



BOSNIA AND HERZEGOVINA
MINISTRY OF FOREIGN TRADE AND ECONOMIC
RELATIONS



R E P O R T

ON THE FUNCTIONING AND IMPLEMENTATION OF CEFTA

IN 2013

By the Chair in Office
Bosnia and Herzegovina

Sarajevo, January 2014

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1. Introduction

Bosnia and Herzegovina took the chairmanship over CEFTA Agreement on 1 January 2013.

When assuming the 2013 chairmanship, the Programme for the CEFTA Chairmanship of Bosnia and Herzegovina was distributed to all Parties in order to define objectives for 2013. The stated objectives have shown full devotion and intention to achieve a higher level of cooperation through this multilateral Agreement, to improve conditions for development and diversification of trade among Parties and to promote commercial and economic cooperation in the areas of common interest, on the basis of equality, mutual benefit, non-discrimination and international law.

With the view of higher popularisation of CEFTA Agreement, improvement of cooperation and its deepening, the Ministry of Foreign Trade and Economic Relations organised CEFTA WEEK from 18 to 20 November 2013. CEFTA Week focused on the main priorities of the Bosnia and Herzegovina which included the launching of negotiations for liberalisation of trade in services, the development and improvement of the mechanism for elimination of trade barriers and for ensuring transparency in all areas. It also provided an excellent opportunity to assess progress and economic impact to date, to consider new challenges and provided an opportunity for key stakeholders to make observations and suggestions on potential future developments. In such a manner, the Parties have been gradually introduced in the meeting of the Joint Committee as the highest CEFTA body.

CEFTA Agreement represents a multilateral agreement on free trade in the Region, as well as a preparation for further Euro-Atlantic integrations of the entire Region as our common objective.

2. Main Activities and Objectives Pursued in 2013

2.1. Priorities of the Bosnia and Herzegovina's Chairmanship

When defining the chairmanship priorities, Bosnia and Herzegovina pursued strategic objectives defined in Article 1 of the Annex 1 to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA Agreement). Those priorities were as follows:

In the framework of this objective, Bosnia and Herzegovina has determined the following as the priorities of its Chairmanship in 2013.

Priority 1: Further liberalisation of trade

- Gradual liberalization of trade in services:

The Chair in Office supported the negotiating process on the liberalisation of trade in services as of January 2013 to comply with Article 27 and 29 of the Agreement. The final objective to have Additional Protocol on Trade in Services endorsed at the seventh Joint Committee meeting in Sarajevo on 20 November 2013 was met. During its Chairmanship, Bosnia and Herzegovina will dedicated its work on further upgrading of the regulatory database created together with the OECD team of experts in 2012 and deepening cooperation among the regulatory bodies, governmental agencies and professional associations in the region. The special attention was given to the upgrading of trade in services statistics. Work on building of regulatory database on services has continued in cooperation with the OECD team. The calculation of the final STR Indices for professional services were to be completed and presented to CEFTA Parties in 2013. The final Report on the Restrictiveness of Trade in Professional Services among CEFTA Parties has been presented to CEFTA Parties in 2013 by the OECD team. This report includes analysis of the regulatory framework and the STR indices and will serve as a basis for the envisaged negotiations.

Having in mind the complexity of the issue of recording data in trade in services a tailor made workshop on trade in services statistics with the assistance of TAIEX has been organised in the last quarter of 2013 which included the experts from the EU member states and relevant international organizations (such as WTO, UNCTAD, etc).

- Boosting regional trade of agricultural products:

Bosnia and Herzegovina continued with monitoring of the economic effects of achieved liberalisation of trade in agricultural products. With the objective to have removed remained tariffs and quotas in order to reach fully liberalised agricultural market the Additional Protocol 3 was signed among Bosnia and Herzegovina and the Republic of Albania on 20 November 2013 in Sarajevo.

Priority 2: Facilitating the regional trade through simplifying trade related procedures and regulations, and eliminating unnecessary barriers to trade,

- Enhancing cooperation in SPS matters:

Bosnia and Herzegovina engaged all its efforts to implement the recommendations of the Multilateral Monitoring Framework on Elimination of NTBs that relate to the sanitary and phytosanitary measures, in order to reduce negative effects on regional trade. A comprehensive SPS database was launched in December on the CEFTA Secretariat's website as a gateway to veterinary, sanitary and phytosanitary legislation.

- Promoting free trade without barriers

Recognizing the importance of trade without barriers, Bosnia and Herzegovina as the Chair in Office of 2013 together with the Chair of the Subcommittee on NTBs and TBT worked on creating conditions for eliminating any non-tariff barriers that diminish the positive effects of regional trade on economic markets. Full support was given to the next cycle of assessment of identified NTBs and the implementation of the Multilateral Monitoring Framework on Eliminating the NTBs (MMF) jointly steered by the CEFTA Parties and the OECD team of experts. At the sixth meeting held in Budapest, the OECD representatives presented the results of the second assessment of the Multilateral Monitoring Framework concerning TBT and the SPS area. At the seventh meeting held in Skopje, the OECD experts presented the recommendations based on two completed assessment cycles as well as analysis of 18 trade case scenarios for the TBT area and eight cases in SPS. They reported on the outcomes and conclusions of the recent meeting held in Paris (15 April 2013) which gathered experts on NTBs (SPS and TBT area) from the OECD, WTO, FAO and two independent advisers in TBT. Based on these conclusions, the OECD created a strategic document, which is still preliminary and is open for consultation and amendments. In addition, the OECD reported on the progress of the assessment cycle on administrative barriers to trade. At the eighth meeting, held on 30 October 24, 2013 the OECD presented the document "OECD Inputs on Strategic Guidelines on NTBs Reduction in CEFTA". The OECD provided the new version of the document by mid December 2013, which integrated all the comments and proposed inter linkage between the indicators and policy areas.

- Reducing technical barriers to trade

Under the scope of NTBs, Bosnia and Herzegovina together with the Chair of Working Group on TBT worked on eliminating the identified technical barriers to trade. The recommendations of the last cycle of MMF assessment were integrated in the joint plan. Furthermore, a special emphasis was given to the implementation of the Ministerial recommendation No 1/2012 on recognition of test report of CABs as well as on concluding the agreements on conformity issues. The Working Group on TBT provided the forum for the negotiations of the Agreement on conformity assessment issues and on easing access of industrial products to the markets of other CEFTA Party. A tailor made workshop is to be organised in 2014 with the intention to gather all stakeholders including representatives of accreditation to exchange their views on concluding MRAs with international experts.

- Developing regional non-risk profiles in customs

During 2013 possibilities of having joint actions related to the customs risk management at the regional level, as far as possible, were considered through using the existing electronic exchange of data capabilities with an aim to facilitating the regional trade while improving the overall quality and deterrence of customs, security and safety controls and inspections. In the CEFTA Joint Committee of 2012, Ministerial decision was adopted establishing the working group on Customs Risk Management. The Chair in Office supported the activities of that working group and encouraged the Parties to initiate discussions on elaborating joint profiles, particularly in low risk areas. In this context, the Chair in Office took the initiative in coordination with the Subcommittee on Customs and Rules of Origin to enhance the efficiency of exchange of data capabilities, related directly to customs risk management.

Several activities were carried out through the work of CEFTA Working Group on Customs Risk Management with expert support provided by the IFC Trade Logistics Project.

- Elimination of redundant or duplicate data submission requirements

In consistency with the above, the Chair in Office considered that the Parties would have a list of redundant and duplicate data submission requirement once the non-risk profiles are determined at the regional level. In that context, the Parties were encouraged to eliminate those data requirement for the sake of further facilitation and simplification. The Chair in Office supported the activities of the Subcommittee on Customs and Working Group on Customs Risk Management related to the elimination of redundant and duplicate data submission requirements. Particularly, the coordination was encouraged between three Subcommittees in order to review the existing data submission requirements during customs clearance with a view to determine a list of redundant or duplicate ones.

The Workshop on Authorised Economic Operators Programme was held on 3 and 4 April 2013. The recommendations agreed at the Workshop were circulated to the CEFTA Parties and their consent was also collected. Following this process, the Chair of CEFTA Subcommittee on Customs and Rules of Origin sent a letter on 8 May 2013 to Directors General of Customs Authorities in the CEFTA Parties, requesting their support for promoting the AEO Concept, and accelerating the implementation of AEO Programme in the CEFTA Parties. In this framework, launching a pilot project in CEFTA Parties has been encouraged, particularly after adopting necessary secondary legislation and implementation guidelines. Thereafter, CEFTA Parties might be able to consider establishing a mutually recognised AEO Programme in CEFTA.

- Encouraging simplification of customs procedures

Having fully taken into account the level of trade liberalisation between the Parties, existence of the joint borders, and the shared objective for the EU accession, and the importance of regional cooperation in the field of customs, the Chair in Office underlined the necessity to develop joint actions in the areas where the regional action and projects are fully justified on the grounds of trade facilitation and simplification customs procedures, and economically feasible. The IFC Trade Logistics Project have organised a regional workshop in Budva in consultation with the Subcommittee on Customs and Rules of Origin on April 16,

2013. The SPS inspectors were invited to the Workshop and they discussed the ways and methodologies of wider use of risk management in SPS related border controls.

On December 5, 2013, a joint workshop was held between CEFTA Customs Authorities and SPS Agencies in order to discuss all the procedures applicable in pre-clearance and clearance stages with a view to create a list the existing data submission requirements, to facilitate information exchange between agencies, and find ways how to better employ risk analysis.

Priority 3: Increasing the transparency in the areas with direct or indirect impact on trade,

- Increasing the level of transparency in SPS measures

During the Chairmanship of Bosnia and Herzegovina the CEFTA SPS Database becomes fully operational in 2013. Based on the principals of transparency and comprehensiveness, the database provides with information on the key laws, bylaws and measures in three relevant fields (sanitary, phytosanitary and veterinary) in the CEFTA region. The pilot database presentation for the CEFTA Deputy Ministers was held at their meeting on 18 June in Sarajevo. During the summer, the key features of the database were further elaborated and the missing information uploaded. The online notification of the SPS measures will be added in the later stage. The easily accessible database will significantly contribute to the reduction of SPS related non-tariff barriers to regional trade.

At the Workshop on “CEFTA Intra-regional cooperation amongst the SPS inspections at the border” on 19 September 2013, the CEFTA Secretariat organised a presentation of the CEFTA SPS Database together with the experts who compiled the data and provided IT electronic solution. The presentation was followed by the training of the participants on how to use data and custom reporting.

- Increasing transparency in TBT

In order to improve transparency of technical barriers to trade, the new format of notification of national standards developed during 2012 has been implemented from 1 January 2013. In addition, a substantial work was performed in the so-called TBT platform, which will comprise online notification on TBT as well as other relevant information on quality infrastructure. The concept of the TBT Platform has been developed and that one is to be designed with assistance of the IPA Quality Infrastructure Project while the software solution will be developed with the help of GIZ during 2014. The project will be developed further on together with the external partners including IPA Quality Infrastructure Project.

- Keeping CEFTA Trade Portal fully functioning

Bosnia and Herzegovina invested efforts in ensuring the full functioning of the CEFTA Trade Portal in its first year of a region-owned operation. CEFTA Secretariat has maintained the Trade Portal while CEFTA Parties were responsible for quarterly updates. Regular updating and upgrading of the structure such as improved search engine, and content e.g. adding new features, of the Trade Portal is scheduled for 2014.

- Enhancing transparency in state aid schemes

Following the 2012 Joint Committee meeting in Albania, Serbia notified its stated aid schemes according to the format of the Decision 1/2011. In addition to Serbia, Albania, Macedonia, and Montenegro had already notified their schemes in 2012. In 2013 Bosnia and Herzegovina communicated its notification on state aid schemes according to the subject CEFTA Decision.

Given the notifications have not been made by other four CEFTA Parties, Bosnia and Herzegovina organised a regional workshop to discuss the state aid reporting with a view to assist in enhancing transparency on state aid schemes.

The workshop was held in Sarajevo on 18 -19 September 2013. Five delegates per each CEFTA Party attended the workshop. Experts from DG Competition, Germany, Hungary and Croatia attended the workshop to present the CEFTA Parties the existing EU acquis on state aid reporting and how the notification was taking place in the EU member states.

As a conclusion of the Workshop, the CEFTA Parties consider beneficial to create IT tools for notification and reporting similar to State Aid Notification Interface (SANI) and State Aid Reporting Interface (SARI) which are available for the EU Member States. In order for CEFTA Parties to have further information of the details of such tools, the European Commission was requested to share the training versions/modules of these tools to CEFTA Parties. The CEFTA Parties which were present at the workshop emphasized the importance of having better informed about the EU rules on export aid and risk capital.

- Strengthening the involvement of private sector in CEFTA through CEFTA Forum in the activities of CEFTA Subcommittees

At the meeting held on 21 May, the representatives from the Economic Chamber of Commerce of Macedonia presented their activities within the CEFTA forum in particular the WG on NTB and TBT and the recommendations from the meeting held on 5 November 2012 in Skopje.

The Secretariat informed that the cooperation with CEFTA Forum has been maintained regularly. The Secretariat hosted the visit of the CEFTA Forum contact points in their premises twice, last time on 23 April 2013, during which the CEFTA Agreement implementation and the proposed activities under Strategy SEE 2020 were presented.

The Chambers were invited to contribute to the finalization of the Questionnaire on needs prepared with the assistance of GiZ and were suggested to consider the creation of a so-called NTB Council advisory body, that would include companies of a different scope and size, and focused on certain sectors of priority.

Related to the concrete proposals on cooperation, Chambers were invited to consider preparing the work programmes of their working parties and synchronize them with the programming phase of CEFTA Structures so to better prepare for the future Chairmanships.

In the framework of its Chairmanship Priority on increasing the transparency in the areas with direct or indirect impact on trade, Bosnia and Herzegovina has organised CEFTA Conference on Transparency in Trade Policy and Measures in Sarajevo on 29-30 October 2013. The main objective of the Conference was to discuss the transparency on trade policy and measures and the means to address non-tariff barriers. In this regard, the new classifications of non-tariff measures prepared by UNCTAD were presented. The Chair in Office also used this conference as an occasion to present the updated version of the CEFTA Market Access Barriers Database.

In addition to UNCTAD, representatives from OECD, ITC, World Bank and the EC took part in the Conference as speaker. The second day of the conference was devoted to training of the CEFTA MABDbase, UNCTAD Non-Tariff Measures classifications, and case studies.

In total, a number of 58 delegates from CEFTA Parties, private sector, CEFTA Parties Chambers of Commerce and various international organisations attended the Conference.

Priority 4: Active participation of CEFTA Structures in the regional economic development agenda

After the Secretariat got the mandate to actively involve in the programming of the Pillar 1 *Integrated Growth* of the SEE 2020 Strategy, the Secretariat developed with its own resources a draft programming document in March 2013, and presented it to all CEFTA bodies for comments and revision.

After the consultation on the draft programming document was completed in June 2013, the document was endorsed by the Deputy Ministers at their meeting in Sarajevo on 18 June 2013. It was agreed that the implementation of CEFTA and the Integrated Growth programme would be consolidated into one single agenda for the CEFTA Structures, including the Secretariat.

The programme was then proposed as the CEFTA Structures input to the overall Strategy at the SEE Investment Committee meeting on 19 June 2013.

The Secretariat was nominated Dimension Coordinator by the Secretary General of the RCC, and was involved in all stages of the preparation of the overall Strategy document.

From July to September, the Secretariat was engaged in the development of the first and the second draft of the SEE 2020 Strategy, submitted to the respective governments for adoption in late September 2013.

The SEE 2020 Strategy was adopted at the Ministerial meeting on 21 November 2013. Based on the enlargement strategy currently published by the European Commission the SEE 2020 Strategy is perceived as key strategic guidance for regional cooperation in the period 2014 – 2020 and thus bases for financing from the IPA II multi-beneficiary funds.

Priority 5: Monitoring the implementation of CEFTA Ministerial Decision 2/2012 regarding Article 52 of CEFTA

Given the fact that the majority of the CEFTA Parties have completed internal procedure for the signing of the Additional Protocol 2, the Chair instructed the CEFTA Secretariat on 13 May 2013 to organise signing the Additional Protocol 2. Upon this instruction, the CEFTA Secretariat informed that the Additional Protocol 2 was open for signing between 28 May and 31 May 2013. For Parties that didn't succeed to proceed with signing the CEFTA Secretariat remained flexible for the organisation of signing during summer and autumn. According to the current state of play the Additional Protocol 2 was signed by Bosnia and Herzegovina (signed on 6 June 2013), Macedonia (signed on 6 June 2013), Montenegro (signed 30 May 2013), Serbia (signed 28 May 2013) and Moldova (signed 10 September 2013).

Bosnia and Herzegovina, as the Chair in Office, has paid significant importance to fulfilment of the defined objectives. Priority of the Montenegrin Chairmanship – liberalisation in the agricultural sector – has been met. The technical elements remain to be completed in order to put the arrangement into force. The achieved liberalisation in the agricultural sector particularly gains in importance taking into account the Doha round of negotiations, within WTO, lasting for more than eight years without success.

2.2 Meetings

- Meeting of the Sub-committee on Agriculture including Sanitary and Phyto-sanitary Issues

In the reporting period, the regular annual meeting of the Subcommittee on Agriculture and SPS was held in Sarajevo, on 17 April 2013. With the view to support the implementation of the SPS related activities from the SC Work Programme, two TAIEX assisted Workshops were held in 2013. The first on the "Quarantine of Harmful Organisms in Forestry" was organised on 18 April in Sarajevo under the auspices of the Ministry of Foreign Trade and Economic Relations of BIH and the CEFTA Secretariat. The second workshop on the "CEFTA Intra-regional cooperation among the SPS inspections at the border" took place on 18-19 September 2013.

- Meeting of the Working Group on Trade in Services

During the reporting period, two meetings have been held: seventh meeting on 8 February in Budapest were the model of negotiations as well as establishment of the negotiating group was discussed. The eight meeting on 17 June in Sarajevo were the Parties decided to hold the first round of negotiations in November either back to back with the Joint Committee meeting or as a separate meeting. It was agreed that the basis for the negotiation is the text of the Additional Protocol on Trade in Services and harmonised minimum level of specific commitments. Due to lengthy legal procedures, certain Parties were not able to secure the mandate for negotiations by their governments by mid November as earlier announced; therefore, the first round of negotiations on liberalisation is postponed for the first quarter of 2014 one tailor made workshop on the trade services statistics was organised on 8-10 October in Sarajevo.

- Meeting of the Sub-committee on Customs and Rules of Origin

In the reporting period, the Subcommittee on Customs and Rules of Origin held two meetings. The sixth and seventh meetings of Subcommittee took place in Skopje on 6 June and 7 November 2013, respectively.

Apart from those above mentioned official meetings, the Chair of Subcommittee organized four technical meetings in cooperation with TAIEX and the IFC. In addition, the Chair organized one more technical meeting in December.

- Meeting of the CEFTA Working Group on Customs Risk Management

Under the Chairmanship of the Republic of Macedonia the CEFTA Working Group on Customs Risk Management held its first meeting in Skopje on 25 April 2013. The second meeting of the Working Group was held in a joint session with the Subcommittee on 7 November 2013. In that meeting, the working group discussed the results of questionnaire prepared with an aim to determine the possible areas on which joint risk profiles can be developed. The Working Group also exchanged of the information regarding the risk management related legislation in order to confirm that there was no legal barrier to develop joint risk profiles in CEFTA.

- Meeting of the Sub-committee on Technical Barriers to Trade and Non-Tariff Barriers

In the reporting period, the Subcommittee on Technical Barriers to Trade and Non-tariff Barriers to Trade held three meetings. The sixth meeting took place in Budapest on 7 February 2013, the seventh meeting in Skopje on 21 May 2013 and eighth meeting on 30 October 2013 in Sarajevo. At the sixth meeting held in Budapest, the OECD representatives presented the results of the second assessment of the Multilateral Monitoring Framework concerning TBT and the SPS area.

At the seventh meeting held in Skopje, the OECD experts presented the recommendations based on two completed assessment cycles as well as analysis of 18 trade case scenarios for the TBT area and eight cases in SPS. The new format of the web online MADB uploaded on the website of the Secretariat has been introduced to CEFTA Parties at the meeting.

At the eighth meeting, held on 30 October 24, 2013 the OECD presented the document "OECD Inputs on Strategic Guidelines on NTBs Reduction in CEFTA". Following the results of the discussion, OECD improved the document in such a way to reflect the interconnectedness between the indicators of the level of development in crucial areas for elimination of NTBs and the strategic guidelines related to four policy areas. This linkage will allow for precise action in areas identified as with more weight on potential barriers under the ex ante approach.

Apart from the official meetings, the Subcommittee together with the OECD organized the fourth Regional Roundtable on Elimination of NTBs held in Budapest on 7 and 8 February 2013.

- Meeting of the Working Group on Technical Barriers to Trade

The Working Group on TBT held three meetings, sixth meeting on 1 February in Brussels, seventh on 13 May in Belgrade and eighth on 30 September 2013 in Ljubljana.

At the sixth meeting held on 1 February, the Chair presented the Work Programme of the Subcommittee on NTBs and TBT and as well the Parties discussed the text of the *“Agreement amongst CEFTA Parties on Conformity Assessment Issues and on Easing Access of Industrial Products to the markets of other CEFTA Parties”*.

At the seventh meeting of the WG on TBT held on 13 May, *IPA QI Project* reported on the survey conducted on the existing bilateral agreements concluded amongst NABs in the region and elaborated on the potential for concluding the multi party agreement.

At the eighth meeting held on 30 September in Ljubljana, the Parties continued to draft the text of the Agreement on Conformity Assessment Issues. All Parties showed the strong support towards concluding the Agreement. However, many issues were raised during the discussion and some internal consultation should be conducted in each of Parties before final mutual agreement.

- Meeting of Deputy Ministers

Meeting of Deputy Ministers responsible for trade from CEFTA Parties held regular Deputy Ministers Meeting in Sarajevo on 18 June 2013. At the Deputy Ministers Meeting, the Parties had the opportunity to take stock of the implementation of CEFTA for the first six months of 2013, and endorsed the proposed priorities of the Chairmanship of Macedonia in 2014.

- CEFTA WEEK 2013

CEFTA Week 2013 which was held in Sarajevo on 18 and 19 November 2013 attracted over 140 participants who took part in a variety of CEFTA related events. Participants included government officials from all the CEFTA Parties, regional and international organisations, the business community, academics and international experts from the EU, GIZ, IFC, OECD and the World Bank.

CEFTA Week 2013 focused in particular on the main priorities of the Bosnia and Herzegovina . Chair for 2013 which include the out coming decision on launching negotiations for liberalisation of trade in services, the development and improvement of the mechanism for elimination of trade barriers and for ensuring transparency in all areas. It also provided an excellent opportunity to assess progress and economic impact to date, to consider new challenges and provided an opportunity for key stakeholders to make observations and suggestions on potential future developments.

CEFTA WEEK met all expectations and provided a possibility to all participants to express their standpoints and to give their contribution to the discussion on the role of trade in economic development and overall competitiveness of a country.

- Special Joint Committee Meeting

A Special Joint Committee meeting was convened on the request of Serbia in Belgrade on 22 July, as a reaction to the Decision of the Government of Macedonia on Introducing Safeguard Measures on Wheat and Flour Market, with Binding the Import Quantities of

Wheat and Wheat Flour with Purchasing of Wheat Produced in the Republic of Macedonia. Following the Special Joint Committee held in July in Belgrade regarding the Decision of the Government of Macedonia on Introducing Safeguard Measures on Wheat and Flour Market, with Binding the Import Quantities of Wheat and Wheat Flour with Purchasing of Wheat Produced in the Republic of Macedonia and rebalancing measures taken after the Special Joint Committee meeting, the Chair in Office consider beneficial to adopt a recommendation with a view to prevent encountering similar issues in the future. In this regard, a draft recommendation is submitted to the approval of the Joint Committee.

- Meeting of the Joint Committee

Meeting of the CEFTA Joint Committee was held in Sarajevo, on 20 November 2013. Meeting emphasized the strong interaction between the CEFTA Agreement and the SEE 2020 Strategy and welcomed completion of full liberalization of trade in goods among other priorities. A number of important decisions and recommendations were endorsed at the meeting i.e. Decision No 1/2013 – No. 1/2013 on the Amendment to the Decision No. 7/2007 adopted on 28 September 2007; Decision No 2/2013 - Advance Notification of Legislation; Decision No 3/2013 - amending Annex 4 of the Central European Free Trade Agreement (CEFTA 2006), Protocol Concerning the Definition of the Concept of “Originating Products” and Methods of Administrative Cooperation referred to in Article 14, paragraph 1 and 3 and the Recommendation No 1/2013 - Rebalancing Measures in response to the replicated trade distorting measures. In the margins of the Joint Committee meeting the Additional Protocol 3 liberalising the agricultural trade among Albania and Bosnia and Herzegovina was signed.

- Strategic Meeting

The fifth strategic meeting was held in Sarajevo on 19 March 2013. Regarding the discussion on the SEE 2020 Strategy, the Chair reiterated that one of their Chairmanship priorities was related to the active participation of CEFTA Structures in the regional economic development agenda. In line with this priority, a paper prepared by the CEFTA Secretariat in order to facilitate the meeting’s discussion was presented. During the presentation, the Parties were invited to disclose their agreement with the overall structure as proposed by the paper so that Secretariat could start drafting the document to be submitted for discussion of all CEFTA bodies at their meetings from April to June. The first draft of the *Integrated Growth*, Pillar 1 of the SEE 2020 Strategy, would be adopted by Deputy Ministers in June and presented to the SEE Investment Committee as input for the overall document to be finalised and adopted by the Ministerial meeting in November thus enabling the EC financing through IPA II, which is expected to start around late 2014.

3. Topics to be addressed in the next period

Following what has been achieved last year, the Bosnia and Herzegovina Chairmanship considers emphasizing some of the outstanding issues that need to be addressed by the CEFTA Chair in Office of 2014.

- Sustain synergy between implementation of CEFTA and the South East Europe 2020 Strategy (SEE 2020) and encourage active participation of all CEFTA Structures,
- Enhance the negotiation process for the liberalisation of trade in services among the interested Parties,
- Establish mechanism to intensify work on trade facilitation issues,
- Follow implementation of the PEM Convention,
- Follow-up on results and recommendations from the Multilateral Monitoring Framework on NTBs,
Continue work on identification of restrictive measures and improve quality of data in trade in services,
- Strengthen cooperation between SPS Agencies of CEFTA Parties, and encourage cooperation with relevant partners in facilitating trade
- Ensuring the full implementation of state aid reporting mechanism, and completing the preparation of State Aid Schemes Inventory of CEFTA,
- Finalising the signing of the Additional Protocol on Depositary
- Adopting decisions on budget and staffing of the CEFTA Secretariat beyond 2014
- Continue development and employment of relevant transparency tools
- Invest a diplomatic effort in speeding- up ratification of the Headquarters Agreement by the Kingdom of Belgium;

4. Conclusions and Recommendations

As of 1 January when Bosnia and Herzegovina took chairmanship over the CEFTA Agreement, the defined objectives have been actively realised. Particular attention has been devoted to promotion of CEFTA as a recognisable multilateral agreement of great importance for all of us in the Region, especially under the circumstances of global economic crisis. Bearing in mind the fact that our economies have not yet achieved a level of competitiveness that would enable them to enter into broader markets, this Agreement assumes special significance. One of the objectives set by Bosnia and Herzegovina at the beginning of its chairmanship was strengthening of cooperation through further liberalisation of agricultural sector, which has been achieved to the greatest extent.

In 2013 Bosnia and Herzegovina has attached great importance not only to the smooth implementation of CEFTA but also to the challenges ahead. Therefore, Bosnia and Herzegovina devoted the best of its efforts to address both aspects equally and in a proactive manner to the extent possible throughout the last year. The network of Article 44 Contact persons, established and functioning for almost five years has been crucial to the progress in work within the Agreement.

Bosnia and Herzegovina recommends the continuation of pro-active approach particularly for the issues related to the implementation of CEFTA and functioning of its structures.

In 2013 the CEFTA Parties took a number of important steps in preparing the grounds for liberalisation of trade in services. Those efforts taken under the Bosnia and Herzegovina Chairmanship expected to lead to a start in the negotiations on liberalisation in early 2014. Bosnia and Herzegovina thus recommends the CEFTA Parties to remain committed to the liberalisation agenda of trade in services as agreed in 2013 and to take all necessary steps to facilitate the negotiations.

Bosnia and Herzegovina recommends the CEFTA Parties to follow the conclusion agreed in the Joint Committee of 2013 and to refrain from introducing new quantitative restrictions or non tariff barriers in their mutual trade. It is also recommended that the priority should be given to those measures which least disturb the functioning of the Agreement in conformity with CEFTA and WTO rules and principles

Moreover, under its Chairmanship Bosnia and Herzegovina took up the issues related to the future functioning of CEFTA Secretariat. Bosnia and Herzegovina strongly recommends, as per Ministerial Conclusions adopted in Sarajevo to conclude relevant decisions on budget and staffing not later than 31 January 2014

Bosnia and Herzegovina had two chairmanships simultaneously in 2013 and this provided Bosnia and Herzegovina with a quite significant chance to establish synergies in the work of both structures. The Bosnia and Herzegovina Chairmanship considered quite critical to have agreed on the Integrated Growth Pillar within the CEFTA Structures as a part of the SEE 2020. Bosnia and Herzegovina strongly supports the creation of two standing Task Forces i.e. Trade Facilitation and Investment Task Force to support the implementation of SEE 2020. As the Chair in 2013 we would like to recommend to keep the momentum in 2014 in the strong

interaction between the CEFTA Agreement and the SEE 2020 offering our Region a unique opportunity to lead implementation of the Agreement with a wider economic policy perspective so as to serve the overall objectives of the SEE 2020 to promote economic growth and job creation.

LIST OF ANNEXES

Annex 1

1. Decision No 1/2013 – No. 1/2013 on the Amendment to the Decision No. 7/2007 adopted on 28 September 2007;
2. Decision No 2/2013 - Advance Notification of Legislation;
3. Decision No 3/2013 - amending Annex 4 of the Central European Free Trade Agreement (CEFTA 2006), Protocol Concerning the Definition of the Concept of “Originating Products” and Methods of Administrative Cooperation referred to in Article 14, paragraph 1 and 3,
4. Recommendation No 1/2013 - Rebalancing Measures in response to the replicated trade distorting measures.

Annex 2

1. Ministerial Conclusions, Central European Free Trade Agreement Joint Committee meeting, 20 November 2013 Sarajevo, Bosnia and Herzegovina

Annex 3

1. Agreed Minutes of the CEFTA Sub-committee on Agriculture and SPS, 17 April 2013
2. Agreed Minutes of the CEFTA Sub-committee on Customs and Rules of Origin, 6 June 2013
3. Agreed Minutes of the CEFTA Sub-committee on Customs and Rules of Origin, 7 November 2013
4. Agreed Minutes of the WG on Risk – 25 April 2013
5. Agreed Minutes of the WG on Risk – 7 November 2013
6. Agreed Minutes of the WG on Trade in Services, 8 February 2013
7. Agreed Minutes of the WG on Trade in Services, 17 June 2013
8. Agreed Minutes of the WG on TBT, 13 May 2013
9. Agreed Minutes of the WG on TBT, 30 September 2013
10. Agreed Minutes of the WG on TBT, 1 February 2013
11. Agreed Minutes of the SC on NTBs and TBT, 7 February 2013
12. Agreed Minutes of the SC on NTBs and TBT, 21 May 2013
13. Agreed Minutes of the SC on NTBS and TBT, 30 October 2013
14. Agreed Minutes of the CEFTA Deputy Ministers Meeting, 18 June 2013
15. Report of the CEFTA Strategic Meeting, 19 March 2013
16. Ministerial Conclusions from the Special Joint Committee Meeting , 22 July 2013

Annex 4

1. Report of the Sub-committee of Agriculture and SPS
2. Report of the Sub-committee of Custom and Rules of Origins
3. Report of the Sub-committee of NTBs and TBT
4. Report of the WG on Services
5. Report of the WG on TBT