

TENTH JOINT COMMITTEE MEETING

09 December 2016
Podgorica, Montenegro

Ministerial Conclusions

WE, the Ministers and the authorised representatives of CEFTA Parties, welcome the 10th Anniversary of signing the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006) underlining the success that has been recorded by having fully liberalised trade in goods, enhancing transparency, allowing predictable, non-discriminatory, and stable access to the markets even during the periods of economic crisis in the previous years.

We recognize fully the importance of strong implementation of CEFTA as a complementary process for its Parties to enrich opportunities for their economies on the back of compliance reached to the EU legislation by each CEFTA Party, thus improving the readiness of Parties candidacy for membership to the European Union.

WE emphasise the continuation of our efforts to implement the priorities in a regionally inclusive manner and with a multiannual perspective. In this regard, we reiterate that the priorities of our actions in CEFTA will remain as trade facilitation, including elimination of barriers to and distortions of trade, liberalisation of trade in services, improvement of conditions to promote investment, including foreign direct investment by providing fair conditions of competition affecting foreign trade and investment, and enhancing transparency.

WE welcome the conclusions of the Western Balkans Summit in Paris of 4 July 2016 acknowledging with satisfaction the deepening of economic integration between CEFTA Parties.

WE reiterate our conclusions adopted at the Special Joint Committee meeting held in Herceg Novi of 23 June 2016 announcing our aims towards establishing a regional economic area in CEFTA on the basis of the EU compliance with an objective to support our efforts to attract more investment, decrease the cost of trade and production, and eliminate market access barriers. The EU accession process at national level in each CEFTA Party and regional integration through CEFTA shall represent the two main pillars of our efforts., Our aim is to transform our Region in which goods, services,

investments, and skilled people move freely without tariffs, quotas or other unnecessary barriers, where trade is facilitated higher than WTO Rules, aiming at recognition of all border documents, procedures, and programmes related to trade once the EU alignment by one or more CEFTA Parties is reached. The legal basis of regional economic area will be the CEFTA Agreement extended by Additional Protocols on Trade Facilitation and on Trade in Services, and strengthened with more efficient and effective dispute settlement procedures. Regional economic area shall be part of the Pan-Euro Mediterranean Cumulation zone in equal footing as other countries in the Zone.

We deem critical to ensure a strong and robust support for the dialogue with the international and regional private sector within the CEFTA Structures.

WE are pleased to declare the negotiations on the Additional Protocol 5 on Trade Facilitation have been concluded successfully as committed by our Prime Ministers in the Western Balkans Summits and we commit to adopt the Additional Protocol 5 on Trade Facilitation by February 2017.

WE announce that the technical part of the negotiations on the draft Additional Protocol 6 on Trade in Services have been finalized successfully in line with the conclusions of the Paris Summit of 4 July 2016.

WE hereby consider that a key challenge before CEFTA Parties is to implement the Additional Protocols of CEFTA on trade facilitation and on trade in services, once they enter into force, in a manner that contributes to the economic growth of our Region.

WE are glad to announce that all CEFTA Parties have integrated the EU Member States and EFTA States into the diagonal cumulation zone under the Pan-Euro Mediterranean Convention.

WE welcome the initiation of discussion among CEFTA Parties to explore the best possible instruments to strengthen the enforcement of CEFTA rules through more effective dispute settlement mechanism in CEFTA.

WE are pleased to declare our satisfaction with regard to the successful implementation of the visibility and outreach programme of CEFTA to mark the 10th Anniversary of signing CEFTA and initiation of stronger dialogue with the private sector representatives exploring the ways for institutionalising dialogue between the private and public sector within CEFTA Structures. In this context, we appraise the launch of a new modern CEFTA Website, preparation of brochure "CEFTA through Numbers" and "CEFTA Myths and Facts", the award competition for the best academic

paper from CEFTA region held in cooperation with the London School of Economics and a series of dedicated outreach events in CEFTA capitals.

WE state our satisfaction of efforts made by the CEFTA Secretariat to increase its institutional capacity in implementing its procurement rules for the technical assistance programmes financed through its budgetary resources and as planned according to the priorities of CEFTA.

WE acknowledge that the Selection Committee established by the CEFTA Parties could not reach consensus in the first round of the selection process of new CEFTA Secretariat Director. Having regard to the institutional and financial sustainability of the CEFTA Secretariat which is a key to allow the CEFTA Secretariat to continue undertaking its tasks as mandated by the relevant Ministerial Decisions, we decide to re-launch the tender for the recruitment of Director not later than March 2017 according to the existing recruitment procedures for the selection of CEFTA staff

WE note the importance of uninterrupted functioning of the CEFTA Secretariat securing the sufficient human resources capacity therein to allow the segregation of duties, in particular for the appropriate financial management of CEFTA funds. In this regard, we give our consent to extend the contracts of the existing staff by 31 May 2018.

ACKNOWLEDGING the successful efforts of CEFTA Parties initiating the discussion to consolidate the agendas of Trade Facilitation, Liberalisation of Trade in Services, and Free Movement of Experts in our Region under the higher objectives of promotion of investment and trade to contribute to the economic growth of CEFTA Parties, we instruct the CEFTA Secretariat to propose the draft consolidated agenda with an action plan to facilitate the efforts of CEFTA structures under the CEFTA chairmanship of Serbia in 2017 to deepen the regional economic integration as emphasized by the conclusions of the latest Western Balkans Summit in Paris. In this endeavor, we welcome the assistance of international organizations to the CEFTA Structures in accordance with their areas of expertise, in particular the technical and financial assistance of the World Bank Group as underlined by the Paris Summit.

RECOGNISING the need to elaborate the implementing provisions of the two mutual recognition programs as foreseen by the CEFTA Additional Protocol on trade facilitation before the Additional Protocol enters into force for the sake of predictability and transparency, we instruct the relevant CEFTA structures to conclude the preparation of implementing provisions for the mutual recognition of border documents and Authorised Economic Operators, and to make the implementing provisions ready for the adoption of the Joint Committee by the end of 2017.

EMPHASISING the importance of undertaking timely preparatory actions at the national level in each CEFTA Party to fulfill the obligations of the Additional Protocol on Trade Facilitation without any delay after the start of its implementation, we encourage all CEFTA Parties particularly to conclude signing the Memoranda of Understandings between the customs authorities of CEFTA Parties and other competent authorities involved in the clearance of goods. In this regard, we instruct the CEFTA Secretariat to prepare a list of preparatory actions need to be undertaken by CEFTA Parties in the context of the Additional Protocol before it enters into force and to submit this list to the approval of CEFTA Parties through the CEFTA Committee of Trade Facilitation.

ACKNOWLEDGING the finalization of the technical part of the negotiations on liberalization of trade in services, we urge Parties to proceed without delay with necessary domestic procedures with the aim of adopting the Additional Protocol on Trade in Services and its annexes no later than end of April 2017. In line with conclusions of the 2016 Paris Summit, we instruct the CEFTA Secretariat to inform the Prime Ministers before their next Summit scheduled for summer 2017, on the adoption of the Additional Protocol on Trade in Services by the CEFTA Joint Committee.

RECOGNIZING the importance of having good quality and comparable statistics, we encourage all Parties to support successful functioning of the CEFTA Secretariat System on Reporting data on trade in services and FDI with the objective of facilitating implementation of commitments undertaken by trade in services liberalization and monitoring SEE2020 priorities. We welcome the work on preparation of the first CEFTA Investment Report with close collaboration and under the guidance of UNCTAD, whose publication is expected in 2017, with the aim of promoting the Region as attractive destination for foreign direct investments.

WELCOMING the progress achieved so far, we urge members of the Joint RCC-CEFTA-ERISEE Working Group on Mutual Recognition of Professional Qualifications to continue vigorously with creating conditions for recognition of professional qualifications in sectors and professions of mutual interest with the aim of opening negotiations by mid-2017. We give our full support to those recognition agreements which will ensure smooth implementation of the Additional Protocol on Trade in Services and facilitate removing of existing barriers in movement of highly qualified professionals, thus contributing to the enhanced competitiveness and greater regional interconnectivity.

WELCOMING the steps undertaken under the Chairmanship of Montenegro to formalise the derogation from the Joint Committee of Pan-Euro Mediterranean Convention in order to initiate the application of full cumulation and duty drawback in the regional trade, we announce the readiness

of CEFTA Parties to start full cumulation and duty drawback at the earliest possible in 2017 once the required derogation is granted by the PEM Convention Joint Committee. In this regard, we underline the importance of generalising full cumulation and duty drawback as the principles of PEM Convention for our economies. By taking into account the delays in the revision exercise of the PEM Convention, we encourage CEFTA Parties to coordinate with each other their positions in the revision exercise of the PEM Convention according to the CEFTA Regional Position and to undertake concerted actions to propose the modifications of their bi-lateral free trade agreements with the EU, EFTA States, and Turkey to include full cumulation and duty drawback in the respective free trade agreements in case the delay remains in the revision exercise of the PEM Convention. With regard to the implementation of the CEFTA protocol of rules of origin, we strongly recommend CEFTA Parties requiring direct transport certificate for the relevant shipments not leaving PEM Diagonal Cumulation Zone to stop such practice as recommended by the CEFTA Sub-committee on Customs and Rules of Origin.

WELCOMING the initiation of technical level talks on the ways to strengthen the implementation of dispute settlement mechanism under CEFTA, we instruct the relevant CEFTA Structures to continue discussing the possibilities with the aim to launch negotiations for an Additional Protocol on Dispute Settlement in order to regulate the legal and procedural aspects of the implementation of CEFTA Dispute Settlement which is a key factor for the deepening of CEFTA. In this regard, we instruct the CEFTA Secretariat to explore the possibilities to create funding mechanisms from the savings so far recorded in the contributions of CEFTA Parties in order to finance the arbitration mechanism for the resolution of bi-lateral trade disputes between CEFTA Parties.

The CEFTA Parties agree to discuss in a dedicated meeting necessary steps to undertake corrective measures according to the recommendations of the external audit. The nature and the timing of those corrective measures shall be agreed by the CEFTA Parties early 2017.

TAKING into account the importance of the neutral and impartial role of the CEFTA Secretariat, and its substantial efforts enhancing its financial management capacity, transparency in its actions and budget implementation, and consolidating its procurement procedures, we approve the annual budget of CEFTA Secretariat as submitted by its Acting Director.

All CEFTA Parties adopt the following decisions:

- Decision No.1/2016 on the Amendment to Decision No.3/2009
- Decision No.2/2016 on the Contract Extension of CEFTA Secretariat Staff

In the presence of representatives of all CEFTA Parties in Podgorica, 09 December 2016