CEFTA
Central European Free Trade Agreement

Joint Committee Meeting

Sarajevo, 20 November 2013

REPORT BY THE CHAIR

THE SUBCOMMITTEE ON TBT AND NTBs

November 2013

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The purpose of this document is to report on the activities of the CEFTA Subcommittee on TBT and NTBs in the period of 1 January to 20 November 2013.

In the reporting period, the Subcommittee on Technical Barriers to Trade and Non-tariff Barriers to Trade held three meetings. The sixth meeting took place in Budapest on 7 February 2013, the seventh meeting in Skopje on 21 May 2013 and eighth meeting on 30 October 2013 in Sarajevo. The Working Group on TBT held three meetings, sixth meeting on 1 February in Brussels, seventh on 13 May in Belgrade and eighth on 30 September 2013 in Ljubljana.

Apart from the official meetings, the Subcommittee together with the OECD organized the fourth Regional Roundtable on Elimination of NTBs held in Budapest on 7 and 8 February 2013.

THE WORK PROGRAMME OF THE SUBCOMMITTEE

At its sixth meeting held in Budapest on 7 February, the Chair presented the Strategic Work Programme of the Subcommittee on NTBs and TBT, which covers the period from 2013 to 2015 and proposed a one-year Work Programme for 2013 under the Chairmanship of Macedonia.

Members of the Subcommittee praised the well prepared, comprehensive and very ambitious Work Programme, seeing it as a step forward in comparison to the previous years.

Montenegro expressed its concern over the Activity 2.3.1 which deals with the conclusion of agreements on conformity assessments and easing of access of industrial products on other Party market. They repeated their position from the previously held meeting of the WG on TBT that they would not be in a position to negotiate such an agreement. The Parties took note of such a decision of Montenegro.

The Strategic Work Programme and the one year Work Programme were adopted.

I   ELIMINATION OF NON-TARIFF BARRIERS TO TRADE

o Multilateral Monitoring Framework for Elimination of NTBs

At the sixth meeting held in Budapest, the OECD representatives presented the results of the second assessment of the Multilateral Monitoring Framework concerning TBT and the SPS area. The Parties were invited to send their proposals and the comments on the results before 15 March.

The Parties agreed that in the following two months the OECD consultants on the SPS and TBT are to deepen their analyses in two areas: (i) tailor made assessment for the priority products and (ii) identification and recommendation of concrete mechanisms and instruments for the implementation of recommendations.

It was expected that the OECD would produce a document enlisting the major activities and the timeline for their realization.

At the seventh meeting held in Skopje, the OECD experts presented the recommendations based on two completed assessment cycles as well as analysis of 18 trade case scenarios for the TBT area and eight cases in SPS. They reported on the outcomes and conclusions of the recent meeting held in Paris (15 April 2013) which gathered experts on NTBs (SPS and TBT area) from the OECD, WTO, FAO and two independent advisers in TBT. Based on these conclusions, the OECD created a strategic document, which is still preliminary and is open for consultation and amendments. The suggested prioritization of identified NTBs (in the area of SPS and TBT) includes the two approaches:

By policy areas:

1. Transparency
2. Synchronized harmonization with EU/ International requirements and conclusions of MRAs
3. Identification of and mutual agreement on the applicability of EU/International regulations and standards
4. Risk management approach

By sectors and product groups:

1. Combining sector specific approach with cases studies to prioritize actions related to transposition and implementation of EU legislation (in both the TBT and SPS area)
2. Categorisation by type of product (TBT area)
3. Categorisation by type of product (SPS area)

In addition, the OECD reported on the progress of the assessment cycle on administrative barriers to trade. It was too early to report on the results since the deadline for the submission of the questionnaire was 25 April and the missions were not yet completed. They urged Parties to send their contributions as soon as possible in order to finish this stage of assessment in time.

Parties stated that the documents and proposals were not received in time, thus they did not have possibility to consult internally and are not in position to comment at the spot. In principle,

they expressed their satisfaction with the concept and methodology introduced and asked for a reasonable time to study it.

The Chair invited Parties to send their comments by 5 June.

At the eighth meeting, held on 30 October 24, 2013 the OECD presented the document "OECD Inputs on Strategic Guidelines on NTBs Reduction in CEFTA". The Parties commented on the strategic guidelines suggested by the OECD. Following the results of the discussion, the Secretariat proposed to the OECD to improve the document in such a way to reflect the interconnectedness between the indicators of the level of development in crucial areas for elimination of NTBs and the strategic guidelines related to four policy areas. This linkage will allow for precise action in areas identified as with more weight on potential barriers under the ex ante approach. The OECD agreed to provide the new version of the document by mid December 2013, which will integrate all the comments and proposed inter linkage between the indicators and policy areas. In order to allow the OECD to finalize the document before mid December, the Chair invited Parties to send their comments on the document at latest by 13 November.

Moreover, it was agreed that the main premises of the strategic guidelines mentioned in the document "OECD Input to the Strategic Guidelines on Elimination of NTBs in CEFTA" would be introduced into the JC Ministerial Conclusions for endorsement at the next meeting to be held on 20 November 2013. The OECD Inputs will also be incorporated into the Work Program of the Chairmanship for 2014 as well will be reflected accordingly into the work programs of the relevant subcommittees.

o **Market Access Barriers Database and the Key Issues in Trade**

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

At the sixth meeting, the Parties addressed some of the issues that were encountered while uploading the database in the previous period. The major problems were:

➢ Difficulties in choosing right categories (relevant sector, commodity/service group, problem category, description)
➢ No follow up – once the case is introduced, it is left without a further follow up (e.g. there are cases marked as pending since 2009 although we all know that they stop to exist).

In order to assist the Parties in uploading the new cases correctly, a potential training (e.g. workshop) on the proper classification of NTBs could be organized. The Parties deemed useful to include the Chamber of Commerce representatives in the training since they are the ones to first alert on the appearance of NTBs.

The Parties were required to go once again through the MADB and update the NTB cases so the existing data can correctly be introduced into the new system. The deadline is 1 March. The Chair invited Parties to notify the Secretariat on the nomination of these contact persons no later than 15 March.

The Secretariat circulated the new guideline on Classification of NTM (non-tariff measures) published by UNCTAD in 2012 and developed through the joint cooperation of several international organizations (WTO, ITC, World Bank, IMF, UNIDO, etc).

At the seventh meeting held on 21 May in Skopje, the Secretariat presented the new format of the web online MADB that will be uploaded on the website of the Secretariat on 3 June 2013 The database was available for the update immediately. The cutoff date for the latest changes in the old (Access format) was 2 June and after that all the changes were performed by the Parties (contact points with the passwords) exclusively in the new format.

By 20 November 2013, the MADB became operational, through which every CEFTA Party can encode their market access related problems by selecting a number of predefined classifications. In the near future, this database will be a part of the CEFTA Transparency Pack, which allows for an access to the other two databases: CEFTA SPS Database (SPS legislation) and CEFTA TBT Platform (technical regulation, conformity assessment procedures, national standards, quality infrastructure).

II WORKING GROUP ON TECHNICAL BARRIERS TO TRADE

In the reporting period, the Working Group on Technical Barriers to Trade held three official meetings: on 1 February in Brussels, on 13 May in Belgrade and on 30 September in Ljubljana.

At the sixth meeting held on 1 February, The Chair presented the Work Programme of the Subcommittee on NTBs and TBT and invited Parties to communicate the comments, if any, to their colleagues who will participate at the meeting in Budapest on 7 February 2013.

The Parties discussed the text of the "*Agreement amongst CEFTA Parties on Conformity Assessment Issues and on Easing Access of Industrial Products to the markets of other CEFTA*

Parties". They commented at the spot but also agreed to send their observations and suggestions in writing by 15 April 2013.

Related to the activity on bilateral Agreements among National Accreditation Bodies, it was agreed that Mr. Norris from the IPA Quality Infrastructure Project would send a list of existing bilateral agreements amongst Parties drawing from his previous work under the framework of the OECD assessments, and provide with the so-called checklist on key elements needed for a potential mutual agreement. The deadline was 1 March 2013.

The Parties reported on the progress on transposition of the legislation as well as on adoption on the EU harmonized standards related to the selected products.

The CEFTA Secretariat presented the Strategy SEE 2020, its objectives and role of CEFTA Structures in programming and implementing the Strategy and invited members of the Working Group to take active part in it.

At the seventh meeting of the WG on TBT held on 13 May Mr. Norris from the *IPA QI Project* reported on the survey conducted on the existing bilateral agreements concluded amongst NABs in the region and elaborated on the potential for concluding the multi party agreement. All Parties except Moldova replied to the survey. The overall results of the survey show that the majority of agreements signed are of general nature and refer to the cooperation rather then on recognition of accreditation. The format of the agreement is similar and many of them make a specific reference to CEFTA. Regarding the question on potential for signing the multi party agreement, the Parties reacted differently. Montenegro explicitly expressed an interest to sign the multilateral agreement stating that such an agreement can significantly contribute to the harmonisation of accreditation in the region. Others made a difference between the general agreements on cooperation (they are possible) versus the agreements on recognition of accreditation (impossible due to the interference with the obligations to EA MLA). Mr. Norris concluded that it would be difficult to see an all encompassing agreement, but there is space for a wider scope agreement on cooperation and certain areas of interest to all if there is a political will.

Mr. Norris was asked to prepare the draft model, which would cover all aspects and rules for those who are not signatories to EA MLA. Once it is drafted the Parties should consult internally in order to finalise the protocol.

Albania and Serbia commented on the text of the *Agreement on Conformity Issues*. The others were reminded to send the comments by 1 July.

It was agreed that the list of notification authorities who do the designation should be also included in the agreement. The list of CABs could be uploaded in the TBT platform. The legal basis for this should be stipulated in the Agreement. The other information such as regulation, notification authorities, marks and types of documents should be part of the Agreement.

In the item on elimination of NTBs, the representatives from the OECD presented the results of the second cycle of assessment on the six preselected products. This was followed by the recommendations and the trade scenarios for regional action in future. The Chair invited Parties to send their comments at latest by 17 May. The recommendations will be presented at the Subcommittee meeting on NTBs and TBT, which will be held in Skopje on 21 May.

The Secretariat presented the first draft of the text of the SEE Strategy 2020 Pillar 1 on Integrated Growth especially highlighting the actions envisaged in the area of TBT. The deadline for comments and suggestions on potential regional cooperation is 1 June, after that the draft text of the Strategy will be endorsed by the CEFTA and the RCC Deputy Ministers meeting on 18 June.

In relation to the contribution of the IPA QI Project to the TBT Platform content, it was agreed that the that this issue would be discussed at the IPA QI Project coordination meeting scheduled for the next day. During this meeting, it was agreed that the Secretariat send the official request for the cooperation in creating the content of the quality infrastructure part. After that, the project will include this activity in their next project cycle and will be able to assist the Secretariat in more accurate and qualitative way.

At the eighth meeting held on 30 September in Ljubljana, the Parties continued to draft the text of the Agreement on Conformity Assessment Issues. All Parties showed the strong support towards concluding the Agreement. However, many issues were raised during the discussion and some internal consultation should be conducted in each of Parties before sending their comments. Deadline was end of October.

The Secretariat proposed to organize a tailor made workshop in the first quarter of 2014, with the intention to gather all stakeholders including representatives of accreditation to exchange their views on concluding MRAs with international experts. The Secretariat will also take steps to organize a small task force made of interested Parties to further advance in drafting the text.

The CEFTA Secretariat presented the concept, objectives and timeline of the creation of the CEFTA TBT Platform. The Platform is to be designed together with the assistance of the IPA Quality Infrastructure Project, while the software solution will be developed with the help of GIZ IT experts. The work will be conducted during 2014.

The IPA QI Project confirmed its willingness to cooperation on creating this Platform and suggested that it should be divided in two phases. One phase would start in January next year and last until July, while the second will span (subject to financing) over second semester of 2014. In the first phase, many raw data (mainly legislation and data on institutional framework) already collected by the Project will be classified according to the concept provided by the Secretariat. In the second phase relevant legislation will be linked with the selected products (by HS codes) thus reflecting the needs of potential exporters and importers to the region.

III ENHANCING TRANSPARENCY AND IMPROVING INFORMATION EXCHANGE AND NOTIFICATION

o CEFTA Trade Portal

At the meeting in Budapest, the Chair reminded the Parties that the GIZ project to support the CEFTA Trade Portal was terminated and that management of the Portal is transferred to the Parties. It has been agreed that starting from January 2013 all activities related to updating and upgrading of the Portal are direct responsibility of the Parties while maintenance and proofreading in English is taken over by the Secretariat. With transfer of the Portal to the Parties, task of the so-called CEFTA Portal Task Force was completed as concluded at their last meeting in December 2012.

The Chair proposed two possible approaches to the matter. The first would be to establish an editorial body who would be dealing with the Portal related issues; the second one is to keep this task within the workload of this Subcommittee.

At the meeting on 21 May, the Chair invited Parties to report on any potential problems in uploading data on the CEFTA Trade Portal. There is a possibility that the GiZ could support a small task force for managing the Portal. The GiZ support is expected as from September and the Parties should decide whether they would have a task force for managing Portal or be part of the broader consultative working group on transparency which is under establishment.

The Parties were invited to regularly update the Portal. The majority of Parties reported that they are currently working on the documents and they will be soon uploaded.

o **CEFTA TBT Platform**

The new transparency instrument TBT Platform will be developed in cooperation with the GiZ in the course of 2013. It will consist of two components: (i) one that will allow for online notification of technical regulations, conformity assessment procedures and national standards according to the adopted formats; (ii) the other that would relate to all relevant information on the quality infrastructure in the region (technical regulation, accreditation, metrology, conformity assessment, market surveillance). It was agreed that the component, which deals with the quality infrastructure, would be developed under the framework of the IPA Quality Infrastructure Project.

o **Notification on TBT**

In accordance with the Article 13.3 (*b)* of the Agreement, the Parties have the obligation to notify any technical regulations, conformity assessment and standards adopted or planning to be adopted in the period of this year. This information will be reported to the Joint Committee and will serve as an official document.

The Parties were reminded at both meetings of the WG on TBT and the Subcommittee to notify regularly the national standards, technical regulations and conformity assessment procedures according to the adopted formats. The Secretariat informed participants that the creation of TBT Platform is underway and that online notifications will be a part of it.

o **Conference on Transparency in Trade Policy and Measures**

The Conference on Transparency in Trade Policy and Measures was held on 29-30 October in Sarajevo under the framework of the BiH Chairmanship of CEFTA 2014. The Conference addressed the inter linkages between the transparency and facilitation of trade, available transparency tools and methodologies in international settings, and the potential future mechanisms for elimination of trade related barriers as well as the capacity building in public administration and private sector across the region. The event gathered the representatives from the CEFTA Parties (governments and business community) and international speakers (UNCTAD, ITC, EC, OECD, World Bank).

IV   COORDINATION OF THE ACTIVITIES WITH CEFTA FORUM OF CHAMBERS OF COMMERCE

At the meeting held on 21 May, the representatives from the Economic Chamber of Commerce of Macedonia presented their activities within the CEFTA forum in particular the WG on NTB and TBT and the recommendations from the meeting held on 5 November 2012 in Skopje.

The Secretariat informed that the cooperation with CEFTA Forum has been maintained regularly. The Secretariat hosted the visit of the CEFTA Forum contact points in their premises twice, last time on 23 April 2013, during which the CEFTA Agreement implementation and the proposed activities under Strategy SEE 2020 were presented.

The Chambers were invited to contribute to the finalization of the Questionnaire on needs prepared with the assistance of GiZ and were suggested to consider the creation of a so-called NTB Council advisory body, that would include companies of a different scope and size, and focused on certain sectors of priority.

Related to the concrete proposals on cooperation, the Secretariat invited Chambers to consider preparing the work programmes of their working parties and synchronize them with the programming phase of CEFTA Structures so to better prepare for the future Chairmanships. The joint meeting could be organized in September with the objective to align the working programmes of two institutions.

V   STRATEGY SEE 2020

The Strategy SEE 2020 that was adopted at the Ministerial Conference of the SEE Investment Committee in Tirana in 2012, was presented by the Secretariat at both meetings of the Subcommittee (on 8 February and on 21 May) as well as on both meetings of the Working Group (on 1 February and 13 May). The Parties heard on the synergies of the strategy with the objectives and commitments of the CEFTA Agreement, the role of CEFTA Structures in the programming and implementation phase, and the tentative Action plan in drafting the document.

At the WG meeting held on 13 May and the SC meeting held on 21 May, the Secretariat presented the first draft of the strategic document, which included in more detail the components, priorities and actions envisaged to be implemented in the period 2014-2020. The draft version is under consultation within all CEFTA Structures and was presented at the Deputy Ministers meeting in Sarajevo.