

**CEFTA Deputy Ministers Meeting
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Major Challenges for the Implementation of CEFTA in 2012

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Dear Colleagues, Distinguished Ladies and Gentlemen,

First of all I would like to greet you all on behalf of the Ministry of Economy and Regional Development of the Republic of Serbia and on my behalf and to thank our hosts for organizing this CEFTA meeting.

We fully share the opinion that trade is contributing to the economic recovery and that it will be an essential component of any realistic policy framework for sustained growth and development.

While the annual rate of trade growth in Serbia is high it still does not bring trade volumes back to the pre crisis level.

CEFTA Parties are the second important foreign trade partners after the EU with the share of 17.4%, with the 32.1% share in total exports to the world and 8.7% in total imports from the world in 2010.

After trade flow decreased in 2009, in 2010 trade recorded positive trend. Exports were higher by 13%, imports by 17.6% and total trade by 14.4%.

In first quarter of 2011 positive trend continued. Growth of exports was 15.5%, while imports growth was 17.2% compared to the first quarter of 2010.

In the last three years the most significant CEFTA Parties for Serbian export were Bosnia and Herzegovina, Montenegro and Macedonia. Regarding the imports the first ranking was Bosnia and Herzegovina, followed by Croatia and Macedonia. Serbia is constantly recording overall surplus in trade with CEFTA Parties, but constant trade deficit has been recorded with Croatia and Moldova.

From the total trade with CEFTA Parties in 2010 72% were industrial products and the rest were agricultural goods.

The most important products in Serbia's export to the CEFTA in 2010 were electric energy, iron and steel products, beer, sugar, medicines, maize and flour, non-alcoholic beverages, sunflower oil, household detergents, floor coverings, biscuits and chocolates, milk and milk products, wooden furniture, tobacco products, leather footwear and cement.

The most important products in Serbia`s import from the CEFTA in 2010 were coal, electric energy, oil derivates, lumber, steel for reinforced concrete, tobacco products, medicines, glass products, tomatoes, wines, aluminium, polyethylene and iron and steel products.

If we look at the trade structure of Serbia and other CEFTA Parties, it is evident that we exchange low value added industrial and consumer goods with medium or low technological intensity and labour and resource intensive goods. Per capita exports of goods and services are lower than in relevant comparative countries.

Dear Colleagues,

I hope that you will agree that still, although the worst is behind us, the global crisis has had strong negative implications on our economies as well as on social and human aspects that will continue to be felt in the years to come. The recovery is finally getting underway, but remains fragile.

We should be proud of what we have achieved in nearly four years of our hard work.

These very good results should be a strong motive and engine to push us to continue our work even better and harder in the next period.

What are the challenges for the implementation of CEFTA in 2012?

We all know that still there are many areas where we should continue our work. in order to create favorable conditions for greater inflow of so needed foreign direct investments.

I am confident that we all have enough will to create the necessary conditions for greater inflow of so needed foreign direct investments in order to secure sustainable growth of our economies by improving competitiveness, increasing productivity, building appropriate infrastructure linkages, by implementing innovations, by building modern knowledge-based economies, adopting European technical regulations and standards as soon as possible. Especially, protectionism, in both trade and investment, should be avoided.

Major challenges for the Implementation of CEFTA in 2012 for Serbia are the following:

- further elimination of non-tariff barriers to trade by, among other activities, implementing multilateral monitoring framework, by upgrading and securing the full functioning of the CEFTA Trade Portal, by simplifying and facilitating procedures on the border and thus by improving trade logistics;
- establishing of fair, clear, stable and predictable rules for attracting greenfield investments within and outside the region by enhanced cooperation among investment promotion agencies with a final goal of creating regional investment market to the extent possible;
- gradual liberalization of trade in services within the CEFTA Region and improving the quality of statistics of trade in services;
- ensuring the effective functioning of government procurement markets;

- implementation of competition rules while working on improving the cooperation between competition authorities;
- ensuring the adequate and effective protection of intellectual property rights;
- full implementation of diagonal cumulation of origin and
- raising the public awareness of the CEFTA Agreement benefits and importance in cooperation with international organisations and institutions.

By doing this we will send an important signal that we are ready to go further in deeper intra regional specialization and cooperation.

Dear Colleagues,

Our ambitions from the beginning are big, but at the same time they are proven as timely and adequate. We must not also forget that the proper functioning of the CEFTA structures together with the Secretariat and donors with permanent, close communication with the private sector is of utmost importance for finding mutual solutions in various fields covered by the Agreement.

New challenges are ahead of us and I am sure that we have a constructive spirit good will for pragmatic solutions, and that we have secure good communication and understanding among us, so that we are ready for strong commitments needed to go further in deeper economic cooperation in the region and harmonization with the EU requirements and thus to fulfil necessary conditions for the EU membership. I would like to take this opportunity to congratulate Croatia for successful completion of its EU accession negotiations.

I would like to thank all CEFTA Parties for their continuous efforts, CEFTA Secretariat and donors for the significant support.

Thank you for your kind attention and I wish you every success in today work.