

We would like to welcome you all to the sixth edition of our electronic newsletter on CEFTA and to address challenges and opportunities in 2013 under the Chairmanship of Bosnia and Herzegovina.

CEFTA NEWS

CHAMPION OF REGIONAL COOPERATION 2012:

CEFTA Secretariat was awarded on 27 February 2013 in Sarajevo the annual award of the RCC Secretariat for best achievement in cooperation in South East Europe - Champion of Regional Cooperation 2012.



AUTHORISED ECONOMIC OPERATORS WORKSHOP



As the Chair of CEFTA Subcommittee on Customs and Rules of Origin in 2013, the Republic of Macedonia organizes a CEFTA workshop have discussion about the ways and possibilities of establishing a CEFTA AEO Programme compatible with the EU AEO program including both Security and Safety and customs compliance with a view to trade facilitation in CEFTA region. The Workshop which is to be supported by TAIEX will be held in Skopje on April 3. The CEFTA Parties attach great importance to trade facilitation through simplification of customs procedures without impeding the efficiency and deterrence of security and safety controls. Lately CEFTA Ministers in their meeting in November 2012 therefore emphasized the need to prioritise the regional efforts in facilitating trade without hampering the deterrence of security and safety controls at the border and for the sake of achieving concrete and measurable positive impacts on CEFTA economies in the short term. In this regard CEFTA Ministers underlined the critical importance of strengthening risk management, particularly in customs due to its leading role thereof but also in other border agencies. Furthermore, the Ministers acknowledged the importance of simplifying customs procedures in reducing the formalities imposed on trade, and the advanced level of administrative cooperation achieved between Customs Authorities and encourage all Parties to reaffirm the leading role of Customs Authorities in trade facilitation efforts at the national level and in CEFTA and to support them for taking their such roles more effectively. In addition, the CEFTA Structures are involved in the preparation of the integrated growth component of the South East Europe Strategy 2020. That component includes the issues related to trade facilitation to support the economic growth agenda of the Region.

CUSTOMS & RULES OF ORIGIN



The Working Group on Customs Risk Management was formed on 8 November 2012 with the Ministerial Decision No 1/2012. Its main tasks are to enhance cooperation in the field of customs risk management and to explore possibilities for creating and applying joint risk profiles in the region.

MARKET ACCES DATA BASE



Since 2009 CEFTA Parties have been systematically identifying and solving barriers in trade in goods. In 2012 the Parties decided to expand the scope to a broader definition of the barriers including services and to make the methodology internationally comparable while applying the ITC classification of barriers. With the support of GIZ in 2013 Parties are eager to go on line with a new feature of the database which allows for more standardised identification and reporting on the barriers and establishes an interaction between the recorded market access barriers and the trade volume of the product subject to the relevant barriers. The users can track and monitor activities in real time through graphical tools, based on the status or any other pre-defined component while the case is being created. The combination of sector, commodity and product code provides real trade information about the product, origin and destination party for at least the last three years.

In this regard, integrating of the Region to global supply chains, and therefore ensuring the security of those supply chains where the international and regional trade flows freely would probably be one of the main themes. From that perspective, discussing the AEO concept in the CEFTA Region in order to initiate timely preparations for any regional action to be taken on this ground is necessary. This workshop will therefore be important to keep this issue high on the regional trade agenda.

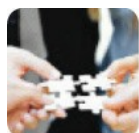
CEFTA WEEK 2012



CEFTA Week 2012 which was held in Tirana on 7 and 8 November 2012 attracted over 130 participants who took part in a variety of CEFTA related events. Participants included government officials from all the CEFTA Parties, regional and international organisations, the business community, academics and international experts from the EU, GIZ, IFC, OECD and the World Bank. CEFTA Week 2012 focused in particular on the main priorities of the Albania Chair for 2012 which include trade facilitation, customs cooperation, trade in services, boosting regional competitiveness and investment. It also provided an excellent opportunity to assess progress and economic impact to date, to consider new challenges and provided an opportunity for key stakeholders to make observations and suggestions on potential future developments.

BOSNIA AND HERZEGOVINA'S 2013 CHAIRMANSHIP PRIORITIES
FURTHER LIBERALISATION OF TRADE
Gradual liberalization of trade in services
Boosting regional trade of agricultural products
FACILITATING THE REGIONAL TRADE THROUGH SIMPLIFYING TRADE RELATED PROCEDURES AND REGULATIONS, AND ELIMINATING UNNECESSARY BARRIER TO TRADE
Enhancing cooperation in SPS matters
Promoting free trade without barriers
Reducing technical barriers to trade
Developing regional non-risk profiles in customs
Elimination of redundant or duplicated data submission requirements
Encouraging simplification of customs procedures
INCREASING THE TRANSPARENCY IN THE AREAS WITH DIRECT OR INDIRECT IMPACT ON TRADE
Increasing the level of transparency in SPS measures
Increasing transparency in TBT
Keeping CEFTA Trade Portal fully functioning
Enhancing transparency in state aid schemes
Strengthening the involvement of private sector in CEFTA thought CEFTA Forum in the activities of CEFTA Subcommittees
ACTIVE PARTICIPATION OF CEFTA STRUCTURES IN THE REGIONAL ECONOMIC DEVELOPMENT AGENDA
Improving intra-CEFTA coordination
Generating synergies from CEFTA related actions
MONITORING THE IMPLEMENTATION OF CEFTA MINISTERIAL DECISION 2/2012 REGARDING ARTICLE 52 OF CEFTA

TECHNICAL BARRIERS TO TRADE



In the course of 2013, the Working Group on TBT will closely monitor the implementation of the CEFTA Ministerial Recommendation on recognition of test report adopted at the sixth Joint Committee meeting in 2012. The members of the Working Group on TBT will engage their efforts to conclude Agreements on Conformity Assessment and Acceptance of industrial products that was initiated during the previous Chairmanship. All these activities have for a final objective the elimination of the current technical barriers to trade and the creation of the favourable environment that will lead to the reduction of the new ones.

SERVICES



Recognizing the readiness for mutual opening of services markets, the negotiations on liberalization of trade in services are expected to start in 2013. The scope of liberalization will be in compliance with the GATS Article V. The negotiations will be conducted at the multilateral level in priority sectors of interest to the Parties, while reserving the possibility to negotiate plurilaterally and or bilaterally on specific sectors and subsectors, in particular mutual recognition agreements on professional qualifications.

CALENDAR OF EVENTS MARCH-DECEMBER 2013		
EVENT	DATE	VENUE
CEFTA Strategic Meeting	19 March	Sarajevo
CEFTA AEO Workshop	3-4 April	Skopje
IFC/CEFTA/Montenegro Chamber of Economy Regional Workshop on Sanitary and Phytosanitary, Food Safety and Veterinary Controls During Trade	16 April	Budva
Workshop on the Pan-Euro-Med Convention	16-17 April	Brussels
6th meeting of the Subcommittee on Agriculture and SPS	17 April	Sarajevo
TAIEX Workshop on Quarantine of Harmful Organisms in Forestry	18 April	Sarajevo
1st meeting CEFTA Working Group on Customs Risk Management	25 April	Skopje
7th meeting of the CEFTA Working Group on TBT	13 May	Belgrade
7th meeting of the CEFTA Subcommittee on NTB and TBT	21 May	Skopje
6th meeting of the CEFTA Subcommittee on Customs and Rules of Origin	06 - 07 June	Skopje
CEFTA Origin Network Meeting	06 - 07 June	Skopje
8th meeting of Working Group on Trade in Services	June	Sarajevo
5th CEFTA Deputy Ministers Meeting	June	Sarajevo
TAIEX Workshop on SPS inspection procedures at import, export and transit	September	Sarajevo
2nd meeting Working Group on Customs Risk Management	01 October	Skopje
TAIEX Workshop on Trade in Services Statistics	1-3 October	Sarajevo
Working Group on Services	1-3 October	Sarajevo
7th meeting of the CEFTA Subcommittee on Customs and Rules of Origin	24-25 October	Skopje
CEFTA Week 2013	October/November	Sarajevo
Seventh Joint Committee Meeting	October/November	Sarajevo

Strategy for South East Europe 2020: Stakeholders in the preparation of the Pillar 1- Integrated Growth

At the last Joint Committee Meeting in November 2012, the CEFTA Ministers welcomed the initiative of the South East Europe Investment Committee (SEEIC) to agree on headline targets for the regional economic growth to be accomplished by 2020. The Ministers emphasized the importance of trade policy, as a core component to achieving economic growth in an integrated and inclusive manner. Perceiving the CEFTA Structures as a genuine regional forum for all trade related discussions, the CEFTA Ministers have supported active involvement of all CEFTA Structures in the SEE 2020.

DIMENSION	COMPONENTS	PRIORITIES	STAKEHOLDERS
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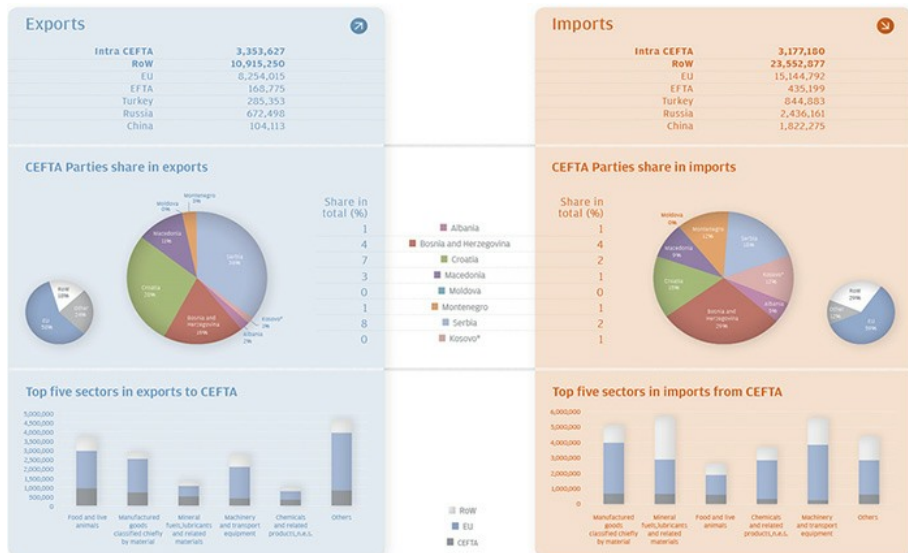
Free Trade Area	Free flow of goods	Elimination of Tariffs and Quotas	SC on Agriculture and SPS
		Elimination of Non-Tariff Barriers (NTBs)	SC on NTBs and TBT SC on Agriculture and SPS WG on TBT
		Facilitation of Trade	SC on Customs and RO WG on Customs Risk Management
		Customs Interconnectivity	SC on Customs and RO
	Free flow of services	Liberalisation of trade in services	WG on Trade in Services
		Free flow of investment	Fair and equitable treatment and full protection and security of investors
Coordination of investment policies	CEFTA and SEEIC		

Competitive Economic Environment	Competition Policy	Trade Defence Instrument (TDI) free Trade Area	Deputy Ministers
	Intellectual Property Rights	Protection of trademarks throughout the Region	Deputy Ministers
	Public Procurement	Regional public procurement market	Deputy Ministers

Integration into Global Economy	Market Access	Single diagonal cumulation zone under the PEM	SC on Customs and RO
		Gradual harmonisation of the MFN duties in the Region towards EU CET	SC on Customs and RO
	Participation in global supply networks	Gradual harmonisation of the MFN duties in the Region towards EU CET	CEFTA and SEEIC

Cross-cutting Issues	Capacity	Capacity building programmes for private sector and public administration	CEFTA and other regional actors
		Transparency	Transparency tools in all segments of regional cooperation
	Notifications where appropriate		CEFTA and other regional actors
	Data availability and quality	Quality of statistics	Data collection and analysis in new relevant areas
		CEFTA and other regional actors	CEFTA and other regional actors

CEFTA TRADE STATISTICS FIRST 1/2 OF THE YEAR 2012



Ms Pranvera Kastrati, Albania



The year 2012 was special to Albania while being simultaneously the Chair of CEFTA 2006 and the SEE Investment Compact. Albania attached great importance to the necessary synergies for both agendas and therefore CEFTA week last year took a balanced approach to trade and investment issues. All set objectives have been successfully met while new challenges lie ahead. We notice that a lesser number of tariffs does not automatically translate into regional trade becoming easier, simpler and faster. There is a complexity of issues to be addressed within the CEFTA structures in order to ensure sustainability and the requirement for high level technical expertise is becoming a new feature of our activities and endeavours. We would suggest that increasing transparency, resisting new ways of protectionism and combining trade policy with other economic policies is the imminent agenda for the region. Engaging in new areas such as services liberalisation shows the increased maturity of the region and the process we are undertaking is testimony to the commitment and goodwill of all CEFTA members.

Ms Zada Muminovic, Bosnia and Herzegovina



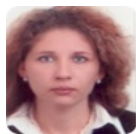
Bosnia and Herzegovina, as the Chair in Office for 2013 will make all efforts to achieve the priorities agreed during the last Joint Committee meeting in Tirana, namely further liberalisation and facilitation of regional trade. Indeed, steps have already been undertaken in order to gradually liberalise trade in services aiming to conclude an Additional Protocol on the liberalisation of trade in services. During its Chairmanship of the CEFTA Subcommittee on Agriculture and SPS, BiH will focus on key issues including enhancing cooperation and increasing transparency in SPS matters. In fact, BiH expects that the CEFTA SPS Database, which will provide information on regulations in the sanitary, phytosanitary and veterinary areas, will become fully operational during this year. BiH plans to give special emphasis to the implementation of the Ministerial recommendation on the recognition of test reports of CABs in order to reduce TBT and increase transparency. Moreover, the implementation of the new format of notification of international standards should start during this year. Furthermore, the development of a TBT platform which would include online notification of TBT and other relevant information on quality infrastructure will be undertaken. The above activities, as well as all the priorities of the BiH Chairmanship of CEFTA during 2013, will have the overall aim of improving cooperation, coordination and transparency among the CEFTA Parties.

Ms Zrinka Horvatic, Croatia



The CEFTA Parties have started negotiations on liberalisation of trade in services recently. The opening of the services market is important as with the global supply chains the services have become one of the most dynamic sector of the economy. The liberalisation of trade in services in this time of crises creates preconditions for increasing trade and attracting more investment. Although not participating in these negotiations due to the forthcoming membership in the European Union Croatia fully supports the opening of the services market in CEFTA.

Ms Inga Ionesii, Moldova



The Republic of Moldova and the Republic of Turkey have completed negotiations on the Free Trade Agreement to be signed during the visit of the Prime Minister of the Republic of Turkey, Mr. Recep Tayyip Erdogan, which will be held in Chisinau, in May 2013. The last round of negotiations took place in Chisinau, on 13-14 February 2013. The signing of the Free Trade Agreement between Moldova and Turkey is an European Union precondition for negotiating the Deep and Comprehensive Free Trade Agreement RM-EU. At the moment Moldovan-Turkish trade relations are covered by the GSP Plus, which is an asymmetrical preferential regime offered by Turkey to Moldova, which assumes the export of Moldovan industrial products without customs duties. The future Agreement will liberalise trade between our countries for about 9 thousand positions. In order to protect domestic producers, transitional periods have been negotiated for a number of industrial products, such as: textiles, carpets, furniture, some construction and plastic materials, etc. Transitional periods of up to 7 years are provided depending on the product. Another result of the negotiations are the quotas for agricultural products agreed by both countries. Thus, economic operators from the Republic of Moldova will be able to export, within the agreed quotas, about 30 products, such as: sugar, grain, wine, vegetables, fruits, dairy products, tobacco products, and others. It should be noted that in Turkey, import taxes are very high and the negotiated quotas will allow economic operators from Moldova to export without duty charges and to gain access to the Turkish market through both product quality and competitive pricing. In turn, the Moldovan side has offered quotas for fruits, dried fruits, pastries, juices, olive oil, fish, etc. to the Republic of Turkey. The trade volume between the Republic of Moldova and Turkey during the year 2012 registered a value of 444,3 mln. US dollars which showed an increase of 0,9% in comparison with the year 2011. During the period, the share of trade with this country accounted for 6,0% of the total foreign trade of the Republic of Moldova (5,9% in the year 2011). In this context, the Free Trade Agreement with Turkey will contribute to the development of economic and trade relations between the countries and will attract Turkish investments in mixed production which in turn will lead to the export of manufactured goods to the European Union market.

Ms Milica Scepvic, Montenegro



Regional and European integration are the most important foreign priorities of the Montenegrin Government. Since the official beginning of EU negotiation process, negotiations for Chapter 25 Science and Research are provisionally closed following the Intergovernmental conference held on December 18, 2012 in Brussels. We have, so far, established 20 working groups for the preparation of the accession negotiation process and the screening process (explanatory and bilateral) has been completed for 14 of them. Taking into consideration the imminent accession of Croatia to the EU, we are currently in the process of negotiation with the EU on amendments to the Stabilisation and Association Agreement (SAA) in order to continue trade cooperation with Croatia within the SAA. Regarding implementation of the CEFTA 2006 Agreement, we are currently in the process of concluding the internal procedures of adopting, signing and ratifying Additional Protocol 2.

Ms Zorica Smileva, Macedonia



The Republic of Macedonia has already started with the activities of its Chairmanship of the Subcommittee of Non Tariff barriers and Technical Barriers to trade. The ambitious Programme consists of intensive synergy with different CEFTA structures, their activities and the outputs from ongoing and planned future projects. Our priorities within this Programme are the elimination of non- tariff barriers to trade and unnecessary technical barriers to trade, addressing the complexity of transparency issues and improving cooperation with the business community. This year the priorities will be in compliance with the main objectives of our Chairmanship of the Subcommittee of Customs and Rules of Origin and will ensure full conformity of all CEFTA parties with EU, WCO, WTO principles of free trade. This will facilitate regional trade through simplifying customs and other trade related procedures and will strengthen the smooth functioning of the diagonal cumulation process. The priorities of the Macedonian Chairmanship of the South East European Cooperation Process 2012-2013 will also be realised taking into account our commitment to the goals of Strategy 2020 including integrated growth related to trade liberalisation and trade facilitation. Therefore, through our chairmanship of the two CEFTA Subcommittees, we plan to achieve visible results in the strengthening and promotion of the principle of all inclusiveness in regional cooperation with the aim of providing socio- economic development in the region.

Ms Jadranka Zenic Zeljkovic, Serbia



Although the definition of "trade facilitation" varies according to the forum in which the term is used, emerging international practice tends to give it a broad reading, including the full set of policies designed to reduce trade transaction costs. It therefore encompasses a range of at and behind the border policy reforms, of which customs and border procedures, which are the focus of the ongoing WTO negotiations in this area, are just one element. Given the wide range of policies covered by trade facilitation, its importance as a potential source of trade gains, and its increasing inclusion in preferential trade agreements (PTAs), the interplay between regionalism and trade facilitation is likely to be a significant feature of the international economy in years to come. CEFTA has been an effective framework for reforms aimed at trade facilitation in the region. In recent years, Serbia and other CEFTA Parties have implemented a wide range of trade facilitation reforms, increasing regional trade and contributing to deeper and wider regional cooperation and integration with technical assistance rendered by the international organisations and donors (GIZ, OECD, IFC, WB, EU). CEFTA Parties have been very active in this area with the aim of facilitating regional trade. Activities have included the establishment of the CEFTA Trade Portal, a system of identification and Elimination of NTBs; a Multilateral monitoring framework on eliminating NTBs; a Working Group on Customs Risk Management; the IFC trade logistics project; the CEFTA SPS database; facilitating the exchange of TBT requirements information by establishing info exchange points and notifying changes in the regulations; stimulating the conclusion of multilateral agreements on the mutual recognition of conformity assessment; the creation of a task force on trade facilitation and implementation of authorised economic operators.

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