

We would like to welcome you all to the fifth edition of our electronic newsletter on CEFTA and to report on the impressive progress made in a number of key areas during 2012 under the Chairmanship of Albania. We look forward to addressing more new challenges and opportunities in 2013 under the Chairmanship of Bosnia and Herzegovina.

CEFTA NEWS

AGRICULTURAL, SANITARY AND PHYTOSANITARY: At their last meeting, the Members of the Subcommittee on Agriculture and SPS supported the establishment of the CEFTA SPS Database. The major objective of the database is to enhance the transparency and improve the exchange of data in the SPS area. It will contain SPS measures, key laws and selected bylaws in the three areas: sanitary, phytosanitary and veterinary field. The Database will be operational from mid 2013.

CUSTOMS & RULES OF ORIGIN: One of the main concrete outputs of the work done by the Subcommittee on Customs and Rules of Origin in 2012 will be the establishment of a working group on customs risk management. The working group will allow the Parties to coordinate their risk assessment, and possibly identify joint risk or non-risk profiles. The input of customs risk experts will also be a guiding tool in determining the prioritisation of any further action in simplifying customs procedures and facilitation of trade.

NON-TARIFF BARRIERS TO TRADE: The Multilateral Monitoring Framework on the elimination of NTBs has entered its second year of implementation. The Parties were involved in the revision of indicators and selection of the final products for the next assessment cycle. Five priority sectors were identified and nine products selected. The preliminary results will be available to the wider audience in mid December.

SERVICES: The members of the Working Group on Trade in Services supported the creation of the services regulatory database and calculation of the Services Trade Restrictiveness Indices for professional services in CEFTA region. The exercise will be undertaken in close cooperation with the World Bank and the OECD. It is expected that this will assist the CEFTA Parties in exploring potential areas for negotiation on the liberalisation of trade and enhance regional cooperation in the domain of services.

CEFTA WEEK 2012: CEFTA Week organised by the Ministry of Economy, Trade and Energy of Albania will be held on 7 and 8 November in Tirana. A number of seminars and debates will be held in the day and a half leading up to the CEFTA Joint Committee meeting which will address different aspects of CEFTA and cater to different interests including government officials, international organisations, the business community, the diplomatic community, the academic world and journalists. These events will provide an excellent opportunity to assess progress and economic impact to date and to debate new challenges and potential future developments.

CEFTA TRADE PORTAL: The CEFTA Trade Portal has been fully standardised and is regularly updated and upgraded with new features. By the end of 2012 the CEFTA Parties will gradually have taken over the full management of the Portal from GIZ who performed this task for the past two years. With support from GIZ, the Parties plan to undertake a feasibility study later this year to examine the possibility of upgrading the Portal with a search engine similar to TARIC.

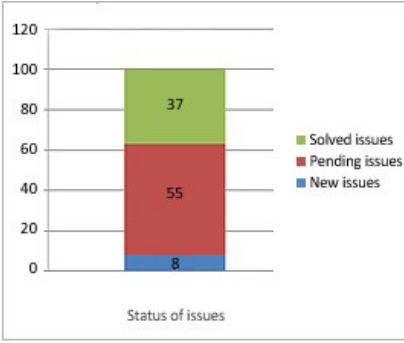
CEFTA PROJECT FACILITY: The CEFTA Project Facility was established in June to support the realisation of priorities identified by the CEFTA Structures for successful implementation of the Agreement and for which specific technical knowledge and experience are considered critical. The expected results for the CEFTA Parties will be the delivery of high quality, results oriented and turnkey/tactical technical advice and expertise which they need for their decision making processes regarding the identified priorities.

CEFTA IDENTITY: In 2010 the Parties decided to adopt the symbol introduced under the Montenegrin Chairmanship as the official logo of CEFTA. A corporate identity manual has been produced in June this year to acquaint the wider audience with the usage of the CEFTA logo. Please find more details on the CEFTA Secretariat's website <http://www.cefta2006.com/logos>.

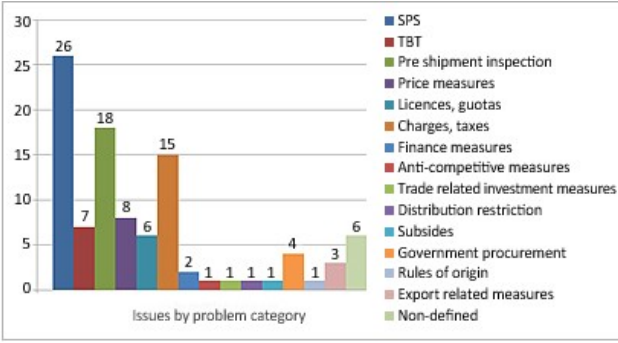
CALENDAR OF EVENTS FOR 2012

EVENT	DATE	VENUE
Working Group on Services	11 October	Tirana
Strategic Meeting	12 October	Tirana
CEFTA Week 2012	7-8 November	Tirana
Joint Committee Meeting	8 November	Tirana
Subcommittee on NTBs & TBT	December	Budapest
OECD Roundtable	December	Budapest
CEFTA Trade Portal Task Force	December	Budapest

Status of Issues among CEFTA Parties (in absolute numbers)



Number of Issues by Problem Category



CEFTA TRADE STATISTICS 2011

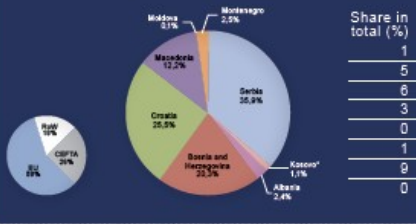
Exports

Region	Value
Intra CEFTA	7,241,409
RoW	22,252,946
EU	17,045,146
EFTA	482,248
Turkey	608,949
Russia	1,306,051
China	212,247

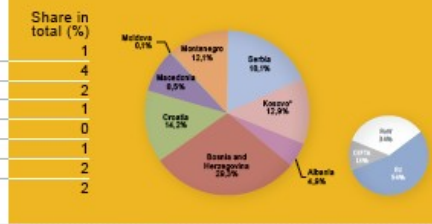
Imports

Region	Value
Intra CEFTA	6,792,189
RoW	48,825,420
EU	30,198,365
EFTA	872,409
Turkey	1,701,982
Russia	5,099,573
China	3,709,458

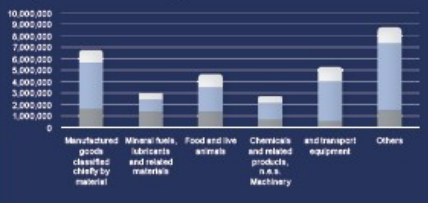
CEFTA Parties share in exports



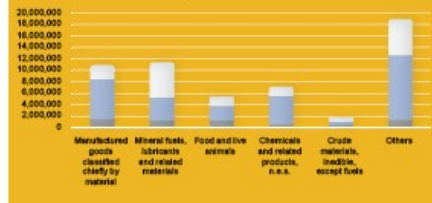
CEFTA Parties share in imports



Top five sectors in exports to CEFTA



Top five sectors in imports from CEFTA



Source: CEFTA Parties

Ms Pranvera Kastrati, Albania

The first half of the Albanian Chairmanship is marked with a lot of activities, achievements and good results in almost every area. The three Subcommittees and the technical working groups are focused to meet the objectives of the respective chairmanship programmes and action plans. The dedication and commitment of the CEFTA Parties is making the CEFTA Agreement a real and important engine towards regional integration. The efforts invested to

combine the trade and investment agenda is creating the required synergy for greater integration of the economies in the region. The preparation of CEFTA Week and the Ministerial meetings in Albania will give even more focus to both agendas, providing the opportunity for governmental officials, business community and academia to share opinions on different aspects of development. Learning from the past and focusing on objectives and long-term vision will help us to consolidate future regional cooperation.

Ms Zada Muminovic, Bosnia and Herzegovina

Bosnia and Herzegovina has made significant efforts in successfully Chairing the Subcommittee on customs and rules of origin and seeing the results of this Subcommittee's report and is looking forward to taking even more responsibilities and actions in the following period. BiH wishes to stress two issues that we see as priorities in the following period. As a first priority, BiH will focus on Transparency in the CEFTA 2006 Agreement, not only in the TBT and NTB

areas, but also in other areas where activities are on-going. BiH wants to enhance the cooperation of the Enquiry and Notification points in the SPS area, establish the database of the services legislation and assist the trade community and potential investors in having transparent procedures and rules in all CEFTA parties. Our second priority is Investment where BiH wants to eliminate all potential barriers for investors in the CEFTA Parties. In a world that is grasping for investments, BiH wants the CEFTA region to become attractive for investors. Activities that will be continued on regular basis include CEFTA's activities related to assessing differences among our policies, finding common ground and common solutions thus saving human and financial resources, increasing transparency through the notification process and trade portal, sharing experiences and intensifying cooperation in the customs area.

Ms Zrinka Horvatic, Croatia

Among the many activities currently being carried out within CEFTA 2006, especially important for Croatia are those of the Subcommittee on TBTs and NTBs, which Croatia chairs this year. The number of these activities and the nature of instruments for tackling non-tariff barriers to trade are quite impressive and prove that CEFTA is very modern and innovative. In its efforts to eliminate NTBs at the multilateral level, CEFTA implements the

Multilateral Monitoring Framework for eliminating NTBs and indicators for each of the key NTB area. One assessment cycle on intermediate goods has already been implemented with the assistance of the EU and the OECD and another one, on final goods is in progress. The removal of non-tariff barriers to trade and greater harmonisation with EU legislation strengthen trade, both intra-regional and with the EU, as well as the competitiveness of SMEs. The Trade Portal, which is implemented with the assistance of GIZ, is another success story of CEFTA. Furthermore, information exchange, notification and transparency issues are also important tools for tackling NTBs and one of the basic WTO requirements. Cooperation with the business community was set as a priority of Croatia's chairmanship of this Subcommittee. It is important to hear concerns voiced by the private sector given that the one of the key roles of governments is to facilitate exports of our manufacturers.

Ms Zorica Smileva, Macedonia

The Global Competitiveness Report (GCR) 2012-2013, issued by the World Economic Forum, ranks Macedonia at 80th place out of 144 countries. This means that Macedonia has preserved its Global Competitiveness Index (GCI) of the last year in a period when all economies in the region register decline. The report notes improvements in indicators, such as total tax rate/profits; days to start a business, macroeconomic environment; goods market

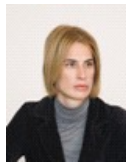
efficiency and functioning of institutions. As result of the Government's anti-crisis measures, namely cutting of taxes and regulatory reforms, better results in comparison to last year have been registered with regard to the ease of accessing loans, availability of financial services, business impact of FDI rules and procedures, etc. The Ministry of Economy as a national partner of the EU's Competitiveness and Innovation Framework Programme (CIP), has launched a series of visits to chambers of commerce in Republic of Macedonia in an effort to present this Programme. Through this Programme which is divided into three operational programmes - entrepreneurship and innovation, information communication technologies and intelligent energy Europe - EU members and candidate countries can apply for funds. The Ministry of Economy of Republic of Macedonia in cooperation with all chambers of commerce will provide technical assistance,

to help companies apply for these funds. In 2012, Euro 460 million is available to Macedonian companies for this purpose.

Ms Inga Ionesii, Moldova

Free Trade Agreement between EU and Moldova which is planned to be signed in 2013 will boost Moldovan exports by 16%. On September 14, Moldova held the third round of negotiations with the EU on its Free Trade Agreement. According to the study conducted by the European Union the Free Trade Agreement will boost Moldovan exports by 16% and its GDP will increase by 5.6%. Negotiations in the third round ended with the completion of the

legal texts of the Agreement, and annexes to be finalised which will provide examination of the tariff offer. The overall aim of Moldova is to fit all products from the provisions of the Commodity Nomenclature. During negotiations first offers on market access for goods were conducted. The European side came with a generous offer establishing zero duty on imports of Moldovan industry in the EU. In turn, Moldova has assumed the responsibility to continue to shape its legal, regulatory and institutional framework in the area of customs administration, rules of origin, conformity assessment of products, competition and intellectual property rights necessary to prepare the country's economy for the liberalised regime of the EU. The parties expect to sign the Free Trade Agreement in 2013. Unlike the current RM-EU trade regime (ATP), which is EU unilaterally granted for a limited period - DCFTA will be a multilateral agreement concluded for an unlimited period, providing export benefits far greater than ATP and long-term predictability for business.

Ms Arjana Nikolic Vucinic, Montenegro

The importance of connecting countries and boosting mutual trade, which is leading to stronger economies, is very significant and that is the reason why the CEFTA Agreement is so important for South East Europe. Today, we have fulfilled all the obligations prescribed by the Agreement but we should not stop here. On the contrary, we should continue developing connections and extending the scope of this Agreement in new trade areas with the objective of ensuring free trade in the fullest sense.

Ms Jadranka Zenic Zeljkovic, Serbia

Serbia Accession to the WTO. CEFTA Parties established a free trade area in the region in accordance with the provisions of CEFTA which stipulate that they will conduct their mutual trade relations in accordance with the rules and disciplines of the WTO whether or not they are members of this multilateral trading organisation. Serbia is in the final stage of its negotiations to the WTO and is expected to become the newest member of the WTO

either late this year or early in 2013. The WTO General Council established a Working Party (WP) for Serbia to examine Serbia's trade policy regime in February 2005. The first WP meeting for Serbia was held in October 2005 and the last twelfth meeting was organised on March 29, 2012. Over this 7 year period Serbia has almost completely aligned its national economic policies with the WTO rules and regulations. Bilateral market access negotiations for goods and services are initiated by 17 WTO Members. Up to now negotiations are successfully concluded with 12 WTO Members: Japan, South Korea, Norway, Honduras, EU, Canada, Switzerland, El Salvador, Ecuador, Mexico, Dominican Republic and China. Negotiations are still open with 5 WTO Members: US and Brazil on agriculture goods, India on services and with Panama and Ukraine on both goods and services. At the last WP meeting the majority of members of the Working Party expressed their support for the accession of Serbia to the WTO by the end of the year 2012. This priority objective has already been highlighted in the 2011 Annual Report on WTO Accessions by the WTO Director General Pascal Lamy to the 8th Ministerial Conference last December. Accession to the WTO is one of the major priorities of the Serbian Government's policy aimed at full integration into the world economy through attracting foreign direct investments, enhancing competitiveness and diversification of the national economy.

Mr Blerim Ahmeti, Kosovo *

With the evolution of CEFTA as regional trade agreement, the mode of communication has become more efficient and CEFTA members have become more responsive to this. The impact of the agreement in trade exchanges growth is inevitable. Active participation of all CEFTA Members in the decision-making has increased the efficiency and the importance of this agreement. Kosovo with its active participation seeks to create better trade relations with all countries of CEFTA. We believe that the constructive role of CEFTA members will contribute to overcome the challenges that may lie ahead.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and ICJ opinion on the Kosovo declaration of independence.