

We are very pleased to issue the third electronic newsletter related to CEFTA matters and to report on progress made in a number of key areas during 2011 under the Chairmanship of UNMIK/Kosovo.

CEFTA NEWS

AGRICULTURE The Additional Protocol to the Agreement on the Amendment of and Accession to the Central European Free Trade Agreement signed among Albania, Croatia, Macedonia, Montenegro, Moldova and Serbia on more liberalised concessions in trade of agricultural products will enter into force on 13th November 2011. This liberalisation is vital for the CEFTA region as it seeks to benefit from the significant opportunities which exist in trade in agriculture and improve the competitiveness of the regional economy.

NON TARIFF BARRIERS (NTBS) At the CEFTA Sub-committee on NTBs and TBT held in Sarajevo on 2-3 June 2011, the Parties formally endorsed the selection of the 12 priority sectors and agreed to launch the first NTBs reduction monitoring cycle on the basis of the Multilateral Monitoring Framework proposed by OECD. The preliminary assessment results will be presented at the 3rd Roundtable on NTBs which will take place on 3 - 4 November 2011 in Budapest.

INVESTMENT: An economic analysis of industry agglomeration and intra-CEFTA and CEFTA-EU manufacturing supply chains is conducted by OECD as continuation of the Project on Monitoring the Implementation of the Investment Related Clauses of CEFTA. Since May 2011, OECD is collecting data on the turnover and employment at the sub-national level for 20 manufacturing industries from the national statistical offices of CEFTA Parties. The study results on industry agglomeration and intra-CEFTA and CEFTA-EU manufacturing supply chains will be finalised in November 2011.

CEFTA TRADE PORTAL: A Task Force was established in Pristina on 15 September 2011 with the objective to develop cooperation among CEFTA Parties in managing the common CEFTA Trade Portal (www.ceftatradeportal.com) and to ensure its sustainability beyond 2012, after the ending of the GIZ support at the end of 2012. Since it has been launched in November 2010 the Portal is regularly updated with relevant information. Since February 2011 the portal was used by 60,000 unique visitors from all over the world.

ISSUES RAISED AMONG CEFTA PARTIES: Since 2009 CEFTA Parties have been systematically identifying and solving barriers in trade in goods. In this period 73 issues were identified from which 26 are solved. Recently the Parties decided to expand the scope to a broader definition of the barriers including services and to make the methodology internationally comparable while applying the ITC classification of barriers. Additionally, new technical solution has been introduced which allows for more standardised identification and reporting on the barriers.

SERVICES: Good progress has been achieved in exploring the possibilities for the potential liberalisation in trade in services. A very good analysis on the trade in services barriers revealed that the most attractive services sectors for potential negotiation are the professional services, IT, land transport and construction. In terms of general barriers, the movement of foreign workers and professionals is the most restricted mode of supply among the CEFTA Parties and is reflected through the difficult and lengthy procedures for obtaining work authorisations as well as non recognition of skills and diplomas.

The Parties completed a concise current market openness review and adopted a two-year action plan. The first activity will be listing of all existing restrictive measures across the services sectors with the aim to have a solid technical and analytical basis for future negotiations.

CUSTOMS COOPERATION: The multiannual priorities of customs endorsed by CEFTA Parties identify three main pillars targeting trade facilitation through simplifying customs procedures and reducing the formalities imposed on trade. These three pillars aim at facilitating and simplifying exchange of information between customs and customs, customs and other government agencies, and customs and private sector. In parallel, CEFTA Parties have made their best efforts to coordinate their positions with each other regarding the ongoing process on the revision of the PanEuroMed origin rules with a view to reflect the economic interest of the Region.

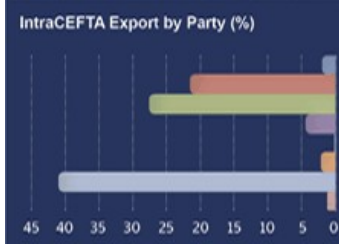
PRIORITIES OF THE CHAIRMANSHIP 2012: The Republic of Albania will take over the Chairmanship of CEFTA in 2012 based on Decision No. 1/2007, Rules of Procedure (Article 3). The main priorities of their chairmanship will be focused on agriculture including sanitary and phytosanitary measures, customs and rules of origin, non-tariff barriers to trade and technical barriers to trade, the liberalisation of trade in services, investment, state aid and capacity building in trade development.

DIAGONAL CUMULATION The application of diagonal cumulation between Albania, Macedonia, Serbia and the EFTA States will start on 01 November 2011. As for the cumulation between Serbia, Norway and Switzerland it has already started on 01 June 2011. The diagonal cumulation is foreseen by the Free Trade Agreements that these countries have signed with the EFTA States.

CALENDAR OF EVENTS for 2011

EVENT	DATE	VENUE
CEFTA Secretariat Steering Committee	11 March	Brussels
Working Group on TBT	19 April	Belgrade
Subcommittee on Agriculture and SPS	24 May	Brussels
Subcommittee on Customs and Rules of Origin	19-20 May	Tirana
Subcommittee on NTBs and TBT	2-3 June	Sarajevo
CEFTA Deputy Ministers Meeting	30 June	Pristina
Working Group on Trade in Services	15 September	Pristina
Joint Committee Meeting	23 November	Paris
CEFTA Week	21-23 November	Paris

EXPORTS		
2009	2010	Δ(%)
5,847,831	6,039,087	3
1,610,426	1,797,440	12
4,237,405	4,241,648	0
14,894,402	19,713,094	32
1,917,527	2,459,311	28
12,976,876	17,253,783	33



Volume(000 EUR)

Intra CEFTA

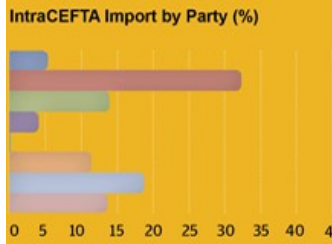
Total
Agricultural Products
NON - Agricultural Products
Rest of the World
Total
Agricultural Products
NON - Agricultural Products

IntraCEFTA Trade by Party

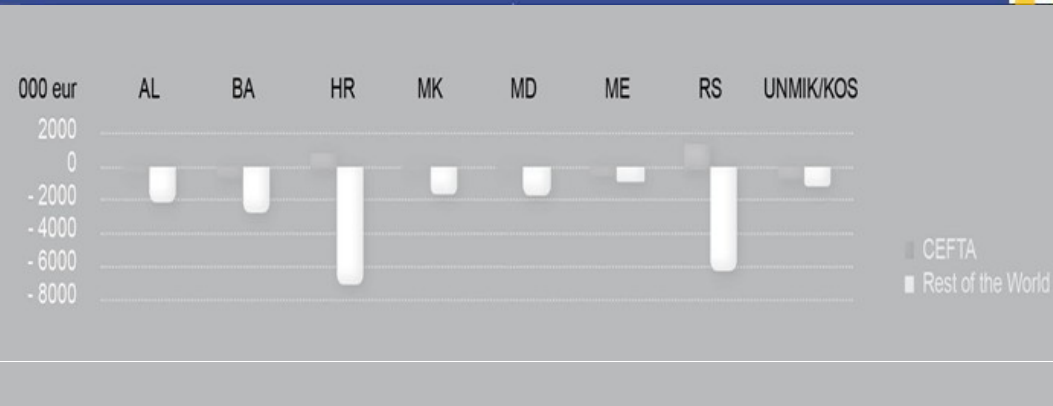


IMPORTS

2009	2010	Δ(%)
5,426,441	5,825,118	7
1,620,672	1,754,952	8
3,805,770	4,070,166	7
40,390,700	43,191,988	7
4,622,087	4,432,245	-4
35,768,613	38,759,744	8



TRADE BALANCE BY PARTY



CEFTA Article - 44 Contact Points Your Views and Recent News

Ms Pranvera Kastrati, Albania



The signing of the Additional protocol of the CEFTA Agreement to further liberalise trade in agriculture is a crucial achievement for all interested CEFTA members. While the ratification is ongoing, Albania believes that implementation can start within 2011. The will of the CEFTA members to sign the additional protocol derives from our common economic needs and the interests of the business community. This achievement is further

complemented by the process of the Pan Euromed Convention on rules of origin. We see the later as quite important as it helps to increase the potential for the business community to benefit. Our joint efforts in this process during the last months and the challenges of implementation ahead show the need to continue with the same spirit and cooperation within the region as we have firmly demonstrated during the last decade.

Ms Zada Muminovic, Bosnia and Herzegovina



During 2011, Bosnia and Herzegovina as the Chair of the Subcommittee on TBT and NTBs made great efforts in reducing barriers to trade in accordance with the Work Programme for 2011 which was adopted and duly executed by all Parties. BiH focused its activities on eliminating barriers to trade; concluding bilateral protocols on the mutual recognition of conformity assessment documents; strengthening structures and cooperation in the area

of TBT and NTBs and enhancing transparency by improving information exchange and notification procedures. The Multilateral Monitoring Framework as an instrument for reducing NTBs in trade between CEFTA Parties, developed in cooperation with OECD, was conducted by BiH and during 2011 priority sectors were identified and selected and assessment and self-assessment of regulations and standards were undertaken. The CEFTA 2006 Agreement is part of the EU integration process and although the Parties are approaching this at different paces, is clear that additional efforts for implementing its provisions and progressive harmonisation of EU standards will contribute to reducing barriers to trade and systematically limit the possibility of generating new NTBs. These will be the main objectives for BiH future chairmanships: in 2012, BiH will Chair the Sub-Committee on Customs and Rules of Origin in 2013. BiH will be the Chair in Office for CEFTA 2006 and at the same time the Chair of the Sub-Committee for Agriculture and SPS.

The mission of the OECD experts for the Multilateral Monitoring framework for the elimination of non-tariff barriers in the Republic of Macedonia was successfully implemented from 19-21.09.2011. The purpose of the mission was to review the technical and administrative barriers. The experts and the contact person for CEFTA 2006, had meetings in the Ministry of Economy with the sectors for international trade cooperation and the internal market, with the Ministry of Agriculture, Forestry and Water Management and the Ministry of Transportation and Connections. They also held separate meetings with the Customs Administration and the Chamber of Commerce of the Republic of Macedonia. The experts also visited two bodies for conformity assessment.

Ms Inga Ionesii, Moldova



The Republic of Moldova is taking new steps in stimulating economic activities in manufacturing through creating additional encouraging opportunities for foreign and local investors. The new Law on Industrial Parks adopted in 2010 confirms this commitment. The interest in industrial parks, expressed currently by local public authorities and local and foreign entrepreneurs proves the correctness of this chosen approach. The

establishment of industrial parks, as well as support to activities within them, are contributing to the improvement of the business environment, an increase in private sector share and importance in the economy and the stimulation of domestic and foreign capital investments. Moreover, investments made in industrial parks development result in the acquisition of modern and innovative technologies, the creation of new job opportunities and the acceleration of regional development, etc. It should be mentioned that the new Law on Industrial Parks is based on state support (by way of central and local public authorities) for the establishment and operation of parks, thus providing a series of incentives to the Administrator and parks' residents. Incentives provided include: free change of land destination; right to privatise public property land associated with constructions at the land normative price and free transfer of public property assets for the establishment and development of industrial parks. More information can be found on <http://www.mec.gov.md/sector/121/2604>.

Ms Zrinka Horvatic, Croatia



After six years of negotiations, during which Croatia adopted and implemented many new laws and regulations and undertook many important institutional, legal and administrative reforms, Croatia closed the accession negotiations with the EU. The accession of Croatia to the European Union is foreseen for 1 July 2013. Croatia completed its internal procedure for the ratification of the Additional Protocol to the CEFTA 2006 Agreement on 6 May 2011. In compliance with the provisions of Article 2, paragraph 4 of the Additional Protocol, Croatia and Montenegro are provisionally applying the new concessions in agricultural trade as from 1 July 2011. Following the Decision of the EU-Croatia Stabilisation and Association Council, Protocol 4 to the SAA concerning the definition of the concept of "origin products" and methods of administrative cooperation was amended so that Croatia is from 1st June 2011 included into the SAP system of diagonal cumulation of origin applied between the EU, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Turkey. In addition, Croatia signed the Regional Convention on the Pan-Euro-Mediterranean Preferential Rules of Origin.

Ms Zorica Smileva, Macedonia



The process of ratification of the Additional Protocol and Annex 10 in relation to the liberalisation of trade in agriculture in the Republic of Macedonia is completed. The Ministry of Foreign Affairs has informed the Depository of CEFTA 2006, the Republic of Croatia about the completed ratification.

In the interest of better cooperation on the implementation of CEFTA 2006, the Republic of Macedonia and the Republic of Kosovo will hold the

First Session of the Joint Committee for the Agreement for economic cooperation between the Governments of both countries in Pristina

Ms Arijana Nikolic Vucinjc, Montenegro



Problems related to the free movement of goods between Serbia and Bosnia and Herzegovina, on the one side, and the Republic of Kosovo, on the other side, have characterised the last few months. We are fully aware of the fact that agreements often face difficulties during implementation, but that commitment as well as dialogue between the parties are the key to reaching final agreement. We hope that CEFTA Parties will find a way to solve the current situation and show the readiness of CEFTA signatories to strengthen this agreement. Finding a way to solve some problem or situation shows the readiness of CEFTA signatories to strengthen this agreement.

Ms Jadranka Zenic Zeljkovic, Serbia



The major challenges for the implementation of CEFTA in the forthcoming period for Serbia are: further elimination of non-tariff barriers to trade by, among other activities underway, implementing the multilateral monitoring framework, upgrading and securing the full functioning of the CEFTA Trade Portal, simplifying and facilitating procedures on the border and thus improving trade logistics; establishing fair, clear, stable and predictable rules for attracting greenfield investments by enhanced cooperation among investment promotion agencies with a final goal of creating a regional investment market to the maximum extent possible; gradual liberalisation of trade in services within the CEFTA Region and improving the quality of statistics of trade in services; ensuring the effective functioning of government procurement markets; implementation of competition rules while working on improving cooperation between competition authorities; ensuring adequate and effective protection of intellectual property rights; full implementation of diagonal cumulation of origin and raising the public awareness of the CEFTA Agreement benefits and importance in cooperation with international organisations and institutions.

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