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Facilitating Trade: Forging Customs and Business Co-operation

How can simplified procedures help Moldova and Ukraine?

Predictable customs clearance supports an attractive investment climate. If a business doesn't know how much duty they will pay, or how long their goods will be stuck at a border crossing point or inland customs post, they are obviously big factors affecting costs and, ultimately, profitability. And I have to say too that unclear customs procedures allow corruption to thrive. Businesses like predictability. If the customs clearance procedures are clear and efficient then this sends a message that the country is open to foreign trade, which then leads to economic development, more jobs and lower prices for consumers.

Are these trade facilitation measures having an impact in Moldova and Ukraine?

I've been working in EUBAM for six years and have observed that changes are happening. Some of it is cultural change. For instance, there are now regular discussions between the customs agencies in Moldova and Ukraine with businesses and trade bodies. They have a right to comment on draft laws, and do so actively! In practical terms, the number of papers needed to declare goods has reduced in Moldova, and the Single Window system was introduced in Ukraine. Risk-based controls are also becoming more prevalent in both countries, meaning shorter queues at the border. I can't say there is no room for development, but practices are gradually changing.

How would you characterise EUBAM's support to the trade facilitation measures?

On the one hand, EUBAM performs a reactive function: my colleagues and I look at the customs practices and procedures, we identify areas both that work well and those requiring some improvements, and propose remedial measures. And on the other hand, the Mission plays an active role in catalysing reforms, where we see gaps in the implementation of the DCFTAs. You can find EUBAM's fingerprint on the draft law on Authorised Economic Operators in Ukraine, for instance.

And EUBAM provides experience. When the Mission and our partners have identified an area for improvement, we have been able to bring in very competent European Union experts. This is a tool that is really flexible, and whenever our partners feel they need support, we provide them with the best expertise we are able to deliver. For example, Moldova is now in the process of re-assessing Authorised Economic Operators' certificates. So, the Mission

seconded a short-term expert to support that process, someone who actually carried out the same task in his home EU country.

You mentioned before the role of the business community in the reform process. How has EUBAM supported this?

I'm quite proud I had an opportunity to help foster this by establishing a Trade Facilitation Working Group. This is a tool, which brings together Moldovan and Ukrainian customs agencies and the business community, which is about solutions rather than discussions. Whenever business and the customs agencies jointly identify a problem, affected members set up a dedicated sub-group to find a solution. A good example of this is in Post Clearance Control and Audit. At the beginning of this year we recognised weaknesses in Ukraine's procedures which meant it wasn't being used as much as it could or should. A sub-group was created which resulted in draft legal amendments being prepared, by customs and business jointly, in August this year. It has been a really dynamic process, and just goes to show how business and government can co-operate when the right environment is created.

So, it's all plain sailing?

Making changes is never easy! Everything the Moldovan and Ukrainian partners have achieved with the support of EUBAM comes from hard work and commitment. Progress is sometimes slower than we hoped for. In Ukraine, the draft legislation to enable Authorised Economic Operator status was tabled over a year ago and remains under consideration in the parliament. It's unfortunate, because during this time, Ukrainian businesses have missed opportunities.

Reforms are also not just about changing words in legislation. Officials have to recognise why changes are needed and they have to see the benefits. I can understand our partners and their feelings very well, because I passed through similar experiences in Slovakia. It's often not understandable that a process can work in an easier way; why reducing the huge number of forms will not lead to less control; and that, as I mentioned at the very beginning, law-abiding businesses and customs services are natural allies. That remains the biggest challenge.



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