



CEFTA SECRETARIAT

WORK PROGRAMME 2014

January 2014

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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 2014. 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 2014.

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 sixth year of operation. The activities performed by the Secretariat in 2013 have been introduced in an annual report submitted to the Joint Committee members in November 2013. 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 sixth year of the Secretariat's operation, the biggest share in the financing comes from the contributions of the Parties; to date five 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.

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.

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 2014.

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 2014, 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 2014. This includes permanent support and guidance in implementing **the Chairmanship Programme** presented by the CIO (the Republic of Macedonia) in the beginning of 2014.

The Secretariat supports the Chair in Office in chairing **the sixth CEFTA Secretariat Steering Committee meeting** held in Brussels on 27 February 2014. 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 2014 to discuss the main strategic issues to be addressed during the Macedonian Chairmanship.

The annual **Deputy Ministers meeting** is expected to be organised in June 2014 in Skopje (Macedonia). 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 eight 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 2014.

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 2014. 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 the Republic of Macedonia, **the Subcommittee on Customs and Rules of Origin** by the Republic of Moldova, and **the Subcommittee on TBT and NTBs** by Montenegro. 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, CEFTA SPS Database and the CEFTA Trade Portal fully operational and updated.

In line with its mandate, the Secretariat assists the three working groups established to support the implementation of the Agreement: the **Working Group on TBT**, the **Working Group on Trade in Services** and the **Working Group on Customs Risk Management**.

In **Customs**, the Subcommittee on Customs and Rules of Origin will focus on the objectives to i) simplify customs and other trade related procedures in the Regional trade, to the possible extent, in particular for the operators which are functioning in full compliance with customs and other relevant laws and procedures , ii) to facilitate the Regional trade through promoting and increased use of risk management in customs and other border agencies, to the possible extent and iii) to strengthen capacity in smooth functioning of diagonal cumulation between the CEFTA Parties and other trading partners in the framework of the Pan-Euro Mediterranean Convention

In the area of **agriculture and SPS**, the responsible Subcommittee will focus on the following priorities: (i) formalization of the Additional Protocols on further trade liberalisation and their effective implementation, (ii) the impact and challenges of CEFTA liberalization process to efficient restructuring of the agricultural economies and follow up actions, (iii) further reduction of NTB's of trade by scaling up and harmonization of food safety standards and improvement of risk-based inspection control at BIP's, and (iv) development of initiatives of common participation of CEFTA parties in other international organizations and initiatives.

In the area of **elimination of NTBs and TBT** the responsible Subcommittee will focus on the following priorities: (i) extension of the mandate of the WG on TBT to include activities such as delivering of projects on the regional level, assistance in drafting the agreements amongst relevant bodies in quality infrastructure; (ii) concluding of multilateral agreements between NABs, NSBs and others with the objective to exchange the translation of standards, adoption of regional CEFTA codes that are in compliance with Eurocodes, create common register of assessors; (iii) improving of transparency in selected areas by establishing self-sustainable information and notification mechanisms; (iv) Ensuring synchronised harmonisation with EU/International requirements; (v) identification and agreement on the applicability of EU/international regulations and standards; (vi) Elimination of NTBs in selected supply chains/subsectors in cooperation with the RCC OECD New Generation Competitive Initiative; (vii) establishment and management of regional association of conformity assessment bodies, such as CEFTALAB.

In the **area of services**, the Working Group on Trade in Services will continue to: (i) further develop the regulatory database with screening of legislative of distribution and transport services, (ii) identifying the corresponding STRI as a major index of barriers in regional trade of services, (iii) enhance the regional cooperation in trade in services statistics among compilers and users as well as (iv) work on setting the conditions for concluding the mutual recognition of qualifications amongst competent authorities in the region and thus contributing to the creation of free labour market. Further on, it is envisaged that the negotiations on liberalization of trade in services will start under the framework of the the Negotiating Group in the first half of 2014.

The Chairmanship will follow the Ministerial Conclusions adopted on 20 November 2013 in Sarajevo where Ministers endorsed the creation of CEFTA High Level Task Force on Trade Facilitation as part of the Chairmanship priorities of Macedonia. Given the leading role of the Customs Authorities in trade facilitation, creating such task force would substantially facilitate coordination between the Subcommittee and other CEFTA Structures.

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 2013 following the presentation of the *Priorities of the Republic of Macedonia Chairmanship of CEFTA in 2014* at the Deputy Ministers meeting held in Sarajevo on 18 June 2013. 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 2014 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 on Multilateral Monitoring Framework for **Eliminating the NTBs** will continue to support CEFTA in 2014. The Project will build on the results of the OECD-RCC Working Group on New Generation Competitiveness Initiative that supports the implementation of SEE 2020 Strategy, and will focus on the identification of trade barriers in the selected supply chains/subsectors (agri-food).

In the area of **sanitary and phytosanitary issues**, a project financed by the CEFTA Secretariat via the CEFTA Project Facility on the establishment of the CEFTA SPS database was finalised. The database was launched in December 2013 and it provides with the updated information on legislative and institutional framework on SPS across the region. This Database will be primarily used as a notification mechanism for the legislation in the area of SPS but will also serve as a unique platform for acquiring the information relevant to the exporters and importers in the region.

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 outcomes from this project include structured quantitative and qualitative data combined with the detailed policy and practitioner-oriented guidance and recommendations

how to continue the NBTs reduction process conducted under the Multilateral Monitoring Framework and how to extend its coverage to a new set of traded goods.

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 with the emphasis on the MRAs in qualifications and experiences. The Secretariat welcomes the project and offers support where needed.

In the area of TBT, the cooperation with the IPA 2011 Project on Quality Infrastructure in the Western Balkans and Turkey will continue throughout 2014. This project has a scope to provide in-depth training in the areas of TBT as well as networking opportunities. WG on TBT and the CEFTA Secretariat will work closely with the Project to develop joint initiatives in the area of facilitating the intra regional trade with the final objective to remove the technical barriers to trade. In 2014 the cooperation with the IPA Project on QI is seen in the area of improved transparency on TBT. In particular, the Project's extensive knowledge and information on quality infrastructure across the region is deemed valuable in the process of developing the content part of the TBT Platform.

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 offer potential solutions to the CEFTA Parties on how to achieve simplification and harmonisation of procedures and documentation, and to create joint risk profiles in the Region.

In the area of customs, the main priority will be to prepare the CEFTA Parties for the implementation of diagonal cumulation in accordance to the PEM Convention, the relevant decision of which was adopted in November 2013. Regarding trade facilitation related agenda, the focus is to be given to the preparation of a strategy document to launch CEFTA AEO Programme. In addition, a map for the existing data requirement is to be prepared for the sake of harmonisation of data submission requirements, and eliminating redundancies.

The Secretariat will continue making the CEFTA Project Facility (CPF) 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. The CPF II is to be launched in 2014 to cover projects falling under SEE2020 areas like trade facilitation, market access, agriculture, non tariff barriers and free flow of skilled labour.

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. 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.

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 2014.

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 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 2014 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 2014, 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 and the SEE 2020 in 2014. 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 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 in 2013. During 2014 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 2014.

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 four 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 2014. 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 2014. Its main objective is the promotion of CEFTA achievements and exploring the potential for further cooperation in the region.

In 2014, 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 2013- Jan 2014
Identification of Technical Assistance needs	Mid 2013– Jan 2014
Preparation of the Subcommittees Work Programmes	June 2013 - Jan 2014
Technical preparation of the Secretariat Steering Committee	Jan/Feb 2014
Submission and Facilitation of Technical Assistance Projects	Nov 2013 – March 2014
Technical preparation of the WG on TBT meeting	January 2014
Technical preparation of the WG on Trade in Services	January 2014
Technical preparation for the SC on NTBs and TBT	January 2014
Technical preparation for the WG on Customs Risk Management	March 2014
Technical preparation for the SC on Customs and ROO	May 2014
Technical preparation for the SC on Agriculture and SPS	March 2014
Technical support of the Deputy Ministers meeting	May 2014
Technical preparation for the SC on Customs and ROO	September 2014
Technical support for the WG on Trade in Services meeting	Sept 2014
Technical support to the SC on NTBs and TBT	Oct 2014
Technical support to the WG on TBT	Sept/Oct 2014
Support and preparation of CEFTA Week 2014	September-November 2014
Technical support of the Joint Committee meeting	October/November 2014
<i>MANAGEMENT AND ADMINISTRATION</i>	
Annual Audit for year 5	February 2014
Finalisation of the Secretariat Work Programme	January 2014
Progress Reports	February 2014
Steering Committee	27 February 2014
Donor relations	On going
Organisational preparation for all CEFTA meetings	Feb-Nov 2014
<i>PROMOTIONAL ACTIVITIES</i>	
Relations with the key interlocutors	On going
Website Update	Ongoing
Preparation of CEFTA Week	June-November 2014
Preparation of bi-annual newsletters	March/October 2014
Other promotional events	Ongoing

5. KEY ISSUES ARISING

During the preparation and the implementation of the 2014 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 2014. The issue has to be addressed and resolved before the implementation starts fully in 2014.

6. SUMMARY BUDGETARY INFORMATION

The annual operating budget of the Secretariat is 650.000,00 Euro and is to remain unchanged for six 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 constantly reduced in real terms over the past 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 six, the EU support drops further to 30 percent. Although Croatia stopped 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 six of its operation, provided that the remaining Parties pay their contribution on time, and adequate funding is secured in through the additional activity as Strategy 2020.