



# Eliminating Barriers to Trade in Agriculture: Results of the work of the CEFTA Sub-Committee on Agriculture and SPS

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and SPS

CEFTA week, 19 November  
2014



# Implementation of CEFTA Agreement

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- Established to contribute to achieving of the well-known aim *“to expand the trade in goods and services and foster investment by means of fair, stable and predictable rules, eliminate barriers to trade and provide appropriate protection of IPR, and harmonize parties’ policies with international standards in competition rules and state aid”*
- CEFTA 2006 Agreement to amend and enlarge the CEFTA, was signed on December 19, 2006 by Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and the UNMIK on behalf of Kosovo
- Following the necessary ratification processes, CEFTA 2006 entered into force in the second half of 2007, thus full implementation of CEFTA 2006 started at the end of 2007



# Development of CEFTA priorities - Period 2008 - 2013

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- All commitments and deadlines met
  - Full liberalisation of trade in goods
    - industrial products liberalized initially by signing of the Agreement
    - agricultural products gradually by Additional Protocols to reach currently full liberalization (Al-BiH ratified in September and MK-MD Protocol to be signed)
  - Diagonal cumulation in the context of regional Convention on pan-Euro-Mediterranean preferential rules of origin
  - Opening of Public Procurement Market
  - TBT notification
  - State Aid notification
  - IPR review
  - Non-discrimination in Investment
  - Transparency tools: Market Access Database, SPS Database, CEFTA Trade Portal

# Main features of trade in CEFTA with agriculture products

- **Similar level of regulation of international trade relations** - all CEFTA countries have FTA with EU (SAA), EFTA, TR, some with RU and potential FTA Partners (PEM) Pan-Euro-Mediterranean cumulation
- CEFTA regional trade liberalization concept is **closely linked with the EU accession process** in the trade policy – the establishment of free-trade zone contributes toward increasing of regional competition and adopting of operators to act in single market-like conditions, later in much more competitive environment of EU single market
- **Major trade flows** for CEFTA Parties to/from EU (61%) and intra-CEFTA (12,5%)
- **Double higher importance of trading agricultural products within CEFTA countries** then worldwide:
  - Trade of agricultural products in overall trade of CEFTA countries shares 15% (9,5 /63,3 billion euros)
  - Trade of agricultural products in intra-CEFTA trade is 31% (2,5 /7,9 billion euros)
- **Export from CEFTA to the EU is composed mostly by primary products**
- **Intra-CEFTA supply chains appear highly underdeveloped**

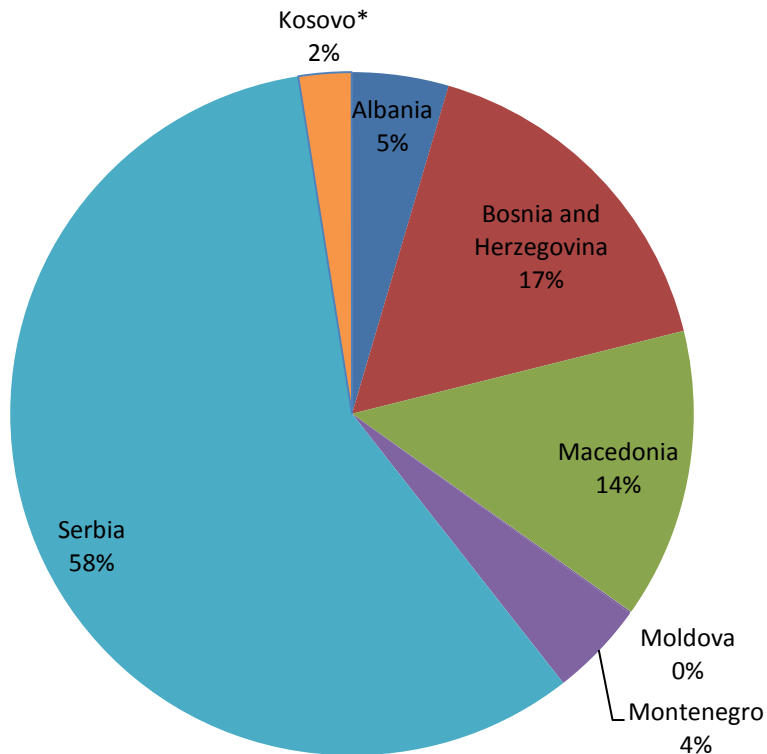
# Total trade value and balances by destination

	Volume	Balance	Export	Import
CEFTA	7.864.661	392.536	4.128.599	3.736.062
EU	38.454.303	-8.584.599	14.934.852	23.519.451
EFTA+Turkey	2.875.143	-1.332.110	771.516	2.103.627
Russia	4.339.545	-1.669.629	1.334.958	3.004.587
China	3.013.425	-2.630.051	191.687	2.821.738
RoW	6.943.764	-3.341.734	1.801.015	5.142.749

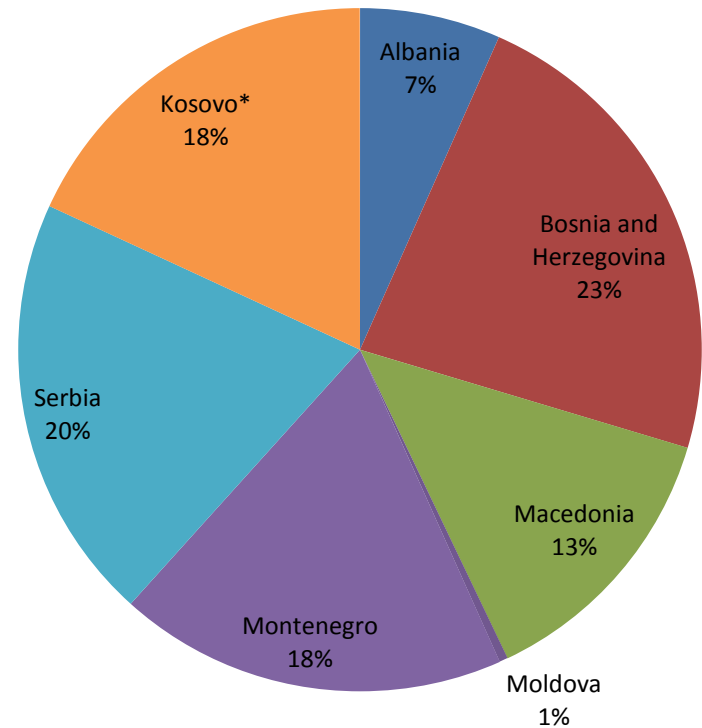


# Share in exports and imports in intra-CEFTA Trade

CEFTA Parties share in intra-CEFTA Exports (2013)



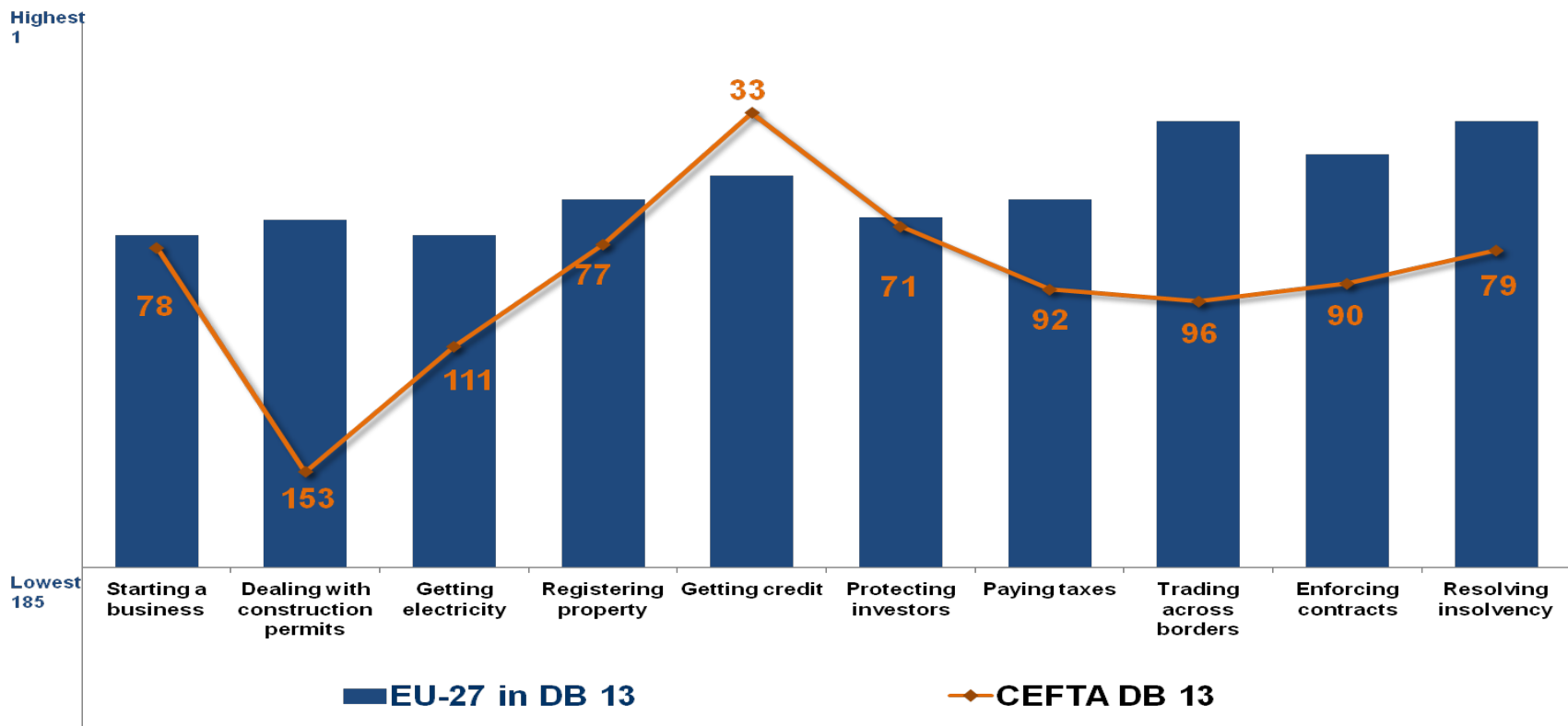
CEFTA Parties share in intra-CEFTA Imports (2013)



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**But, is the trade with the agricultural products in the region really liberalized?**

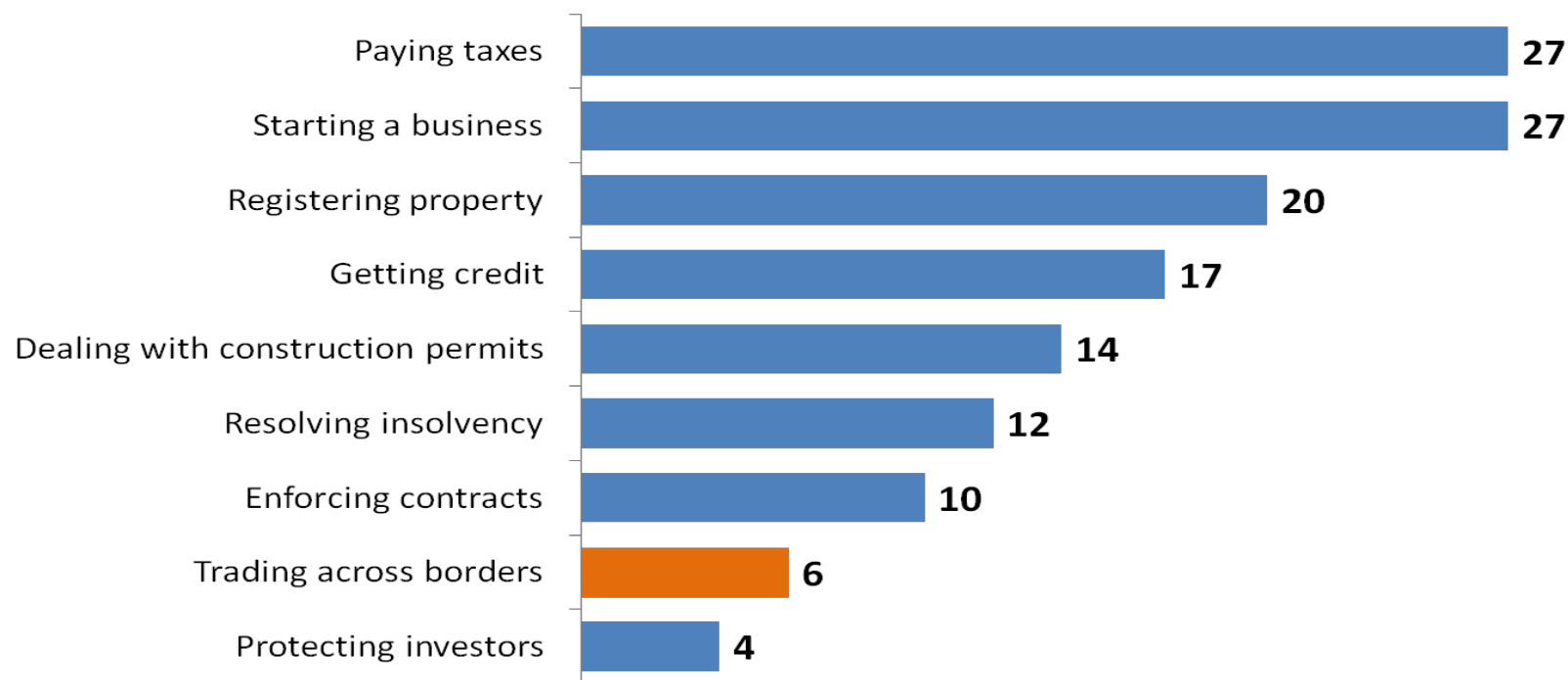
# According to the WB DB13, the CEFTA Region performs considerably lower in Trading Across Borders when compared to the EU-27 average rank



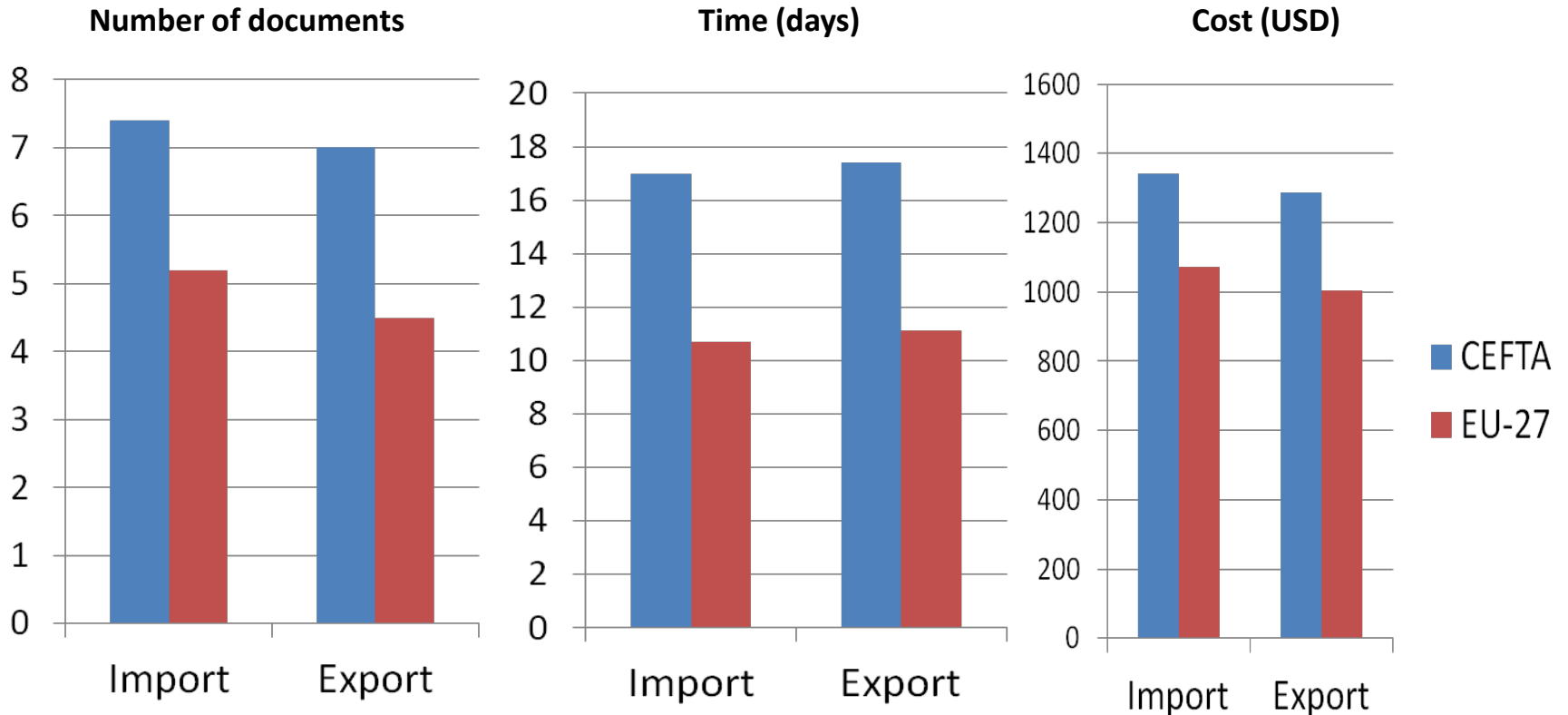


# Reform efforts by CEFTA Parties have focused more on areas other than cross-border trade

**Number of reforms by indicator among CEFTA economies since DB 2005**



# More documents, time and cost required in trade with CEFTA than trading with the EU-27



# NTBs in the agricultural trade: Market Access Database cases

- Based on the status of total 83 NTBs cases reported in CEFTA Market access database, the database analysis shows that the percentage of:
  - newly emerging issues is 5%,
  - pending cases 40%, while
  - solved issues represent 55%
- By areas of NTBs:
  - almost 1/3 coming from the SPS area (28%), followed by
  - issues connected to the price control including taxes and charges (18%), and
  - technical barriers to trade (16%)
- By sector, the most frequent barriers are presented in beverages and tobacco (33%) and vegetables (33%)

# Challenges Ahead – SPS area

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- Weak or none risk-based-controls by Governmental Agencies (particularly SPS authorities) and high dependence on border controls:
  - CEFTA countries perform physical on-the-border checks in average on between 25-30% of total shipments while that number in the EU is only 3%
  - Infringements are only 1% of the total number of checks
- Low level of cooperation between technical agencies and customs authorities at the national level
- Low usage of post-clearance audits / market surveillance by all authorities
- Limited information exchange among technical agencies at the regional level



# Development of CEFTA priorities – period **2014 – 2020 / CEFTA & SEE 2020**

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- Implementation of Agreement focused on
  - Liberalisation of trade in services
  - **Trade Facilitation**
  - **Transparency**
- Synergies within SEE 2020 goals *to improve living conditions in the region and bring competitiveness and development back in the focus closely following the vision of the EU Europe 2020* (basically in course of achieving Integrated Growth)
  - Investment
  - Market Access
  - Supply chains
  - Mobility
  - Human capital development etc.

# Integrated Growth - key areas of intervention

Integrated growth pillar anticipates actions toward deeper regional trade and investments linkages and policies enhancing the flow of goods investments, services and persons

- Increase intra-regional trade in goods by more than 230 %
- Increase overall FDI inflows to the region by at least 120 %

Free Trade Area

Competitive Economic Environment

Integration into Global Economy

Goods

Services

Investment

Skilled labour

Competition Policy

IPR

Public Procurement

Market Access

Participation in Global Supply Networks

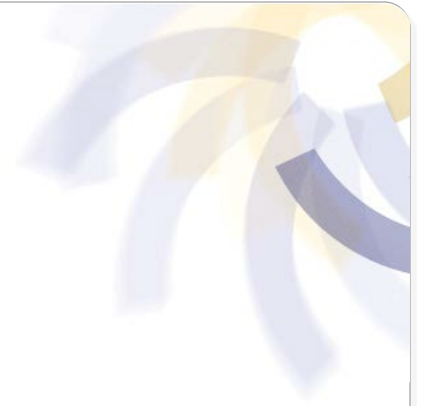
Capacity

Transparency

Data availability and quality

# .... priorities, related to agriculture...

DIMENSION	COMPONENTS	PRIORITIES
Free Trade Area	Free flow of goods →	Elimination of Tariffs and Quotas
		Elimination of Non-Tariff Barriers (NTBs)
		Facilitation of Trade
		Customs Interconnectivity
	Free flow of services	Liberalisation of trade in services
	Free flow of investment	Fair and equitable treatment and full protection and security of investors
	Coordination of investment policies	
Free flow of skilled labour	Facilitating free flow of services with view to enhance free movement of experts, professionals, skilled labour and talents within the region	
Competitive Economic Environment	Competition Policy	Trade Defence Instrument (TDI) free Trade Area
	Intellectual Property Rights	Protection of trademarks throughout the Region
	Public Procurement	Regional public procurement market
Integration into Global Economy	Market Access	Single diagonal cumulation zone under the PEM
		Gradual harmonisation of the MFN duties in the Region towards EU CET
	Participation in global supply networks	Investment concept to enhance participation in regional supply chains and global supply networks
Cross-cutting Issues	Capacity	Capacity building programmes for private sector and public administration
	Transparency	Transparency tools in all segments of regional cooperation
		Notifications where appropriate
	Data availability and quality	Quality of statistics
Data collection and analysis in new relevant areas		

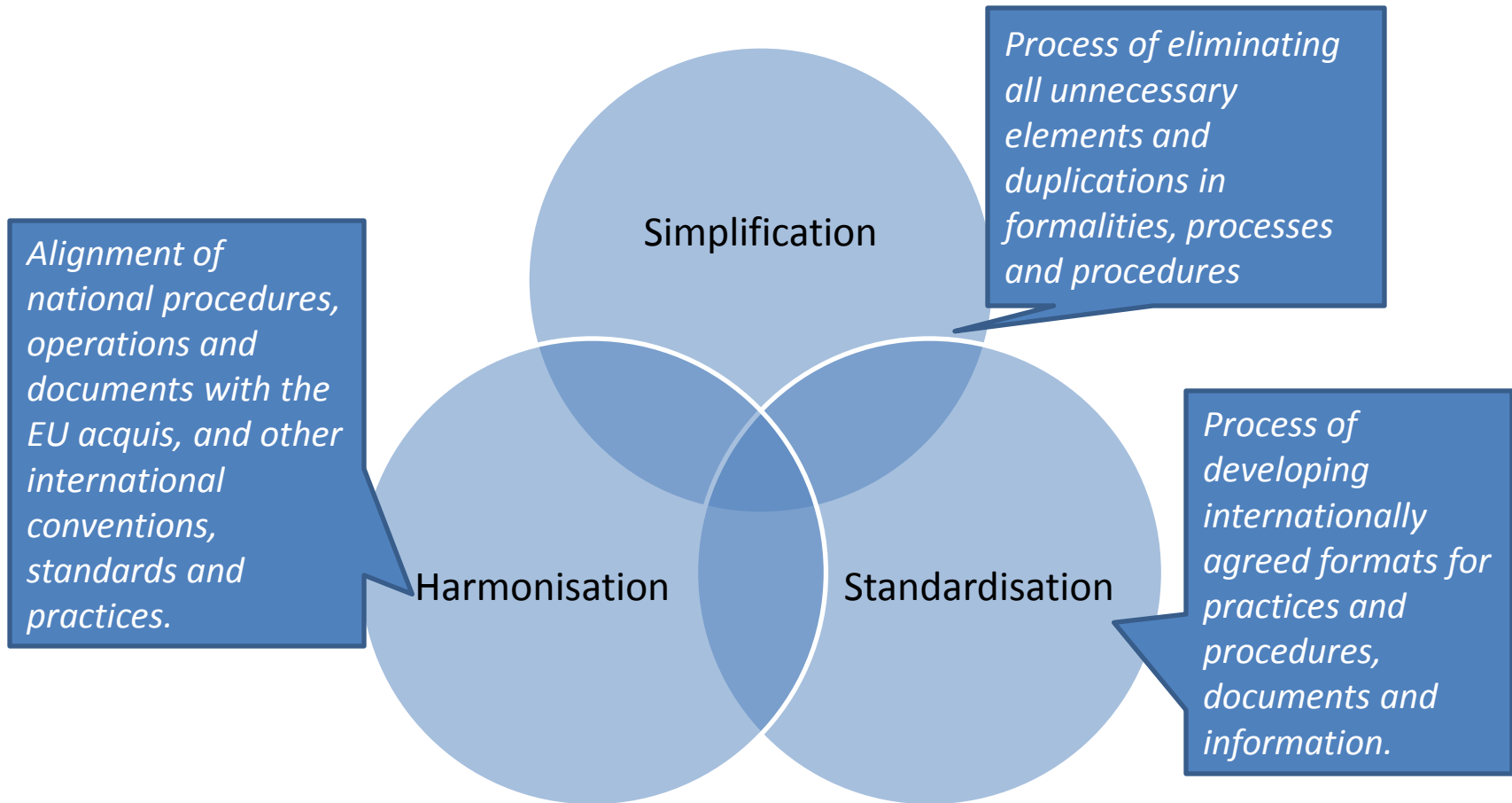


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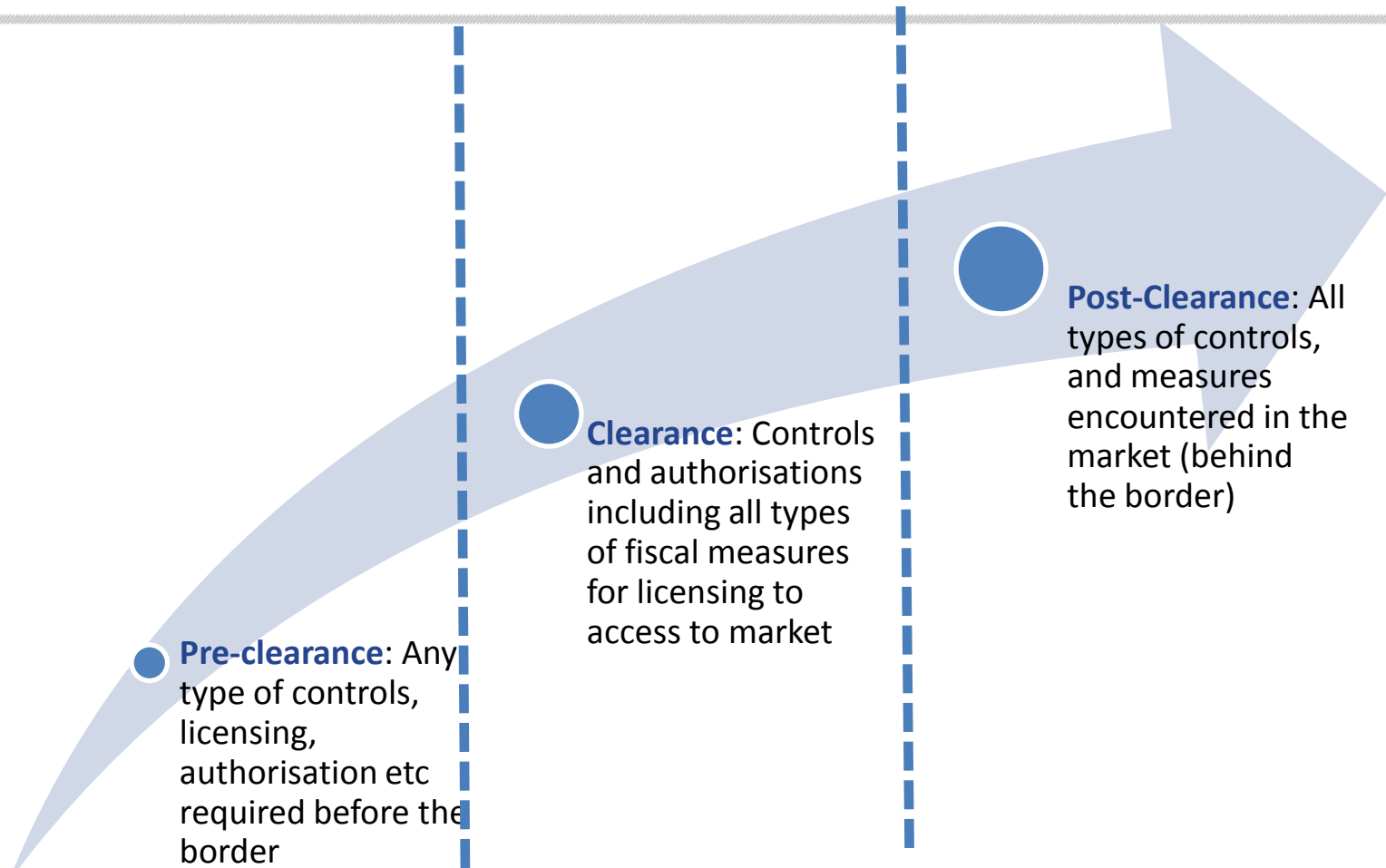
# Trade Facilitation concept



# Trade Facilitation concept - Logical Framework of TF concept Horizontal Areas of Intervention



# Logical Framework of Regional Vertical Intervention in export of goods



\*Terminology of trade in goods applied with certain reservation as regards to the specific terminology in services

# Trade Facilitation

*Employing regional transparency tools to systemize detection of trade irritants*

Behind the Border issues to be detected through databases

Behind the Border issues to be detected through Private Sector Contacts

	Pre-Clearance	Clearance	Post- Clearance
Simplification	<ol style="list-style-type: none"> <li>1. Reduce the number of documents</li> <li>2. Electronic data exchange</li> </ol>	<ol style="list-style-type: none"> <li>1. Reduce the number of documents</li> <li>2. Electronic data exchange</li> <li>3. Simplified customs procedures</li> <li>4. CEFTA AEO Programme</li> </ol>	<ol style="list-style-type: none"> <li>1. To be determined at a later stage through scanning framework legislation after employing tools above</li> </ol>
Harmonisation	<ol style="list-style-type: none"> <li>1. Eliminating non-automatic import licences</li> <li>2. Eliminate all data requirements not in line with the international recommendations and agreements</li> <li>3. Wider use of risk analysis in customs and other technical agencies</li> <li>4. Develop joint regional risk profiling</li> </ol>	<ol style="list-style-type: none"> <li>1. Eliminate data requirements not in line with the international recommendations and agreements</li> <li>2. Wider use of risk analysis in customs and other technical agencies</li> <li>3. Develop joint regional risk profiling</li> <li>4. Simplified customs procedures</li> <li>5. CEFTA AEO Programme</li> </ol>	<ol style="list-style-type: none"> <li>1. To be determined at a later stage through scanning framework legislation after employing tools above</li> </ol>
Standardisation	<ol style="list-style-type: none"> <li>1. Design business process models and ensure standardisation in the Region,</li> <li>2. Wider use of electronic data exchange</li> </ol>	<ol style="list-style-type: none"> <li>1. Design business process models and ensure standardisation in the Region</li> <li>2. Wider use of electronic data exchange</li> <li>3. Joint customs border controls and sharing inspection equipment</li> </ol>	<ol style="list-style-type: none"> <li>1. To be determined at a later stage through scanning framework legislation after employing tools above</li> </ol>
		CEFTA SECRETARIAT	

# TF Actions and points of success

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- **Having a risk management centred on all trade facilitation efforts from the highest CEFTA level to technical and administrative cooperation**
  - Formal Risk Management Working group of CEFTA that will propose modes of further cooperation in the field of risk management is established
- **Establishment of Committee on Trade Facilitation** to sustain the priority of TF of the CEFTA Chairmanship and the SEE 2020 Strategy
  - Members will be the Chairs of three Subcommittees
  - Ministerial Decision on establishment of the Committee formally to be adopted at the Joint Committee meeting this week

# TF Actions and points of success

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- **Identification of NTBs and proposals for actions against their elimination** is in a process of analysis within studies that have been conducting for the most important regional supply chains in Agri-food sector\*
- **International expertise provided** (by WCO, OECD, IFC, EU Member States, EFTA States) to:
  - **prioritise acquis alignment elements** that contribute most effectively in trade facilitation
  - **strengthen Parties' capacity** to support the cooperation at the regional level and implementation of activities under the agreed objectives for TF
- **Deciding the format of mutual recognition agreements** to be signed between CEFTA Parties (One Framework Agreement or thematic MRAs on each field and Involvement of technical agencies in MRAs)

Albania

Bosnia and Herzegovina

Macedonia

Moldova

Montenegro

Serbia

Kosovo\*



## Transparency Pack

Home

Portal Survey

Links



FAQ

Sitemap

 [CEFTA Trade Portal](#) 

 [CEFTA SPS Database](#) 

 [CEFTA TBT Platform](#) 

 [Market Access Barriers Database](#) 

### About

The CEFTA Parties established the so called “Transparency Pack” with the objective to enhance transparency as the key for long-term value-add for data management on information related to trade measures. The Transparency pack is a set of interlinked databases via a search engine having the overall objective to enhance transparency on all types of trade measures of the CEFTA Parties. This web-based tool comprises four databases i.e. Technical Barriers to Trade (TBT) Platform, Sanitary and Phytosanitary (SPS) Database, Market Access Database (MADB) and CEFTA Trade Portal in which the CEFTA Parties’ notifications of trade related measures can be recorded, stored and analysed. This new electronic tool allows the CEFTA Parties to notify each other on all types of measures, and analyse the impact of regional trade. It is available to the relevant authorities of CEFTA Parties with partial access to the public.

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# Strategic Work Programme (2012-2014) and priorities of the Macedonian chairmanship in agriculture and SPS

## Liberalisation of Trade in Agricultural Products

- Formalization of the Additional Protocols on further trade liberalisation and their effective implementation
- Follows the impact of CEFTA liberalization process including the challenges and consequences to efficient restructuring of the agricultural economies as well as ensuring that the legitimacy of CEFTA Agreement against the Parties' bilateral FTA with third countries is guaranteed

## Elimination of Non-Tariff Barriers

- Scaling up and harmonization of food safety standards - improvement of risk-based inspection control at BIP's (MK model implemented as of 1 July 2014 and experiences to be shared regionally)
- Exploring potentials for conclusion of the multilateral agreement in the SPS area. The text on SPS agreement incorporating mutual recognition of laboratory testing prepared and is in consultation process
- Development of initiatives of common participation of CEFTA Parties in other international organizations. The concept developed and enlarged through establishment of TWGs in animal health, plant health and food safety
- Enhanced transparency in SPS legislation (collection of data done by the outsourced experts. As of Oct. parties have to do the update of legislation by themselves)



**THANK YOU.**

