

WORK PROGRAMME OF THE CEFTA CHAIRMANSHIP 2017

The Republic of Serbia

January 2017

I. INTRODUCTION

As set out in the CEFTA 2006 Decision No.1/2007 Rules of Procedure (Article 3), Serbia took over the Chairmanship of the the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA) from Montenegro in January 2017. The Chairmanship is taken on a rotational basis with the tenure of office of one calendar year.

The Serbian Chairmanship underlines the importance of monitoring the implementation of the Agreement by the CEFTA Parties, increasing the effectiveness of the enforcement mechanisms of CEFTA, and enhancing transparency as a tool for both monitoring and increasing ownership on the results of implementation.

Celebrating the 10th Anniversary of the implementation of CEFTAthe CEFTA Parties underline the success that has been recorded by having fully liberalised trade in goods, enhanced transparency, and predictable, non-discriminatory, and stable access to our markets.

The Serbian Chairmanship recognizes fully the importance of strong implementation of CEFTA as a complementary process for its Parties and their economies for facilitating and improving their readiness in the processes towards their membership to the European Union.

The CEFTA Parties emphasise the continuation of their efforts to implement the agreed priorities in a regionally inclusive manner and with a multiannual perspective. In this regard, the Serbian Chairmanship will point out the priority actions in CEFTA as: trade facilitation, including elimination of barriers to and distortions of trade, liberalisation of trade in services, improvement of conditions to promote investment, including foreign direct investment by providing fair conditions of competition affecting foreign trade and investment and enhancing transparency.

The Serbian Chairmanship welcomes the conclusions of the Western Balkans Summit in Paris of 4 July 2016 acknowledging with satisfaction the deepening of economic integration agenda between CEFTA Parties. The Serbian Chairmanship shall aim towards establishing a regional economic area in CEFTA on the basis of the EU compliance with an objective to support the efforts to attract more investment, decrease the cost of trade and production, and eliminate market access barriers. The Serbian Chairmanship recognises that the EU accession process at the national level in each CEFTA Party and regional integration through CEFTA shall represent the two main pillars of CEFTA Parties' efforts in this regard. The Chairmanship of Serbia will pursue the efforts to promote the importance of trade policy in the formulation of economic policy at the regional level which may equally spill over to the national policy formulations. In addition, the Serbian chairmanship will emphasise the importance of strengthening coordination between policies through regional organisations and initiatives.

The Chairmanship of Serbia deems that the following priorities will complement the efforts in CEFTA in achieving the strategic objectives as mentioned above.

II. PRIORITIES OF THE CHAIRMANSHIP FOR 2017:

1) Consolidating the Implementation of CEFTA:

The latest commitments made at the political level during the Western Balkans Summits to enhance the regional economic integration in CEFTA puts CEFTA Agreement at the core.

Currently, CEFTA Agendas on Trade Facilitation, Trade in Services and Free Movement of Experts have been progressed through parallel processes. Following the expected adoption of Additional Protocols on Trade Facilitation and Trade in Services in 2017, and progressive talks regarding the free movement of experts, it is considered timely and practical to commence consolidating those three agendas under one chapeau and establish interactions between each area to serve better the objectives of the promotion of investment and trade.

This consolidated agenda and corresponding action plan will represent a major step forward towards creating the CEFTA regional market.

Under the light of the CEFTA Joint Committee conclusions of 2016, the Serbian Chairmanship will make its best efforts to finalise drafting regarding the consolidated agenda and action plan merging the actions of trade facilitation, trade in services, and free movement of experts, and having it endorsed by the CEFTA Parties in 2017.

2) Strengthening the Implementation of CEFTA:

The objective of deeper integration of markets in CEFTA region is ambitious and challenging. Such an objective can only be reached, if the implementation of CEFTA is sustained and secured by the efficient dispute settlement mechanism.

Monitoring the Implementation: The Chairmanship of Serbia considers as critical the role of monitoring the implementation of CEFTA at all levels. That's why transparency and public-private sector dialogue are to be strengthened in a way to allow having robust monitoring of the implementation.

In this regard, the Chairmanship of Serbia will continue the ongoing efforts for enhancing transparency within CEFTA through using information and communication technology tools for monitoring purposes.

Furthermore, using the private sector representatives as advisory groups in order to receive the first hand feedbacks about the implementation issues has so far proven successful. Such bottom-up approach will continue. The Chairmanship will seek the optimal communication with the Business representatives in order to

incorporate their concerns and recommendations in the policy level discussions at CEFTA.

Strengthening the enforcement of CEFTA: The respect of rule of law is the core principle of CEFTA. Thus, the Chairmanship of Serbia gives the critical importance of strengthening the enforcement of CEFTA obligations both at the regional and national levels.

In this regard, Serbia will pursue activities regarding the formulation of the Additional Protocol on CEFTA Dispute Settlement which would level up the efficiency of the existing CEFTA Dispute Settlement and submit to the approval of CEFTA Joint Committee in the course of the year 2017.

The enforcement of CEFTA at the national level is also of the critical importance. Thus, the Chairmanship of Serbia will facilitate programmes and technical assistance for the training of all stakeholders in CEFTA Parties who are involved in the implementation of the provisions of CEFTA in a way to encourage them to act the strong watchdogs for the implementation of CEFTA.

3) Deepening the Implementation of CEFTA:

The Chairmanship of Serbia considers that the key principle of deepening CEFTA in the areas of trade facilitation, liberalisation of trade in services, and facilitation of free movement of skilled labour and for facilitation of the investment coordination with the aim to improve investment policies is to use the EU acquis alignment as the main driver.

CEFTA parties can also decide to set up a level playing field where in all interested areas more liberal approach can be agreed and implemented.

Horizontal Priorities:

4) *Sustaining synergy between implementation of CEFTA and the SEE 2020*

Serbia reaffirms the commitment to ensure consistency and synergies of the CEFTA Chairmanship priorities with the objectives set by the Integrated Growth Pillar within SEE 2020.

Furthermore, the Chair in Office welcomes the conclusions of the Western Balkans Summit in Paris, and will ensure the contribution of CEFTA Structures to the realisation of actions as foreseen under trade facilitation issue , and the relevant ones under the Connectivity Agenda of the SEE 2020.

The main line of cooperation with the SEE 2020 will be the initiative of developing economic corridors as foreseen by the Western Balkans Summit in Vienna. In this regard, the priority will be given to work together with the RCC in order to turn the concept of economic corridors into a multi-annual regional project. By transforming

the so far made theoretical work on economic corridors to a multi-annual regional project would be aiming to reap concrete benefits of this action in the short-medium run.

5) Institutional strengthening of CEFTA Secretariat

The CEFTA Chair in Office of 2017 will lead the process to initiate the discussion among CEFTA Parties to decide on the future profile of CEFTA Secretariat, and actions to strengthen the Secretariat institutionally according to its future profile.

The current developments indicate that the existing constraints in the Secretariat's budget and human resources capacity might not be sustainable in responding to the new tasks and commitments.

In this regard, the conclusion of the recruitment procedure for the new Director of the CEFTA Secretariat followed by the new staff members would enable sustainability of structures in implementing the tasks ahead of CEFTA parties.

III. ACTIVITIES

Priority 1) Consolidating the Implementation of CEFTA

A. Adopting an Action Plan consolidating the actions on trade facilitation, trade in services, and free movement of experts under investment and trade promotion

As instructed by the CEFTA Joint Committee (point 1), the Serbian Chairmanship leads the discussion among the CEFTA Parties through the relevant CEFTA Structures on the consolidated agenda in trade facilitation, liberalisation of trade in services and free movement of experts under the higher objectives of promotion of investment and trade.

In this regard, the Chair in Office of 2017 will receive from the CEFTA Secretariat the first draft of the consolidated agenda, and present it to other CEFTA Parties. The Chair in Office will do its best endeavours to finalise the consolidated action plan with the approval of all CEFTA Parties.

The Chair in Office may consider adjusting the actions in trade facilitation, trade in services, and free movement of experts or proposing to add new actions in those areas, if needed.

The consolidated agenda, once endorsed by the CEFTA Parties, is expected to be used as the main guiding document to plan their actions to be undertaken in trade policy at the regional level.

Priority 2: Strengthening the Implementation of CEFTA:

Monitoring the Implementation:

i) Ensuring Strong Platforms for the dialogue with the international and regional private sector with CEFTA Structures

The Serbian Chairmanship will continue the efforts made by the CEFTA Chair in Office of 2016 to promote the private-public sector dialogue in CEFTA. In this regard, Serbia will enhance the dissemination of information regarding the actions of CEFTA Structures and will seek actively the opinions of the private sector.

The EU financed project on trade facilitation will provide an additional value to enhance dialogue with the private sector. In case the implementation of that EU financed project starts in 2017, it is expected that the private sector representatives will continue to be consulted in order to identify the non-tariff barriers as a follow-up of the project on "Addressing the Main Trade Distortive Barriers in the Selected Supply Chains" financed by the GIZ.

Furthermore, the CEFTA Chair in Office may request relevant CEFTA structure to have pre-consultation meetings with the private sector representatives before their official meetings where appropriate.

ii) Facilitating Business and Investment Environment in CEFTA:

The Chairmanship of Serbia will continue to follow-up on the recommendations of monitoring of the implementation of state aid and competition related provisions of CEFTA.

Serbian Chairmanship may initiate a process to elaborate an action plan to strengthen the implementation of public procurement, competition and IPR related provisions of CEFTA.

Public procurement, competition and IPR monitoring activities shall be financed by the CEFTA Project Facility.

Strengthening the enforcement of CEFTA:

iii) Continue discussing the possibilities to launch negotiations for an Additional Protocol on Dispute Settlement to regulate the legal and procedural aspects of the implementation of CEFTA Dispute Settlement

Serbia will take a lead to continue having the talks among CEFTA Parties to launch the negotiations on CEFTA Dispute Settlement Mechanism. The objective will be to have an Additional Protocol on Dispute Settlement to set up exhaustively all the legal and procedural aspects of the implementation of the articles of CEFTA related to

Dispute Settlement, and the relevant acts.

If a good progress is recorded in those discussions during 2017, the Serbian Chairmanship aims to launch the negotiations on dispute settlement during its Chairmanship.

Priority 3: Deepening the Implementation of CEFTA:

i) Trade Facilitation including elimination of barriers to trade

- 1) Adopting CEFTA Additional Protocol on Trade Facilitation by March 2017

The first action of the Serbian Chairmanship with regard to trade facilitation will be to call for a Special Joint Committee by March 2017 to adopt the Additional Protocol 5 on Trade Facilitation.

- 2) Elaborating the implementing provisions of Mutual Recognition of Border Documents and Authorised Economic Operator Programmes as foreseen by the Additional Protocol on Trade Facilitation

Serbia will also initiate through the relevant CEFTA Structures the technical preparations for drafting the necessary procedures for validation of mutual recognition programmes as foreseen by the Additional Protocol 5. It is expected that the relevant procedures for validations are adopted by the CEFTA Joint Committee by the end of the Serbian Chairmanship.

- 3) Encouraging CEFTA Parties to conclude signing the Memoranda of Understanding between Customs Authorities and other Competent Authorities of CEFTA Parties involved in the clearance of goods.

Once the adoption of AP 5 is realised as expected by March 2017, the Serbian Chairmanship will do a follow-up on the parliamentary ratification processes of Additional Protocol 5 in each CEFTA Party. Furthermore, the Chairmanship of Serbia will request each CEFTA Party to conclude signing the Memoranda of Understanding between their authorities for exchange of information and coordination.

- 4) Preparing a List of Early Actions to be undertaken by CEFTA Parties in the context of Additional Protocol on Trade Facilitation before it enters into force.

As concluded by the CEFTA Joint Committee of 2016, the Serbian Chairmanship, will do the follow-up of the instructions made to the CEFTA Secretariat to prepare a list of preparatory actions which could be undertaken by the CEFTA Parties in the context of AP 5 before it enters into force in accordance with domestic legislations.

Once the draft list of preparatory actions is compiled, the Serbian Chairmanship will seek the endorsement of all CEFTA Parties for those actions. This list will also constitute a strong basis to coordinate the donor actions and technical assistance in the area of trade facilitation.

5) Donor coordination on trade facilitation:

Serbia will also synchronise the scope of ongoing or future technical assistance in the areas of trade facilitation with the priorities and agendas of the relevant CEFTA Structures. By doing that CEFTA Structures will be used to monitor the implementation of the technical assistance on electronic exchange of data, SEED Maintenance +, and IPA 2015 Trade Facilitation Project, and other trade facilitation related projects financed international donors.

Serbia will also take actions to secure coordinated implementation of technical assistance on trade facilitation by donors in order to guarantee all the aspects of AP 5. In this regard, a donor coordination meeting is to be organised through the relevant CEFTA Structures in the first half of 2017.

- 1) Coordination between CEFTA Trade Facilitation Committee and
- 2) National Committees of Trade Facilitation

Serbia will continue to establish a working level mechanism/network for the exchange of information between national committees on trade facilitation through the CEFTA Committee on Trade Facilitation. In this regard, a particular attention will be given to give an access to the private sector to the discussions in the CEFTA Committee of Trade Facilitation.

Furthermore, the efforts are to be made for monitoring the elimination of non-tariff barriers through transparent and regular reporting of the elimination process in CEFTA Party.

ii Further liberalisation of trade in services

- *Liberalisation of intraregional trade in services by reducing restrictive measures and policies*

- 1) Encouraging CEFTA Parties to proceed with necessary procedures with the aim of adopting the Additional Protocol on Trade in Services and its annexes no later than end of April 2017

Serbia is committed to build on efforts made by its predecessor Montenegro, in completing the process of liberalisation of trade in services amongst CEFTA Parties in compliance with the Chapter VI (Articles 26 to 29) of the Agreement. Successful liberalization will result in more efficient and better connected services industries and markets and contribute to the deeper intra-regional integration.

- 2) Encouraging CEFTA Parties to support the successful functioning of the

CEFTA System on Reporting Data on Trade in Services and FDI

Once the Additional Protocol on Trade in Services has entered into force, the Chair in Office will engage efforts to set up a sustainable system of monitoring and evaluation of its implementation. In order to facilitate service providers to capitalize on their competitive strength and benefit from knowledge spill-over and faster innovation, a strong statistical background needs to be secured. Serbia will move forward with the development of reporting and disseminating platform for trade in services, FATS and FDI statistics to respond to the needs of the wider community of policy makers, private sector and academia.

Creating supportive regulatory cooperation framework will require a closer look at the existing relationships amongst regulatory bodies in the region, and exploring possibilities for different forms of cooperation that could lead to removing barriers and accelerate services trade.

Serbia as Chair in Office commits to put high in the agenda of its Chairmanship setting up of comprehensive transparency mechanism to ensure policy predictability in domain of services, promotion of liberalisation results, and provide for a sustainable two way communication with the economic operators.

An implementation of agreed liberalisation of trade in services will allow CEFTA Parties to fulfil implementation of the activities set up to meet the headline targets under the SEE2020 Strategy, the development of the concept of economic corridors highlighted within the Berlin process and come closer to achieving the regional economic area in line with the conclusions of the Western Balkan Summit in Paris 2016.

iii Facilitation of free flow of investment through coordination of investment policies and better protection of investment and investors

In line with objectives of the CEFTA2006: Article 1.2.b., Chapter VI.B. Articles 30-33, as well with the headline targets set up in the SEE2020 Strategy, Chair in Office is committed to work together with all CEFTA Parties and its regional partners, in creating conducive investment climate for end goal of securing sustainable development of the whole Region.

The first regional CEFTA Investment Report is expected to be launched by the end of 2017. The Report will provide relevant information on current and projected regional investment trends, various indices to measure the attractiveness of FDI and a review of selected policies with the objective of promoting the region as an attractive destination for foreign direct investments.

iv Facilitation of free movement of experts, professionals and skilled labour

- 1) Continue working to create conditions for recognition of professional qualifications in sectors and professions of mutual interest with the aim of opening negotiations by mid-2017.

Serbia in its capacity of the Chair in Office will continue with the work started in 2016 on facilitating the free movement of experts, professionals and skilled labor in compliance with the objectives of the CEFTA, priorities of the SEE2020 Strategy and specific conclusions of the Vienna 2015 and Paris 2016 Prime Ministers Summits. The main partners in implementation of this priority remain the RCC and ERI SEE Secretariat, not excluding other regional and international partners that can contribute with its specific expertise.

Based on the results of the comprehensive assessment of the current legislative and institutional framework of selected professions - architects/civil engineers and medical doctors/dentists, Parties will decide on conditions for formal start of negotiations on mutual recognition agreements.

In addition, a methodology for overcoming the data gaps that exist will be developed, allowing for an assessment of the relevance of sectors and professions for development of mutual recognition agreements of professional qualifications to be conducted.. Based on these inputs a viable and sustainable system of monitoring data on mobility of professionals across the Region is to be put in place.

v Integrating CEFTA to the EU market:

- 1) Starting the application of full cumulation and duty drawback in CEFTA trade, once procedures for the implementation of these derogations in CEFTA Parties are completed.
- 2) Encouraging to coordinate the positions of CEFTA Parties in the revision exercise of the PEM Convention and to undertake the concerted actions to propose the modifications of the bi-lateral free trade agreements with the EU, EFTA States, and Turkey to include full cumulation and duty drawback.

Serbia will make its best efforts to promote the PEM Convention, the cumulation zones which CEFTA Parties are involved in, and its potentials from trade policy points of view. A particular attention is to be allocated to present the direct impact of rules of origin on manufacturing and investment decisions. The objective of these awareness raising actions will be to continue joint positioning of CEFTA Parties in the PEM revision exercise.

Serbia will make efforts to utilise SAP+ cumulation of origin by the economic operators of the CEFTA Parties at the maximum extent. In this context, the efforts are to be made to increase the awareness of investment promotion agencies and other economic policy makers in the CEFTA Parties.

Priority 4: Sustaining synergy between implementation of CEFTA and the SEE 2020

The Chair in Office will stay in close cooperation with the Regional Cooperation Council which is in charge of overall coordination of the SEE 2020. In this regard, the Serbian Chairmanship is ready to take any further action, if necessary, to facilitate smooth cooperation between CEFTA Structures and implementation of the SEE 2020, in particular with other regional initiatives involved therein.

Priority 5: Institutional Strengthening of CEFTA Secretariat

Serbia is committed to ensure the functioning of CEFTA activities on the technical level in the best conditions. For this purpose the Chair together with the CEFTA Secretariat will do its best in order to ensure financial support for fulfilling the work plan, including the continuous cooperation with other relevant organisations.

IV. COOPERATION WITH INTERNATIONAL INSTITUTIONS AND REGIONAL INITIATIVES

The Chair in Office will stay in close cooperation with the Regional Cooperation Council which is in charge of overall coordination of the SEE 2020. In this regard, the Serbian Chairmanship is ready to take any further action, if necessary, to facilitate smooth cooperation between CEFTA Structures and implementation of the SEE 2020, in particular with other regional initiatives involved therein.

In the framework of the implementation of its Chairmanship Work Programme, the Chair in Office will continue to work in close cooperation with the World Bank, OECD, IFC, UNCTAD, ITC, and WTO whose technical advisory are of substantial importance to undertake the activities by the CEFTA Structures. Furthermore, the Chair in Office will continue to cooperate with GIZ, USAID and TAIEX which have so far been playing major facilitating role in the implementation of CEFTA Chairmanship Workprogrammes.

V. CONSTRAINTS

Serbia is committed to ensure the functioning of CEFTA activities on the technical level in the best conditions. On this purpose the Chair together with the CEFTA Secretariat will do its best in order to ensure financial support for fulfilling the work plan, including by continuing cooperation with other relevant organisations.

VI. CALENDAR OF EVENTS

The tentative calendar for year 2017 is as follows:

NAME OF THE MEETING	DATE	PLACE
2 nd Ad-hoc CEFTA Coordination Meeting on PEM	February 6 th	Brussels
Study Visit	January 31 st -February 1 st	Brussels
CEFTA Chairmanship 2017 Outreach Event	February 1 st	Brussels
5 th Meeting of the Committee of Contact Points	6 March	Belgrade
Special Joint Committee	7 March	Belgrade
Follow up on Audit Meeting	6 March	Belgrade
CEFTA Steering Committee	March/April	Brussels
5 th Meeting of the WG on Recognition of Professional Qualifications	March 15	Sarajevo
Donor Coordination Meeting	May	Brussels/Belgrade
3 rd Meeting of the Subcommittee on Trade in Services	April	Belgrade
3 rd Meeting of the Working Group on Trade in Services Statistics, FATS and FDI Statistics	April	Belgrade
1 st Meeting of the Working Group on Technical Measures	April/May	TBD
1 st Meeting of the Working Group on Risk Management	April/May	TBD
1 st Meeting of the Working Group on Electronic Exchange of Information	April/May	TBD
13 th Subcommittee on Customs and Rules of Origin meeting	April/May	Pristina
4 th Meeting of Committee of Trade Facilitation	May	Belgrade
3 RD Meeting of Subcommittee on NTMs	May	TBD
SEED Maintenance and Development Project Meeting	June	TBD
6 th Meeting of the Committee of Contact Points	June	Belgrade
4 th Meeting of the Subcommittee on Trade in Services	June	Belgrade
Deputy Minister Meeting	June	Belgrade
Training seminars (3) in accordance with Training Plan	September	TBD
Conference on economic corridors	September/October	TBD

6 th Meeting of the WG on Recognition of Professional Qualifications	October	Sarajevo
4 th Meeting of the WG on Trade in Services, FATS and FDI statistics	October	Belgrade
11 th Meeting of the Subcommittee on Agriculture and SPS	October	Tirana
Ad-hoc Technical Meetings on NTMs	October	Brussels
14 th Subcommittee on Customs and Rules of Origin meeting	October/November	Pristina
5 th Meeting of the Subcommittee on Trade in Services	November	Belgrade
4 th Meeting on Subcommittee on NTMs	November	Belgrade
5 th Meeting of Committee of Trade Facilitation	November	Belgrade
7 th Meeting of the Committee of Contact Points	November	Belgrade
CEFTA Week 2017	November	Belgrade
Joint Committee	November	Belgrade