



CEFTA SECRETARIAT

WORK PROGRAMME 2016

January 2016

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1. PURPOSE OF REPORT

This report is done in compliance with the Outline Work Programme adopted at the Joint Committee meeting in Chisinau on 8 October 2008. It sets out the detailed work programme of the Secretariat for 2016. It has been prepared on the basis of the CEFTA Secretariat's mandate (Decision No.7/2007 supplemented by the Decision No 1/2013), work carried out to date and the work programme of the Chair in Office for 2016.

The report provides a brief background on the status of the CEFTA Secretariat before outlining the objectives of the work programme. It then sets out a description of the various activities to be undertaken and the timelines envisaged for key activities/events. Finally, it highlights some of the key issues arising that may influence the work of the Secretariat.

2. BACKGROUND

The CEFTA Secretariat is in its eight year of operation. The activities performed by the Secretariat in 2015 have been introduced in an annual report submitted to the Joint Committee members in November 2015. The Joint Committee expressed their full satisfaction with the support of the Secretariat.

The Secretariat was established following the finalisation of the Headquarters Agreement between the Kingdom of Belgium and the CEFTA Parties. All CEFTA Parties ratified the Agreement while the ratification procedure has been completed by Belgium on 25th July 2014.

The operational budget of the CEFTA Secretariat has been reduced from 650.000,00 EUR to 635.800,00 EUR in the current Grant Contract signed with the European Commission. The number of staff has been reduced due to the resignation of the former Director as of 23 September 2015. In the eight year of the Secretariat's operation, the share in the financial income from the contributions of the CEFTA Parties is higher than the contribution from the European Commission.

Following the bridging period of four months that ended on 31 March 2015 a Grant Contract (CN 2015/356-713) was signed at the end of March 2015 with the European Commission to support the functioning of the CEFTA Secretariat. The EC has agreed to finance a maximum amount of 282.623,00 EUR, representing 44, 45% of the estimated total eligible costs over the

period 1 April 2015 to 31 March 2016.

In addition, the new grant contract (CN 2015/368-970) for the period between April 2016 - March 2017 was signed with the EC on 11 December 2015. The new grant contract similarly foresees to finance the amount of 282.623,00 EUR to co-finance the operational budget of 635.800,00 of the Secretariat.

In April 2012 a contribution agreement has been signed between the European Commission and the CEFTA Secretariat for the implementation of the CEFTA Project Facility (CPF I) during a period of 30 months. In December 2013 a second contribution agreement has been signed with the European Commission for the implementation of CEFTA Project Facility II (CPF II) for a period of 24 months. Just as was the case for CPF I, also CPF II provides CEFTA Secretariat with a financial opportunity to arrange short term technical assistance contracts according to the priorities set by CEFTA Parties. The overall budget of the CPF II is 440,000 EUR.

On 30 April 2015 a new Grant Contract (CPF III) was signed with the European Commission in order to strengthen the CEFTA Structures and their implementation capacities. The implementation period of the Action is 36 months, starting on 1 May 2015. The overall budget of the Action over the three years of the contract is 2.579.700, 00 EUR.

3. OBJECTIVES OF THE WORK PROGRAMME

3.1. Overall Objective

The overall objective of the Secretariat's work programme is to support the Chair in Office (CiO) and the CEFTA Parties in the implementation of the CEFTA Agreement and those activities highlighted in the CiO Work Programme for 2016.

According to its mandate the Secretariat's activities can be divided into three main areas; technical advice and guidance, management and administration and promotional activities. Specific objectives in each of these areas are set out below:

3.2. Specific Objective

3.2.1 Technical Advice and Guidance

- Provide the necessary day-to-day support to the Chair in Office, two committees, the four subcommittees and six working groups.

- Provide ad-hoc support on issues that may arise including, if necessary, issues surrounding dispute settlement.
- Prepare an annual report for the Joint Committee assessing the implementation of CEFTA to date and outlining key issues arising.
- Prepare and follow-up all meetings of the Joint Committee, subcommittees and working groups.
- Identify requirements for technical assistance and determine the availability of such assistance, including the elaboration, where necessary, of formal requests for financing and monitoring of any subsequent projects.
- Support the CEFTA Parties in implementation of trade related components of the SEE 2020 Strategy
- Liaise with the European Commission and other relevant partners to secure and manage technical and financial assistance on behalf of the CEFTA Parties

3.2.2 Management and Administration

- Ensure that the Secretariat is fully staffed and has sufficient human and financial resources available to it to carry out its role.
- Prepare all necessary progress reports in line with financing agreements.
- Facilitate the annual independent audit and submit the relevant financial reports to all Parties and donors.
- Provide the necessary support to the Steering Committee of the CEFTA Secretariat.

3.2.3 Promotional Activities

- Identify key interlocutors in the public and private sector of the CEFTA Parties and the main international markets and ensure that CEFTA is widely promoted and understood.
- Maintain and regularly up-date the CEFTA Secretariat website.
- Liaise with other international and regional actors to ensure that trade related activities are coordinated and in line with CEFTA's requirements.
- Organise and/or participate in several workshops/seminars on topics relevant to CEFTA implementation.
- Produce a CEFTA Secretariat biannual newsletter.

4. ACTIVITIES

In the year 2016, the Secretariat commits to undertake a range of technical, management, administrative and promotional activities in order to fulfil the above objectives.

4.1. Technical Advice and Guidance

4.1.1. Support to the Chair-in-Office

In line with its mandate, the Secretariat continues with providing the necessary technical and administrative support to the Chair-in-Office for 2016. This includes permanent support and guidance in implementing **the Chairmanship Programme** presented by the CIO (Montenegro) in the beginning of 2016.

The Secretariat supports the Chair in Office in chairing **the eight CEFTA Secretariat Steering Committee meeting** held in Brussels on 29 February 2016. The meeting gathers representatives of the CEFTA Parties, EC and current and potential bilateral donors to discuss relevant topics related to the functioning of the CEFTA Secretariat. If required by the Chair, Strategic Meetings at the level of Deputy Ministers will be organised in the course of 2016 to discuss the main strategic issues to be addressed during the Montenegrin Chairmanship.

The annual **Deputy Ministers meeting** is expected to be organised in June 2016 in Podgorica (Montenegro). This meeting has a main objective of taking stock of the six-month period of implementation of the Chairmanship priorities and preparing for the Joint Committee meeting.

The tenth Joint Committee Meeting will gather the CEFTA ministers responsible for external trade and their authorised representatives to discuss the current economic trends in the region address open issues and adopt necessary decisions on CEFTA related topics. The Meeting is expected to be held in October/November 2016.

4.1.2. Support to the Committees, Subcommittees and the Working Groups

In accordance with the dynamics of the previous years, some sessions of the Committees and Subcommittees are expected to take place in the first half of 2016. Some of the Subcommittees will hold either their first or additional sessions in the second half of the year in order to keep up with the commitments undertaken. The **Committee on Trade Facilitation**, the **Committee of Contact Points**, the **Subcommittee on Trade in Services** and the **Subcommittee on NTMs** are chaired by Montenegro, the **Subcommittee on Agriculture Including Sanitary and**

Phytosanitary Issues (SPS) is chaired by Kosovo*¹ and **the Subcommittee on Customs and Rules of Origin** by the Republic of Serbia. Besides organisational and logistical support, the assistance of the Secretariat includes the preparation of necessary background notes, non-papers and relevant analytical work related to the topics of each of the Committees and Subcommittees. In addition, the Secretariat will keep the Transparency Pack comprising the CEFTA Market Access Barriers Database, CEFTA SPS Database, CEFTA TBT Platform and the CEFTA Trade Portal fully operational and updated.

In line with its mandate, the Secretariat assists the working groups established to support the implementation of the Agreement the **Working Group on Technical Measures**, the **Working Group on Risk Management**, the **Working Group on Electronic Exchange of Information**, the **Negotiating Group on Trade in Services**, the **Working Group on Trade in Services Statistics, FATS and FDI Statistics** and the **Joint Working Group on Mutual Recognition of Professional Qualifications**.

CEFTA Structures have identified trade facilitation and liberalisation of trade in services as two main priorities for the period of 2014-2020. Such bi-prioritisation of the upcoming period in the implementation of CEFTA has also been reflected in the actions underlined by the South East Europe 2020 Strategy (SEE 2020).

In **trade facilitation** the Committee of Trade Facilitation **will focus on trade facilitation** in steering the negotiations on Additional Protocol 5 with an aim to conclude them successful by mid-2016, **monitor the elimination of non-tariff barriers** on the basis of inputs received from CEFTA Subcommittee on NTMs and **enhancing transparency** by strengthening the communication between the CEFTA Committee of Trade Facilitation and National Committees of Trade Facilitation and Dialogue with the Private Sector in CEFTA.

In **customs**, the Subcommittee on Customs and Rules of Origin will focus on the objectives: i) to contribute to the negotiations of Additional Protocol 5, ii) to coordinate the start of application of SAP+ Cumulation early 2016 in the framework of PEM Convention and iii) preparation of all CEFTA Parties for the seamless application of full cumulation and drawback from November 2016 as foreseen by Decision 3/2015.

In the area of **NTMs** the responsible Subcommittee will focus on the objectives to i) 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, ii) to

¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

increase the efficiency of dispute settlement mechanism of CEFTA and iii) to contribute the negotiation process on Additional Protocol 5 on trade facilitation through its working groups.

In the area of **agriculture and SPS**, the responsible Subcommittee will focus on the objectives: i) to promote trade in agricultural products through identifying the actions to be taken in a number of selected supply chains and ii) to enhance transparency of the existing SPS databases and to provide further statistical data in agricultural trade.

In the **area of services**, the Secretariat will support the functioning of the Subcommittee on Trade in Services and its subordinate bodies. The focus in 2016 will work on the activities started in previous years and will introduce new ones in order to secure the fulfilment of a set of objectives, namely i) working on finalizing the process of negotiations on trade in services amongst CEFTA Parties; ii) improve the quality and uniformity of trade in services, FATS and FDI statistics based on the needs and compilers; iii) working on enhancing free movement of professionals and experts by facilitating recognition of professional qualifications in CEFTA Parties in the priority sectors iv) cooperate with regional organizations and draw on the best practice in international community to address the barriers which threaten to hamper trade in services among CEFTA Parties in a most efficient way; v) promote intra-regional cooperation between regulatory bodies, governmental agencies and professional associations in charge of services and vi) increase transparency of the CEFTA Parties policies, laws and regulations and administrative practices affecting trade in services.

In the **area of investment**, together with the main regional partner RCC and international partners UNCTAD, the Secretariat will work on removing the identified investment barriers, encourage the policies and actions that lead towards increase of FDIs as well as promote intra-regional investment. In course of 2015, two meetings of the Joint Working Group on Investment Policy and Promotion were held where main focus was given to the implementation of the SEE 2020 Strategy, namely in the developments of the regional programmes pertaining to investment reforms, but also to review the monitoring of the Integrated Growth Pillar of the Strategy through the OECD Competitiveness Outlook, and to review the best practices approaches to multilateral investment treaties with possible implications for SEE region, as well as to inform the participants on the SEE 2020 programming process related to the Integrated Growth Pillar of the SEE 2020 and its investment dimension.

In the **area of free movement of experts, professionals and skilled labour**, together with the main regional partner RCC, the Secretariat will be oriented on creating conditions for recognition of professional qualification and exploring potentials for conclusion of mutual recognition agreements (MRAs) in CEFTA.

An important part of the Secretariat's efforts is dedicated to the preparation of project proposals for identified technical assistance and the organisation of workshops and roundtables that would adequately address the issues highlighted on the agendas of the committees, subcommittees and the working groups. As the discussions within the CEFTA bodies are becoming increasingly technical and complex, this component of the Secretariat's work is expected to further gain in importance.

4.1.3. Identification of Technical Assistance Needs

In the area of Technical Assistance (TA), the Secretariat has proposed to introduce the programming of all technical assistance in CEFTA. The first programming document was introduced to the Committee of CEFTA Contact Points who endorsed the document as presented. According to the CEFTA Programming Document, the main objective of the technical assistance in CEFTA is **to strengthen monitoring capacities of CEFTA Structures with regard to the implementation of CEFTA Agreement**. In this regard, the relevant CEFTA Structures should be supplied with the sufficient monitoring mechanisms and tools that would be able to report the results of the implementation of CEFTA to the CEFTA Joint Committee, which can solely take necessary corrective measures in case of any necessary.

For the purpose of the programming of technical assistance in CEFTA, monitoring will be taken as result orient monitoring instead of activities, and serve as the primary objective which will embrace all the following horizontal and thematic areas of intervention.

Article 1 of CEFTA will be used the "expected result" according to which the monitoring activities in CEFTA is to be undertaken.

It is aimed that all horizontal and vertical priorities will serve the programming priority of strengthening monitoring capacity of CEFTA Structures for the implementation of CEFTA. Therefore, the list of areas of intervention, and their logic are to justify how they are related to the priority of monitoring.

The activities which would be planned in the areas of intervention will be prioritised according to the number of areas of intervention that the activities are to respond to. This means that higher priority will be given in financing the activity that responds to more areas of intervention.

Horizontal Areas of Intervention:**Priority 1: Enhancing Transparency**

Transparency has become the key topic for the implementation of CEFTA. It does not only serve the purpose of strengthening the implementation of the Agreement, and but also helps the CEFTA Parties better monitoring progress in the pending issues with regard to the existing obligations stemming from CEFTA Rule Book. Furthermore, transparency will be the key motivation in the institutionalisation of the dialogue with the private sector for better implementation of the vertical areas of intervention and monitoring the results of any intervention areas.

CEFTA has already planned to renovate its transparency tools on the basis of the lessons learnt in its existing transparency tools.

As known, CEFTA Management Information System will be the main intervention to consolidate all transparency and visibility instruments of CEFTA to disseminate functional information to the public to the maximum extent. In parallel, CEFTA MIS will provide state of art platforms for the exchange of information to monitor the implementation of the Agreement by the Parties.

Under such area, the CEFTA MIS will be at the centre of transparency related actions while other possible actions could also be developed in connection with CEFTA MIS.

Priority 2: Strengthening Outreach and Visibility of CEFTA

The outreach and visibility of CEFTA will be one of the key themes in the activities of CEFTA in 2016. The 10th Anniversary of the signing of CEFTA in 2016 will also be a good opportunity to culminate the efforts in outreach and visibility of CEFTA. The main purpose of the outreach will be to increase the institutional visibility of CEFTA Structures, and of the efforts made by each CEFTA Party for the implementation of CEFTA. The Secretariat will do its best efforts to support outreach and visibility in each CEFTA serving such purpose.

Furthermore, a particular importance is to be given to the visibility of Ministries for Trade in CEFTA. In addition, the private sector will be the key target in the outreach efforts. The private sector in outreach will be defined in the widest possible sense in a way to include the private sector in the EU Member States, EFTA and Turkey as those are the key trade partners of CEFTA Parties.

The particular attention will be given to transparency as the supporting horizontal priority to the outreach and visibility of CEFTA while “investment” will be the main the vertical priority that combines all other vertical priorities hereunder. Promotion of investment will be used as the key message to substantiate the efforts of outreach and visibility in CEFTA.

An outreach and visibility plan is to be proposed by the Secretariat in early 2016. The plan will include a list of actions which could be undertaken in 2016. Priority will be given in those actions the impact of which could be sustainable, and institutionalised in the upcoming years.

Priority 3: Strengthening the Public-Private Sector Dialogue in CEFTA

An utmost attention will be paid that each action in CEFTA will be opened to the participation of the private sector, and opportunities both for timing and budget will be granted to the maximum extent in order to let the private sector incrementally but steadily get acquainted to the technical details of the implementation of CEFTA. Thus, the outputs of each action in CEFTA, and meetings of CEFTA Structures are to be shared, to the maximum extent, with the private sector in CEFTA,

If appropriate, the inputs of the private sector are to be sought in advance before the actions or meetings in CEFTA.

If the content and nature of the action or meeting/event in CEFTA allows, the overall responsibility to run the action/meeting/event will be given to the private sector in CEFTA with the technical and financial support of the CEFTA Secretariat.

Priority 4: Supporting to Capacity Building Efforts of CEFTA Parties for the Implementation of CEFTA

As one of the horizontal priorities, capacity building in CEFTA will be undertaken in the context of the on-going negotiations on trade facilitation and liberalisation of trade in services. In that sense, the precedence will be given to the short-term actions supporting the capacities of the negotiation teams of the CEFTA Parties on trade facilitation and liberalisation of trade in services.

In the medium term, support to the capacity building in National Committees of Trade Facilitation, and strengthening the involvement of the private sector in trade policy and

developing their capacity in contributing to the economic policy making would be the areas of intervention which CEFTA will seek for external donor support.

Vertical Areas of Intervention:

Priority 5: Improve Conditions to Promote Investment, including Foreign Direct Investment

In the area of investment, CEFTA will take up a holistic approach with an aim to include all the possible policies effecting the investment environment in the CEFTA Parties. Therefore, the key paradigm in investment will be “policies effecting investment” rather than “investment policies” which might have more limited scope than the former.

In this regard, the CEFTA Secretariat will advocate creating a number of “policy based” technical groups / task forces under the Joint RCC CEFTA Working Group on Investment Policy and Promotion through which policies effecting investment environment could be reviewed. It is tentatively considered that those technical groups/tasks forces can be established in the areas below:

- Company transactions and corporate governance
- Employment
- Input Supply Strategy and Sectoral Licensing
- Investment location, environmental and zoning permits
- Taxes and incentives
- Foreign trade and customs
- Intellectual property rights and R&D
- Legislation on Investment Climate
- Access to Finance
- Infrastructure

It is also considered that such task forces under the Joint Working Group on Investment Policy and Promotion will also provide a suitable platform in which the receipt of inputs and feedback of the private sector could be regularised while the two technical assistance projects with UNCTAD and World Bank Group, which are in pipe-line, might also be coupled with.

In parallel, all the issues identified from the actions related to investment would be disseminated to the relevant CEFTA Structures to be reviewed and to elaborate recommendations addressing to those issues at the most appropriate level. In that

sense, the new Subcommittee on Non-Tariff Measures, with its extended mandate including all non-technical measures, will be very much instrumental.

Furthermore, the area of “investment” will also serve as one of the higher vertical priorities, together with trade promotion, compared to other vertical priorities and which the other will be orientated to. Furthermore, as mentioned in the part related to horizontal areas of intervention, the contribution of CEFTA to “investment” will be the key message in the outreach and visibility actions.

Priority 6: Trade Promotion

Trade promotion will be another high priority along with the priority on investment. The purpose of trade promotion is that all the actions undertaken in CEFTA should contribute to promoting the regional trade in a measurable manner. In this regard, the areas such as trade facilitation, liberalisation of trade in services, mobility, and connectivity will be taken as instruments to contribute the efforts for the regional trade promotion.

In this regard, the development of economic corridors in which the contributions of CEFTA are stipulated by the Vienna Conclusions will set the context. In that context, CEFTA will advocate that the promotion of the regional trade and supporting the investment inflows to the region should be made in an inclusive manner in elaborating the selectivity criteria for support measures to the development of economic corridors. Thus, CEFTA will offer application of both trade facilitation and liberalisation of trade in services related measures at equal level to the measures to be accounted for the development of economic corridors.

In the medium term, CEFTA will propose the donors to launch a credit financing programme targeting to promote the regional trade, and facilitating the access to finance of the SMEs active in the regional trade.

In the short term, the SAP + Cumulation in the framework of PEM Convention and Full Cumulation and Draw Back in CEFTA will be main thematic areas which trade promotion efforts of CEFTA will be centred upon.

Priority 7: Trade Facilitation including Elimination of Market Access Barriers

Trade Facilitation and Elimination of Market Access Barriers in CEFTA has become one of key priorities in the implementation of CEFTA. As known, CEFTA Trade Facilitation

Agenda engages both the areas related to trade facilitation as defined by the WTO Trade Facilitation Agreement (TFA) and identification and elimination of the market access barriers. With regard to the addressing and elimination of market access barriers, the recent adjustment made in CEFTA Structures establishing the Subcommittee on Non-Tariff Measures with a mandate including non-technical measures will make the implementation of the agendas of trade facilitation, investment, and trade in services closer. Thus, it is expected that interaction and coordination between all the agendas of the implementation of CEFTA will have to be strengthened in 2016.

As mentioned above, the programming priority of CEFTA is to strengthen monitoring in the implementation of CEFTA. Thus, the actions related to monitoring in the areas related to trade facilitation will be prioritised.

Secondly, the priority on investment and trade promotion will act as the higher priorities in planning actions in other vertical priorities in particular when interaction and coordination among vertical priorities are necessary.

Priority 8: Liberalisation of Trade in Services

Liberalisation of trade in services has remained as one of the key priorities of CEFTA ever since 2013 when the Joint Committee endorsed the opening of the negotiations among the CEFTA Parties. All CEFTA Parties are actively participating in the negotiations which officially started in 2014. Up to this date, the Parties successfully negotiated the text of the Additional Protocol on Trade in Services and its Annex 1 on Temporary Entry and Stay of Natural Persons for Business Purposes. Five rounds of negotiations on specific commitments in ten services subsectors have shown significant progress and secured good ground for realistic finalization of negotiations end of 2016. Two working groups performing under the CEFTA Subcommittee on Trade in Services: the WG on Trade in Services Statistics, FATS and FDI Statistics and the Joint RCC-CEFTA-ERISEE WG on Mutual Recognition of Professional Qualifications provide with valuable inputs in the process of negotiating specific commitments on liberalization of trade in services as well as facilitating movement of professionals and experts in the region.

The main objective of the negotiations is to ensure progressive liberalisation and mutual opening of the services markets by removing barriers to services trade and investment among the CEFTA Parties. Successful liberalization will result in more efficient and better connected services industries and markets and contribute to the deeper intra-regional integration. Increased trade in services and foreign investment in services production

equally stimulate the competition that improves the efficiency of domestic service industries. Integration of regional economies is more effective given that services production and consumption are adjacent and concurrent and that their synergies require a significant transfer of technology and know-how from country to country.

The liberalisation of trade in services across the region complements to the efforts of the CEFTA parties to the implementation of the activities set up to meet the headline targets under the SEE2020 Strategy as well as to the development of economic corridors highlighted as one of priorities within the Berlin process.

This programming priority is closely connected with the priority on free movement of experts and professionals, improving investment in the region and promotion of trade as well as other horizontal priorities mentioned above.

Priority 9: Facilitation of Free Movement of Experts, Professional and Skilled Labour

With a view of supporting the implementation of the programming priority on liberalization of trade in services, the Joint Working Group on Mutual Recognition of Professional Qualifications was created together with two key partners RCC and ERI SEE. The members recognized that without mutual recognition agreements it would not be possible to implement any activities or commitments regarding the liberalization of trade and services nor reaching SEE2020 headline targets. In addition to reducing the restrictiveness of trade in services and facilitating the free movement of experts, professionals and skilled labor, this programming activity will contribute to the equitable access to the high quality education at all levels, and enhancement of labor mobility in the region.

The key areas of intervention will be related to the creation of conditions for recognition of professional qualifications in selected professions of mutual interest, conclusion of mutual recognition agreements (MRAs), enhancing transparency of national and regional arrangements on recognition of professional qualifications and enhancing regional data exchange on the mobility of professionals and future skills needs in selected professions. Establishing a regional data base which would be vital for creating evidence based policies is important task to be achieved in the coming years.

The objective of this priority is to harness the benefits of a freer movement of skilled labor across the region by bridging the surplus and shortage of professionals, better

provision of skilled experts and skills upgrading, which in turn leads to enhanced competitiveness of services and manufacturing sectors.

This programming priority is closely connected with the priority on liberalisation of trade in services, improving investment in the region and promotion of trade as well as other horizontal priorities mentioned above. It is also recognised as a horizontal priority within the SEE2020 Strategy programming framework having strong effects on other dimensions such as competitiveness, employment, education, etc.

4.2. Management and Administration

In 2013, the Joint Committee adopted the Decision No. 1/2013 in adding to the original mandate of the CEFTA Secretariat the function to support the CEFTA Parties in implementation of trade related components of the SEE 2020 Strategy and to liaise with the European Commission and other relevant partners to secure and manage technical and financial assistance on behalf of the CEFTA Parties. The Secretariat has been nominated Dimension Coordinator for Pillar 1 Integrated Growth by the SEE 2020 Coordinator i.e. Regional Cooperation Council (RCC).

In 2014 with the Ministerial Decision No. 2/2014 the employment contracts of the existing staff expiring in September 2014 were extended to the end of 2017. The employment contract of Director was extended by the end of 2015. With the Decision No.1/2014 the Parties adopted the budget and agreed on their contributions for the period 2015 – 2017.

The Secretariat will sign a Memorandum of Understanding with the RCC Secretariat in order to regulate their coordination and collaboration in the implementation of SEE 2020. The text of MoU is under consultation with the CEFTA Parties.

4.2.1. Staffing

The staffing of the Secretariat office comprises the Director, two technical experts, an executive assistant and part-time financial administrator. Following the resignation of first Director Ms Renata Vitez, Mr Umut Ergezer, Technical Expert has been appointed as Acting Director by the Chair in Office. This is in line with Article 18 of the CEFTA Secretariat Headquarters Agreement and Article 2 of Decision 1/2013 regarding the mandate of the Secretariat.

Similar to the mandate, the resources of the Secretariat have been adjusted to the needs of implementation of the 2020 Strategy in 2015. For this purpose the necessary ministerial decision was adopted on 28 January 2015, introducing the so called National Experts Programme Under this initiative four experts have been seconded from the Parties' administrations to the Secretariat in 2015 and 3 have started their assignment in January 2016. Selection of the secondees is linked to the respective chairmanships.

Furthermore, a procurement officer was contracted in January 2016 to assist the Secretariat in contracting and tendering activities. Furthermore, the procurement officer will help the Secretariat in preparing itself for the 6 pillar assessment.

4.2.2. Meeting Logistics

The Secretariat will work closely with the Chair in Office and the respective chairs of the Sub-Committees on the organisation and logistics of all meetings and will be responsible for ensuring the preparation and timely circulation of agendas and background papers.

The Secretariat will coordinate activities with the Regional Cooperation Council (RCC) for implementation of the Integrated Growth Pillar as well as of the overall SEE 2020 Strategy.

4.2.3. Progress and Financial Reports

In accordance with the financing agreements that have been concluded, the Secretariat will provide the necessary support for organising meetings of the Steering Committee.

It will produce biannual progress reports on its activities and an annual financial report to complement the independent audit that it is commissioning every year.

4.3. Promotional Activities

4.3.1. Relations with key interlocutors/international trade partners

CEFTA Parties

The Secretariat will continue with the practice of holding formal meetings with the Article 44 CEFTA Contact Points within the Committee of Contact Points at least 3 times per year.

During 2016 the CEFTA Secretariat envisage meetings and visits to the CEFTA Parties whenever there is a need for reviewing the goals achieved, highlighting any issues arising or developing

further opportunities in specific fields of interest.

International Partners

The Secretariat will continue to maintain good relations with all the other identified international partners whose scope of activities is complementary to the CEFTA goals. Having in mind the Chairmanship Programme for 2016, this includes especially the EC, UNCTAD, ITC, OECD, GIZ, WTO etc.

The Secretariat is planning to put additional emphasis in strengthening the private-public sector dialogue in the implementation of CEFTA. In this regard, the Secretariat will support the activities of Chair in Office in deepening the relations with the private sector and its efforts to institutionalise the public-private sector dialogue in CEFTA.

As already mentioned the Secretariat will closely cooperate with the Regional Cooperation Council (RCC) and other regional initiatives (e.g. SEETO) in the implementation of the SEE 2020 Strategy.

4.3.2. CEFTA Secretariat Website and the Newsletter

The Secretariat is operating on the domain cefta.int - a non-commercial domain reserved for international organisations. The website is to be redesigned during 2016 and its re-designed launch is to be promoted during the CEFTA Deputy Ministers meeting in June.

The Secretariat will continue to circulate a bi-annual newsletter. The main objective of the bi-annual newsletter is to brief interested parties on recent developments and highlights of CEFTA. The tenth and eleventh editions of the Newsletter are expected to be published respectively in March and October 2016.

4.3.3. Other Promotional Activities

Particular efforts will be made to develop links with various trade related organisations and projects in addition to those identified as directly relevant to CEFTA implementation.

Based on the good experience from the last six years, the Secretariat will provide all the necessary support to the Chair in preparing “CEFTA Week”. In the chairmanship work

programme, the Chair in Office agreed with the proposal of CEFTA Secretariat and decided to give the responsibility to lead the organisation of CEFTA Week to its Chamber. The Secretariat will make all the relevant resources be available to support the Chamber of Montenegro to organise the CEFTA Week. This will include the provision of technical assistance to the Chamber of Montenegro.

In 2016, the Secretariat will put emphasis on increasing the visibility of CEFTA and of the Secretariat. The Secretariat will continue with issuing the CEFTA Trade Statistics Brochure in its new format that includes the SITC and SNA classifications following the agreement reached by the Parties. The brochure will be issued twice a year and becomes available during the Deputy Ministers meeting, and its update in the Joint Committee meeting.

4.4. Calendar of Events

EVENT/ACTIVITY	INDICATIVE TIMING
TECHNICAL ADVICE AND GUIDANCE	
Preparation & finalisation of the Chairmanship Programme	Dec 2015- Jan 2016
Identification of Technical Assistance needs	Mid 2015– Jan 2016
Preparation of the Committees and Subcommittees Work Programmes	June 2015 - Jan 2016
Technical preparation of the Secretariat Steering Committee	Jan/Feb 2016
Submission and Facilitation of Technical Assistance Projects	Nov 2015 – March 2016
Technical preparation of the Negotiating Group on Trade in Services	January 2016
Technical preparation for the Committees on Trade facilitation & Contact Points , SC on Customs and ROO, SC on Agriculture and SPS; SC on NTBs and TBT	January 2016
Technical Support to the Negotiating Group on Trade in Services	April 2016
Technical preparation for the Joint Working Group on Investment Policy and Promotion	March 2016
Technical Support to the SC on NTMs	March 2016
Technical Support to the 3ed Round of Negotiations on Additional Protocol 5	February/March 2016
Technical Support for organisation of Training of Chief/deputy Chief Negotiators of Additional Protocol 5	February/March 2016
Technical preparation for the Joint Working Group on Recognition of Professional Qualifications	April 2016
Technical Support to the SC on Customs and ROO, SC on Agriculture and SPS; SC on NTMs	May 2016
Technical Support to the Negotiating Group on Trade in Services	June 2016
Technical Support to the 4 th Round of Negotiations on Additional Protocol 5	April/May2016
Technical Support to to the Committee of Trade Facilitation	September 2016
Technical support of the Deputy Ministers meeting	June 2016
Technical Support to to the Committee of Contact Points	June 2016
Technical Support to the Negotiating Group on Trade in Services	Sept 2016

Technical preparation for the Joint Working Group on Investment Policy and Promotion	September 2016
Technical preparation for the Joint Working Group on Recognition of Professional Qualifications	October 2016
Technical Support to the SC on Customs and ROO, SC on Agriculture and SPS; SC on NTMs	Oct 2016
Technical support for the WG on Trade in Services Statistics, FATS and FDI Statistics	October 2016
Technical Support to the Negotiating Group on Trade in Services	Nov 2016
Technical Support to the SC on Trade in Services	Nov 2016
Support and preparation of CEFTA Week 2016	Sept-Nov 2016
Technical Support to to the Committee of Trade Facilitation	Nov 2016
Technical Support to the Committee of Contact Points	Nov 2016
Technical support of the Joint Committee meeting	Nov 2016
MANAGEMENT AND ADMINISTRATION	
Annual Audit for year 6	February 2016
Finalisation of the Secretariat Work Programme	January 2016
Progress Reports	February 2016
Steering Committee	29 February 2016
Donor relations	On going
Organisational preparation for all CEFTA meetings	Jan-Nov 2016
PROMOTIONAL ACTIVITIES	
Relations with the key interlocutors	On going
Website Update	Ongoing
Preparation of CEFTA Week 2016	June-November 2016
Preparation of bi-annual newsletters	March/October 2016
Other promotional events	Ongoing

5. KEY ISSUES ARISING

First short term challenge for the Secretariat is to ensure smooth functioning of an increased number of the CEFTA bodies with existing limited human resources due to the resignation of the former Director.

It should be noted that the majority of human resources of the Secretariat has now become contracted staff members. Although, the key members of staff who are selected by international tender remain unchanged, except Director's position, the rest is composed of either national experts or part-time contracted staff. Particularly, the increase in tendering and contracting work that stems from the Action related agreement signed with the EU, and the level of involvement of the CEFTA structures in

various initiatives of high political visibility put a pressure on the human resources of the Secretariat. Though such pressure has so far been coped successfully, the same increase in the work load puts a similar pressure on the CEFTA Contact Points, who are the main interlocutors of CEFTA Secretariat in each administration.

It is necessary that CEFTA Parties should take necessary steps to institutionalise the CEFTA Contact Points in order to follow-up the CEFTA Agenda more efficiently.

Regarding the contracting and tendering activities, the CEFTA Secretariat prepares itself for the 6 pillars assessment of the EU. It is planned that the Secretariat will request the EU to initiate the relevant procedure.

6. SUMMARY BUDGETARY INFORMATION

Following the bridging period of four months that ended on 31 March 2015 a Grant Contract (CN 2015/356-713) was signed at the end of March 2015 with the European Commission to support the functioning of the CEFTA Secretariat. The EC has agreed to finance a maximum amount of 282.623,00 EUR, representing 44, 45% of the estimated total eligible costs over the period 1 April 2015 to 31 March 2016.

In addition, the new grant contract (CN 2015/368-970) for the period between April 2016 - March 2017 was signed with the EC on 11 December 2015. The new grant contract similarly foresees to finance the amount of 282.623,00 EUR to co-finance the operational budget of 635.800,00 of the Secretariat.

In April 2012 a contribution agreement has been signed between the European Commission and the CEFTA Secretariat for the implementation of the CEFTA Project Facility (CPF I) during a period of 30 months. The CPF I was successfully closed and the final report together with the expenditure verification was sent to the European Commission. In December 2013 a second contribution agreement has been signed with the European Commission for the implementation of CEFTA Project Facility II (CPF II) for a period of 24 months. Just as was the case for CPF I, also CPF II provides CEFTA Secretariat with a financial opportunity to arrange short term technical assistance

contracts according to the priorities set by CEFTA Parties. The overall budget of the CPF II is 440,000 EUR. The implementation of CPF II was extended to 17 July 2016.

On 30 April 2015 a new Grant Contract (CPF III) was signed with the European Commission in order to strengthen the CEFTA Structures and their implementation capacities. The implementation period of the Action is 36 months, starting on 1 May 2015 and expires in April 2018. The overall budget of the Action over the three years of the contract is 2.579.700, 00 EUR.