



CEFTA

Central European Free Trade Agreement

SECRETARIAT

CEFTA SECRETARIAT

WORK PROGRAMME 2013

January 2013

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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 2013. It has been prepared on the basis of the CEFTA Secretariat's mandate (Decision No.7/2007), work carried out to date and the work programme of the Chair in Office for 2013.

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 fifth year of operation. The activities performed by the Secretariat in 2012 have been introduced in an annual report submitted to the Joint Committee members in November 2012. 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. While all Parties ratified the Agreement, the ratification procedure has not yet been completed in Belgium; the Secretariat continues to be subject to the payment of VAT.

The budget and the number of staff of the Secretariat remain unchanged since the establishment of the Secretariat. In the fifth year of the Secretariat's operation, the biggest share in the financing comes from the contributions of the Parties; to date 6 Parties have transferred their financial contributions.

In September 2011, the Secretariat has concluded a financing agreement for the next three years of operation with the European Commission (EC), covering the period from September 2011 to September 2014. Furthermore a new financing agreement under the same conditions has been concluded with the Kingdom of Norway to the functioning of the Secretariat.

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 2013.

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, the three subcommittees and three 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 and monitoring of any subsequent projects.

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 2013, 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 2013. This includes permanent support and guidance in implementing **the Chairmanship Programme** presented by the CiO (Bosnia and Herzegovina) in January 2013.

The Secretariat supports the Chair in Office in chairing **the fifth CEFTA Secretariat Steering Committee meeting** held in Brussels on 25 February 2013. 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. A number of Strategic Meeting at the level of Deputy Ministers will be organised in the course of 2013 to discuss the main strategic issues to be addressed during the BiH Chairmanship.

The annual **Deputy Ministers meeting** is expected to be organised in June 2013 in Sarajevo (BiH). 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 seventh 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 November 2013.

4.1.2. Support to the Subcommittees and the Working Groups

In accordance with the dynamics of the previous years, the first sessions of the Subcommittees are expected to take place in the first half of 2013. Some of the Subcommittees will hold additional sessions in the second half of the year in order to keep up with the commitments undertaken. **The Subcommittee on Agriculture and SPS** is chaired by Bosnia and Herzegovina, **the Subcommittee on Customs and Rules of Origin** by Macedonia, and **the Subcommittee on TBT and NTBs** by Macedonia which held its first session on 7 February in Budapest. 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 Subcommittees. In addition, the Secretariat will keep the CEFTA Market Access Barriers Database updated.

In line with the Ministerial Decisions of the sixth Joint Committee, the Secretariat assists the three working groups established to support the implementation of the Agreement. The **Working Group on TBT** held its sixth meeting on 1 February in Brussels while **the seventh meeting of the Working Group on Trade in Services** took place on 8 February in Budapest.

In **Customs**, the Subcommittee on Customs and Rules of Origin will focus on the objectives of strengthening full compliance of all CEFTA parties with the EU, WCO and WTO principles of free trade, facilitating the regional trade, and strengthening the capacity in smooth functioning of diagonal cumulation between the CEFTA Parties and other priority areas of CEFTA Customs Authorities. In order to realise those objectives, two Subcommittee meetings and six technical meetings and workshops are planned including the Customs Risk Management Working Group which will start working this year.

The Chairmanship also considers transport and transit as a cross-cutting issue in trade facilitation related activities of the Subcommittee and therefore aims at developing further cooperation and parallelism with the regional initiatives taken in the field of transport. One of the most important goals for trade facilitation in this respect shall be joining the EU Common Transit Convention (CTC). The horizontal feature of transport sector in relation to facilitation of the regional trade is one of the horizontal issues linked different trade related components of the SEE Strategy 2020.

In the last two years, the Secretariat was member and supported the work of an ad hoc Task Force for the CEFTA Portal. In 2013, it is expected that this group will be transformed into a permanent working body of the CEFTA structures enjoying the Secretariat's support and assistance.

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 subcommittees and two 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 needs have been identified as early as mid 2012 following the presentation of the ***Priorities of the Bosnia and Herzegovina Chairmanship of CEFTA in 2013*** at the Deputy Ministers meeting held in Tirana on 21 June 2012. Together with the Chair, the Secretariat prepared a number of project proposals and contacted donors and international partners with the main aim to have technical assistance delivered successfully in the year 2013 and beyond.

Once a project starts, the Secretariat actively follows the progress of the project and coordinates the communication between the project and the relevant CEFTA bodies. As a rule, the results are presented to the CEFTA structures at all important milestones of the projects.

To date TA needs have been identified in the areas of liberalisation of trade in services, sanitary and phytosanitary measures, facilitation of trade logistics, elimination of non-tariff barriers, customs administration cooperation and rules of origin, etc.

The OECD project **“Supporting the implementation of CEFTA 2006”** started in September 2012 with a total duration of three years. The project is financially supported by the EC. It will focus on the reduction and elimination of NTBs, the potential for liberalisation of trade in services and the identification of policy measures leading to optimising the benefits of liberalisation in regional trade and investment in the framework of the EU accession process.

In the area of **sanitary and phytosanitary issues**, an outsourced project financed by the CEFTA Secretariat on the establishment of the CEFTA SPS database is underway. It is expected that the database will be launched by mid 2013. The database will provide with the updated information on legislative and institutional framework on SPS across the region, and will set up a foundation of the online notification web tool in the later phase.

The **GIZ** will support financially the development and maintenance of the so-called Transparency Pack which will comprise the: Market Access Database, CEFTA SPS database, CEFTA TBT Platform, CEFTA Trade Portal and CEFTA Tariff Information System .

In the area of **non-tariff barriers to trade**, the Parties will continue implementing the OECD developed *Multilateral Monitoring Framework on the Elimination of NTBs in the CEFTA Parties*. The specific objectives of this project are to ensure the independent monitoring of the elimination of NTBs, to effectively communicate and promote the findings of the monitoring to the relevant CEFTA structures and other stakeholders and to secure the

existence of a permanent and stable process of eliminating NTBs. The duration of the project is 3 years in total starting from September 2012.

The World Bank will continue with the research of specific professional services under the framework of the *Knowledge Platform in the Services* in the CEFTA region. The Secretariat welcomes the project and offers support where needed.

In the area of TBT, the CEFTA Parties continue to benefit from collaboration with the IPA funded **Project on Regional Quality Infrastructure**, especially in the areas of harmonisation of the legislative framework in the field of free movement of goods. The duration of project is until 2015.

The implementation of the World Bank **IFC Project on Regional Trade Logistics** will continue. The Project will actively share the outputs of their activities with the Subcommittee on Customs and Rules of Origin and other CEFTA Subcommittees. Furthermore, the Working Group on Customs Risk Management will have joint meetings with customs risk experts of the IFC project.

The IFC Project is expected to establish an expert group on simplification of trade related procedures to which CEFTA Subcommittee can also contribute. The Project is expected to offer potential solutions to the CEFTA Parties on how to achieve simplification and harmonisation of procedures and documentation, integration of the risk management systems into border inspection and implementation of the Single Window systems.

The Secretariat will continue making the CEFTA Project Facility functioning to support the realisation of priorities identified by the CEFTA Structures for successful implementation of the Agreement, for which specific technical knowledge and experience are considered critical. This year, the second stage of SPS Database Project is expected to be financed by the CPF.

4.2. Management and Administration

With the Ministerial Decisions No.1/2010 and No.2/2010 the Joint Committee extended the mandate of the existing Secretariat staff for an additional period of three years, adopted the budget and agreed on the financing for the period from September 2011 to September 2014.

Following the Ministerial Conclusions from 2012 and additionally to the original mandate, the Secretariat will be actively involved in the programming of the Integrated Growth pillar of the SEE 2020 Strategy. For the implementation of the Strategy though, the mandate of the Secretariat will have to be extended accordingly.

4.2.1. Staffing

The staffing of the Secretariat office consists of the Director, two technical experts, an executive assistant and a part-time financial administrator.

Similar to the mandate, the resources of the Secretariat will have to be adjusted to the needs of implementation of the 2020 Strategy in 2014; the necessary preparations and decisions are to be made in 2013.

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 events with the Regional Cooperation Council (RCC) for the programming 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 various 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 informal but very efficient and productive meetings with the Article 44 CEFTA Contact Points in the margins of the official CEFTA meetings and events. This way of communicating has proved so far to be very beneficial for all the Parties when questions of a technical or procedural nature have to be discussed and agreed.

During 2013 the Director and the experts 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 2013, this includes especially the EC, World Bank, IFC, OECD, GIZ, WTO etc.

Efforts will be dedicated to the facilitation of regular exchange of views and ideas with the private sector through the network of the CEFTA Forum of Chambers of Commerce in the region. The Secretariat will continue to actively participate in the Chambers' meetings and coordinate with the CEFTA structures. The CEFTA Secretariat developed working relations with the German Chamber of Commerce (DIHK), which is financing a CEFTA related project for the Chambers; the Secretariat plans to participate in those areas and activities, which are of relevance to the implementation of the CEFTA Agreement in 2013. The Secretariat will further maintain regular exchange of information with the Business Advisory Council (BAC).

As already mentioned the Secretariat will closely cooperate with the Regional Cooperation Council (RCC) and other regional initiatives (e.g. SEETO) in the programming and 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 was redesigned and taken over by a new IT provider from the region. During 2013 the web site will be continuously updated with relevant CEFTA information.

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 sixth and the seventh editions of the Newsletter are expected to be published respectively in March and October 2013.

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 three years, the Secretariat will provide all the necessary support to the Chair in preparing "CEFTA Week". The preliminary activities will start

as early as mid 2013. This would include the identification of key topics, stakeholders, speakers and audience as well as facilitation of the organisational and logistical support to the Chair, who is the main organiser of the event. CEFTA Week is scheduled as a back-to-back event with the regular annual meeting of the Joint Committee to be held in October/November 2013. Its main objective is the promotion of CEFTA achievements and exploring the potential for further cooperation in the region.

In 2013, 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 |
|---|--------------------------|
| <i>TECHNICAL ADVICE AND GUIDANCE</i> | |
| Preparation & finalisation of the Chairmanship Programme | Dec 2012- Jan 2013 |
| Identification of Technical Assistance needs | Mid 2012– Jan 2013 |
| Preparation of the Subcommittees Work Programmes | June 2012 - Jan 2013 |
| Technical preparation of the Secretariat Steering Committee | Jan/Feb 2013 |
| Technical preparation of the Strategic Meeting | Jan/Feb 2013 |
| Submission and Facilitation of Technical Assistance Projects | Nov 2012 – March 2013 |
| Technical preparation of the WG on TBT meeting | January 2013 |
| Technical preparation of the WG on Trade in Services | January 2013 |
| Technical preparation for the SC on NTBs and TBT | January 2013 |
| Technical preparation for the WG on Customs Risk Management | March 2013 |
| Technical preparation for the SC on Customs and ROO | May 2013 |
| Technical preparation for the SC on Agriculture and SPS | March 2013 |
| Technical support of the Deputy Ministers meeting | May 2013 |
| Technical preparation for the SC on Customs and ROO | September 2013 |
| Technical support for the WG on Trade in Services meeting | Sept 2013 |
| Technical support to the SC on NTBs and TBT | Oct 2013 |
| Technical support to the WG on TBT | Sept/Oct 2013 |
| Support and preparation of CEFTA Week 2012 | September-November 2013 |
| Technical support of the Joint Committee meeting | October/November 2013 |
| <i>MANAGEMENT AND ADMINISTRATION</i> | |
| Annual Audit for year 1 | March 2013 |
| Finalisation of the Secretariat Work Programme | January 2013 |
| Progress Reports | February 2013 |
| Steering Committee | 25 February 2013 |
| Donor relations | On going |
| Organisational preparation for all CEFTA meetings | Feb-Nov 2013 |
| <i>PROMOTIONAL ACTIVITIES</i> | |
| Relations with the key interlocutors | On going |
| Website Update | Ongoing |
| Preparation of CEFTA Week | June-November 2013 |
| Preparation of bi-annual newsletters | March/October 2013 |
| Other promotional events | Ongoing |

5. KEY ISSUES ARISING

During the preparation and the implementation of the 2013 Chairmanship programme the Secretariat takes the attention to a number of issues regarding financing of the Secretariat beyond 2014, as well those regarding the selection procedures and appointment of the staff after the contracts of the current staff expire in 2014.

Furthermore, the CEFTA Structures have actively been involved in the programming and implementation of the Strategy for South East Europe Strategy 2020, the Secretariat will be faced with a challenge to cope with its limited human and financial resources already in the programming phase in 2013. The issue has to be addressed and resolved before the implementation starts in 2014.

6. SUMMARY BUDGETARY INFORMATION

The annual operating budget of the Secretariat is 650,000 Euro and is to remain unchanged for five years in a row. If only the officially recognised inflation in Belgium is taken into consideration, this actually means that the annual overall budget of the Secretariat has been reduced for some 10 percent in real terms over the four years of operation. With efficiency and careful financial management the Secretariat has been able to compensate the loss of the budget so far.

In budget year five, the EU support drops further to 35 percent. Although Croatia stops contributing to the budget of the Secretariat on the day of its accession to the EU, and the Secretariat has also taken over maintenance cost of the CEFTA Portal no major problems are expected in financing the Secretariat in year five of its operation, provided that the remaining Parties pay their contribution, and adequate funding is secured in case of any additional activity e.g. Strategy 2020.