

ASSESSMENT OF POTENTIAL FOR THE LIBERALISATION OF TRADE IN SERVICES AMONG CEFTA PARTIES

BACKGROUND

In 2010, the Serbian Chair in Office (CiO) of CEFTA sought to advance liberalisation of trade in services among the CEFTA Parties in line with Articles 27 and 29 of the Agreement. All Parties recognised the potential of boosting economic development through greater liberalisation of trade in services but also recognised the complexity of the sector and the need for adequate preparations for any negotiations and decisions in this area. The European Commission, under its Instrument for Pre-Accession (IPA) agreed to finance two studies to assist the Parties with their preparations and contracted the Ecorys Consortium to prepare these.

OVERALL OBJECTIVE

The purpose of the first study was to examine the state of play in services in the intra-regional trade of CEFTA Parties and identify some of the key obstacles that could be overcome through negotiations on liberalisation of trade in services.

The second study aimed to provide the CEFTA Parties with a more concrete guide on the options available to them as they developed a platform for their future negotiations on trade in services.

ACTIONS AND ACTIVITIES

A combination of desk and field research was used to gather the necessary data and information that was subsequently analysed by the consultants to produce a series of findings and recommendations.

The first report detailed:

- The current levels of liberalization in trade in services in the CEFTA Parties
- The statistical issues that would need to be addressed to prepare and conduct negotiations
- The differences in the regulatory regimes for trade in services in the CEFTA Parties
- Specific characteristics of the services market in CEFTA Parties
- Possible approaches to regional liberalization on a horizontal and sectoral basis

The report suggested some sectors conducive to liberalisation including (in no particular order): (i) transport services; (ii) professional services; (iii) telecommunications; (iv) distribution services; (v) financial services (other than banking, with an emphasis on insurance); (vi) construction services; (vii) energy services; (viii) environmental services; (ix) ICT-related services; (x) educational services (higher, secondary, adult education); (xi) medical services (private).

Based on the detailed consultations and drawing upon experience of other regional free trade groupings such as ASEAN, the second report outlined some of the challenges facing the Parties as they prepared for negotiations including:

• **Overcoming the knowledge gap**

By necessity trade negotiations involve large number of stakeholders. The study found that many of the relevant government agencies were unfamiliar with the activities of their domestic companies in international trade and had little or no experience of the intricacies of services negotiations. Thus a key requirement would be to overcome this knowledge gap.



- **Available expertise to conduct the necessary audits and impact studies**

Parties would need to come to the negotiations with various liberalisation scenarios. They would have to conduct trade-regulatory audits and consider the impact of any liberalisation from an economic-social impact perspective.

- **Establishing an efficient internal coordination process in each Party**

This was stressed as the most crucial of negotiating inputs. Amongst other things this process should determine how to correlate commitments with other obligations and processes, such as the on-going WTO accession negotiations and the integration process with the European Union, and how to factor in some of the EU legislation, such as the Services Directive and the Professional Qualifications Directive

The report provided advice and guidance on:

- Adapting data collection to serve the purposes of services trade negotiation
- Modes of negotiations
- How to select the initial sectors
- Preparing a negotiating road map

IMPACT ON CEFTA

The reports provided the CEFTA Parties with valuable analysis and recommendations that were subsequently used to undertake a series of activities to prepare for the launch of negotiations for a framework agreement in trade in services.

SUMMARY PROJECT INFORMATION

Dates:	April to December 2010
Budget:	€ 79, 180
Partners:	Ecorys Consortium and CEFTA
Financiers:	EU (IPA)
Beneficiaries:	Ministries responsible for trade

CONTACT PERSON/FURTHER INFORMATION

Aleksandra Rakovic, Technical Expert, CEFTA Secretariat ✉ Aleksandra.rakovic@cefta.int
See <http://cefta.int/new-trade-topics-services>

