

COMPETITIVE AND SUSTAINABLE GROWTH (GROWTH) PROGRAMME



SEAMLESS CROSS-BORDER OPERATIONS

Working Paper

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Description of Work

This document shall give a general overview of processes and procedures performed in inland navigation, and it shall in particular cover the aspects of the cross-border data exchange procedure. Consequently, this document will create the basis for recommendations which can be drawn up for further steps to be taken in order to eliminate the 'negative aspects' of the present procedures and provide seamless cross-border operations on the IWW in the region.

It is necessary to identify all the actors in the chain which are relevant for cross-border transportation, processes and procedures.

The information flow and distribution during the execution of cross-border procedures will also be elaborated within this document.

Via embedded questionnaires (forms, applications, etc) an overview of information on cross-border transportation will be provided.

- (1) Def: Customs crossing is a designated point of crossing of the customs boundary line for all persons by all means of transport, as well as for importation, exportation and transit of goods.

GENERAL INFORMATION

Border crossings (official)

The dedicated cross-border procedures usually take place at the official border crossing points. Due to its international character, the Danube River and other international and bi-national rivers have a specific status, and therefore, there are some specific issues which should be taken into account when the cross-border procedures at these points are elaborated.

In general the cross-border procedures can be executed at two types of border crossing points:

1. At a border crossing points between two countries (e.g. at Bezdan or Prahovo border crossing points, etc.) – physical border crossing point.
2. At a border crossing points (or inland waterway ports) located deep in the state territory (e.g. Belgrade, Pancevo, etc.) – geographical border crossing point.

Therefore, it is necessary to make a clear distinction between physical border crossing and border crossing in geographical sense, but also in a procedural sense. In other words, at physical border crossing points, cross-border operations are being performed, and this is a precondition for executing additional operations on border crossings in inland waterway ports located deep inside the territory of the Republic of Serbia.

River km	River bank	Locality	Customs office	Customs representative office	Border crossing for people
1425	Left	Bezdan			1
1401	Left	Apatin		1	
1288	Left	B. Palanka			1
1255	Left	Novi Sad	1	1	1
1168	Right	Beograd	1	1	1
1154	Left	Pancevo		1	
1116	Right	Smederevo		1	
850	Right	Prahovo			1

Table 1: Official border crossings points on the Danube River in Serbia - Overview

Country/Town	Country/Town	Danube km	remark
SCG/Bezdan	HR/Batina	1424	road bridge
SCG/Bogojevo	HR/Erdut	1366.5	rail and road bridge
SCG/Backa Palanka	HR/Ilok	1297	road bridge
SCG	ROM	943	Hydro plant Djerdap I
SCG	ROM	863	Hydro plant Djerdap II, over two small islands not in use at the moment

Table 2: Railroad-road border crossings which relate closely to the Danube River (also under the direct control of the authorities) – Overview

Railway-road border crossing points are not of interest for this document, however in order to have complete overview of the related information this overview is given.



Picture 1: Overview of all border crossing points on the Serbian stretch of the Danube

Geographical scope

There are two (2) rivers passing through the territory of the Republic of Serbia which hold a status of 'international navigable routes'; the Danube River and the Sava River. River Tisa, at present, has a bi-national character – meaning that free navigation for vessels sailing under the Hungarian and/or Serbian flag is allowed. As shown in Picture 2 (page 6), the geographical overview of the mentioned waterways is given, as well as the bordering areas.

On Sava and Tisa rivers, no common stretches exist - concerning the border between Serbia and the neighboring countries – both sides of the rivers belong either to Serbia or to the neighboring state. However, on the Danube, the geographical scope differs a lot: there are common stretches between Serbia and Croatia (km1425 - km1288), as well as between Serbia and Romania (km880 – km845.4)

Major part of inland waterway transport is being performed on the Danube itself, and the highest number of cross-border operations which is performed is related to those on Corridor VII. Therefore, this document will describe the procedures in relation to the Danube River, which are applicable to any other border on Serbian inland waterways.



Picture 2: Geographical overview of the Danube, Sava and Tisa rivers network (shaded areas represent the bordering areas with neighbor countries).

Actors within the process

In order to describe the cross-border procedures and operations, an initial step is to properly identify all of the actors which take part in the process itself. The actors within the cross-border operations in inland waterway transport can be divided into two categories:

- State (authorities) side representatives
- Client (vessel) side representatives

As representatives of the state side representatives (authorities) within the procedures the following actors can appear:

- Captaincy, as a representative of the Ministry of Capital Investments (Department of transport - sector for Inland Waterway transport)
- Border Police, as a representative of the Ministry of Interior
- Customs, as a representative of the Ministry of Finance
- Inspections (Fito-pathology, radiology, veterinary), as representatives of Ministry of Agriculture

The Captaincy, Border Police and Customs are always involved in the cross-border operations no matter what kind of a cross border procedure is to take place or who the actor in the procedure are (people, goods, transit, import, export, etc). Relevant inspections are involved only when necessary (e.g. in a case when the vessel involved in cross-border procedure is carrying the cargo which requires proper inspection, or when there is reasonable doubt exists that a member of the crew and/or passenger(s) may be influenced by a certain source and they should be treated by inspection as well).

As far as the client side representatives (vessel) are concerned, the following actors can appear as participants in the process of the cross-border operations:

- Ship commander-skipper (or in some cases, the persons which has been authorized by the ship commander)
- Freight forwarding agent (or in some cases, the ship owner)

Procedures

Procedures in Serbia, on the Danube River

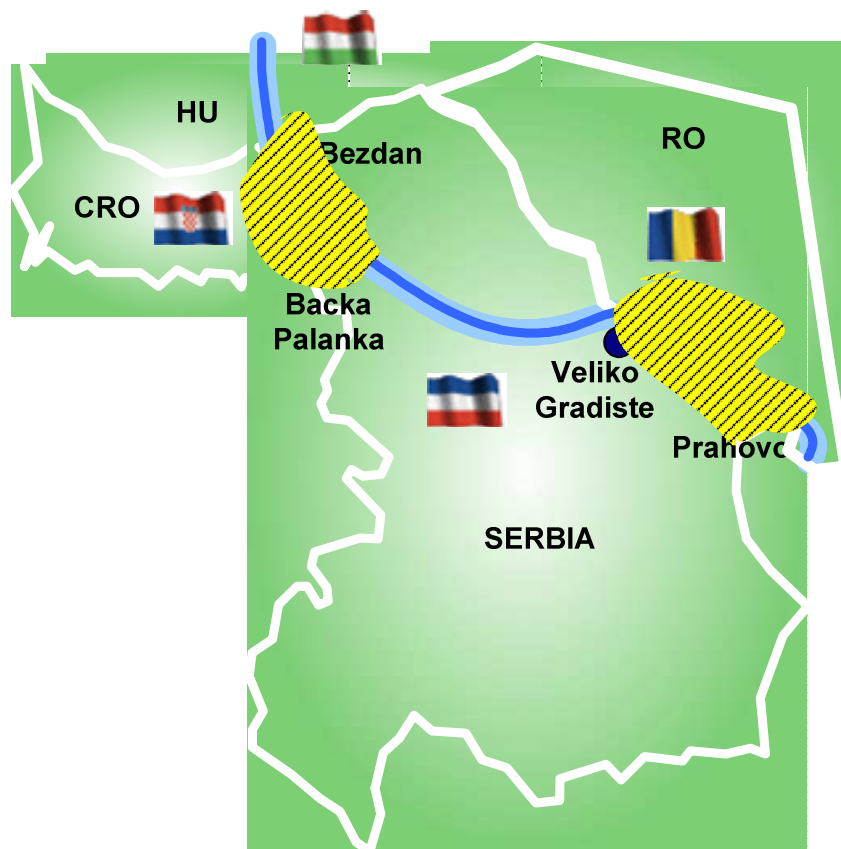
Description of the border-area on the Danube River in Serbia

Danube passes through Serbia in total length of 588km. On the Danube, Serbia borders three neighboring countries: Hungary, Croatia and Romania. Serbia shares common stretches of the Danube with Croatia on the West (from Bezdan to Backa Palanka), and with Romania on the East (From Veliko Gradiste to Prahovo).

In the picture bellow, an overview of the Danube flow is given. Serbian bank is marked with the green line, while the neighboring countries' (Croatia and Romania) river banks are marked with red line. On the stretch between Backa Palanka and Veliko Gradiste, both river banks belong to Serbia.



Picture 3: Common stretches with the neighboring countries on the Danube in Serbia



Picture 4: Border areas on the Danube River in Serbia

Jurisdiction

Cross border operations are under the jurisdiction of the following Captaincies:

- Captaincy of Bezdán (North, Hungarian-Serbian border) (Danube km 1433-1364)
- Captaincy of Novi Sad
- Captaincy of Prahovo (South-East, Serbian-Romanian border) (Danube km 880-845.4)
- Captaincy of Veliko Gradiste

Customs office in Prahovo, Bezdán, Veliko Gradiste and Novi Sad are responsible for cross-border operations on the Danube River, and perform their duties under the supervision and necessary approvals of the Ministry of Finance.

Border police offices in Prahovo, Bezdán, Veliko Gradiste and Novi Sad are responsible for cross-border operation on the Danube River, and perform their duties under the supervision and necessary approvals from the side of the Ministry of Interior.

If necessary, relevant inspections are involved on request (as explained earlier). There are no local offices of certain inspections which are responsible for cross-border procedures. At the moment, relevant inspections are invited to come from Belgrade to the cross-border point in order to verify if everything is inline with regulations, concerning the radiological, veterinary and fito-pathology specification of the vessel and/or person(s) involved in the procedure.

IMPORT and TRANSIT

For all the vessels sailing under a Serbian flag, all cross-border operations are being performed on locations in Bezdán or Prahovo, when they are entering into Serbia, depending on the zone of their navigation, unless they are sailing from the ports on Croatian or Romanian side to the Serbian ports. If that is the situation, the procedures are taking place in Novi Sad or in Veliko Gradiste (with an obligation to report their activities to the Captaincy in Bezdán or Prahovo), depending on the route and zone of the vessel's operation.

Vessels sailing under a foreign flag (non-Serbian), which do not reach Serbian territory downstream from Veliko Gradiste while they sail

to/through Serbia, are required to perform cross-border operations in Veliko Gradiste, otherwise the cross-border operations are being performed in Prahovo.

Foreign vessels which are not going to Croatia, but are going to/through Serbia, are required to perform cross-border operations in Bezdan. Otherwise, these vessels are required to execute all dedicated operations in Novi Sad.

EXPORT

As a part of export procedure, first step for the transports from Serbia towards other countries is considered to be Customs inspection at the port of the departure. Customs officials together with freight forwarding agent are executing their activities, ensuring that the loaded cargo corresponds to the declaration. After the vessel leaves the departure port, customs authorities are following the transport until the revision at the exit point is done and vessel leaves the Serbian territory. The exit-revision point depends on the sailing zones and vessels flag. For all vessels sailing under a Serbian flag, all cross-border operations are being performed on locations in Bezdan or Prahovo, when they are leaving Serbia, depending on the zone of their navigation, unless they are sailing to the ports on Croatian or Romanian side of the common stretch of the Danube. In that case, the revision is being done in Novi Sad or in Veliko Gradiste. For the ship-masters there is an obligation to report their activities to the Captaincy in Bezdan or Prahovo. Vessels sailing under a foreign flag (non-Serbian), which do not reach Serbian territory downstream from Veliko Gradiste while they sail in order to leave Serbia, are required to perform cross-border operations in Veliko Gradiste, otherwise the cross-border operations are being performed in Prahovo. On the Northern side, these vessels are performing cross-border procedures in Bezdan.

The procedure is as follows (description)

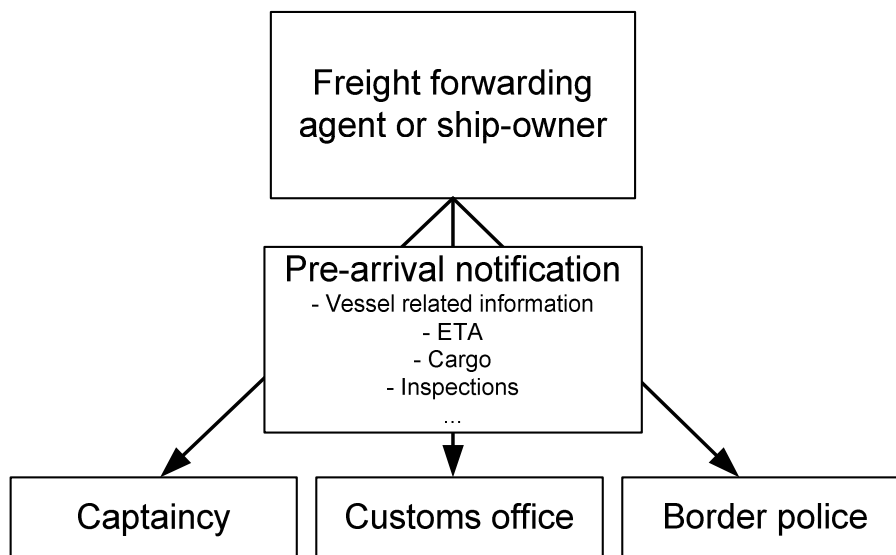
A. First stage

Pre-arrival notification is sent from the side of freight forwarding agent to the responsible Captaincy, Customs office and Border police. Pre-arrival notification is sent by the means of a fax. The form of pre-arrival notification is not strictly specified – it is sent in a free-form, as a standard fax message. It contains the following information:

- Vessel related information

- ETA
- Cargo that is transported on the vessel
- Port of Call

If required, additional information about necessary inspections (radiology, veterinary, etc.) and any other information which is considered as relevant for performing the cross-border procedures will also be supplied. This fax-message is considered as a request for the so called 'revision' (inspection) of the vessel. This document has an official character, and it is kept in the archive, after the procedure is executed.



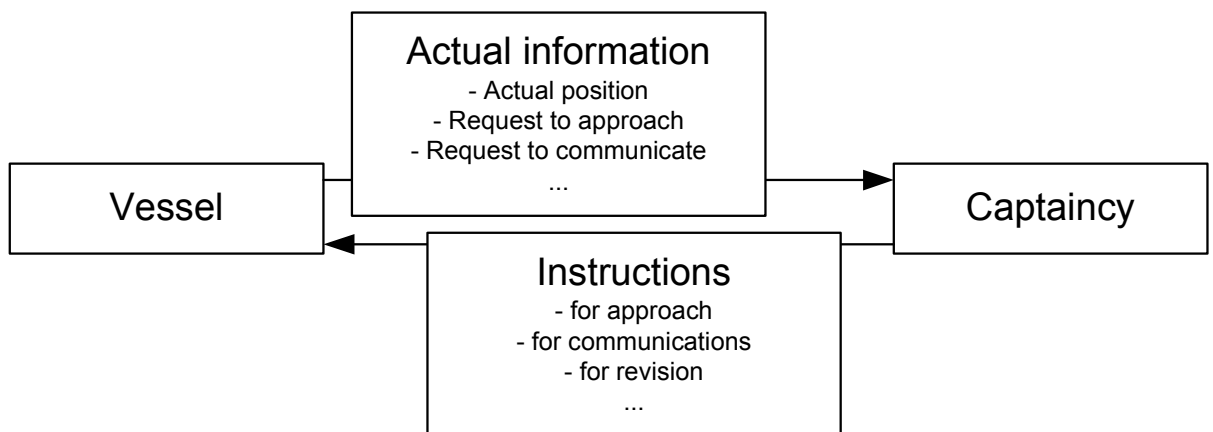
Picture 5: Information flow diagram showing pre-arrival notification

It is important to mention here that according to the present regulation, all kind of goods which are originating from the member states of the former Soviet Union (USSR) are required to apply for radiology inspection, before the vessel will be allowed to enter into Serbia.

Pre-notification procedure considers sending the voyage information from the vessel side to the shore (authority) side. According to the definition of information categories developed within the COMPRIS WP6, this information belongs to the sub-group called *pre-arrival information*, as a part of the voyage information.

B. Second stage

The voyage information, meaning the *actual information* (information about the voyage as it is at the moment) is sent in the following step of the cross-border procedures. In real life, the ship-master calls a responsible Captaincy by means of a VHF radio communication. Captain uses radio frequencies (channel 16) in order to communicate his intentions and asks for an approval of his actions (in this case his intention to navigate the vessel to an appropriate anchorage point) in the cross-border operation sector (it doesn't mean that this specific anchorage point is on the physical border, it can be located deep inside the territory of the Republic of Serbia, on the stretch where both river banks belong to Serbia, (like in Novi Sad for instance) depending on where the cross border operations are taking place. The ship master is not allowed to have any VHF radio communication with the shore side prior to receiving an approval from the Captaincy, after he makes a formal request for it. When he gets an approval form the Captaincy in charge, the ship-master is allowed to approach the quay, and to tie the vessel.



Picture 6: Diagram showing the communication pattern between the vessel and the Captaincy in charge

C. Third stage

When the vessel is at the anchorage point, the so called 'revision' procedure will be applied. The revision procedure is the key point within the cross-border procedure regardless to whether the vessel is entering, leaving or making a transit through Serbia. Exact time for revision procedure is communicated between the state side actors. Usually the Captaincy determines a proper moment and

communicates this with the Customs and Border police. In most cases, the Captaincy just sends the information to the Customs and Border police about time and place for the incoming revision of the vessel.

Revision procedure starts with proper inspection which should prevent the spreading of the diseases or any harmful influence of radiological emissions, if necessary. The freight forwarder or ship-owner is required to set up the organization of proper inspection on time, by arranging it with proper government representatives and providing the preconditions for execution of this inspection (in real life this means that he should take care about the transportation of the inspector(s), pay the required fees for inspection, fill out and hand in the necessary forms, etc).

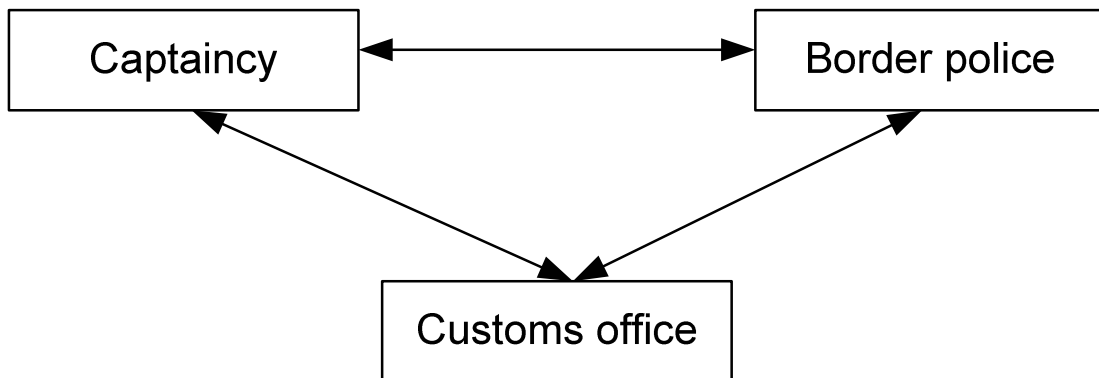
The inspection clearance for controlling the border crossing shipment of waste materials, poisons, emitters of ionizing radiation, as well as substances which affect the ozone layer, is being performed on the following cross border points (on inland waterways):

- Bezdán
- Prahovo
- Kladovo
- Veliko Gradiste

Besides health-related inspections, revision considers the active roles of the following:

- Captaincy
- Customs
- Border Police

In real life situation, the representatives from these three authorities go together on the vessel which is under revision, and cooperate in order to reduce the total time necessary for the revision. The communication between these three authorities within the revision procedure is constant, meaning that the information flow is uninterrupted and completely free. In real life, the officers who are involved in revision from the side of Captaincy, Customs and Border Police behave like a team, supporting each other in the executions of the tasks, (and they know each other personally), so their performance can be considered as very effective.



Picture 7: Diagram of information flow between representatives of the authorities during the revision

Captaincy's activities during the revision process of the vessel

Most of the activities of the Captaincy within the cross-border operations on inland waterways are defined by the "Law on sea-born and inland navigation", which was introduced in 1998. However, there are some rules which are also applied, but their legal basis are the government decisions which are more than 30 years old. This especially relates to the jurisdictions on the vessels revision which are elaborated above.

Captaincy is assumed to carry out the following:

- Verify if the ship crew has appropriate vocation (title) and necessary approvals
- Verify if the vessel is faultless in technical respect, as well as if pushed or pulled objects are faultless
- Verify the health status of the crew
- Verify if the load is properly allocated on the vessel and pushed or pulled objects

Representative of the Captaincy reviews the following documents which must be present on the vessel:

1. Ships certificate
2. Ships log

3. Tonnage certificate
4. Oil Amount log
5. Health log
6. Inspection book
7. Radio devices certification

In case the vessel going through the process is a passenger vessel, the ship master is required to submit the List of Passenger to the Captaincy for further review.

Vessel certification and Tonnage certificate are not required on push-boats marked with metal-board (panel) containing the following information:

- Registration number
- Vessels certification number
- Responsible authority
- Period of validity

This information should be printed or engraved in a way that allows easy reading. The height of letters and digits should be minimum 6 mm. The metal board (panel) should be at least 60 mm wide and 120 mm long, placed on starboard side, closer to the stern. The information on the metal-board (panel) should be aligned with vessel certification of push-boat, approved by a responsible authority. Vessel certification and Tonnage certificate are kept by the ship-owner.

Representative of the Captaincy places a stamp into a Ships log, and in the documents which describe eventual incidents (damages), if any were made outside of Serbian waters.

For small crafts, in real life the procedure is much simpler. The representative of the Captaincy asks the captain to make free-form information on a piece of paper which contains the following information:

- Ship owner (Personal information: name, address, nationality, etc.)
- Start and end point of the journey
- Crew (Personal information: Name, address, nationality, etc.)
- Passport numbers
- Any other data which is important in specific situation

This is done in order to optimize the procedure for small vessels (pleasure crafts, small boats, etc) which are used in tourist or sport purposes.

All data obtained during the revision procedure is written in the so called 'Revisions log' and is archived, in paper form. At the end of the month, Captaincy sends the information to the Statistic office, but only the data related to vessels sailing under foreign flags. Flow of information related to domestic vessels ends in the Captaincy.

Ship master provides the Captaincy with the so called 'Arrival Report' which contains information from the documents mentioned above under items 1-7 (in case of a passenger ship, the list of passengers is attached). Arrival report is kept archive in the Captaincy. If the vessel has no specific reasons to spend additional time on the quay (e.g. for loading, unloading, change of the convoy structure, change of crew, water supply, etc), the Captaincy will approve its departure immediately. In case the vessel should execute any additional operations as mentioned, ship-master is required to prepare the so called 'Departure Report', where he is obliged to specify any changes made during the period of its stay. Departure Report is also kept in the archive of the Captaincy. After the submission of this report the Captaincy will approve the departure.

Approval for arrival or departure of the vessels is under the jurisdiction of the responsible Captaincy. No other authority can make such an approval.

After the approval for departure is given, the cross-border operations from the Captaincy's point of view are completed. However, the Captaincy is still responsible for the safety of navigation in its sector.

Customs activities in the revision process of the vessel

In general, customs supervision and control comprises of measures necessary to prevent unauthorized treatment of customs goods and to ensure that the goods remain in the same state - from the moment of their introduction into the customs territory to the moment when the customs procedure is completed. Measures taken by the Customs in customs supervision procedure are:

- Examining, surveillance and safeguarding of goods;
- Attaching of customs seals, issuance and verifying of prescribed documents;
- Taking samples, prospectus, photos and other data with a view to ensuring unaltered appearance of goods;
- Inspecting means of transport and their personnel;
- Inspecting luggage and other goods carried by or with travelers;

According to the Customs Law, in relation to this document, the following shall not be subject to the Customs supervision and customs control:

- Domestic and foreign military ships;
- Ships sailing on the parts of border rivers, where under the provisions of international agreements customs supervision may not be performed;
- Police vessels and aircrafts

“Commanding officer of the ship, or any other authorized person, arriving to the customs territory shall immediately upon the arrival, before the goods are unloaded, submit to the customs authority the cargo manifest for all goods being transported as a cargo by such a ship.

Commanding officer of the ship, or any other authorized person, leaving the customs territory, shall before departure submit to the customs post the cargo manifest for all goods being transported as a cargo by such a ship.

Form and contents of the ship manifest for international maritime traffic (IMO) must comply with the UN standards”

Excerpt from Customs Law

Customs procedures are based on the Customs Law, which became active in December 2003. This regulation is rather new, and it is a consequence of reforms applied within the government sector after the political changes in Serbia took place (2001). The second relevant regulation for execution of Customs operations, which are part of Cross-border operations and procedures is the so called "UREDBA O CARINSKOM POSTUPANJU", issued in 2004 (Articles 75-87 are relevant for inland waterway traffic). The main difference compared to previous regulations is that this document introduced no obligation for shipmaster or agent to send the pre-arrival notification (however, this is not forbidden and, as it can be seen from elaboration above, it is usually done by the freight-forwarding agent). Nowadays, the shipmaster is obliged to inform responsible Customs office after he is tied to the berth, in the period not longer than two (2) hours after his arrival, in case that he has the cargo which requires to be treated by the Customs.

As a first step, the shipmaster or person authorized by the shipmaster gives the Arrival Report to the Customs officer. This action is performed on the vessel itself. The Report is in written (paper) form. Captaincy and Border Police are also provided by this Arrival Report.

Customs procedure considers:

1. Inspection of the passenger(s) on the vessel
2. Inspection of the vessel itself (this includes pushed or pulled barges as well)
3. Inspection of the cargo transported by vessel or convoy

Passenger inspection is dedicated to the determination and inspection of personal items carried by crew, as well as the places for their accommodation (e.g. crew cabins). This inspection is predicted to prevent potential smuggling of certain items – in real life in most cases this relates to the alcoholic beverages, cigarettes, etc.

It is very important to point out that any person importing or exporting the goods, or any interested party, may request information concerning the application of customs rules from the customs authorities without being charged.

Ship inspection considers inspection of the status of fuel, oil, food and all items on stocks required for ship's operation. This inspection is meant to verify if the information from Arrival Report meets the situation from real life

– if the levels of fuel, oil, supplies are the same as it is specified within the Arrival Report.

The following step is verification of the ship's chambers, in order to make sure that they are empty or that they do not contain any suspicious items.

The third stage of customs control is the inspection of the cargo on the vessel. This is the most complicated part of the customs operations within the cross-border procedure. The ship-master (or freight forwarding agent) is obliged to prepare the documentation which is related to the cargo transported on the vessel. Bill of Lading, Invoice(s), Health certificate(s), Certificate(s) of Quality, and quality assurance certificate(s) are documents which usually have to be made available to the Customs officer. Customs officer verifies if the information submitted within the mentioned documents is inline with the actual cargo. If customs officer is assured during the inspection that the cargo corresponds to the facts stated within the documents, the cross-border inspection (revision) is finished, from the point of view of Customs authority.

Still, there is necessity to apply the **Customs procedure** to the cargo (e.g. if it is required either to pay customs duties or if the cargo should be shifted to other mode of transport and moved on further location for execution of additional customs operation). It is important to distinguish the **Customs control** as a part of revision of the vessel at cross-border point and application of customs law concerning the overall **Customs procedure**.

"*Customs control*" means the performance of specific acts by the customs authorities, such as examining goods, verifying the existence and authenticity of the documents, examining the accounts of undertakings and other records, inspecting means of transport, inspecting luggage and other goods carried by or on persons and carrying out official inquiries and other similar acts with a goal to ensure that the customs rules and other provisions applicable to goods subject to customs supervision are observed. On the other hand , "*Customs procedure*" means procedure for the release for free circulation, transit procedure, customs warehousing procedure, inward processing procedure, processing under customs control, temporary importation, outward processing and exportation, whereas the participants in such a procedure acquire rights and obligations in respect to the goods.

From this point further operation related to application of Customs Procedure from the side of the vessel (client) are under the responsibility of the freight forwarding agent. Once it arrives at the cross border point, the cargo can be:

- a) placed under Customs procedure on the vessel
- b) unloaded and shifted to other means of transportation for the sake of placing the cargo under the customs procedure on other location (other Customs office)
- c) registered for placing under Customs procedure on other location but transported by the same vessel

If the cargo is placed under the Customs procedure on the vessel, customs officer verifies if the information from the submitted documents are corresponding to the real-life situation. In case that he assures that there are no inaccuracies, he can issue an approval for paying the customs fees. After the customs duties are paid, Customs officer is obligated to execute so called *release of goods*. In case that he notices that the information from the documents doesn't correspond to the actual situation he can take the samples and perform the necessary measurements and checks by taking the draught information for the specific vessel. Samples are taken to the authorized quality assurance agency (e.g. Jugoinspekt). The feedback from quality assurance agency is the representative one, as well as the measured amount taken by information about the vessel draught. All further documents are adjusted to the representative data. Customs officer issues the approval for paying customs fees. Again, after the customs duties are paid, Customs officer is obligated to execute so called *release of goods*.

- d) Freight forwarding agent applies for the transit procedure. He applies transit Customs declaration (transit JCI) to the Customs office. Physically this is being done on the shore side, at the Customs office. This application is noted and the information is being inputted into the Customs Information System. This provides possibility to check the status of the Customs procedure and to follow the cargo. The data inserted in the Customs information system are related to the vessel, cargo, value, freight forwarding agent, cargo owner, destination, timeframe for the execution of the Customs operations and paying the Customs duties.
- e) Same as under b)

In geographical scope this is the final task within the Customs procedure at the cross-border point. Either the "*Release of goods*" procedure is being performed or the goods are forwarded to the other point for the

finalization of the customs procedure. However, the *Customs supervision* is not finished for the situation stated under b) and c). "*Customs supervision*" means action taken in general by the customs authorities with the view to ensuring that customs rules and other provisions applicable to goods subject to customs supervision are observed. The supervision is being performed by the supervision of the documents, Customs stamps, seals and by special smuggling prevention unit (department). After the customs procedure is finished (situation b) and c)), appropriate information is entered within the Customs information system.

If the Customs officer notes some suspicious actions, discovers illegal operations or goods he is entitled to initiate the appropriate procedure against the responsible person. In that case he usually informs the Captaincy about the offense. Captaincy may forbid departure of the vessel in such case.

Border police activities in the revision of the vessel

Activities of Border Police are based on the "Law on the border crossing of the state line".

At the specific border crossing point which is located between two different states, the Border Police checks the following:

- Personal documents
- Ship documents

This is being performed during the revision procedure on the vessel itself. In case of personal documents inspection, responsible Border Police officer assures that the crew and passenger lists are inline with the actual situation. He/she checks personal identification cards/documents of the crew and passports, in order to make sure that there are no faults. Responsible Border Police officer has the possibility to check the identity of the person and to require the authenticity of the documents by the means of internal Police information system. However, this is not possible to be carried out on the vessel itself, and therefore the Border police officer use the means of internal radio communication with the shore-side Border police office, and verbally exchanges the data/information with his colleagues who have access to the information system and database.

Border police also reviews the Arrival report.

If reasonable doubt exists regarding any documents, the Border police can perform the search of the vessel.

If there are some offenses related to the person(s)/document(s), border police applies the measures according to the law. Person in offense can be detained. The report on this is given to the Captaincy in written form. Captaincy reviews the situation, after detaining the person(s). If Captaincy decides that detaining of person(s) doesn't reduce the number of crew or will have no influence on safety, it may approve departure of the vessel. Otherwise, the vessel will remain tied to the berth until the preconditions for the safe navigation are fulfilled.

Regarding the export procedure, activities are inline with described above. The main difference is that the Customs authorities are receiving the information in advance if the inspection by Customs was done in port of departure, so the procedure is a bit simpler and there is no potential branching (placing the cargo under Customs procedure on the vessel, unloading and shifting to other means of transportation for the sake of placing the cargo under the customs procedure on other location or registering the cargo for placing under Customs procedure on other location but transported by the same vessel) within the procedure as in case of import/transit. Of course after the exit-revision Custom authorities are not monitoring the vessel, since the vessel leaves Serbian territory. The responsibilities, documents and information flows are corresponding to the description above.

STATUS QUO Analysis - actual problems

Low level of ICT Infrastructure

For quite a long time, Serbia was far behind the west-European states, concerning the application of modern technologies on inland waterways. The situation became even worst during the crises in last decade of 20th century. While the Europe followed the development of the modern technologies in the field of digital data processing and communication, Serbia and its inland waterway industry suffered severe problems. This resulted with the following:

1. Radio telephony service on Serbian inland waterways was not applied according to previous plans, which became rather old by political development. These plans were developed before the crisis on 1990, meaning that now independent states were the member of one common country, which today is not a case, and implementation of the plan which considers Croatian territory is not possible today. Current communication in the border areas as stated above is being done by means of direct VHF communication between the actors.
2. Access to the internet is very difficult, especially in the areas out of major cities, due to the fact that in most cases only way to access to internet is simple dial-up thru classic fixed telephone lines. The bandwidth of such a connection is rather poor, especially under the circumstances that the client wants to access to the internet through the analog line (analog central) or in some cases through PCM (Pulse Code Modulation) device which is installed for so called twin users. In best case fixed network provides access through the ISDN (128Kb), but not often. Availability of cable connection is considered to be negligible, as well as WI-FI access. Satellite connection is possible but considers the availability of other connection for outgoing traffic, but at the moment considers high costs of exploitation. Overall reliability of the internet connection is considered to be on the low level. ISP (Internet Service Providers) do not offer quality of service which would make guarantees for constant seamless communication. Evenmore, in case of damages caused by miss-function of the connection caused by provider or external factor depending on provider, the ISP would not take the responsibility for potential damage or data loss due to slow and ineffective jurisdictional system which is not able to compete with challenges set-by application of modern technologies.

3. GSM/GPRS providers are in very specific position at the market. At the moment there are only two providers which are in the position to set the rules on the market. Even though the coverage of the GSM is improved in past 2-3 years, the low level of competition provides possibility for unreliable network operation, high prices (especially for roaming), and poor availability of specific services. On some stretches of the Danube and Sava river the GSM network signal is simply not available, which might be shown as a critical issue for safety in the process of inland navigation if the system relies on GSM and/or GPRS.
4. Modern system such as River Information Services (in short RIS) is considered to be in early stage in its application on Serbian waterway network. The provision and exchange of information according to the international standards is possible only at approx. 12% of the Danube River in Serbia. AIS based test system is installed in Belgrade, being operational from the beginning of September 2004, and at the moment does not influence the cross-border operations in any way. However, the first reactions of actors in the process of inland navigation and responsible authorities are clearly showing that the RIS will play very important role in the incoming period on inland waterway network in Serbia, so it is expected that the extension of the system coverage and functionalities would improve the cross-border operations, making them "more seamless".
5. Different existing internal communication networks among the authorities in charged for cross border operations are considered to be additional problem. Captaincies and Ministry of Capital Investment (Department for IWT) are not connected at the movement. The information exchange is being done by means of email. On the other hand, border police has closed internal system (server based computer network) for exchange the information between the remote locations. At the time being the specific characteristics of the system are not available and not known to the public. Custom authorities are in the possession of the recently established IT network, for exchange information. Again, it is an internal oriented system which is closed for external users. Characteristics of the system are not available at the time being. It is important to emphasize the difference and incompatibility (or lack of connection between the system, which is not likely the cause of non-collaboration through these information systems) of the mentioned systems possessed by Police (Ministry of Interior) and Customs (Ministry of Finance).

Application of the existing (old) regulations

In general, there are many regulations in Serbia which can be considered "Out-of-date" at the time being. Inland waterway navigation sector is no exception in this respect. For example, according to the regulations, the ship-master of the vessel sailing under a foreign flag that approaches Serbian territory is not allowed to communicate with the shore unless he receives the approval from the Captaincy. At the moment this procedure is applicable only to VHF radio communication, as it was envisioned at the time when this regulation was introduced. The law sector did not follow the development of the technology, and at present time there is a situation that the communication with the shore is prohibited, but there is no possibility for the Captaincy to verify if the ship-master respects this regulation – Captaincy simply can not control GSM, GPRS and satellite communication between the actors in inland waterway navigation process.

Non-consistent definitions within the regulations also present a problem. This is especially proven in real life in terms of radiology and health inspections of the vessels sailing on the Serbian stretch of the Danube. As it is described in this document, the revision of foreign vessels sailing from Romania, Bulgaria and other countries downstream towards Serbia is being performed in Veliko Gradiste. This means, in real life, that these vessels are passing approx. 80km of the river bank which belongs to the Republic of Serbia before they are being checked if they carry anything harmless or not. In case of increased radiation or if the vessel is carrying infected cargo or person(s) onboard, severe damage to the environment and population can be made before the revision (which includes radiology and health inspection) is performed.

Another problem was also proven in a real life - the need for connecting the Customs authorities with other relevant and responsible government organization is already identified. For example, in first 6 months of 2003, the Customs authorities identified more than 150 offences performed by the so called "Phantom" companies (Companies existing only on paper, with unknown address and owner, in most cases registered by means of forged documents) on various border crossings. Even though these companies have paid the customs duties, they have avoided making tax payments. Setting up of an appropriate communication system between the Customs and Tax Authorities is envisioned, in order to prevent such frauds.

In relation to the application of the modern technologies, there are also problems in terms of existing legal regulations. For example some of the technological achievements and products are not considered (or their

description is incomplete) by national regulations (e.g. application of the AIS Transponders is treated as an application of VHF radio station for use on inland waterways). Therefore, the authorization and permission for use of such devices and technologies is under the question mark, and in real life presents significant problem to person or legal entity which aims to use it on inland waterways. As a positive sign, the availability of AIS1 and AIS2 frequencies according the Basel Agreement is already on power.

Border control in Serbia is still being done by the Military forces, which is inheritance of previous regime. Even though some declarations were made, and high official decisions the transfer of jurisdictions is still in very early phase, and in real life the border is control by Army, but the official cross-border points are under the supervision of Police. It is not yet clear how and how fast this transfer will be done. Some confusions about the process and jurisdiction are existing among the people working at the field of the booth sides.

Corruption

The government of the former Federal Republic of Yugoslavia imposed a tax on businesses that benefited from favours under Milosevic. The commission in charge of investigating the abuses regularly publishes lists of extra profiteers – 271 persons in February 2002 – and ensures that the tax is collected. In September 2001, the former FRY also enacted legislation to make money laundering a criminal offence and requires banks and financial institutions to report all transactions in excess of 600,000 dinars (about US\$9,500) as of July 2002. Serbia also formed 26 anti-corruption fighting units to gather information through hotline numbers.

According to the teams' findings, the ministry of internal affairs and customs office are Serbia's most corrupt institutions. This of course reflects on ITW and cross-border issues, as well as restricted treatment of people and goods leaving the territory of Serbia.

Financial Problems

One of the more difficult problems in cross-border procedures, which interlace with other problems is lack of finances. This problem can be considered through several segments:

1. Existing facilities are in very poor condition. For example, at the Eastern border point Prahovo (where the revisions are being done according to the description given above) the Captaincy faces the problems of very old non-refurbished premises (the building has been constructed before the Second World War) which makes execution of their daily duties. Again, the position of the Captaincy office makes the visual traffic monitoring very difficult. Only one

telephone line is available. Nearby the Border police is situated, in improvised combination of container and constructed building which also influence execution of their duties.

2. Lack of finances caused that there is no available vessel neither for Captaincy, Police nor Customs which is operational at the moment, in Prahovo which is considered to be very important cross-border point on the Danube. By the time of writing this report the government of the Great Britain announced the donation to the Serbian Customs – several speed rubber boats which will support smuggling prevention and access of the authorized persons to the potential crisis spot.
3. Motivation of the persons in charge is rather low, due to low incomes (monthly salaries). In some cases this is strongly connected with the corruption or with situation that there is no real motivation for explicit application of existing regulations. It is very important to clarify that this is not a general behavior, but attitude of single persons. However, this should be taken into account as a very serious factor which might influence the entire process. Of course, lack of motivation for the authorized persons can slow down the process.
4. Financial problems influenced the quality of the existing equipment which is used within the process. It should be distinguished that there are “external” factors like it is described within the part of this document dealing with low level of ICT infrastructure. Besides, there are “internal” components which might influence how fast or slow the cross-border procedure will be done. Above all, the lack of modern data processing computers and modern means of communication between the actors in the process can slow down the process compared to the situation where the machine should wait for the humans command, unlike the actual situation where the operator should wait for machine to process relatively small amount of data.
5. Lack of waste management facilities within the cross-border operation points is another point which basically depends on financial situation. At the time being there is no such facilities available at any cross-border point in Serbia.

Knowledge and educational problems

Another topic to be addressed by this document is actual situation within the organizations and authorities responsible for cross-border operations concerning the actual education and capability of persons in charge to cope with the existing requirements.

In general, it can be claimed that the level of the education among the employees in Captaincies, Border Police and Customs authorities can be considered as low, compared to West-European countries. More worrying is lack of wish and ambition for further improvement of the existing knowledge which is noticeable among the operational structure but also within the management structures. Most of the people employed by responsible authorities are not able to use standard PC computer or their know-how on that is rather poor. In addition, language barriers for communication are also very strong. This is especially in relation to the Captaincies, since they are mainly responsible for execution of cross-border operations. Application of advanced modern technologies such as River Information Services by persons involved in the process would require very extensive approach and much efforts. Moreover, the worrying is non awareness of existence of some technologies, which require intensive and coordinated action for know-how transfer.

Other

The events from past 15 years influenced the entire IW sector. Indirectly cross border procedures suffered, since the fairway maintenance and marking is still very difficult. Marking the waterway for safe and fast navigation is one precondition for its efficiency but also for calculating the estimated time of arrival to be used for organization of cross-border procedures. At the time being the border line on the Danube River between Serbia and Croatia is not know at the moment. This makes lot of confusions, makes the cross-border procedures even more complicated and influences the marking of the waterway. This causes that the bridges on the Danube in this sector are not marked which influence the safety of navigation in cross border area. Also, marking one side of the waterway by each country without official communication also influence the safety and increases the costs. Nevertheless, much bigger problem is lack of communication among other authorities, for example border police and military forces, still responsible for control of the borders in Serbia. In real life this might slow down the navigation process, since in the cross-border area suspicion is heavily increased and followed by certain amount of tension (often based on psychological reasons) so additional controls and inspections might be done.

Another specific issue which influence the passing through cross-border area, at the Eastern border. Increased risk for navigation is present due to sunk German fleet from 2nd World War. At the low waters, the fairway is moved into aquatory of Port of Prahovo, which is dangerous, but not that much as the fact that there is no visible marking system to indicate moved fairway! This is caused by the fact that the responsible for the

maintenance and marking of waterway in this area is the Hydroplant system Djerdap, which operates under the Ministry of Energy. At the moment there is no willingness of the management of Djerdap to consider the necessity of marking the waterway, and on the other side due to slow and inefficient justice system there is no possibility to apply the regulation by law enforcement. Therefore, navigation is being done practically with high possible risk, relying on the skippers experience and information provided by Captaincy office.

Recommendations (Concluding remarks)

In the situation when the economy passed the crisis period and many aspects of the society were devastated it is difficult to chose the measures which would give the results, concerning the fact that entire IW sector should pass the period of transition and restructuring in order to adjust modern principles and to be able to cope with incoming requirements. Keyword might be alignment with European Strategy in relation of IW transport, national border-crossing related regulations, customs regulations and collaboration with neighboring countries on various levels in the issues of interest. However, this is also political issue, which is the task of the responsible persons and authorities.

Nevertheless, from the real life and from the technical aspect there are some specific recommendations to be made regarding the cross-border transport and operations on inland waterways in Serbia, which would be complementary to the existing initiatives:

1. Clarification and determination of the border line on common stretch between Serbia and Croatia, marking the fairway in the border areas in the cooperation with neighboring countries and solving of waterway marking at the sector of Prahovo. This is an issue to be done by responsible authorities, but it would be highly appreciated for increased efficiency of inland waterway transport in the cross-border area. Timeline for such development it is not possible to be estimated by this report.
2. Streaming towards European standards related to information exchange, referring especially to electronic information exchange among key authorities involved in cross-border information. This refers especially to the efforts and work of ERI (Electronic Report International) working group and application of ERI Cross-border software.
3. Introduction of the River Information Services based on European standards, at the key sections of the waterway network in following five years. First step would be provision of tactical traffic image for responsible authorities followed by national regulation for this area,

and the follow up would be implementation of all functionalities and services on key waterways in the area. Introduction of RIS would contribute to reduction of time required for cross-border procedures, but also in might reduce the corruption and smuggling of people and goods between the countries.

4. Making national efforts for know-how transfer and education of involved persons within the cross-border procedures at the field but also to the decision makers (provision of information, news, organizing presentations, workshops, seminars, training courses, issuing certificates, etc.). Extension of international technical cooperation, with the support of different financing programs in order to approach European initiatives and to become a part of it, would be required in the period of transition and approaching Serbia to EU.
5. Increasing the cooperation between the persons and authorities involved in the process, IW industry and organizations involved into research and development activities on the national level, contributing the increased efficiency of inland waterway transport.