



## Summary

### **Director's Report to the Joint Committee**

From the reporting of the respective Chairs it is clear that 2012 has been a good year for the implementation of the Agreement. It is a common understanding that positive results, also clearly recognised by all CEFTA international partners, especially by the European Commission, are due to efficient functioning of the CEFTA Structures.

Pointless to list everybody involved, because the number of people is getting increasingly high, but let me still use this opportunity and thank on behalf of the Secretariat all the Chairs and the Contact Points for their performance. On the other hand, it goes without saying that no positive results would be possible without an adequate political support. If in the future the CEFTA Structures are to embark into broader strategic objectives in the framework of the so called Strategy 2020 for the Region, political support and commitment will only gain in importance.

In the Secretariat we are strongly convinced that active involvement of the CEFTA Structures in the preparation and implementation of the Strategy 2020 for the Region is a right decision, and we are committed to contribute our share also to the success of this endeavour.

I would like to take the opportunity and also thank my staff in the presence of the Ministers for their effort and commitment. Both Technical Experts, Aleksandra Rakovic and Umur Ergezer, have demonstrated strong personal initiative and high level of expertise in supporting the work of subcommittees and working groups; I am especially happy with the work in the field of services and trade facilitation this year. Liudmila Nistor Mihajlova as Executive Assistant has taken an excellent care not only of supporting me personally but it is thanks to her that both the CEFTA Trade Portal and the website are functioning well.

Let me just briefly mention a couple of key figures for the fourth year of the Secretariat's operation. As you know a complete financial report is presented to the Steering Committee meeting, and is, together with the Auditor's report communicated to the Joint Committee in February or March of the following year. The expenses amounted to roughly 550,000 Euro. As you may recall the EC is contributing 40 percent to the eligible cost and bilateral donors some 5 per cent. As for the Parties' contributions one Party has not fully covered its

obligation for year four. As you notice the Secretariat managed to keep the expenses largely within the budget last year; I am afraid though that also for the financial resources we are reaching the point where we have exhausted the potential of conservative financing and saving.

For year five the deadline to pay the contributions was 31 October. So far, we have received contributions from five Parties. In 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, with reserves accumulated this year 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 additional activity e.g. Strategy 2020.

As for the future functioning of the Secretariat, a number of issues will have to be addressed during the preparation and the implementation of the 2013 Chairmanship programme e.g. those regarding financing of the Secretariat beyond 2014, as well those regarding the staff whose contracts expire in 2014. Thanks for the kind words confirming commitment to the CEFTA Structures.