



**REPUBLIC OF ALBANIA  
MINISTRY OF ECONOMY, TRADE AND ENERGY**

**PROPOSAL**

**PRIORITIES FOR THE CEFTA CHAIRMANSHIP 2012**

**Tirana, November 2011**

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## I INTRODUCTION

Republic of Albania will take over the Chairmanship of CEFTA in 2012 based on the Decision No. 1/2007, Rules of Procedure (Article 3).

In its Chairmanship, Albania will be committed to develop further actions, particularly in the following priority areas with the objective to carry up the success reached so far in the implementation of the Agreement and to add up its contribution therein in full coordination with other CEFTA parties.

As an overall objective of its chairmanship Albania wishes to declare that its priorities will have three main axes, namely i) facilitating trade in goods through further elimination of NTBs and TBTs, ii) increasing the transparency in the areas that have a direct or indirect impact on trade, and iii) promoting business and investment friendly trade policy formulation and implementation.

## II PRIORITIES

Albania will follow on the initiatives from the previous chairmanships and is fully committed to pay special attention to the following priorities:

### **1. Agriculture including Sanitary and Phytosanitary Measures**

#### ***1.1. Harnessing the Benefits of Liberalisation of trade in agricultural products***

The effects of the liberalisation in agriculture achieved in 2010 and implemented in 2011 will be closely followed and the focus will be on the assessment of the impact of such liberalization not only on the economies that signed the Additional Protocol but also to the CEFTA region as a whole.

*Expected results:*

- Impacts of the liberalisation of trade in agriculture followed and assessed;

#### ***1.2. Strengthening the Intraregional Cooperation in SPS matters***

In order to improve cooperation among the SPS administrations, Albania is ready to work on the identification of so-called “centres of excellence” in respective administrations. The main purpose of establishing these centres would be to transfer knowledge of the more advanced Parties to the less advanced ones in the particular fields of SPS. The latter would benefit from exchange of experiences and best practices in the areas of their specific interest. According to the needs and depending on the level of development, the transfer of knowledge could be done at the bilateral or multilateral level. This of course does not exclude the potential assistance from other multilateral and/or bilateral donors coming outside the region whose expertise is recognized by the CEFTA Parties. We believe that the effects of such exchange and expertise sharing can only contribute to the reducing of the unnecessary barriers that hamper the intraregional trade.

Continuing along the same lines, by improving transparency Albania will work on creation of a database on applied SPS measures in the CEFTA Parties. The purpose of this database is to provide the comprehensive information on existing SPS measures applied across the region and to support the work done within the Subcommittee on NTBs and TBT when discussing the potential actions in reducing the NTBs which stem from SPS area.

*Expected results:*

- Centres of excellence identified and future activities defined;
- Database on applied SPS measures created and made available for Parties and other users.

## **2. Customs and Rules of Origin**

### ***2.1. Continuation of multiannual approach with an objective of facilitating trade through simplifying customs matters***

The adoption of the multiannual priorities in 2011 has been a good step forward to include the trade facilitation perspective into the work of Subcommittee on Customs and Rules of Origin. The next challenge before the Parties is to take concrete actions in order to bring the key priorities listed in the multiannual programme into practice. Therefore, a number of feasibility studies, as envisaged by the multiannual programme, are to commence in 2012, through technical assistance projects financed by international donors, provided that the contracts regarding technical assistance are successfully signed in early 2012.

Thus, depending on the availability of results of the feasibility studies, an update of the multiannual programme will be prepared. In this update, the key priorities of the programme will be revised, if necessary and a clearer action plan than the existing one will be added into the programme.

*Expected result:*

- Update of the multiannual programme on customs and inclusion of an action plan therein.

### ***2.2. Promote customs to business relations from a regional perspective***

The relations between customs and the regional trading community need to be further promoted. As a component of the multiannual programme, a study is foreseen to analyse the feasibility of developing a regionally recognised CEFTA authorised economic operator programme. By the end of 2012, the contracting of that study is planned to be finalised and implementation thereof is expected to commence.

In parallel, Albania considers the necessity to organise a meeting with representatives of the regional trading community to discuss the ways of establishing transparent, efficient and effective procedures to ensure sustainable and reliable information exchange between CEFTA Customs authorities and the private sector.

*Expected results:*

- A study analysing the feasibility of developing a CEFTA AEO programme launched;
- If necessary, a meeting with representatives of the regional trading community to discuss the ways of information exchange with CEFTA customs authorities is organised

### ***2.3.Developing a regional approach on electronic data exchange between the CEFTA Parties***

Albania regards developing a regional approach searching for the possibilities of multilateral electronic data exchange using the existing IT tools and gateways as one of the core issues in the field of customs. The trade logistics project, implemented by the IFC, fully complements with that consideration. In this context, necessary preparatory work will start so as to analyse the feasibility of taking complementary actions from a regional perspective, once the implementation of EU financed SEED project implementation is over and the IT tools of electronic data exchange are transferred to the beneficiary CEFTA Parties, and to determine how to ensure the sustainability of SEED and the activities to be carried out by the trade logistics projects.

In this endeavour, the feasibility of coordinating the CEFTA customs authorities risk assessment and developing tools and/or procedure regarding joint identification of risk profiles will also be taken into consideration.

Having taken into account the importance of developing single window applications, possibility of exchanging data of other government agencies or national single windows will also be an integral of that feasibility.

Albania expects to initiate a technical assistance to be financed by international donors to assist in carrying out that feasibility study that would report to the relevant CEFTA structures.

*Expected result:*

- A study analysing the feasibility of multilateral electronic data exchange, including exchanging data retrieved from national single windows, and establishing a regional risk assessment through identifying joint risk profiles is launched.

### ***2.4.Increasing coordination between Subcommittee on Customs and Rules of Origin and Subcommittee on NTBs and TBT***

The coordination between CEFTA Subcommittees, particularly between Subcommittee on Customs and Rules of Origin and Subcommittee on NTBs and TBT, is of crucial importance. In this regard, Albania will take all necessary actions to facilitate the coordination between these two subcommittees, particularly within the framework of activities to be carried out by the Multilateral Monitoring Framework for NTBs, as stipulated by the multiannual programme.

*Expected results:*

- The preparation time of final outputs and reports regarding the customs related matters is shortened and their content is well substantiated.

### **3. Non-tariff Barriers to Trade and Technical Barriers to Trade**

#### ***3.1.A Systematic Approach in Eliminating the Non-tariff Barriers to Trade***

Following what is to be achieved in the area of elimination of NTBs during 2011 and the potential decisions to be adopted regarding the concrete steps and activities, Albania will continue with supporting the further implementation of the Multilateral Monitoring Framework on elimination of NTBs (MMF).

Acknowledging the areas such as TBT, SPS and administrative barriers as current and potential sources of barriers that might have negative effects on intraregional trade, Albania will in coordination with the OECD team develop the action plan on specific activities to be undertaken in order to decrease the possibility of their appearance in future. The systematic approach would be more than necessary if the main goal is to eliminate not only the barriers themselves but the sources of their manifestation as well.

*Expected results:*

- The second assessment and self assessment of the progress in reducing the identified NTBs in the 12 priority sectors, selected product groups and areas (SPS, TBT and administrative barriers);
- Action Plan on eliminating the current barriers and the sources of their appearance;
- Recommendations on further actions proposed to the Joint Committee.

#### ***3.2.Promoting the Image and Visibility of CEFTA 2006 through the CEFTA Trade Portal***

The CEFTA Trade Portal remains one of the major achievements of the CEFTA Parties in the area of promotion and greater visibility of the Agreement and its implementation. The positive effects of such an outlet to the overall transparency and promotion of the region's economy are yet to be estimated, but what can already be said is that the encouraging response from the business community has been received. The business, to which primarily the Portal is dedicated, is ready to contribute to its improvement and upgrading in years to come.

During its chairmanship, Albania tends to maintain the close relations with the GIZ project which has been supporting the creation and maintenance of the Portal for several years. Following the performed revision of the Portal, expected to be done in early 2012, the established ad hoc Task Force will work to improve performance of the Portal focusing on its enhanced structure and content, better quality of information and fully standardised data. In addition, following some suggestions, the additional features might be added such as users friendly search engine which we strongly believe, will contribute to the joint endeavours to send the more comprehensive and positive message on the region's performances outlook.

Moreover, Albania being a host of the GIZ Project for several years, is offering its experience and knowledge to the Chair of the Subcommittee on NTBs and TBT (Croatia in 2012) in the process of the transfer of the Portal to the CEFTA Parties.

*Expected results:*

- Regular update of the Portal in cooperation and assistance provided by the GIZ Project is carried out;
- Feasibility study on upgrading of the Portal with a TARIC-like search engine is performed;
- The multilateral MoU on Trade Portal is signed allowing its full ownership by the CEFTA Parties.

#### **4. Liberalisation of trade in services**

Albania strongly supports the concept of trade liberalisation as a tool not only towards the enhanced trade flows but also to the improved competitiveness and better positioning of the region on a global scene. In the length of a recently done liberalisation in agricultural trade, where Albania decided on a full liberalization, we are also supportive in going into gradual opening of the services markets in compliance with Article 27 of the Agreement.

The recent analytical work done by the European Commission and the World Bank on the assessment of the areas where the potential liberalization can take place, shows that there are at least 4 to 5 services sectors of common interest to the region where liberalization can substantially add to the increased trade flows among the Parties, but also assist in increased growth and productivity of their manufacturing firms. Better integrating of goods and services markets would allow CEFTA economies to become the part of the wider supply chains and production networks beyond the region itself.

Although many Parties in their accession paths towards the EU and to the WTO membership have quite open their services markets, as well as in some of the regional treaties (such as energy, aviation and railway), there are many barriers left and the closer look at them, the better analysis and joint approach would benefit Parties in the negotiating process. With the intention to ease up the task of the negotiating Parties, Albania proposes to create a sort of a record on existing barriers in services trade according to the methodology developed in the OECD countries.

*Expected results:*

- Roadmap for the negotiations agreed among the negotiating Parties;
- Potential start of the negotiations among the interested Parties;
- Supportive analytical work in specific areas of interest for the negotiations done by the usual partners such as World Bank;
- Database on the trade restrictiveness index is created and is based on the methodology of the OECD and their experts support.

#### **5. Investment**

Once OECD Investment Compact is transferred to RCC, Albania will invite the Investment Committee to work on the elimination of investment unfriendly trade barriers and/or promoting investment friendly trade relate legislation in different sectors in coordination with the CEFTA structures. In this context, relevant outputs of the ongoing projects under CEFTA i.e. OECD Mapping of Investment, OECD Monitoring Instrument, IFC Trade Logistics, and any new projects in 2012 would be communicated to the Investment Committee.

*Expected results:*

- A joint meeting with the Investment Committee is held with an aim to communicate relevant outputs of the ongoing CEFTA projects;
- Regular attendance in the meetings of the Investment Committee is ensured.

## **6. State Aid**

Albania will further promote increase in transparency in all trade related areas, including the state aid in compliance with the Article 21 of the Agreement.

Upon the decision taken by the Joint Committee in 2011 regarding the joint format and procedure of reporting on the state aid, Albania will as a Chair in Office encourage the Parties to fully respect the adopted format and deadlines in reporting to the Joint Committee.

*Expected result:*

- An inventory of state aid schemes in non-agricultural products is created in line with Article 21 (7) of the Agreement and the reports are submitted to the Joint Committee.

## **7. Capacity building in trade development**

In all areas the implementation of CEFTA has entered into a phase where issues discussed/ negotiated are getting both more technical and increasingly complex. This requires not only permanent and efficient coordination among the Parties but also within respective administrations. Timely identification and articulation of interest at the individual Party as well as at the multilateral level is a prerequisite to successful implementation of the Agreement in this phase. A further important dimension of the CEFTA implementation is a fact that it has to be constantly coordinated with the EU and for some of the Parties also WTO accession process.

To this aim Albania would like to propose a capacity building initiative, which would involve the Article 44 Contact Points and their teams, and would build on the best practice and positive experience of other administrations in i) coordination of multilateral agreements, ii) organisation of the process, iii) management of the process, iv) composition and training of a multi-skill team etc.

*Expected results:*

- A two-year capacity building programme is developed and a donor to finance the initiative is identified in the first half of 2012;
- A kick-off workshop is organised in the second half of 2012.

## **III POTENTIAL CONSTRAINS**

### **1. Political constrains**

The political debate over the Kosovo independence is closely connected with the implementation of CEFTA Agreement though CEFTA is not a political agreement. Converting the CEFTA meetings into a political arena is of no benefit to CEFTA members. This attitude is off-setting the CEFTA potentials and undermining the gains of the liberalization. The realities in our region should not be an obstacle to the efforts being invested by all CEFTA members. Albania considers that the successful implementation of its chairmanship priorities is closely connected with the tolerance and good will of all CEFTA members in addressing the technical and economical issues as such, without too much weight to the political debate.

## **2. Financial constraints**

The capacity building in trade development is of a vital importance for Albanian chairmanship program and thus efforts to ensure donor support will made. In addition, Albania will follow-up on the initiative started by Serbia in 2010 and do its best to ensure financial support of the European Commission and other interested donors for CEFTA related projects in the period 2012 – 2014.