

R E P O R T
ON THE FUNCTIONING AND IMPLEMENTATION OF CEFTA
In 2008

By the Chair in Office
The Republic of Moldova

*** CHISINAU ***

2009

1. Introduction

In accordance with provisions of the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (“the Agreement”) signed in Bucharest, on 19 December 2006 by the representatives from Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia, UNMIK/Kosovo and with the decision of the Joint Committee of the Central European Free Trade Agreement No.1/2007 adopted on 28 September 2007 on Rules of Procedure for the Joint Committee, the Republic of Moldova assumed the Chairmanship of CEFTA in 2008.

In this regard, Republic of Moldova recognises the high importance of this Agreement and fully supports the initiatives of regional cooperation which contributes to the regional ownership of the process; improve trade relations, growth and stability in the region as well as the European perspectives of CEFTA Parties.

2. Main activities and objectives pursued in 2008

In 2008, Moldova followed the provisions of the CEFTA Agreement and a number of important decisions for efficient and effective implementation of the Agreement taken at the Joint Committee meeting in Ohrid under the Macedonian Chairmanship in the year 2007.

During Moldovan Chairmanship the CEFTA meetings were organised with technical and administrative support from the Secretariat of the Stability Pact’s Trade Working Group. Since September 2008, the meetings have been supported by the newly established CEFTA Secretariat in Brussels (*Annex 4*).

2.1 Meetings held

A schedule of meetings was established in the first half of 2008. The calendar of meetings was as follows (in a chronological order):

- Selection Committee for Secretariat Staff, meetings held on February 7-8 and April 2-3 2008 in Brussels
- Subcommittee on Agriculture and Sanitary and Phytosanitary Measures, held in April 24-25 2008, in Chisinau (*Annex 3*)
- Subcommittee on Technical Barriers to Trade and Non-Tariff Barriers, held in June 5-6 2008, in Belgrade (*Annex 3*)
- Subcommittee on Customs and Rules of Origin, held in May 19 2008, in Podgorica (*Annex 3*)
- Joint Committee Ministerial Meeting, held in October 8, 2008, Chisinau (*Annex 2*)
- *CEFTA Article 44 Contact Points* informal meetings – on October 7, 2008 in Chisinau and on 11 November 2008 in Brussels (*Annex 4*)

2.2 Achievement of the objectives

These are the main results of Moldovan chairmanship:

- Selection of the CEFTA Secretariat staff and their approval by the Joint Committee followed by the establishment of the Secretariat in Brussels and the formalisation of the CEFTA Parties financial contribution to the budget of the Secretariat (*Annex 1*)
- Negotiation and signing of the Headquarters Agreement between the Kingdom of Belgium and the CEFTA Parties for the establishment of the CEFTA Secretariat
- Joint decision by all the CEFTA Parties to make further progress in liberalisation of trade in agricultural sector
- Establishment of Subcommittees for Customs and Rules of Origin and Technical Barriers and Non Tariff Barriers to Trade
- Establishment of a regular network called “*CEFTA Article 44 Contact Points*“ according to the Article 44 of the CEFTA Agreement
- Establishment of a List of Mediators

3. Outstanding issues

Despite the fact that main objectives were fulfilled there are still some outstanding issues to be tackled by the next Chair in Office.

- Ratification of the Headquarters Agreement by the Kingdom of Belgium and all the CEFTA Parties
- Completion of the selection process for the second technical expert by the Selection Committee and its final approval by the Joint Committee
- Final approval of the Joint Committee Decision No.2/2008 on Financial contribution of CEFTA Parties to the Budget of the Secretariat (*Annex 1*)

4. Conclusions and Recommendations

The progress towards deeper regional integration has been achieved and the overall trade in 2008 among the CEFTA Parties was increased. Following these trends all the Parties welcomed the further liberalization of trade in agriculture.

Although the established CEFTA structures have been operating very efficiently, there are some open political issues that may represent a threat to its functioning in the future, unless an adequate *modus operandi* is agreed by all the Parties.

The network of Article 44 Contact Points proved to be very effective and useful and its proactive role will be of the vital importance to the successful implementation of the Agreement. In addition to this, the decision to locate the Secretariat in Brussels showed to be advantageous in providing the necessary assistance to the CEFTA structures.

Based on the conclusions of the CEFTA bodies, the following actions are recommended for 2009:

- Maintain stable progress in the liberalisation of trade and stimulation of foreign direct investments in the region
- Implement the recommendations from the Joint Committee Ministerial Conclusions adopted in Chisinau (*Annex 2*)
- Use adequate technical assistance to support the activities undertaken by the CEFTA structures
- Promote the CEFTA Agreement in co-operation with international organisations and institutions in the field of regional trade policy in South Eastern Europe as well as with the business community
- Direct efforts towards:
 - Further liberalisation in the agricultural sector;
 - Negotiations for conclusion of agreements on harmonisation and mutual recognition of sanitary and phyto-sanitary measures;
 - Negotiations with the view to concluding plurilateral agreements on harmonisation of technical regulations and standards and mutual recognition of conformity assessment procedures;
 - Fully application of the diagonal cumulation of origin in the CEFTA region,
 - Alignment of methodologies in trade statistics in order to improve data quality, thus facilitating communication and cooperation among the Parties.

LIST OF ANNEXES

Annex 1

1. Decision No.1/2008 of the Joint Committee of the Central European Free Trade Agreement on Selection of Staff for the CEFTA Secretariat
2. Decision No.2/2008 of the Joint Committee of the Central European Free Trade Agreement adopted on 8 October 2008 on Financial contribution of CEFTA Parties to the Budget of the Secretariat

Annex 2

1. Ministerial Conclusions Central European Free Trade Agreement Joint Committee Meeting 8 October 2008 Chisinau, Republic of Moldova

Annex 3

1. Agreed Minutes of the CEFTA Subcommittee on Agriculture and SPS, 24 and 25 April 2008, Chisinau, Republic of Moldova
2. Agreed minutes of the first CEFTA Subcommittee meeting on Technical Barriers to Trade and Non Tariff Barriers, 5-6 June, Belgrade, Republic of Serbia
3. Agreed Minutes of the first CEFTA Subcommittee on Customs and Rules of Origin, 16 May 2008, Podgorica, Montenegro

Annex 4

1. Report from the second informal meeting of Article 44 Contact Points, 11 November 2008, Brussels
2. Outline Strategic Work Programme of CEFTA Secretariat for 2008-2011