

Annex B

Business process analysis

Fruits and Vegetables export

Republic of Moldova

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B1. Introduction

This annex provides a detailed assessment of the administrative processes associated with exporting fresh fruits and vegetables from the Republic of Moldova using the UNECE-UNESCAP business process analysis (BPA) methodology described in chapter one.¹ The products were selected based on their contribution to the Moldovan economy, measured in terms of its:

- Share in GDP.
- Share in total exports.
- Development prospects in terms of market diversification.

The analysis covers all the business processes typically undertaken by wine exporters during the buy-ship-pay operations. These processes are mapped using:

- Use-case diagrams (See Annex A, table A1.1)
- Business process flowcharts (using the Buy-Ship-Pay reference model)
- Time procedure charts

One company has been selected to serve as case study, based on its export profile. The selected company is one of the major exporters of fresh fruits, fresh vegetables and is based in the region of Transnistria.²

This BPA was carried out in late April - beginning of May 2016 by a UNECE consultant, who visited the company and conducted extensive interviews with its management. In addition, the consultant carried out interviews and consultations with officials of state agencies:

- Customs Service of the Republic of Moldova;
- National Food Safety Agency (ANSA);
- Local authorities in the region of Transnistria responsible for customs clearance and product certification.

The annex consists of 5 sections. The introduction is followed by a brief overview of the Republic of Moldova's fresh fruits and vegetables sector and the scope of the BPA. Section three provides the analysis of the business processes associated with the export of fruits and vegetables from the country. An overview of the export documents and time process charts comes next, leading to recommendations for the Government's consideration

B2. Domain of interest

¹ The joint UNECE/ESCAP Business Process Analysis Model (2012) is available online at: www.unescap.org/unnext/tools/business_process.asp

² The designation employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers of boundaries.

B.2.1 Product selection

As mentioned in chapter two of the study, the previous decade has seen the Moldovan economy register a structural transformation away from agriculture towards increased specialization in services, which accounted for 60 percent of GDP and absorbed more than 50 percent of the country's labour force in 2015. However, the move away from agriculture was underpinned by dwindling productivity, even as agriculture continued to dominate the country's exports and to constitute the main livelihood source for 57 percent of the population.

Fruits and vegetables accounted for 40 percent of total agricultural output and represented 45 percent of the country's total exports in 2015. Over 80 percent of the cultivated lands are used for growing low value products, such as crops, oil plants, sugar beet. Fruit and vegetable farms cover less than 6.5 percent of total agricultural lands, despite the favorable climatic conditions, and yield around 1 million tons of produce annually with apples, potatoes and tomatoes accounting for the bulk of the sector's total output.³

The majority of the lands are small, privately-owned farms, with 80 percent specialized in semi-subsistence activities. These farms have and continue to rely on CIS countries, particularly the Russian Federation, which have historically accounted for 97 percent of exports in volume terms.⁴ This was the case until mid-2000s, which saw the Russian Federation introduce reinforced quality and safety requirements on agricultural imports. Exporters were unable to meet these requirements. As mentioned in chapter three of the study, traders interviewed as part of this assessment noted that their shipments were rejected for containing high levels of heavy metals and pesticides

According to the selected exporter, in July 2014, the Russian Federation prohibited apples, pears, quinces, cherries, apricots, peaches and plums originating from the Republic of Moldova for failing to meet safety and quality requirements. It also introduced import duties on 20 categories of goods, including fresh fruits and vegetables. As a result, prices in major wholesale markets in Chisinau, Balti, Edinet, Ungheni and Cahul plummeted. For example, the price of one kilo of plums decreased from 12 MDL in July 2014 to 2.5 MDL in October 2014.

Moldovan producers exerted all efforts to find new markets in neighboring countries. This was also the case of the selected company that was able to more than triple its exports of apples and plums to Belarus by August 2014. However, the selected company's efforts to enter into European markets were met with limited success, as it was unable to meet the EU quality standards and SPS requirements.

The selected company also highlighted the importance of the west bank of the Nistru River (Moldova) as a main outlet of the region's exports of fresh fruits and vegetables. Similarly, farmers in Moldova attach great importance to the region of Transnistria, which provides the fastest and cheapest transit route for exports to CIS countries.

³ National Bureau of Statistics of the Republic of Moldova. The Statistics do not include data on enterprises and organizations on the east bank of the river and the municipality of Bender. According to experts interviewed as part of this BPA, the region of Transnistria accounted for around 30 percent of the Republic of Moldova's total agricultural output in 1991. In the absence of complete statistics that would allow for discerning the region's contribution to total agricultural output and exports, it is difficult to ascertain if this remains the case.

⁴ CIS countries also constitute the main outlet for agricultural produce originating in the region of Transnistria.

The selected company reported that the region of Transnistria saw the gradual easing of the Russian Federation's import restrictions on fruits and vegetables originating from the Republic of Moldova. The gradual easing, which commenced in February 2015, saw the lifting of import restrictions on apples originating from the region of Transnistria. In June 2015, the Russian sanitary service, Rosselkhoz nadzor, granted approval certificates to 18 exporters of fresh fruits, the majority of which were located in the region of Transnistria and Gagauz Yeri. The Russian Federation granted additional approval certificates, mainly to companies operating in the region of Transnistria, during the subsequent months.

At the end of 2015, Russian buyers expressed their interest in investing in the region of Transnistria's agricultural sector, in order to enable farmers to increase their exports of fruits and vegetables to the Russian Federation.

B2.2 Scope of the business processes

The analysis maps the day-to-day activities typically undertaken by fresh fruits and vegetable exporters against the core buy- ship- pay business processes, taking into account existing legislation and based on the following assumptions:

- Fresh fruits and vegetables are exported to CIS countries and the EU
- Fresh fruits and vegetables are transported by trucks
- The cargo is delivered under Carriage paid to (CPT) terms.⁵
- The payment is made through wire transfer.
- The organization of transport is undertaken by a freight forwarding company operating in Moldova or by an international freight forwarding company, since carriers registered with local authorities in the region of Transnistria are not recognized internationally (Chapter three).
- The trader uses the services of customs broker for handling all clearance procedures

B3. Core business processes

As shown in table B3.1, the export of fresh fruits and vegetables from the region of Transnistria involves 9 core business processes and 15 participants.

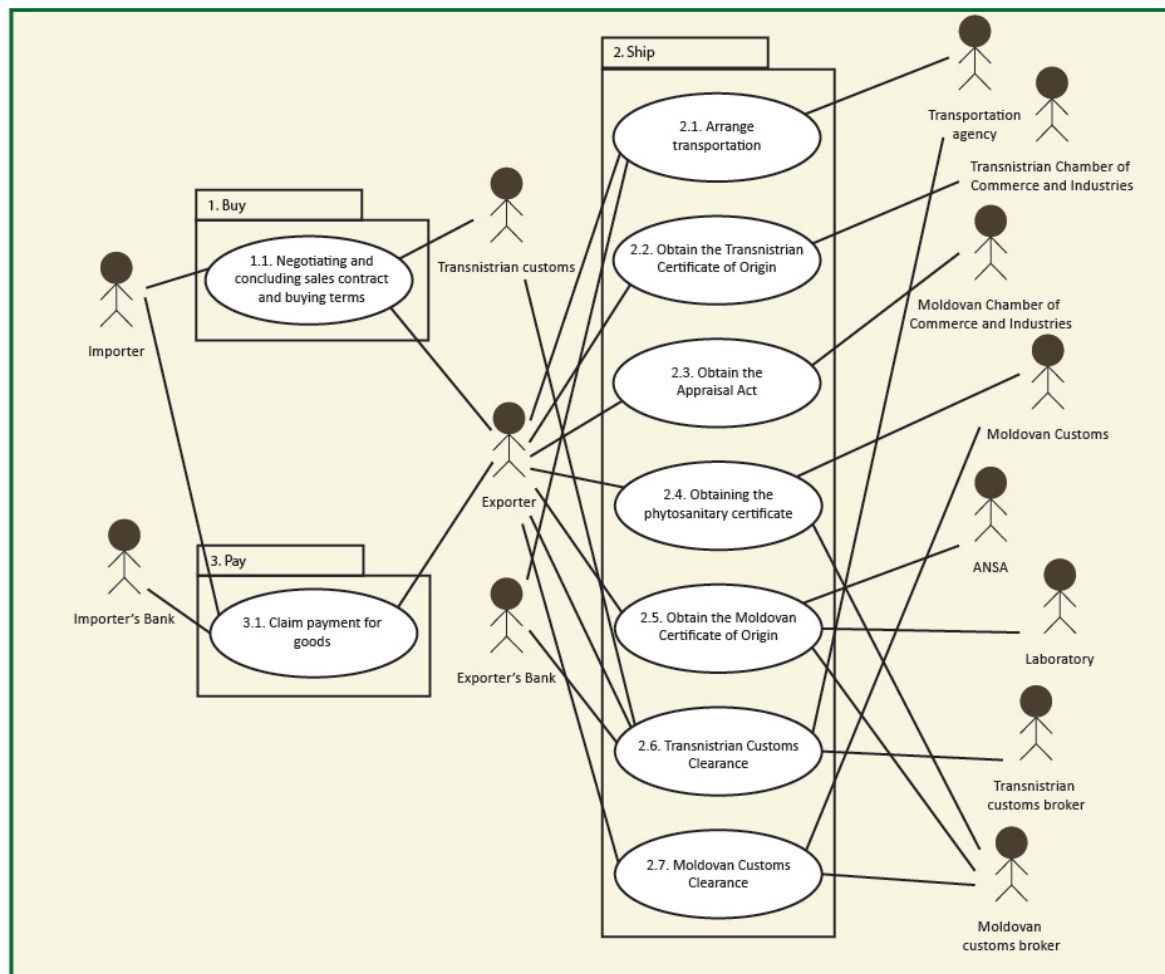
⁵ Under CPT terms, the seller delivers the goods to a carrier or to another person nominated by the seller, at an agreed upon place, and that the seller pays the freight charges to transport the goods to the specified destination. This means that the risk of damage or loss to the goods being transported is assumed by buyer once the goods are delivered to the carrier.

Table B3.1- Core business processes and stakeholders involved in wine exports

Party \ Core business process	Transportation Agency	Transnistrian Customs	Moldovan Customs	Transnistrian customs broker	Moldovan customs broker	Transnistrian Chamber of Commerce and Industry	Moldovan Chamber of Commerce and Industry	ANSA	Laboratory	Exporter's Bank	Exporter	Importer	Importer's Bank
1. Buy													
1.1. Negotiating and concluding sales contract and buying terms		X									X	X	
2. Ship													
2.1. Arrange transportation	X									X	X		
2.2. Obtaining the Transnistrian Certificate of Origin						X					X		
2.3. Obtaining the Appraisal Act							X				X		
2.4. Obtaining the phytosanitary certificate								X	X		X		
2.5. Obtaining the Moldovan Certificate of Origin			X		X						X		
2.6. Transnistrian Customs Clearance	X	X		X						X	X		
2.7. Moldovan Customs Clearance			X		X						X		
3. Pay													
3.1. Claim payment for goods											X	X	X

The core business processes are mapped in a use case diagram provided in figure B3.1, followed by a detailed analysis of each process

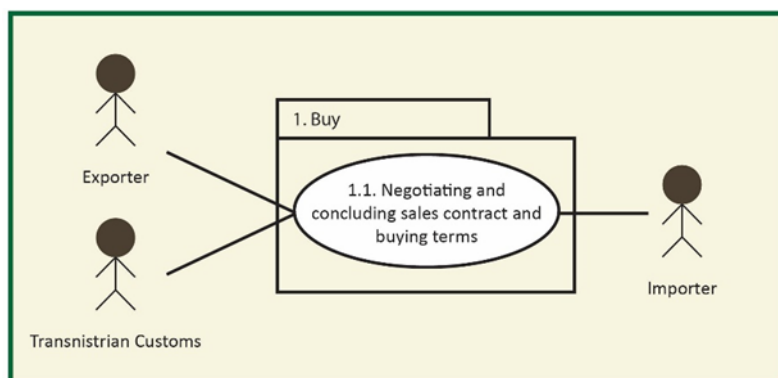
Figure B3.1- Core business processes associated with exporting fresh fruits and vegetables from the region of Transnistria



3.1 Buy

Core business process area 1.1: Negotiate and Conclude the Sales Contract

Figure B3.2- Negotiate and conclude the sales contract use case diagram



As shown in figure B3.2, the negotiations over the sales contract involve:

- Importer
- Exporter
- Transnistrian Customs.

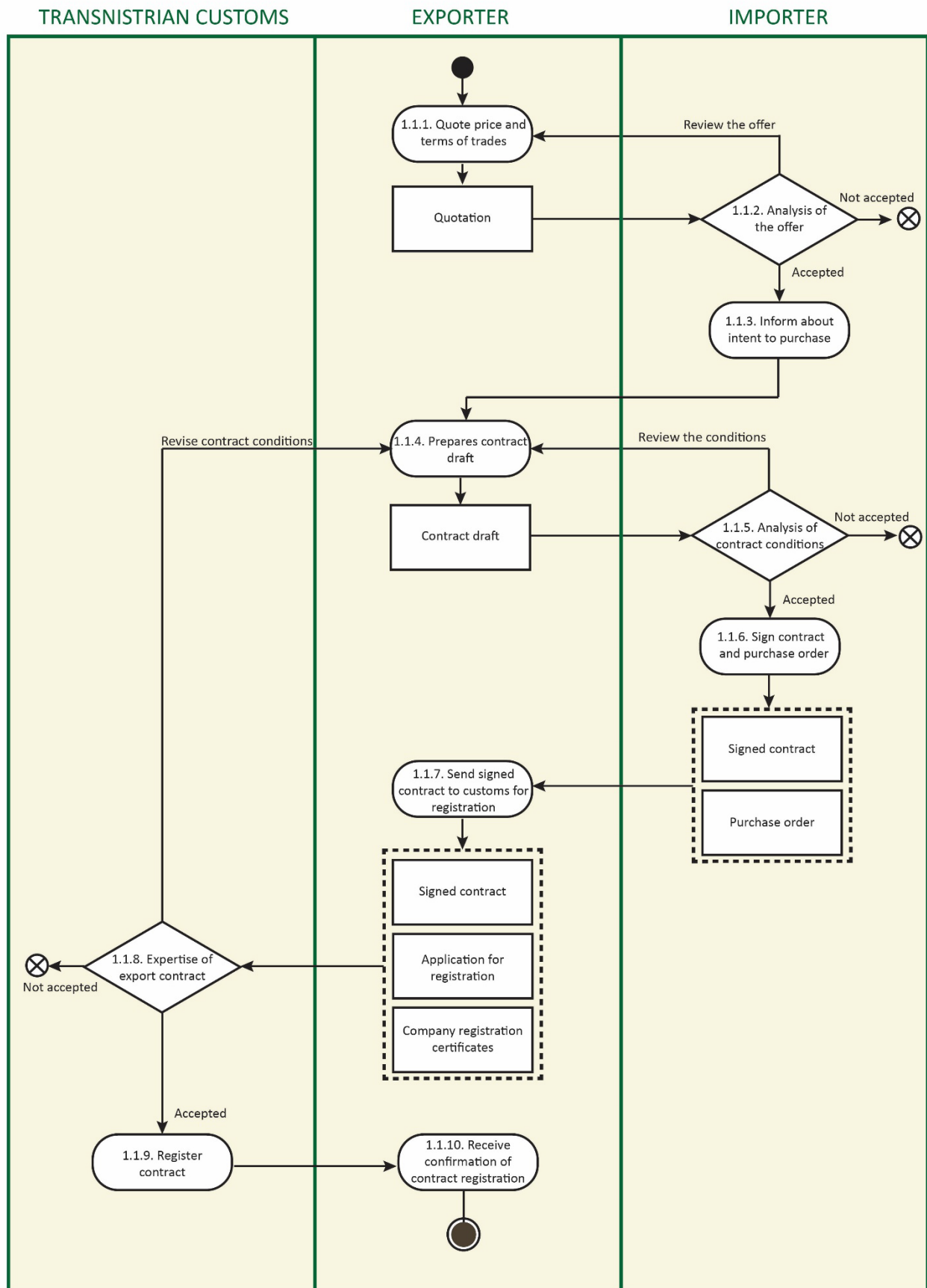
For exporters operating in the region of Transnistria, negotiations over the sales contract tends to be a lengthy process. The selected exporter invests much time and effort to gain the trust of foreign buyers, who perceive enterprises operating in the region as risky clients. The difficulties associated with making payments in foreign currencies add further complications. As mentioned in chapter three of the study, international payment can only be affected through local banks holding correspondent accounts with Russian banks and traders usually experience significant delays in receiving international payments.

Some exporters negotiate the sales contract through offshore companies, which they own as this enables them to open accounts in foreign currencies with internationally recognized banks. However, these exporters accrue additional costs in the form of offshore taxes, amounting to 3 percent of export contract value.

Once the sales contract is signed, exporters should register it with the local customs authorities in the region of Transnistria, following a procedure which involves assessing as to whether the contract terms are in line with local authorities' regulatory requirements. It usually takes 24 hours to register the contract if its terms were found to be in line with the region's requirements.

Delays occur if the sales contract is established in any language is than Russian (the official language of the region of Transnistira), as the trader has to present a notarized translation of the document. Moreover, if the assessment results in the introduction of changes in the contract and/or adding new annexes, the exporter has to inform the buyer and register the revised contract with the customs with the consequence of extending the negotiations process. The customs could also reject the exporter's request to register the contract if the sales terms do not comply with the local legislative requirements. Figure B3.3 maps the activities associated with negotiating and concluding the sales contract.

Figure B3.3- Negotiate and conclude the sales contract activity diagram

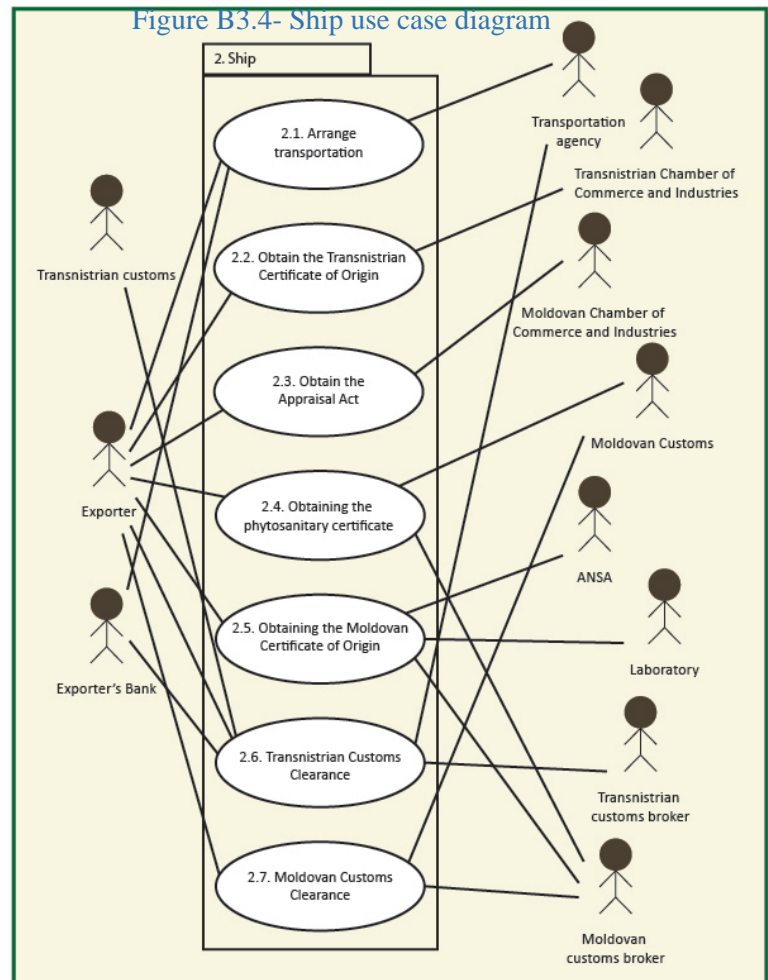


Name of process area	1. Buy
Name of Business process	1.1 Negotiating and concluding sales contract and buying terms
Process participants	<ul style="list-style-type: none"> • Exporter • Importer • Local customs authorities, region of Transnistria
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Incoterms • Local legislation governing foreign trade activities in the region of Transnistria
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has a list of buyers with recurring transactions. • Exporter is authorized to export fresh fruits and vegetables.
Activities and associated documentary requirements	<p>1.1.1. The Exporter prepares an offer, including price quotations and terms of sales.</p> <p>1.1.2. The Importer reviews the offer and either accepts the terms, suggests revisions or reject the offer altogether.</p> <p>1.1.3. The Importer accepts the offer and provides the Exporter with a purchase letter of intent.</p> <p>1.1.4. The Exporter acknowledges the letter and prepares a draft Sales Contract.</p> <p>1.1.5. The Importer analyses the conditions of the contract and decides as to whether to proceed with the purchase, revise the terms or withdraw from the negotiations.</p> <p>1.1.6. The Importer signs the contract and prepares a purchase order. The order, which details the terms and conditions for each shipment, is annexed to the Sales Contract.</p> <p>1.1.7. The Exporter submits the signed contract to the local customs authorities in the region of Transnistria for registration, together with the completed application form and the company registration certificate.</p> <p>1.1.8. The customs analyse the request for registration and assess the terms of the Sales Contract.</p> <p>1.1.9. If the contract meets the local regulatory requirements, the customs register the contract.</p> <p>1.1.10. The exporter receives the contract registration number</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • The Sales Contract is signed. • The contract is registered with the local customs authorities in the region of Transnistria. • The exporter can start preparing the goods for export.
Costs and resources	No costs
Average time required to complete the business process	1 week for concluding contract negotiations once the potential buyer expresses interest in purchasing the produce in question.

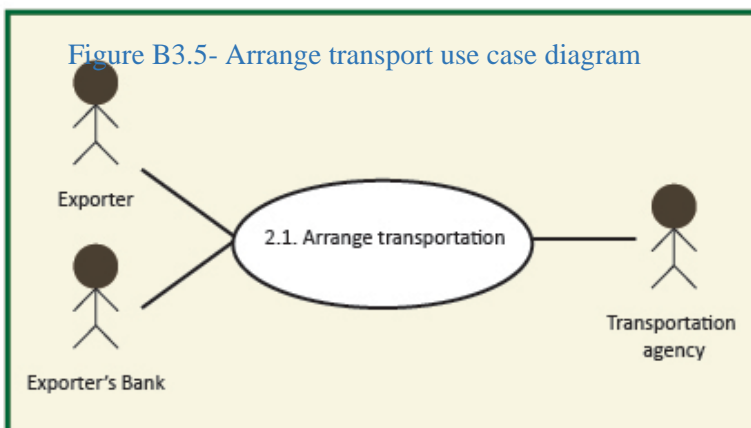
24 hours for registering the contract with the local customs authorities

3.2 Ship

The ship process area involves 7 core business processes, associated with obtaining the required trade documents and customs clearance (Figure B3.4). As mentioned in chapter three, this process area is complicated by repetitive submission of documents, as traders have to comply with the regulatory requirements of the Republic of Moldova and the local authorities in the region of Transnistria and pass customs clearance twice.



Core business process area 2.1: Arrange transport

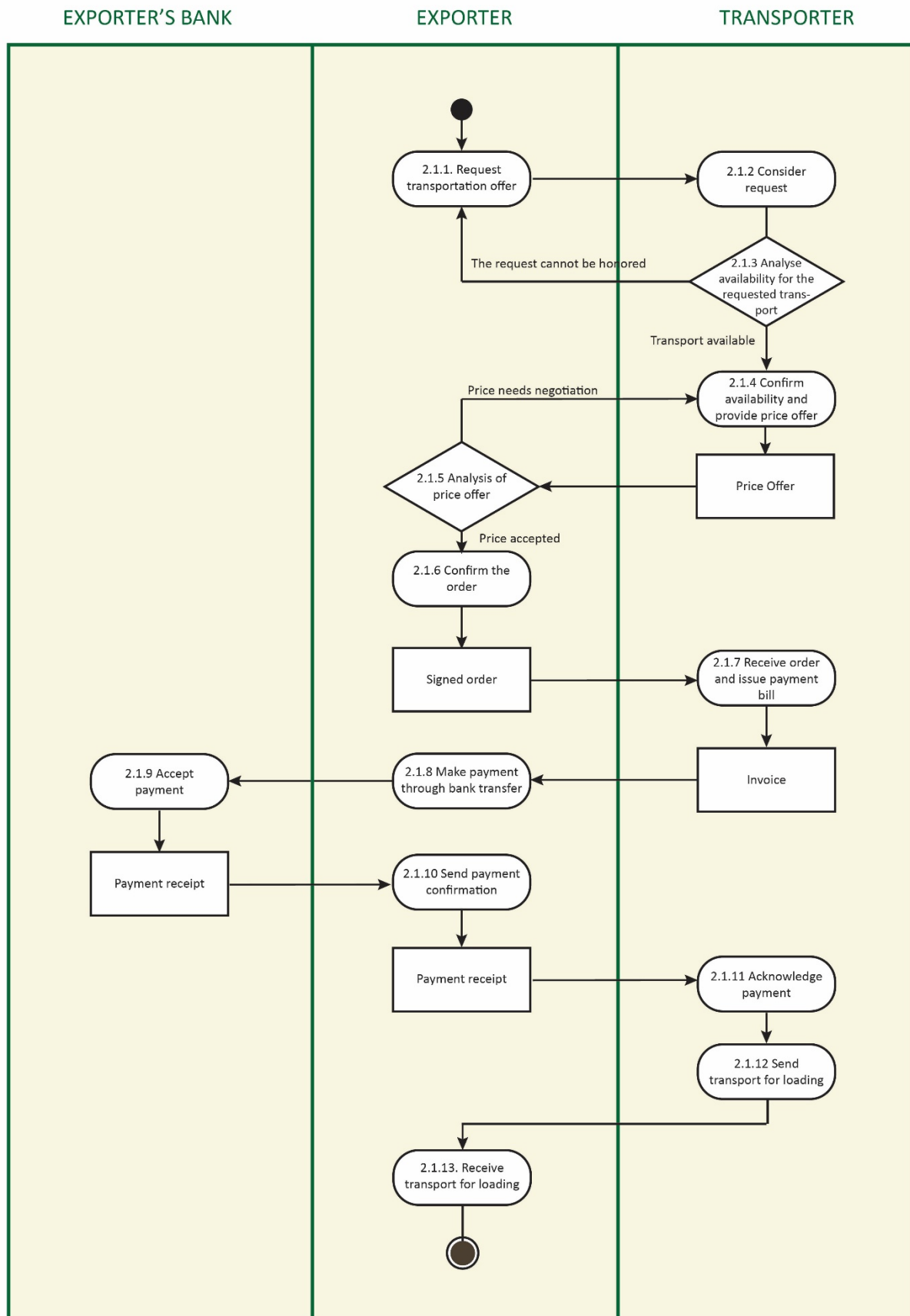


As shown in figure B3.5, arranging the transport of goods requires the participation of:

- Exporter or his/her representative
- Exporter's Bank
- Transport agency (freight forwarder)

Figure B3.6 maps the activities carried out by the trader.

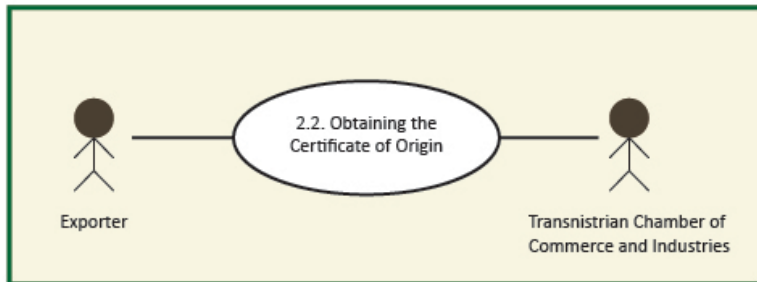
Figure B3.6- Arrange transport activity diagram



Name of process area	2. Ship
Name of Business process	2.1. Arrange transport
Process participants	<ul style="list-style-type: none"> • Exporter • Transportation agency • Exporter's Bank
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Local transport regulations in the region of Transnistria.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The Sales Contract has been signed.
Activities and associated documentary requirements	<p>2.1.1. The Exporter approaches an international freight forwarder with request for an offer.</p> <p>2.1.2. The Freight Forwarder Agency (FFA) receives and considers the request.</p> <p>2.1.3. The FFA analyses the availability for the requested transport vehicle and informs the exporter if the necessary vehicle is available on the scheduled delivery dates.</p> <p>2.1.4. If the vehicle is available, the FFA provides the exporter with a price quotation.</p> <p>2.1.5. The Exporter reviews the offer. If the offer is not convenient, the Exporter informs the FFA and negotiates a reduced price.</p> <p>2.1.6. Once the two sides reach an agreement, the Exporter confirms through a Signed Order.</p> <p>2.1.7. The FFA acknowledges the receipt of the signed order and issues a payment invoice.</p> <p>2.1.8. The Exporter makes the payment by bank transfer.</p> <p>2.1.9. The Exporter's bank issues the Payment Receipt.</p> <p>2.1.10. The Exporter sends the Payment Receipt to the FFA.</p> <p>2.1.11. The FFA prepares the transport documents</p> <p>2.1.12. The FFA sends the vehicles for loading.</p> <p>2.1.13. The Exporter receives the necessary vehicle for transport.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • The transport documents have been obtained and are in order • The vehicle is dispatched to the exporter's warehouse.
Costs and resources	<ul style="list-style-type: none"> • The transport costs are born by the Importer (they are deducted from the payment).
Average time required to complete the business process	3 days

Core business process area 2.2: Obtain the Certificate of Origin from local authorities, region of Transnistria

Figure B3.7- Obtain Certificate of Origin from local authorities , region of Transnistria use case diagram

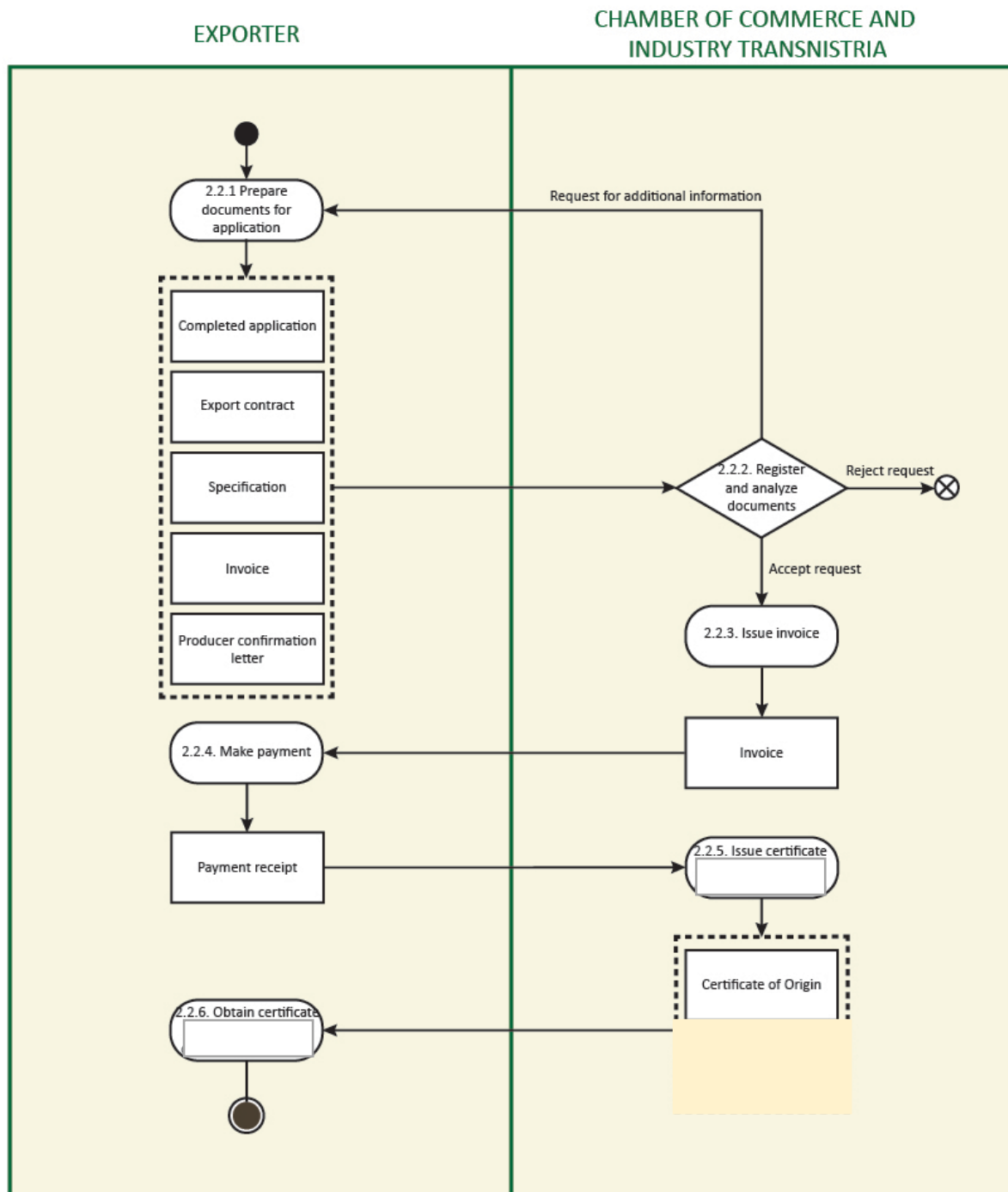


As shown in figure B3.7, Obtaining the Certificate of Origin from local authorities in the region of Transnistria requires the participation of

- Exporter or Representative
- Chamber of Commerce and Industry, region of Transnistria

Figure B3.8 maps the activities carried out by the participants

Figure B3.8- Obtain the Certificate of Origin from local authorities (region of Transnistria) activity diagram

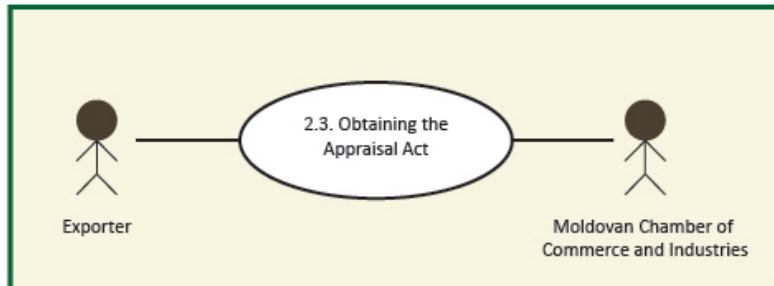


Name of process area	2. Ship
Name of Business process	2.2. Obtain the Certificate of Origin from local authorities, region of Transnistria
Process participants	<ul style="list-style-type: none"> • Exporter • Chamber of Commerce and Industry, region of Transnistria
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Regulatory requirements, region of Transnistria

Name of process area	2. Ship
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has concluded the sales contract and has received a registration number from the customs authorities, region of Transnistria.
Activities and associated documentary requirements	<p>2.2.1. The Exporter submits the completed application form support documents for obtaining the Certificate of Origin:</p> <p>2.2.2. The Chamber of Commerce and Industry registers and analyses the completed application form and support documents.</p> <p>2.2.3. If the documents are in order, the Chamber of Commerce and Industry approves the submitted documents and issues the invoice.</p> <p>2.2.4. The Exporter makes the payment and provides the payment receipt to the institution.</p> <p>2.2.5. The Chamber of Commerce and Industry issues the Certificate of Origin.</p> <p>2.2.6. The Exporter obtains the Certificate of Origin.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • The Certificate of Origin is received by the Exporter
Costs and resources	600 Transnistrian ruble
Average time required to complete the business process	1 day

Core business process area 2.3: Obtaining the Appraisal Act from the Republic of Moldova

Figure B3.9- Use case diagram for obtaining the appraisal act from the Republic of Moldova



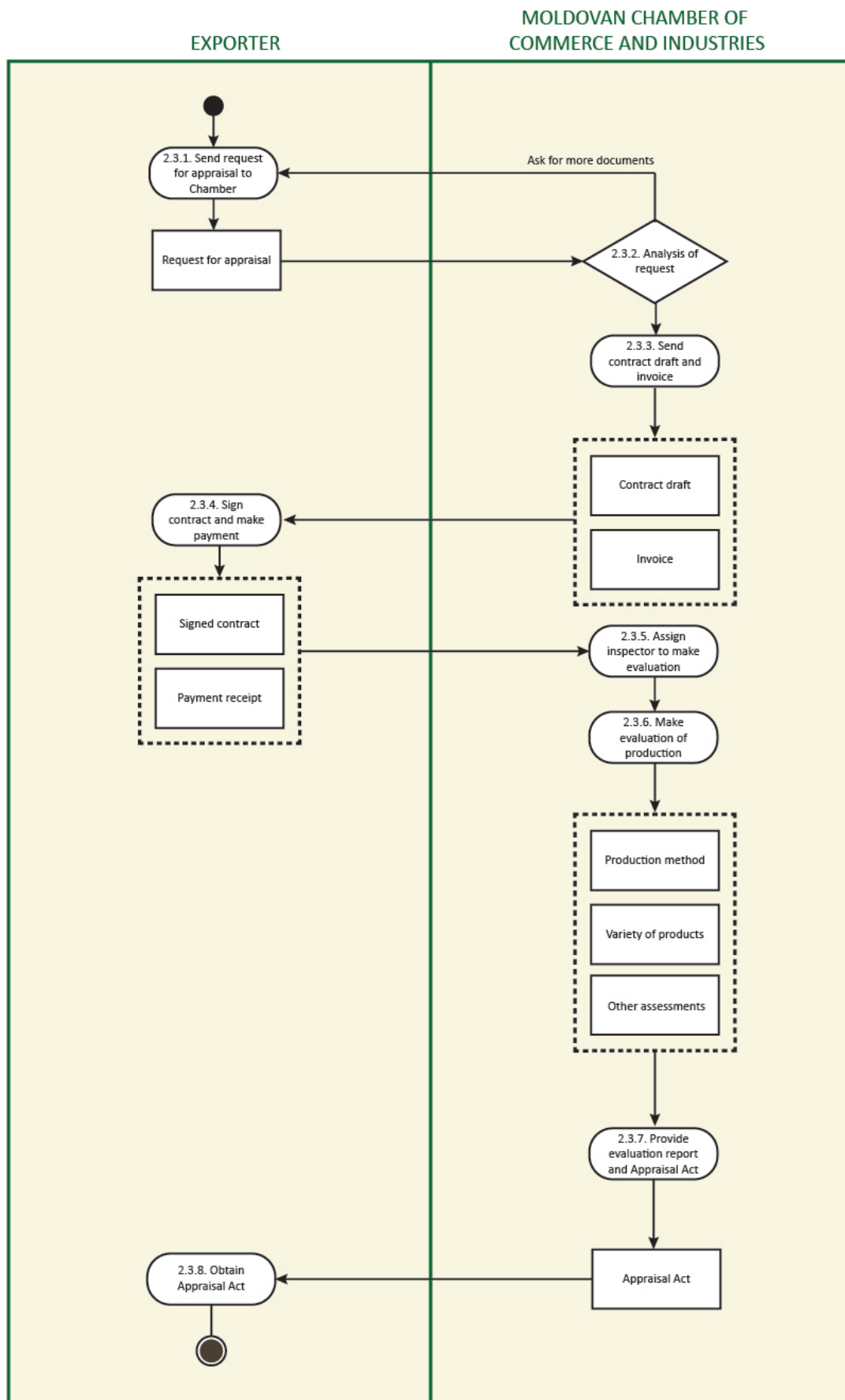
As shown in figure B3.9, obtaining the Appraisal Act from the Republic of Moldova requires the participation of :

- Exporter.
- Chamber of Commerce and Industry, Republic of Moldova.

Exporters of fresh fruits and vegetables should submit an appraisal act with each shipment. As explained by the selected company, this requirement is due to the fact that several companies/farms export not only their produce but also the produce of smaller companies/farms that lack the experience in foreign trade. The appraisal act is issued by the Chamber of Commerce and Industry and its subsidiary branches. However, complications arise in the absence of a standardized form. Each branch has its own form (with marked differences in the layout, terminologies and number of pages), rendering a situation whereby the Moldovan Customs Authorities rejects the certificate of appraisal or requests the exporter to provide a revised certificate. To avoid delays, exporters often resort to informal payments.

Figure B3.10 maps the activities carried out by the participants

Figure B3.10-
Obtain the Appraisal Act activity diagram



Name of process area	2. Ship
Name of Business process	2.3. Obtaining the Appraisal Act
Process participants	<ul style="list-style-type: none"> • Exporter • Moldovan Chamber of Commerce and Industry (CoCI)
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Regulatory requirements, region of Transnistria
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has chosen the product batches for export.
Activities and associated documentary requirements	<p>2.3.1. The Exporter sends the request for appraisal to the Moldovan Chamber of Commerce and Industry along with the support documents.</p> <p>2.3.2. The Moldovan Chamber of Commerce and Industry analyses the request and support documents and decides as to the need for further documents.</p> <p>2.3.3. The Moldovan Chamber of Commerce and Industry sends a draft contract and the invoice for payment for the appraisal services.</p> <p>2.3.4. The Exporter signs the contract, makes the payment and provides the payment receipt.</p> <p>2.3.5. The Moldovan Chamber of Commerce and Industry assigns an inspector conduct the onsite evaluation.</p> <p>2.3.6. The inspector visits the storage facilities of the Exporter. The inspector evaluates the production methods, and the goods designed for export.</p> <p>2.3.7. The inspector provides the evaluation report and the Appraisal Act.</p> <p>2.3.8. The Exporter obtains the Appraisal Act.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter has obtained the Appraisal Act.
Costs and resources	up to 1800 MLD
Average time required to complete the business process	3 days.

Core business process area 2.4: Obtain phytosanitary certificate from the Republic of Moldova

Figure B3.11- Obtain phytosanitary certificate
use case diagram

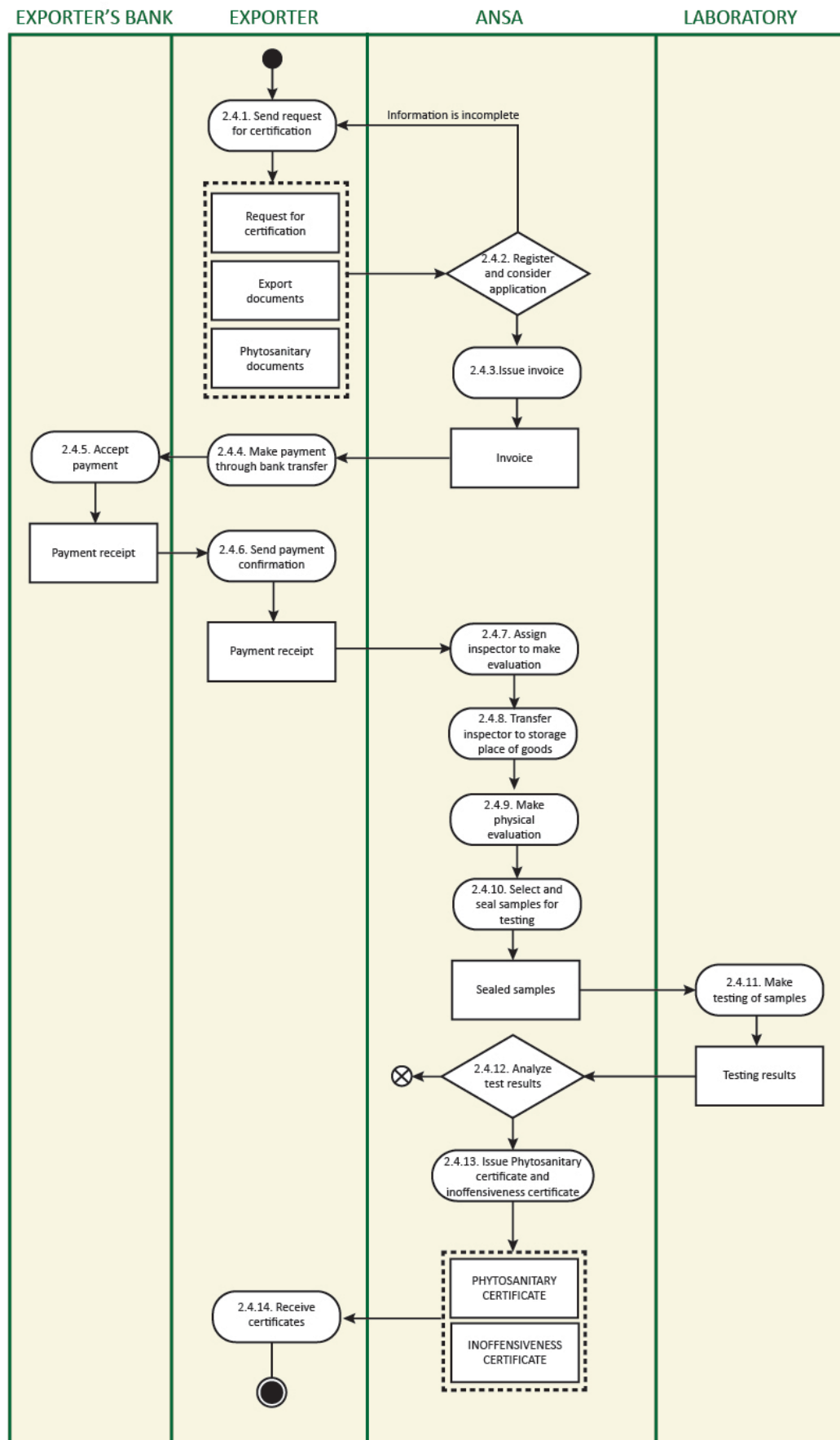


As shown in figure B3.11, Obtaining the phytosanitary certificate requires the participation of:

- Exporter or Representative
- Exporter's Bank
- National Agency for food products safety (ANSA), Republic of Moldova
- Testing laboratory

Fresh fruits and vegetables originating from the region of Transnistria are invariably tested as part of the procedures for issuing the phytosanitary certificates, since the ANSA inspectors do not have regular access to the farms and warehouse facilities to conduct regular inspections during the harvest season. Figure B3.12 maps the activities carried out by the participants

Figure B3.12- Obtain the phytosanitary certificate activity diagram

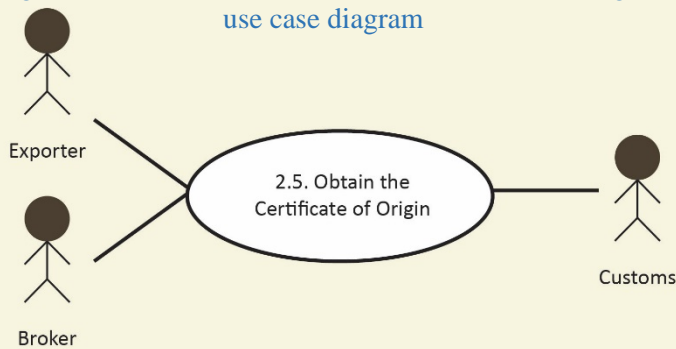


Name of process area	2. Ship
Name of Business process	2.4. Obtain phytosanitary certificate
Process participants	<ul style="list-style-type: none"> • Exporter • Exporter's Bank • ANSA • ANSA Laboratory
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Law no. 228 of 23.09.2010 on plant protection and phytosanitary quarantine.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The consignments have been assembled at the exporter's warehouse facilities and are ready for shipment.
Activities and associated documentary requirements	<p>2.4.1. The Exporter submits the filled in request from along with the support documents</p> <p>2.4.2. The agency receives and considers the offer request. If the information is incomplete, the agency may ask for further information.</p> <p>2.4.3. If the list of documents is complete, ANSA issues the invoice for the services of certification.</p> <p>2.4.4. The Exporter receives the payment invoice and makes the payment through bank transfer.</p> <p>2.4.5. The Exporter's bank accepts the payment and issues the Payment Receipt.</p> <p>2.4.6. The Exporter sends the Payment Receipt to the certification agency.</p> <p>2.4.7. ANSA acknowledges the payment and assigns an inspector to make the evaluation.</p> <p>2.4.8. The ANSA assigned inspector visits the warehouse facilities of the exporter .</p> <p>2.4.9. The inspector conducts physical evaluation to identify first evidence of potential fruit/vegetables diseases.</p> <p>2.4.10. The inspector takes samples if the consignment is suspected of being infested with harmful organisms, seals the samples in special containers and dispatches the samples to the laboratory.</p> <p>2.4.11. The laboratory conducts the tests and issues the results.</p> <p>2.4.12. ANSA analyses the test results.</p> <p>2.4.13. If the results are in order and meets the regulatory requirements, the ANSA issues the phytosanitary certificate, together with the inoffensiveness certificate, if the goods are destined to the Russian Federation.</p> <p>2.4.14. The Exporter receives the certificates.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter receives the phytosanitary certificate.
Costs and resources	<ul style="list-style-type: none"> • The price of the certificate is calculated depending on the type of product and the number of hours invested in the filed visit. Costs are range between 1500-1750 MLD per batch , including the laboratory tests

Average time required to complete the business process	3 days if the support documents are in order
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Core business process area 2.5: Obtain the Moldovan Certificate of Origin

Figure B.13- Obtain the Moldovan Certificate of Origin use case diagram

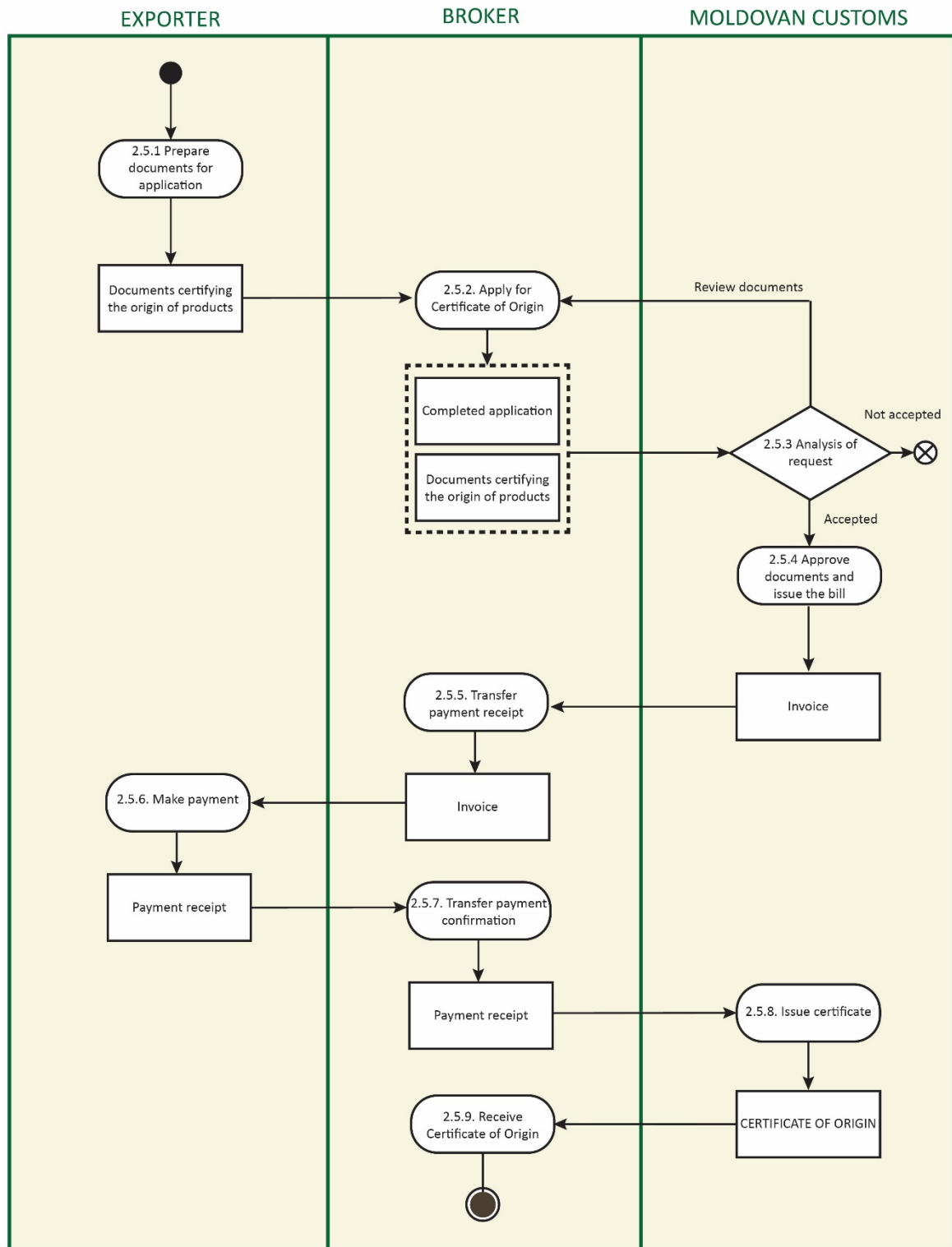


As shown in figure B.13, obtaining the certificate of origin for shipments destined to the EU requires the participation of:

- Exporter or Representative
- Broker
- The Customs Service of the Republic of Moldova

Even as companies operating in the region of Transnistria could apply directly to the Customs Service of the Republic of Moldova, the majority opt to use the services of customs brokers. This is mainly because companies have limited knowledge of the administrative procedures and regulatory requirements associated with obtaining this trade document. Figure B.14 maps the activities carried out by the exporter.

Figure B.14- Obtain the Certificate of Origin activity diagram



Name of process area	2. Ship
Name of Business process	2.5. Obtain the certificate of origin
Process participants	<ul style="list-style-type: none"> • Exporter

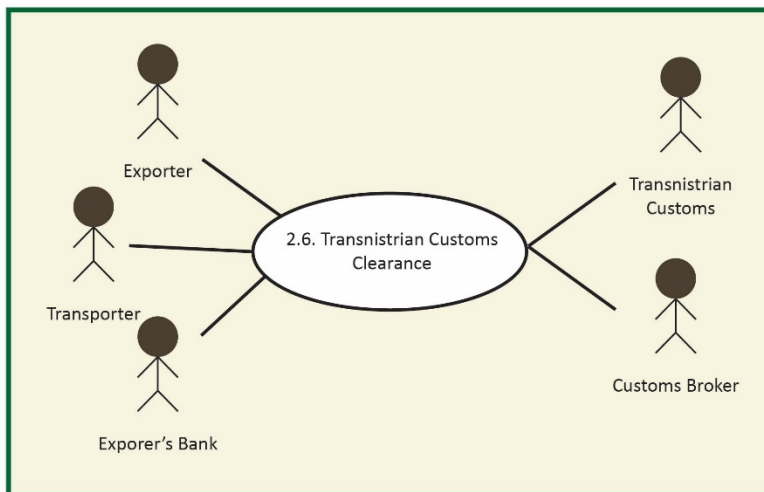
	<ul style="list-style-type: none"> • Customs Authorities, Republic of Moldova • Customs broker
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Custom Code nr.1149-XIV from 20.07.2000 • Law no. 1380 of 20.11.1997 on Customs tariff • Government Decision no. 1599 from 13.12.2002 regarding rules of origin of goods • Government Decision nr.761 from 17.09.2014 regarding the approval of the Regulation on completion, authentication, issuing and control of preferential certificates of origin of goods • Customs Service Order no. 412-O from 23.09.2014 regarding norms for completion of preferential certificates of goods
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has contracted a customs broker and has obtained all the necessary support documents (certifying the origin of the products) that should be submitted along with the complete application form
Activities and associated documentary requirements	<p>2.5.1. The Exporter provides the Broker with the documentary requirements for submitting the application.</p> <p>2.5.3. The Broker fills out the application and submits to the Customs authorities along with the support document.</p> <p>2.5.3. The Customs Office registers the application and analyses the submitted documents.</p> <p>2.5.4. If the application request and support documents are in order, the Customs Office approves the submitted documents and issues the bill/invoice for duty payment.</p> <p>2.5.5. The Broker sends the payment receipt to the Exporter.</p> <p>2.5.6. The Exporter makes the payment to the Broker and sends the Payment Confirmation Receipt.</p> <p>2.5.7. The Broker transfers the payment to the Moldovan customs, and provides the Payment Receipt.</p> <p>2.5.8. The Customs receives the payment confirmation and issues the Certificate of Origin.</p> <p>2.5.9. The Broker receives the Certificate of Origin.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • The Certificate of Origin is received by the Broker.
Costs and resources	6 EUR + VAT
Average time required to complete the business process	3 days

Core business process area 2.6: Pass Customs Clearance, the region of Transnistria

Figure B.15- Customs Clearance, the region of Transnistria
use case diagram

As shown in figure B.15 passing the customs clearance in the region of Transnistria requires the participation of:

- Exporter or Representative



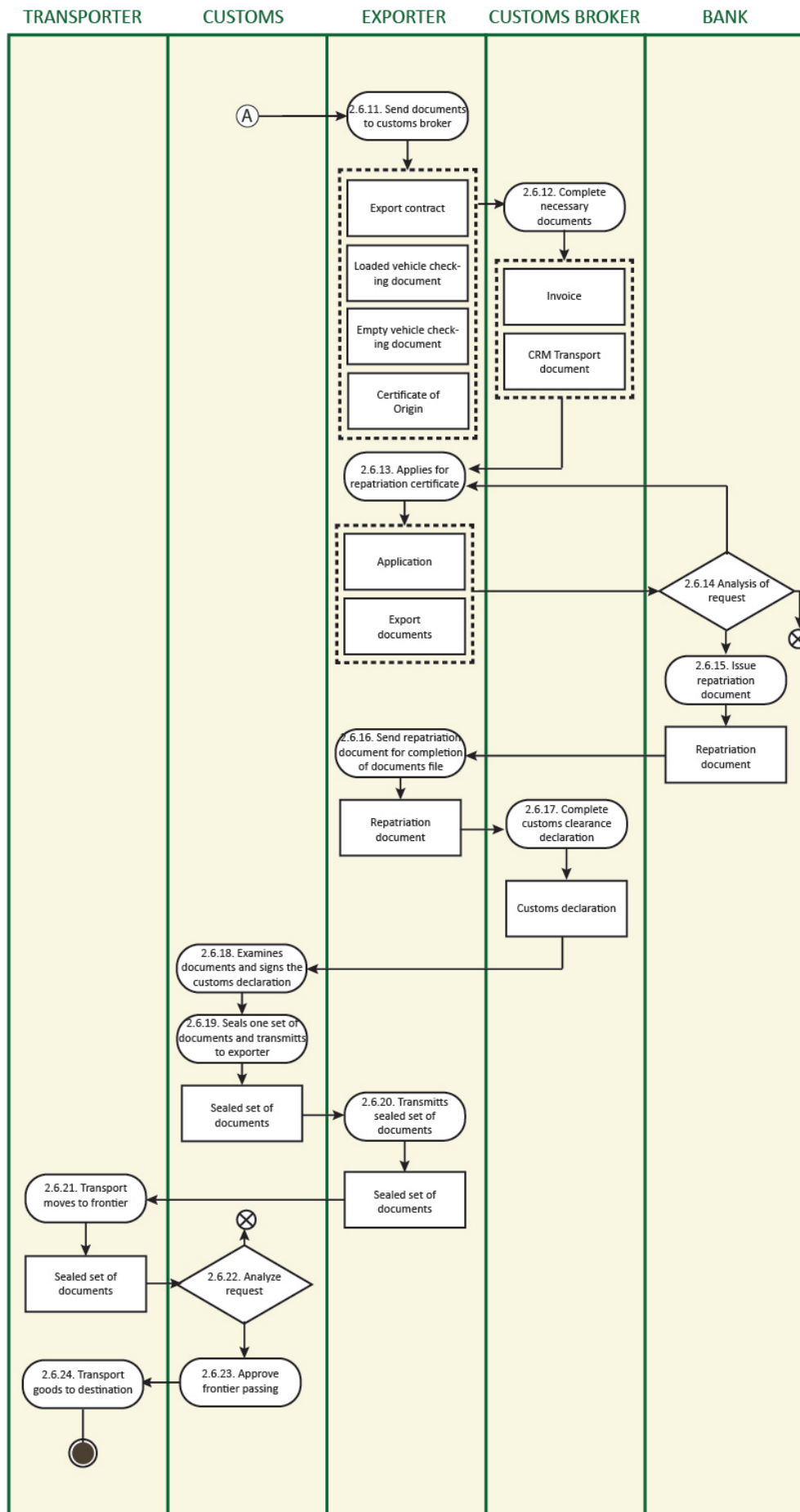
- Transport operator
- Exporter's Bank
- Customs Broker
- Local customs authorities, region of Transnistria

In 2016, the local customs authority in the region of Transnistria launched an online system, which allows traders to submit customs declarations

online from their own offices. However, traders reported that they were still unable to submit the declarations electronically, despite installing the required software, due to technical shortfalls in the Customs system.

Moreover, customs clearance procedures tend to be complex, so that they pose a significant disincentive to trade, especially for small companies. Most significant in this respect are the procedures associated with vehicle weighing. Interviewed traders reported that the weighing of vehicles is carried out using a special scale, accredited by the Customs and costs 100 rubbles per vehicle (if empty) and 200 rubbles per vehicle (if loaded). If a company opts for using its own scale, it should first accredit the scale, which involves assuming additional costs in the order of €900 per year (paid in three instalments), in addition to customs service fees in the order of 240 rubbles per hour per shipment (as customs dispatches an officer to monitor the loading of goods). The customs service fee can reach prohibitive levels, since the loading process can extend for several hours, and in the case of large shipments, an entire day. Figure B.16 maps the activities associated with passing customs clearance, region of Transnistria.

Figure B.16-. Pass Customs Clearance, region of Transnistria ” activity diagram

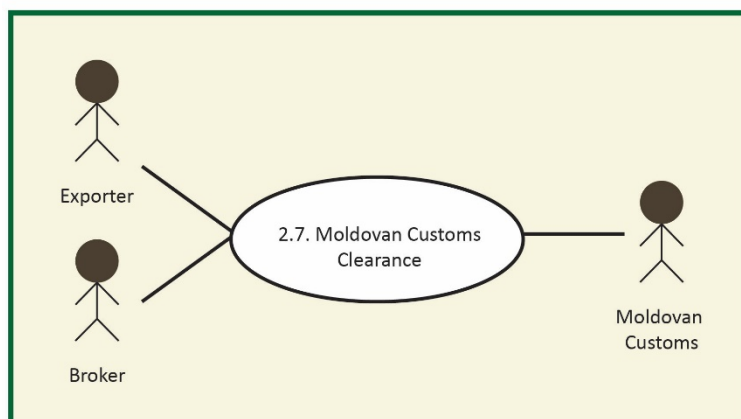


Name of process area	2. Ship
Name of Business process	2.6. Customs Clearance, region of Transnistria
Process participants	<ul style="list-style-type: none"> • Exporter or Representative • Transporter • Exporter's Bank • Customs Broker • Transnistrian Customs
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Regional Legal framework
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Goods are ready for shipment.
Activities and associated documentary requirements	<p>2.6.1. The Exporter notifies the customs authorities.</p> <p>2.6.2. The Customs sends an officer to monitor the loading process and associated procedures.</p> <p>2.6.3. The Customs officer weights the empty vehicle before loading the goods and issues a checking document accordingly.</p> <p>2.6.4. Once the document is issued, the Exporter loads the vehicle with the goods destined for export.</p> <p>2.6.5. The Customs officer weights the loaded vehicle and issues a Loaded vehicle checking document.</p> <p>2.6.6. The Customs officer seals the loaded vehicle .</p> <p>2.6.7. The Exporter loaded vehicle is dispatched to the Customs terminal.</p> <p>2.6.8. The Transporter moves the goods to the Customs terminal.</p> <p>2.6.9. Transporter signs a custody contract and leaves the loaded goods in the custody of the Customs.</p> <p>2.6.10. The Customs receive the custody of loaded goods, and the vehicle is stationed at the Customs warehouse.</p> <p>2.6.11. The Exporter sends support documents to customs broker.</p> <p>2.6.12. Based on the provided documents, the customs broker completes the invoice and the CRM transport document and sends them to the Exporter.</p> <p>2.6.13. The Exporter applies for the repatriation certificate at the Bank, by annexing the completed application and all the export documents, including the ones provided by the Customs officer and the customs broker.</p> <p>2.6.14. The bank reviews the request and decides as to whether additional support documents are needed.</p> <p>2.6.15. The bank issues the repatriation certificate.</p> <p>2.6.16. The Exporter sends the repatriation certificate to the customs broker</p> <p>2.6.17. The broker completes the customs clearance declaration and prints it in 3 copies for eventual signature by the Transnistrian customs.</p> <p>2.6.18. The Customs examine the documents for signature. The customs retains a copy of the customs declaration.</p>

	<p>2.6.19. The Customs seal one set of export documents, containing the document provided by the broker and the customs clearance declaration.</p> <p>2.6.20. The Exporter transmits the sealed set of documents to the transporter.</p> <p>2.6.21. The Transporter moves to the frontier and submits the sealed set of documents to the Customs officer.</p> <p>2.6.22. The Customs officer reviews the documents.</p> <p>2.6.23. The Customs approve the vehicle for frontier passing.</p> <p>2.6.24. The Transporter moves the goods to the destination.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • The vehicle is released for passing customs clearance
Costs and resources	<p>240 rubles/hour for Customs officer during office hours, 480 rubles/hour outside of office hours;</p> <p>100 rubles for empty vehicle checking and 200 rubles for loaded vehicle checking;</p> <p>900 euro/year for accreditation of the personal scale.</p>
Average time required to complete the business process	2-3 days

Core business process area 2.7: Passing Moldovan Customs Clearance

Figure B.17- Moldovan customs clearance use case diagram



As shown in figure B.17, passing the Moldovan Customs requires the participation of:

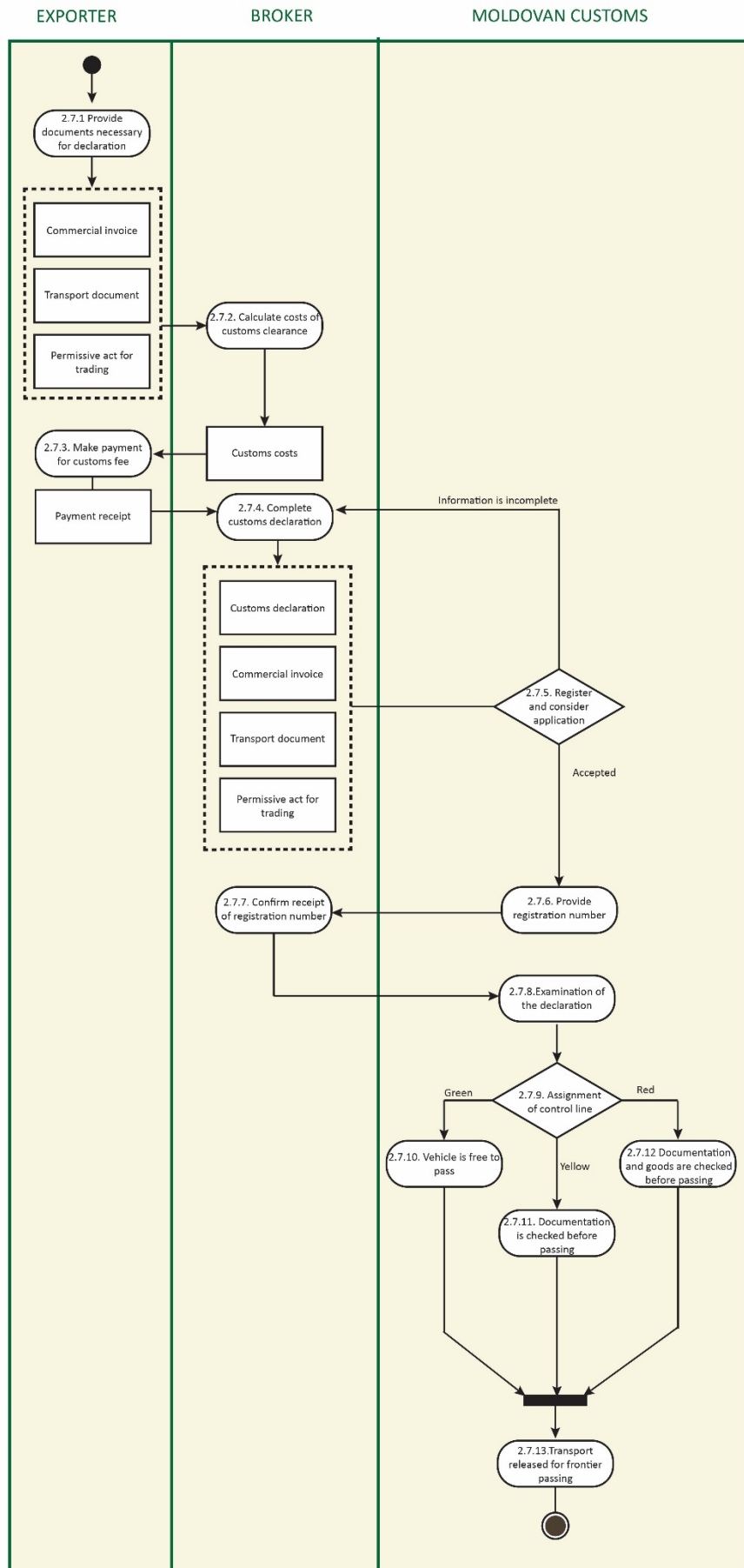
- Exporter or Representative
- Custom Service of the Republic of Moldova
- Customs broker

The customs legislation in the Republic of Moldova does not differentiate between companies operating in west and east banks of the Nistru River.⁶ Moreover, since 2013, exporters could submit customs declarations electronically, either directly or through customs brokers.⁷ Figure B.18 maps the activities carried out under this core business process.

⁶ See, Republic of Moldova Order No.292 of 25 June 2013 “Regarding the facilitation of exports of goods”

⁷ See Republic of Moldova Government Decision No 904 of 13 June 2013 on “Regulation on electronic customs procedure applied to exported goods”.

Figure B.18- Moldovan customs clearance activity diagram



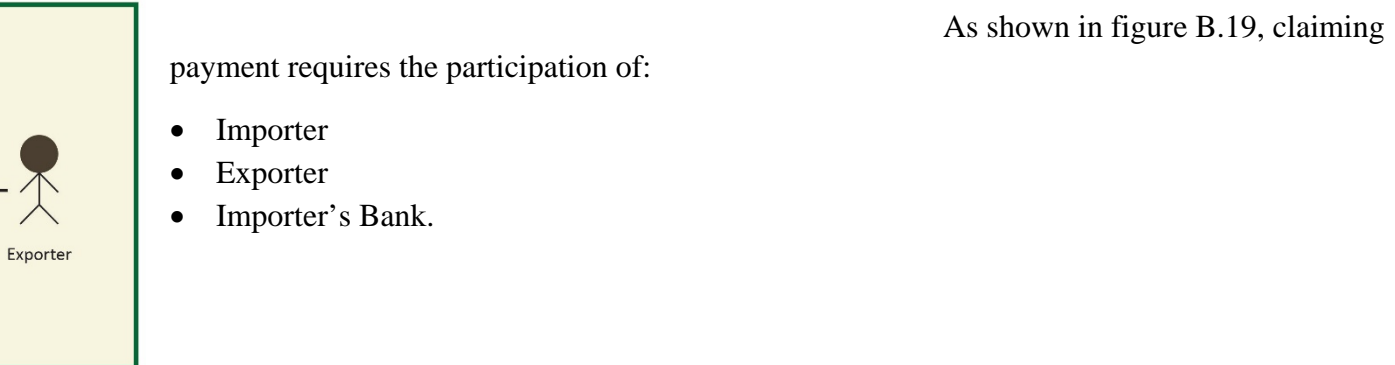
Name of process area	2. Ship
Name of Business process	2.7. Customs Clearance
Process participants	<ul style="list-style-type: none"> • Exporter • Customs • Broker
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Order on approving the technical norms regarding the printing, use and completing the customs declaration in detail no. 346-A of 24.12.2009; • Government Decision no. 1140 from 02.11.2005; • Order no.519-o from 29/12/2014; • Government Decision no 904, June 13, 2013 “Regulation on electronic customs procedure applied to exported goods”; • Customs Service Order no.292, June 25, 2013 “Regarding the facilitation of exports of goods”.
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • The customs broker is registered with Customs as a user of ASYCUDA <i>World</i>. • Goods have been loaded and are ready for shipment. • Customs duties have been paid and the shipment has been approved.
Activities and associated documentary requirements	<p>2.7.1. The Exporter sends the Broker the required support documents</p> <p>2.7.2. The Broker calculates the costs of the customs duty fees and informs the Exporter. The customs costs are calculated as a percentage of the total value of the exported goods.</p> <p>2.7.3. The Broker submits the customs declaration online</p> <p>2.7.4. If the information is incomplete, the system will automatically inform the Broker.</p> <p>2.7.5. If the submission is in order, the system generates a registration number.</p> <p>2.7.6. The Broker acknowledges the registration number by providing the digital signature.</p> <p>2.7.7. Within a maximum of one hour, the system will provide the information regarding the line through which the shipment is approved to pass. The Customs declaration is electronically examined by the Customs inspector.</p> <p>2.7.8. The declaration received by the Customs Service is assigned automatically to one of the SIIV ASYCUDA <i>World</i> processing lanes: red, yellow and green.</p> <p>2.7.9. If the shipment is assigned to the green lane, goods are cleared without any further control.</p> <p>2.7.10. If the shipment is assigned to the yellow lane, goods are cleared after a documentation control.</p> <p>2.7.11. If the declaration was assigned to the red lane, goods are cleared after the documentation control and the physical control of goods.</p> <p>2.7.12. If the transportation vehicle meets the assigned lane’s requirements, the shipment is released for frontier passing.</p>

Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter receives a message from system inclusive of a Declaration's reference number notifying that the Export Declaration has been accepted. • The status of Export Declaration has been updated to Export Declaration ready for customs release. • Goods are released
Costs and resources	480 MLD (cost of custom broker services)
Average time required to complete the business process	1 hour

3.3 PAY

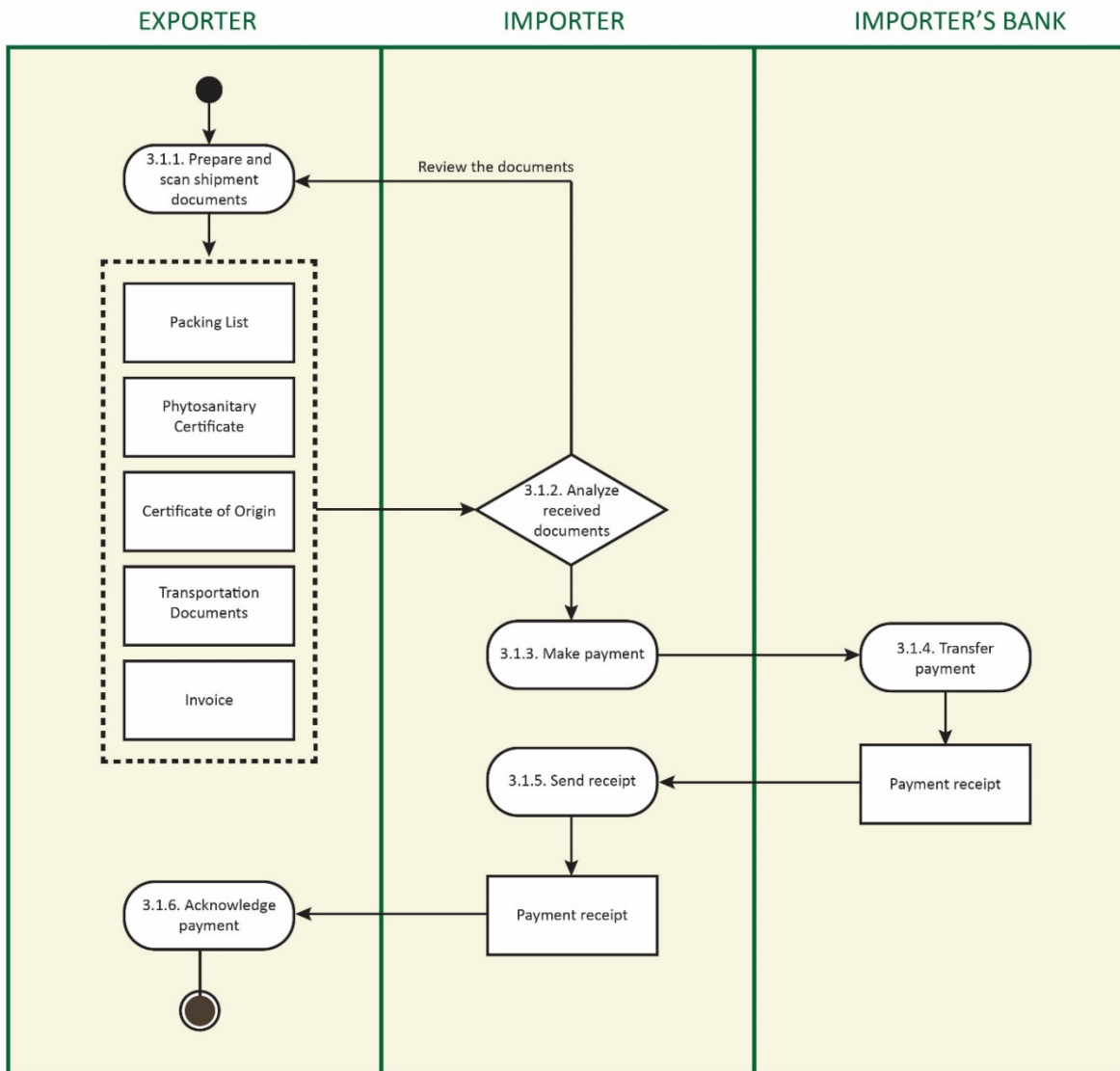
Core business process area 3.1: Claim payment for goods

Figure B.19- Claim payment use case diagram



Importers structure payment in one instalment, which is wire transferred to the export's bank upon dispatching the shipment to its final destination. The selected company reported that it is often the case that buyers effect the payment after the examination of the goods, with significant delays. The selected company also reported that some buyers reject the goods altogether. Figure B.20 maps the activities associated with claiming payments.

Figure B.20 Claim payment for goods activity diagram



Name of process area	3. Pay
Name of Business process	3.1. Claim payment for goods
Process participants	<ul style="list-style-type: none"> • Exporter • Importer • Importer's Bank
Related laws, rules, and regulations	<ul style="list-style-type: none"> • Regional legal framework
Input and criteria to enter/begin the business process	<ul style="list-style-type: none"> • Exporter has already fulfilled contractual agreement and the cargo has been shipped to final destination.
Activities and associated documentary requirements	<p>3.1.1 Exporter informs the Importer about the finishing of export procedures and that goods are ready to be transported to the destination and scans the documents necessary for import formalities</p> <p>3.1.2. The Importer analyses the received documents and decides whether the list of documents is complete. If the documents are incomplete, the Importer asks the Exporter to review the list of documents.</p> <p>3.1.3. The Importer wire transfers the payment in one instalment.</p> <p>3.1.4. The Importer's bank accepts the payment and issues the payment receipt.</p> <p>3.1.5. The Importer sends the confirmation of the payment to the Exporter.</p> <p>3.1.6. The Exporter acknowledges the payment receipt.</p>
Output criteria to exit the business process	<ul style="list-style-type: none"> • Exporter received the payment.
Costs and resources	N/A
Average time required to complete the business process	2 days (minimum)

B.4 Export documents

As shown in tables B4.1 and B4.2, exporters have to prepare 2 sets of documents in order to fulfil the requirements of the double clearance system in place, which not only increases the number trade documents but also involves repetitive submission of both key and support documents.

Table B4.1: List of main and supporting document required for exports (Republic of Moldova)

Document	Required by	Issued / filled by	Input in process	Comments, Descriptions
1. Key documents				
Customs Declaration	Customs	Exporter or Customs Broker	Ship: customs clearance	

Commercial Invoice	Exporter	Exporter	Ship: customs clearance	
Packing list	Customs	Freight forwarder	Ship: customs clearance	
Certificate of Origin	Customs	Chamber of Commerce and Industry	Ship: customs clearance	ST-1 for CIS EUR. 1 movement- for EU EUR 1. transport for CEFTA Form A – for countries offered GSP to Moldova Form C – other countries
Phytosanitary certificate	National Food Safety Agency (ANSA)	ANSA	Ship: customs clearance	Need for Customs Clearance and for Importer
Certificate of analysis	ANSA	ANSA	Ship: customs clearance	Need for Customs Clearance and for Importer
CMR	Transport operator	Exporter	Ship: customs clearance	
2. Inputs for obtaining the phytosanitary certificate				
Completed application form	ASNA	Exporter	Ship	
Certificate for plant protection products	ANSA	ANSA	Ship: Obtain phytosanitary certificate	At the request of importing country
Certificate of Analysis	ANSA	ANSA Laboratory	Ship: Obtain phytosanitary certificate	Also used to get Safety certificate required for exports to Russian market
Quarantine expertise certificate for plants and plants products	ANSA	State Inspectorate for Phytosanitary Quarantine	Ship: Obtain phytosanitary certificate	
Sales contract (copy)	ANSA	Exporter	Ship: Obtain phytosanitary certificate	
Invoice (copy)	ANSA	Exporter	Ship: Obtain phytosanitary certificate	
Phytosanitary inspection act of vehicles and goods	ANSA	ANSA	Ship: Obtain phytosanitary certificate	Issued by ANSA inspector after site visit
3. Inputs for obtaining the Certificate of Origin				

Completed application form	Customs	Exporter	Ship: Obtain Certificate of Origin	
Sales contract	Customs	Exporter	Ship: Obtain Certificate of Origin	
Invoice	Customs	Exporter	Ship: Obtain Certificate of Origin	
Production inspection act	Customs	Customs	Ship: Obtain Certificate of Origin	Issued following on-sight inspection
Certificate of Appraisal	Customs	Chamber of Commerce and Industry	Ship: Obtain Certificate of Origin	Issued following on-sight inspection

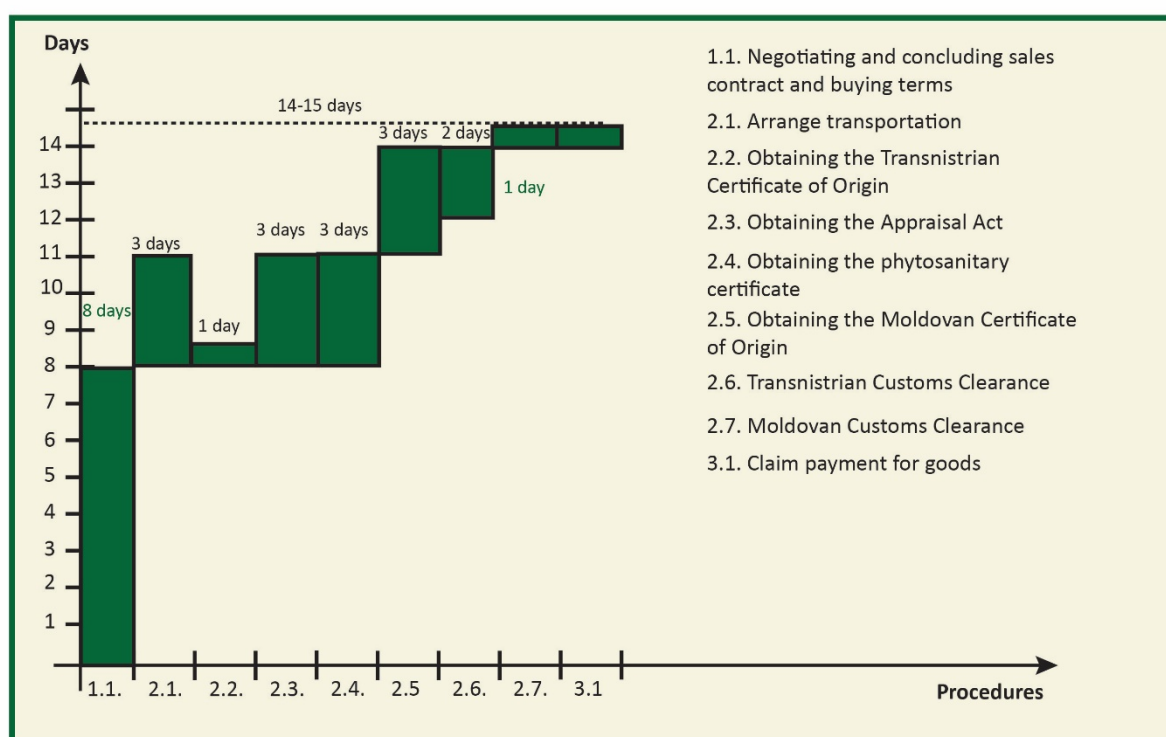
Table B4.2: List of main and supporting document required for exports (Region of Transnistria)

Document	Required or owned by	Issued / filled by	Input in process	Comments, Descriptions
1. Key documents (needed for export and import in the destination country)				
Customs Declaration	Customs	Customs / Customs Broker	Ship: customs clearance	
Sales contract	Customs	Exporter	Ship: customs clearance	
Repatriation certificate	Customs	Exporters Bank	Ship: customs clearance	
Invoice	Exporter	Exporter	Ship: customs clearance	
Packing list	Exporter	Exporter	Ship: customs clearance	
Certificate of Origin	Customs	Chamber of Commerce and Industry Tiraspol	Ship: customs clearance	
CMR	Transports operator	Exporter	Ship: customs clearance	
Empty vehicle checking document	Customs	Customs	Ship: customs clearance	
Loaded vehicle checking document	Customs	Customs	Ship: customs clearance	
2. Inputs for obtaining repatriation certificate				

Completed application form	Bank	Exporter	SHIP: Get repatriation certificate	
Sales contract	Exporter	Exporter	SHIP: Get repatriation certificate	
Commercial invoice	Exporter	Exporter	SHIP: Get repatriation certificate	
3. Inputs for obtaining the Certificate of Origin				
Completed application form	Chamber of Commerce and Industry	Exporter	SHIP: Get Certificate of Origin	
Contract	Exporter	Exporter	SHIP: Get Certificate of Origin	
Invoice	Exporter	Exporter	SHIP: Get Certificate of Origin	
Certificate of Appraisal	Chamber of commerce and industry	Regional Administration body	SHIP: Get Certificate of Origin	Issued to certify quantity of goods harvested

B.5 Time process chart

Figure B5.1- Time-process chart for exporting and vegetables export from the region of Transnistria



As shown in figure B5.1, and just as the case of wine exporters, the most time consuming core-business process for fruits and vegetables exporters is the conclusion of the sales contract. The selected exporter completes this process in 8 days, starting from the moment he receives the buyer's confirmation of interest. Shipping the cargo takes 15 days, even as the exporter undertakes most of the associated processes simultaneously (Table 5.1).

Table A5.1- Sequencing of business processes for exporting fruits and vegetables from the region of Transnistria

Core business process	Duration	Predecessor	Simultaneous tasks
1. Buy			
1.1. Negotiating and concluding sales contract and buying terms	8 days	N/A	N/A
2. Ship			
2.1. Arrange transportation	3 days	1.1.	2.2, 2.3, 2.4
2.2. Obtaining the Transnistrian Certificate of Origin	2 hours	1.1.	2.1, 2.3, 2.4

2.3. Obtaining the Appraisal Act	3 days	1.1	2.1, 2.2, 2.4
2.4. Obtaining the phytosanitary certificate	3 days	1.1	2.1, 2.2, 2.3
2.5. Obtaining the Moldovan Certificate of Origin	3 days	2.4	2.6
2.6. Transnistrian Customs Clearance	2 days	2.2	2.5
2.7. Moldovan Customs Clearance	1 hour	2.6	N/A
3. Pay			
3.1. Claim payment for goods	1 day	2.1, 2.2	2.3

Arranging Transport takes up to three days to complete from the moment the exporter concludes the contract negotiations with a freight forwarder, which usually takes several weeks. Obtaining the CoO from the local authorities in the region of Transnistria takes 2 hours, upon the submission of the Appraisal Act (issued by the CCI, region of Transnistria). However, passing customs control takes 2-3 days due to errors in submitted documents and delays in submitting the repatriation declaration.

Traders commence preparations for passing customs in Republic of Moldova simultaneously using the services of customs brokers. The customs brokers also assist the traders in obtaining the necessary documents, including the CoO. The selected exporter noted that the wait period is 3 days in average, since issuing the CoO involves on-site inspections by customs (for preferential CoOs) or the CCI of the Republic of Moldova (for non-preferential CoOs). Obtaining the phytosanitary certificate also involves on-site inspections by the ANSA (since the farms are not subject regular monitoring by ANSA during the harvesting season) as well laboratory tests.

The Pay process is usually completed in one day, even though the banking transfer may take 2-3 days. As the loading of goods in the transportation vehicle is completed, the sends the scanned documents for import and claims the payment for the goods. The term of 1 day is actually very encouraging, as there are cases when international partners can choose to postpone the payment until the goods have arrived to the destination, case in which the Exporter needs to wait several extra days to complete the process.

B.6 Recommendations

The BPA shows that the list of documentary requirements that exporters operating in the region of Transnistria have to comply with is long and exceeds the list of documents that traders operating in Moldova should comply with. This is so because companies operating in the region have to follow the legislations of both banks of the river, and therefore, obtain two sets of documents. State inspectors in Moldova cannot always conduct field visits in the region of Transnistria during the vegetation period, thereby resulting in additional tests. The need to streamline regulatory and administrative procedures cannot be over-emphasized.