



CEFTA SECRETARIAT

WORK PROGRAMME 2011

January 2011

Table of Contents

1. PURPOSE AND CONTENTS OF REPORT.....	3
2. BACKGROUND	3
3. OBJECTIVES OF THE WORK PROGRAMME	4
3.1. <i>Overall Objective</i>	4
3.2. <i>Specific Objectives</i>	4
4. ACTIVITIES	5
4.1. <i>Technical Advice and Guidance</i>	5
4.1.1. Support to the Chair-in-Office	
4.1.2. Support to the Subcommittees and the Working Groups	
4.1.3. Identification of Technical Assistance Needs	
4.2. <i>Management and Administration</i>	8
4.2.1. Staffing	
4.2.2. Meeting Logistics	
4.2.3. Progress and Financial Reports	
4.3. <i>Promotional Activities</i>	9
4.3.1. Relations with Key Interlocutors	
4.3.2. CEFTA Secretariat Website and Newsletter	
4.3.3. Other Promotional Activities	
4.4. <i>Calendar of Events</i>	12
5. KEY ISSUES ARISING	13
6. SUMMARY BUDGET INFORMATION	13

1. PURPOSE OF REPORT

This report is done in compliance with the Outline Work Programme adopted at the Joint Committee meeting in Chisinau on 8 October, 2008. It sets out the detailed work programme of the Secretariat for 2011. It has been prepared on the basis of the CEFTA Secretariat's mandate (Decision No.7/2007), work carried out to date and the work programme of the Chair in Office for 2011.

The report provides a brief background on the current status of the CEFTA Secretariat before outlining the objectives of the work programme. It then sets out a description of the various activities to be undertaken and the timelines envisaged for key activities/events. Finally it highlights some of the key issues arising that may impact on the work of the Secretariat.

2. BACKGROUND

The CEFTA Secretariat is in the third year of its operation. The activities performed by the Secretariat in 2010 have been introduced in an annual report submitted to the Joint Committee members in November 2010.

The Secretariat was established following the finalisation of the Headquarters Agreement between the Kingdom of Belgium and the CEFTA Parties. While all Parties ratified the Agreement, the ratification procedure has not yet been completed in Belgium; the Secretariat continues to be subject to the payment of VAT.

The Secretariat has concluded an annual financing agreement for the third year of operation with the European Commission; there are no new financing agreements with bilateral donors in the reporting period.

Payment requests for year three have been sent to all CEFTA Parties in accordance with Decision No.7/2007 supplemented by Decision No. 2/2008; to date all Parties except Bosnia and Herzegovina, Macedonia and UNMIK/Kosovo have transferred their financial contributions.

The Secretariat employed the second technical adviser as of 1 March 2011.

3. OBJECTIVES OF THE WORK PROGRAMME

Overall Objective

The overall objective of the Secretariat's work programme is to support the Chair in Office (CiO) and the CEFTA Parties in the implementation of the CEFTA Agreement and those activities highlighted in the CiO Work Programme for 2011.

According to its mandate the Secretariat's activities can be divided into three main areas; technical advice and guidance, management and administration and promotional activities. Specific objectives in each of these areas are set out below:

Specific Objective

3.2.1 Technical Advice and Guidance

- Provide the necessary day-to-day support to the Chair in Office, the three subcommittees and two working groups.
- Provide ad-hoc support on issues that may arise including, if necessary, issues surrounding dispute settlement.
- Prepare an annual report for the Joint Committee assessing the implementation of CEFTA to date and outlining key issues arising.
- Prepare and follow-up all meetings of the Joint Committee, subcommittees and working groups.
- Identify requirements for technical assistance and determine the availability of such assistance, including the elaboration, where necessary, of formal requests and monitoring of any subsequent projects.

3.2.2 Management and Administration

- Ensure that the Secretariat is fully staffed and has sufficient human and financial resources available to it to carry out its role.
- Prepare all necessary progress reports in line with financing agreements.
- Facilitate the annual independent audit and submit the relevant financial reports to all Parties and donors.
- Provide the necessary support to the Steering Committee of the CEFTA Secretariat.

3.2.3 Promotional Activities

- Identify key interlocutors in the public and private sector of the CEFTA Parties and the main international markets and ensure that CEFTA is widely promoted and understood.
- Maintain and regularly up-date the CEFTA Secretariat website.
- Liaise with other international and regional actors to ensure that trade related activities are coordinated and in line with CEFTA's requirements.
- Organise and/or participate in several workshops/seminars on topics relevant to CEFTA implementation.
- Produce a CEFTA Secretariat biannual newsletter.

4. ACTIVITIES

In the year 2011 the Secretariat commits to undertake a range of technical, management, administrative and promotional activities in order to fulfil the above objectives.

4.1. Technical Advice and Guidance

4.1.1. Support to the Chair-in-Office

In line with its mandate, the Secretariat continues with providing the necessary technical and administrative support to the Chair-in-Office for 2011. This includes permanent support and guidance in implementing **the Chairmanship Programme** expected to be presented by CiO in January 2011.

The Secretariat supports the Chair in Office in chairing **the third CEFTA Secretariat Steering Committee meeting**. The meeting will gather representatives of the CEFTA Parties, European Commission and current and potential bilateral donors to discuss relevant topics related to the functioning of the CEFTA Secretariat. It is scheduled for 11 March, 2011.

One of the activities envisaged is to finalise the signing of the Additional Protocol and Annex 10 of the Agreement initialled in December 2010. The implementation of the

agreed concessions is expected in the first quarter of 2011 in accordance with the Joint Committee conclusions of 2010.

The annual **Deputy Ministers meeting** is expected to be held in May/ June 2011. This meeting has a main objective of taking stock of the six month period of implementation of the priorities set up in the Chairmanship Programme and finalising the preparations for the Joint Committee meeting.

The fifth Joint Committee Meeting will gather the CEFTA ministers responsible for external trade and their authorised representatives to discuss the current economic trends in the region, open issues and adopt the necessary decisions on CEFTA related topics. The Meeting is expected to be held in October/November 2011.

4.1.2. Support to the Subcommittees and the Working Groups

In accordance with the dynamics of the previous years all the Subcommittees are expected to be scheduled in the first half of 2011. **The Subcommittee on Agriculture and SPS** is chaired by UNMIK/Kosovo, **the Subcommittee on Customs and Rules of Origin** by Albania and **the Subcommittee on TBT and NTBs** by Bosnia and Herzegovina. The assistance of the Secretariat includes the preparation of necessary background notes, non-papers and relevant analytical work related to the topics of each of the Subcommittees.

In line with the Ministerial Decisions of the fourth Joint Committee two working groups were established to support the implementation of the Agreement. **The Working Group on Trade in Services** was formed with the aim to explore the possibilities and administer potential negotiations on liberalisation of trade in services among CEFTA Parties while the **Working Group on TBT** acts as a forum for discussion on existing technical barriers to trade. The Secretariat will continue to support both groups in implementing their tasks set out in the respective terms of reference and in the preparation of its regular sessions and follow-up activities.

Apart from this, the Secretariat will be also actively involved in the preparation of project proposals for identified technical assistance, organisation of workshops and roundtables which would adequately address the issues highlighted on the agendas of the subcommittees and two working groups.

4.1.3. Identification of Technical Assistance Needs

In the area of Technical Assistance, the needs have been identified as early as mid 2010 following the presentation of the ***Priorities of UNMIK/Kosovo Chairmanship of CEFTA in 2011*** at the Deputy Ministers meeting held in June 2010 in Serbia. Together with the Chair, the Secretariat prepared a number of project proposals and contacted donors and international partners with the main aim to have technical assistance delivered successfully in the year 2011 and beyond.

To date technical assistance needs have been identified in the areas of liberalisation of trade in services, facilitation of trade logistics, FDI mapping, elimination of non-tariff barriers, etc.

The OECD project **“Evaluation of the Impact of Regional Trade Integration on Investment Location”** started in July 2010 with and concentrates on mapping FDIs and investment location within the CEFTA Parties; identifying the patterns of regional distribution and key factors leading to the geographical concentration of sectors and clusters and evaluating the impact of regional and EU integration on the evolution of investment location of the CEFTA Parties.

The **GIZ** (*CEFTA 2006, Improving Opportunities for Trade*) will continue with supporting the maintenance and updating of the CEFTA Trade Portal over the next two years. The active involvement of the CEFTA Parties is also expected especially in the second year which is seen as a preparatory year in handing over the Portal to the Parties.

In the area of **non tariff barriers to trade**, the Parties will implement the OECD developed project on *Monitoring the Elimination of NTBs in the CEFTA Parties*. The specific objectives of this project are to ensure the independent monitoring of the elimination of NTBs, to effectively communicate and promote the findings of the monitoring to the relevant CEFTA structures and other stakeholders and to secure the existence of a permanent and stable process of eliminating NTBs. The project will start in early 2011 with a total duration of two years.

The World Bank will continue with its research on key topics under the framework of the CEFTA 2006 Agreement. The Project on the barriers in trade of services in the SEE region is expected to be finalised during 2011. The Secretariat welcomes the project and offers support where needed.

In the area of TBT, the CEFTA Parties will benefit from collaboration with the IPA funded Project on Regional Quality Infrastructure especially in the area of harmonisation of the legislative framework in the field of free movement of goods. The project will start in early 2011.

The World Bank **IFC Project on Regional Trade Logistics in SEE** is focused on trade facilitation and is funded by the European Commission. It will offer potential solutions to the CEFTA Parties on how to achieve simplification and harmonisation of procedures and documentation, integration of the risk management systems into border inspection and implementation of the Single Window systems. The project will be delivered in two phases, the first to be completed by the end of June 2012 and the second phase by the end of December 2013.

In the area of **Government Procurement**, the OECD-SIGMA team in cooperation with experts from the Public Procurement Agencies will continue with reviewing the progress in the implementation of the CEFTA 2006 Government Procurement clauses and will set the agenda for developing further coordination among public procurement agencies in the region.

4.2. Management and Administration

With the Ministerial Decisions No.1/2010 and No.2/2010 the Joint Committee extended the mandate of the existing staff for an additional period of three years, adopted the budget and agreed on the financing for the period from September 2011 to September 2014.

4.2.1. Staffing

After the second technical adviser has been employed, the staffing of the Secretariat is completed.

4.2.2. Meeting Logistics

The Secretariat will work closely with the Chair in Office and the respective chairs of the Sub-Committees on the organisation and logistics of all meetings and will be responsible for ensuring the preparation and timely circulation of agendas and background papers.

4.2.3. Progress and Financial Reports

In accordance with the various financing agreements that have been concluded, the Secretariat will provide the necessary support for the organisation of the meetings of the Steering Committee.

It will produce biannual progress reports on its activities and an annual financial report to complement the independent audit that it will commission.

4.3. Promotional Activities

4.3.1. Relations with key interlocutors/international trade partners

CEFTA Parties

The Secretariat will continue with the practice of holding informal but very efficient and productive meetings with the Article 44 CEFTA Contact Points at the margins of the official CEFTA meetings and events. This way of communicating has proved so far to be very beneficial for all the Parties when some questions of a technical or procedural nature have to be discussed and agreed.

During 2011 the Director and the experts envisage meetings and visits to the CEFTA Parties whenever there is a need for reviewing the goals achieved, highlighting any issues arising or developing further opportunities in specific fields of interest.

International Partners

The Secretariat will continue to maintain good relations with all the other identified international partners whose scope of activities is complimentary to the CEFTA goals. Having in mind the Chairmanship Programme for 2011, this includes especially the European Commission (DG Trade, DG Enlargement, DG Internal Market and Services), World Bank, IFC, OECD, GIZ etc.

The Secretariat will further develop its good relations with the bilateral donors, their support being vital to the successful implementation of the Agreement also in the next programming period i.e. 2011 -2014.

Efforts will be dedicated to the facilitation of regular exchange of views and ideas with the private sector through the network of the CEFTA Forum of Chambers of Commerce in the region. The Director has been regularly invited to participate in annual meetings of the Ex-Yugoslav Chamber of Commerce Presidents, which offers a good opportunity to give an update of CEFTA activities to the business community and to obtain feedback and information on the successful implementation of the Agreement throughout the region. The CEFTA Secretariat developed working relations with the German Chamber of Commerce (DIHK) and has planned some joint events during 2011 in areas of relevance to the CEFTA Agreement.

In 2011 the Secretariat will further deepen its cooperation with the Regional Cooperation Council and their initiatives in particular the Investment Compact for South East Europe and the Business Advisory Council.

4.3.2. CEFTA Secretariat Website and the Newsletter

The Secretariat will continue to develop and update its website which has now entered its second year of operation. It provides all the necessary information on all the activities, plans and programmes of the CEFTA structures, implementation of the commitments stipulated in the Agreement and the relationship with key international and regional partners in joint trade related programmes.

Statistical data on the dynamics of intra-regional trade are available for all CEFTA Parties through the links to the EUROSTAT Comext database and the World Bank trade indicators database.

The newly launched CEFTA Trade Portal can also be accessed through the Secretariat's website. It offers detailed information on the legislation and documentation necessary for trading with the CEFTA Parties including: customs exports/imports procedures, rules of origin, licensing, SPS procedures and control, trade regimes and border control.

4.3.3. Other Promotional Activities

Particular efforts will be made to develop links with various trade related organisations and projects in addition to those identified as directly relevant to CEFTA implementation.

The Secretariat will continue with its practice of publishing the bi-annual newsletter addressed to all interested and potential partners and which serves as a tool in promoting the Agreement beyond the region.

Based on the good experience from the last two years, the Secretariat will provide all the necessary support to the Chair in preparing “CEFTA Week”. The preliminary activities will start as early as mid 2011. This would include the identification of the key topics, stakeholders, speakers and audience as well as facilitation of the organisational and logistical support to the Chair who is the main organiser of the event. CEFTA Week is scheduled as a back-to-back event with the regular annual meeting of the Joint Committee to be held in October/November 2011. Its main objective is the promotion of CEFTA achievements and exploring the potential for further cooperation in the region.

4.4. Calendar of Events

EVENT/ACTIVITY	INDICATIVE TIMING
<i>TECHNICAL ADVICE AND GUIDANCE</i>	
Preparation & finalisation of the Chairmanship Programme	Dec 2010- Jan 2011
Identification of Technical Assistance needs	Mid 2010– Jan 2011
Preparation of the Subcommittees Work Programmes	June 2010 - Jan 2011
Facilitation of signing of Additional Protocol in Agriculture	January 2011
Technical preparation of the Strategic Meeting	January 2011
Submission and Facilitation of Technical Assistance Projects	Nov 2010 – March 2011
Technical preparation of the WG on TBT meeting	April 2011
Technical preparation for the Subcommittee on Agriculture and Sanitary and Phytosanitary Issues	April 2011
Technical preparation for the Subcommittee on Customs and Rules of Origin	May 2011
Technical preparation for the Subcommittee on NTBs and Technical Barriers to Trade	June 2011
Technical support of the Deputy Ministers meeting	May-June 2011
Technical support for the WG on Trade in Services meeting	September 2011
Support and preparation of CEFTA Week	October/November 2011
Technical support of the Joint Committee meeting	October/November 2011
<i>MANAGEMENT AND ADMINISTRATION</i>	
Annual Audit for year 1	March 2011
Finalisation of the Secretariat Work Programme	January 2011
Progress Reports	Jan & Sept 2011
Steering Committee	March 2011
Donor relations	On going
Organisational preparation for all CEFTA meetings	Feb-Nov 2011
<i>PROMOTIONAL ACTIVITIES</i>	
Relations with the key interlocutors	On going
Website Update	Ongoing
Preparation of CEFTA Week	June-November 2011
Preparation of bi-annual newsletters	March/October 2011
Other promotional events	Ongoing

5. KEY ISSUES ARISING

The CEFTA Agreement is entering into a phase where complexity of issues requires intensified activities as well as extensive coordination within respective Parties' administrations i.e. liberalisation of trade in services, implementation of the NTBs Monitoring Instrument, CEFTA Trade Portal etc.

More intensive and diversified activities also involve additional human and financial resources, which may be difficult to ensure given ever increasing budget cuts; the support of donors is thus becoming vital to the implementation of the ambitious CEFTA agenda in the years to come.

6. SUMMARY BUDGETARY INFORMATION

The annual operating budget of the Secretariat is 650,000 Euro and is to remain unchanged also in the third year of operation.

In year three (September 2010 to September 2011), the CEFTA Parties contribute 45 per cent of the total costs in accordance with the individual percentage contributions agreed in Decision 7/2007. The EC will cover 50 per cent of the total cost of the Secretariat while the bilateral donors are expected to contribute 5 per cent.