

**CEFTA Joint Committee Meeting
Podgorica, December 9 2016**

**Ministerial Statement
Montenegro**

“Expansion of CEFTA – Additional Protocols on Trade Facilitation and Services”

Excellences,
Distinguished Ladies and Gentlemen,
Dear colleagues,

It is my pleasure to be with you today and great honour to greet you on the behalf of the Government of Montenegro.

Allow me to thank all Parties for the contribution to the smooth implementation of CEFTA in 2016 which successfully ended with CEFTA Week where we had opportunity to meet with private sector and hopefully help them to overcome any obstacle which they might be facing in regional trade.

By organizing the CEFTA Week we continue to connect entrepreneurs, academies and public administrations, discussing topics that are of importance for the economic development of our countries. The more we are advanced, the greater is the need for consultation between public and private sector institutions.

We had an intensive year behind us. It was very challenging not only for Montenegro, as Chair in Office, but for other Parties as well. At the end, we can say that we made it.

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At the beginning of year we set up very ambitious goals. This was the third year of SEE 2020 Strategy implementation. We have ensured consistency and synergies of the CEFTA Chairmanship priorities with the objectives set by the Integrated Growth Pillar, the Ministerial Conclusions of CEFTA Joint Committee 2015, and the relevant conclusions of Western Balkans Summit in Vienna. The two main priorities of our chairmanship were Adoption of Additional Protocol 5 and conclusion of negotiations on further liberalization of trade in services. These targets are met with a great success.

Since our economies are too small for single appearance on the EU market it is more than necessary to participate in global supply network through creating a strategy for common international trade policy as well as for attracting foreign investors as Region.

Our achievements during the past 10 years are remarkable. We have established trade without tariffs with huge effect on the competitiveness of all national economies. Additional Protocol 5 is ready for adoption with negotiations on services in their final stage.

Montenegro has high interest in CEFTA as it represents our priority region when it comes to trade. Share of CEFTA in our trade exchange increased from 37,3% in 2005 to 39% in 2015. Our export is realised in 72 countries, of which 77,1% is concentrated on 10 countries, out of which 4 are CEFTA Parties.

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Sector of services has increasing role in all CEFTA economies, especially in Montenegro. Our economy is restructuring toward economy of services. It is predicted that in 2018 services will be 80% of GDP. With Additional Protocol 4 we will increase uniformity and quality of services and free movements of workers.

As main achievement of our presidency we highlight adoption of Additional Protocol 5 which will facilitate transit and trade through regional connectivity of all border agencies into one information system which will decrease transit time and trade cost leading to strengthening of competitiveness of our regional economies.

These facilitations are of crucial importance. According to ITC, one day reduction in transport provides 0,8% ad valorem values for industrial products. Furthermore, 1% reduction of time for export, increase the export for 0,4% meaning that 1 day less in transport within country increases export for 7%.

From these two Protocols it is expected that SMEs benefit the most and that it will increase the export, FDIs, and therefore the GDP.

One of the most important conditions for country's prosperity is competitive economic environment. We could say that this aspect of our economies needs more improvement through strengthening of competition rules, protection of trademarks and creation of a fully liberalised public procurement market.

In all these processes, role of the Ministries of Trade is of crucial importance. There is a need of linking of all horizontal polices, such as customs and access to market, into trade facilitation policy coordinated from the one spot.

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Furthermore, there must be well organised donor coordination. None of these processes could be done without substantial international support. Due to current economic situation, we have to approach our existing and all future donors as one entity with well-defined needs and planned outputs. Only then, we could expect transfer of knowledge to our Region creating more and more competitive economic environment on the highly demanding EU market.

Dear colleagues,

We are facing challenging times. In an environment full of obstacles and economy uncertainty, we need to act together and, with help of international community, move toward our common goal – membership in European Union.

In today's meeting we will define a solid ground for the continuation of smooth functioning of CEFTA. In that sense, I wish us all a successful day.

Thank you for the attention.