



R E P O R T

ON THE FUNCTIONING AND IMPLEMENTATION OF CEFTA

IN 2010

By the Chair in Office

Republic of Serbia

Belgrade, December 2010

1. Introduction

The Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA) has been fully implemented by all the Signatory Parties since 22 November 2007.

From 1 January 2008 the Chairmanship of CEFTA is taken on a rotational basis in alphabetical order of their names in English with the tenure of office of one calendar year. In line with these rules (*Article 3, Rules of Procedure for the Joint Committee, Decision No.1/2007*), Serbia took over the Chairmanship from Montenegro on 1 January 2010.

When assuming the 2010 chairmanship, the Programme for the CEFTA Chairmanship of the Republic of Serbia was distributed to all Parties in order to define objectives for 2010. The stated objectives have shown full devotion and intention to achieve a higher level of cooperation through this inclusive, modern and ambitious 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 raising public awareness of the CEFTA Agreement, improvement of cooperation and its deepening, the Ministry of Economy and Regional Development of the Republic of Serbia organised CEFTA WEEK from 10 to 11 November 2010. During this event, a set of seminars, workshops and lectures were held. 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 integrations into the European Union and the multilateral trading system.

2. Main Activities and Objectives Pursued in 2010

2.1. Priorities of the Serbia Chairmanship

When defining the chairmanship priorities, the Republic of Serbia pursued strategic objectives defined in Article 1 of the Annex 1 to the CEFTA Agreement including the most important obligations that Parties have undertaken to fulfil in order to achieve the goal stipulated in this Article: establishing a free trade area until 31 December 2010.

Following the priorities and supported activities initiated by Montenegro in 2009, Serbia continued to work on them towards their completion:

- *Further liberalisation of the agricultural trade*

Significant results have been achieved in the liberalisation of the agricultural trade. The majority of the Parties agreed on full liberalisation while the limited number of tariffs and quotas is still in place between several Parties. Following what was agreed at the forth Joint

Committee meeting, in Belgrade on 12 November, the initialling and of the Additional Protocol with the new Annex 10 was completed in December 2010 by interested CEFTA Parties, while the signing is expected to be finalised in January 2011. The implementation of the newly agreed concessions is expected in the first quarter of 2011.

- *Establishment of the CEFTA Trade Portal*

During 2010 the Parties have been quite involved in the discussions on how to identify, prioritize and eliminate non tariff barriers to trade. With the assistance of the German Technical Cooperation (GTZ) Project “CEFTA 2006, Improving Opportunities for Trade” on 11 November the CEFTA Trade Portal was launched on the occasion of the CEFTA Week 2010 in Belgrade. Web Portal will serve as a gateway towards eliminating NTBs in the intraregional trade by increasing transparency of regulation procedures and formalities relating to regional trade.

- *Access to the EUROSTAT COMEXT Data Base*

In implementing its priority on enhancing the quality of the CEFTA intra-trade statistics data, Serbia and the CEFTA Secretariat working together with the EUROSTAT made available the data on intraregional trade on the COMEXT database. The high quality and up-to-date trade data for all the CEFTA Parties (except Moldova) can be now accessed easily on the EUROSTAT website.

- *Proper implementation of diagonal cumulation of origin*

Diagonal cumulation of origin plays a crucial role in regional economic integration. No major outstanding issues in implementation of cumulation of origin were raised by the Parties.

In parallel to achieving these objectives, Serbia was strongly committed to pursue with four main priorities of its Chairmanship in 2010:

1. *Preparing Services negotiations*

Having in mind the so far achieved benefits from the free trade area in the region, Serbia invited the CEFTA Parties to raise their ambition and go beyond the pure liberalization in industrial and agricultural products. Although trade in services in the region has been expanding rapidly, the intra-regional trade in services within CEFTA Parties has not proceeded apace since services trade tends to be subject to much greater regulatory control. The launching of negotiations with an aim of achieving a progressive liberalization and mutual opening of the services markets seems to be a very profitable goal on a long term basis for all the Parties.

Over this year the rules of procedure of the Working Group on Trade in Services were adopted. The first Study on the Potentials for the Launching of the Negotiations on Services Liberalization among the CEFTA Parties, prepared by the EC experts, was completed. It provides an overview of current status, importance and role of the service sector in CEFTA. At the second Working Group meeting on Trade in Services it was decided that potential

road map and priorities/key sectors of services liberalization negotiations should be agreed within the first half of 2011 and a platform to potentially launch the negotiations in services within 2011.

2. Creating Conditions for Establishing Regional Investment Market

By creating the favourable, stable and predictable rules for investors and promoting investments by gradually coordinating/harmonizing investment policies, the CEFTA Parties could contribute significantly to the better positioning of the region in attracting the so needed FDIs and especially increasing their mutual investments. The creation of a regional investment market is particularly useful as CEFTA Parties' markets are too small to attract the necessary investments on their own.

Serbia supported the OECD project "Evaluation of the Impact of Regional Trade Integration on Investment Location", which started in July 2010. The project concentrates on mapping FDIs and investment location within the CEFTA Parties while identifying the patterns of regional distribution and key factors leading to the geographical concentration of sectors and clusters. This will enable all the Parties to:

- o Enhance transparency of national policies, laws and regulations affecting foreign and domestic investment
- o Evaluate the impact of regional and EU integration on the evolution of investment location in the region
- o Promote further closer cooperation among investment promotion agencies.

3. Opening up the Governments' Procurement Market

Serbia was fully committed to pursue with the joint obligation to ensure the progressive and effective opening of the governments' procurement markets respecting the MFN and national treatment principles following the set deadline for 1 May 2010.

The main focus on public procurement efforts in CEFTA Parties in the past period was harmonising legislation and procedures with that of the EU and ensuring more efficient systems. The first review on the current legislation, practices and relevant procedures of the CEFTA Parties was done with the assistance of the OECD and SIGMA Project. It has been decided to improve the enforcement of the relevant regulation, to increase its transparency and to develop adequate monitoring mechanisms.

4. Achieving Competition and Trade Liberalisation Coherence

Acknowledging that the negative side of trade liberalization could possible lead to the increase of anticompetitive practices recognized commonly as significant barriers to trade, Serbia calls on Parties to fully respect the commitments set out in the CEFTA Agreement.

In accomplish this priority the efforts over the Serbia chairmanship, with the support of the EC experts, were focused on:

- o Review of the competition rules of all CEFTA Parties,

- o Improving consultations and cooperation between competition authorities with respect to enforcement issues in a more systemic way,
- o Ensuring transparency in the area of state aid in compliance with the CEFTA Agreement.

CEFTA Parties had mostly adopted competition rules that are harmonized with the existing rules of the EU in order to ensure the efficient operation of their market structure and pave the way for future membership of the EU.

The Republic of Serbia, as the Chair in Office, has paid significant importance to fulfilment of the defined objectives. It could be said that the priorities of the Serbia Chairmanship had been met to a large extent.

2.2 Meetings

- *1st Informal strategic meeting*

The idea for holding informal strategic meetings was “born” among the CEFTA Assistant Ministers at the margins of the CEFTA Summit (4 December 2009 in Montenegro). Following the very ambitious Chairmanship Programme for 2010 the CEFTA assistant ministers agreed to hold the meeting on 16 February 2010 in Brussels to discuss the key strategic issues regarding the implementation of the Programme in 2010.

At the meeting the Parties agreed that the Article 35 of the Agreement which stipulates for “...ensuring effective and progressive opening of the Government Procurement markets not later than 1 May 2010...” should be fulfilled by all Parties within the required timeframe. The Parties were informed that the OECD had offered to organize second workshop on Public Procurement in autumn 2010, where the potential indicators of monitoring this commitment would be discussed and developed.

The Chair in Office informed that Serbia took an initiative to organize one day expert meeting dedicated to the competition rules and procedures under CEFTA, with the support of TAIEX, on 13 April 2010 in Belgrade. Parties agreed that Article 21 on State Aid should be also covered at this experts meeting (especially para 7 on notification).

While discussing the feeding in and keeping updated the CEFTA Trade Portal, the Parties agreed to notify the Secretariat by 5 March 2010 about the preferred type of arrangement for maintaining the Portal. Since the GTZ supported Project on NTBs would officially be closed in June 2010 it was agreed that the Chair in Office would ask for its extension, having in mind its importance and that this project encompasses the broader policy recommendations in the area of the NTBs.

The Parties discussed how to regulate the functioning of the Secretariat after September 2011 and the Parties’ agreement on contributions and they expressed the interest for extending the contracts for the current staff thus allowing the smooth continuation of the Secretariat’s work and cost saving having in mind lengthy and time consuming selection procedures and cost saving having in mind lengthy and time consuming selection

procedures. Parties asked the Secretariat to prepare the document on simplified recruitment procedure and on potential extension of contracts to be discussed at the Deputy Ministers meeting in June.

The Chair informed that the deadline for the submission of the work programmes of the three subcommittees had expired on 31 January 2010. The programmes were received from Albania (Chair of the Subcommittee on NTBs and TBT) and Serbia (Chair on Agriculture and SPS). Representative from UNMIK/Kosovo had informed the participants that the drafting of the Work Programme for 2010 and the agenda for the regular session of the Subcommittee on Customs and Rules of Origin were being prepared.

Croatia and Macedonia were encouraged to conclude the negotiations on further liberalization of trade in agriculture soon, reminding them of a deadline for the implementation of the Additional Protocol (1 July 2010) adopted by their respective Ministers in Podgorica in 2009.

- *Workshop on Competition Rules*

At the Workshop on Competition Rules, which was held in Belgrade on 13 April, conclusions drawn from the first findings showed that further work should concentrate on: adoption and implementation of the same standards of the EU as well as the WTO by CEFTA parties; functionally independent institutions have to be established in each CEFTA party; as a useful instruments in enforcement policies and for the notification purposes in these field, it was recommended to create Antitrust Enforcement Record and the State Aid Inventory.

- *3rd Meeting of the Sub-committee on Agriculture including Sanitary and Phyto-sanitary Issues*

The third Subcommittee meeting on Agriculture and SPS was held in Belgrade on 31 May – 1 June 2010. On that occasion, the Parties reported on decrease in trade and exchanged information on agricultural trade policies. Exchange of information on utilisation of quotas proved that quotas are only partly utilised. It has been recommended that while quotas still exist, a system of “first come first served” should be applied by all Parties. All the Parties agreed that everything had to be done in order to ensure initialing and signing of the Additional Protocol related to the further liberalisation of the agricultural trade.

Parties exchanged information on sanitary, phyto-sanitary and veterinary legislation, within the context of their approximation to the relevant EU legislation. All Parties reported on active approach towards accession to the European Union, with rather different dynamics.

The Parties reiterated the need, where appropriate, to initiate consultations among sanitary and phytosanitary services in order to identify feasible solutions for concluding bilateral mutual recognition agreements.

Generally, the cooperation among the Parties on systematically eliminating the unnecessary barriers to trade is perceived by all of them as satisfactory. The meeting stressed the need

for a higher level of coordination with all the CEFTA Structures and in particular among three subcommittees.

The representative of Serbian Chamber of Commerce reported on the second meeting of the Working Group on Agriculture held on 17 and 18 May in Belgrade and Novi Sad under the framework of the CEFTA Forum of Chambers.

- *1st CEFTA Experts meeting on SPS matters*

The CEFTA Experts meeting on SPS matters was held in Sarajevo on 7 October, 2010. The meeting gathered the representatives of the phytosanitary directorates and inspectorates of Albania, Bosnia and Herzegovina, Croatia, Montenegro and Serbia. Parties agreed on regular information exchange on newly adopted amendments to the relevant legislation and stressed the importance of having regular consultations and agreed to hold frequent meetings in the future. Parties welcomed the initiative to conclude the bilateral and/or multilateral agreements on the harmonized working hours of border phytosanitary inspectorates within the CEFTA region.

- *3rd Meeting of the Sub-committee on Customs and Rules of Origin*

According to the CEFTA Agreement in 2010 UNMIK, on behalf of Kosovo, in accordance with United Nations Security Council resolution 1244 (1999) was the chair of the Subcommittee on Customs and Rules of Origin. Despite the deadline, stipulated by the Joint Committee and other agreed deadlines, the Meeting of the Sub-committee was not held because it was not organized in accordance with the CEFTA Agreement.

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

Albania chaired the Subcommittee on TBT and NTBs in 2010. For the first time, in accordance with the Ministerial Conclusions, in cooperation with OECD and supported by CEFTA Secretariat, the Work Program of the Subcommittee on NTBs and TBT was prepared for 2010-2012 and agreed by the Subcommittee members in its meeting held on 8-9 April 2010 in Durres, Albania.

The reporting from CEFTA Parties on the Matrix of Raised Issues showed progress in the area of NTB elimination, although new NTBs were reported. The matrix of issues raised by CEFTA Parties was considered as an effective instrument to identify and report progress with regard to the elimination of NTBs. Bilateral initiatives among Bosnia and Herzegovina and Serbia, and Bosnia and Herzegovina and Croatia to conclude a Protocol on mutual recognition of the conformity assessment were also reported. The involvement of CEFTA Forum of the Chambers in all activities in the area of NTBs and TBT was also considered as crucial by all CEFTA Parties.

During this year a lot of efforts were invested in finalizing the CEFTA Trade Portal financed by the German Government and implemented with the support of GTZ. The creation of the portal was initiated by Albania, being at the same time the hosting country for the Project. The CEFTA Trade Portal was officially launched during the CEFTA Week and provides a detailed information platform for business community. CEFTA Trade Portal may be also used

as a transparency tool for selected issues like state aid, government procurement, antidumping, subsidies in agriculture, etc.

Once the GTZ support will expire the maintenance and updating of the Portal will be taken over by the CEFTA Parties.

- *1st and 2nd Working Group meetings on TBT*

During the SC meeting in Durres on 8-9 April 2010 the Parties had confirmed the need to establish the Working Group on TBT under the framework of the Subcommittee on NTBs and TBT and agreed with all elements of the Terms of Reference. The establishment of the WG was adopted by this Joint Committee meeting.

On its second meeting, held in Belgrade on 10 November 2010, the members of the Working Group discussed the potential cooperation with the IPA Project on Regional Quality Infrastructure and agreed on further joint actions in the next year. Additionally, IPA will continue to strongly support the activities of the CEFTA Working Group on Technical Barriers to Trade and the accreditation and market surveillance fields in particular, will be developed in the next IPA 2011 project. Members welcomed the OECD papers on the selection of priority products and they agreed that further consultation and discussion in the capitals was required. In addition, members agreed to revert with comments by 10 December 2010 to the Chair on the TBT indicators of the monitoring instrument.

- *2nd Roundtable on non-tariff barriers in CEFTA*

Representatives of the governments of the CEFTA Parties including Article 44 Contact points and representatives of private sector organisations met in Budapest on 6-7 October 2010 at an informal roundtable jointly organised by the Ministry of Foreign Affairs of Hungary and the OECD Investment Compact for South East Europe.

Discussions focused on the tools, procedures and methodologies for identification and prioritisation of non-tariff barriers hampering the development of intra-CEFTA trade and trade with other countries and on the establishment of a multilateral process to further reduce those barriers.

The methodology of the proposed instrument is based on the positive experience of IRI with much higher level of details. The CEFTA Parties will have to undertake the first self-assessment in the area of NTBs and TBT, agriculture and SPS measures, and customs rules and procedures during 2011 while an independent assessment will be also carried out.

To facilitate the process of self-assessment and aiming at a prioritized approach in the elimination of NTBs, OECD provided a detailed statistical analysis of intra-CEFTA trade, focused on the intermediate goods. The database prepared by OECD will be made available to the CEFTA Parties to enable them to prepare analysis and orient the efforts in this regard. In addition, OECD expressed the willingness to train experts from CEFTA Parties in benefiting from this database.

It has been stressed the importance of unified position related to the finalization of the multilateral monitoring instrument and joint action of all three CEFTA Subcommittees in the area of non-tariff barriers.

- *2nd Meeting of Deputy Ministers*

The CEFTA Deputy Ministers Meeting was held in Belgrade, Republic of Serbia on 10 June 2010. The Chairs of the three Subcommittees reported on the activities in the last six months.

The Chair of the Subcommittee of NTBs and TBT urged Parties to finalize the procedures for signing the bilateral Memorandums of Understanding with GTZ before 21 June 2010 in order to secure sustainability of the CEFTA Trade Portal Project in the next period.

The Chair of Subcommittee on Agriculture and SPS highlighted the remained opened issues in the agricultural liberalisation. The Parties agreed to finalize the initialing by 1 July and to ensure the implementation no later than 1 of January 2011.

The Chair-in-Office informed that the meeting on Subcommittee on Customs and Rules of Origin was not held because it was not organized in accordance with the CEFTA Agreement. The representative of the UNMIK/Kosovo informed the Parties that the meeting could be held in September 2010.

The Chair of the Working Group on Trade in Services reported that on the first meeting the launching of the negotiations on services trade liberalization was supported by almost all CEFTA Parties. The members of the Working Group welcomed the EC Project on "Exploring the Potential for Liberalization in Trade in Services" and discussed the draft text of WG ToR.

The Deputy Director of the Serbian Investment and Export Promotion Agency (SIEPA) reported on activities done so far towards the creation of a regional investment promotion network. The Chair-in-Office who is also co-chairing the Investment Committee for SEE announced that they will use every opportunity to link CEFTA activities with the future activities of the Investment Committee once it is transferred to the RCC and will also make efforts to involve investment promotion agencies wherever useful.

The representative of the Ministry of Economy and Regional Development of the Republic of Serbia reported on the activities done in order to comply with the commitments undertaken by the Parties in the area of the government procurement regulations and practices and the rules of competition.

UNMIK/Kosovo presented draft priorities for its chairmanship of CEFTA in 2011, among which the most important are the following: protection of intellectual property rights and interpretation and review of the contingent protection rules.

In order to make the Secretariat successfully operational after the year 2011 the simplified recruitment procedures have been presented. It was agreed that the Parties will send their remarks on the proposal of the draft Decision on the amendment to the Decision No.7/2007

and the draft Decision on financial contribution of CEFTA Parties to the budget of the Secretariat for the period 1 September 2011 to 31 August 2014 by 9 July 2010. The common understanding was that the decision on the future of the Secretariat has to be met on the Joint Committee meeting in November 2010 in order to secure the successful functioning of the Secretariat beyond 2011.

All Parties welcomed the UNMIK/Kosovo's proposal of priorities for 2011 chairmanship. Two new priorities are proposed to be addressed under the UNMIK/Kosovo chairmanship i.e. protection of intellectual property rights and interpretation and review of the contingent protection rules.

Chair-in-Office presented the outline concept paper for the CEFTA Week 2010 event to be held in Belgrade alongside the Joint Committee meeting in November 2010.

- *2nd Informal strategic meeting*

The Second CEFTA Strategic Meeting was held in Belgrade on 23 September 2010.

The Chair-in-Office gave a short overview of the developments related to the initialing of Additional Protocol on further liberalization of trade in agriculture since the last Deputy Ministers meeting. In the meantime, the Parties, as requested, have been provided with a legal opinion on other possibilities for concluding the negotiated liberalization, i.e. signing/up-grading of a multilateral agreement in compliance with the Article 40 and 41 of the Vienna Convention on International Treaties. It was concluded that the official letter from Mr. Dinkic in the capacity of the Chair of the Joint Committee, would be sent, with proposal and deadline, for the Parties comments in order to speed up the process. If, until the stated deadline, Parties do not react, it will be considered that everybody agrees that the interested Parties should go on with the further procedure.

All Parties agreed that the procedures stipulated in the Decision No.7 were to be amended in the area of extension of the mandate for the current CEFTA Secretariat staff for another 3 years. The Secretariat will prepare a corresponding draft decision to be endorsed by the Joint Committee at its next meeting. Parties committed to further discuss the options for relaxing the selection procedures during 2011.

No comments have been received from any of the Parties on the draft Decision introducing budget for the years 4, 5 and 6 of the Secretariat's operation. Director of the CEFTA Secretariat informed the Parties that the European Commission will continue to co-finance the Secretariat beyond 2011 for another period of three years. Following the Deputy Ministers meeting discussions, the Parties agreed to consider joint action towards fund raising with bilateral donors.

The Parties were informed that work on the Portal entered in the final phase. The Parties have received the personal codes for the test page in order to make necessary and final changes prior to the launching envisaged for the CEFTA Week. The Programme manager of the GTZ Project supporting the Portal confirmed that the new project had been signed and the funds for maintenance of the Portal were secured for the next 2 years. It will be

necessary to conclude negotiations on the text of the multilateral Memorandum of Understanding in order to have it ready once the Portal is taken over by the Parties.

It was agreed that the Parties communicate their opinion regarding the notification of the State Aid using a common format to the Secretariat in order to include the commitment into the ministerial conclusions. The methodology and the right format will be decided in the course of the next year.

- *CEFTA Week*

CEFTA Week was organised in Belgrade from 10 to 11 November. Promoting the advantages of economic cooperation under the framework of the CEFTA Agreement to a wide audience both within the CEFTA Parties and internationally was one of the aims of the Serbian Chairmanship in 2010. A number of workshops, seminars and debates that comprised CEFTA Week addressed different aspects of the implementation of this ambitious Agreement and catered to different interests including government officials, the business community, international organisations, the diplomatic community, the academic world and journalists. These events provided an excellent opportunity to examine progress achieved to date under this Agreement and to debate potential future developments with the aim of contributing to smart, sustainable and inclusive growth of all CEFTA Parties.

CEFTA Week focused in particular on the priorities of the Serbian Chair for 2010 which include:

- Exploring the possibilities for the liberalization of trade in services which will have positive benefits for all CEFTA Parties in the long-term;
- Creating favourable, stable and predictable conditions for establishing a regional investment market ;Identifying the measures to assist in transforming the region into smart, sustainable and inclusive economy by improving competitiveness;
- Implementing of the mechanisms for elimination of non tariff barriers to trade by launching of the CEFTA Trade Portal with the aim of improving transparency of foreign trade regulation and procedures, implementing NTBs monitoring system and upgrading the market surveillance and quality infrastructure capabilities,)

Participants in the CEFTA Week were representatives of all CEFTA Parties, businessmen from the region and beyond, academicians, diplomats and international experts from the European Commission, GTZ, IFC, BAC, OECD, EREF, FIC, UNESCAP, UNECE, RCC, EMARS and the World Bank.

- *4th Meeting of the Joint Committee*

Meeting of the CEFTA Joint Committee was held in Belgrade, within CEFTA WEEK, on 12 November 2010. Representatives of all CEFTA Parties attended the meeting.

On that occasion, the Parties emphasized importance of this Agreement for the entire Region, particularly in the conditions of economic and financial crisis. It was stressed that, nowadays, small and single economies do not have a perspective and that only the connected area of Southeast Europe has a future in the wider European market. Annual

Reports on the work of the Sub-committee on Agriculture including Sanitary and Phytosanitary Measures, the Sub-committee on Non-Tariff Barriers, the Working Group of Trade in Services, on the Government Procurement Regulations and Practices and the Rules of Competition Concerning Undertakings in the CEFTA Parties, the CEFTA Secretariat were adopted as well. It was noticed that the Sub-committee on Customs and Rules of Origin, chaired by the representative of UNMIK/Kosovo, had not met during 2010.

The Ministerial Conclusions, stressing the importance of the Agreement and providing guidelines for the future, were adopted at the meeting. The Conclusions put emphasis on the importance of the up-grading of the Agreement in the area of further liberalisation of trade in agricultural products by interested CEFTA Parties, as well as on the introduction of the new trade topics, such as trade in services liberalisation and their positive impact on intra-regional trade. At the same time, it was noticed that as of 1 May, 2010, the laws on public procurement in the CEFTA Parties incorporate the principles of equality of all suppliers, effective competition and no less favourable treatment of CEFTA suppliers on domestic markets. JC members strongly supported the launching of the CEFTA Trade Portal and the implementation of a multilateral monitoring framework with the aim of identification and elimination of non-tariff barriers to trade. Additional efforts should be made in order to stimulate investments in the region. Importance of intensified regional cooperation and successful implementation of the Agreement were reiterated.

3. Topics to be addressed in the next period

Following what has been achieved during the Serbian Chairmanship, we draw our attention to some of the outstanding topics to be addressed in the next year of chairing CEFTA.

- Follow up on the effects of the agricultural trade liberalisation on the CEFTA economies once the Additional Protocol and new Annex 10 enters into force;
- Identification of the potential road maps towards the liberalisation of trade in services among interested Parties
- Conclusion of the multilateral Memorandum of Understanding for the CEFTA Trade Portal maintenance after the GTZ project expires;
- Defining and implementing a common format of notification of State Aid, to have it fully operational in 2011.
- Implementation of the instrument tool for monitoring the NTBs.
- Adoption of the JC Decision on the new procedure for selection of the CEFTA Secretariat staff

4. Conclusions and Recommendations

As of 1 January 2010 when the Republic of Serbia took chairmanship over the CEFTA the implementation of CEFTA Agreement can be estimated as more than satisfactory. The deadlines established by the Agreement have been respected, the progress in all areas has been identified and the image of CEFTA is constantly improving. Already at this point it can be said that all demanding issues will have to be dealt with also beyond the Serbian chairmanship.

Particular attention has been devoted to promotion of CEFTA as a recognisable multilateral agreement of great importance for 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.

During 2010, the Sub-committee for Agriculture including Sanitary and Phyto-sanitary Measures and the Sub-committee for Non-Tariff Barriers and Technical Barriers to Trade gave significant contribution. Unfortunately, the Sub-committee for Customs and Rules of Origin has not been organised during 2010.

Network of contact persons, established and functioning for almost three years, has also contributed to the progress in work within the Agreement.

Based on the conclusions of the CEFTA bodies, the following actions are recommended for 2011:

- **Liberalization in agricultural trade** - Provide implementation of the agreed liberalisation of trade in agriculture in the first quarter of 2011, as defined by the Ministerial Conclusions and follow up of the effects of such liberalization on the CEFTA Economies;
- **Services** – implementation of the CEFTA Articles 27 and 29 related to the launching of negotiations with the aim of achieving a progressive liberalisation and mutual opening of the services markets - strengthen the cooperation among relevant bodies, improve the of quality of statistics in services trade and submit to the Joint Committee appropriate recommendations in order to define the common interests and goals for entry into mutual negotiations in the first half of 2011;
- **Investment** – implementation of the CEFTA Articles 31 and 33 related to creation of the favourable, stable and predictable rules for investors, investments promotion and gradual harmonisation of investment policies – increase the attractiveness of the region as a destination for foreign and domestic investment and enhance cooperation among investment promotion agencies;
- **Government procurement** - implementation of the CEFTA Article 35 related to each Party's obligation to ensure the progressive and effective opening of its government procurement market (in line with the MFN principle and NT principles) - work together on defining and implementing a common format of notification of State Aid, with the objective to set up a notification system which could become operational in 2011;
- **Competition rules** - implementation of the CEFTA Articles 19 and 20 related to the Parties obligation to adjust all undertakings (state monopolies and state trading enterprises), including public undertakings and those to which the Parties grant special or exclusive rights so as to ensure that, in accordance with the WTO provisions, no discrimination exists between enterprises of the Parties regarding the conditions under which products are marketed - to continue with the regular reviews of the competition rules in our legislation while working on improving the cooperation between competition authorities;

- **Technical barriers to trade** – implementation of the CEFTA Article 13.3 (b) of the Agreement related to the obligation of informing the CEFTA relevant bodies on technical barriers to trade - align and make operational a notification system of technical regulations, conformity assessment procedures and standards as of 1 January 2011;
- **Non tariff barriers to trade** - implementation of the CEFTA Article 1d of the Agreement related to the obligation of elimination of barriers and distortions of trade – implement a multilateral monitoring framework and ensure the full functioning of the CEFTA Trade Portal;
- **Customs cooperation and Rules of Origin** – simplify and facilitate customs procedures and reduce the formalities imposed on trade and to monitor and ensure full implementation of diagonal cumulation;
- **Contingent Protection Rules** - review and common interpretation of Articles 22, 23, 24 and 25 of the Agreement which refer to various protection measures with the aim to ensure their implementation in a way that does not unnecessarily impede the trade among the CEFTA Parties;
- **Protection of Intellectual Property** - ensure the adequate and effective protection of intellectual property rights in accordance with the international standards and conventions listed in Annex 7 of the CEFTA Agreement. Other multilateral conventions in this field could be included and Parties should affirm their commitments to review Part D of the CEFTA Agreement, no later than 1 May 2011.
- **Promotion of the CEFTA Agreement** – to raise the public awareness of the CEFTA Agreement benefits and importance in cooperation with international organisations and institutions.