



**REPORT BY THE CHAIR
THE SUB-COMMITTEE ON TECHNICAL BARRIERS TO TRADE
and
NON-TARIFF BARRIERS TO TRADE**

November 2015

The report is prepared for the purpose to give a summary of actions undertaken under the Serbian Chairmanship of CEFTA Subcommittee on TBT and NTBs from January to November 2015.

The report is structured by the priorities and actions thereunder as stipulated by the Work Programme of Serbia. Where appropriate, the references are made to the results expected by the Work Programme for the sake of transparency and for being result oriented to the maximum extent possible.

Objective:

The Republic of Serbia has identified the objectives of its Chairmanship of CEFTA Subcommittee on TBT and NTBs as follows:

- 1) To participate in the negotiations of Framework Agreement on simplifications of clearance procedures and electronic exchange of data, and to steer all the actions for enhancing transparency in CEFTA under the objective of trade facilitation,
- 2) To promote trade through identifying the regional instruments for better preferential access of products originated from CEFTA.

Activities:

Preparation of Work Programme:

The contact person who was appointed by Serbia for the period of its Chairmanship joined the study visit organised by the CEFTA Secretariat for the delegates of CEFTA Parties chairing the CEFTA Subcommittees in 2015. The study visit was organised in Brussels on 17-18 December 2014. Together with other delegates of CEFTA Chairs, the Serbian delegate had technical meetings with the Secretariat, and the Commission (DG NEAR, TAXUD, TAIEX, and Trade). The objective of the mission of CEFTA delegates was to initiate drafting the Chairmanship Work Programme in coordination with other CEFTA Chairs in order to have similar objectives to serve the joint priority of trade facilitation. The work programme concluded by Serbia was then circulated to the CEFTA Parties through CEFTA Chair-in-Office. The mission of the Serbian delegate was financed by the CEFTA Project Facility.

Objective 1: Trade Facilitation

Priority 1: Participation of TBT Authorities of CEFTA Parties in negotiations of the framework agreement

Activity 1: Advocating Coordination between TBT and Customs Authorities at the national level in each CEFTA Party for negotiations of the Framework Agreement

The Chairmanship of Serbia considers the coordination between customs authorities and TBT Authorities as decisive for the success of negotiation process.

The Chairmanship of Serbia is committed to undertake an active follow-up of the negotiations and the contributions of TBT authorities to the negotiation process. In this regard, the Chair keeps its

commitment pending to send a letter to all TBT authorities of CEFTA Parties in order to emphasise importance of signing the Framework Agreement for trade facilitation in CEFTA. In case of any necessity appears following the negotiation rounds, the Chair will send the letter as foreseen by its Work Programme to ensure the constructive involvement of TBT Authorities in the negotiation process.

Aiming to enhance coordination between TBT and Custom authorities, chair of the CEFTA TBT WG invited representatives of Serbian Custom Authorities to take part on the 12th TBT WG meeting, held on 23rd September in Belgrade, where they give presentation: "The Role of Customs and Other Governmental Authorities in the trade facilitation negotiations and Framework Agreement on Simplification of Border Controls in All Clearance Stages, Electronic Exchange of Information, Mutual Recognition of Authorised Economic Operators - AEOs.

They also explained the manner of functioning and the purpose of Systematic Electronic Exchange of Data system – SEED system, and highlighted that all legislative provisions regarding AEOs are fully in line with EU Acquis.

Activity 2: Technical Assistance on electronic exchange of data to support CEFTA Parties in their negotiation process of signing a Framework Agreement

- Kick-off Meeting:

Technical assistance regarding IT specific issues on electronic exchange of data, and regional databases to customs authorities and technical agencies including SPS and TBT of CEFTA Parties has been initiated in order to support their national preparations for the negotiations. In this regard, the kick-off meeting of the Technical Assistance Project was held in Podgorica on 3 February 2015. The Chair was present in the kick-off meeting in order to represent the Subcommittee on TBT and NTBs. Although, this meeting was summoned by the CEFTA Subcommittee on Customs and Rules of Origin, representatives from TBT Authorities of each CEFTA Party were also present.

- Steering Committee Meeting:

The Project has its first steering committee meeting in Podgorica on 26 May 2015. During the Steering Committee meeting, the Consultant team presented the results of national preparatory meetings, summary of the replies received from the CEFTA Parties, and the draft project proposal to upgrade SEED in order to respond the implementation of Framework Agreement on Simplification of Border Procedures, Electronic Exchange of Information, and Mutual Recognition of AEOs.

Activity 3: Negotiations of Framework Agreement in relation to TBT related to procedures

The Serbian Chairmanship considers Subcommittee meetings as the main platform to hold negotiations between TBT Authorities regarding simplifications, data exchange, and regional databases.

The Chairmanship had therefore the tenth Subcommittee Committee meeting in Podgorica on 26 May 2015 the day before the negotiations in order to coordinate itself with the other Subcommittees, and to support the active participation of TBT authorities to the negotiation process.

The first Coordination meeting among Chief Negotiators of the Agreement on the simplification of border procedures in all clearance stages, electronic exchange of information, and mutual recognition of AEOs in CEFTA, was held on October 1, in Brussels, with the purpose of establishing a direct coordination between Chief Negotiators after the Vienna Summit of Western Balkans prime ministers, held on August 27.

During the meeting, the main parameters of the negotiations were discussed, such as, the main outline of chapters to be included in the Additional Protocol 5, modalities of the negotiations of technical annexes, and existing and future technical assistance needs in order to facilitate negotiations and provide smooth implementation of the Agreement.

Priority 2: Addressing the main trade distortive non-tariff measures in selected supply chains and Enhancing Transparency

Activity 4: Coordinating CEFTA Subcommittees for the Implementation of GIZ financed project on "Addressing main trade distortive non-tariff measures in selected supply chains"

The Chairmanship of Subcommittee on TBT and NTBs coordinate the relevant CEFTA structures contributions to the implementation of the project "Addressing Market Access Barriers in Selected Supply Chains" with an aim to benefit from the project at maximum.

In this regard, the Chairmanship of Serbia liaised with the GIZ and Project Implementation Team from UNCTAD and ITC in order to ensure the active participation of CEFTA Structures in each meeting to be organised thereunder.

- Steering Committee meeting:

The Steering Committee meeting of the Project was held in Belgrade on 10 March 2015. Thereafter, the Chair sent a letter to all CEFTA Parties to confirm the selection of supply chains which the analysis of market access barriers is to be made by the Project. All CEFTA Parties confirmed selection of the proposed supply chains, beverages and automotive parts. In response to the letter of Chair, a number of products proposed by CEFTA Parties to include in the framework of the Project. The Chair informed that the GIZ replied to this request not positively due to the budgetary and time constraints of the Project, and the GIZ advised CEFTA Parties to propose those additional supply chains for the upcoming EU Trade Facilitation Project.

The project was, at the present, in the stage of organizing meetings in all CEFTA parties involving private sector representatives (from sectoral associations and key operators in beverages and auto-part supply chains such as importers, manufacturers, distributors, exporters). The meetings were facilitated by international experts. The objectives of these coordination meetings are to:

- Identify relevant stakeholders in the respective CEFTA Party
- Create awareness on NTMs and the associated procedural obstacles

- Carry out detailed discussions to identify and understand the bottlenecks (processes, documents etc.) and other inefficiencies in the business processes
- Present roadmap for future activities of Private Sector Advisory Groups (PSAG)
- Discuss concept and criteria for being part of PSAG

Following the above mentioned meetings, Private sector advisory groups (PSAGs), which included key stakeholders from the different stages of the regional supply chain for both sectors, were formed. These PSAGs also included: (1) Representatives of sectoral associations, (2) Key operators in the supply chain like: producers, importers, exporters, and distributors.

The main objective of these PSAGs was to create a platform where resolution of market access barriers will requiring a coordinated regional approach will be addressed.

The schedule of orientation meetings, their places and dates were as follows:

- Montenegro on 8 June
- Serbia on 9 and 10 June
- Bosnia and Herzegovina on 11 and 12 June
- Albania on 16 June
- Kosovo* on 17 June
- Macedonia on 18 and 19 June.

After this first round of meetings, PSAGs organised two workshops in Budva, Montenegro, on 30th September, and 1st October 2015, with the aim to further discuss the common and most problematic (non-tariff) market access barriers identified during the national meetings and to form a common position on them within the region, as well as to brainstorm suggestions and policy options.

The PSAG provided the private sector representatives with a platform to voice their concerns and articulate them, in a manner that can be acted upon through policy/regulatory reforms on national and regional levels, through effective public-private dialogue. The meetings were moderated by the international trade experts from ITC and also attended by regional experts from GIZ and UNCTAD. The conclusions of the meetings and concrete suggestions will be analysed by UNCTAD experts in the second phase of the project. The final goal will be concrete recommendations to the policy makers which will facilitate trade relations among CEFTA parties.

Activity 5: Sustaining Networking between TBT Authorities in the Framework of Quality Infrastructure Project:

* This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence

The Chairmanship of Serbia invited the Project Manager of “Quality Infrastructure Project in Western Balkans”, the project which is to be financed by Swedish international development agency - SIDA, to the tenth Subcommittee meeting on TBT and NTBs.

The objectives of the QI project are to:

1. Ensure consistent implementation of Chapter 1 (Free movement of goods) legislation,
2. Ensure consistency of measurement and conformity assessment systems, and
3. Create appropriate communication and coordination mechanisms and tools between market surveillance authorities.

During the Subcommittee meeting, the Secretariat gave information how CEFTA Structures regard regional outputs. Accordingly, region output for CEFTA have significant meaning if some output of projects could be turned into legal instruments by CEFTA Joint Committee. In this regard, the QI Project was not able to produce, in its previous terms, outcomes which the CEFTA Structures may turn to the legal instruments in its previous stages. Thus, the CEFTA Secretariat informed that CEFTA Structures would liaise with the QI project for the results of trade facilitation activities in CEFTA and getting updated about the progress in the QI project.

Project manager of the new „Quality Infrastructure in the Western Balkans” project, participated to the 12th TBT Working Group meeting (held in Belgrade on 23rd September) and gave broad information on planned Project activities. He also offered project support to CEFTA Parties in the field of harmonisation their technical regulation with the EU.

Project Coordination Committee (PCC) meeting had first session on 20th October in Brussels. CEFTA Secretariat representative participated to this meeting, where one of the Agenda item was the Inception report. Having in mind that CEFTA is one of the PCC and project stakeholders, mentioned in the Inception report, CEFTA Secretariat showed significant interest for the project results in all phases, what will indirectly support achievement of CEFTA key priorities - trade facilitation and elimination of technical barriers to trade in the region.

Activity 6: Enhancing Transparency

As committed by its Work Programme, the Chairmanship of Serbia has made its best efforts to utilise the market access barriers recorded in the CEFTA Market Access Barriers Database as one of the main sources of information for the Project. In this regard, the Chairmanship supports the initiative of upgrading the CEFTA Transparency Pack in the framework of CEFTA MIS Project.

Furthermore, the importance of error-free functioning of CEFTA Market Access Barriers Database has been substantially increased as the CEFTA Special Joint Committee in February 2015 concluded that CEFTA Parties agree to respond in 30 days, if a case is introduced in the Market Access Barriers Database.

In order to inform parties on the ongoing development of CEFTA Management Information System (MIS), and collect the information on the experience of using CEFTA Transparency Pack by authorised users, Secretariat performed in Belgrade on 22nd September, Workshop on up-grading of CEFTA Transparency Pack in the framework of CEFTA Management Information System.

CEFTA IT consultant explained the two main modules of the MIS i.e. statistics on trade and foreign investment and improved Transparency Pack, which is going to comprise integration between the SEED and other trade related electronic databases with CEFTA Market access data base (MABD).

The main reasons for establishing link between SEED and MABD is that Statistical offices are providing data twice a year, and SEED system comprises subset of data from Customs Declaration Processing Systems (CDPS) of 6 CEFTA Parties.

Results:

The results of the Serbian Chairmanship are expected to lead to the following outcomes corresponding to the two objectives mentioned above:

1) Trade Facilitation

- Text of Framework Agreement is agreed by the CEFTA Parties which provides provisions for simplification of TBT related clearance procedures, and electronic exchange of data on TBT (in progress)
- Exploratory Discussions initiated to prepare a list of TBT related inspections which would be part of the AEO verification inspections by Customs Authorities (in progress)
- Main Trade Distortive Market Access Barriers are indentified and analysed (in progress)
- CEFTA Transparency Pack, in particular CEFTA Market Access Barriers Database and TBT Platform are kept updated. (in progress)

2) Promotion of Trade:

- Economic operators in Textile and Clothing Manufacturing in CEFTA Parties are fully aware of the PEM Convention, and opportunities which the PEM Convention may offer in trade. (in progress)
- CEFTA Parties have a better opportunity to substantiate regional positions on Textile and Clothing Manufacturing in the negotiations of the revision of PEM Convention. 9in progress)

Calendar:

MEETING/EVENT	DATE	PLACE	Status
Kick-off meeting of Technical Assistance to CEFTA Structures on Negotiations of Framework Agreement in Customs	3 February 2015	Podgorica	Held
CEFTA-GIZ meetings on "Addressing Main Trade Distortive Market Access Barriers in Selected Supply Chains"	10 March 2015	Belgrade	Held
Meeting of the WG on TBT	23 September	Belgrade	Held
10 th Meeting of Subcommittees on TBT and NTBs	26 May 2015	Podgorica	Held
Steering Committee meeting of Technical Assistance to CEFTA Structures on Negotiations of Framework Agreement in Customs	26 May 2015	Podgorica	Held
1 st Round of Negotiations of Framework Agreement	27 May 2015	Podgorica	Held
CEFTA-SIDA "Quality Infrastructure Project"	30 June 2015	Belgrade	Held
Meeting of Subcommittees on TBT and NTBs	5 November 2015	Belgrade	Held
2nd Round of Negotiations of Framework Agreement	15- 16 December	Brussels	