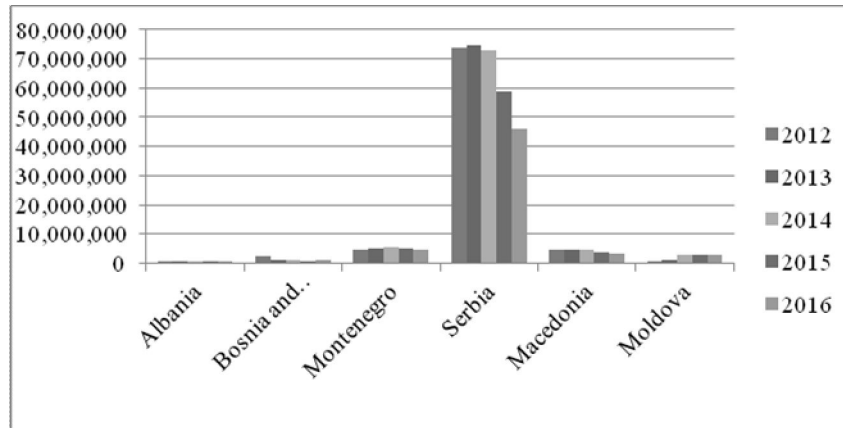
Graph 2. Wines HS Code 2204 – Exports of wine of fresh grapes, including fortified wines (in USD)



Source: Authors, on the basis of UN COMTRADE data

Concerning the data of all these mentioned subgroups of beverages, Serbia is the greatest exporter of beverages in the CEFTA 2006 region, followed by Moldova and Macedonia. During the 2012-2016 period, the trend of decrease could be noticed for all three biggest exporters. At the same time, the trend of beverages export of other three countries is stable, but stagnant (Graph 1).

Graph 3. Beers HS Code 2203 – Exports of beers made of malt (in USD)



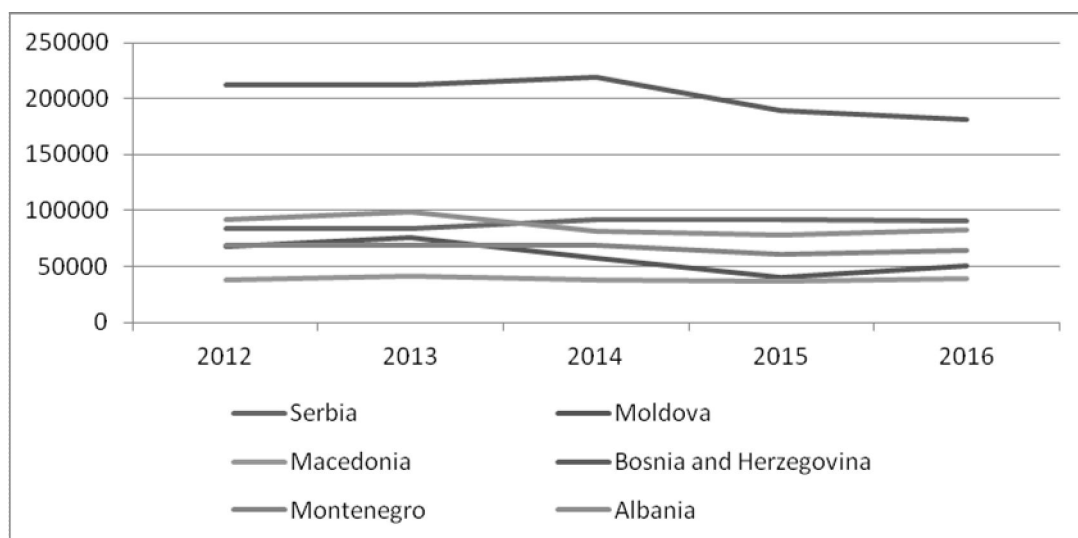
Source: Authors, on the basis of UN COMTRADE data

Although the greatest exporter of beverages from the Region, Serbia is not a significant exporter of beverages at the world market, achieving the share of only 0.29% in 2016. These data were more favorable at the beginning of the observed period, in 2012, when Serbia achieved higher share of 0.38% at the world market. Despite of the fact that the world share of beverages exports these economies achieved during the 2012-2016 period is almost negligible, beverages is seen as an important item at the exports list and could be a new opportunity for the export increase of CEFTA 2006 economies. The share of beverages exports in total exports from Serbia has been decreasing continuously – it was 1.9% in 2012, 1.5% in 2014 and 1.29% in 2016 (ITC 2018d).

Analysis by different subgroups of beverages category shows that the greatest exporter of wines in CEFTA 2006 region is Moldova followed by Macedonia (Graph 2).

According to Graph 3, Serbia is the greatest exporter of beers in the CEFTA 2006 region, although the value of this subgroup export is decreasing, year by year. All other economies from the Region are extremely far from this result and the value of their beers export is dozen times smaller.

Graph 4. Beverages, spirits and vinegar – imports of CEFTA 2006 economies (in 000 USD)

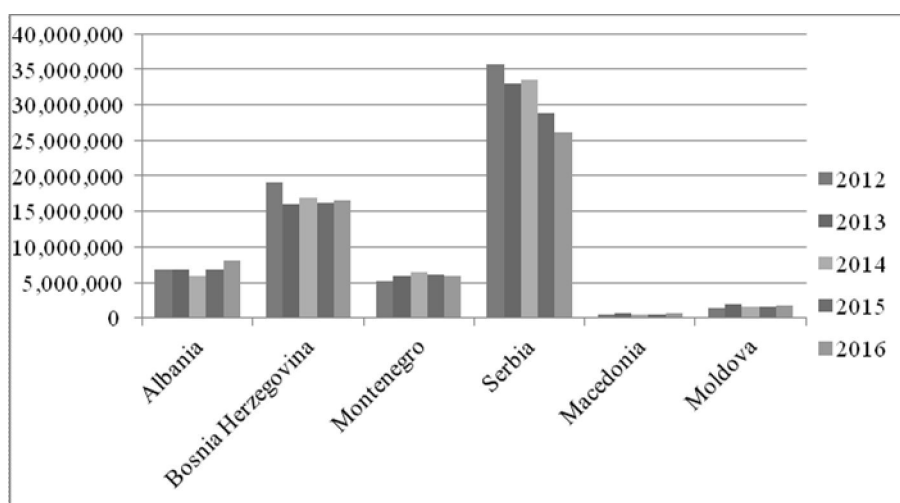


Source: Authors, on the basis of ITC Trade Map data

The value of beverages import has not had a stable trend in the given period, except for Macedonia. The greatest importer of beverages in the CEFTA 2006 region is Bosnia and Herzegovina, followed by Albania and Serbia while their import is much less significant.

The share of Bosnia and Herzegovina in the world beverages imports amounted to only 0.19% in 2012 and 0.16% in 2016 (ITC 2018d). The beverages imports are much more important for the total imports of Bosnia and Herzegovina with the share of 2.12% in 2012 and 1.99% in last few years including 2016. The share of beverages imports in all products imports of Serbia is negligible (Authors' calculations using the data from Graph 4 and Appendix Table 1).

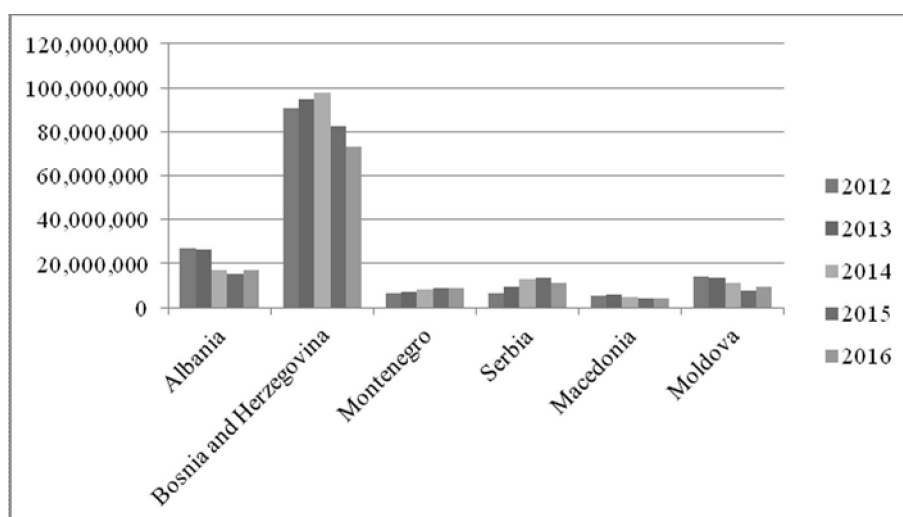
Graph 5. Wines HS Code 2204 – Imports of wine of fresh grapes, including fortified wines (in USD)



Source: Authors, on the basis of UN COMTRADE data

Although Bosnia and Herzegovina is the greatest importer of all beverages, the situation with the import of wines, apart, is different. Serbia is the greatest importer of wines in the Region, although with decreasing import value in the observed period (Graph 5).

Graph 6. Beers HS Code 2203 – Imports of beers made of malt (in USD)



Source: Authors, on the basis of UN COMTRADE data

The greatest importer of beers in the Region is Bosnia and Herzegovina, followed by Albania, Serbia and Moldova (Graph 6).

Evidence from individual countries' data points to very similar levels of beers imports in CEFTA 2006 economies, except in the case of Bosnia and Herzegovina, as the main importer in the Region. Although Bosnia and Herzegovina has remained the main beers importer, some changes in the country's imports, after 2014 could be observed. The introduction of excise duties is assumed as the

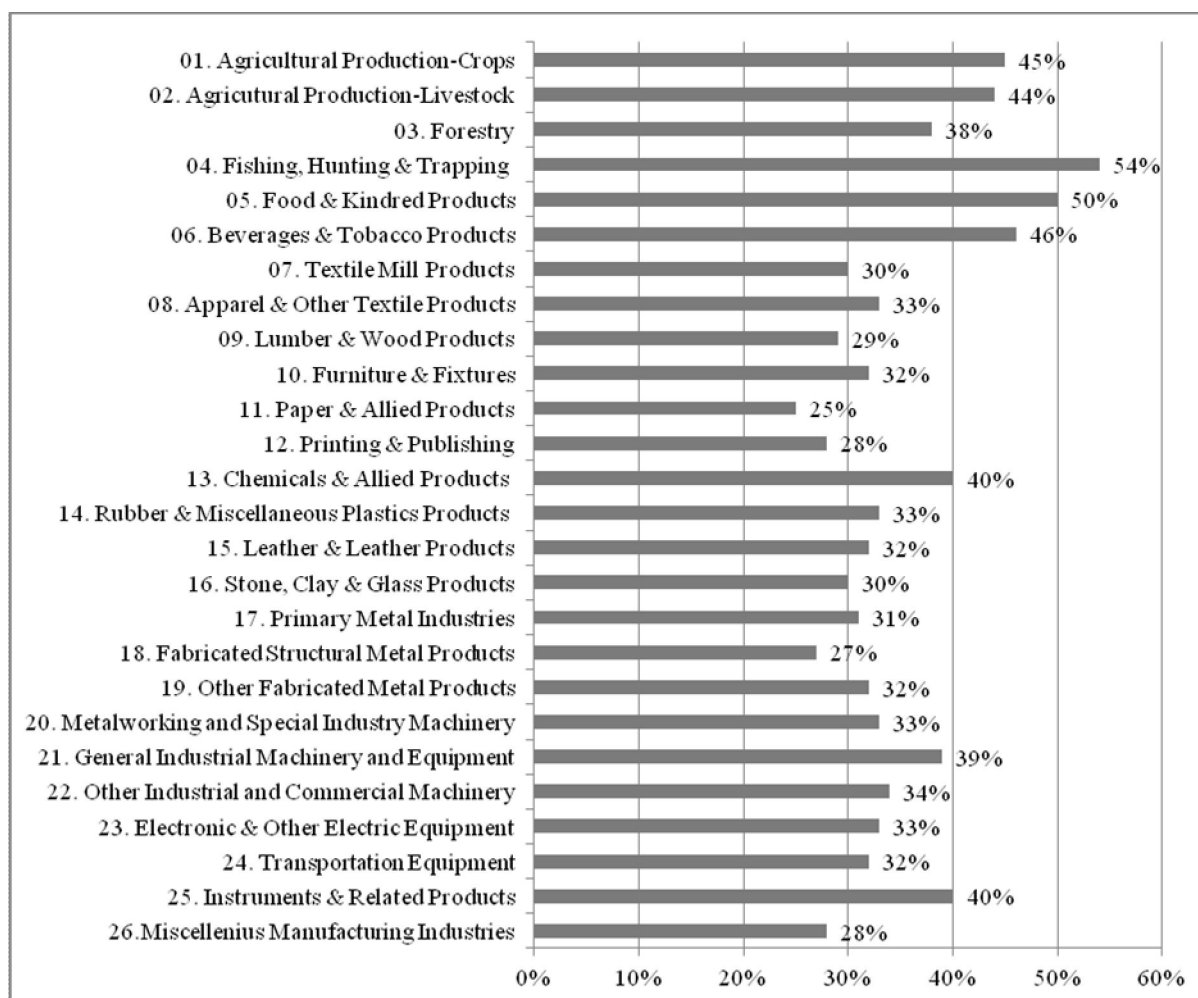
main reason that has provoked this decrease in the beers import in Bosnia and Herzegovina (See more in the Section 3.2).

3. NON-TARIFF MEASURES AT THE CEFTA 2006 BEVERAGES MARKETS

3.1. The Barriers in Beverages Trade Reported by EU Exporting Companies

Non-tariff measures (NTMs) and their implementation is the very contemporary issue, all over the trading world, not only in developing economies, or CEFTA 2006 economies. Even the EU exporting companies are faced with the non-tariff measures barriers for its exporters. A survey made by International Trade Center (ITC) of EU traders, in 2015 and 2016, was prepared at the basis of over 8.000 interviews and for 26 sectors, with the aim to show if EU companies exporting to their major world markets, face with the obstacles in trade regulations, other than tariffs. Approximately, a third part of companies reported that they have been faced with NTMs, 2.840 companies, exactly. It is a lower share than the share recorded in the case of developing countries, with the average of 50%. The main obstacles reported by EU exporters are related to technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) and problems related with Trade Facilitation issues, mostly, compliance of procedures and obtaining of certificates of origin (ITC 2018c, IX-X).

Graph 7. Share of companies affected by NTMs when exporting, by sector



Note: The statistics in this figure are based on the telephone interviews with 8.100 companies.

Source: ITC 2018c, 40

The Survey included interviews with registered exporting companies, all sizes around the EU, by trade in goods, in 26 export sectors, by the Standard Industrial Classification (SIC). Traders facing

NTMs reported different levels of obstacles depending on sectors. Almost a half of exporting companies from the EU, exporting agro-food products, face these obstacles, while in manufacturing sector, there is only 33% of companies who registered these obstacles (ITC 2018c, 5). Affected companies are registered as affected if they had that experience only once. While the example of the high share of agro-food sector's companies, confirms the sensitivity of agro-food products, which are perishable and fragile, the share of companies from the manufacturing sector confirms that they are less affected by NTMs. As the beverages are grouped in the same sector with the tobacco, this sector, with 46%, showed a high share of affected companies.

The experience of the EU exporters differs much, depending on the destination markets. They face more NTMs when they are exporting to developing countries and countries in transition, than in the case of exporting to the developed countries (ITC 2018c, 5). That lightens the situation at the importing side of the CEFTA 2006 economies, too. The EU surveyed countries do not face NTMs, as barriers, too often, exporting to the CEFTA 2006 economies. They are more affected at the frontiers of Saudi Arabia, Iran, Turkey, Brazil, Russian Federation, China, and USA. The number of registered transactions which are faced with some barriers entering the market of any country, does not provoke the conclusion that these countries make the highest incidence of problems. The number of transactions without burdensome regulation changes the calculation and the result, as the share of transaction with burdensome regulations, shows where the highest incidence of problem is.

Table 1. Face-to-face interviews – Share of transaction facing burdensome NTMs by destination

Economy	Number of transaction for which there is a burdensome regulation	Number of transaction for which there is NO burdensome regulation	Share of transaction for which there is a burdensome regulation
Russian Federation	609	287	68.00%
USA	455	570	44.40%
China	356	392	47.60%
Saudi Arabia	235	100	70.10%
Brazil	217	152	58.80%
Turkey	190	126	60.10%
Iran	146	34	81.10%
Serbia	57	81	41.30%
Albania	29	18	61.70%
Bosnia and Herzegovina	21	55	27.60%
Montenegro	14	7	66.70%
Macedonia	14	37	27.5%
Moldova	8	16	33.30%
Kosovo*	3	19	13.60%

Source: ITC 2018c, 41-43

At the CEFTA 2006 economies' markets, there is no high incidence of problems, because the share of transaction with burdensome regulation, starts from 13.60% in Kosovo*² and finishes with 66.70% in Montenegro.

The non-tariff measures EU exporters are faced with at the CEFTA 2006 markets is a heterogeneous category. A part of them are measures connected with procedural administrative non-tariff barriers, with many initiatives developed to solve them. One, the most comprehensive is the initiative of the World Trade Organization (WTO) for Trade Facilitation, under the Agreement of Trade Facilitation (TFA), which was adopted in 2013 at the Bali Ministerial Conference.

3.2. The Barriers in Beverages Trade Reported by Importers and Exporters in CEFTA 2006 Economies

The International Trade Center (ITC) research showed the importance of a few sectors for CEFTA 2006 economies. A group of individual reports from all CEFTA 2006 economies, prepared for

² * As a separate customs territory under UNSCR 1244.

the sector of beverages and auto-parts is presented with the aim to lighten all burdens for their value chains functioning. These two sectors are marked as the value chains with a remarkable relevance for all countries in the Region.³ The products from these two sectors, with chemicals beside, belong to the group of products with potential, in the case of Serbia, also, by the evaluation of ITC (Appendix Graph 1).

These burdens for normal value chains functioning are connected with market access barriers in these sectors, which mostly are non-tariff measures and by one component of non-tariff barriers more connected with administrative non-tariff barriers. The initiative for the decrease of its distortive impact on trade is called Trade Facilitation (TF). In these reports, taking into account the broader group of NTMs, the following barriers are mentioned most frequently: non-recognition of certificates for wine and beer, with a double testing consequence, discriminatory and high excise duties, labeling issues and radioactivity test (Bjelić 2016, 5). Some of them are closely connected with TF issue, although more for auto-parts sector, a less for beverages. The problems reported by stakeholders from private sector, which are specifically related to TF, are: delays in clearance procedures and release of goods, a lack of transparency of these processes and overall predictability, lack of consultations, many documentation requirements and a time gap for adaptation to new laws and regulations (Bjelić 2016, 6).

After national orientation meetings in six CEFTA 2006 economies, organized during June 2015, many different barriers appeared and their distortive impact has been pointed out. These barriers were faced by participants in international trade, from private sector mostly, as importers, exporters, distributors, producers, freight forwarders and representatives of chambers of commerce.

The list of problems especially for beverages sector trade in CEFTA 2006 economies is long, but based mostly on: non-recognition of quality certificates, discriminatory excise duties and TF problems.

Meetings have started from Montenegro, a country net exporter of wine and net importer of beer. Montenegrin importers have pointed out a few problems (Aggarwal et al. 2015, 4-7). All importing consignments are objects of customs analyses, although they had positive experiences with previous supply from the same supplier. Problems with customs agency work continued, by non-recognition of quality certificate, given by supplier and by asking for radioactivity tests for beer, which is costly. Then, inflexible working hours of customs offices, mostly during Fridays and weekend days, causing delays. Exporters from Montenegro are faced with similar problems, concerning the non-recognition of quality certificates, causing duplication of analyses, high price for wine analyses, discriminatory excise duties and failures in the efficiency of the customs administration work, caused by insufficiently understanding of rules of origin in regional free trade agreements.

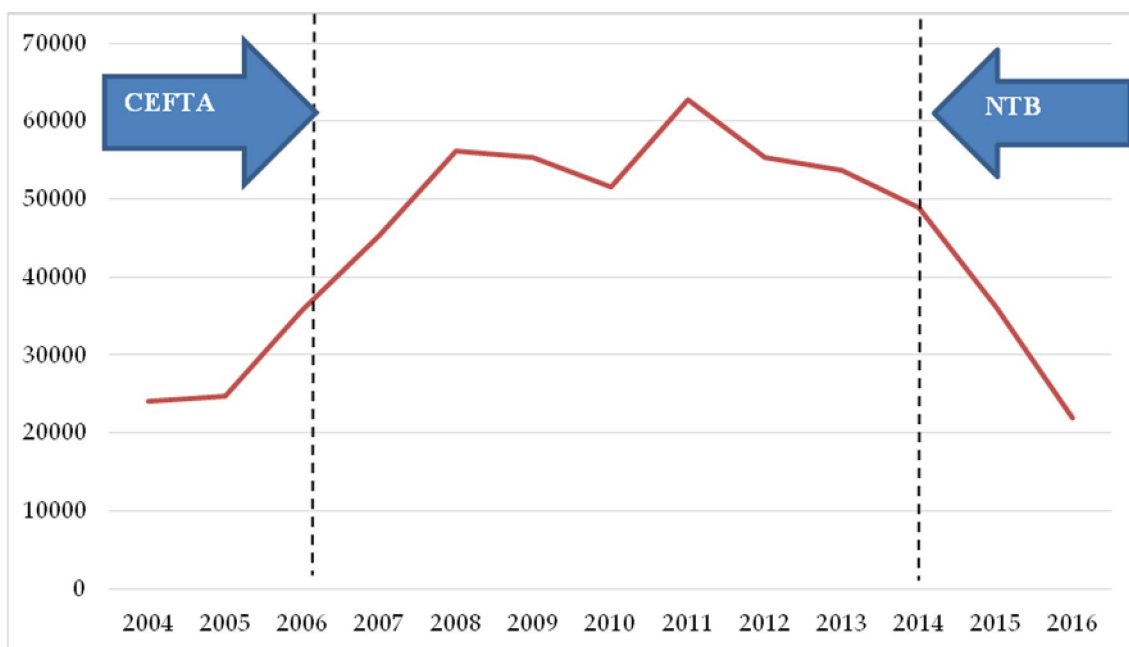
The National Orientation Meetings have been continued with meetings placed in Serbia, geographically at the space with a 2000 years wine making tradition and with 300 years of beer producing tradition. Serbia is one of the greatest importers in the Region, and that fact points out interest of Serbian importers for barriers they are faced with. The main problems appear during beer import, by very frequent changes of rulebooks on declaration, marking and promotion of food and SPS controls. That gives the possibility to customs administration to implement them arbitrarily, decreasing transparency and predictability. Some of these requirements are more stringent than the same in the EU. Exporters from Serbia face a wide group of problems when exporting wine and beer. Exporting the wine to China and Russia is faced with long lasting certification based on sampling procedures. Export to USA is faced with different explanations for measurement systems in use, mostly for percentage of alcohol content. Exporting beer to Bosnia and Herzegovina is faced with excise duty discrimination. Export efficiency is reduced by requirements for proving 51% Serbian origin, asked by Serbian authorities, for getting the EUR certificate on movement for every export delivery individually (Aggarwal et al. 2015, 8-10).

Problems with excise duties introduced by Bosnia and Herzegovina, since 2014, are considered as the main reason for a very intensive decrease of Serbian export of beer to Bosnia and

³ The project "Addressing Market Access Barriers in Selected Supply Chains" is financed by German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the Open Regional Fund for Foreign Trade Promotion (ORF FT), in cooperation with United Nations Conference on Trade and Development (UNCTAD) and International Trade Center (ITC). National organization meetings have been organized in all member countries during June 2015.

Herzegovina. Graph 8 indicates an interesting fact — Serbian export of beer to Bosnia and Herzegovina was increasing very fast after the CEFTA 2006 creation. It could be found as a good example of the positive impact of the regional integration on regional trade. However, the introduction of new non-tariff barriers in 2014, mostly excise duties, a few years later, caused noticeable negative changes in Serbian beers exports to Bosnia and Herzegovina.

Graph 8. Serbian exports of beers made from malt to Bosnia and Herzegovina



Source: Bjelić and Dragutinović Mitrović 2018

Bosnia and Herzegovina as one of the greatest importers of beverages in the Region, mostly importing from other CEFTA economies, is faced with already mentioned barriers: introduction of new excise duties, without prior information, arbitrary application of rules by customs administration, causing delays, costs increase and a lack of predictability. For exporters, the main problems are mostly problems connected with the process and duration of obtaining all asked documents for SPS. Barriers for exporting also include double analyses, often caused by the individual attitude of customs officers, although this problem belongs to issue of risk assessments and could be solved by risk management implementation (Aggarwal et al. 2015, 11-13).

Meeting in Albania showed many problems that Albanian importers and exporters of wine and beer are faced with. They are similar to already mentioned problems in other CEFTA 2006 economies. Albanian importers have the problem with increasing excise duty, which is increasing by exporter's production capacity, causing their unequal position in regard to Albanian domestic producers, which have lower level of production. The other problem are excise stamps that have to be prepared and pasted on bottles by foreign suppliers, before they arrive at border. Albanian exporters are faced with requirements for additional documents, causing delays, costs increase and a lack of predictability. Exporting wine from Albania is connected with long periods, sometimes even a year, needed to get environmental licenses for wine producers and by paying for every signature, causing a costs increase and opening a space for corruption (Aggarwal et al. 2015, 14-16).

Meeting held in Kosovo* showed a wide range of problems connected mostly with the TF issue: legislative changes which are not transparent and predictable enough, customs administration inefficiencies, problems with the rules of origin implementation, recognition of original documents for imports, changes of excise duty legislation without transparency, long duration of customs procedures, caused by low efficiency of customs administration, informal payments, high number of documents.

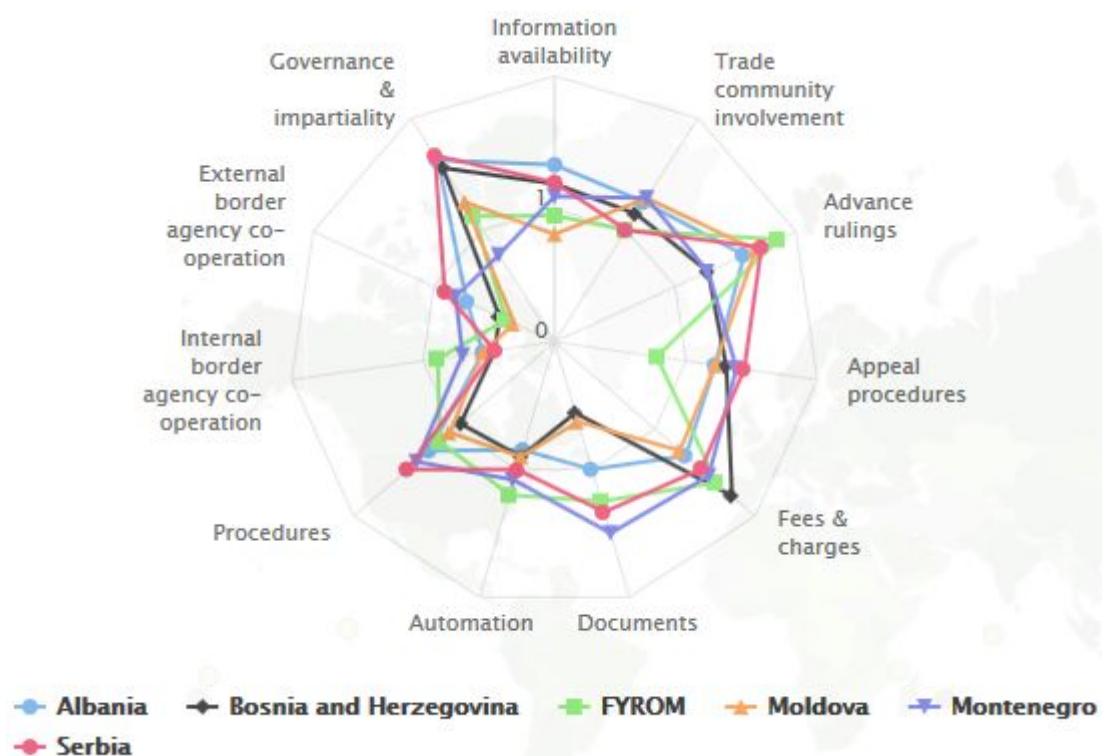
Meeting in Macedonia resulted with consolidation of conclusions, pointing out many of problems already mentioned: double analysis, long duration of customs procedures, discriminatory excise duties, a complicate and expensive procedure for obtaining excise stamps (Aggarwal et al. 2015, 20-21).

The list of measures suggested by private operators in order to promote intra-CEFTA trade, especially made for beverages sector, is mostly based on TF issues and some of measures deeply connected with it. These measures are: harmonization of standards, elimination of double testing, mutual recognition of quality certificate, especially SPS, respecting the status of certified laboratories for wine controls listed in the Official Journal of EU, implementation of risk management.

4. TRADE FACILITATION MEASURES IN CEFTA 2006 ECONOMIES: CASE STUDY OF BEVERAGES SECTOR

Trade facilitation measures are implemented in many countries in the world, but mostly, just partially. One research paper, measuring the level of implemented TF measures, through the list of TF indicators for 107 countries from a few income groups, has shown that trade volume increase and trade costs decrease, as main targets in international trade, are mostly impacted by a smaller group of measures, defined through five TF indicators: Information availability, Governance and impartiality and Formalities connected with documents, Automation and Procedures. The obtained level of these five indicators and all other 11 indicators is represented by the score level, between 0 and 2, where the level 2 could be obtained by the best performers only (Moisé and Sorescu 2013, 12).

Graph 9. TF Indicators for CEFTA 2006 economies, 2016



Source: OECD TF Indicators Database 2018

By implementing the same indicators for 2015, a similar level of all TF indicators, existing in all CEFTA 2006 economies, could be noticed. There are only a few TF indicators that are lagging behind, in the case of some CEFTA 2006 economies. The best performers in the Region are Serbia, Montenegro and Macedonia, according to these data and the greatest laggings behind are noticed in the case of Bosnia and Herzegovina and Moldova. The level of all three subgroups of Formalities (documents, automation and procedures) is approximately between 1 and 1.5. Serbia is best performing country from the aspect of Governance and impartiality and Formalities-procedures, Montenegro for Formalities-documents and Macedonia for Formalities-automation.

For TF improvements, there are a few mostly used steps and methods recommended. Some of them are recognized by mentioned research, pointing out five measures, which are part of WTO TFA

and could have the greatest impact on trade volume increase between CEFTA 2006 economies: Advance rulings (AR), Pre-arrival processing, Post-clearance audit (PCA), Authorized economic operators (AEO) and Single window (SW). Although the importance of these five measures is noticed, the level of their implementation, at the moment, in all CEFTA 2006 economies, is still at different levels. Their complete implementation should increase transparency and predictability. For that purpose, these economies founded National Trade Facilitation Committees, whose functionality, besides the trade capacity building, is the main condition for successful following up the recommendations and implementation of TF measures.

Advance rulings are a subject of the Article 3, TFA, representing one of a few factors for making trade flows facilitated. Their aim is to decrease all possible confusions concerning determination of the good's value, their classification and implementation of the rules of origin. Although only goods' tariff classification and the origin of the goods are information that could be asked by traders, as it is mentioned in Article 3, there is also a given possibility to ask for a criteria or a method for determining the customs value, for possible relief of customs duties, on quotas and tariff quotas (WTO 2014, 6). This measure could decrease all possible disputes between customs administration and export/import enterprises in advance. Representatives of these enterprises could submit written request to get to know in advance the status of the goods they are trading with, concerning three subjects mentioned before. When customs once give the answer about the goods' status, it becomes binding and has to be applied in a customs clearance. Traders could use obtained notification, after the "reasonable period of time" (WTO 2014, 5). Besides the newly adopted agreement, the field of Advance rulings has already been processed: Rules of origin by WTO Agreement of Rules of Origin, Customs valuation by WTO Agreement on Customs Valuation and WCO⁴ Harmonized System Classification of Goods which is implemented by majority. After implementation of Advance rulings and obtaining the answer, all doubts about the treatment of the goods, concerning mentioned fields, will become eliminated.

Table 2. Application of Advance rulings in CEFTA 2006 economies

TF indicators	AL	BA	MK	ME	RS	KS*
TFA Category	B	C	A	A	B	C
AR on tariff classification	Yes	Yes	Yes	Yes	Yes	Yes
AR on rules of origin	Yes ⁵	Yes	Yes	Yes	Yes	Yes
AR on other issues (valuation)	No	No	No	No	No	Yes
Time to deliver AR on tariff		3 months	3 months	3 months	3 months	6 months
Time to deliver AR on rules of origin		150 days	150 days	60 days ⁶	150 days	150 days
Validity of AR on tariff	6 years	3 years	3 years	3 years	3 years	3 years
Validity of AR on origin	3 years	6 years	3 years	3 years	3 years	6 years
EU BTI standard (on tariff)	Delivered in 3 months and valid for 6 years					
EU BOI standard (on origin)	Delivered in 150 days and valid for 3 years					

Source: Bjelić 2016, 41

According to data for CEFTA 2006 economies, the implementation of many aspects of the AR in CEFTA 2006 is much intensified. Starting from 2017, AR on tariff classification and AR on rules of origin are applied in all CEFTA 2006 economies. On the contrary, AR for other issues, mostly for goods' valuation are not. Number of days for delivering AR on the trader's requests and duration of the AR validity, are different around the Region.

The main problem in the Region is incompatibility of the time to deliver AR and AR validity period, which should be harmonized. It is also very important to establish an AR database for the whole territory of CEFTA 2006 (Bjelić 2016, 41-46).

Pre-arrival customs processing implies the submission of requested documents, mostly declaration, to the customs office, before the goods' arrival, electronically, in the case of import, or before the departure, in the case of export. This procedure is a category of acceleration of the customs

⁴World Customs Organization – WCO

⁵The New Albanian Customs Code has envisaged to issue Advance rulings on Rules of origin and this will enter into force in 2017.

⁶Information received from Customs Administration through the Ministry of Economy on 29 June 2016.

procedure. For its realization, electronic data exchange is required. After that, customs administration could use Risk management in customs procedures to prepare a release decision even before the goods have arrived.

Table 3. Application of Pre-arrival processing in CEFTA 2006 economies

Pre-arrival processing	AL	BA	MK	ME	RS	KS*
TFA Category	B	C	A	C	B	B
Legal basis	Yes	Yes	Yes	No	Yes	No
Entry into force	Expected by 2017		Yes		Yes	
Electronic use			Yes		Yes	
Other border agencies involved			Yes		Yes	Yes
Full practical use						

Source: Bjelić 2016, 47

The application of these measures, accelerating the customs procedure in the CEFTA 2006 economies, is not completely implemented and varies from country to country. Best positioned are Serbia and Macedonia. For other CEFTA economies, there is a lack of legal basis, insufficient level of electronic data exchange and a lack of educated customs officers for its implementation and usage. Recommendations are related mostly to improvement of legal basis, modernization of customs administration, especially by using information systems and TF measures integrative application, especially Pre-arrival customs processing with Risk management.

Post clearance audit, known in literature under the name “Post-release verification and audit”, served as a basis for Article 7, Section 5 of the TFA (WTO 2014, 10). The aim of this measure is detecting violations causing decrease of revenue, mostly undervaluation, wrong origin of goods, tariff misclassification, if they exist. At the other side, their aim is expediting the release of goods. Customs officers examine documents, data, books, after the release of goods from customs authority. This separation of release of goods and their clearance made this procedure more efficient. Before PCA implementation, customs officers had to check goods crossing a border by physical inspection, mostly for all goods entering the country. Beside physical inspection, there were also duties as verification of value, verification of origin of goods and their tariff classification. It provoked long delays, long periods of goods to spend on border and inefficient use of customs officers.

Table 4. Application of PCA in CEFTA 2006 economies

PCA	AL	BA	MK	ME	RS	KS*
TFA Category	A	C	A	B	B	B
Legal basis	Yes	Yes	Yes	Yes	Yes	Yes
By-laws in place						
Risk-based approach	Yes	Yes	Yes		Yes	
Technical capacity (IT)	Yes	Yes	Yes	Yes	Yes	Yes
Dedicated staff unit	Yes				Yes	
Used to simplify clearance procedures					Yes	Yes

Source: Bjelić 2016, 52

The first appearance of PCA was connected with customs modernization initiatives, whose aim was moving from traditional concept of “transaction by transaction processing” in the time when goods are under customs control (Walsh 2003, 77). The idea was to move from control at the time the goods are crossing border line to later realized controls with risk based analyses. Audit combines an investigation to detect fraud and more efficient work of customs administration. The necessity of customs administration to become more efficient resulted in Post clearance. All information, once obtained during the audit, could be used in the future.

In CEFTA 2006 economies, all of them have a legal basis for PCA implementation, but these measures are not still implemented in the Region, except in the case of Serbia, as the most advanced.

For this Region, one overall statistical base could be useful for exchange of information. For its preparing, it is necessary to implement PCA in all economies of the Region, not only in Serbia,

especially to facilitate trade flows in the Region. It should be connected with a Risk management measures and common data basis. Customs officer's training and their specialization for accounting and auditing, with internal exchange of experiences, could become a new step concerning PCA in the Region.

Authorized economic operator is an internationally recognized category of economic operators who are a part of the international trade, or are involved in customs-related operations (EU 2017). They could apply for this status which provides many benefits, if they are complied with supply chains security standards. The list of possible AEO is long, according to UNECE: manufacturers, importers, exporters, brokers, carriers, ports, airports, terminal operators, warehouses, distributors (UNECE 2017). They need to fulfill Customs specified criteria, compliance with Customs requirements, financial solvency, managing records for internal controls and supply chain security, as it is specified in Article 7, section 7 TFA (WTO 2014, 11-12). After getting AEO status, they can get access to simplified procedures, with reduced physical inspections, reduced controls, or fast-tracked through it and a lower risk score, delayed payment of duties, taxes, getting the right to use a single customs declaration for all trade operations in a defined period of time.

Although potential benefits are evident, the implementation of AEO Program, based on security programs, starting even since 1970s, is still slow (UNECE 2017). They have a double role in the same time, as many mentioned TF measures, to secure international trade flows and to facilitate them.

Table 5. Application of AEO in CEFTA 2006 economies

AEO	AL	BA	MK	ME	RS	KS*
TFA Category	B	C	A	A	A	B
Legal basis	Yes	Yes	Yes	Yes	Yes	Yes
By-laws in place	Yes		Yes	Yes	Yes	
Full practical use			Yes		Yes	
Number of AEOs	0	0	1	0	4	0
Authorized traders	Yes	Yes			Yes	

Source: Bjelić 2016, 58

In CEFTA 2006 region, concerning the legal basis and full practical use, this measure is at different levels of application. Serbia introduced AEO system in 2014 and is positioned the best in Region, having legal basis and practical usage and 4 registered AEO (Bjelić 2016, 59). Many companies in other CEFTA 2006 economies obtained the status of Authorized traders, meaning significantly modest benefits, comparing to AEO status. Recommendations for CEFTA 2006 economies, concerning the current state and great future expectations, mostly could be oriented towards further support to companies who already are Authorized traders, to try to obtain higher level, AEO. Institutions in CEFTA 2006 economies could provide more and transparent information about applying for that status. As in the case of implementation of all before mentioned TF measures, creation of single pilot projects for some products, as for beverages, could be useful, too.

Single window is defined in TFA Article 10, Section 4 – Formalities connected with importation, exportation and transit. Although SW was conceived to be used in overall administration, at the first moment, it showed the best performances and practical usage in trading across borders. It is based on the idea to facilitate submission of required documents and information and to establish unique entry point for information and documents that are used in export/import/transit procedures. When traders submit them once, state authorities and agencies would be supplied by data and wouldn't ask submitters for more documents, except in special cases.

As the document is submitted only once, this concept represents a saving in this way and it also enables the reduction of errors that could occur due to multiplying the submission of the same document several times to different institutions. Concerning the fact that the first implementations of some simpler forms of SW started at the end of the 1980s, there are countries that could be called pioneers in this business, such as Singapore. There is no unique form of SW and each country could adapt SW by its needs (Popović Petrović 2015, 62-63).

The increase of Regional Trading Agreements (RTAs) during last decade, with TF provisions, opened up the possibility for usage of SW as regional systems for trading operations (Bjelić 2016, 63). Data from the table below show low level of SW implementation in the CEFTA 2006 region.

Concerning fairly high level of implementation of the above mentioned measures in the Region and the fact that SW is almost not taken into the consideration, makes the SW the most challenging measure for implementation process. There are some preconditions for its start, as the legal basis in some CEFTA 2006 economies, and basic technical readiness, but the problem with practical implementation is mostly connected with information technologies (IT) system, which should be at the very high level.

Table 6. Application of SW in CEFTA 2006 economies

Single window	AL	BA	MK	ME	RS	KS*
TFA category	C	C	A	C	C	C
Legal basis	Yes		Yes		Yes	Yes
By-laws on SW available			Yes			
Responsible agency	Multiagency coordination		Ministry of Trade			
Basic technical readiness	Yes	Yes	Yes	Yes	Yes	Yes
ASYCUDA (Customs clearance automated)	Yes (World)	Yes (++) migrating to World)	Yes	No	No	Yes (World)
Other border agencies involvement	Yes		EXIM			Yes
ASYCER	Yes					Yes
Fully practically operational	Plan in 2017			Obligation TFA in 5 y		Planned
Problems in practical application			EXIM not connected to customs IT system		Interconnectivity of different IT systems challenging	

Source: Bjelić, 2016, 64

There is only example of Macedonia, as the only economy in the Region implementing SW, but only partially, because it is not fully operational. The SW in Macedonia, as it is called EXIM, or “one stop shop system” is an electronic system, connected with 16 institutions responsible for trading across border operations (CEFTA 2017). In 2008 they started with its implementation. Trading enterprises can access EXIM and obtain the license electronically. In this way, the transparency of the whole process is increased, EXIM is saving time and costs and institutions are available all day long and every day in a week.

Other CEFTA 2006 economies, between all mentioned measures, do not envisage SW development, mostly because it is very expensive and challenging issue, especially because state agencies are already using different IT systems, causing interconnectivity to be impossible. After some financial and technical support, asked by National Trade Facilitation Committees, in a period 3-5 years, this problem could be decreased.

5. CONCLUSIONS

Research results indicate that all countries within the CEFTA 2006 region export and import beverages, especially beer and wine. The greatest exporter of beverages, primarily of beer, among them is Serbia, while the biggest importer is Bosnia and Herzegovina. Although trade in beverages sector of CEFTA 2006 economies has been slightly decreasing in last several years in the case of the greatest exporters Serbia, Moldova and Macedonia, while for others it has a stagnant trend, the beverages sector has a potential to increase its importance for trade of CEFTA 2006 economies, especially for value chains and trade within the regional integration.

Non-tariff measures in the Region contribute to the decreasing trend in beverages sector trade. Exporters of beverages to the CEFTA 2006 markets face the wide range of non-tariff barriers, mostly procedural administrative ones and especially those based on: non-recognition of quality certificates, discriminatory excise duties and trade facilitation problems.

Research points out five TF measures whose complete implementation would increase transparency and predictability having a potentially significant impact on trade growth within the Region: Advance rulings, Pre-arrival processing, Post-clearance audit, Authorized economic operators and Single window. However, a huge gap between building the legal basis and the full practical use of these measures has been evident in all CEFTA 2006 economies. The present implementation of mentioned measures has been still at an unsatisfying level in all CEFTA 2006 economies, although there are some differences between them. Serbia is the most advanced in the Region, followed by Macedonia and Montenegro, while Bosnia and Herzegovina and Moldova are much more behind.

The analysis by categories of mentioned TF measures has pointed to the following situation: Implementation of Advance rulings has been recently intensified in all CEFTA 2006 economies resulting in a similar level of AR development in all of them. Implementation of Pre-arrival customs processing varies from economy to economy, but Serbia and Macedonia are the most advanced. Regarding Post-clearance audit all economies only have a legal basis for implementation, but measures still have not been implemented in the Region, except in the case of Serbia. The implementation of the measure Authorized economic operators is at the different level. Serbia having the legal basis and practical usage and four registered AEO, is positioned the best in Region. Single window has proved as the most challenging and the most expensive measure for implementation. With exception of Macedonia which implemented this measure, although only partially, all other CEFTA 2006 economies have not started yet with development of SW concept.

For the purpose of moving towards the complete implementation of TF measures recommended as crucial for facilitation of trade in beverages in the Region, CEFTA 2006 economies have founded National Trade Facilitation Committees, whose functionality, besides the trade capacity building, is the main condition for success.

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APPENDIX

Graph 1. Serbia's products with potential

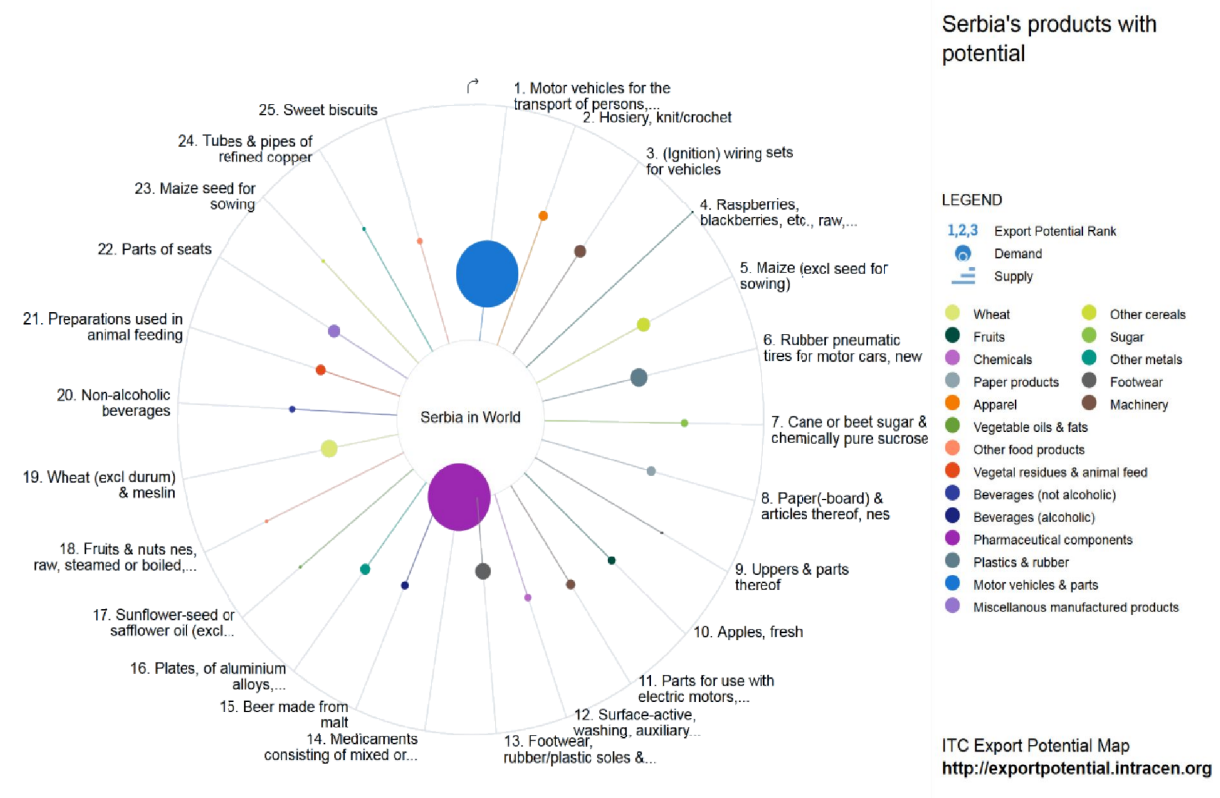


Table 1: Trade of individual CEFTA 2006 economies with ROW (in 000 USD)

Economy	2012	2013	2014	2015	2016
	Exports				
Albania	1,967,919	2,331,522	2,430,724	1,929,657	1,962,117
Bosnia and Herzegovina	5,161,809	5,687,463	5,892,102	5,099,186	5,326,732
Macedonia	4,015,403	4,298,766	4,964,132	4,489,934	4,784,605
Moldova	2,161,879	2,428,303	2,339,530	1,966,837	2,044,611
Montenegro	468,788	494,376	440,659	353,080	354,316
Serbia	11,229,031	14,610,779	14,843,348	13,378,934	14,835,900
	Imports				
Albania	4,879,830	4,880,593	5,229,972	4,320,219	4,669,290
Bosnia and Herzegovina	10,019,077	10,295,187	10,990,420	8,993,966	9,129,611
Macedonia	6,522,388	6,619,586	7,301,343	6,399,823	6,757,023
Moldova	5,212,928	5,492,393	5,316,959	3,986,821	4,020,359
Montenegro	2,336,353	2,348,873	2,366,751	2,050,170	2,262,764
Serbia	18,924,891	20,550,990	20,608,585	18,210,171	19,216,600

Source: ITC, Internet 2018