



Bosnia and Herzegovina

**Joint Briefing Note: Ministry of Communications and Transport &
Indirect Taxation Authority**

**Managing International Transport of Goods in Bosnia and Herzegovina
Current Situation and Vision for the Future**

Written Contribution to the 18th OSCE Economic and Environmental Forum
Contribution to Session I: The need to increase efficiency of international road transport in the
context of global economic downturn

INTRODUCTION

Transport remains a sector bearing considerable external effects, influencing development and the pace of overall economic development. Development strategies inevitably reflect on the transport sector, as one of its driving pillars. The main goals of a transport policy – meeting the needs of citizens and economy in the optimal fashion – are closely connected to other key policies, such as economic, energy, social, regional and environment policies.

The principles underpinning good governance in the customs clearance field and at border crossings serve to enhance transport links, facilitate and enhance security. To that end, Bosnia and Herzegovina (BiH) is developing a network of Intermodal Centres, serving the needs of transport sector development. These Intermodal Centres would also provide the secondary/supporting services in the following areas:

- ✓ Sanitary department,
- ✓ Phytopathology department,
- ✓ Customs,
- ✓ Banks,
- ✓ Vehicle and container maintenance,
- ✓ Restaurant,
- ✓ Parking,
- ✓ Other services, if needed.

The establishment of intermodal centres' network fits in European transport policy objectives. For more than 15 years, their set-up is driven by the objective of cohesion in the European Union, serving to:

- ✓ Eliminate European transport network bottlenecks
- ✓ Connect missing railway links
- ✓ Improve corridors connecting inland areas and seaside
- ✓ Intensify intermodal transport use

1. INTERMODAL (TRANSPORT) CENTRES

Three goods terminals are to be found in Bosnia and Herzegovina, notably in Sarajevo, Mostar and Tuzla. There is also a port terminal in Croatian port of Ploče, which services the territory of Bosnia and Herzegovina. These goods terminals serve to foster freight transport from producer to consumer and to improve transport service quality, decrease transport costs i.e. transport price per unit, determine role of transport modes, shipping agents and related services and so to improve the structure of the entire transport system.



Figure 1. Future IC Network



Figure 2. The main railway lines

The aforementioned goods terminals are successful in responding to the demands for transportation services; however, they require modernization in some respects. The goods terminal in Sarajevo will require most attention in terms of investment in modernization of infrastructure and procedures, as the Sarajevo terminal services more than 50 per cent of total container transport.

2. REGIONAL COOPERATION

Bosnia and Herzegovina and its neighbours may significantly improve the use of available transportation infrastructure and services, ensuring ultimately the return of investments through development and use of joint management and monitoring system. This system may benefit from a public-private partnership along trade and transport corridors, otherwise targeted by corridor clusters as neutral organizations. They may also use the ICT support, facilitating cross-border transport of vehicles, exchange of vehicles and monitoring the freight

and road equipment. Monitoring and location systems, such as WADIS, enable railway operators and their clients to monitor their goods, exchange quickly and efficiently between operators in different countries, and monitor border crossings. Inter-country specific arrangements may also cover other different aspects, such as: unique limitations with regards to axial load, balances to avoid excessive truck load, container seals, security controls and application of international standards (e.g. UN geographic codes). Joint customs transit systems may also be enforced as needed, this ensuring increased return on fees and duties, if the goods disappear during transit.

2.1. Joint Equipment at Border Crossings

Disposing with joint equipment at border crossings, jointly managed by both countries (customs, sanitary inspection, etc.) will not only simplify procedures, reduce delays, but also enhance the quality and security of administrative checks. It will ensure the development of a system to automatically find data stored electronically, resulting in the so-called single window facilities. Activities of all sides on the transit corridor would be coordinated, with the distribution of related operational costs.

3. SIMPLIFIED CUSTOMS CLEARANCE PROCEDURE

Main goals behind the introduction of simplified customs clearance procedures are:

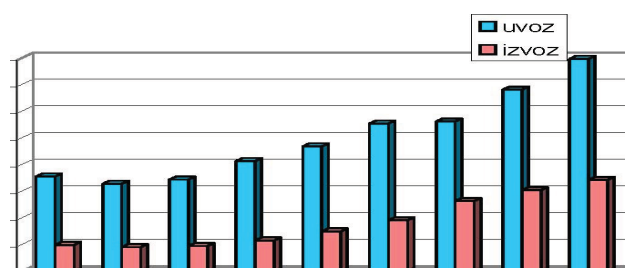
- ✓ Simplify the execution of everyday procedures
- ✓ Reduce costs (associated with customs services and the economy)
- ✓ Speed up procedures and flow of goods
- ✓ Disburden customs resources (terminals, human resources)
- ✓ Advance cooperation with businesses

The conclusion of the Stabilization and Association Agreement with the EU dictates that Bosnia and Herzegovina is to gradually harmonize its legislation with the EU *acquis communautaire*. When it comes to the customs sector, Bosnia and Herzegovina has introduced the automatic data processing system – ASYCUDA – thus enforcing in practice the associated international standards. Standard tables have been introduced into the system, revising customs procedures and ways of operation, placing special emphasis on risk analysis and selection. The introduction of ASYCUDA customs data system lead to the uniform system in administration of user applications by all parties involved in a customs clearance procedure. Furthermore, data is made available to all levels in transparent and precise manner.

Table 1. OVERVIEW OF EXPORTS AND IMPORTS / BIH 2000 – 2008

(all values are in KM; 1 KM=0,511 €)

year	Import	Export	index
2001	6.563.598.625	1.806.725.168	27,53%
2002	6.881.310.766	1.888.321.331	27,44%
2003	8.275.149.103	2.313.211.156	27,95%
2004	9.371.258.081	2.994.219.301	31,95%
2005	11.079.915.570	3.826.313.380	34,53%
2006	11.234.503.500	5.271.043.362	46,92%
2007	13.625.121.000	6.080.080.708	44,62%
2008	15.932.566.485	6.847.324.546	42,98%



Source: Indirect Taxation Authority of Bosnia and Herzegovina

4. ACHIEVEMENTS AND WAY FORWARD

When it comes to the customs sector, Bosnia and Herzegovina has achieved progress in the field of customs. It can be assessed that the implementation of customs-related requirements, following the signature of the Stabilization and Association Agreement, functions appropriately. There remain certain issues to be addressed, including the existing ban on import of used vehicles, which contradicts the Interim Agreement. On a positive note, the BiH nomenclature for classification of goods has been harmonized with the EU Combined Nomenclature and will be updated regularly. The rules on identification of customs values have been harmonized with WTO rules, meaning that referential prices no longer apply. Rules of Origin, as determined in the Interim Agreement, including the no-drawback rule, are observed. There exist in Bosnia and Herzegovina four free trade areas, supervised in operational terms by the Customs Department of the Indirect Taxation Authority of BiH. On the transport side, Bosnia and Herzegovina has acceded to the Customs Convention of the International Transport of Goods under Cover of TIR Carnets. Provisions of this convention are applied in the country. Bosnia and Herzegovina aspires also to accede to the Convention on Temporary Admission (Istanbul, 1990), and more work needs to be done to support this ambition. Steady pace of progress has been recorded on the part of customs sector. More efforts will need to be invested to ensure the proper application of Interim Agreement provisions, ensuring further compliance with the EU standards and practices. In that, Bosnia and Herzegovina will be strengthening its administrative and operational capacities to respond to those challenges.

5. CONCLUSIONS

The competitiveness of railway multimodal international transport outside of the EU depends on the speed and quality of border customs procedures given the volume of transportation. Customs clearance represents a significant cost fact in direct, indirect and other transport costs. To BiH and other non-EU neighbouring countries, the control of railway border crossings exists in its traditional form. However, trends in the region demonstrate a clear commitment to the adoption of good practices in Europe, as well as international standards, with a view to increasing the efficiency and reducing total processing time. An important strategic vision that serves this goal is the transfer of customs clearance procedures to the intermodal transport centres.

The enlargement of the European Union and the intrinsic requirements for free, fair and non-discriminatory trade exchange are favourable prerequisites to simplify procedures at the international railway border crossings. Unfortunately, a considerable number of requirements for countries of the region, including Bosnia and Herzegovina, make it imperative for countries to enforce different types of controls at its borders. Ultimately, reducing waiting time to zero for the Internal Market is the end goal for all countries aspiring to join the European Union.

Prepared by:

Mustafa Kovačević, Ministry of Transport and Communications of Bosnia and Herzegovina

Edisa Memić, Indirect Taxation Authority of Bosnia and Herzegovina