



REPORT BY THE CHAIR
THE SUB-COMMITTEE ON AGRICULTURE and SPS

November 2015

The report is prepared for the purpose to give a summary of actions undertaken under the Moldovan Chairmanship of CEFTA Subcommittee on Agriculture and SPS from January to 26 November 2015.

The report is structured by the priorities and actions thereunder as stipulated by the Work Programme of Moldova. 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 Moldova has identified the objectives of its Chairmanship of CEFTA Subcommittee on Agriculture and SPS as follows:

- 1) To participate in the negotiations of Framework Agreement on simplifications of clearance procedures and electronic exchange of data, and to contribute to elaborating methodologies of developing business process mappings of documentary requirements in agricultural trade under trade facilitation objective.
- 2) To promote trade in processed agricultural products through identifying the regional instruments for better preferential access of products originated from CEFTA.

Activities:

Preparation of Work Programme:

The contact persons who were appointed by Moldova 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 Moldovan delegates 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 Moldova was then circulated to the CEFTA Parties through CEFTA Chair-in-Office. The mission of the Moldovan delegates was financed by the CEFTA Project Facility.

Objective 1: Trade Facilitation:

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

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

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

The Chair is committed to undertake an active follow-up of the negotiations and the contributions of SPS authorities to the negotiation process. In this regard, the Chair keeps its commitment pending to send a letter to all SPS 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 SPS Authorities in the negotiation process.

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 is to be provided to the CEFTA Parties Customs authorities and technical agencies including SPS and TBT in order to support their national preparations for the negotiations. In this regard, a kick-off meeting was held in Podgorica on 3 February 2015. Although, this meeting was summoned by the CEFTA Subcommittee on Customs and Rules of Origin, a representative from SPS Agencies of each CEFTA Party was invited to give a start to the preparations of scope, types and formalities of data exchange and electronic databases. The Subcommittee on Agriculture and SPS gave its full support to the kick-off and facilitate the participation of SPS agencies to the kick-off meeting. The representatives of the Chair were present in the kick-off meeting.

- 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. The Chair was present during the steering committee meeting.

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

The Moldovan Chairmanship considers Subcommittee meetings as the main platform to hold negotiations between SPS Authorities regarding simplifications, data exchange, and regional databases. The Chairmanship had therefore the 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 SPS authorities to the negotiation process.

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

Activity 4: Contributing to the Implementation of GIZ financed project on “Addressing main trade distortive non-tariff measures in selected supply chains”

The Chairmanship of Moldova provides its full support to the implementation of the GIZ financed project “Addressing Market Access Barriers in Selected Supply Chains”. The Chair of Subcommittee attended the Steering Committee meeting of the Project held in Belgrade on 10 March 2015 when the results of survey for the selection of supply chains were made.

In the framework of this project, beverages were selected as one of the supply chains in CEFTA in which private sector advisory groups are to be established. The Chair added that private sector advisory groups to be established in the framework of this project would act as consulting groups to CEFTA Parties what type market access barriers they encounter in their trade. Those market access barriers to be identified will then be analysed by our authorities with the assistance of ITC and UNCTAD.

The first outcomes of the project on “Addressing Market Access Barriers in the Selected Supply Chains” were presented at the ninth meeting of the Subcommittee on Agriculture and SPS, held in Belgrade on 5 November 2015. Thus, in the framework of the project, with the scope to analyse market access barriers faced by businesses, national orientation meetings were organized in six CEFTA Parties (Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia and Kosovo*). These meetings took place between 8th June and 19th June, 2015.

As a continuity of the activities undertaken in the framework of this project on 30 September in Montenegro, was held a Private Sector Advisory Group (PSAG) Workshop on Beverages Sector. The aim to further discuss the common and most problematic (non-tariff) market access barriers identified during the national meetings and form a common position on them within the region and brainstorm suggestions and policy options.

The main common issues identified are the lack of mutual recognition of quality certificates (SPS), discriminatory practices (excise duty and labelling requirements), trade facilitation related issues (lack of transparency and predictability, delays in customs clearance procedures and in obtaining certificates, etc.), need for subsidies and support from government. The next steps in the implementation of the above mentioned project is the elaboration of recommendations by UNCTAD experts to eliminate NTBs, the validation of findings with the relevant institutions in each CEFTA party and the presentation of policy recommendations to CEFTA parties.

Activity 5: Enhancing Transparency

As regards to the transparency, the Chairmanship of Moldova continues to give its support to the well-functioning of the CEFTA Transparency Pack. The SPS Database, as one of its components, contains a

* 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

comprehensive record of the key laws and bylaws as well as the specific measures in the sanitary, phytosanitary and veterinary field are available to the wider circle of users. During the Chairmanship of Moldova the CEFTA SPS Database has been fully updated and maintained.

Objective 2: Promotion of Trade

Additional Activity 6: Project on Promotion of CEFTA Supply Chains and Promotion of Trade in Wine

The Chair took initiatives to start a new project with the objective to promote trade in agriculture products. In this regard, during the steering committee meeting of the Market Access Barriers Project, it was suggested wine as a supply chain for analysing market access, though CEFTA Parties decided to extend the scope of this analysis for all beverages not only for wine. However, it was considered beneficial to analyse supply chains in wine for the objective of trade promotion in CEFTA.

This proposal was communicated by the Secretariat to the GIZ which accepted to finance.

The objective of the study would be to provide CEFTA Parties with recommendations on policy tools and instruments to promote competitiveness and export performance of the CEFTA wine sector. In this regard, the study will assess the main bottlenecks and constraints along the wine value chain(s) within CEFTA which limit their export performance and competitiveness, explore the main barriers that stop further regional value chain integration within the CEFTA wine sector, and provide CEFTA Parties with recommendations on tools to promote competitiveness, improve export performance by producers and further regional integration (where appropriate) within the wine sector.

The first results of the analysis were presented by GIZ at the ninth meeting of the Subcommittee on Agriculture and SPS, held in Belgrade on 5 November 2015. As the methodology of the analysis it was used quantitative analysis based on data supplied by CEFTA parties regarding grapes and wine production, trade and consumption, as well as qualitative interviews in six Parties with central stakeholders. Additionally, the GIZ presented each CEFTA Party specific trends in wine production, constraints and potentials for development and main recommendations for public and private sectors to increase the contribution to regional economic growth through development of the competitiveness of the wine sector in the Region.

Additional Activity 7: Supporting Project Proposal on Trade Logistics of Processed Agricultural Products to be financed by the WB Trust Fund

The Chair supported through CEFTA Secretariat a proposal which was submitted by the World Bank/IFC team to the World Bank Trust Fund. The proposal is still pending for the approval of the Trust Fund for financing. The objective of the proposal is to identify constraints of agricultural trade in the CEFTA region along key supply chains and quantifying them in costs. Particularly, the proposal analysis will quantify cost and time associated with trade logistics in agribusiness of the CEFTA region.

Results:

The results of the Moldovan 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 SPS related clearance procedures, and electronic exchange of data on SPS (in progress)
- Exploratory Discussions initiated to prepare a list of SPS related inspections which would be part of the AEO verification inspections by Customs Authorities (in progress)
- Main Trade Distortive Market Access Barriers in SPS related areas are identified (in progress)
- CEFTA Transparency Pact is kept updated (in progress)

2) Promotion of Trade:

Expected result of addition activities under trade promotion

- Opportunities to promote trade in agricultural products through using CEFTA and other trade policy tools are identified (in progress)

Calendar:

MEETING/EVENT	DATE	PLACE
Kick-off meeting of Technical Assistance to CEFTA Structures on Negotiations of Framework Agreement in Customs	3 February 2015	Podgorica
Meetings of Subcommittees on Customs and Rules of Origin, Agriculture and SPS, and TBT and NTBs	26 May 2015	Podgorica
1 st Steering Committee Meeting	26 May 2015	Podgorica
1 st Round of Negotiations of Framework Agreement	27 May 2015	Podgorica
6 National Orientation Meetings	8-19 June 2015	Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia, Kosovo [†]
GIZ “Addressing Market Access Barriers in Selected Supply Chains in CEFTA“ Private Sector Meeting for Beverages	30 September 2015	Budva
Meetings of Subcommittees on Customs and Rules of Origin, Agriculture and SPS, and TBT and NTBs	5 November 2015	Belgrade

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