

BARRIERS TO TRADE IN SERVICES IN THE CEFTA REGION

BACKGROUND

In 2010, the post-crisis agenda in the CEFTA region focused on how to make exports a greater component of sustained growth. Although that would rely primarily on exports of goods, it was recognized that services could also make a significant contribution, particularly through the indirect effect of facilitating exchange of goods.

Article 27 of CEFTA refers to trade in services and states that “the Parties will gradually develop and broaden their co-operation with the aim of achieving a progressive liberalization and mutual opening of their services markets, in the context of European integration, taking into account the relevant provisions of the General Agreement on Trade in Services (GATS) and commitments entered into under GATS by Parties being members of the World Trade Organization.”

Although the agreement does not contain specific provisions on sectoral liberalization of trade in services, article 29 allows for negotiations to be launched with the aim of achieving high liberalization of trade in services. In addition, it commits signatories to deepen market integration in the medium term with provisions on matter related to trade in services, such as electronic commerce, intellectual property (IP) rights, public procurement, and investment.

As the Parties considered how best to address liberalisation of trade in services, the World Bank deemed it timely to conduct some analysis on the situation regarding trade in services in the CEFTA region.

OVERALL OBJECTIVE

The intent of the study was to stimulate dialogue on trade in services between decision-makers in

CEFTA economies as they explored options to liberalize trade in services.

ACTIONS AND ACTIVITIES

The World Bank prepared the study based on country specific background notes and extensive consultations.

The report provided policy makers with an overview of the importance of the services sectors in CEFTA economies and an analysis of trends in services trade and in intra regional trade in the countries.

It described the general barriers to trade in services and specific barriers for four specific sectors:

- Construction
- Land transport
- Legal services
- Information and communication technology (ICT) services

The analysis reviewed the legal and institutional framework for trade in services and featured assessments by regional companies that export such services

IMPACT ON CEFTA

The study contributed to advancing the liberalisation of trade in services under CEFTA by providing policy makers with timely analysis regarding:

- The positive effects on economic growth, direct and indirect, of trade in services
- The role of services exports in securing substantial foreign receipts
- The role of services imports in making domestic markets more competitive and efficient

which increases the productivity of manufacturing firms that rely on services

It also highlighted the complementarity of liberalization of trade in services under CEFTA with the EU accession process.

- Implementation of the Stabilization and Association Agreements concluded with the EU requires alignment of domestic legislation with that of the EU in several sectors
- Integrating the goods and services markets would enable the small CEFTA economies to become part of not only regional but also global supply chains and production networks and make these economies more attractive to foreign investment

- Opening the regional services market would prepare CEFTA economies for functioning within the EU single market.

It identified that movement of foreign workers/professionals is the most restricted mode of supply in CEFTA countries. Obtaining work authorizations for foreign workers is arduous, and even temporary entry of workers to provide a service is difficult. Recognition of skills and diplomas is a second obstacle that makes it difficult for foreign professionals to supply services.

Specific barriers to trade in the four sectors were highlighted.

SUMMARY PROJECT INFORMATION

Dates:	January to April 2011
Budget:	<i>n.a.</i>
Partners:	World Bank Group, CEFTA
Financiers:	World Bank Multi-Donor Trust Fund for Trade and Development, supported by the governments of Finland, Norway, Sweden, and the United Kingdom
Beneficiaries:	Ministries responsible for trade

CONTACT PERSON/FURTHER INFORMATION

Aleksandra Rakovic, Technical Expert, CEFTA Secretariat ✉ Aleksandra.Rakovic@cefta.int
 See <http://elibrary.worldbank.org/doi/abs/10.1596/978-0-8213-8799-3>
<http://cefta.int/new-trade-topics-services>

