

**REPORT**  
**ON THE FUNCTIONING AND IMPLEMENTATION OF CEFTA**  
**IN 2016**

**Chair in Office**  
**MONTENEGRO**

**Podgorica, December 2016**

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## 1. Introduction

As set out in the CEFTA 2006 Decision No. 1/2007 Rules of Procedure (Article 3), Montenegro took over the Chairmanship of the CEFTA 2006 in January 2016.

Due to the particular importance of 2016 as the 10<sup>th</sup> anniversary of CEFTA, special efforts have been made by the Chair in Office in terms of strengthening the visibility and outreach of CEFTA, and the public-private sector dialogue in the implementation of CEFTA.

In addition, the implementation of the South East Europe 2020 Strategy (SEE 2020) has been in its third year. Montenegro reaffirmed ensuring consistency and synergies of the CEFTA Chairmanship priorities with the objectives set by the Integrated Growth Pillar, the Ministerial Conclusions of CEFTA Joint Committee of 2015, and the relevant conclusions of Western Balkans Summit in Vienna.

The Chairmanship in 2016 has focused its efforts to sustain the success in the implementation of CEFTA while emphasising monitoring the implementation of the Agreement by the CEFTA Parties and enhancing transparency on the results of implementation.

In this regard, the Chair in Office has taken all the facilitating and supporting actions to have CEFTA Parties concluded successfully the ongoing negotiations on trade facilitation and liberalisation of trade in services.

Having in mind that coordination with all relevant regional organisations responsible for trade is of crucial importance for CEFTA Structures, Montenegro during its Chairmanship successfully has led the importance of strengthening national coordination among Ministries involved in trade policy formulation, and implementation, and interaction between national policies and the regional priorities.

Thus, CEFTA Chair in Office has encouraged additionally the involvement of CEFTA Structures developing monitoring tools in accordance with the international standards and methodologies, to improve the quality of statistics on trade in goods, services, and investment, and facilitated dissemination and exchange of data.

Also, it is important to note that CEFTA Week 2016, organized under the Chairmanship of Montenegro, was held on 7th December 2016 in Podgorica, with the purpose to address some of the most important aspects of the implementation of CEFTA, relevant for achievement of the SEE 2020 Strategy goals.

## **2. Main Activities and Objectives pursued in 2016**

### ***2.1. Priorities of the Montenegrin's Chairmanship***

When defining the chairmanship priorities, Montenegro 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).

In the framework of this objective, Montenegro was determined the following as the priorities of its Chairmanship in 2016:

#### **Priority 1: Further liberalisation of trade in services**

Montenegro has been fully committed to build on efforts made by its predecessor, Moldova, in working on the completing of the process of liberalisation of trade in services amongst CEFTA Parties. The end goal was to accomplish the same level of openness, where it is possible, across the services sectors thus contributing to the greater attraction of investment in the region as a whole.

Respecting the tentative schedule adopted by the Ministerial decision on Establishment of the SC on Trade in Services, technical part of the negotiations on liberalisation of trade in services were finalized at the end of 2016.

Montenegro has improved the quality and uniformity of trade in services and FDI statistics based on the needs of users and compilers, through identifying of priorities for further developing statistics for commonly agreed sectors driven by the negotiations in trade in services liberalisation, and implementation of the CEFTA and SEE 2020 priorities.

#### **Priority 2: Trade facilitation including elimination of barriers to trade**

1. Chairing the negotiation process to conclude the negotiations of the Additional Protocol 5

Montenegro has made its best efforts as the Chair in Office in concluding the negotiation process between CEFTA Parties on trade facilitation to adopt Additional Protocol 5, regarding simplification of border procedures, electronic exchange of data, and mutual recognition of AEOs. The CEFTA Chair in Office chaired the negotiation process which was concluded in 2016.

2. Supporting development of an Action Plan on the implementation of the Additional Protocol 5 and trade facilitation agenda of CEFTA

Discussion on the Action Plan of Additional Protocol 5 is finalised and within it, determined the areas related to trade facilitation. This Action Plan was the main document that would have been submitted to the Summit in France, held in the framework of the Berlin Process.

3. Sustaining the commitment of CEFTA to guarantee financial and technical assistance by the EU in establishing necessary IT infrastructure for the electronic exchange of information, in accordance with the Additional Protocol 5

Montenegro together with the CEFTA Secretariat took necessary steps in guaranteeing the programming of financial and technical assistance by the EU to establish IT Infrastructure in each CEFTA Parties to ensure the electronic exchange of information between all the agencies involved in clearance of goods. In that regard, the Action Plan of Additional Protocol 5 is synchronised with the Action Plan on IT project financed by the EU (Maintenance+ and SEED +).

4. Ensuring Committee of Trade Facilitation coordinating the involvement of relevant CEFTA Structures in the implementation of regional technical assistance projects on trade facilitation

Committee of Trade Facilitation has been the key structure in CEFTA for coordinating activities between the project and the CEFTA Structure. The Chair in Office made its best efforts to chair the Committee of Trade Facilitation in a manner to provide feedback of CEFTA Parties to the project in the most sustainable and effective way processing the outputs of the project by the relevant CEFTA Structures. As the result of such efforts, DG NEAR requested to merge the activities of CEFTA Working Group on Electronic Exchange of Information and the ones of SEED Maintenance+.

5. Systemizing the identification and elimination of Market Access Barriers in CEFTA through the relevant CEFTA Structures

Compilation and classification of NTMs are finalised so in that context CEFTA Market Access Barriers Database is functioning properly. Regarding preparation of the recommendations for the elimination of identified NTBs, it is still in progress, but monitoring table is to be submitted on the basis of the reports of UNCTAD and ITC.

6. Ensuring the implementation of CEFTA Management Information System

CEFTA Chair in Office provided support to the CEFTA Secretariat to create Management Information System. In this regard, Montenegro has undertaken activities to integrate the data available in CEFTA MIS into the reporting to CEFTA Structures and to get better awareness of CEFTA Parties and the private sector about CEFTA MIS.

### **Priority 3: Facilitation of free flow of investment**

1. Support to the regional efforts for facilitating free flow of investment

Montenegro continued with the work of its predecessor on coordination of investment policies and better promotion of the region.

The identification of investment and enterprise policies for the implementation of the SEE 2020 Strategy presented the first phase in the work within the framework of the joint RCC-CEFTA Working Group on Investment Policy and Promotion. JWGI stressed the importance of regional benchmark study, conducted by UNCTAD, which was intended to serve as base for the implementation of regional investment reform program with the WB and requested to RCC to investigate solutions to the administrative barriers, in order to enable execution of the study. Inputs to the first Regional Investment Policy Review under the guidance and preparation of UNCTAD are finalised.

2. Planning the actions in CEFTA Structures to identify conditions of competition affecting foreign trade and investment

CEFTA Chair in Office introduced as a topic in the relevant CEFTA Structures to analyse the feasibility of actions at the regional level identifying conditions of competition affecting foreign trade and investment. In this regard CEFTA Parties were discusses whether the existing CEFTA Structures are sufficient to identify conditions of competition and appropriate adjustment in the CEFTA Structures.

### **Priority 4: Facilitation of free movements of experts, professionals and skilled labour**

The main activities during Montenegrin Chairmanship were oriented towards creating conditions for recognition of professional qualifications and exploring potentials for conclusion of mutual recognition agreements (MRAs). The main objective of enhancing the free movement of professionals and experts is finalisation CEFTA Additional Protocol 6 on Trade in Services and priorities under the SEE 2020 Integrated Growth Pillar. In 2017, the main focus will be placed on preparation of the roadmap for potential negotiations in mutually agreed sectors and professions and official opening of the negotiations on mutual recognition (MRAs).

### **Priority 5: Integration into global Economy, Trade Promotion**

1. Encouraging CEFTA Parties to start the application of full cumulation and duty drawback in CEFTA

Montenegro made its efforts to provide necessary technical assistance and training programmes to CEFTA Parties in the application of full cumulation and duty drawback in the

intra CEFTA trade. CEFTA Secretariat should provide<sup>4</sup> draft of the Training list based on the expressed needs by CEFTA Parties and circulate it for the final approval. In this regard, organising trainings will remain as an activity for 2017.

2. Supporting coordination among CEFTA Parties on the process of modification of bilateral free trade agreements with the EU, Turkey and EFTA States

During its chairmanship Montenegro, it was further initiated the modification of bilateral FTAs signed with Turkey, EU, and EFTA States in order to allow full cumulation and duty drawback in case the revision of the PEM Convention is still not concluded until then. The progress is expected in 2017.

3. Supporting the process of identifying the actions to be taken in a number of selected supply chains for trade promotion

Montenegro intensively invested its efforts on developing relationship directly with the business community, especially in the supply chains of the priority sectors selected by the SEE 2020.

## **2.2. Meetings**

- ***Meetings of the CEFTA Committee on Trade Facilitation***

On 6 December 2016 the third CEFTA Committee on Trade Facilitation was held in Podgorica where CEFTA Parties discussed the progress so far recorded in establishing national committees of trade facilitation since the second meeting of Committee of Trade Facilitation, activities related to CEFTA Trade Facilitation Agenda with focus on concluded negotiations of Additional Protocol 5.

There were two rounds of negotiations on the Additional Protocol on Trade facilitation. The second round of the negotiations was held in Brussels on 20-21 January 2016. During that round, the CEFTA Parties agreed on the principles of each Article prepared by the Secretariat. Furthermore, the CEFTA Parties agreed on an Action Plan for the implementation of Additional Protocol 5.

The third round of negotiations was held on 24-25 May 2016. In the third round, the CEFTA Parties agreed with the main text of the Additional Protocol 5, and its technical annex for the electronic exchange of information at the regional level. The CEFTA Parties also agreed to detach the bilateral lists of electronic exchange of information. In addition, the CEFTA Parties agreed to adopt the Additional Protocol 5.

During the Special Joint Committee meeting of 23 June, the CEFTA Parties announced that the negotiation on the Additional Protocol 5 has been concluded successfully. It is expected its adoption during Serbian chairmanship in 2017.

- ***Meetings of the CEFTA Committee of Contact points***

During the Montenegrin chairmanship four meetings of the Committee of Contact Points were held.

On 22 January 2016 the first meeting of the Committee of Contact Points was held in Brussels where CEFTA Parties discussed the Draft Work Programme, monitoring the implementation of CEFTA ministerial decisions, recommendations and conclusions.

On 22 June 2016 the second meeting of the Committee of Contact Points was held in Herzeg Novi where CEFTA Parties discussed about implementation of CEFTA, preparations for the Joint Committee, the CEFTA visibility programme, national secondment programme, CEFTA Secretariat's recruitment campaign and possible implications of the WB6 Summit in France on CEFTA Structures.

Third meeting of the Committee of Contact Points was held on 19 September 2016 in Podgorica. It is discussed about progress on monitoring the implementation of CEFTA Ministerial decisions, recommendations and conclusions, prepared decisions for the Joint Committee. In the margins on this meeting a kick off meeting „Project on Monitoring Competition and State Aid“ was held as part of the monitoring of the CEFTA technical assistance.

On 8 December 2016 the fourth meeting of the Committee of Contact Points was held in Podgorica where CEFTA Parties were dedicated to the preparation of the Joint Committee's decisions and conclusions. In the margins of this meeting an update in progress made was delivered by the „CPF Project on Monitoring Competition and State Aid as part of the monitoring of the CEFTA technical assistance.

- ***Meetings of the CEFTA Subcommittee on Customs and Rules of Origin***

13<sup>th</sup> CEFTA Subcommittee meeting on Customs and Rules of Origin was held on 10 November 2016 in Belgrade with the aim to discuss outputs of the Work Programme of the Subcommittee, the need to harmonize CEFTA Decision no 3/2015 with the one proposed by the EC to be adopted as derogation from the provisions laid down in Appendix I and such added to the Appendix II of PEM Convention, training needs for the implementation of the above stipulated decision, done modifications in CEFTA Parties FTAs with EU, EFTA and Turkey to link them with PEM, application of Article 12 of PEM Convention, regional ongoing project and the one in pipeline that are to assist the implementation of AP5, in particular mutual recognition of AEOs.

Ad hoc Subcommittee meeting on Customs and Rules of Origin was held on 27 September 2016 in Brussels to discuss on implementation of the CEFTA Joint Committee Ministerial Decision no 3/2015.



- ***Meetings of the CEFTA Subcommittee on Non-Tariff Measures***

First CEFTA Subcommittee on NTMs was held on 3<sup>rd</sup> March 2016 in Brussels. It was discussed on the List of Non-Tariff Measures which Subcommittee on NTMs and the involvement of UNCTAD in the functioning of the MADB.

On 10<sup>th</sup> November 2016, the second CEFTA Subcommittee on Non-Tariff Measures was held in Podgorica. It was discussed on NTMs Market Access Database Barriers cases, with an aim to update cases. As Subcommittee on NTMs has taken the list of recommendations identified by the GIZ financed Project “Addressing Market Access Barriers in Selected Supply Chains” and validated by all CEFTA Parties, in order to follow up the progress, CEFTA Parties were discussed on the above mentioned recommendations from the UNCTAD Report. All CEFTA Parties were invited to report on the recommended actions taken to eliminate identified NTBs. Exploratory talks on implementation of Article 24.3 of AP5 regarding the Mutual Recognition of conformity assessment in TBT and SPS, were started on this meeting. The Article 24.3 defines recognition of the legislation and procedures related to the inspections carried out and the documents drawn up by the competent authorities of the other CEFTA Party, providing that these legislation and procedures, and their implementation, are fully in line with the relevant EU *acquis*. In order to have mentioned validation procedures being in place before the start of AP5 implementation CEFTA Parties need to decide in near future which model of validation is acceptable from their point of view. CEFTA Parties welcomed possibility of mutual recognition of legislation and procedures related to the inspections in case they are aligned with the EU *acquis*, since it will facilitate trade among CEFTA Parties.

- ***Meetings of the CEFTA Subcommittee on Trade in Services***

Subcommittee on Trade in Services took place in Podgorica on 6 December 2016, under the Chairmanship of Montenegro. The Parties discussed the progress on negotiation on trade in services liberalisation, activities and next steps of the Working Group on Trade in Services Statistics, FATS and FDI Statistics, the Joint Working Group on Mutual Recognition of Professional Qualifications and the project on improvement of regulatory cooperation in CEFTA Parties.

- ***CEFTA Negotiating Group on Trade in Services***

First session took place in Podgorica on 5-6 April, second in 20-21 June in Herceg Novi, third on 21-22 September and fourth on 6 December, both in Podgorica.

The first session was dedicated to the exchange of offers in financial, transport and audio visual services, while the other three addressed the remaining issues and open questions. The legal scrubbing session was held on 14 November in Brussels where members finalized the draft text

of the Protocol and its Annexes in order to prepare them for the adoption by the Joint Committee, once the domestic procedures were completed.

- ***CEFTA Working Group on Trade in Services Statistics, FATS and FDI***

The second meeting of the Working Group on Trade in Services Statistics, FATS and FDI Statistics was held in Podgorica on 28 October 2016. The meeting was dedicated to the establishment of the CEFTA Reporting System of data on trade in services and FDI which will be used as a monitoring tool for measuring achievements in implementation of commitments in services and investment sectors and will consist an integral part of the future CEFTA Management Information System. The Review of currently available statistics, institutional framework and gaps in providing data were presented before the members. The Parties gave comments on the so-called CEFTA MIS Datasets prepared by the CEFTA Secretariat. The regional indices in the area of services trade and investment have been agreed and will be calculated as soon as the Reporting system is put in place.

- ***CEFTA-ERISEE-RCC Joint Working Group on Recognition of Professional Qualifications***

The Joint Working Group on Recognition of Professional Qualifications held two meetings and one workshop during reporting period. The first meeting took place in Sarajevo on 14 April, the second one on 15 December in Tirana, and the workshop on preparation for negotiations was held in Zagreb on 21-22 November 2016. The aim of the first meeting was to jointly agree on priority sectors and/or professions that are of mutual interest for negotiating mutual recognition agreements. The recommendations of the Mapping and Assessment Study conducted by a team of external experts were presented. Members of the JWG agreed to prioritize the health and engineering sectors and within those two sectors the following professions: doctors of medicine and dentists; architects and civil engineers. More detailed feasibility studies on those four professions will be launched with the aim of comparing national and EU legislation on recognition and providing Roadmaps for Negotiations on Recognition of Professional Qualifications to be launched. The Roadmap for Negotiations will provide a proposal on setting up Negotiation Groups for each profession outlining the recommended composition of national representatives to the Negotiation Groups and the negotiations dynamics. The training the CEFTA-ERI SEE-RCC Joint Working Group on Mutual Recognition of Professional Qualifications took place in Zagreb on 21-22 November 2016 with the aim at building joint base of knowledge and understanding of (1) procedures of recognition of professional

qualifications and (2) conducting negotiations in a multilateral setting under a CEFTA framework of trade in services. The training was used as a preparation for the 4th meeting of the JWG MRPQ where an agreement on opening negotiations on mutual recognition agreements should be reached. The key topics were discussed: (i) concept of the professional qualification, in particular the difference to academic qualification; (ii) system of recognition of professional qualifications (EU Directive 2005/16); (iii) system of recognition of professional qualifications of doctors and dentists, architects and civil engineers in Croatia; (iv) the concept of steering the trade negotiations, decision needed by the government to start the negotiation procedure, procedures for formation of negotiation group and appointment of negotiators, dynamics of negotiations. The next meeting of the JWG on Recognition of Professional Qualifications was held on 15 December in Tirana (Albania).

- ***Meetings of the CEFTA Subcommittee on Agriculture and SPS***

On 18 October, 2016 the 10<sup>th</sup> CEFTA Subcommittee Committee on Agriculture and SPS was held in Pristina. During the meeting Parties discussed about the contribution on the promotion and facilitation of trade in agricultural products within the region. Mainly, it was discussed the output of the yearly work program of Subcommittee, results and achievements by the Chair in Office. The proposal for the development of a statistical database for agriculture trade within CEFTA region in order to support the well-functioning of the CEFTA Transparency Pack were presented by the Secretariat and also the SPS database which is in process of revitalising were presented to all Parties. By the support of Subcommittee on Agriculture and SPS, it is initiated and discussed together with CEFTA Parties a new group of agricultural products as a supply chain for analysing market access through CEFTA Parties in order to provide CEFTA Parties with recommendations on policy tools and instruments to promote competitiveness and export performance of the CEFTA in some of these sectors. As a follow up of the GIZ Project on Promoting Trade in the Wine Sector, Mr. Morten Kvistgard presented the feedbacks from the report "Trade Promotion in the Wine Sector".

The Additional Protocol 4 lifting the last remaining quotas on wine between Macedonia and Moldova was signed by Moldova on 25 February and by Macedonia on 4 March. Once ratified, the AP 4 will represent successful closure of the chapter on full liberalisation of trade in goods within CEFTA.

- ***SEEIC-CEFTA Joint Working Group on Investments Policy and Promotion***

Fifth meeting of the SEEIC-CEFTA Joint Working Group on Investments Policy and Promotion took place in Belgrade on 31 March 2016. The meeting addressed regional programs pertaining to investment reforms, and recapped the previous discussions of the JWGI on multilateral investment treaty and possible approaches in SEE. Regional Investment Policy Review (IPR) to be executed in cooperation with UNCTAD is intended to serve as base for the implementation of regional investment reform program with the World

Bank on Regional Investment Reform Program. The programs will be led on two levels: horizontal (general investment policies) and sectoral (in the sectors of priorities in the region, which would be also aligned with the work on priority sectors within the scope of development of economic corridors). Members of the JWGI requested to involve the representatives of the private sector in this project.

Sixth meeting of the SEEIC-CEFTA Joint Working Group on Investments Policy and Promotion took place in Geneva on 17 and 18 November 2016 in cooperation with United Nation Conference for Trade and Development (UNCTAD). The goal of the JWGI meeting was to update the participants on the finalization of inputs to the Regional Investment Policy Review, and to announce the implementation of the World Bank project on investment agenda which is financed by the European Commission. Each session of the meeting addressed the relevant chapter of the Study: FDI specific legal framework, international investment agreements, business facilitation, tax regime labour policy and skills, competition regime. Back to back to this meeting, a series of bilateral meetings between representatives of the investment promotion agencies. UNCTAD will hold national consultations in every economy from the region at the beginning of 2017 in order to discuss the relevant policies mentioned in different chapters of IPR. CEFTA has informed on progress in preparation of the CEFTA Investment Report in order to assure complementarities with Regional IPR. CEFTA Investment Report will be done in close collaboration and under the guidance of UNCTAD and will be published in third quarter of 2017.

- ***CEFTA Steering Committee Meeting***

On 29 February 2016 the CEFTA Secretariat's Steering Committee has been organized in accordance with the financing agreements signed between the Secretariat and the European Commission (EC). The meeting provided with the opportunity to CEFTA Parties and key donors to meet not only to review activities of the Secretariat but also to discuss any open issues in relation to the implementation of the Secretariat's mandate, and to revisit CEFTA Chairmanship priorities regarding the implementation of the Agreement.

- ***CEFTA Strategic Meeting***

During the reporting period, a Strategic Meeting was held in Belgrade on 26 May 2016. Representatives of the CEFTA Parties were present during the meeting. On the meeting the Parties discussed the draft ministerial decisions and conclusions in preparation for the CEFTA Deputy Ministers and Special Joint Committee meetings scheduled on 23 June in Herceg Novi.

- ***CEFTA Deputy Ministers Meeting***

CEFTA Deputy Meeting was held on 23 June in Herceg Novi. All Parties agreed with the text to be proposed as CEFTA contribution to the Western Balkan Summit in France on 4 July. At the CEFTA Deputy Ministers meetings the representatives of the CEFTA Structures have

reported the activities during first six months, discussed and approved the proposed priorities of the next Chair in Office and made preparations for the Joint Committee.

- ***CEFTA Special Joint Committee Meetings***

During the reporting period, two SJC meetings were held by the Montenegrin Chairmanship. The first SJC meeting was convened on 23 June in Herceg Novi. The agenda of the meeting focused on Legal Opinion on the Trade Dispute Settlements and the Report of the Chair of the Selection Committee for the recruitment of CEFTA Director.

The second SJC meeting was convened on 20 October in Brussels. The agenda of the meeting focused on recruitment campaign procedures.

- ***10<sup>th</sup> CEFTA Joint Committee Meeting***

Tenth Joint Committee meeting was held on 9 December 2016, in Podgorica. Conclusions of the Western Balkan Summit in Paris on 4 July 2016 were reiterated in the Conclusions adopted at the Special Joint Committee meeting regarding the establishment of a regional economic area in CEFTA on the basis of the EU compliance, with an objective to support efforts to attract more investments, decrease the cost of trade and production and eliminate market access barriers. It was considered that a key challenge in front of CEFTA Parties is to implement the Additional Protocols of CEFTA on trade facilitation and trade in services, once they enter into force, in a manner that contributes to the economic growth of our Region. Satisfaction was expressed with regard to the successful implementation of the visibility and outreach programme of CEFTA to mark the 10th Anniversary of signing CEFTA and initiation of stronger dialogue with the private sector. In that context, it was appraised the launch of new modern CEFTA Website, preparation brochure „CEFTA through Numbers“ and „CEFTA Myths and Facts“, the award competition for the best academic paper from CEFTA region held in cooperation with the London School of Economics.

Having in mind importance of uninterrupted functioning of CEFTA Secretariat, in particular for the appropriate financial management of CEFTA funds, Ministers gave their consent to extend the contracts of the existing staff by 31 May 2018.

All CEFTA Parties adopted the following decisions:

- Decision No. 1/2016 on the Amendment to the Decision No. 3/2009 – List of Mediators
- Decision No. 2/2016 on the Contract Extension of CEFTA Secretariat Staff

- ***Recruitment of Director of the CEFTA Secretariat***

In capacity of Chair in Office 2016, Montenegro was chairing the Selection Committee for the Recruitment of Director of the CEFTA Secretariat, as well.

During reported period, one meeting of the Selection Committee was held on 1-3 March 2016 in Brussels. During this meeting, interviews of the 5 selected candidates were conducted.

On the Special Joint Committee Meeting held on 23 June in Herceg Novi, Ministers acknowledged that the Selection Committee could not reach consensus in the selection process of new Director of the Secretariat, and decide to re-launch the tender for the recruitment of Director.

Pursuant to said above, vacancy notice for the recruitment of Director of the CEFTA Secretariat was published on 26 December 2016 with a deadline of 10 February 2017.

- ***CEFTA Week 2016***

Chair in Office, in cooperation with Chamber of Economy and DIHK, have organised CEFTA Week 2016, an annual event which gathers representatives of national institutions and private sector to discuss implementation of CEFTA. The event was held on 7 December 2016, in Podgorica, Montenegro.

CEFTA Week 2016 represented series of discussions and presentations on different aspects of this Agreement. The participants were government representatives, the business community and academia from CEFTA Parties as well as representatives of international organizations.

Discussions were divided in for sessions: Monitoring within CEFTA Party for better implementation of CEFTA; CEFTA Award ceremony for academia in the 10<sup>th</sup> anniversary; Monitoring between CEFTA Parties; Monitoring of CEFTA implementation by private sector.

The main conclusions were as follows:

- ❖ Increase in policy prioritization and more efficient inter-ministerial coordination will bring national implementation of CEFTA and its monitoring much stronger;
- ❖ Further regional cooperation and trade integration, through CEFTA additional protocols on trade facilitation and trade in services will contribute to the progress of the CEFTA Parties' national economies;
- ❖ Dispute settlement is the central pillar of the multilateral trading system, and without the rule-based mechanism and means of resolutions of disputes, trading system would be less effective, and predictable;
- ❖ Regional approach of involvement of the business environment more effectively and more efficiently in the policy making process will result in creation of trade policy which will be more oriented towards private sector needs and demands. Thus, the

cooperation with private sector should be strengthened further in trade policy creation, CEFTA implementation and monitoring of the implementation;

- ❖ SMEs in Southeast Europe obviously benefit from the options offered by the CEFTA Agreement and increase the income and employment opportunities in the region.

### **3. Topics to be addressed in the next period**

- Creation of regional market in CEFTA on the basis of EU compliance for promotion of investments through promotion of regional trade;
- Enhancing transparency within CEFTA through using the information and communication technology tools for monitoring purposes;
- Continuation of bottom up approach in communication with the private sector in regard to the CEFTA implementation;
- Level up the efficiency of the existing CEFTA Dispute Settlement Mechanism;
- Enforcement of CEFTA at the national level;
- Mutual recognition on the basis of EU compliance is the key principle of deepening CEFTA in the areas of trade facilitation, liberalisation of trade in services, facilitation of free movement of skilled labour and investments, coordination and improvement of the investment policies;
- Following up on the parliamentary ratification processes for the Additional Protocol 5 in each CEFTA Party;
- Signing of the Memorandums of Understanding between their national authorities for exchange of information and coordination;
- Monitoring the implementation of technical assistance on electronic exchange of data, SEED Maintenance +, IPA 2015 Trade Facilitation Project, and other facilitation related projects financed by international donors;
- Monitoring the elimination of non-tariff barriers through transparent and regular reporting of the elimination process in each CEFTA Party;
- Setting up a sustainable system of monitoring and evaluation of implementation of the Additional Protocol on Trade in Services after its signing and ratification;
- Launching of the first regional CEFTA Investment Report by the end of 2017;

- Facilitating free movement of experts, professionals and skilled labour in compliance with the objectives of CEFTA 2006, priorities of the SEE 2020 Strategy and Conclusions of the Vienna Summit 2015 and Paris Summit 2016;
- Continuation with joint positioning of CEFTA Parties in the PEM revision exercise;
- Initiating a process to elaborate an Action Plan for strengthening of the implementation of state aid competition, public procurement and IPR provisions.

#### **4. Conclusions and Recommendations**

The main priority of Montenegrin chairmanship has been dedicated to assist monitoring of the implementation of the Agreement, as the private sector has been the main beneficiary of CEFTA. In that context, Montenegro has been working hardly on institutionalising public private sector dialogue in the implementation of CEFTA. The greater importance has been attached to strengthen the monitoring of implementation by CEFTA Parties as the implementation has been deepened into the areas such as trade facilitation and liberalisation of trade in services. In such manner, stronger coordination has been required among Ministries in CEFTA and interaction between national and regional agendas. Chair in Office has done its best efforts to introduce result based reporting by the CEFTA Structures to the CEFTA Joint Committee.

Special emphasis has been put on the priorities related to transparency in the framework of 10<sup>th</sup> Anniversary of CEFTA. From the beginning of its chairmanship, CiO has taken actions on the assignment of the representatives of private sector and Chamber of Economy of Montenegro, who have taken actions in organization of CEFTA Week. Thus, they have also been included in the process of obtaining information on the implementation of CEFTA Chairmanship in 2016, for the purposes of the CEFTA Week.

The 10<sup>th</sup> anniversary has also been a good opportunity for CEFTA Parties to review the corporate image of CEFTA among their public, and provide an additional momentum to raise awareness of CEFTA among CEFTA Parties.

CiO has been lead the conclusions of the Western Balkans Summit in Vienna and ensured the contribution of CEFTA Structures to the realisation of actions as foreseen under trade facilitation, mobility and growth, and the relevant targets under the agenda of the SEE 2020.

CiO has emphasized the principle of inclusiveness in identification and development of economic corridors in the Region. In this regard, the Montenegrin chairmanship has underlined the critical role of CEFTA agendas on liberalisation of trade in services and trade facilitation which they might have in these processes.

During the Montenegrin chairmanship, CEFTA Parties have achieved visible results, such as:



- Negotiations on Additional Protocol 5 were successfully concluded;
- The Action Plan of Additional Protocol 5 is synchronized with the Action Plan on IT project financed by the EU;
- Correlation Table WTO TFA – AP 5 was prepared;
- Progress Report in the creation of National Committees of Trade Facilitation;
- Preparation of the Draft of training list for start of application of full cumulation and duty drawback in CEFTA;
- Introducing CEFTA Parties with CEFTA Regional position related to PEM;
- Compilation and classification of non-tariff measures;
- Initiation of exploratory talks for mutual recognition of conformity assessment in TBT and SPS;
- Preparation of the technical proposal on CEFTA Dispute Settlement Mechanism;
- Technical part of the negotiations on liberalisation of trade in services and text of the Addition Protocol 6 on Trade in Services and Annex 1 are finalized. Negotiations of the Working Group on Trade in services on Sector Specific Commitments are in final stage;
- Review of quality and availability of trade in services statistics, FATS and FDI statistics was completed and gaps in data reporting identified. CEFTA MIS Datasets and the regional indices for monitoring commitments are developed and agreed;
- Assessment study aimed at identifying sectors and professions of mutual interest for conclusion of MRAs are completed. Agreement on two selected sectors (health and construction) and four professions (doctors, dentists, architect and civil engineers) for potential MRAs has been reached. Transparency mechanism on services information (CEFTA Secretariat website) is in use;
- Matrix with SPS agreements of CEFTA Parties which is submitted in their local languages is finalized and published on CEFTA website;
- In accordance with the Ministerial Decision No. 1/2015, Contact Points became the main national contact centre for the CEFTA Secretariat, being closely involved in the organisation of all CEFTA Structures' meeting in the respective Party and the overall coordination of delivery of CEFTA funded technical assistances and capacity building programmes;
- CiO undertook necessary steps to institutionalise public-private sector dialogue in the implementation of CEFTA. For that purpose, Conference „Ten years of signing CEFTA 2006-results and perspectives“ was held;

- Decision No. 1/2016 on the Amendment to the Decision no 3/2009 – List of Mediators and Decision No. 2/2016 on the Contract Extension of CEFTA Secretariat Staff were adopted.

## **5. List of Annexes**

### **Annex 1**

1. Decision No. 1/2016 on the Amendment to the Decision No. 3/2009 – List of Mediators
2. Decision No. 2/2016 on the Contract Extension of CEFTA Secretariat Staff

### **Annex 2**

1. CEFTA Special Joint Committee Ministerial Conclusions, 23 June 2016, Herceg Novi, Montenegro;
2. CEFTA Special Joint Committee Ministerial Conclusions, 20 October 2016, Brussels, Belgium;
3. 10<sup>th</sup> CEFTA Joint Committee Ministerial Conclusions, 9 December 2016, Podgorica, Montenegro.

### **Annex 3**

1. Agreed Minutes of the CEFTA Steering Committee Meeting, 29 February 2016, Brussels, Belgium;
2. Report of the CEFTA Strategic Meeting, 27 May 2016, Belgrade, Serbia;
3. Agreed Minutes of the CEFTA Deputy Ministers Meeting, 23 June 2016, Herceg Novi, Montenegro;
4. Report of the CEFTA Committee of Trade Facilitation, 6 December 2016, Podgorica, Montenegro;
5. Report of the CEFTA Committee of Contact Points, 22 January, 2016 Brussels, Belgium;
6. Report of the CEFTA Committee of Contact Points, 22 June 2016, Herceg Novi, Montenegro;
7. Report of the CEFTA Committee of Contact Points, 19 September 2016, Podgorica, Montenegro;
8. Report of the CEFTA Committee of Contact Points, 8 December 2016, Podgorica, Montenegro;

9. Agreed Minutes of the CEFTA Sub-committee of Agriculture and SPS, 18 October 2016, Pristina, Kosovo<sup>1</sup>;
10. Agreed Minutes of the CEFTA Sub-committee on Trade in Services, 6 December 2016, Podgorica, Montenegro;
  - a. Report of the CEFTA Negotiation Group on Trade in Services, 5-6 April 2016, Podgorica, Montenegro;
  - b. Report of the CEFTA Negotiation Group on Trade in Services, 20-21 June 2016, Herceg Novi, Montenegro;
  - c. Report of the CEFTA Negotiation Group on Trade in Services, 21-22 September 2016, Podgorica, Montenegro;
  - d. Report of the CEFTA Negotiation Group on Trade in Services, 5 December 2016, Podgorica, Montenegro;
  - e. Report of the CEFTA-ERISEE-RCC Joint Working Group on Recognition of Professional Qualifications, 14 April 2016, Sarajevo, Bosnia and Herzegovina;
  - f. Report of the CEFTA-ERISEE-RCC Joint Working Group on Recognition of Professional Qualifications, 15 December 2016, Tirana, Albania;
  - g. Agreed Minutes of the CEFTA Working Group on Trade in Services Statistics, 28 October 2016, Podgorica, Montenegro.
11. Agreed Minutes of the CEFTA Sub-committee on Customs and Rules of Origin, 10 November 2016, Belgrade, Serbia;
12. Agreed Minutes of the CEFTA Sub-committee on NTBs and TBT, 3 March 2016, Brussels, Belgium;
13. Agreed Minutes of the CEFTA Sub-committee on NTBs and TBT, 10 November 2016, Podgorica, Montenegro;
14. Report of the SEEIC-CEFTA Joint Working Group on Investments Policy and Promotion, 31 March 2016, Belgrade, Serbia;
15. Report of the SEEIC-CEFTA Joint Working Group on Investments Policy and Promotion, 17-18 November 2016, Geneva, Switzerland.

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<sup>1</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.