

EXECUTIVE SUMMARY

2nd Meeting of the CEFTA Working Group on Trade in Services

10 November 2010
Belgrade, Serbia

The second meeting of the Working Group on Trade in Services was held in Belgrade on 10 November 2010 under the chairmanship of Serbia. All the Parties were present at the meeting. The purpose of this meeting was to finalise the Terms of Reference of the Working Group, discuss the first results of the Study on "Potential for Liberalisation in Trade in Services among the CEFTA Parties" and to prepare the report for the forthcoming Joint Committee meeting scheduled for 12 November 2010.

MAIN POINTS OF THE SECOND MEETING

The Terms of Reference of the Working Group. The members worked intensively on the finalisation of the draft text of the Terms of Reference **which formed** an integral part of the Ministerial Decision No. 4/2010 on establishing the working groups. This Decision is to be adopted at the forthcoming Joint Committee meeting scheduled for 12 November 2010.

According to the Terms of Reference the task of the Working Group on Trade in Services will be to develop and broaden cooperation among the CEFTA Parties in accordance with Articles 27 and 29 of the CEFTA Agreement. The working Group shall provide the Joint Committee with the platform to potentially launch the negotiations in services within the first half of 2011. Also, the Party currently acting as Chair in Office of the CEFTA Agreement shall chair the Working Group meetings.

The specific functions of the Working Group will be:

- (i) *Cooperation in the field of trade in services*, which will encompass inter alia, exchange of information on the significance and role of services, review of the quality and coverage of available trade in services statistics, reporting on regulatory reform in the services sectors and the increase of transparency of national legislation and administrative practices that have the potential to affect negatively trade in services.
- (ii) *Exploring possibilities for gradual liberalisation of trade in services*, where the Parties will focus their efforts on analysing the present level of liberalisation based on WTO commitments, assessing the effects of the liberalisation, determining the road map and selecting the key sectors for negotiation as well as identifying barriers to trade in services.
- (iii) *Administering potential negotiations in trade in services*

Study on "Potential for Launching of the Negotiations on Services Liberalisation among the CEFTA Parties". The First version of the Study on *Potential for Launching of the Negotiations on Services Liberalisation among the CEFTA Parties* under the framework of the EC Technical Assistance Project to CEFTA was presented to the members by Mr. Dimitrij Grčar and Ms. Aurelia Ieseanu. The Study analysed the current situation in the services sector with the focus on the present level of liberalisation taking into account WTO commitments for those

Parties that are WTO members. For those in the accession process, the level of liberalisation in their GATS negotiations was taken into account, with the exception of UNMIK/Kosovo and Bosnia and Herzegovina.

Although considerable progress had been made in the area of services, the main findings of the study showed that existing intraregional trade in services was far below its potential. Moreover, existing services trade regimes should have been improved through primarily better regulation and removal of administrative obstacles. The motives for regional services liberalisation especially those in infrastructure are closely related to economic benefits, especially as a boost to competitiveness and economic growth. It is a confirmed fact that services, even in times of financial and economic crises, still have a potential for growth far greater than manufacturing and agriculture, and that services are a stabilising factor in terms of employment. Consequently, it is up to governments to act and to focus on the issues of intra-regional services trade, increase capacities to negotiate and ensure better transparency as well as the required regulatory reform.

The members of the Working Group welcomed the findings and expressed interest in a forthcoming second study which would touch on specific recommendations for preparations for negotiations such as the form of an agreement; the method of negotiation; the management of the process; expected outcomes, dynamics and organisational issues.