

## **NINTH JOINT COMMITTEE MEETING**

26 November 2015  
Chisinau, Moldova

### **Ministerial Conclusions**

WE, the Ministers and the authorised representatives of CEFTA Parties, reiterate our full commitment to implement the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006), to sustain its concrete, visible, and measurable results for all its Parties in line with the objectives as exhaustively mentioned in its Article 1.

WE therefore underline as our priorities for the period of 2015-2020 trade facilitation, including elimination of barriers to and distortions of trade, liberalisation of trade in services, improve conditions to promote investment, including foreign direct investment by providing fair conditions of competition affecting foreign trade and investment, and enhancing transparency in all the relevant rules and procedures for trade in the implementation of the Agreement. In our efforts, our main aim is to achieve concrete results in the implementation of CEFTA under each of these priorities to contribute collectively to the economic growth agenda of our Region as consolidated in the South East Europe Strategy 2020.

WE welcome the conclusions of the Western Balkans Summit in Vienna of 27 August 2015 recognising the role and importance of CEFTA in the actions related to trade facilitation, mobility, and growth in particular, and the contributions of CEFTA to the transport and energy Connectivity Agenda.

WE are pleased to declare the success recorded this year in priority areas of CEFTA including the negotiations on trade facilitation and liberalisation of trade in services, and in activities undertake to enhance transparency, and we direct all CEFTA Structures to conclude the respective negotiations in 2016. This is to reach our mutual goal to facilitate trade and eliminate barriers to trade, and to reach the same level of openness of our services markets which will bring us enhanced economic performance and better integration into the world economy.

In view of the strong linkages between, and crucial role of, trade facilitation, access to services markets and foreign direct investment to the increased competitiveness of the Region, we advocate the adoption of fair, clear, stable and predictable rules to govern and attract favorable and growth conducive investments.

WE hereby consider that a key challenge before CEFTA Parties is to implement the forthcoming CEFTA agreements on trade facilitation and liberalisation of trade in services, once they are signed and entered into force, in a manner that contributes to the economic growth of our Region. In this

regard we strongly underline our readiness to strengthen the monitoring of implementation of CEFTA including the present and future Additional Protocols in their entirety.

WE therefore decide to adjust the CEFTA structures with the aim of responding to the CEFTA priorities and to strengthen the monitoring capacity of CEFTA structures of the implementation of the Agreement, as well as their reporting of implementation results to the CEFTA Joint Committee.

In this regard, we draw attention to the importance of coordination between trade policy and other relevant policies both at the regional and national levels. While we reconfirm our priorities in the implementation of CEFTA, we need to underline our understanding that the contribution of trade policy to the economic growth of CEFTA Parties shall be efficient only if complementarities between trade policy and other policies are sustained in order to promote competitiveness of our Region through attracting investments supporting economic growth. From this perspective, we confirm to maintain the contribution of CEFTA Structures to the Agenda of the SEE 2020 Strategy from the perspectives of trade facilitation and elimination of barriers to trade, and reiterate our readiness to work intensively on mutual recognition of professional qualification in the context of increased labour mobility and intra-regional trade in services.

WE duly take into account the fact that CEFTA Parties currently encounter an unlevel playing field in terms of cumulation of origin and duty drawback in their regional free trade, and in bilateral Free Trade Agreements compared to the preferential trade arrangements of all other Contracting Parties of the Pan Europe Mediterranean Convention. We deem that due to the difficulties in applying diagonal cumulation, and because of the absence of full cumulation and duty drawback in CEFTA, possible opportunities for sourcing and for a wider export market access are limited for CEFTA. We also consider that full cumulation and drawback are generators of larger trade flows and greater trade facilitation, which is by itself a key factor of economic growth, development and integration, since it offers simplified, standardised and transparent processes, and procedures to implement and manage the rules of origin.

ACKNOWLEDGING the importance of growth conducive to investment in increasing competitiveness of the Region, a process that needs to be initiated in CEFTA Structures to address market access related barriers and distortions of fair conditions of competition affecting foreign trade and investment is the action in CEFTA in order to merge priorities of trade facilitation and liberalization of services for further to promote investment to stimulate economic growth.

WE state our intention to further encourage and strengthen the outreach of CEFTA structures to the relevant public, and in particular to the private sector. In this regard, the public-private sector dialogue in CEFTA, and the role of private sector as advisory in providing feedback to CEFTA Structures with regard to the implementation of CEFTA are of crucial importance. The 10<sup>th</sup> Anniversary of the signing of CEFTA in 2016 is deemed as a good opportunity for CEFTA Structures to emphasise the significance of outreach and to take further steps to institutionalise public-private dialogue in CEFTA at the regional level.

SINCE the signing of CEFTA, its activities have been progressively becoming more complex in compliance with our needs, thus we are satisfied with the achieved results which also include the efforts and engagement of the former Director and staff of the CEFTA Secretariat. We recall the consensus reached regarding the reorganisation of the CEFTA Secretariat, and in line with the new adjustment of CEFTA Structures we agree to alter the terms of reference of current staff to include managerial profiles and instruct the incoming Director to act upon this once appointed.

ACKNOWLEDGING the comprehensive progress achieved in coordination between CEFTA Structures under the priorities of trade facilitation, liberalisation of trade in services, improving conditions further to promote investment, and enhancing transparency by Subcommittees, and Working Groups as evidenced by the attached reports submitted by their distinguished Chairs;

REITERATING the commitment of our Prime Ministers as confirmed in the Western Balkans Summit in Vienna that the on-going negotiations on a framework agreement to facilitate trade will be concluded before mid-2016, we declare that an Action Plan will be agreed by all Parties to determine the areas in which the implementation of framework agreement on trade facilitation will commence immediately after its signing, and to identify areas of which CEFTA Parties need a further transition period.

EMPHASISING the importance of undertaking complementary actions in trade and transport facilitation alongside other instruments foreseen by the Western Balkans Summit to foster further development of regional value chains, we instruct all the relevant CEFTA Structures to identify barriers and distortions of trade in the Region and propose appropriate instruments for their eventual elimination.

ACKNOWLEDGING the noticeable progress achieved in the negotiations on liberalization of trade in services, we will intensively work on harmonization to concluding of the Additional Protocol on Trade in Services and its annexes by the next annual meeting of the Joint Committee. We instruct the negotiators to complete the negotiations on liberalization of trade in remaining services sectors and resolve any outstanding issues in the annexes.

RECOGNIZING the importance of having good quality and comparable statistics, in particular in trade in services and FDI, we urge all Parties to engage fully into developing a sustainable and functional reporting system as well as a user friendly dissemination platform. Both tools will effectively facilitate the negotiations of trade in services, and coordination of investment policies as well as providing sound analytical groundwork for monitoring the impact of the achieved liberalization.

WELCOMING the establishment of the Joint RCC-CEFTA-ERISEE Working Group on Mutual Recognition of Professional Qualifications and its successful commencement of work in 2015, the Joint Committee encourages the CEFTA Parties to take an active role in: (1) creating conditions for recognition of professional qualifications, (2) exploring potential for the conclusion of mutual recognition agreements (MRAs), (3) enhancing transparency of national and regional arrangements on recognition of professional qualifications and (4) enhancing regional data exchange on mobility of professionals and future skills needs in selected professions.

WELCOMING and fully supporting the revision process of the PEM Convention and the proposal made therein to establish full cumulation and duty drawback as general rules in it, we consider that the successful completion of the revision in the PEM Convention allowing full cumulation and duty drawback, will save any possible modifications in the bilateral FTAs which have previously established linkages to the Convention until that point. This is the most desirable solution for CEFTA Parties, however, it is subject to the successful completion of the whole revision exercise. Taking into consideration the delays encountered in the revision of PEM Convention due to its complexity, and with the aim to level the playing field as quickly as possible for its operators, stemming from differences in the application of cumulation of origin and duty drawback, the CEFTA Parties agree to adopt the necessary changes in the protocol of CEFTA on rules of origin to apply full cumulation and to remove prohibition of duty drawback.

RECOGNIZING the present priorities in implementation of CEFTA requires a high level coordination between; CEFTA Structures and RCC and other relevant regional organizations; between CEFTA structures and the relevant national authorities of CEFTA Parties; and effective inter-Ministry coordination in each CEFTA Party, we decide to adjust the CEFTA Subcommittees and amend their Terms of References. In this regard, we expect each CEFTA Party to undertake the necessary measures to strengthen the institutional capacity of its CEFTA Contact Points in line with the relevant Ministerial Decision adopted by this meeting.

ACKNOWLEDGING the implementation of dispute settlement mechanism under CEFTA has proven as not efficient as desired, we instruct the CEFTA Secretariat to consult relevant international organizations and legal experts in preparing the technical proposals for increasing the efficiency of the rules regarding the dispute settlement of CEFTA that might be incorporated adequately in CEFTA Structures. In that spirit we agree in having Special Joint Committee session on dispute settlement preferably back to back with the Deputy Ministers meeting in June 2016.

TAKING into account the importance of the neutral and impartial role of the CEFTA Secretariat in supporting the uninterrupted and seamless functioning of CEFTA Structures, we expect the Selection Committee established by CEFTA Parties to successfully conclude the international selection process for new Director of the Secretariat at the earliest possible opportunity.

All CEFTA Parties adopt the following decisions:

- Decision No.1/2015 on the Establishment of the CEFTA Bodies
- Decision No.2/2015 on the Amendment to Decision No.5/2014
- Decision No.3/2015 Amending Decision of the Joint Committee of the Central European Free Trade Agreement 3/2013 regarding Annex 4 of the Central European Free Trade Agreement (CEFTA 2006), Protocol Concerning the Definition of the Concept of "Originating Products" and Methods of Administrative Cooperation referred to in Article 14, paragraph 1 and 3

In the presence of representatives of all CEFTA Parties in Chisinau, 26 November 2015