

**Deputy Minister meeting,
Tirana, June 21, 2012**

Challenges in the Implementation of CEFTA

Dear Mr Chairman,

Respected colleagues,

I would like to give my regards to all of you on behalf of the Government of Montenegro and the Ministry of Economy. Also I want to congratulate to the Chairman for the success chairmanship in the first half of year and thank to Mrs. Renata Vitez and her team for all efforts they made in the previous period.

CEFTA 2006 Agreement has been actively implemented in the Western Balkan region since 2007. As you will probably agree, during these five years we have passed a long way and created a recognisable and successful agreement. Success and recognition have been achieved with great efforts and commitment of all signatories.

During the previous years, liberalisation of the agricultural sector has been achieved through ratification of the Additional Protocol to CEFTA 2006 Agreement, and thus one of the obligations arising from the Agreement was fulfilled. Free market for public procurement in the region has been created, and these days we are in the process of preparation for negotiations on liberalisation of the services sector. CEFTA Trade Portal was developed and accordingly transparency in the region was improved. We can be satisfied with the achieved results, but there are still other challenges to be met. I will focus on the two issues.

One of the challenges that CEFTA is facing these days is the current economic crisis. It largely affects all areas and sectors, including CEFTA Agreement. Negative trends in the global economy in the second half of 2011, primarily in the European Union and Eurozone, have certainly affected projections for Montenegro for 2012. The most recent projections made by the European Commission envisage 0.3% recession in half of the Eurozone countries. The European Commission reduced the rate of growth of Montenegrin economy in 2012 from 2.2% to 0.9%. According to preliminary assessments of the Ministry of Finance, Montenegrin economy in the first half of 2011 has scored 2.1% of real growth, which is in line with official projections on real GDP growth in 2011 for 2.5%.

One of the problems dating back from the signing of CEFTA Agreement is the problem of non-tariff barriers. This type of barriers is still present and recognised in the region, although efforts were made to remove them. If we want CEFTA 2006 to start operating a free trade agreement in full capacity, we should work on elimination of those barriers since they represent restrictions. Full operation of the Agreement, as our common goal, will be possible only when the barriers are eliminated and when we assure that goods and services do not wait at the border or are not unnecessarily burdened.

According to the latest information, 100 problems were registered in trade since CEFTA 2006 Agreement entered into force. So far, 37 problems were solved, 55 problems are in the procedure, while 8 problems have been recently reported.

The majority of reported problems refer to sanitary and phytosanitary measures, as well as pre-shipment inspection at the place of departure and charges. As per sectors, the majority of problems have been appearing in the sector of beverages and tobacco.

As we can see, non-tariff barriers are very present and they affect various areas. Therefore, it is necessary for all of us to get involved, to reduce the number of barriers restricting the trade and to make additional efforts to avoid new barriers.

As regards Montenegro and barriers in the market, I would like to point out that, since CEFTA 2006 was signed, no country had any complaint against us. Namely, all principles and requirements of the Chapter 1 of the EU *acquis* – Free movement of goods have been

accepted and incorporated in the Montenegrin legislation. Legislation does not impose additional barriers and trade in goods is carried out smoothly. As a confirmation of this, I would like to remind that Montenegro is ranked fifty-sixth in the World Bank's Doing Business report for 2012.

In conclusion, if we want CEFTA 2006 to meet its basic objective and become the agreement on free trade in the South East Europe, with relevant market rules and equal treatment of all exporters, we should eliminate barriers that restrict and harm the trade.

Thank you for your attention.