



Why Trade in Services Statistics are Important in CEFTA

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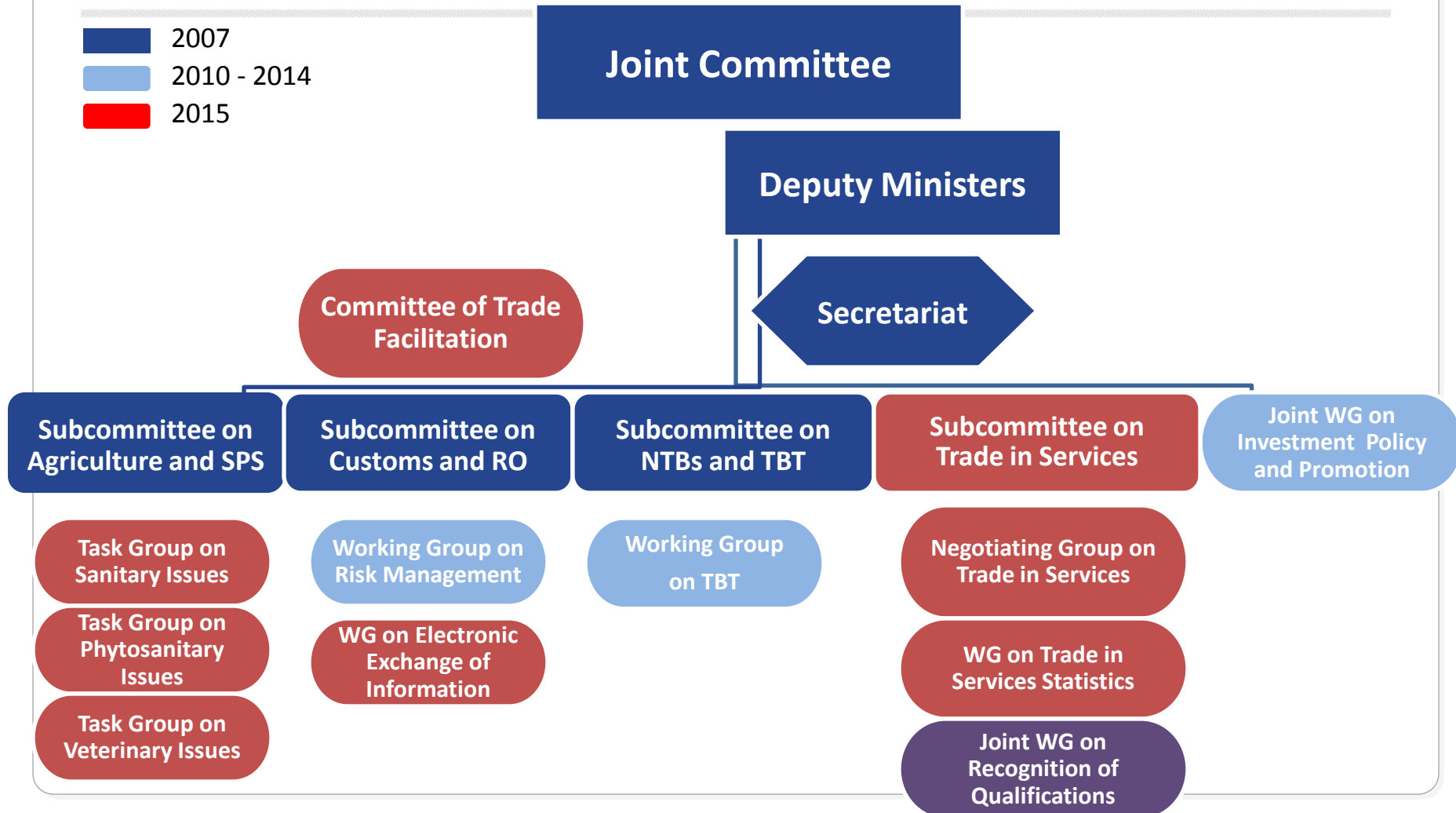
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Structure of Presentation

- Implementation of CEFTA Agreement and SEE2020 Strategy
- Negotiations on Liberalisation of Trade in Services within the CEFTA framework
- Coordination of Investment Policies and Investment Promotion – joint efforts with the RCC

Development of CEFTA Structures



Development of priorities

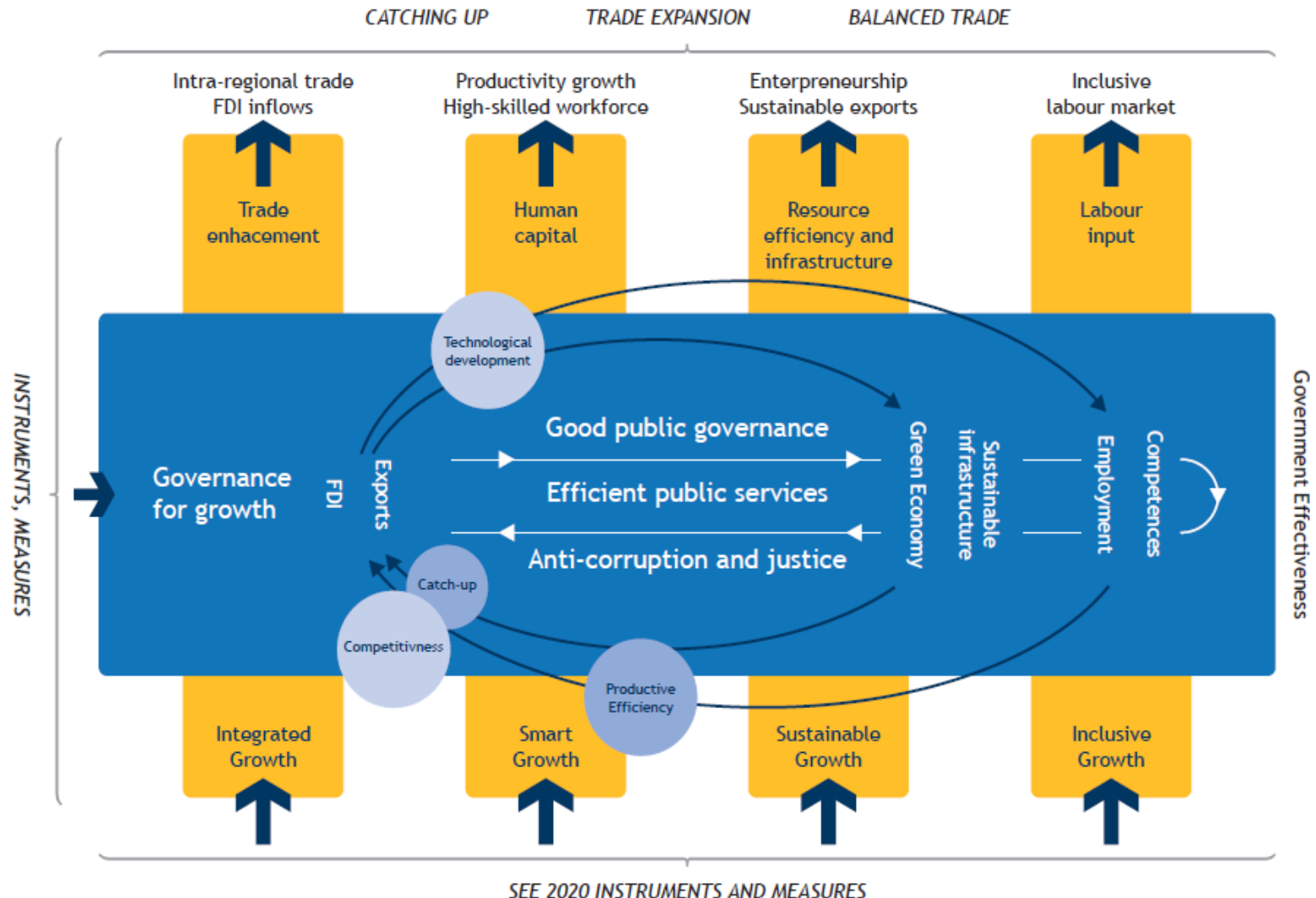
CEFTA 2008 - 2013

- All commitments and deadlines met
 - Full liberalisation of trade in goods
 - Diagonal cumulation
 - Opening of PP Market
 - TBT notification
 - State Aid notification
 - IPR review
 - Non-discrimination in Investment
 - Transparency tools: Market Access Database, SPS Database, CEFTA Trade Portal

CEFTA & SEE 2020 2014 - 2020

- Implementation of Agreement focused on
 - Liberalisation of trade in services
 - Trade Facilitation
 - Transparency
- Synergies within SEE 2020
 - Investment
 - Market Access
 - Supply chains
 - Mobility
 - Human capital development etc.

SEE2020 Strategy –flowchart



Five out of twelve SEE 2020 headline targets are trade and investment related.

Overall Strategic Goals

- Increase SEE average GDP per capita relative to the EU average: from 36.4% to 44% in 2020
- Boost total SEE trade in goods and services: from EUR 94.4 billion to 209.5 EUR billion in 2020
- Reduce SEE trade deficit: from -15.7% (the average in 2008-2010) to -12.3 % of GDP in 2020 (1 million new jobs to be created in the SEE region)

Integrated Growth

- Increase SEE intra-regional trade in goods by more than 140%
- Increase overall annual FDI inflows to the region by at least 160%

Smart Growth

- Increase GDP per person employed by 32%
- Add 300,000 highly qualified people to the workforce

Sustainable Growth

- Increase net enterprise creation (new businesses per year) from 30,107 to 33,760
- Increase exports of goods & services per capita from the region from EUR 1,780 to EUR 4,250

Inclusive Growth

- Increase in the overall employment rate, as a percentage of the 15+ population, from 39.5% to 44.4%

Governance for Growth

- Improve government's effectiveness as measured by the World Bank Governance Index from 2.33 to 2.9 by 2020

Key Areas of Intervention

Integrated Growth

Free Trade Area

Competitive
Economic
Environment

Integration
into
Global
Economy

Goods

Services

Investment

Skilled labour

Competition
Policy

IPR

Public
Procurement

Market Access

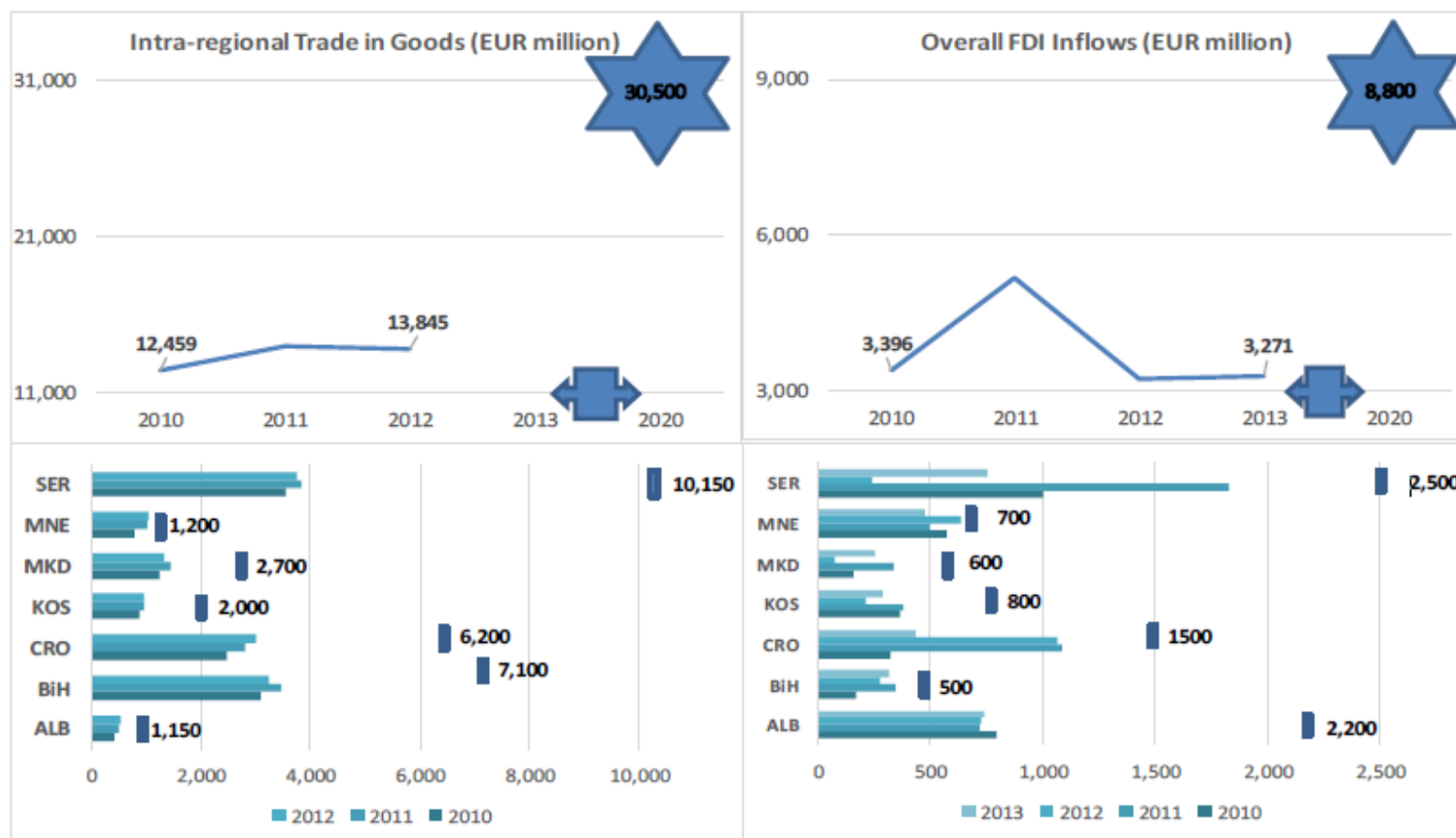
Participation in
Global Supply
Networks

Capacity

Transparency

Data availability and
quality

Figure 9: Progress to Date towards 2020 Targets in Headline Indicators for Integrated Growth



Source: CEFTA for intra-regional trade and Central Banks for FDI (except for Albania, BiH, Kosovo* where IMF data used)

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

Annex: Individual Headline Indicator Data by Economy

	2010 - Baseline Values from SEE 2020 Strategy								2011 - Actual Data								2012 - Actual Data							
	ALB	BIH	CRO	KOS*	MKD	MNE	SER	SEE Strategy	ALB	BIH	CRO	KOS*	MKD	MNE	SER	SEE	ALB	BIH	CRO	KOS*	MKD	MNE	SER	SEE
Overall Strategic Goals																								
1. GDP per Capita Relative to the EU average (in PPS), % of EU-27 average	27.0	28.0	59.0	22.0	36.0	42.0	35.0	36.4	30.00	29.00	60.00	22.95	36.00	42.00	36.00	37.72	30.00	29.00	64.00	22.55	35.00	41.00	36.00	38.3
2. Total Trade in Goods and Services (EUR million)	7,695	12,138	35,400	3,321	7,834	3,118	24,907	94,413	8,154	11,418	37,092	3,681	9,670	3,489	27,557	101,061	7,596	11,323	37,752	3,576	9,683	3,555	29,093	102,578
3. Trade Balance (% of GDP)	-24.0	-25.6	-3.8	-36.6	-23.0	-36.8	-20.4	-15.7	-20.9	-23.3	-0.1	-37.6	-19.6	-22.2	-16.4	-14.3	-23.1	-23.5	0.6	-35.2	-22.7	-24.7	-17.9	-15.0
Integrated Growth																								
4. Intra-regional Trade in Goods (EUR million)	425	3,100	2,474	872	1,243	800	3,544	12,459	509	3,450	2,809	955	1,452	1,003	3,818	13,996	533	3,231	3,004	946	1,336	1,040	3,755	11,990
5. Overall FDI Inflows (EUR million)	793	174	326	366	160	574	1,003	3,396	717	342	1,087	379	337	495	1,827	5,184	727	273	1,066	213	72	634	242	3,227
Smart Growth																								
6. GDP per Person Employed (EUR at PPS)	17,839	29,183	40,990	14,966	28,029	30,321	25,864	27,485	18,521	34,838	43,765	0	28,998	33,534	29,126	29,317	19,359	35,424	50,028	34,621	28,455	32,480	29,774	33,620
7. Number of Highly Qualified Persons in the Workforce (million)	216,000	213,000	504,800	n/a	169,790	56,000	546,290	1,700,000	163,972	168,000	418,000	n/a	194,692	58,200	587,795	1,590,659	171,819	164,000	430,400	92,000	202,262	62,400	618,120	1,741,001
Sustainable Growth																								
8. Net Enterprise Creation (new businesses per year)	2,045	1,896	7,800	98,110	8,074	436	9,715	30,107	3,070	2,639	8,778	150	-2,379	n/a	903	13,161	2,291	1,694	10,543	1,713	1,306	1,714	231	19,492
9. Exports of Goods and Services per Capita (EUR)	1,023	1,232	4,010	495	1,563	1,871	1,381	1,780.0	1,074	1,057	4,329	525	1,595	2,230	1,364	1,814.0	1,050	1,038	4,441	509	1,986	2,233	1,564	1,927.0
Inclusive Growth																								
10. Overall Employment Rate, % of 15+ population	47.1	32.5	41.1	41.7	38.7	40.1	37.9	39.5	51.9	31.9	39.5	0.0	38.9	39.1	35.8	35.3	50.1	31.7	38.1	25.5	39.0	40.1	35.5	36.8
Governance for Growth																								
11. Government Effectiveness (World Bank Governance Index)	2.2	1.8	3.1	1.9	2.3	2.6	2.4	2.3	2.3	1.7	3.1	2.0	2.4	2.6	2.4	2.3	2.2	2.0	3.2	2.1	2.4	2.6	2.4	2.4
	2013 - Actual Data								2020 - Target Values from SEE 2020 Strategy															
	ALB	BIH	CRO	KOS*	MKD	MNE	SER	SEE	ALB	BIH	CRO	KOS*	MKD	MNE	SER	SEE Strategy								
Overall Strategic Goals																								
1. GDP per Capita Relative to the EU average (in PPS), % of EU-27 average	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	38.0	38.0	68.0	27.0	43.0	51.0	41.0	44.0								
2. Total Trade in Goods and Services (EUR million)	7,498	11,609	36,701	3,573	9,747	3,530	32,004	104,662	17,500	24,500	80,000	6,000	15,500	6,000	60,000	209,500								
3. Trade Balance (% of GDP)	-19.0	-22.5	0.6	-32.0	-17.5	-22.3	-11.7	-11.9	-14.3	-20.2	-3.3	-17.8	-17.2	-24.0	-14.0	-12.3								
Integrated Growth																								
4. Intra-regional Trade in Goods (EUR million)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,150	7,100	6,200	2,000	2,700	1,200	10,150	30,500								
5. Overall FDI Inflows (EUR million)	741	320	437	286	252	479	756	3,271	2,200	500	1,500	800	600	700	2,500	8,800								
Smart Growth																								
6. GDP per Person Employed (EUR at PPS)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	24,000	40,200	52,000	20,200	35,000	37,000	34,000	36,300								
7. Number of highly qualified persons in the workforce (thousands)	n/a	185,000	448,000	n/a	n/a	67,600	649,738	n/a	260,000	255,000	605,000	n/a	204,000	68,000	655,000	2,000,000								
Sustainable Growth																								
8. Net Enterprise Creation (new businesses per year)	n/a	n/a	-11,603	-171	-3,134	n/a	n/a	n/a	2,500	2,300	9,300	98,110	9,700	520	11,660	33,760								
9. Exports of Goods and Services per Capita (EUR)	1,073	1,108	4,314	522	1,929	2,243	1,653	1,942.3	2,900	2,600	9,000	1,200	3,300	3,950	3,850	4,250.0								
Inclusive Growth																								
10. Overall Employment Rate, % of 15+ population	n/a	31.6	36.4	n/a	n/a	39.4	37.7	n/a	54.3	33.9	47.5	45.8	43.6	49.6	43.8	44.4								
Governance for Growth																								
11. Government Effectiveness (World Bank Governance Index)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.7	2.1	3.7	2.3	2.8	3.1	2.9	2.9								

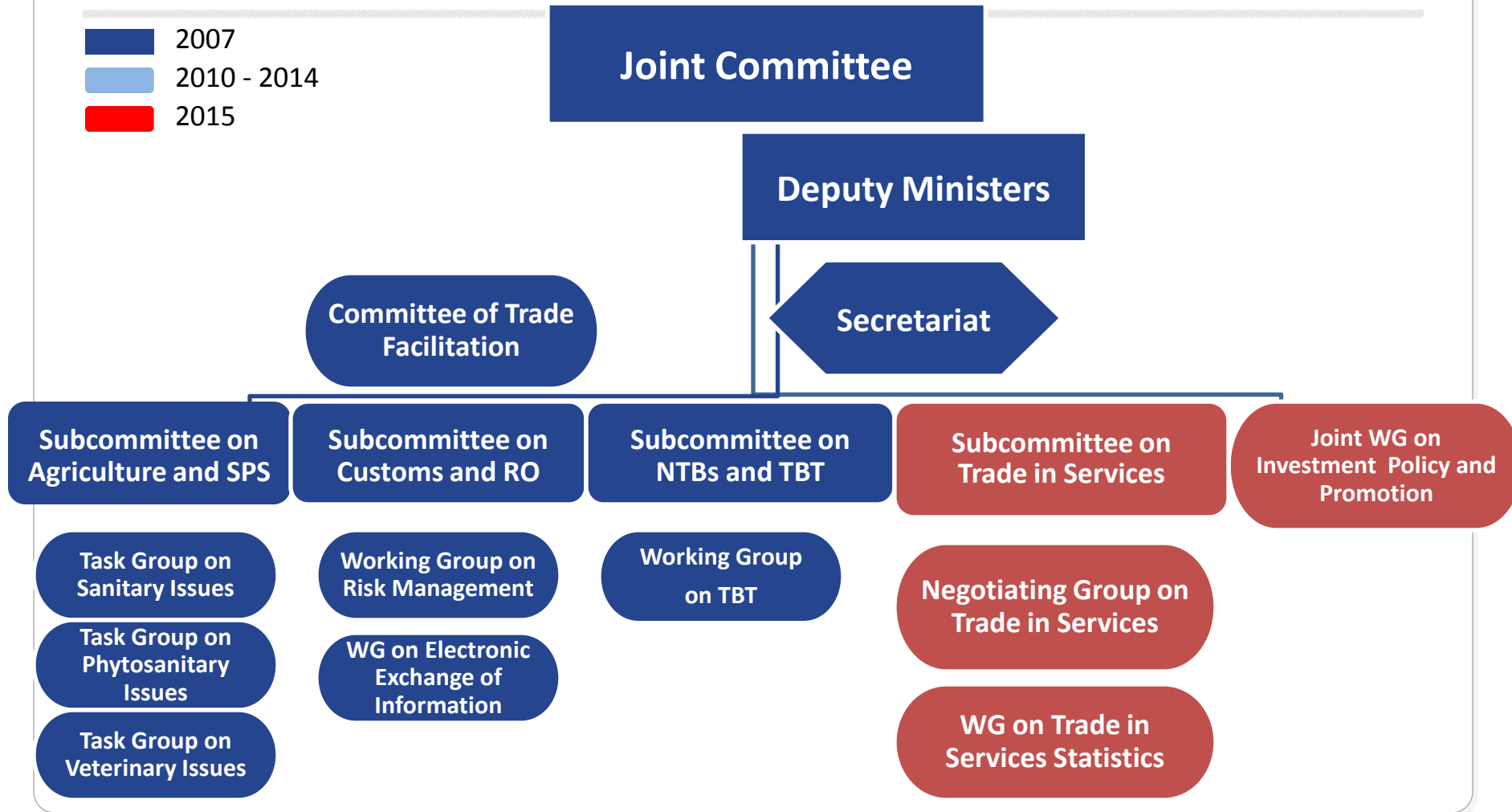
Source: SEE 2020 Strategy

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Indicators for Investment Policy and Promotion

Sub-Dimensions	Actions and Targets of SEE2020 relevant to Sub-Dimensions	Policy Quantitative Indicators	Outcome Indicators
Transparency and Treatment of Investors	Enhance protection of investors and investments	FDI Regulatory Restrictiveness Index	Overall annual FDI inflows (% of GDP) (increase overall FDI inflows to the region from €3,396 mn EUR to 8,800 mn EUR by 2020)
		Cumulated GDP of selected economies with which bilateral investment treaties have entered into force	
		Number of industrial land transactions with foreign investors as share of number of FDIs over last year	Annual investment flows into Greenfield investments (% of GDP)
		Number of procedures to start a foreign business	
		Days needed to start a foreign business	Number of trademark registrations in SEE economies
		Days needed to lease private land	
		Days needed to lease public land	
Investment Promotion and Facilitation	Co-ordinate in investment promotion and policy in the region	IPA website ranking	Global software piracy rates
		Total annual budget of IPA as percentage of GDP	FDI into manufacturing sector as share of total FDI
		Staff of IPA	
		Number of contacts in CRM database of IPA (Annex)	
		Number of aftercare services offered by IPA (Annex)	
		Share of high-priority investors approached over last three years having invested in the country over last three years (Annex)	
		Number of investment promotion / matchmaking events organised (Annex)	
Intellectual Property Rights (IPR)	region	Number of WIPO conventions signed on IPR	
		Total annual budget of IPR enforcement body as percentage of GDP	
		CEFTA SECRETARIAT	
		Number of cases of law enforcements after IPR infringements over last year	

Development of CEFTA Structures



Services 2014-2020

	Pre-Clearance	Clearance	Post- Clearance
Simplification	<ol style="list-style-type: none"> 1. Elimination of restrictions on market access, national treatment (horizontal, sector specific) 2. Reduction of barriers to temporary labour mobility (mode 4:services suppliers) 	<ol style="list-style-type: none"> 1. Elimination of explicit barriers such as quotas and economic needs tests, nationality, barriers to professional certification 2. Reduction of administrative and procedural requirements for temporary workers (lower administration costs, faster processing, approval) 	<ol style="list-style-type: none"> 1. Achievement of the same level of openness of services sectors 2. Exploring possibilities to introduce so called CEFTA visa 3. Increasing the regulatory transparency (one stop shop for all information on mode 4 entry)
Harmonisation	<ol style="list-style-type: none"> 1. Harmonizing the minimum level of specific commitments 2. Synchronizing the harmonisation of the national legislation towards EU Acquis 3. Development of capacities to implement an MRA (by e.g. transposing Professional Qualifications Directive) 4. Application of the same guidelines to compile trade in services data (BPM6, FATS, etc) 	<ol style="list-style-type: none"> 1. Harmonisation and standardization of professions (e.g. overcome differences in title, regulatory status, education requirements) 2. Facilitating the entry for the highly skilled labour and streamlining related visa and work permit processes 	<ol style="list-style-type: none"> 1. Achievement of the same level of openness of services sectors 2. Convergence on EU legal measures and standards (services directive, Professional Qualifications Directive) 3. Improved recognition of qualifications and more transparent certification procedures 4. Improved quality and uniformity of trade in services statistics 5. Alignment with EU acquis on competition and public procurement
Standardisation	<ol style="list-style-type: none"> 1. Enhanced level of trust and standardized exchange of information amongst professional bodies/competent authorities 2. Harmonisation and standardization of professions (e.g. overcome differences in title, regulatory status, education requirements) 3. Application of the same guidelines to compile trade in services data (BPM6, FATS, etc) 	<ol style="list-style-type: none"> 1. Full engagement with the Bologna process in order to standardize the higher education systems (professional qualifications) 	<ol style="list-style-type: none"> 1. Reduced barriers to temporary labour mobility (mode 4:services suppliers) 2. Greater mobility in professional services achieved through signing of MRAs 3. Creation of professional identity cards to ease recognition issues, business travel cards –entry without access, full access for highly skilled labour). 4. Improved quality and uniformity of trade in services statistics

CEFTA Subcommittee on Trade in Services

The objective is to strengthen and deepen the intra-regional cooperation in the field of trade in services by facilitating the implementation of the commitments stipulated in Articles 26–29 of the CEFTA 2006.

Main functions:

- Coordinate, oversee and streamline the work of bodies established under this Sub-Committee;
- Monitor the progress on liberalisation of trade in services and supervise the implementation of Additional Protocol on Trade in Services
- Promote intra-regional cooperation between regulatory bodies, governmental agencies and professional associations in charge of services
- Propose measures for elimination of barriers in trade in services among Parties
- Increase transparency of their policies, laws and regulations and administrative practices affecting trade in services
- Act as a forum for exchange of experiences on adoption of the EU *Acquis* in the context of relevant EU integration process

Negotiating Group on Trade in Services

The task is to ensure progressive liberalisation and mutual opening of the services markets in compliance with the Article 27 and 29 of CEFTA

Key functions are to negotiate the Schedule of Commitments on Trade in Services and Conclude the Additional Protocol on Trade in Services

- Type of negotiation: **MULTILATERAL**
- All CEFTA Parties involved
- **12 sectors included**, timeline of rounds:
 - Business and professional services
 - Tourism, environmental and recreational (minus audiovisual) services
 - Communication and construction services
 - Distribution, education and health services
 - Finance, transport and audiovisual services
- Limitations on **Market Access** and on **National Treatment**

Working Group on Trade in Services Statistics

The objective is to improve the quality of international trade in services statistics across the CEFTA Region and harmonise statistics with those of the European Union

- **Main functions :**

- Review the quality and coverage of available trade in services statistics in the region and propose appropriate solutions for improvements;
- Work on harmonising the principles of recording and measuring data related to trade in services according to the EU
- Identify priorities for further developing statistics for commonly agreed sectors within CEFTA framework;
- Identify needs of users of statistics for purposes of analysis and communicate it to the relevant compilers authorities;
- Set up a regular forum for exchange of experiences and needs between compilers of data and users of statistics;
- Identify needs in terms of further targeted technical assistance and undertake the regional trainings and exchange of best practices in order to improve the quality and uniformity of trade in statistics across the region;

Joint Working Group on Investment Policy and Promotion

- **Coordination of investment policies** ensuring higher protection of investors and investments:

 - Harmonise investment policies to enhance contribution of FDI to economic growth, achieve regional industrial complementarities and to prevent any kind of dumping
 - Develop of good practice guidelines on FDI incentive schemes and programmes
 - Achieve non-discrimination in domestic treatment of investors, particularly regarding licenses in services sector
 - Enhance transparency in investment incentives in order to avoid race to the bottom
 - Minimization of investment performance requirements leading to a non-discriminatory, open investment space for all regional investors
 - Provide a same level of protection to all investors and their investments throughout the Region by exploring the possibilities to conclude a multilateral agreement
- **Coordination of investment promotion activities** for the goal of facilitating free flow of investments into the region
 - Development of an investment promotion product and establishing mechanisms/tools for joint promotion, particularly of the priority sectors
 - Further strengthening of cooperation between IPAs on all levels, increasing the level of information exchange
 - Establishment of an investment concept to enhance participation of regional priority sectors in regional supply chains and global supply networks



THANK YOU.