

PROPOSAL OF PRIORITIES

of the UNMIK/Kosovo Chairmanship of CEFTA 2006 1 January-31 December 2011

I INTRODUCTION

As set out in the CEFTA 2006 Decision No.1/2007 Rules of Procedure (Article 3), UNMIK/Kosovo will take over the Chairmanship of the CEFTA 2006 from Serbia in January 2011. The Chairmanship is taken on rotational basis with tenure of office of one calendar year.

CEFTA Agreement

The Agreement on Amendment and Accession to the Central European Free Trade Agreement (CEFTA 2006) signed in Bucharest on 19 December 2006 has been in force for all Parties for almost of three years. The rapid pace at which all the Parties negotiated, signed and ratified this inclusive, modern and ambitious agreement demonstrates the commitment of the governments in the region to improving trade and investment policies in the South Eastern Europe.

The CEFTA Parties welcomed the development of a regional framework for trade policy, recognizing that the strengthening of trade links between the SEE economies is an important part of the wider strategy of growth and stability in the region. CEFTA was concluded with a view to enhancing trade potentials in the region, thus contributing to greater economic growth and increase of investments and employment in the region, as well as to enhancing the process of European integration.

The main objectives of this comprehensive Agreement are, *inter alia*, to expand trade in goods and services and foster investment by means of fair, stable and predictable rules; eliminate barriers to trade between the Parties; provide appropriate protection of intellectual property rights in accordance with international standards; and harmonize provisions on modern trade policy issues, such as competition rules and state aid. It also provides for clear and effective procedures for dispute settlement as well as gradual establishment of the EU - Western Balkan countries zone of diagonal cumulation of origin.

The Agreement fully conforms to the WTO rules and procedures and EU regulations. Effectively implemented, the Agreement provides an excellent framework for the Parties to prepare for EU accession, in accordance with the Thessaloniki Agenda and Declaration of June 2003.

CEFTA Structures

Joint Committee

The governing body of CEFTA is the Joint Committee (Article 40 of the Agreement) and its main function is to supervise and administer the implementation of the Agreement. The Joint Committee meets at least once a year and makes decisions by consensus.

Sub-committees and other bodies

In accordance with Article 41.5 of the Agreement, the Joint Committee can establish subcommittees and other bodies to support the implementation of the agreement. To date, three sub-committees have been established:

1. **Sub-committee on Agriculture including Sanitary and Phyto-sanitary Issues**, whose task is to facilitate trade in agricultural products within the region.
2. **Sub-committee on Customs and Rules of Origin**, whose task is to simplify and facilitate customs procedures and stimulate rapid implementation of the common rules of origin in all the Parties, in line with Article 14 of the Agreement.
3. **Sub-committee on Technical Barriers to Trade and Non-Tariff Barriers**, whose task is to identify, review and propose measures for elimination of technical barriers to trade and non-tariff barriers among the Parties.
4. **Working Group on Trade in Services** – established in 2010 in accordance with ministerial conclusions from 2009 and Article 27 with the main purpose of exploring the possibilities for gradual liberalization in trade in services among CEFTA Parties.
5. **Working Group on Technical Barriers in Trade** – established in 2010 under the framework of Subcommittee on NTBs and TBT. This group serves as a forum for discussion on issues such: harmonization of technical regulations, standards and mandatory conformity assessment procedures with the aim of eliminating technical barriers to trade.

Secretariat

According to Article 40.2 of the CEFTA 2006, the Joint Committee is supported by the Secretariat located in Brussels. The overall role of the Secretariat is to provide technical and administrative support to the Joint Committee, to sub-committees, to an expert group or to any other body established by the Joint Committee.

II PRIORITIES OF THE CHAIRMANSHIP FOR 2011

UNMIK/Kosovo as a Chair-in-Office of CEFTA in 2011 is fully committed to continue the work undertaken under the Serbian Chairmanship in the following areas:

1. Liberalisation in agricultural trade – implementing of the agreed concessions and follow up of the effects of such liberalization on the CEFTA Economies.

2. Liberalisation in services – exploring the possibilities for gradual liberalization in trade in services among CEFTA Parties, strengthening the cooperation among relevant bodies and improvement of quality of statistics in services trade.

3. Investment – evaluation of the impact of the regional trade integration on the FDI (mapping of FDIs, identification of key factors for geographical concentration of sectors and clusters and impact of EU integration on investment location), cooperation among investment promotion agencies.

4. Public Procurement and Competition Rules - follow up activities based on the first reviews done in 2010 and aimed at fulfilling the commitments undertaken by the Articles 19, 20, 21 and 35.

5. CEFTA Trade Portal - ensuring the full functioning of the CEFTA Trade Portal in its first year of operation. This includes a close cooperation with the GTZ Office who is funding the project in next 2 years as well as coordination of activities with relevant focal points in each of CEFTA Parties with an aim to have up to date and comprehensive portal as a useful tool for business and other interested parties.

6. Monitoring Instrument for NTBs- supporting the OECD project in creating an instrument tool for monitoring the NTBs with an aim to reduce and eliminate unnecessary obstacles to trade.

7. Customs cooperation and Rules of Origin – further activities on enhancing the capacities of customs authorities and ensuring full implementation of diagonal cumulation based on common rules of origin with the main goal to facilitate the trade in region.

In parallel with these activities UNMIK/Kosovo proposes two new priorities to be addressed in 2011:

- ***Protection of Intellectual Property***

The main goal is to ensure the adequate and effective protection of intellectual property rights in accordance with the international standards and conventions listed in Annex 7. The Parties may decide to include in this Annex other multilateral conventions in this field, and affirm their commitments to review Part D of this Chapter, no later than 1 May 2011.

- ***Contingent Protection Rules***

Review of issues and common interpretation of Articles 22, 23, 24 and 25 of the Agreement which refer to various protection measures. The aim is to have these rules understood and implemented in a way that does not unnecessarily impede the trade among the CEFTA Parties.

III COOPERATION WITH INTERNATIONAL INSTITUTIONS AND REGIONAL INITIATIVES

UNMIK/Kosovo is committed to continue work on enhancing and deepening further cooperation between the CEFTA Parties and the major international partners in the field of trade, Intellectual Property Rights, Liberalization in Agriculture and Customs issues.

The main objective is to ensure the full and timely implementation of all the commitments undertaken by the Parties. Through the joint collaboration, exchange of views and knowledge of more developed and experienced partners, the CEFTA Parties will certainly benefit will enhancing the efficiency of their activities.

IV FINANCIAL CONSTRAINTS

Due to the current economic crisis it might be difficult:

1. For CEFTA 2006 Parties representatives to participate adequately at all meetings which are going to be organized in 2011.
2. To provide essential additional donor funded technical assistance to support the work program for 2011.