

REPORT
Subcommittee on Non-Tariff Measures

January - December, 2016

The report is prepared for the purpose to give a summary of actions undertaken under the Montenegro Chairmanship of CEFTA Subcommittee on Non-Tariff Measures during the period of 1st of January to 31 December 2016.

I. BACKGROUND

In its last meeting in November 2015, the CEFTA Ministers, recognizing the present priorities in implementation of CEFTA requires a high level coordination between CEFTA structures and the relevant national authorities of CEFTA Parties; and effective inter-Ministry coordination in each CEFTA Party, decide to adjust the CEFTA Subcommittees and amend their Terms of References.

In that regard, the following areas have been determined as the main mandate of the CEFTA Subcommittee on Non-tariff Measures which was established by the Joint Committee Decision No 1/2015:

- i. Exchange information on a regular basis through employing CEFTA Transparency Pack tools, in particular CEFTA Market Access Barriers Database, to identify and review complaints in each Party concerning NTMs and propose appropriate procedures to eliminate barriers to trade:
- ii. Identify unnecessary technical barriers to trade, sanitary and phytosanitary measures, and administrative measures, and recommend the elimination of in accordance with Article 12.2, 13.2, and Article 14.4. of CEFTA 2006;
- iii. Monitor the elimination process at national level and to report the progress to the Committee of Trade Facilitation:
 - a) Establish necessary grounds to initiate negotiations to conclude mutual recognition agreements of technical measures in CEFTA upon the condition that the relevant legislation and their implementation are fully in line with the relevant EU acquis and with the relevant WTO Agreements, and with other relevant international agreements as foreseen by Articles 12.2, and 13.4. of CEFTA 2006;
 - b) Identify and recommend the elimination of non-technical measures, and exports related measures provided that those measures are in contradiction with the relevant Articles of CEFTA 2006, and to monitor the elimination process at national level and to report the progress to the Committee of Trade Facilitation.
- iv. Act as the first instance CEFTA Structure to analyse bilateral trade complaints before Special Joint Committee is called according to Article 42 of CEFTA 2006;
- v. Coordinate technical assistance to be provided to CEFTA Parties through regional programmes in the relevant areas under the mandate of the Subcommittee.

The following working bodies are set up in the Subcommittee on Non-Tariff Measures:

Working Group on Technical Measures with the main objective to identify and oversee the elimination of unnecessary technical measures or their discriminatory application in accordance with Article 12.2., Article 13.2 and 13.5 of the CEFTA 2006.

Working Group on Risk Management with the main objective to develop and broaden cooperation among CEFTA Parties, according to Article 12, 13, and 14 of CEFTA 2006, particularly with a view to propose the possibilities of taking joint actions related to the management of public authorities and agencies involved in clearance of goods at the regional level, as far as possible, aiming at facilitating the regional trade while improving the overall quality and deterrence of customs, security, and safety controls and inspections.

Working Group on Electronic Exchange of Information with the main objective to develop and broaden cooperation among CEFTA Parties, according to Article 12, 13, and 14 of the CEFTA 2006, particularly to address the issues which are related to the functioning and sustainability of the existing or new IT capacities and tools to be created between the CEFTA Parties in the framework of CEFTA and CEFTA Management Information System, and proposing solutions for the CEFTA Region with an aim to facilitate the regional trade while improving the overall quality and deterrence of customs, security and safety controls and inspections.

II OBJECTIVES OF THE CHAIRMANSHIP

Montenegro as a Chair of the Subcommittee has identified objectives set up in the Work Programme as follows:

- 1) To enhance transparency in order to identify non-tariff measures (NTMs) substantially affecting the regional trade and to eliminate non-tariff barriers (NTBs) distorting trade between CEFTA Parties;
- 2) To increase the efficiency of dispute settlement mechanism of CEFTA
- 3) To contribute the negotiation process on Additional Protocol 5 on trade facilitation through its working groups

In order to secure the fulfilment of objectives Montenegro as a Chair introduced priorities as follows:

- 1: Addressing the main trade distortive non-tariff measures;
- 2: To initiate exploratory talks for the extension of mutual recognition of conformity assessment in TBT and SPS, in accordance with the CEFTA Articles 12.2 and 13.3 and upon the condition of EU alignment;
- 3: To provide platform for the discussion on technical proposal of CEFTA Secretariat for increasing efficient of CEFTA Dispute Settlement Mechanism;
- 4: To support the Negotiations on Additional Protocol 5.

III ACTIVITIES

Activities	Current state of play	Remarks/Result	Risk
Activity 1: Compilation and Classifying NTMs	Done	CEFTA Market Access Barriers Database is functioning properly.	Low
Activity 2: Preparation of the Recommendations for the Elimination of Identified NTBs	In progress	The report of UNCTAD and ITC has been received. A monitoring table is to be submitted on the basis of the reports of UNCTAD and ITC	Low
Activity 3: Involvement of UNCTAD in the functioning of the Market Access Database (MADB)	Pending	Project Synopsis for the future advisory involvement of UNCTAD in the functioning of MADB has prepared. Unpredictability in the selection procedure of Director creates a risk for institutional and financial capacity of the CEFTA Secretariat. It would therefore affect a sustainable relation between the Secretariat and UNCTAD in the framework of this assignment.	High
Activity 4: Coordination and communication with GIZ project "Addressing Market Access Barriers in Selected Supply Chains"	In progress	The list of cases identified by the Project are included into the list of cases and recommendations which are to be submitted to the Committee of trade Facilitation	Low
Activity 6: Initiation of Exploratory Talks for Mutual Recognition of conformity assessment in TBT and SPS	In progress	Initiation of Exploratory Talks for Mutual Recognition of conformity assessment in TBT and SPS were on the Agenda of the Subcommittee on NTMs Meeting, which was held in Podgorica, on 10 th November. Though the TBT and SPS agencies may not be willing to actively participate in these talks. High level coordination is required.	Medium

Activities	Current state of play	Remarks/Result	Risk
Activity 7: Preparation of the technical proposal on CEFTA DS Mechanism	In progress	<p>After having consultations with the legal experts of the relevant international organisations and based on Final report on CEFTA Dispute Settlement Mechanism by Paolo Vergano, the Secretariat will prepare its technical proposal on CEFTA DS Mechanism.</p> <p>This activity may require much deeper involvement and bigger engagement of legal counsel. It is dependent on the success of tender for hiring legal counsel.</p>	Medium
Activity 8: Preparation of a Questionnaire by the Working group on Risk Management	Pending	The Secretariat first requested the help of EU financed QI Project which gave a negative answer. The activity might be postponed to next year.	Medium
Activity 9: Follow up of the actions in the Action Plan falling under the mandate of the Working groups	Pending	As most of the activities in the Working Groups will be dependent on the AP 5, this action need be postponed to next year.	Medium
Activity 10: Working group on the Electronic Exchange of Information to contribute to the finalisation of the IT related projects	Pending	The Secretariat has received from DG NEAR an email in response to its request to merge the activities of CEFTA Working Group on Electronic Exchange of Information, and the ones of SEED Maintenance + stating their hesitation to give more prerogatives to any CEFTA Structures before a positive outcome of the ongoing discussions on the selection of new Director of CEFTA Secretariat.	High

III CALENDAR OF EVENTS IN 2016

MEETING/EVENT	DATE	PLACE
1 st Meeting of Subcommittee on NTMs	3 rd March,2016	Brussels
Presentation of GIZ project “Addressing Market Access Barriers in Selected Supply Chains” and Possible future cooperation	10/11 May	Belgrade
Workshop on Dispute Settlement Mechanism	20 th September,2016	Podgorica
2 nd Meeting on Subcommittee on NTMs	10 th November,2016	Podgorica