

# NON-TARIFF MEASURES IN CEFTA 2006: PERSPECTIVES OF NORTH MACEDONIA AND SERBIA

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## **ABSTRACT**

*This article addresses non-tariff measures applied in CEFTA 2006, analysed specifically from the perspective of two Parties – North Macedonia and Serbia. It provides insight into the business community's views in each country with regard to the non-tariff measures noted in their trade within CEFTA, as well as comparison of the Macedonian and Serbian case of imposing, addressing and overcoming the non-tariff measures. The article derives on the findings of the empirical research conducted in parallel in both countries in June-August 2021 within the framework of the EU Funded GIZ Project: Support to the Regional Economic Integration. It also reflects relevant legislation, such as CEFTA 2006 Protocols.*

*In terms of content, the article includes overview of the trade within CEFTA 2006 and focuses on the non-tariff measures relevant to North Macedonia and Serbia, in particular - sanitary and phytosanitary measures; technical barriers to trade; price control measures and trade facilitation measures, such as formalities connected with import, export and transit, along with the procedures of release and clearance of the goods. The analysis of the empirical information indicates that sanitary and phytosanitary measures and trade facilitation have been reported as most common problems by both parties, despite the CEFTA Protocols regulating some of the issues. The article's conclusions mirror the findings of the research and provide recommendations about possibilities for overcoming the non-tariff measures in CEFTA 2006.*

**Keywords:** *CEFTA 2006; Non-Tariff Measures; Trade Facilitation*

**JEL classification:** *F1*

## **1. INTRODUCTION**

The importance of the non-tariff measures (NTMs) grew significantly in the last three decades, reflecting the decline of the tariffs' role in trade protection (United Nations, World Bank, 2018). As noted by UNCTAD: "Non-tariff measures (NTMs) are policy measures other than tariffs that can potentially have an economic effect on international trade in goods. They are increasingly shaping trade, influencing who trades what and how much. For exporters, importers and policymakers, NTMs represent a major challenge. Though many NTMs aim primarily at protecting public health or the environment, they also substantially affect trade through information, compliance and procedural costs." (UNCTAD, 2019).

NTMs can take the form of "technical measures, such as sanitary or environmental protection measures, as well as others traditionally used as instruments of commercial policy, e.g. quotas, price control, exports restrictions, or contingent trade protective measures, and also other

measures, such as competition, trade-related investment measures, public procurement or distribution restrictions”(UNCTAD 2019).

NTMs have been an issue into the regional trade, including CEFTA2006 trade. CEFTA 2006 is a regional trade agreement of the Western Balkan countries (Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia and Serbia) and Moldova. Bjelić, Dragutinović-Mitrović and Popović-Petrović (2013) have researched the application of two types of NTB in CEFTA 2006 trade: Administrative and Technical NTBs. They concluded that after trade liberalisation period (through ATM and CEFTA2006), non-tariff barriers (NTB) have become one of the most important impediments in the Western Balkan`s trade with the EU. Similarly, Tosevska-Trpcevska and Tevdovski (2014) explored the effects of Customs and Administrative Procedures on South-Eastern European Trade, using the gravity model in the period 2008-2012 and found that number of days spent at the border and costs paid in both importer and exporter countries had significant negative influence on the volume of trade in the period 2008-2012.

OECD and CEFTA Secretariat Report on Elimination of Non-Tariff Barriers in CEFTA (OECD, CEFTA, 2012) assesses progress made by CEFTA Parties in reducing NTBs. The assessment, based on the Multilateral Monitoring Framework (MMF) developed by the OECD, was carried out with the support of governments, independent experts and private sector representatives in each CEFTA Party. The MMF measures the level of harmonisation of technical regulations, standards, sanitary and phytosanitary (SPS) measures and administrative procedures in each CEFTA Party against EU and international requirements and focuses on priority sectors and products. Monitoring is structured around three policy dimensions: i) technical barriers to trade; ii) sanitary and phytosanitary measures; and iii) administrative barriers to trade. According to the study CEFTA Parties have made the best progress in dimensions related to reducing 16 “technical barriers to trade” and “administrative barriers to trade”. Scores in the dimension related to “sanitary and phytosanitary measures” are comparatively lower.

Great effect can be gained from the elimination of non-tariff barriers. Mulabdic and Ruta (2018) study the economic effects of “deepening” the Central European Free Trade Agreement (CEFTA). It combines new information on the content of trade agreements with gravity model estimates of the impact of deep trade agreements—agreements that go beyond the elimination of tariffs and other border restrictions. The analysis suggests that CEFTA is a relatively shallow trade agreement as it covers mostly policy areas under the current WTO mandate. The estimated trade impact of CEFTA on member countries is relatively modest, varying between 0.02 and 7.4 percent. CEFTA’s members would gain from simultaneously deepening their integration reciprocally and vis-à-vis the EU.

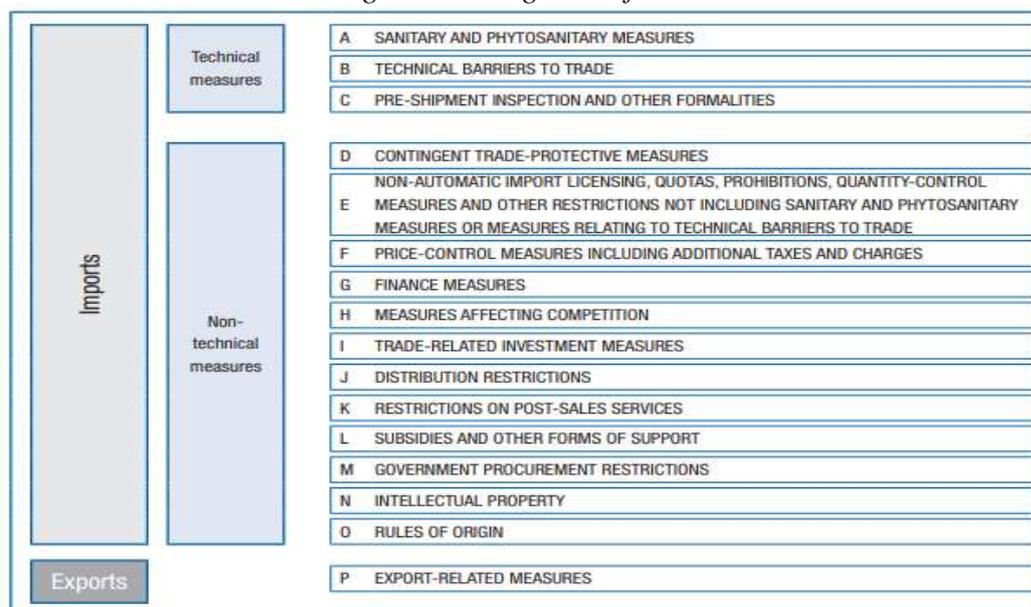
The aim of this paper is to compare NTMs reported by the business community in two CEFTA Parties – North Macedonia and Serbia. The article derives on the findings of the empirical research conducted over June-August 2021 within the framework of the EU Funded Project: Support to the Regional Economic Integration, implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit – GIZ (GIZ, 2021). The project had regional dimension and included other CEFTA Parties, apart of Moldova, enabling comparison of the NTMs across the Western Balkan region.

The methodological approach of the empirical research was based on the UNCTAD Guidelines with regards to the categories of NTMs (Figure 1). The research was undertaken by conducting extensive interviews with companies from the relevant sectors. The interviews were done online and encompassed questions related to all measures noted in Figure 1. The companies for interviews were selected from the most relevant trade sectors in each CEFTA Party.

The trade sectors were identified individually for each CEFTA Party following two criteria – to represent at least 75% of the intra-CEFTA trade in goods of that country and to cover two

thirds of the Party's total trade (excluding mineral exports and arms). The companies were selected based on their size, volume and frequency of their intra-CEFTA trade. In the case of North Macedonia and Serbia, each sector was covered with three companies at least, ensuring sufficient data for NTMs analysis. Along with the interviews, analysis of the CEFTA 2006 legal basis was done, as well consultations of the relevant national institutions with regards to clarification/verification of specific issues.

Figure 1. Categories of NTMs



Source: UNCTAD (2019). Guidelines to collect data on official non-tariff measures, UNCTAD/DITC/TAB/2019/8

The paper has been structured to provide an overview of the trade within CEFTA and comparison of the non-tariff measures relevant to North Macedonia and Serbia. The focus of the NTMs has been on sanitary and phytosanitary measures; technical barriers to trade; price control measures and trade facilitation measures, such as formalities connected with import, export and transit, along with the procedures of release and clearance of the goods. The article concludes with the findings of the research and recommendations for the trade policy-makers in both countries.

## 2. CEFTA 2006

CEFTA 2006 is a free trade agreement concluded on 19 December 2006, consisting of seven Parties: Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Republic of Moldova, Kosovo\* and Serbia (CEFTA Agreement, 2006). Up till 2007, CEFTA 2006 included Romania and Bulgaria, as well as Croatia till 2013. CEFTA membership of these three countries ceased as they have joined the European Union.

CEFTA 2006 have replaced 32 bilateral Free Trade Agreements (FTAs) signed between the Parties, following the Memorandum of Understanding on Trade Liberalization and Facilitation concluded on 27 June 2001 in Brussels by the Foreign Trade Ministers of the South East European (SEE) countries (Memorandum, 2001). All concessions from these 32 FTAs have been incorporated into CEFTA 2006 framework. The liberalisation of intraregional CEFTA 2006 trade have started with goods leading to prompt creation of free trade area. Next step in intraregional trade liberalisation was focused on agricultural products with the adoption of Additional Protocol – Annex 10 in 2011 (CEFTA, 2011). Service trade liberalisation was enabled with Additional Protocol 6 on Trade in Services (CEFTA, 2019), adopted in 2019 and

entered into force on 11 January 2021. Further intraregional liberalisation included Protocol 5 for Trade Facilitation (CEFTA, 2017), adopted in 2017. CEFTA 2006 has also established a Subcommittee on Non-Tariff Measures.

Further development of CEFTA 2006 proceeded towards creation of a Common Regional Market (CRM), with ambitious Action Plan 2021-2024 that included numerous areas of cooperation. However, the action plan is seriously lagging behind in its implementation.

In April 2020, CEFTA 2006 Parties started the implementation of “Green Corridors/Lanes Initiative” that enabled swift crossing of intraregional borders for the products considered essential for the Parties to cope with the COVID-19 pandemic. It was later expanded to other products, too, and provided great effects (CEFTA statistics, 2022). The Green Corridors/Lanes Initiative is also aiming to cover the borders between CEFTA 2006 and EU Members States. First such lane was established on a Macedonian-Greek border in 2022. In addition, the Green Lanes Initiative was complemented with CEFTA-Transport Community Blue Lanes for facilitation of the sea traffic between CEFTA and EU. The first Blue Line was established between CEFTA 2006 (Albania and Montenegro) and Italy in September 2022. These lanes are considered to be a stepping stone towards better managed borders, decrease of the waiting times for passengers and freight, and launch of one-stop-go approach at all borders. The Green and Blue Lanes are very important with regards to the NTMs in CEFTA 2006, as many of the complaints noted below refer to the issues addressed with the Lanes.

In trade terms, CEFTA 2006 is rather small region, contributing to only 0.23% of the total world’s export in 2021 (Table 1). In absolute values, the combined export of the CEFTA Parties to the world has been around EUR 43bn in 2021. Although the export has a tendency of increase, compared to EUR 30bn in 2017, the region’s trade potential is considerably limited due to its size. There are differences within CEFTA 2006, too, as Serbia is a largest exporter from the region with share of around 50%, followed by North Macedonia and B&H, each contributing to around 17% of the total export of the CEFTA 2006 region.

*Table 1: Export of goods of CEFTA 2006 Parties, 2017-2021 (in million EUR)*

Exporters/Period	2017	2018	2019	2020	2021
Serbia	15022	16235	17466	17000	21621
North Macedonia	5037	5853	6425	5817	7757
Bosnia and Herzegovina	5644	6086	5875	5392	7285
Albania	2040	2437	2428	2118	2776
Moldova	2149	2294	2482	2163	2659
Kosovo*	380	375	392	478	751
Montenegro	329	339	371	320	369
<b>CEFTA 2006</b>	<b>30604</b>	<b>33621</b>	<b>35442</b>	<b>33291</b>	<b>43223</b>
<b>World</b>	<b>15568550</b>	<b>16378756</b>	<b>16748114</b>	<b>15335684</b>	<b>18567933</b>

*Sources: Calculations based on UN COMTRADE and ITC statistics <https://www.trademap.org>, except for Kosovo which is World Bank data (<https://data.worldbank.org/indicator/BX.GSR.MRCH.CD?locations=X>). Average EUR/USD exchange rate of the respective years is used for value calculation.*

The intra-regional export data of CEFTA Parties from the Western Balkans (Table 2) indicate that only 13.8% of the total export of the region in 2021 was done within its borders. CEFTA 2006 relative importance as export destination for its Parties declines over the period, owing to the fact that all Parties have favorable access to the EU market, while intra-regional trade has

been overburdened with non-tariff measures as pointed out in empirical studies on this subject (GIZ, 2021).

*Table 2. Intra-regional trade in Western Balkans (2021) – exports (in million EUR)*

Exporter/Destination	ALB	B&H	ME	MK	SRB	KOS	CEFTA
Albania (ALB)	/	22	49	102	81	308	562
Bosnia and Herzegovina (B&H)	27	/	202	68	881	51	1229
Montenegro (ME)	20	33	/	5	107	24	189
North Macedonia (MK)	96	95	31	/	292	303	817
Serbia (SRB)	156	1350	688	698	/	/	2892
Kosovo* (KOS)	111	11	24	87	44	/	277

*Source: Eurostat (online data code DS-056697)*

Table 2 shows that Serbia, B&H and North Macedonia have predominant role in the intra-regional export. Around 48% of the intra-CEFTA export in 2021 was done by Serbian companies, followed by B&H and MK with share of 20% and 13.7%, respectively. Such data indicate that there is potential for intra-regional trade creation, as the overall export of the Parties register noteworthy upward trend over the period 2017-2021 (Table 1). In that context, identification of non-tariff measures and their addressing by the trade policy makers in CEFTA Parties is crucial. The section below outlines the major NTMs in intraregional trade reported by the companies in North Macedonia and Serbia, aiming to provide ground for policy recommendations focused on trade advancement in the region.

### **3. BUSINESS PERSPECTIVES ON NTMs IN INTRA-CEFTA TRADE**

There have been eight trade sectors in North Macedonia and twelve sectors in Serbia identified as relevant for the empirical research, as shown in the Table 3. Serbia's number of sectors is relative to its size as largest economy in CEFTA 2006, as well as largest exporter in the region (Table2). On the other side, the Macedonian foreign trade has been rather dense and few sectors dominate the trade structure - Chemicals & Allied Industries; Metals; Machinery and mechanical appliances. Apart of the manufacturing sectors, few agricultural sectors were included in the empirical research, given their relevance for the intra-regional trade.

The interviewed companies were carefully selected in purpose to provide adequate representation of the sectors - frequent traders were included, as well as mix of large and smaller companies. On the side of North Macedonia 45 companies were approached, out of which 24 reported NTMs and trade facilitation (TF) issues, while Serbian sample encompassed 59 companies, out of which 48 reported NTMs and TF issues.

Summarized results of the interviews of the Macedonian companies have shown 44 reported incidents of NTMs and 25 TF issues, while Serbian companies have reported 37 NTMs and 36 TF issues. The reported NTMs and TF issues of both countries refer to their international trade in general, but most of them apply to the intra-regional CEFTA 2006 trade. NTMs and TF issues were noted in both - manufacturing and agricultural sectors.

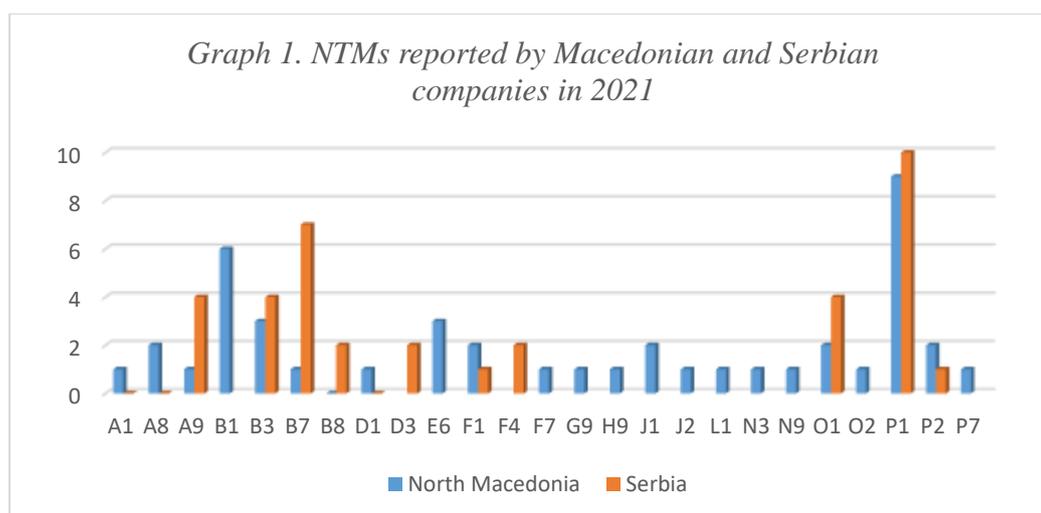
Table 3 Most relevant trade sectors in intra-CEFTA 2006 trade

Sectors	HS Code	North Macedonia	Serbia
Animals and Animal Products	HS 01-05	X	X
Fresh fruits and Vegetables	HS 06-15	X	X
Processed foods	HS 16-24	X	X
Mineral Products	HS 25-27	X	X
Chemicals and Allied Industries	HS 28-38	X	X
Plastics / Rubbers	HS 39-40	X	X
Wood & Wood Products	HS 44-49		X
Footwear / Headgear	HS 64-67		X
Metals	HS 72-83	X	X
Machinery and mechanical appliances (boilers, turbines, washing machines, agricultural machinery, etc.)	HS 84	X	X
Electrical machinery (shavers, lamps, telephones, televisions, electronic integrated circuits, etc.)	HS 85		X
Transportation	HS 86-89		X

Source: Data obtained in company interviews in Serbia on EU Funded Project "Support to the Regional Economic Integration", implemented by GIZ, July-August 2021

### 3.1. Non-technical measures (NTMs)

According to the categories of NTMs (Figure 1), the technical NTMs refer to three groups of measures – sanitary and phytosanitary measures (A); technical barriers to trade (B) and pre-shipment inspection and other formalities (C). Besides them, there are various non-technical measures (D-O) that occur in the international trade, as well as export related measures (P). The reported NTMs on import/export reported by Macedonian and Serbian companies during the interviews are presented on the Graph 1. The data are given in absolute numbers. Detailed list of the NTMs included in the Graph 1 is attached in Annex 1.



Source: Data obtained in company interviews in Serbia on EU Funded Project "Support to the Regional Economic Integration", implemented by GIZ, July-August 2021

As presented on the Graph 1, the most common NTMs reported in both countries are related to technical specifics of labelling, marking and packaging requirements on the import side (B3) with total of 7 (3 MK + 4 SRB) incidents and issues related to preferential rules of origin (O1) with total of 6 (2 MK + 4 SRB) incidents, while sanitary and phytosanitary (SPS) measures and technical barriers of trade (TBT) dominate on the export side (P1) with total of 19 (9 MK + 10 SRB) incidents. The latest NTM mostly relates to the lack of recognition of the sanitary and phytosanitary certificates by the authorities in the exporting destination, as well as other conformity assessments related to SPS. These incidents were mostly reported with regards to the intra-regional trade in CEFTA 2006, in particular affecting the mutual trade among both countries. SPS occur despite the bilateral agreement between North Macedonia and Serbia for phytosanitary cooperation which stipulates mutual recognition of the phytosanitary certificates. Also, there are bilateral agreements on this subject among most of the CEFTA Parties (Agreement on Phytosanitary cooperation between Serbia-Macedonia, 2016), as well as Subcommittee on Non-Tariff Measures within CEFTA 2006. However, no progress has been made with regards to the implementation of the agreements, based on the doubts of the authorities in the exporting destinations about the credibility of the laboratories issuing the certificates. This NTMs reflect into higher costs and prolonged time of export for the companies, and discourage them to trade within CEFTA. This is a serious and long-lasting problem in North Macedonia and Serbia, as well as other CEFTA 2006 Parties, and therefore, its addressing by the relevant institutions must be put as a priority.

In addition to the common NTMs reported by both sides, the Macedonian companies reported problems with regards to import authorization/licensing related to technical barriers to trade (B1) with total of 6 incidents, while Serbian companies reported cases with regards to product quality, safety or performance requirements on import (B7) with total of 7 incidents. Macedonian NTMs refer to the documents and procedure needed for import authorization/licensing, as well as time consumption, while Serbian complaints are mostly related to the validation of certificates for various specifics of the products.

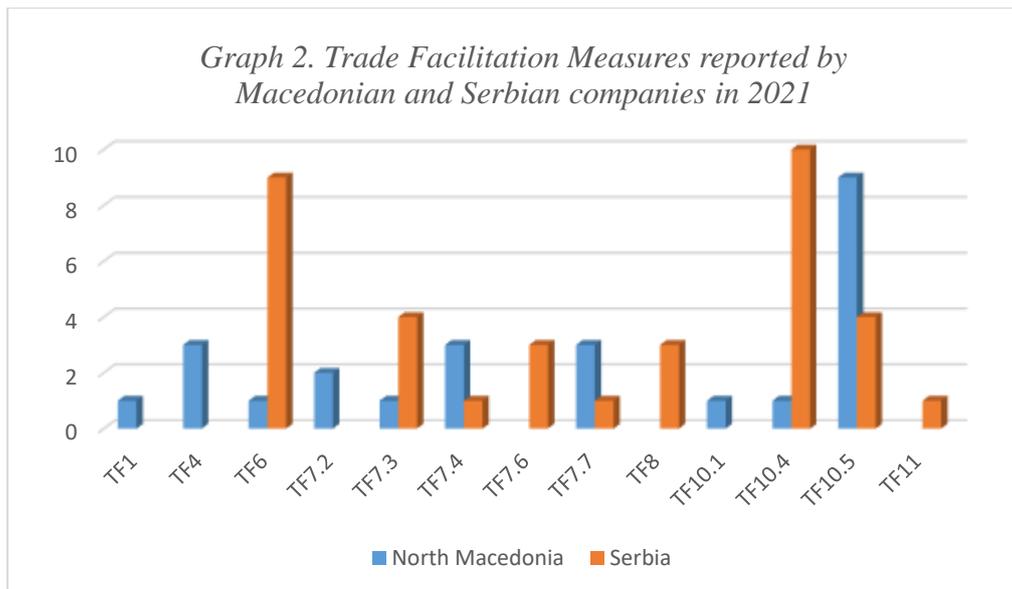
The perspectives that should be considered most by the Macedonian authorities with regards to import licenses are related to the documentation that is not commonly issued in the countries of origin of the products, including EU Member States, implying that the requested documents by the Macedonian side could not be easily provided. Similar to P1 reported incidents mentioned above, B7 reports tackle the credibility of the institutions in the CEFTA Parties. Several interviewed economic operators reported the need to comply with additional documentary and marking requirements, including for CE-marked products when entering the market in Bosnia and Herzegovina, North Macedonia and Serbia. The companies do not have particular issues complying with the assessments, but rather are wary about the lack of recognition of certifications and the costs and time associated with re-doing the necessary tests. The most frequently reported measures open the room for (re)consideration of the existing legislation and its implementation in North Macedonia and Serbia, as well as other CEFTA Parties, in the light of genuine assessment on its impact on the business community and correspondence of the practice to the undertaken obligations of the CEFTA Protocols and bilateral trade agreements.

### ***3.2. Trade facilitation (TF) measures***

Another set of trade issues that were explored during the empirical research refer to the Trade Facilitation (TF) measures. The reported measures by Macedonian and Serbian companies are presented on Graph 2. The data are given in absolute numbers. Detailed list of the TF measures included in the Graph 2 is attached in Annex 1.

North Macedonia has wider range of reported measures in this group, ranging from measures referring to the information about the import/export (TF1), appeal procedures (TF4) and

authorized economic operators (TF7.4) to the most common measure dealing with other formalities connected with importation/exportation and transit (TF10.5). In the case of North Macedonia, other formalities were related to trade processes, such as customs bureaucracy, working hours of the customs offices, differences in the implementation of the legislations by the customs officers, etc. Few companies reported that the customs documentation required in MK and CEFTA Parties is a big burden compared to the requirements in the EU. Specific example was provided with regards to EUR-1 document (enables preferential treatment of the goods), which must be filled according to the rules of macedonian customs office, without any flexibility regarding the form, even if the document contains all requested information.



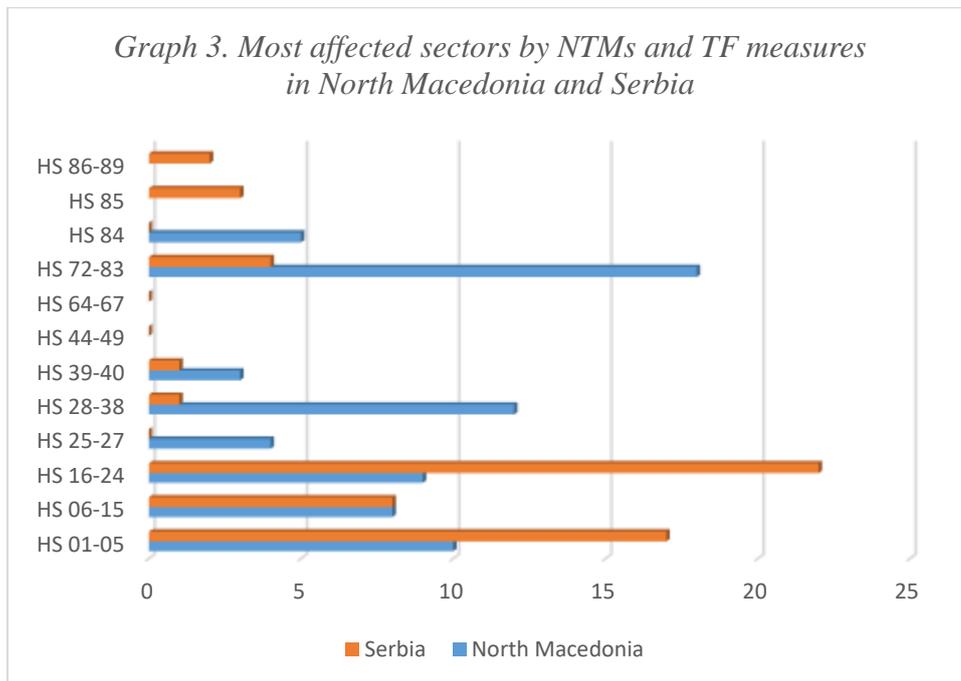
*Source: Data obtained in company interviews in Serbia on EU Funded Project "Support to the Regional Economic Integration", implemented by GIZ, July-August 2021*

As presented on Graph 2, the most common trade facilitation issues for Serbian companies were Fees and Charges Imposed on Importation and Exportation, and Penalties (TF6) and Common Border Procedures (TF10.4), i.e. lack of these procedures. Achieving common clearance procedures can lead to the simplification of document preparation (lower compliance costs for the declarant); faster crossing resulting from harmonisation of physical inspections of crossing cargo, vehicles, and drivers and better flow management; reduced pressure on the infrastructure; cost savings in administration and streamlined procedures; improved working conditions for officials due to the use of shared information, common premises, and services; and reduced staff needs owing to task sharing among different agencies, thus liberating skilled human resources for other activities (Freund, C. & Rocha, N. (2010). The Green Lanes Initiative mentioned above is expected to provide some of these effects. Furthermore, Serbian companies have also reported issues relative to TF10.5 or other formalities connected with importation/exportation and transit which mostly refer to export/import documentation.

### **3.3. Sectoral and geographical dispersion of NTMs and TF measures**

The sectors with most reported NTMs and TF measures in North Macedonia and Serbia are presented on Chart 3. Macedonian companies have reported high number of measures in the Metals (HS 72-83) and Chemicals and Allied Industries (HS 28-38), implicit to the highest dynamic of these sectors in the international trade. Most of the companies in these sectors have reported issues relative to the export/import/transit formalities. Also, the agricultural sectors (HS 01-05 and HS06-15) and companies dealing with processed foods (HS16-24) have

reported NTMs and TF measures, which greatly reflect to the SPS certificates and conformity assessments requirements. These three sectors have also been the leading ones in terms of reported NTMs and TF measures in Serbia.



*Source: Data obtained in company interviews in Serbia on EU Funded Project "Support to the Regional Economic Integration", implemented by GIZ, July-August 2021*

Summarized, in the case of North Macedonia and Serbia, various formalities related to trade processes, together with sampling, testing and inspection procedures linked to SPS measures, are the most repeated challenges. With regards to the formalities, part of NTMs and TF measures, in particular those related to import and transit, are imposed by the national institutions in each country. Given that the findings of the empirical research were verified by the national authorities dealing with CEFTA 2006 (GIZ, 2021), it could be argued that there is an awareness about the imposed NTMs and TF issues. However, serious policy-actions are needed to address the most burning issues in a coordinated manner.

Apart of the measures imposed at import in North Macedonia and Serbia, there are NTMs imposed by other CEFTA Parties. Most of the NTMs affecting Serbia were introduced by Bosnia and Herzegovina, North Macedonia and Kosovo\* that imposed 26%, 18% and 16% of all measures, respectively. This largely corresponds to the Serbian trade pattern by partners (Table 2), while Kosovo\* measures derive from the trade relations between both countries. As for North Macedonia, most NTMs affecting the country were introduced by Serbia and Kosovo, although other CEFTA Parties have their contribution to the NTMs, too.

The discussion above provides cross-cutting of different perspectives of the NTMs and TF measures reported in North Macedonia and Serbia, ensuring consistency of the findings. Some of the issues analysed above were already addressed with the Green Lanes Initiative, which still needs to be upgraded to deliver immense effects. Meanwhile, the national authorities in CEFTA Parties that deal with trade should safeguard implementation of the CEFTA 2006 Protocols and bilateral agreements on SPS and TBT, as that would immediately provide better trade climate in the region. In addition, CEFTA 2006 as a concept should receive larger policy attention by the Parties, aiming towards achieving obstacles-free intraregional trade.

## 5. CONCLUSION

Non-tariff measures (NTMs) are considered to be a major challenge in the global trade that undermines the benefits of largely liberalized trade under the auspices of WTO. Although the NTMs are usually justified with health, environmental and other causes, their introduction often lacks a stable ground. The business community involved in international trade suffers from serious backlogs when coping with NTMs and trade facilitation (TF) issues, and their perspectives should be taken into consideration by the trade policy-makers.

NTMs are very common in the intraregional trade, despite the primary aim of FTAs to ease the trade flows. The findings of the empirical research of NTMs, undertaken in 2021 within the framework of the EU Funded Project: Support to the Regional Economic Integration, implemented by GIZ, indicate that the intraregional trade of CEFTA 2006 have been hindered by various NTMs and TF measures. The insight into the reported issues by the Macedonian and Serbian companies shows that the most common NTMs on the import side stated in both countries are related to technical specifics of labelling, marking and packaging requirements and issues related to preferential rules of origin, while sanitary and phytosanitary (SPS) measures and technical barriers of trade (TBT) dominate on the export side.

Out of the mentioned NTMs, the most serious obstacle refers to the lack of recognition of the sanitary and phytosanitary certificates by the authorities in the exporting destination, as well as other conformity assessments related to SPS. This problem occurs despite bilateral and regional agreements regulating mutual recognition of the certificates in CEFTA 2006. The reasoning of the authorities imposing the measures relates to the insufficient capacity and credibility of the laboratories in the region, which is opposite to their declared positions by signing the legal acts stipulating the recognition of the certificates. There is a need for sound coordination of the policy-makers in all CEFTA 2006 Parties to address this issue and enable better trade climate for the business community.

The Macedonian companies also reported problems with regards to import authorization/licensing related to technical barriers to trade, while Serbian companies reported cases with regards to product quality, safety or performance requirements on import. The latter NTM resembles to the SPSs issue and should be approached in a similar manner. On the other hand, the aspects that Macedonian authorities should consider with regards to import licenses are related to harmonization of the requested documentation on import with the legal patterns of the trading partners.

In addition to the common NTMs, the business community of both countries reported struggle in dealing with various formalities connected with importation/exportation and transit. These formalities are related to trade processes, such as customs bureaucracy, working hours of the customs offices and implementation of the trade and customs legislation. The Serbian companies have also referred to the fees and charges imposed on importation and exportation, and penalties, as well as common border procedures, i.e. lack of these procedures. The Green Lanes Initiative is a right step towards resolving some of these TF issues. However, its effectiveness depends on the commitment of the policy-makers, which has to be enhanced with regards to the policy consistency in all CEFTA 2006 Parties.

Some of the NTMs and TF measures are imposed by the national institutions in each country, while others are obstacles introduced by the authorities in the exporting destination. National trade policy-makers have crucial role in addressing both categories of obstacles, attributable to their responsibility to ensure favorable trade climate for domestic companies when they undertake import and export activities. In this context, is it necessary for the national policy-makers in North Macedonia and Serbia, as well as other CEFTA Parties, to safeguard implementation of the legislation that is in favor of intraregional trade and to promote business friendly trade approach.

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## ANNEX 1

### List of NTMs reported by Macedonian and Serbian companies

<b>TECHNICAL MEASURES</b>
<b>A. Sanitary and phytosanitary measures (import)</b>
A1. Prohibitions/restrictions of imports for sanitary and phytosanitary reasons
A8. Conformity assessment related to sanitary and phytosanitary conditions
A9. Sanitary and phytosanitary measures not elsewhere specified
<b>B. Technical barriers to trade (import)</b>
B1. Import authorization/licensing related to technical barriers to trade
B3. Labelling, marking and packaging requirements
B7. Product quality, safety or performance requirements
B8. Conformity assessment related to technical barriers to trade
<b>C. Pre-shipment inspection and other formalities (import)</b>
<b>NON-TECHNICAL MEASURES (import)</b>
D1. Anti-dumping measures
D3. Safeguard measures
E6. Tariff quotas
F1. Administrative measures affecting customs value
F4. Customs surcharges
F7. Internal taxes and charges levied on imports
G9. Regulations concerning terms of payment for imports
H9. Measures affecting competition not elsewhere specified
J1. Restrictions on the sale of goods
J2. Restrictions on distribution channels
L1. Transfers of funds (monetary transfers) by the Government (to an enterprise)
N3. Enforcement
N9. Intellectual property not elsewhere specified
O1. Preferential rules of origin
O2. Non-Preferential rules of origin
<b>P. EXPORT-RELATED MEASURES</b>
P1. Export measures related to SPS and TBT
P2. Export formalities
P7. Measures on re-export

### List of trade facilitation measures reported by Macedonian and Serbian companies

TF1. Publication and Availability of Information
TF4. Procedures for Appeal or Review
TF6. Fees and Charges Imposed On Importation and Exportation, and Penalties
TF7.2. Electronic Payment
TF7.3. Risk management related to release and clearance of goods
TF7.4. AEO
TF7.6. Perishable Goods
TF7.7. Other measures related to release and clearance of goods
TF8. Border Agency Cooperation
TF10.1 Acceptance of Copies
TF10.4 Common Border Procedures
TF10.5 Other formalities connected with importation/exportation and transit
TF11. Freedom of Transit