



## **IBC 2**

Improvement of Banat Connectivity 2

# **HANDBOOK FOR FOREIGN TRADE BUSINESS FOR MICRO, SMALL AND MEDIUM ENTERPRISES AND ENTREPRENEURS IN SERBIA AND ROMANIA**



**HANDBOOK FOR FOREIGN TRADE  
BUSINESS FOR MICRO, SMALL AND  
MEDIUM ENTERPRISES AND  
ENTREPRENEURS IN SERBIA AND ROMANIA**

## CONTENT

---

Foreword .....	4
INTRODUCTION .....	5
PART I .....	6
Serbia-Romania economic cooperation.....	6
Serbia and Romania Economic relations .....	8
PART II .....	13
EXPORT OF GOODS.....	13
Preparations preceding the export of goods .....	14
CUSTOMS OPERATIONS AND PROCEDURES .....	18
DOCUMENTATION REQUIRED FOR EXPORT OF GOODS AND SERVICES.....	25
BASIC DOCUMENTATION AND TERMS IN CUSTOMS PROCEDURE .....	31
PART III .....	34
CASE STUDY - EXAMPLE .....	34
USED LITERATURE AND WEBOGRAPHY: .....	37

## Foreword

---

The project "Improvement of Banat Connectivity 2" (IBC2) is realizing by consortium lead by Public Company „Roads of Serbia“, as a lead Partner, City of Kikinda, Municipality of Jimbolia and Regional Agency for socio-economic development - Banat, and financed by Interreg IPA CBC Romania-Serbia programme.

The project "IBC2" is a continuation of the successfully implemented project "Improvement of Banat Connectivity", which modernized the border crossing Nakovo, constructed a two-way bike path from the City of Kikinda to the border crossing, but also started reconstruction of state roads on both sides of the border leading to the Nakovo-Lunga border crossing. The "IBC2" project continues the initiated activities, all with the aim of convergence of people, communities and economic actors of the border area, in order to create a sound basis for balanced economic and social development, assuring optimal development opportunities for both countries.

The handbook in front of you should help you with getting familiar with market business the necessary documentation, relevant institutions, as well as the legal regulations of the markets of Romania and Serbia. The handbook is intended for entrepreneurs, micro, small and medium enterprises from Romania and Serbia, who do not have enough capacity and time to explore all the conditions of cross-border business, i.e. to help them prepare, establish cooperation with partners on the other side of the border and take the opportunity to go out to a new market. All economic entities that decide to expand their business and establish partnerships with partners on the other side of the border, through this handbook will receive information about what is necessary for doing business in the neighboring country, such as import-export and customs procedures, which documentation is needed and what Legislation is being implemented in Romania and Serbia.

We sincerely believe that this handbook will be a true guide for establishing a cooperation between economic actors and entering the market of the neighbouring countries as well as contribute to the development of the economic cooperation in the cross-border region.

*Project team*

*"Improvement of Banat Connectivity 2"*

## INTRODUCTION

---

In the most of the countries, foreign trade (export-import) has significant share in gross domestic product (GDP). The higher this share, the more dependent the country is on the so-called external factors, i.e. the so-called degree of openness of the economy.

The process of globalization, liberalization in the field of foreign trade contributed to the fact that many companies its growth based on the expansion of markets in other countries, and the export activities.

The handbook in front of you is designed to be a kind of practical guide for Serbian and Romanian companies for increasement the export of Serbian companies to the Romanian market and Romanian companies to the Serbian market. At the very beginning of the development of this Handbook, a very specific goal was set - to be useful and to help and affirm the export potentials of Serbia and Romania, primarily in the sector of micro, small and medium enterprises and entrepreneurs (MSMEs).

This handbook does not claim to be a complete guide for companies on how to export their products, but provides basic guidelines and offers explanations regarding the necessary documentation in export business. In addition, this Handbook lists and clarifies key terms in foreign trade operations.

The handbook is designed so that in the first part it provides insight into the basic macroeconomic indicators of the economy of Serbia and Romania, the volume, dynamics and structure of foreign trade between these two neighboring countries. The second part of the Handbook provides guidance to a potential exporter on the steps that need to be taken to enter the market of a neighboring country, and provides basic information on documentation and regulations governing foreign trade (import and export). The third part of the Handbook provides an example (case study) of an import / export transaction between companies in Serbia and Romania.

## PART I

---

### *Serbia-Romania economic cooperation*

Romania, as our biggest neighbouring country, represents a significant foreign trade partner of the Republic of Serbia. Bilateral trade takes place in accordance with the Interim Agreement on Trade and Trade-Related Matters signed between the European Union and the Republic of Serbia.

Table 1 shows selected basic (macro) economic indicators of Serbia and Romania. The aim of this review is, for users of the Handbook, to gain insights and basic information on economic size, level of economic development, as well as the importance of foreign trade for these two observed countries.

Table 1: Selected basic macroeconomic indicators of Serbia and Romania, 2007-2019.

		2007.	2008.	2009.	2010.	2011.	2012.	2013.	2014.	2015.	2016.	2017.	2018.	2019.
GDP mil. EUR	Serbia	31,557.9	35,712.5	32,486.2	31,545.8	35,431.7	33,679.3	36,426.7	35,467.5	35,715.6	36,723.1	39,183.3	42,855.5	45,911.6
	Romania	127,632.0	146,590.6	125,213.9	125,408.8	131,925.4	133,147.1	143,801.6	150,458.0	160,297.8	170,393.6	187,772.7	204,640.5	223,337.4
Real GDP per cap., EUR,	Serbia	4,130.0	4,380.0	4,280.0	4,330.0	4,450.0	4,440.0	4,590.0	4,540.0	4,640.0	4,820.0	4,950.0	5,190.0	5,430.0
	Romania	6,050	6,730	6,410	6,190	6,350	6,510	6,760	7,020	7,320	7,720	8,320	8,740	9,130
GDP, real growth, in % (yearly rate)	Serbia	6.4	5.7	-2.7	0.7	2	-0.7	2.9	-1.6	1.8	3.3	2	4.4	4.2
	Romania		9.3	-5.5	-3.9	2	2.1	3.5	3.4	3.9	4.8	7.1	4.4	4.1
unemployment rate	Serbia	18.1	13.6	16.1	19.2	23	23.9	22.1	19.2	17.7	15.3	13.5	12.7	10.4
	Romania						7.2				6.7	4.9	4.2	3.9
inflation, %, annually	Serbia	10.1	6.8	6.6	10.3	7	12.2	2.2	1.7	1.5	1.6	3	2	1.9
	Romania	4.8	7.9	5.6	6.1	5.8	3.3	4	1.1	-0.6	-1.5	1.3	4.6	3.8
current account deficit, mil EUR	Serbia					-3,657.0	-3,672.0	-2,099.0	-1,905.0	-1,529.0	-1,317.0	-2,049.0	-2,092.0	-3,339.0
	Romania				-6,428.9	-6,594.4	-6,393.8	-1,104.1	-233.6	-948.7	-2,348.1	-5,239.0	-8,961.4	-10,187.2
current transaction deficit, % BDP-a	Serbia					10.32	10.90	5.76	5.37	4.28	3.59	5.23	4.88	7.27
	Romania				5.13	5.00	4.80	0.77	0.16	0.59	1.38	2.79	4.38	4.56
share of exports of goods and services in GDP-, %	Serbia		28.4	26.3	32.30	33.00	35.80	39.90	42.10	45.30	48.60	50.50	50.80	51.90
	Romania		26.2	26	32.40	37.00	37.40	39.90	41.20	41.00	41.20	41.50	41.60	40.40
share of imports of goods and services in GDP, %	Serbia		50.2	39.7	44.50	45.80	49.60	48.10	50.20	52.30	53.40	57.10	59.30	60.70
	Romania		39	32.4	38.80	42.80	42.50	40.70	41.60	41.60	42.10	43.60	44.60	44.20
degree of openness of the economy (import + export of goods and services in GDP)	Serbia		78.6	66.0	76.8	78.8	85.4	88.0	92.3	97.6	102.0	107.6	110.1	112.6
	Romania		65.2	58.4	71.2	79.8	79.9	80.6	82.8	82.6	83.3	85.1	86.2	84.6

Source: <https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>, <https://www.mfin.gov.rs/aktivnosti/bilten-javnih-finansija/>

On the basis of the previous data insights it can be concluded that Romanian economy is 5 times higher than Serbian economy. Namely, comparing the values of GDP of Serbia and Romania, it is realized that this macroeconomic aggregate (which, by the way, measures the economic size of a country) in 2007 was 4.04 times higher in Romania than in Serbia, and that by 2019 this difference increased, as Romania 's GDP was 4.86 times higher than Serbia's. On average, during this period (2007-2019), Romanian economy was about 4.3 times larger than Serbian. The difference in the value of GDP has increased for 20% in favor of Romania in the observed period.

Regarding the level of economic development, the data indicate that in the observed period (2007 -2019) Romania was on average about 1.5 times more developed than Serbia (measured by GDP per capita) and: 1.46 times in 2007., or 1.68 times in 2019. Development difference has increased by 15%.

Previous trends are the result of faster economic growth in Romania (average for the period 2008-2019 is 2.93%) than in Serbia (average for the period 2008-2019 is 1.83%).

When we look at the data on the unemployment rate, it can be clearly seen that unemployment is higher in Serbia than in Romania, and that in 2019 the rate was 2.7 times higher in our country (10.4%) than in Romania (3.9%).

The share of the current transaction deficit in GDP is higher in Serbia than in Romania, which means that Romania is in a better position on this issue.

Economic dependence on foreign countries, or the degree of openness of the economy, is higher in the case of Serbia. Namely, the share of the sum of the values of imports and exports of goods and services in GDP is in the period 2008-2019 averaged 91.3% in the case of Serbia, and 78.3% in the case of Romania. In 2019, the degree of openness of the Serbian economy reached the level of 112.6%, compared to Romania, where was 84.6%.

This is the result of the dynamics of the value of exports and imports to these two observed countries during the analyzed period. Namely, exports in Serbia grew dynamically, so the share of exports of goods and services in GDP increased from 28.4% in 2008 to 51.9% in 2019. The share of imports of goods and services in GDP in Serbia also grew, but more slowly, from 50.2% in 2008 to 60.7% in 2019. As it can be seen in the Table 1, share of the import and export of goods and services in Romanian GDP are at lower level, and it can be argued that Romania's level of economic openness is lower.

### ***Serbia and Romania Economic relations***

Among over 160 countries to which Serbia exported its products in 2018, Romania ranks 4th on the list of Serbia's most important foreign trade partners. At the same time, on the list of over 180 countries from which Serbia imported products, Romania was in 9th place, according to the value of realized imports. In 2019, the total trade amounted to 1,755 million euros, with Serbia's exports to Romania amounting to 1,026 million euros, and imports from Romania to Serbia reached 729 million euros. Therefore, in 2019, Serbia recorded a surplus



in trade with Romania in the amount of about 297 million euros. Similar trends continued in 2020 (January - June, see last row in Table 2).

In the field of foreign trade with Romania, Serbia in the period 2007-2020 in continuity (except in two years - 2008 and 2011) records a growing coverage of imports by exports, so that since 2012, Serbia has a surplus in trade with Romania. On average, from 2012 to 2019, the trade surplus between Serbia and Romania amounts to about 216 million euros a year.

In the interval 2007-2019, the volume of trade between Serbia and Romania grew at an average annual rate of as much as 10.42%, with exports growing almost twice as fast (13.9% on average annually) than imports (7.15% on average annually)

*Table 2: Import and export of goods between Serbia and Romania, 2007-2020*

<b>Year</b>	<b>Export</b>	<b>Import</b>	<b>Total</b>	<b>Balance</b>	<b>% coverage of import and export</b>
<b>2007</b>	193.68	309.14	502.83	-115.46	62.65
<b>2008</b>	272.83	487.76	760.58	-214.93	55.93
<b>2009</b>	343.03	375.83	718.86	-32.79	91.27
<b>2010</b>	494.58	447.58	942.17	47.00	110.50
<b>2011</b>	583.01	634.83	1217.84	-51.82	91.84
<b>2012</b>	728.38	640.91	1369.29	87.47	113.65
<b>2013</b>	591.47	438.40	1029.87	153.07	134.91
<b>2014</b>	629.26	443.51	1072.77	185.76	141.88
<b>2015</b>	670.79	464.58	1135.38	206.21	144.39
<b>2016</b>	769.65	492.39	1262.04	277.26	156.31
<b>2017</b>	727.56	568.89	1296.45	158.67	127.89
<b>2018</b>	969.52	602.16	1571.67	367.36	161.01
<b>2019</b>	1026.40	729.10	1755.50	297.30	140.78
<b>2020 (january-june)</b>	483.20	327.10	810.30	156.10	147.72

**Source: Statistical Yearbook of the Republic of Serbia, different years.**

The following Table (Table 3) provides data that testify to the importance of Romania as a foreign trade partner for Serbia. This significance is represented by: a) the share of exports of goods to Romania in total exports of goods from Serbia abroad, then b) the share of imports of goods from Romania in total imports of goods to Serbia from abroad and c) the share of total foreign trade with Romania in total foreign trade of Serbia's foreign trade. Based on the data from Table 3, it can be concluded that Romania is an increasingly important foreign trade partner of Serbia from year to year. Namely, from 2007 to 2019, the share of exports to Romania in total exports from Serbia was more than doubled (from 3.01% to 6.2%), the share of imports from Romania in total imports of goods to Serbia increased from 2, 22% to 3.05%, which together contributed to the fact that Romania at the

beginning of 2020 participates with 4.37% in the total foreign trade of Serbia with foreign countries (with the rest of the world).

*Table 3: Participation of foreign trade of Serbia with Romania, in the total foreign trade of goods of Serbia.*

<b>Year</b>	<b>Export</b>	<b>Import</b>	<b>Total</b>
<b>2007</b>	3.01	2.22	2.47
<b>2008</b>	3.68	2.96	3.19
<b>2009</b>	5.76	3.27	4.12
<b>2010</b>	6.68	3.60	4.75
<b>2011</b>	6.91	4.46	5.37
<b>2012</b>	8.22	4.34	5.79
<b>2013</b>	5.38	2.83	3.89
<b>2014</b>	5.64	2.86	4.03
<b>2015</b>	5.57	2.83	3.99
<b>2016</b>	5.73	2.88	4.14
<b>2017</b>	4.83	2.93	3.76
<b>2018</b>	5.95	2.75	4.11
<b>2019</b>	5.85	3.05	4.20
<b>2020 (january-june)</b>	6.20	3.05	4.37

**Source:** author's calculation based on data from the Statistical Yearbook of the Republic of Serbia, different years.

All the above mentioned speaks in favor of the fact that Romania is a very important economic partner of Serbia, as well as that there is significant scope for further improvement of this form of cooperation between the two countries.

In that sense, it is useful to see which items (products) Serbia exports to Romania, and which it imports from Romania. These data are contained in the following tables (Table 4 and Table 5).

Table 4: What does Serbia exports to Romania (data for 2018)

Product	Rank of Romania (by value of realized exports)	Quantity , tons	Romania's share in total volume exports, in%	value, in 000 eur	Romania's share in total value exports, in%
<b>Wheat and napolica (mixed wheat and rye) in grain</b>	1	580731	52.44	91876	51.51
<b>Corn in grain</b>	1	686402	52.19	108734	48.08
<b>Petroleum and mineral oils</b>	3	47050	10.56	28819	10.66
<b>Drugs, for retail</b>	6	4975	26.66	7471	4.03
<b>Paper and cardboard</b>	3	23545	8.73	17800	6.27
<b>Rolled products of iron or steel, unplated, in coils</b>	6	43268	5.48	23316	5.46
<b>Electrical and non-electrical household equipment</b>	3	2666	4.83	21418	7.88
<b>Plastic products</b>	5	9405	7.23	18714	6.33

Source: review of authors on the basis of data from the Statistical Yearbook of the Republic of Serbia

Table 5: What does Serbia imports from Romania (data for 2018)

Product	Rank of Romania (by value of realized imports)	Quantity, tons	Romania's share in the total import volume, in%	value, in 000 eur	Romania's share in total value imports, in%
Iron ores and concentrates	5	1295	0.06	59	0.03
Gas oils	2	63707	14.83	36551	14.72
Electricity	6	54	3.87	3724	5.58
Beef skin, further processing after tanning	8	48	1.40	527	0.52
Bars, profiles, shaped steel	8	13821	3.67	9161	3.88
Refined copper wire	8	19	0.06	120	0.06
Electricity distribution equipment	1	12107	24.67	85173	18.36
Parts, accessories for motor vehicles	4	6528	5.68	43625	6.52

Source: review of authors on the basis of data from the Statistical Yearbook of the Republic of Serbia

## PART II

---

### **EXPORT OF GOODS**

Many companies around the world survive and expand their business, thanks to conquering new markets, customers. One of the most efficient ways to increase sales/realisations in the market is export. Here are just some of the most significant benefits that a company can achieve if it is export-oriented:

- Increasing sales and profitability;
- Less reliance (less dependence) on the domestic market due to diversification;
- New possibilities for growth;
- Using the effects of economies of scale (higher production contributes to lower unit costs, and thus the price can be more competitive);
- Employment of surplus production capacity (due to increased sales);
- Less vulnerability of companies during seasonal fluctuations in demand in the domestic market;
- Increased reputation and improved image of the company.

Export of goods is a regular foreign trade business in which domestic residents sell goods (services) to a foreign buyer. During the realization of the export business, the goods move from the domestic customs area to the customs area of the buyer. Exporters (domestic residents) charge for the performance of this business with international liquidity funds (in foreign currency) that they bring into the country in accordance with domestic legal regulations.

If we look at the country's economy as a whole, the purpose of exports is to realize (sell) goods and services on foreign markets produced in the country.

This contributes to the economic development of the country and increase domestic production and trade, optimal use of production capacity, increasing the level of income and the realization of foreign exchange earnings needed to pay for goods and services purchased from other countries (imported), which are essential for life, work and production in the country.

Performing export transaction involves a whole series of activities, starting from initiation to carry out the work, such as:

- Establishing a connection with foreign residents (potential buyers);
- Submission of sales (export) offer;
- Conclusion of the sales contract;
- Realization of the sales contract;
- Billing of exported goods;
- Analysis of export business results;
- Regulating relations with authorized banks regarding the right to dispose of foreign currency.
- And other similar business.

In principle, there are two forms of export:

1. export in one's own name and for someone else's account (indirect export) and
2. export in own name and account (direct export).

For direct export, the exporter is required to conduct a complete foreign trade procedure and ensure its successful implementation, and for indirect export manufacturer hires a commission to carry out the implementation of foreign trade.

### ***Preparations preceding the export of goods***

It is common that the conclusion of an export transaction is preceded by a series of activities that the company should perform, such as (among others) and:

- Research of the abroad target market;
- Presenting the product to potential customers abroad;
- Introduction and monitoring of domestic and international regulations related to foreign trade, and which are essential for the successful implementation of export business;
- Collection of relevant information to potential buyers in the international market.

### **Examination of general characteristics of the foreign market**

These are all conditions that give a complete picture of the potential / target foreign market in which the company would like to place its products.

By examination of **geographical features** with predominant **climatic and relief features**, traffic infrastructure, natural resources and flora and fauna provides information on the basis of which resource and infrastructural characteristics can be determined that determine the structure of foreign trade.

**Demographic** data such as the number of inhabitants, their age and educational structure, average wage, employment rate, dominant religion, country traditions, inform about the potential structure of demand and the scope of needs for certain commodity groups.

**The political stability** of the country and the ruling political regime are the most important determinants for assessing legal and economic security for the realization of export business. Special attention must be paid to the analysis of foreign trade of the country of a potential importer, because for the exporter the volume of foreign trade is important, as well as the export and import structure of the potential foreign market. The balance of payments, the level of indebtedness of the country, the state of foreign exchange reserves, etc. are very important.

Knowledge of foreign trade business, especially those specific to the country concerned, is an important factor in accessing new markets in modern conditions. This especially refers to the knowledge of the foreign trade policy of the country, which is manifested through customs instruments, commodity regimes, belonging to international institutions, whose influence on the course of international trade is great.

### **Research of the influences important for the realization of a specific export business on the foreign market**

At this stage, the degree of certainty of the sale of the export product on the foreign market should be determined, and attention and analysis should be focused on a specific product. Analysts most often analyze the value and volume of total production, consumption, exports and imports of a specific product in the country of a potential foreign partner.

The suggestion is to monitor the relevant data (value of total production, consumption, exports and imports) of substitutes and complementary products, as well as similar products, in the target foreign market. This is because the consumption of these products may affect the change in the structure and volume of import demand for the observed product (which is the subject of interest of the company that plans to export).

There are many factors that determine the outcome in terms of breach and performance in new markets abroad, as well as the retention of previously acquired position on them: the purchasing power of the market, the level of sophistication of demand and the ability to meet the specific non-price factors of competitiveness of goods in a given market, etc.

By appearing on the foreign market, the company usually faces strong international competition - with producers of the same/similar products from the country to which the export is planned and/or performed, as well as with producers from its own and other countries appearing on that foreign market.

Rival/competitive relations between domestic exporters of similar products can be ignored through joint participation in new (foreign) markets.

Certain markets have specific requirements in terms of distribution channels and sales methods, to which exporters must adapt. In some countries, intermediaries are an unavoidable link in the export chain and their choice is the key to successful exports to some foreign markets. The involvement of an intermediary increases the cost of export due to the commission of the agent-dealer and the exporter must keep this in mind during calculation of the export business.

### **Introduction and monitoring of domestic and foreign regulations relevant to the successful implementation of export business**

Before entering the contracting for export business, it is necessary to study specific rules in the exporting country, as well as conditions on domestic market in the view of offer and demand of potential export product.

### **Data sources in foreign market research**

Exporting companies should use their own sources of data on the situation in certain markets, especially if they have their own departments for market research and marketing, or databases, and can use a number of external data sources, such as various statistical reports, newsletters, publications official statistics, reports of consulting companies, audit companies, international institutions, etc.

Necessary information can be obtained by exporter through branches and representative offices of local businesses and chambers of commerce abroad, as well as from the economic department of our embassy. In addition to its own research, the exporter can hire specialized marketing agencies in order to get acquainted in detail with a particular market and opportunities to appear in it.

### **Selection of target market -which market to enter or export own products?**

Based on the collected data, the exporter will decide on those markets where import duties, as well as technical and other non-tariff barriers, are minimal for his goods, and where it is the simplest and most cost-effective for him to place goods.

This will partially ensure price competitiveness. Then he will export where it is non-price competitive, where there is a strong demand for his product and where domestic production does not meet the domestic market with identical goods or successful substitutes. The potential export country should be a country with a stable internal market and a tradition of legal, institutional and economic security for businesses. Priority in market selection should be given to countries that have concluded bilateral and trade agreements with the exporting country and thus facilitate mutual exchanges and reduce political risk. Also, preference should be given to highly sophisticated markets, i.e. markets that are highly solvent and whose consumers have a high standard of living, and thus high demands in terms of meeting their needs. Finally, exports to the markets of countries that are members of major (regional) economic integrations open the possibility of placing the export product on the markets of other member states of that integration (which is the case with Romania and other EU member states).

### **The way of establishing business contact with foreign trade partners**

Business contacts can be established directly and indirectly with companies (customers) abroad. Indirect business contact is the phase that precedes direct contact. In this way, the company (potential exporter) strives to present its product on the best way through various elements of the marketing mix, participation in fairs and exhibitions, as well as presentation on the Internet, etc. Indirect business contact is characterized by non-selectivity, while direct contact is the result of a selective approach and selection of interested business partners.

Direct business contact can be initiated by both the seller and the buyer. As the first phase of negotiations, direct business contact is an informal negotiation between the buyer and the seller, in which foreign partners get to know each other's needs, wishes and requirements, and based on that build their future negotiation strategy. For jobs of lower value and for jobs whose subject is standardized products with lower technological content, etc. foreign trade business can be concluded after the end of the informal negotiation phase. When the subject of international sale is of great value and complex according to different criteria, it should be moved to the second phase - the phase of formal negotiation. Business contact can be initiated by the exporter, who addresses the buyer directly. Technically, he can call the customer, in person, or through his representative, by phone, contact him by e-



mail, or come to a preliminary business meeting. The initiative for direct contact may arise from the buyer, who submits a request for quotation to the exporter's address.

### **Export product offer form**

Exporter, when making an offer of export products, must adhere to certain rules and principles:

- The graphic form of the offer and its design, including the memorandum, should be visually such that can interest potential customers and to make an impression towards bidder that it is a stable company;
- If the offer is a response to an inquiry that was sent earlier, then it would be necessary in that offer/response that the person compiling it refers to the previously received inquiry, from a certain date to the reference indicated in the inquiry;
- Basic information about the company (address, telephone number, indication of the serial number of the offer, indication of the initials of the responsible person, etc.) must be clearly specified;
- The offer will be sent directly to the person who signed up to earlier send request, otherwise the offer will not be sent to the right person, but it will be addressed only to the company on which offer should be sent;
- The offer can be in printed form and delivered by mail, then sent electronically by e-mail or some other form of modern forms of communication (Facebook, Twitter, etc.);
- It would be best to submit the offer in the language of the buyer or, in case this is not possible, in one of the world languages in use in the buyer's country;
- The data, which are stated in the offer and which describe and define the quality and characteristics of the product, must correspond to the actual condition of the product being offered (so that the customer would not be misled);
- The level of professionalism and the approach to the preparation of the offer must be the same regardless of the value of the export job (each job is approached with maximum dedication and full attention);
- The offer is signed by a legal representative, although, in practice, it can be signed by two persons - the officer and the superior and then certified by the seal of the exporter. The bid is submitted in several copies, one of which is the original, and the others are marked as copies;
- The offer must emphasize its validity period, and if the buyer is late with his response to the offer, the seller may extend the validity period of the offer.

## ***CUSTOMS OPERATIONS AND PROCEDURES***

### **Customs operations and procedures in Serbia**

This area in Serbia is regulated by the CUSTOMS LAW ("*Official Gazette of RS*", No. 95/2018 and 91/2019 - *other law*). This Law regulates general rules and procedures applicable to goods imported and exported from the customs territory of the Republic of Serbia.

All goods that are imported (entered) or exported (exited) from the customs territory of the Republic of Serbia must cross the customs crossing, as places designated for import, export and transit of goods, crossing of persons and means of transport across the customs line. The person importing the goods is obliged to declare the goods and transport them without delay to the customs office or another place designated by the customs authority. Prior to delivery and before declaration, with the approval of the customs office, the goods may be subject to inspection, sampling, all in order to determine the customs-approved treatment or use of the goods. Goods presented to the customs authority must be included in the summary declaration.

The fourth part of the Customs Law regulates the issue of introduction of the goods into the customs territory. Namely, Article 112 of the Law stipulates that goods brought into the customs territory of the Republic of Serbia must be covered by an entry summary declaration. The entry summary declaration shall be submitted to the customs office of first entry within a certain period, before the goods are brought into the customs territory of the Republic of Serbia.

The entry summary declaration shall be lodged by the carrier and may be lodged by one of the following persons:

- 1) the importer or consignee of the goods or another person in whose name or on whose behalf the carrier acts;
- 2) a person who can deliver the goods or arrange for them to be delivered to the customs office of entry.

The entry summary declaration shall contain the information necessary for the risk analysis for safety and security purposes.

Before placing goods under a specific customs procedure, the customs authority may also authorize the use of commercial and transport documents, such as summary declarations, provided that they contain the information necessary to identify the goods.

For the purpose of faster performance of customs procedures, a person who imports or exports goods may, on the basis of a written request from the Customs Administration, receive a binding notification on the classification of goods according to the customs tariff, i.e. a binding notification on the origin of goods. This binding notices have the effect of decisions made in the administrative procedure.

The goods subject to the customs procedure must first be covered by a declaration, which means that the declarant (the person lodging the declaration on his own behalf or the person

on whose behalf the declaration is lodged) in addition to placing the goods for free circulation, must apply to the customs office for authorization to carry them out.

**The types of customs procedures are** as follows:

**1. Placing of goods in free circulation** (regulated in Part Six of the Customs Law), as well as

**2. Special Procedures**, regulated in Seventh part of the Customs Law:

- a) Transit (external and internal), Article 195 - Article 201 of the Customs Law
- b) Storage of goods - Customs warehousing (Art. 205 - Art. 207 of the Customs Law) and Free Zones (Art. 208 - Art. 214 of the Customs Law).
- c) Temporary import (Article 215 - Article 217 of the Customs Law)
- d) Inward processing (Article 220 - Article 222 of the Customs Law)
- e) Outward processing (Article 223 - Article 226 of the Customs Law)
- f) Processing under customs control
- g) Export of goods from the customs territory of the Republic of Serbia (export), regulated in the Eighth Part of the Customs Law.

**Placing of goods in free circulation** implies the completion of customs procedures related to the import of goods, as well as the collection of all prescribed import duties, taxes, excises and other fees, whereby foreign goods acquire the status of domestic goods. In this procedure, the most important thing is that a declaration is submitted, and the customs authority decides whether to inspect the submitted documentation or a physical inspection of the goods, or to carry out both control procedures. In these cases, the principle of selective review applies. However, the customs authority has the legal right to carry out a subsequent control after the release of the goods, in order to verify the accuracy of the data from the declaration, within five years from the date of acceptance of the declaration.

**The transit procedure** begins with the declaration of the goods at the customs office of entry or the customs office where the goods were previously declared, and ends with the delivery of the goods and the prescribed documents to the customs office of destination. The declarant who submitted the transit declaration is responsible for the delivery of the goods to the customs office of destination in the unaltered state, and he is also obliged to provide security for the payment of the customs debt. The aforementioned provision shall not be taken in case of transport of goods by post, air or rail transport and transport by pipeline or power line. In the case of domestic goods for export, after export customs clearance under customs supervision and customs control, together with the prescribed documents, they are sent to the export customs office for export abroad. A carrier or recipient of goods who accepts goods knowing that it moves in a national transit procedure is also responsible for delivering the goods in the unaltered state office of destination within the prescribed time limit and in accordance with the measures taken by the customs authority in order to ensure their identification.

**Customs warehouse** is the place where the goods can be placed in accordance with the prescribed conditions, approved by the customs authority and which is under customs supervision. Based on the submitted declaration, the customs warehousing procedure may

be approved for the accommodation of foreign goods, which in that case are not subject to payment of import duties and commercial policy measures, as well as domestic goods intended for export. In the customs warehousing procedure, foreign goods may be placed on the premises or in another place approved by the customs authority for that procedure and which is under customs supervision (customs warehouses). A customs warehouse may be a public customs warehouse, which may be used by any person for the storage of goods, or a private customs warehouse, intended for the storage of goods by the holder of a customs warehousing authorization. Goods placed under the customs warehousing procedure may be temporarily removed from the customs warehouse and such removal, except in cases of force majeure, shall be approved in advance by the customs authority.

The Government may designate parts of the customs territory of the Republic of Serbia as free zones. For each free zone, an area is determined which includes entry and exit points. Free zones must be fenced. The area and places of entry and exit from free zones are subject to customs supervision. Persons, goods, and means of transport may enter or leave the free zone only through points of entry and exit and may be subject to customs control. Domestic goods may be brought in, stored, moved, used, processed, or consumed in free zone. In these cases, the goods are not considered to be in the free zone procedure. Foreign goods, while in the free zone, may be put into free circulation, inward processing, temporary importation, or use for special purposes, under the conditions laid down for these operations.

In the procedure of **temporary import**, foreign goods intended for re-export may be subject to special use in the customs territory of the Republic of Serbia, with full or partial exemption from import duties and are not subject to other duties paid upon import, trade policy measures. The temporary importation procedure may be used if the goods are not intended to undergo any change other than normal depreciation due to their use, if it is possible to ensure that the goods placed under the temporary importation procedure can be identified if the holder is resident outside the customs territory of the Republic of Serbia, etc. The customs authority shall set a time limit within which the goods placed under the temporary admission procedure must be re-exported or placed under a new customs procedure. That period must be long enough that the purpose of usage can be achieved.

**Inward processing** is a type of customs procedure that should be considered separately from other cases of temporary importation. The main characteristic of inward processing is that it is a process of performing work on imported goods, which changes its original appearance and quality. Customs law defines these actions as processing including installation, assembling and installation in other goods, repair of goods, their restoration and bringing into proper condition, as well as the use of certain goods that are not contained in the obtained products, but allows or facilitates the production of products. The most important in all procedures is the jurisdiction of the customs authority to approve and monitor the implementation of each declared procedure. In this procedure, the customs authority may approve the processing process, whereby no import duty is paid on the imported goods, it is intended for re-export in the form of obtained products (disposal system). This means that imported goods are subject to payment of customs duties,

provided that the customs duty is not charged, if the condition from the obtained approval of the customs authority that the obtained products are exported abroad, is fulfilled. Customs authority may also authorize the release of goods for free circulation with payment of customs duties, provided that, after the product has been obtained, repayment of the customs debt (drawback system) may be granted if the goods are exported from the customs territory in the form of products obtained.

In the procedure of **outward processing**, domestic goods may be temporarily exported from the customs territory of the Republic for the purpose of processing. Products resulting from outward processing may be released for free circulation with full or partial relief from import duties, at the request of the authorization holder or another person resident in the customs territory of the Republic of Serbia, provided that the person has obtained the consent of the authorization holder and the conditions of the approval are met.

Customs Law provided for the approval of the customs authorities for the removal of goods from the customs territory. This means that domestic goods are placed in the export procedure after the approval has been issued, provided that this procedure does not refer to the outward processing procedure and the transit of domestic goods from one place in the domestic area to another place in the domestic area through a foreign territory. Placing goods under the export procedure obliges the exporter to export the goods from the customs territory in the condition in which they were at the time of acceptance of the export declaration. The export declaration shall be lodged with the customs authority competent according to the seat or residence of the exporter or according to the place where the goods are packed or loaded for export. When performing the export of goods, special attention should be paid to the general rules for issuing certificates of origin. The certificate of domestic origin EUR1 is issued by the competent customs office when it comes to the use of preferential treatment for the export of goods to the EU, i.e. to countries with which we have concluded free trade agreements.

The second part of the Customs Law regulates in more detail the elements on the basis of which import or export duties and other measures related to trade in goods are applied.

Customs tariff and tariff classification of goods is particularly important. Import and export duties are determined on the basis of the customs tariff.

For the application of the Customs Tariff, the tariff classification of goods means the determination of one of the tariff subheadings or further divisions of the nomenclature, in accordance with which those goods are classified. For the application of non-tariff measures, tariff classification of goods means determining one of the tariff subheadings or further divisions of the nomenclature, or any other nomenclature established by the regulations of the Republic of Serbia and which is fully or partially based on the Customs Tariff nomenclature.

The customs tariff is a systematized division of goods that can be found in the customs procedure. Classification according to the Customs Tariff implies determining the position in which the specific goods are classified. Determining the position called the tariff rate

determines the customs, the regime of import or export, and other customs duties. The harmonized system is a universal classification system used in the creation of customs tariffs. Serbian Customs Tariff and Harmonized System - at the end of each year, the Government issues a Decree on the harmonization of the tariff nomenclature for the next year. The nomenclature of the Customs Tariff of Serbia is harmonized every year with the Combined Nomenclature of the EU, which is used to classify products in the Customs Tariff, and the rates of customs duties applied in accordance with concluded free trade agreements that apply to the harmonized nomenclature change<sup>1</sup>.

Decisions on classification, classification opinions or amendments to the Comments on the Nomenclature of the Harmonized Commodity Description and Coding System of goods, adopted by the organization established by the Convention establishing the Customs Cooperation Council, done at Brussels on 15 December 1950, are binding. The Commission regulations on the classification of certain goods in the EU Combined Nomenclature, published in the Official Journal of the European Union, are binding.

The customs value of goods, for the application of the Customs Tariff and non-tariff measures determined by special regulations governing trade in goods, is determined by applying customs valuation methods based on transaction value (see Article 52 of the Customs Law) and secondary customs valuation methods (see Article 56 of the Customs law).

In addition to the standard national summary declaration, the following type of documents is used in the customs procedure:

- Documents prescribed by the TIR Convention (Transport International by Road) - an international customs control document for international road transport, both in the country of departure and in the country of transit and destination;
- Documents prescribed by the ATA (Agreement Temporary Admission) Convention - an international customs document used to simplify the temporary importation of goods into a foreign country with a validity period of up to one year;
- Standard international documents JCI (single customs document) a document used for the procedure of import and export customs clearance, as well as for customs control over goods delivered or dispatched from the customs territory or subsequently sent to another customs office by road;
- A summary declaration is a statement or action by which a person, before or at the time of entry of goods or export of goods from the customs territory of the Republic of Serbia, in the prescribed form and in the prescribed manner, notifies the customs authority that the goods will be brought in or taken out of the customs territory of the Republic of Serbia.

---

<sup>1</sup> See more on the website of the Development Agency of Serbia - RAS - <http://ras.gov.rs/en/aktuelno/preduzetnicki-servis/poslovanje-sa-inostranstvom> (accessed: 15.08.2020)

## **Foreign trade business in Romania**

When it comes to this area, it should be borne in mind that Romania, as a member of the European Union, has fully harmonized regulations with those applicable in the EU.

The information provided here is aimed at providing assistance to those companies outside the EU that want to export their products to the Romanian or EU market.

The European Union is the largest exporter in the world. The EU's internal market is made up of over 500 million consumers, making it a very attractive export market for non-EU countries. The EU has the exclusive right to adopt trade-related regulations on behalf of its 27 member states and to conclude international trade agreements in accordance with World Trade Organization (WTO) rules.

The most basic rules regarding the EU's foreign trade business can be divided into two segments:

- Export from EU
- Import in EU

**Export from EU** – it is regulated by common EU export rules<sup>2</sup>. This document emphasizes and establishes the basic principle that exports of products from EU countries to other countries are not subject to quantitative restrictions. Also, rules are set regarding the procedure for taking protective measures. The mentioned regulation applies to all types of products, regardless of whether they are agricultural or industrial.

THE MAIN DOCUMENT regulating this area is the already mentioned EU Regulation 2015/479 of the European Parliament and of the Council of 11 March 2015 on common rules for exports (codification) (OJ L 83, 27.3.2015, pp. 34-40).

Related documents dealing with this area of exports from the EU are:

- European Commission Regulation 2020/4023 of 14 March 2020 making the export of certain products subject to export authorization (OJ L 77I, 15.3.2020, p. 1-7)
- Successive amendments to Regulation (EU) 2020/402 are included in the original text. This consolidated version has only documentary value.
- Regulation (EU) 2015/4784 of the European Parliament and of the Council of 11 March 2015 on common rules for imports (OJ L 83, 27.3.2015, pp. 16-33).

Many of the trade problems faced by EU exporters are not only traditional import tariffs or quotas, but also discriminatory or disproportionate regulations or standards. Removing these barriers is part of the EU's strategy to boost exports and promote economic growth and job creation.

---

<sup>2</sup> See the following document in more detail: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32015R0479> (Access: 24.08.2020.).

<sup>3</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0478&from=EN> (Access: 24.08.2020.).

<sup>4</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0478&from=EN> (Access: 24.08.2020.).



The strategy for access to other markets outside the EU addresses these issues, and its two main instruments are:

- Partnership to access the market<sup>5</sup>
- Database on market access<sup>6</sup>

### **EU exports - what do you need to know?**

The market access database provides information to companies exporting from the EU on import conditions in third country markets (non-EU countries). This database provides information on:

- Customs duties and taxes on imports of products into certain countries
- Procedures and documents required for customs clearance in the partner country
- Statistical data on trade flows of goods between the EU and countries outside the EU
- Trade barriers that affect your exports
- Safety measures for food/animal health/plant health
- Preferential agreements and rules of origin
- Services for small and medium enterprises
- Information on trade in the country of export

**Import in EU** – it is regulated by common EU import rules<sup>7</sup>.

EU considers that products should be freely imported without any quantitative restrictions (ie quota), unless protective measures are in place. For the purpose of transparency, the EU announced the 2015 codified version of its common rules for imports, which are based on:

- Joint rules for export of goods in EU from other countries;
- EU process of investigation prior to application of the protective measures and the control of products that can produce damages EU producers.

THE MAIN DOCUMENT governing imports into the EU (and Romania) is Regulation (EU) 2015/478 of the European Parliament and of the Council from 11th March 2015 on common rules for imports (OJ L 83, 27.3.2015, p. 16). -33)<sup>8</sup>.

Related (affined) documents are:

- Regulation (EU) 2015/936 of the European Parliament and of the Council of 9 June 2015 on common rules for imports of textile products from certain third countries not covered by bilateral agreements, protocols or other arrangements or other specific Union import rules (OJ L 160, 6/25/2015, pp. 1-54)<sup>9</sup>

---

<sup>5</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52007DC0183&from=EN> (Access: 24.08.2020.).

<sup>6</sup> <https://madb.europa.eu/madb/> (Access: 24.08.2020.).

<sup>7</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0478&from=EN> (access: 24.08.2020.).  
<https://ec.europa.eu/trade/import-and-export-rules/import-into-eu/>

<sup>8</sup> Same.

<sup>9</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0936&from=EN>



- Regulation (EU) 2015/755 of the European Parliament and of the Council of 29 April 2015 on common rules for imports from certain third countries (OJ L 123, 19.5.2015, pp. 33-49)<sup>10</sup>.

All companies that want to expand their business into the EU market, and Romania may use the following so-called extra trading platform<sup>11</sup>, as well as part of the EU tariff that provides information on tariffs and other measures that are applicable to all products imported into the EU<sup>12</sup>.

When it comes to the **customs system in the EU, and even in Romania**, it is important to keep in mind the following facts.

The customs union is one of the basic foundations of the European Union (EU) and has existed since 1968. This means that the borders between EU member states in relation to trade in all goods (Article 28 of the Treaty on the Functioning of the European Union (TFEU)) between customs member states or customs duties with similar effect are prohibited.

At the EU's external borders, the Common Customs Tariff, together with the Integrated Tariff (TARIC), applies to goods from non-EU countries. Goods moving freely within the EU must comply with internal market rules and certain provisions of the Common Commercial Policy. In addition, the customs legislation of the Community and Union shall ensure that the customs authorities of the Member States apply the rules in a uniform manner.

Of particular importance is to gain insight into the following regulations:

- Customs cooperation
- Specific scheme
- Agreement with third countries and international conventions
- Customs – general rules
- Tariff, controls and exceptions
- Customs schemes and rules
- Agreements with non-EU countries and international conventions<sup>13</sup>.

## ***DOCUMENTATION REQUIRED FOR EXPORT OF GOODS AND SERVICES***

When exporting goods, it is necessary to obtain appropriate documentation. There are several documents that are required for every export or foreign trade deal:

1. PURCHASE CONTRACT/INVOICE, certified in the Commercial Court, on the basis of which the goods are sold or exported
2. TRADE DOCUMENTS
3. TRANSPORT DOCUMENTS
4. GOODS INSURANCE DOCUMENT

<sup>10</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0755&from=EN>

<sup>11</sup> For details see : <https://trade.ec.europa.eu/tradehelp/>

<sup>12</sup> <https://madb.europa.eu/madb/euTariffs.htm> (access: 24.08.2020.).

<sup>13</sup> [https://eur-lex.europa.eu/summary/chapter/customs.html?root\\_default=SUM\\_1\\_CODED%3D12&locale=en](https://eur-lex.europa.eu/summary/chapter/customs.html?root_default=SUM_1_CODED%3D12&locale=en)

## 5. CUSTOMS DOCUMENTS

### 1. PURCHASE CONTRACT/INVOICE

The Purchase Contract is the most important agreement in international market. With this contract, the seller undertakes to deliver the goods and transfer the property to the buyer, while the buyer undertakes to pay the agreed price and receive the goods. The international sale of goods is governed by the rules of the 1980 United Nations Convention on the International Sale of Goods, better known as the Vienna Convention. This Convention shall apply only if the seat of the Contracting Parties is in the territory of the countries which have ratified it, provided that the application may exclude or limit its application. Our country has ratified the Vienna Convention, so the Convention applies to the international sale of goods, and not the Law on Obligations.

The components of an export contract are:

- Name and address of the supplier, name and address of the buyer;
- Detailed description of exported products, appearance and description of packaging, dimensions and weight, name of customs tariff;
- Price, including discounts, methods and payment deadlines;
- The currency in which the selling and payment are made;
- Delivery, including estimated delivery or shipping time;
- Legal ownership, including the moment when the ownership passes from the buyer;
- Mode of transport;
- Incoterms, responsibility for insurance and transport;
- Warranty and bank charges;
- Documents required by the buyer;
- Applicable laws in case of dispute;
- Arbitration as an alternative to litigation.

### 2. TRADE DOCUMENTS

Trade documents accompany the goods from the place of dispatch to the final destination and most often refer to the description of the goods. The following documents are included in the group of trade documents:

#### a) Trade invoice

Represents an invoice issued by the seller on the company's memorandum. Each commercial invoice should contain the following elements:

- Date of issue and contract number to which the invoice relates
- Quantity of goods
- Description and characteristics of goods
- The unit price expressed in the agreed currency and unit of measure
- The total value of the goods in the agreed currency

- Proforma invoice number previously approved by the customer
- Name of the place of dispatch and designation of the means of transport by which the goods will be dispatched
- Parity in accordance with the agreed provisions of Incoterms
- Instructions for payment of goods
- Other elements of the invoice depending on the type of goods and are regulated by the contract.

#### b) Product specification and quality certificate

The document is issued by the seller and contains a description of the product that is the subject of the sale: length, width, thickness, number of pieces, individual and total volume of goods and the number of packages/pallets/containers. This document is particularly important for the customer because the basis of determining whether the contract respected. Also, according to this document, the Contracting Parties shall agree on the transport of goods (due to the fact that it contains essential elements for determining the mode of transport). Sometimes, buyers abroad or customs authorities require certificates of quality of exported goods. These certificates are issued by the appropriate certification bodies. The number of certificates that accompany goods in foreign trade business depends on the characteristics of the goods themselves, the legislation in the countries of importers and exporters and customer requirements. The lack of a single certificate can slow or even prevent the export or import.

The certificates that are most often needed are: phytosanitary certificate or certificate of health safety when it comes to food products. These documents are intended for the buyer and they confirm that the goods have been inspected by an authorized institution. The document should confirm that the inspected goods are healthy, i.e. that they are not infected

#### c) Certificate of origin

Represents a document of special importance for importers because it indicates the possible preferential origin of goods in their country and thus reduces the cost of customs clearance of goods. The name of the certificate is EUR1 and it is issued and certified by the Serbian Chamber of Commerce.

There are two types of product origin:

1. Non-preferential - primarily determines the geographical origin of goods (made in), i.e. gives the goods the status of a national product, indicates the country where the goods were produced and does not give the goods any privileged status;
2. Preferential – it is used in the application of privileges granted to a country, i.e. in duty-free trade or exchange with reduced customs duties and proves only in case of application of that privilege.

Goods originating from Serbia considers:

- goods entirely produced in Serbia;
- goods that have been sufficiently processed or reworked in Serbia;

- Goods whose production involved more than one country shall be considered as originating in the country where they underwent their last substantial, economically justified treatment or processing
- goods produced using raw materials e.g. from Turkey, because all the countries of the CEFTA region have signed an agreement with Turkey - in practice, this means that raw materials can be imported from Turkey, processed in Serbia and the final product will originate from Serbia. This is called cumulation of origin and applies to trade with CEFTA, EU and EFTA.

#### d) Certificate of inspection of goods

The certificate is issued by the buyer who states that the goods have been received in the condition, quality and quantity specified in the contract. The inspection can be performed at the seller's headquarters, when the presence of the seller is mandatory. If the inspection is carried out in a port or other place, the presence of the seller's representative is necessary.

#### e) Weight list

It is a document issued by the seller only if the buyer explicitly requests it. It contains data on the minimum weight per 1m<sup>3</sup>.

#### f) Packing list

It is a basic document that specifies the basic characteristics of the goods being shipped. Document is issued for each container/pallet/piece weight in particular wherein in each document entries: data about the customer and the seller, the invoice number and the number of container/pallet to which the list relates. The sum of the individual quantities in each container should be equal to the total quantity of the goods being shipped. It is important both for the sellers (in order to avoid abuse by the carrier) and for the customs authorities.

#### g) Delivery note

This document is issued at the moment when the goods leave the storage or warehouse. It is signed by the warehouseman/driver/buyer and thus confirms that the goods are ready for transport. The basic elements that the delivery note contains are: the buyer data, registration number of the vehicle in which the goods were loaded, the name of the driver and data on the goods. Within some business arrangements, such as the situation when it is imported for export (active or passive processing of imported goods), it is necessary to enclose a certificate of import for export within foreign trade.

### 3. TRANSPORT DOCUMENTS

Transport documents regulate goods and transport of goods and represents proof for exporter about the sale of goods. Another important role of these documents relates to the transfer of risk in those transactions where the contract or the relevant Incoterms clause provides for it. During the customs clearance of goods, transport documents must be

presented to the customs authorities. The most important documents related to transport are:

- a) Truck consignment note (CMR)
- b) Railway consignment note (CIM)
- c) Ships consignment note – konosman
- d) Freight forwarding certificate
- e) Disposition for dispatch of goods

a) Truck consignment note (CMR)

This document is issued by the carrier and is a document that serves as proof that the goods have been received for transport. In this document, the carrier undertakes to transport the goods and hand them over to the consignee. The CMR is issued in three identical copies, one of which goes to the sender, the other accompanies the goods to the consignee and the third is kept by the carrier. The consignment note contains information on: the consignor company, the consignee company, a detailed description of the goods, the vehicle marking, transport and customs costs and a list of documents accompanying the consignment note. If the goods are loaded in more than one vehicle, or if there are several different types of goods, the consignor and the carrier may request that a separate consignment note be issued for each vehicle or for each group of products.

b) Railway consignment note (CIM)

It serves as proof that the goods have been received for transport with notifications that the goods have been transported and duly handed over to the consignee. For the transport of goods in international rail transport is used:

- Consignment notes for which are provided uniform rules on international transport of goods by railways (CIM);
- Consignment notes predicted by the agreement.

c) Ships consignment note – konosman

It is a document issued by the shipowner to the shipper on the basis of a contract for the carriage of goods by sea. With this document, the shipowner confirms that he has received the goods marked in it for transport and that he will deliver them to the port of destination to the authorized holder of the bill of lading. A bill of lading is a security that can be issued in the name, by order and to the bearer. It does not constitute a contract of carriage, but only proof of the existence of that contract. The freight forwarder delivers the original of the received bill of lading to the exporter, who delivers it to the commercial bank for the purpose of payment for the work. When the payment is made, the exporting bank will hand over all the documents to the buyer's correspondent bank, and it will deliver the original bill of lading to its freight forwarder, in order to take over the goods from the shipper and clear them. The bill of lading contains the following information: name and address of the consignor and

consignee of goods, names of ports of departure and destination, name of the ship carrying the goods, volume of goods and general conditions of transport.

d) Freight forwarding certificate

The certificate is issued by the freight forwarder only if required by the exporter. With the forwarding certificate, he confirms to the exporter that he has received the contents of the goods, their weight and other characteristics in good condition, with the obligation to make the goods available to the consignee (importer).

e) Disposition for dispatch of goods

It is a document that contains written instructions from the importer regarding the shipment of goods, if they are not contained in detail in the concluded sales contract. On that occasion, the exporter requests that the importer designate a freight forwarder in his country with whom the importer's freight forwarder establishes a connection in order to perform activities related to the dispatch and receipt of goods. The exporter issues a transport disposition to his freight forwarder who, upon receipt, undertakes to deliver the goods to the buyer's freight forwarder. The disposition to the domestic freight forwarder, in addition to the provisions on the type of contracted transport, place of loading, and determination of goods, also contains an order for insurance of goods. After receiving the order, the freight forwarder in his own name, and on behalf of the exporter, concludes an insurance contract with the insurance company, for goods on the road on a particular route.

#### **4. GOODS INSURANCE DOCUMENTS**

Insurance of goods is an obligation of the seller or buyer; it depends on the terms of the contract. The most commonly used documents in insurance are:

- a) Insurance policy
- b) Goods insurance certificate

a) Insurance policy

It is a written document on the basis of which the contract on insurance of goods is concluded in the manner and under the conditions specified in the policy. An insurance policy is a security that can be issued in the name, by order and to the bearer. It contains the following information: contracting parties, designation of goods - subject of insurance, designation of means of transport (ship, number of trucks, etc.), insurance conditions, duration of insurance and coverage period, premium of insurance, date of policy issuance and signatures of contracting parties.

b) Goods insurance certificate

It is a document issued by an insurance company in conditions when there is a concluded general insurance contract between the company and the insured and its partner. In such cases, the insurance policy is not issued for each type of goods that are insured and shipped, but on the basis of a general contract, a certificate of insurance of goods is issued containing the same information as the insurance policy.

## 5. CUSTOMS DOCUMENTS

Before the goods leave the exporting country, they must be cleared through customs. Export customs clearance is usually performed at one of the border crossings or in the seller's factory if there is a customs warehouse determined by the decision of the appropriate customs authority. If the goods are cleared through customs in the warehouse of the exporting producer, they are carried to the border under customs escort. The place of customs clearance of goods is determined by the ordering party in the text of the disposition to the freight forwarder. Customs clearance is performed by official customs authorities on the basis of commodity documents accompanying the goods in order to determine their consent. On the basis of the performed customs inspection, the customs authority certifies the relevant documents, which confirms that the goods have duly left the territory of the exporting country and crossed the customs line.

When it comes to customs clearance documentation in Romania, i.e. when exports are made from Serbia to Romania, it is almost identical <sup>14</sup>.

### ***BASIC DOCUMENTATION AND TERMS IN CUSTOMS PROCEDURE***

In accordance with the Customs Law, there has been a change in the application of customs documents in order to facilitate and speed up traffic across border crossings and to simplify and speed up customs procedures in customs offices. In practice, it usually happens that the person to whom the transport document is issued authorizes the freight forwarding companies to submit a declaration on their behalf and execute all other actions in the procedure of customs clearance of goods. When filling out the declaration, the applicant's obligation is to accurately indicate the origin and weight, type, and quality of goods, as well as to classify the goods according to the Customs Tariff and mark the value data. This is one of the most important issues in the entire procedure of customs clearance of goods.

Customs documents and data are harmonized with the standards of UNCTAD (United Nations Conference on Trade and Development) and WCO (World Customs Organization) as well as documents and data required for specific national instruments. Standardized commercial and transport documents are used for certain phases of the customs procedure.

The following groups of documents are used in the customs procedure: 1. Documents prescribed by the TIR Convention and 2. ATA Convention;

**The TIR Convention**, which benefits more than 32,000 transport companies in 50 countries worldwide, allows road transport to be carried out without significant customs procedures when crossing international borders and transit traffic. The TIR system can currently be used for transport from Norway to Iran (north-south direction) and from Kazakhstan to Portugal (east-west direction). Thousands of trucks in Europe carry the distinctive blue and white TIR mark. TIR Carnet, as one of the main pillars of the TIR system, is an internationally accepted

---

<sup>14</sup> More about customs documents when you export goods from Serbia to Romania could be seen on the link: <https://trade.ec.europa.eu/tradehelp/documents-customs-clearance> (pristup: 24.08.2020.).

customs control document for international road transport (MDP) of goods by customs authorities, both in the country of departure and in the country of transit and destination.

The idea for the ATA carnet was born forty years ago. ATA Carnet is an international customs document which is used worldwide to minimize, acceleration and facilitation of customs procedures which apply for temporary imports.

Standardized international documents: JCI (Single Customs Document), DVC (Declaration of Customs Value), list of names, transport and commercial documents as well as accounting records that can replace basic customs documents);

Standardized national document- A summary declaration, used in special cases where transport documents cannot be accepted.

### **Basic concepts and terms in the field of foreign trade<sup>15</sup>**

**Permits for import and export of goods** - A permit is a document that, at the request of the applicant, is issued for the import, export or transit of certain goods. The Ministry, i.e. other competent body, in accordance with the regulations, decides on the request for issuing a permit.

**Certificates accompanying goods at export and import** - When exporting goods, it is necessary to obtain appropriate documentation. It is necessary to hire a freight forwarder who will clear the goods for export for your account and inform you which documents are required for the export of specific goods. Some documents are required for every export transaction: trade documents, transport documents, goods insurance documents and customs documents.

**Incoterms** - Incoterms are the rules of the International Chamber of Commerce (ICC, Paris) for the use of terms in domestic and international trade. The reference to the Incoterms rule in the sales contract clearly defines the respective obligations of the contracting parties and reduces the risk of legal complications. The latest version of Incoterms 2010 came into force on 1<sup>st</sup> of January 2011.

**Declaration of goods** - A declaration is a customs document that goes through several stages and changes its properties and significance. At the time of submission, it is only a request. After the inspection, and verification by the customs, the declaration becomes a public document.

**Customs value of goods** - is determined for the purpose of application of the Customs Tariff, i.e. collection of import duties, as well as non-tariff measures determined by special regulations governing trade in goods.

**Origin of goods** - There are two types of product origin: non-preferential and preferential. Non-preferential origin is primarily determined by the geographical origin of the goods (made in), i.e. gives goods the status of a national product - indicates the country where the goods were produced and does not give the goods any privileged status. Preferential origin

---

<sup>15</sup> Same.



is used in the application of benefits granted to a country, i.e. in duty-free trade or exchange with reduced customs duties and proves only in case of application of that privilege.

**Restore and returns of goods** - The request submitted to the customs office for the return of imported goods abroad does not have to state the reasons. The request shall be submitted in writing to the customs office under whose control the goods are located. If customs duties and other import duties have been paid for the goods, the customs office is obliged to return the paid customs duties and duties to the applicant upon the return of the goods abroad.

**Transport of dangerous goods** - The European Agreement concerning the International Carriage of Dangerous Goods (abbreviation ADR, from the *"Accord européen relatif au transport international des marchandises Dangereuses par Route"*) regulates the transport of dangerous goods. ADR goods are defined in nine classes: Class 1. Explosive substances, Class 2. Gases under pressure, in liquid or dissolved under pressure, Class 3. Flammable liquids, Class 4. Flammable solids, Class 5. Oxidizing substances, Class 6 Toxic and infectious substances, Class 7. Radioactive substances, Class 8. Corrosive substances, Class 9. Mixed hazardous substances.

## PART III

---

### **CASE STUDY - EXAMPLE**

The following example is a more specific description of the "steps" that need to be implemented, i.e. the necessary activities and the necessary documentation for a foreign trade transaction (import and export customs clearance). The example specifically refers to the import of goods from abroad (Romania) to Serbia. The procedure is similar (almost identical) in the export business (customs clearance), except that in that case the company from Serbia appears as the seller, so the domestic (Serbian) company appears as the seller on the relevant documents.

#### **Import business - a practical example/instruction**

This activity begins with defining the conditions of purchase and sale of certain goods between the seller's company from Romania and the buyer's company from Serbia. The conditions agreed upon by the business partners can be formalized through a sales contract, although in practice the output invoice issued by the seller is treated as a contract, i.e. it has the same significance in foreign trade operations. On the basis of the sales invoice, a foreign trade business can be started.

Mandatory elements that the invoice issued by the seller (in this case a company from Romania) should contain are:

- Basic information about the seller of the goods (company name, address, country, etc.)
- Basic information about the buyer of goods (company name, address, country, etc.)
- At what parity (Incoterms) are the goods purchased
- Currency payments
- Detailed specification of the goods sold:
  - Type of goods
  - Tariff number
  - Quantity
  - Price per unit
- Total value of goods sold (total value of invoice)
- Gross and net weight of goods
- Number of pallet/crates

What you need to keep in mind, respectively to know, is that during import/export business you do not show the rate of value added tax (VAT), since this tax is not calculated in these activities.

The specific import business (import from Romania to Serbia) works in practice in the following way:

- A company from Serbia (buyer) that wants to buy goods from a company in Romania (from the seller) checks the availability of the requested goods. After possible

negotiations on the terms of sale and agreement on quantity and price, the seller forms the final specification of the goods, and after that the seller sends the buyer a pre-invoice for the requested goods;

- The buyer checks the offer/specification of the goods sent by the seller, and after the check confirms that he agrees with that specific offer;
- After that, the company from Serbia (buyer; importer) will start activities related to the organization of transport/transportation of goods from Romania to Serbia. Namely, in foreign trade practice today, the most common case (although it does not necessarily have to be so) is that the transport is organized and paid for by the importer, i.e. the buyer.;
- After the importer finds the vehicle that will transport the goods from Romania to Serbia, he sends the necessary information about the vehicle (registration marks, type) and driver (name and surname) to the seller/supplier, who then send detailed information to the buyer based on this information about the date and time when the vehicle should appear at the loading at the location defined by the seller (e.g. warehouse);
- After the goods are loaded, the seller issues an invoice with the above elements.

If the seller from Romania has the status of an authorized exporter (which is the most common case today), then regardless of the value of the goods on the invoice it is not necessary to issue EUR1 (international document of origin), but it is enough on invoice to indicate the origin of goods in accordance with internationally prescribed form.

After the invoice and accompanying documentation are prepared, they are handed over to the freight forwarder who has to clear the goods in the exporting country, and the means of transport (usually a truck) is sent to the customs terminal.

At this stage, it is necessary for the company performing the transport (carrier) to fill in and certify the international document on the transport of goods (CMR), as proof that the seller handed over the goods to the carrier, and the carrier confirms that he has received the goods. On that occasion, the following data should be entered/filled in the CMR:

- Basic information about the seller of goods - exporter (company name, address, country, etc.)
- Basic information about the buyer of goods - importer (company name, address, country, etc.)
- Place and date of loading of goods into the means of transport
- Place (location) where the goods are to be delivered
- Cargo/goods weight data
- Number of data for pallet/crate
- Delivery parity (Incoterms)
- Date

After the export customs clearance, the carrier receives the appropriate necessary documentation in the original and moves to the destination of unloading the goods.

When entering Serbia, at the border crossing, it is necessary for the carrier to contact one of the freight forwarders, in order to make shipping document, a document which directs the vehicle from the border crossing to the destination of unloading specified in the CMR.

When the vehicle arrives in the city where the goods are to be unloaded, it arrives at the customs terminal (if the importer does not have the so-called "home customs clearance", i.e. an employee who is competent and authorized to clear the goods), informs the importer/buyer that he has arrived. The importer/buyer then notifies his freight forwarder, in order to prepare the appropriate documentation necessary to perform import customs clearance.

After import customs clearance, the CMR should also certify the importer company (buyer) when the goods arrive at the location previously defined/determined (e.g. in the importer's/buyer's warehouse), which is proof that the carrier has discharged the goods and delivered them to the agreed location. Then the conditions are created for the carrier company to invoice the services of transporting the goods.

What is needed is for the company that performed the transport (carrier) to provide an invoice for the transport.

The Freight Forwarder fills in the JCI (Single Customs Document), which should contain information on:

- To the consignor of goods
- To the recipient of the goods
- Assignee
- Vehicle registration number
- Entry customs
- Country of dispatch
- Currencies and invoice values
- Exchange rate
- And similar data.

After the completion of import customs clearance, the truck is sent to the warehouse of the importer (buyer) to unload the goods.

## USED LITERATURE AND WEBOGRAPHY:

---

CUSTOMS LAW ("Official Gazette of RS", No. 95/2018 and 91/2019 - other law)

European Commission (2020), COMMISSION STAFF WORKING DOCUMENT  
*Country Report Romania 2020*

Eurostat, <https://ec.europa.eu/eurostat/databrowser/view/tec00110/default/table?lang=en>  
<http://www.mfa.gov.rs/sr/index.php/spoljna-politika/bilateralni-odnosi/117-bilateralni-odnosi/11518-rumunija?lang=lat>

<https://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

<https://ec.europa.eu/trade/import-and-export-rules/import-into-eu/>

<https://eur>

[lex.europa.eu/summary/chapter/customs.html?root\\_default=SUM\\_1\\_CODED%3D12&locale=en](lex.europa.eu/summary/chapter/customs.html?root_default=SUM_1_CODED%3D12&locale=en)

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32015R0479>

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0402&from=EN>

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0478&from=EN>

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0936&from=EN>

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R0755&from=EN>

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52007DC0183&from=EN>

<https://madb.europa.eu/madb/>

<https://trade.ec.europa.eu/tradehelp/>

<https://trade.ec.europa.eu/tradehelp/documents-customs-clearance>

Ministry of Finance, Public Finance Bulletin (May 2020), no. 189,  
<https://www.mfin.gov.rs/aktivnosti/bilten-javnih-finansija/>

Development Agency of Serbia (RAS), <http://ras.gov.rs/en/aktuelno/preduzetnicki-servis/poslovanje-sa-inostranstvom>

Republic Institute for Statistic, Statistical Yearbook of the Republic of Serbia, different years  
[www.nbs.rs](http://www.nbs.rs)

## Project partners

**Lead beneficiary:**

PE “Roads of Serbia”,  
Serbia



**PUBLIC ENTERPRISE  
ROADS OF SERBIA**

**Partners:**

City of Jimbolia, Romania



City of Kikinda, Serbia



Regional Agency for  
Socio-Economic  
Development – Banat



[www.romania-serbia.net](http://www.romania-serbia.net)

Project title: Improvement of Banat Connectivity 2 – IBC 2 - eMS: RORS 481  
Lead Beneficiary: Regional Agency for Socio-Economic Development – Banat  
Publishing date: September 2020.

**The content of this material does not necessarily represent the official position of the European Union.**

In case of any complaints, contact: [romania-serbia@mdrap.ro](mailto:romania-serbia@mdrap.ro)



**Cooperation beyond borders.**

Interreg-IPA Cross-border Cooperation Romania-Serbia Programme is financed by the European Union under the Instrument for Pre-accession Assistance (IPA II) and co-financed by the partner states in the Programme.