



German Alliance  
for Trade Facilitation



*CUSTOMS CLEARANCE IN HALF THE TIME*

# MONTENEGRO'S SUCCESS MODEL

*Electronic pre-arrival customs clearance system*

## DIGITAL REGISTRATION SAVES REAL TIME

Montenegro is cutting clearance times at its border in half. Thanks to a new pre-arrival processing system – PAP for short – which went into operation in the south-east European country on 6 July 2018. Using the system, customs declarations and import documents can be sent to the authorities electronically even before the goods arrive. The result is twice as many express goods now being processed in one hour after arrival.

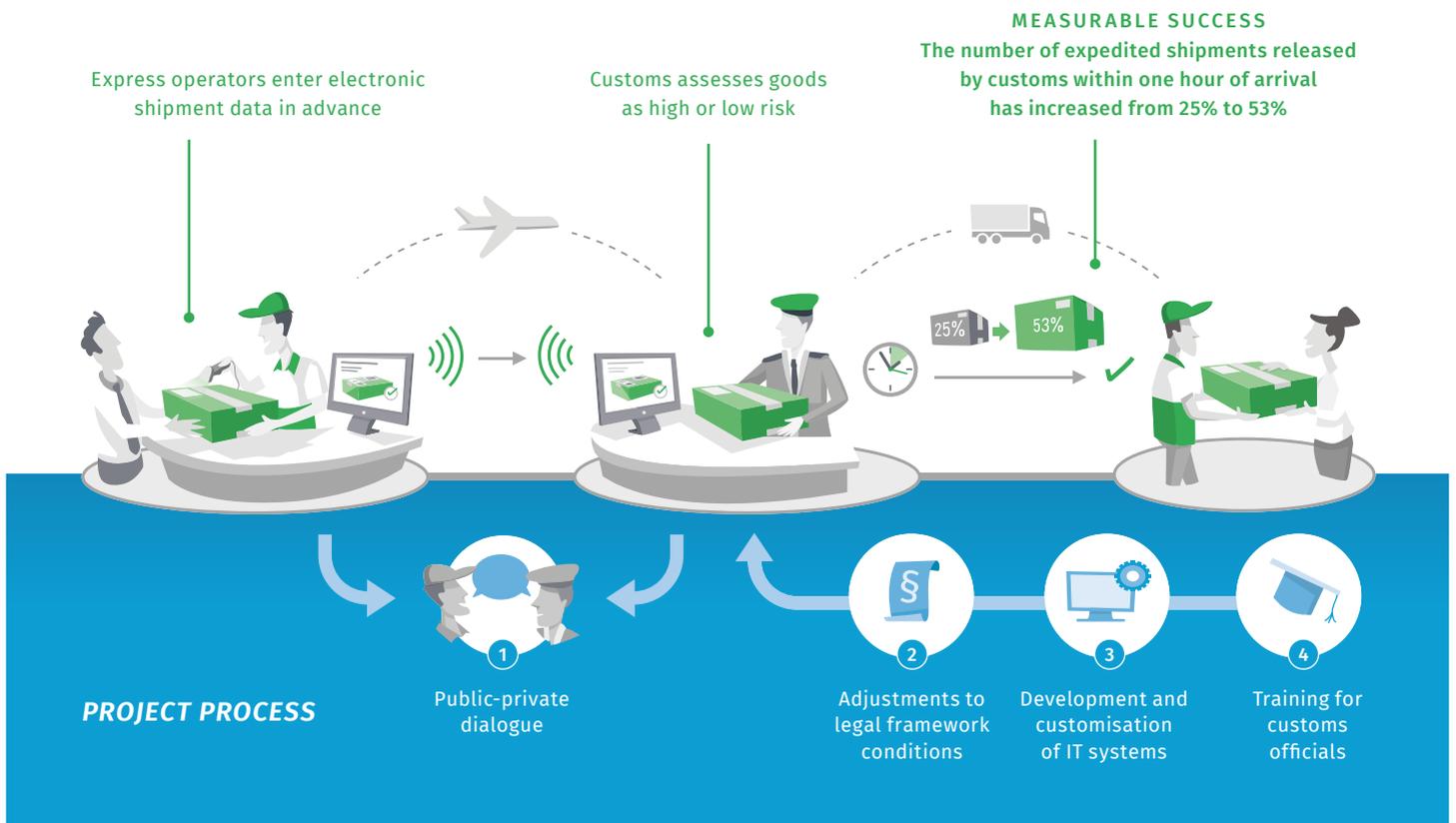
Project partners, the Alliance for Trade Facilitation, companies and public authorities in Montenegro, and Germany, took two years to put the system in place. Following successful introduction in Montenegro and Serbia, four other countries in the Western Balkans as well as the Republic of Moldova now plan customs reforms based on this model.

## ASSESSING RISKS, FACILITATING TRADE

Montenegro's economy is flourishing, and the regional and global movement of goods increasing. The large quantities of goods being imported often cause delays at the border. Manual controls are just not efficient enough to cope with the volumes and Montenegrin business people have complained for years about long waiting times for spare parts and the negative impacts the border situation has on their businesses. At the beginning of 2016, Montenegro joined the WTO

Agreement on Trade Facilitation, making trade facilitation a priority. The agreement encourages different reform measures to reduce delays at the border. One of these is the PAP procedure, which enables receiving and processing customs declarations before goods reach the border (pre-arrival). The PAP system can also help to classify consignments according to risk and to decide which goods should be controlled by customs and which are assessed safe to simply pass through.

## PAP SAVES TIME



## COMPANIES AND PUBLIC AUTHORITIES WORK HAND-IN-HAND

In Alliance projects, companies and public authorities cooperate to develop strategies to remove trade barriers. This close collaboration between private and public project partners ensures a balance between customs and economic interests.

The Alliance for Trade Facilitation worked with Montenegrin customs authorities to introduce PAP, supported by the expertise of GIZ and DHL Express. The latter provided globally tested model solutions and expertise on the ground, while GIZ acted as a neutral intermediary providing technical advice about the process.

### The agreed process steps were:

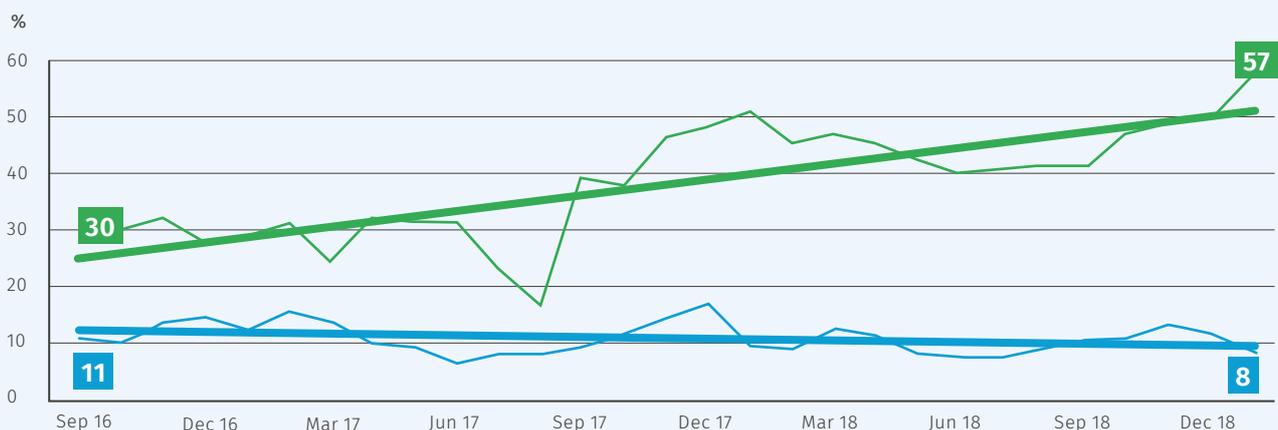
- Dialogue between the customs and express operators as the future PAP users
- Choosing a system for Montenegro based on existing good practices
- Adapting legal and regulatory framework conditions
- Developing and customising the selected customs IT system for PAP
- Training customs officials to use the new system
- Evaluating the project outcomes and regional knowledge transfer

## CUSTOMS REFORM IN LINE WITH EUROPEAN GOOD PRACTICE

Before getting started, Montenegro decided on a Slovenian-based system. A study trip to Ljubljana included demonstrations of the system at the Slovenian customs authorities and at DHL Express. Before technical implementation, EU customs legislation experts and all project partners discussed what changes Montenegrin customs law required to harmonise with the European model. These were then adopted by the Montenegrin Government.

The next step was a series of workshops in which the project partners worked on process optimization measures, one of which was changing the opening times of the customs offices. Parallel to this, the criteria and prerequisites for adapting the PAP IT system were defined and the completed system was presented in March 2018. All express service providers operating in Montenegro were involved in the process.

Same Day Delivery (%) / Inspection Rate (%)  
Development since September 26, 2016, monthly average



## **MONTENEGRO AS A ROLE MODEL FOR FURTHER PAP PROJECTS**

Montenegro is a party to the Central European Free Trade Agreement (CEFTA) and enjoys close trade relations with its neighbours in the Western Balkans. Serbia already launched a sister project during the initial phase of Montenegro's PAP reform. The fast success of the Alliance approach has attracted attention from a number of neighbouring countries who now aim to implement similar solutions.

At the beginning of 2018, Albania, Bosnia and Herzegovina, Kosovo and North-Macedonia decided to introduce PAP based on Montenegro's experience with the Alliance approach. GIZ supports these reforms with its Open Regional Fund for Southeastern Europe, and a further PAP project is also planned in Moldova.

The new partner countries can use the experience gained by Montenegro and Serbia and benefit from the tried and tested approach. With only a few minor country-specific modifications, the PAP reforms can be implemented fast and efficiently.

*„Our commitment is to ensure full implementation of trade facilitation measures in a way that is effective for all of us, especially for the business community. By promoting a strong and coordinated partnership with the private sector and international donors – as accomplished in this project – we contribute to the economic development of our country, which is our common ultimate goal. [...] The implementation of this project has considerably accelerated customs procedures and improved the system for clearing express consignments.“*

**NOVO RADOVIĆ,**  
Director General, Tax and Customs System  
Directorate, Ministry of Finance Montenegro  
(quote taken from CDM)

### **JOIN THE ALLIANCE**

Participate in our initiative. We invite you to contribute to knowledge exchange, engage in existing projects or initiate new ones. For more information on how to benefit from the Alliance, please visit our website [www.tradefacilitation.de/en](http://www.tradefacilitation.de/en) or contact us via [tradefacilitation@giz.de](mailto:tradefacilitation@giz.de). We look forward to hearing from you.

#### **CONTACT**

Alliance for Trade Facilitation  
c/o Philipp Kruschel  
Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH  
Köthener Straße 2 · 10963 Berlin, Germany  
[tradefacilitation@giz.de](mailto:tradefacilitation@giz.de)  
T: +49 30 338424 834

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