



**REPORT BY THE CHAIR**  
**THE COMMITTEE OF TRADE FACILITATION**

**26 November 2015**

The purpose of this report is to provide a summary of conclusions undertaken by the CEFTA Committee of Trade Facilitation during the period of January to 26 November 2015.

During the reference period, two meetings have taken place as follows:

1<sup>st</sup> Meeting of the Committee of Trade Facilitation – 1 July 2015;

2<sup>nd</sup> Meeting of the Committee of Trade Facilitation – 25 November 2015.

### **First meeting of Committee of Trade Facilitation**

The first meeting of the Committee of Trade Facilitation was held in Chisinau on July 1<sup>st</sup>, 2015. Delegations of Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Moldova, Serbia, and Kosovo\* were present in the meeting. The meeting was chaired by Mr. Octavian Calmic, Deputy Minister of Economy of the Republic of Moldova.

The meeting started with the opening remarks of the Chair welcoming all the delegations and reiterating the importance of trade facilitation. The Chair stated that Moldova is in the process of ratifying WTO Trade Facilitation Agreement (TFA). The Chair added, once the WTO TFA is ratified by Moldova, Moldova will start the relevant procedure for creating national committee of trade facilitation. The Chair stated that national committee of trade facilitation is expected to be created by CEFTA Joint Committee Meeting, the meeting of which is to be held in late November 2015. The scope of national committee of trade facilitation in Moldova will include both WTO TFA and CEFTA.

After the opening remarks of Moldova the Chair opened the floor to other CEFTA Parties to make their opening statements regarding the creation of national committees of trade facilitation.

Albania stated that the ratification of WTO TFA is in progress and the national committee of trade facilitation is to be created after the ratification of WTO TFA. National committee of trade facilitation in Albania is to be chaired by Ministry of Economy and Trade. It is expected that the committee would be created before CEFTA Joint Committee meeting in November.

Bosnia and Herzegovina stated that it is not a member of WTO. Thus, it does not have legal obligation to create national committee of trade facilitation. Though, Bosnia and Herzegovina considers starting to have self-assessment of WTO TFA obligations and in that framework it might be deemed necessary to establish national committee of trade facilitation in Bosnia and Herzegovina.

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Macedonia stated that the ratification of WTO TFA is in progress. Once the ratification of WTO TFA is completed, which is expected to be made by the end of July, Macedonia will create its national committee of trade facilitation. National committee of trade facilitation in Macedonia is to be chaired by Ministry of Economy and include all other relevant authorities. It is expected that the committee would be created before CEFTA Joint Committee meeting in November.

Montenegro stated that national committee of trade facilitation was established with the decision of Ministry of Finance and include all the relevant authorities. The ratification of WTO TFA is in progress.

Serbia stated that it is in the final stage of accession to the WTO. It was stated that Serbia has completed its self-assessment and is committed to establish national committee of trade facilitation in Serbia. Serbia referred to the donor coordination meeting on trade facilitation which was held in February 2015 during which USAID is committed to provide technical assistance to CEFTA Parties to support the process of creating and functioning national committees of trade facilitation. In response to this statement, the Secretariat noted that USAID is ready to start a regional project in CEFTA to support the creation of national committees of trade facilitation.

Kosovo\* stated that though it does not have WTO membership, it created a body for trade facilitation in 2010 and it would be turned as committee of trade facilitation. The relevant confirmation in this regard is to be communicated by the meeting of CEFTA Joint Committee.

The Chair summarised the opening remarks of CEFTA Parties stating that all Parties are committed to created national committees of trade facilitation. Though some are advanced and the relevant communications are to be made by the CEFTA Joint Committee meeting to be held in November 2015.

#### **Draft Reporting Procedures between CEFTA Subcommittees and Committee of Trade Facilitation**

The Chair invited the CEFTA Secretariat to the floor to make the presentation. In its presentation, the Secretariat emphasised the importance of result oriented reporting. In this framework, the Secretariat suggested that the upgraded market access barriers database, list of main trade distortive market access barriers to be identified by technical assistance projects, the time release studies to be done in cooperation with the WCO and dialogue to be established with private sector will be the tools for result oriented reporting.

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In the framework of the Time Release Study the Secretariat informed that Albania, Montenegro and Serbia have approached to the WCO to undertake the study in their countries. The Secretariat reminded them of the importance of having all the relevant governmental authorities involved in the study. The future project in CEFTA regarding TRS may then take into account the results of studies in these three CEFTA Parties and may complement with the studies to be done in the remaining Parties.

The second part of the presentation was devoted to the current state of play in the implementation of CEFTA Trade Facilitation Agenda and the proposed actions which might be taken in the short term, particularly the ones until October.

The Secretariat presented the input related to trade facilitation which was requested by the European Commission for the Prime Ministers meeting to be organised in Vienna on 27 August 2015 in the framework of Berlin Process. In addition, the Secretariat stated that a similar input could be provided to the Prime Minister Cabinets. The main messages of both inputs could be considered in the statements of Prime Ministers. Those inputs of the Secretariat are given in the annexes.

The main highlights of these inputs are to reiterate the commitments of CEFTA Parties to conclude successfully the negotiations on trade facilitation by mid-2016 and to state their agreement to prepare a list of provisions of which the implementation might commence immediately after the signing of the Framework Agreement in CEFTA.

The Committee agreed that those inputs would be instrumental though noted that each CEFTA Party will have its discretion to formulate the statements of their Prime Ministers regarding trade facilitation according to their consideration. However, the CEFTA Parties agreed that the main points in those inputs should be similar.

The Committee agreed to recommend all CEFTA Parties to communicate the main points of those inputs provided by the Secretariat to the cabinets of Prime Ministers.

#### **Update on the activities related to CEFTA Trade Facilitation Agenda**

- Negotiations of the Framework Agreement on simplification of border procedures in all clearance stages, electronic exchange of information and mutual recognition of AEOs.

Montenegro, as the Chair of CEFTA Subcommittee on Customs and Rules of Origin, presented all the activities which have been done so far under their chairmanship by June. Montenegro particularly referred to the conclusions taken during the first round of negotiations held in Podgorica on 27 May 2015. Montenegro stated that the confirmation of names of Chief Negotiator by CEFTA Parties is still pending. Montenegro suggested if the Parties cannot

confirm the names of chief negotiator by 2 July 2015, such deadline might exceptionally be extended to complete the process. It was noted that Montenegro was the only CEFTA Party who completed the necessary internal procedure regarding the appointment of chief negotiation on its behalf. Montenegro informed that Ministry of Economy was appointed as chief negotiator for the framework agreement.

Other CEFTA Parties stated that they have not taken yet their decisions which ministry should lead the negotiations on their behalf. It was stated that customs authorities might run the technical part of the negotiations though overall political responsibility of the negotiation, and referring the text of Agreement once the negotiations are concluded to the governments for their approval would be the responsibility of Ministries in charge of Trade.

The Committee considered the structure of negotiation team appointed by Montenegro as a good example as the chief negotiator is appointed from Ministry of Economy. CEFTA Parties agreed that such structure would be recommendable for other CEFTA Parties in nominating their chief negotiators.

The Committee agreed that names of chief negotiators will be communicated to the Chair in Office and CEFTA Secretariat by 30 July 2015. The Chair of CEFTA Subcommittee on Customs and Rules of Origin will send a formal letter informing CEFTA Parties about the extension of deadline for this confirmation from 1 July to 30 July 2015.

- Project on Identification and Elimination of Main Trade Distortive Market Access Barriers on Selected Supply Chains on CEFTA

Serbia, as the Chair of CEFTA Subcommittee on NTBs and TBT, made a presentation to update the Committee of Trade Facilitation about the current state of play regarding the subject project, which is financed by GIZ, and implemented by ITC and UNCTAD. During the presentation, Serbia gave a list of issues which have been mentioned during the national diagnostic meetings held in CEFTA Parties. It was stated that the main emphasis of this project should be made on behind-the-border issues.

It was noted that the full report of those national meetings will be communicated by the ITC by 15 July 2015.

- Donor Coordination of Trade Facilitation

The Secretariat reported that USAID is ready to start a technical assistance project to support CEFTA Parties in creating and function of their national committees of trade facilitation, one of the commitments which USAID made during the donor coordination meeting. The Secretariat added that the second donor coordination meeting would be organised next year.

## **Implementation of CEFTA Ministerial Decisions and Conclusions related to Trade Facilitation**

The Chair invited the Secretariat to make a short summary of the three sub-items on the agenda (Ministerial Decision no 2/2013 on Advance Notification of Legislation, Conclusions of CEFTA Special Joint Committee of 25 February 2015 and Conclusions of CEFTA Joint Committee of 2014 related to the appointment of CEFTA Contact Points in Customs Authorities of CEFTA Parties).

The Secretariat informed that none of CEFTA Parties have made advance notification even for the ones which have recently been subject to trade dispute. The Secretariat reminded that the implementation of this decision would facilitate the resolution of disputes.

The Secretariat noted that referring to the EU acquis in trade disputes would be discussed in the experts and deputy ministers meeting, scheduled for 2 July 2015.

The Secretariat stated that the nomination of CEFTA contact points in customs authorities has been completed.

### **2<sup>nd</sup> Meeting of Committee of Trade Facilitation**

Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia, Kosovo\* have met in Chisinau on 25<sup>th</sup> November 2015 at the Committee on Trade Facilitation. The meeting was chaired by Ms. Inga Ionesii, Director of General Department of International Economic Cooperation. This report is made as per agenda items.

The Chair welcomed all representatives of CEFTA Parties and highlighted the actions undertaken in CEFTA on trade facilitation. Especially it was underline that the main on trade facilitation is the statement in the conclusions of the Western Balkans Summit in Vienna.

The Chair reminded about the discussions related to the inputs and the text to be submitted to the Cabinets of Parties Prime Ministers, which were held in the first meeting of the Committee. In addition, the Chair stated the Vienna summit underlines that CEFTA Parties are expected to demonstrate their commitment by starting the implementation before the next summit.

The Chair recalled about the first round of negotiations held in Podgorica on May 27, 2015, when the CEFTA Parties adopted a number of points they have agreed the rules of procedures for the next rounds of negotiations. The main issue at that round was to complete the nominations of Chief Negotiators. All CEFTA Parties have concluded appointing Chief Negotiators and their deputy and thereafter, a coordination meeting was held in Brussels on October 01, 2015. In the Coordination meeting the CEFTA Parties agreed as well to use Additional Protocol 5, as the name of "the agreement on trade facilitation", rather than the

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framework agreement". At the meeting Parties decided to prepare an action plan in the framework of the negotiations which will be the main document to serve the purpose of demonstrating the clear commitment to the process as mentioned in the Vienna Summit.

**Update on Negotiations of Additional Protocol on simplification, electronic exchange of data, and mutual recognition of AEOs**

The CEFTA Secretariat presented the current state of play of the Negotiations of Additional Protocol 5 on Trade Facilitation and Technical and Financial Assistance and highlighted the importance to ensure Parties full involvement in the preparation and planning of the technical and financial assistant projects which are to be mobilised for Additional Protocol 5. Through this assistance, CEFTA Parties may really secure the implementation of the Additional Protocol.

The Secretariat reiterated the Vienna Summit Conclusions where the trade facilitation and the Connectivity Agenda is strongly emphasized and highlighted the relation of Framework Agreement in CEFTA with other Agreements and Processes. The Secretariat updated on the negotiations of CEFTA Framework Agreement on Trade Facilitation and informed that the Draft Action Plan containing the actions has been circulated to the CEFTA Parties as CEFTA Secretariats' proposal. CEFTA Parties are to decide which actions to be taken forward. To speed up the decision, the Secretariat invited Parties to agree on three open issues i.e. the date for the upcoming round of negotiations, the positions on the Action Plan and the compilation of the documentary requirements. The Secretariat informed that Technical and Financial assistance has been booked from EU funding for the support of the facilitation to trade in CEFTA (3 million EUR), maintenance + (1,8 million EUR) and SEED + (5 million EUR). The Secretariat informed that the actions shall be implementable and supported by the projects even if the Additional Protocol 5 doesn't enter into force fully.

The Parties where invited to agree how to be represented in the preparation of the scope of the Maintenance+, which is a kind of transitional project between the current SEED and eventual SEED+. It is necessary to synchronise with CEFTA Parties negotiations and particularly with above mentioned Action plan.

The CEFTA Secretariat proposed to create a task force to decide on the scope on the Maintenance+ project and noted that in each negotiation group CEFTA Parties could have back to back meeting for the project purpose in order to meet with the Commission and to present the actions which have been agreed to be undertaken by Parties and the actions which directly are reflected in the Maintenance+ project.

Additionally the Secretariat proposed to create a methodology in each CEFTA Party with the aim to collect and share between them the statistical data related to released time according the WCO Methodology.

Serbia presented the time release study regarding the actions under WCO and underline that Serbia has a project related to the Methodology on time release study and a workshop was already scheduled.

CEFTA Secretariat underlined the importance to collect the statistical data related to time release, which is basically the result of Trade Facilitation and to identify the delaying reasons on the border crossing points.

The Parties agreed to confirm whether their Customs authorities collect the statistical data related to realised time according to WCO Methodology and which national institutions or other technical agencies are included in presenting of the data.

The Secretariat proposed the Parties to agree on the date of the second Round of Negotiation of Additional Protocol 5 on Trade Facilitation and Technical and Financial Assistance.

The Parties agreed to have negotiations in Brussels on January 20-21, 2016. Such dates are to be confirmed by email by 4 December 2015.

Additionally, it was agreed that CEFTA Parties will confirm what actions as listed in the draft action plan they preliminary agree by 10 December 2015, when the meeting of the Transport Facilitation Working Group is to be held. This confirmation is important to synchronise the scope of EU funded IT projects (Maintenance +) with the action plan.

In the framework of this meeting, the Parties may agree with the Commission to create the task force on the Maintenance+ project.

The CEFTA Secretariat informed the Parties that after preliminary talks with the European Commission it has been agreed, unofficially, to financially support the new staff members of the National Facilitation Committees. The CEFTA Secretariat will follow up with the EC to secure the funding for this purpose to be allocated from IPA 2016.

### **Update on the Process of Establishing National Committees of Trade Facilitation in CEFTA Parties**

Under the second item of the agenda, the Chair invited all CEFTA Parties to give the Committee an update on the process of establishing national committees of trade facilitation in each CEFTA Party.

Albania is given a great importance to the establishment of the National Committee of Trade Facilitation and these issues have been dealt at the higher political level requiring an approval from the Prime Minister.

Bosnia and Herzegovina is in the process of the self-assessment. It was stated that the establishment of the national committee on Trade Facilitation is in the initial phase.

Moldova notified that limited progress was achieved by the meantime. The WTO Agreement on Trade Facilitation has been submitted to the Parliament for the ratification procedures. At the same time, the information about the establishment of the National Committee of Trade Facilitation has been submitted to the Government.



Macedonia informed other Parties about the final phase of its internal procedures. Thus, the Agreement on Trade Facilitation was ratified. The National Facilitation Committee is to be established by the Decision of the Government and it will combine technical, operational and political levels, with the support of the USAID.

Montenegro mentioned that the Agreement was not ratified yet. The Agreement has been submitted to the Parliament for the ratification. It was stated that National Facilitation Committee has been established in May 2015. The Committee is co-chaired by the Ministry of Economy and Ministry of Finance. By the moment, two meetings were held in order to revise the categories B and C.

Serbia informed that the ratification of the WTO Agreement on Trade Facilitation is not possible since Serbia is not a WTO member. In this regard, the Trade Facilitation Committee will be established as a governmental body, which all decisions will be submitted to the Government for the adoption.

Kosovo\* stated that in the framework of the establishment of the Trade Facilitation Committee were held two meetings and currently it intensively cooperate with IFC.

After CEFTA Parties updates, it was agreed that the Secretariat will prepare a table which will contain the current state of play of each Party in the establishment of the Committees.

#### **WTO Trade Facilitation Facility – Possible Areas from which CEFTA Parties would benefit**

The representative from WTO made a presentation “WTO Trade Facilitation Facility – Possible Areas from which CEFTA Parties would benefit”. The main points that were emphasized were on the importance and role of national facilitation committees, on the status of the TFA’s ratification and notification processes.

The Parties welcomed the presentation and inquired on the possibilities to receive technical assistance and the procedures to be followed in order to get support for the implementation of the WTO TFA and the national committees for facilitation. Subsequently, the representative from the WTO informed that the technical assistance is provided currently via workshops and trainings and the Parties are invited to submit the request in this regard.

The Secretariat proposed to organise a short term training program on trade facilitation at the WTO for the national negotiation teams of Additional Protocol 5. In this training, the WTO Secretariat may provide trainings on WTO TFA and the interactions between WTO TFA and other WTO Agreements such TBT and SPS. The proposal of the Secretariat was accepted by the WTO. USAID stated that they may consider financing the training programme. USAID will confirm its final decision in three weeks time.

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The UNCTAD, ITC and GIZ representatives made a joint presentation on “Addressing Market Access Barriers in Selected Supply Chains in CEFTA”. They updated the Parties on the current status of the implementation of this particular project. At the same time UNCTAD offered the expertise available and reminded that the CEFTA Parties should keep in mind that the trade facilitation process is wider than the trade facilitation agreement and it has to be considered as whole. The ITC also informed that so far projects findings could potentially serve to the CEFTA Parties would give an idea what has to be prioritised when implementing the Bali Agreement. The UNCTAD was pleased to report that all stakeholders are comfortable in discussing the issues and very trustful relationship has been already established. The ITC informed that they are following the bottom up approach encountering certain problems that certain local businesses cannot anticipate and articulate.

The representatives from the USAID/WBG informed on the project “Support the Creation of the National Trade” and the assistance vehicles in the TFA implementation. The project encouraged the CEFTA Parties to reach out to donors to discuss and mutually agree the areas and the scope of assistance within the available opportunities. After the presentation Moldova welcomed the USAID’s offer to provide assistance for CEFTA Parties. Albania requested a clarification regarding the way of approaching to the donors. The USAID representative informed that the assistance is available for all CEFTA Parties. USAID also communicated that in the case of Albania under the report about the project on TF Committees be ready platform the contacts have been already established and the implementation has started. For BiH is behind, the funds have been unlocked so DC has to decide on how to employ them.

The CEFTA Parties agreed that the Chair in Office will send an official letter to WTO in order to organize a training programme for the negotiating team of CEFTA Parties. Also, within a period of three weeks, the USAID will confirm its financial support for the training programme.

#### **Conclusions taken during the Second Meeting of the Committee of Trade Facilitation**

- The Second Round of Negotiations will be held in Brussels on January 20-21, 2015. The agreed dates are to be confirmed by email until 4 December 2015.
- The Parties agreed to confirm whether their Customs authorities collect the statistical data related to realised time study (TRS) according to WCO Methodology and which national institutions or technical agencies are included in TRS. The confirmation is to be made by 10 December 2015.
- CEFTA Parties will confirm their agreements on what actions as listed in the draft action plan by 10 December 2015. It is agreed that such confirmation is necessary to synchronise the scope of EU funded IT projects (Maintenance +) with the action plan.
- The CEFTA Chair in Office will send a letter to initiate administratively the procedure of the organisation of a short term training programme by the WTO Secretariat for

national trade facilitation negotiations teams. It is agreed with the WTO Secretariat that such training will take place early 2016.

- It is agreed that USAID will confirm its proposal to finance the training in WTO in three weeks time.