

**Joint Committee Meeting**

Skopje, 21 November 2014

**REPORT BY THE CHAIR**  
**THE SUBCOMMITTEE ON AGRICULTURE AND SPS**

**November 2014**

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The purpose of this document is to report on the activities of the CEFTA Subcommittee on Agriculture and SPS in the period of 1 January to 21 November 2014.

In the reporting period, the Subcommittee on Agriculture and SPS held its seventh meeting in Skopje on 9 and 10 June 2014. A CEFTA TAIEX Workshop on labeling the food of animal origin was held on 11 and 12 June in Skopje.

## **I THE WORK PROGRAMME OF THE SUBCOMMITTEE**

At its seventh meeting held on 9 and 10 June in Skopje, the Chair presented the one year Work Programme of the Subcommittee, its objectives, priorities, technical assistance needs, the main results and timetable of meetings envisaged for this year.

The focus of the Macedonian Chairmanship is placed on:

- Formalization of the Additional Protocols on further trade liberalisation and their effective implementation,
- The impact and challenges of CEFTA liberalization process to efficient restructuring of the agricultural economies and follow up actions,
- Further reduction of NTB's of trade by scaling up and harmonization of food safety standards and improvement of risk-based inspection control at BIP's, and
- Development of initiatives of common participation of CEFTA Parties in other international organizations
- Common participation of CEFTA Parties in other international organizations and initiatives

The Parties adopted the Work Programme.

## **II TRADE IN AGRICULTURAL PRODUCTS**

The Parties presented trends of trade in agricultural products and assessed the impacts of liberalization to their economies in 2013 in comparison to 2012. The trends vary across the region, while some Parties reported the increase of trade volumes, others had decreases or status quo in the given period. The major trading partners remained the EU member states and the CEFTA economies. The detail information is contained in the Agreed Minutes of the meeting.

- ***Assessed Impact of the implementation of the Additional Protocol and Annex 10***

At the same meeting, Macedonia raised the issue of impact of liberalization of specific agriculture subsectors of high national importance providing as an example a wheat production sector in Macedonia. In order to avoid further turbulences on the market and in the regional trade, Macedonia invited the Parties to discuss the possibility for a common agreement on the list of sensitive sectors and consider the modes widely accepted of temporary protective measures. The identification of the sensitive sectors would be a subject to consultation process/analysis carried out with the support of the CEFTA Secretariat. To scan the situation, the Parties were invited to send the Secretariat the list of sensitive and countries' important sectors that are continuously facing with the problems caused by the liberalized trade regime and that would need the specific treatment in terms of temporary protection.

This issue led to a discussion among the Parties on the necessity of such a list and the expectations of the final results of the analysis. Since the full consensus on this item was not reached at the meeting, Macedonia agreed to send the proposal in written to all Parties and ask their official position.

- ***Further liberalization of trade of agricultural products***

At the seventh meeting, with reference to the signed Protocol on Albania – BiH liberalization, Albania informed that the ratification was completed on March 20, 2014. BiH reported that the Additional Protocol was in the process of ratification and would be put on the agenda of the Parliament session of 12 June.

End of September, BiH informed Secretariat that the Decision on the ratification was published on 11 September 2014 in their Official Gazette, while the depositing of the instrument of ratification was still in the pipeline.

When it comes to the negotiations between Macedonia and Moldova, it was announced at the meeting that the signing would either take place at the Deputy Ministers meeting in July in Skopje, or by exchange of letters. Alternatively, the signing could be done in Brussels by respective ambassadors.

### **III KEY ISSUES IN TRADE OF AGRICULTURAL PRODUCTS**

The Parties used the forum of the Subcommittee to exchange the information on pending and new issues in intraregional trade.

In relation to the NTBs in agricultural trade, the OECD presented the analysis and identification of supply chains in the food and beverage sector across the region. The analysis is done within the Multilateral Monitoring Framework on the Elimination of NTBs and coupled with the work of the New Generation Competitive Initiative in supply chains for the purposes of the SEE2020 Strategy. The results presented at the meeting included only intermediary products, while the final products were to be addressed during summer. The final study was to be finished in October. It will be presented at the Regional Roundtable on NTBs under the auspices of OECD on 18 November as well as during the CEFTA Week on 19 and 20 November in Skopje.

The Parties exchanged information on the currently pending issues. The detailed information on discussion can be found in the Agreed Minutes.

Macedonia raised the question of ensuring the legitimacy of CEFTA Agreement against other bilateral FTAs of the Parties. With reference to pending issue of full blockage of Macedonian-named wine on Serbian market despite the full free-trade CEFTA regime, that is justified by Serbian side as their obligation regarding protection of intellectual property rights from other international trade agreements (Stabilization and Association Agreement with the EU and TRIPS), Macedonia requested the Secretariat for urgent actions in order to protect legitimacy and credibility of the CEFTA agreement treated by one Party as an agreement of lower importance and range in comparison to other supreme-rated agreement that the Party has signed with another third country. Macedonia suggested to the Secretariat to mobilize the legal expertise in FTA if internal expertise of kind is non-existent. Serbia made the reservations for using the Secretariat's budget for solving the bilateral issues and invited all Parties to state their position on this proposal. Macedonia announced sending the official request to the Secretariat. Secretariat will respond officially to Macedonia once it receives the request.

### **IV SANITARY AND PHYTOSANITARY ISSUES**

- **Further reduction of NTB's of trade by scaling up and harmonization of food safety standards and improvement of risk-based inspection control at BIPs**

Macedonia presented to the Parties their model on improvement of the risk-based inspection at BIPs pointing out its numerous benefits: (i) equal treatment for all operators; (ii) shorter time necessary for inspection and (iii) reduction of the costs of crossing the border. The implications

of this approach will be closely followed and Macedonia will be glad to share these experiences with all interested Parties.

Food and Veterinary Agency of Macedonia announced the new system of collection and processing of data related to food safety and animal health. In addition, the rapid alert system encompassing the border and inland points allows every inspector and official to be notified in a real time while the supervision is performed from one central point. This type of the rapid alert system would benefit to all Parties, since in current terms the information is not shared among CEFTA parties. The exchange goes only from EU to CEFTA through RASFF. The link of this system can be placed on the Secretariat's SPS Database so everyone can use it.

- ***Presentation of a common model in the SPS area***

The Food and Veterinary Agency of Macedonia presented the potential text of the multilateral agreement in the SPS area, explaining the objective, scope and provisions of each of suggested articles. Bilateral agreements signed with Serbia and Bosnia and Herzegovina on veterinary policy and food of animal origin can serve as good examples for multilateral one.

The present Parties supported the initiative to have one multilateral agreement with the inclusion of the provision on the mutual recognition of laboratory testing. The integrated text was sent to the Secretariat who then circulated to the Parties for comments and further consultation.

- ***Common participation of CEFTA parties in other international organizations and initiatives***

At the seventh meeting, the Chair explained the concept and the rational for having the joint participation of CEFTA parties to international organisations and initiatives. The proposal was to have three working groups established, in the field of food safety, plant and animal protection. If necessary more specific groups could be developed.

The goal was not only a joint representation at the meetings, but also to ensure the forum for discussion on issues arising in harmonisation process of relevant legislation, other issues of importance to the region, common platform in suggesting the standards in SPS international bodies (e.g OIE, IPPC and Codex Alimentarius). It was proposed to meet at least once per year.

The Secretariat drafted ToRs of three Task Groups on sanitary, phytosanitary and veterinary issues respectively, in consultation with the Chair. The ToRs were circulated for comments to the members of the Subcommittee. By the time of the Joint Committee meeting there was only one comment received from Albania on the Task Group on Phytosanitary Issues that was taken into consideration.

- **SPS Database and Transparency Pack**

At the meeting held on 9 and 10 June, the CEFTA Secretariat reported on activities that were underway for updating and upgrading the information placed in the SPS Database.

The collection of data was conducted by the outsourced experts in the period from end of June until October. The Parties took the commitment as of October to update legislation by themselves. In order to support this, the Secretariat in cooperation with the IT Company who maintains the system, organized a Workshop on 6 November 2014 in Skopje 2014 to teach the responsible persons on using the database.

## **V TRADE FACILITATION CONCEPT**

At the seventh meeting, the CEFTA Secretariat presented the Trade Facilitation Concept as one of the priorities of the CEFTA Chairmanship and the SEE2020 Strategy. The concept was to be integrated into the future CEFTA Structures at the level of the Committee. The members of the Committee were to be the Chairs of the Subcommittees on Agriculture and SPS, Subcommittee on NTBs and TBT as well as of the Subcommittee on Customs and Rules of Origin. The Ministerial Decision on establishment of the Committee on Trade Facilitation was submitted to the Deputy Ministers at their meeting in July. The Decision is to be formally adopted at the Joint Committee meeting in November.

## **TECHNICAL ASSISTANCE**

In the reporting period, the following technical assistance was engaged to support the implementation of the Work Programme of the Subcommittee:

**Workshop on labeling the food of animal origin.** The workshop was organized with the assistance of TAIEX on 11 and 12 June in Skopje. The main objective was to coordinate the

activities of the CEFTA Parties in the area of implementation of common market standards related to labeling of food of animal origin. The major topics included: compulsory and optional information on the label, designations of origin, geographical indications and traditional terms in the sector of food of animal origin, official checks, EU market standards related to the labeling of milk and milk products, meat, fish and aquaculture products, eggs, honey.

**Update and upgrade of the SPS Database.** The outsourced assistance was engaged by the CEFTA Secretariat through the CEFTA Project Facility. The objective was to help Parties in updating the existing legislation on the SPS Database as well as to upgrade it with the new features such as:

1. list of food and feed producers registered for export,
2. List of:
  - a. customs warehouses/cold stores
  - b. Registered importers and exporters
  - c. Registered transporters
3. Certificates in use (veterinary and phytosanitary)
4. Texts of bilateral and international agreements signed in the SPS area
5. Import taxes/charges for control activities
6. Information on agricultural support (incentives)
7. Range of accreditation of laboratories