



CEFTA SECRETARIAT

WORK PROGRAMME 2017

January 2017

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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 2017. It has been prepared on the basis of the CEFTA Secretariat's mandate (Decision No.7/2007 supplemented by the Decision No 1/2013), work carried out to date and the work programme of the Chair in Office for 2017.

The report provides a brief background on the 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 influence the work of the Secretariat.

2. BACKGROUND

The CEFTA Secretariat is currently in its ninth year of operation. The activities performed by the Secretariat in 2016 have been introduced in an annual report submitted to the Joint Committee members in December 2016. The Joint Committee expressed their full satisfaction with the support of the Secretariat.

The CEFTA Secretariat was established following the finalisation of the Headquarters Agreement between the Kingdom of Belgium and the CEFTA Parties. While the CEFTA Parties ratified the Agreement earlier, the ratification procedure in Belgium took a long time because of institutional reasons and only has been completed by Belgium on 25th July 2014. The law endorsing the Headquarters Agreement of our institution, signed in Brussels on 26 June 2008 between Belgium and the CEFTA Parties on the privileges and immunities of the Secretariat of the Central European Free Trade Agreement has been published in the 'Moniteur belge' (Official Journal of Belgium) on 16 September 2014.

The operational budget of the CEFTA Secretariat has been reduced from 650.000,00 EUR to 635.800,00 EUR in the Grant Contract signed with the European Commission. The number of staff has been reduced due to the resignation of the former Director as of 23 September 2015. In the ninth year of the Secretariat's operation, the share in the financial income from the contributions of the CEFTA Parties is now higher than the contribution from the European Commission.

The Grant Contract (CN 2015/368-970) for the period from 1 April 2016 to 31 March 2017 was signed at the end of March 2015 with the European Commission to support the functioning of

the CEFTA Secretariat. The European Commission has agreed to finance a maximum amount of 282.623,00 EUR, representing 44, 45% of the estimated total eligible costs over the period from 1 April 2016 to 31 March 2017.

In addition, a new grant contract (IPA/2017/384-220) for the period between April 2017 and April 2018 was signed with the European Commission in early April 2017. This grant contract foresees to finance the amount of 285.000,00 EUR to co-finance the operational budget of 635.800,00 of the CEFTA Secretariat.

Furthermore, on 30 April 2015 a Grant Contract (CPF III) (CN 2015/356-738) was signed with the European Commission in order to strengthen the CEFTA Structures and their implementation capacities. The implementation period of the Action is 36 months, starting on 1 May 2015. The overall budget of the Action over the three years of the contract is 2.579.700, 00 EUR. The expenditure verification in relation to the second implementation year has been carried out recently by the external audit firm.

3. OBJECTIVES OF THE WORK PROGRAMME

3.1. 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 2017.

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:

3.2. Specific Objective

3.2.1 Technical Advice and Guidance

- Provide the necessary day-to-day support to the Chair in Office, two committees, the four subcommittees and six 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 for financing and monitoring of any subsequent projects.
- Support the CEFTA Parties in implementation of trade related components of the SEE 2020 Strategy
- Liaise with the European Commission and other relevant partners to secure and manage technical and financial assistance on behalf of the CEFTA Parties

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 2017, 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 2017. This includes permanent support and guidance in implementing **the Chairmanship Programme** presented by the CIO (the Republic of Serbia) in the beginning of 2017.

The Secretariat supports the Chair in Office in chairing **the ninth CEFTA Secretariat Steering Committee meeting to be** held in Brussels on 11 September 2017. The meeting gathers representatives of the CEFTA Parties, EC and current and potential bilateral donors to discuss relevant topics related to the functioning of the CEFTA Secretariat.

The annual **Deputy Ministers meeting** is expected to be organised in June 2017 in Belgrade (the Republic of Serbia). This meeting has a main objective of taking stock of the six-month period of implementation of the Chairmanship priorities and preparing for the Joint Committee meeting.

The eleventh 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 address open issues and adopt necessary decisions on CEFTA related topics. The Meeting is expected to be held in November 2017.

4.1.2. Support to the Committees, Subcommittees and the Working Groups

In accordance with the dynamics of the previous years, some sessions of the Committees and Subcommittees are expected to take place in the first half of 2017. Some of the Subcommittees will hold either their first or additional sessions in the second half of the year in order to keep up with the commitments undertaken. The **Committee on Trade Facilitation**, the **Committee of Contact Points**, the **Subcommittee on Trade in Services** and the **Subcommittee on NTMs** are chaired by the Republic of Serbia, the **Subcommittee on Agriculture Including Sanitary and Phytosanitary Issues (SPS)** is chaired by the Republic of Albania and the **Subcommittee on Customs and Rules of Origin** by Kosovo*¹. Besides organisational and logistical support, 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 Committees and Subcommittees. In addition, the Secretariat will keep the Transparency Pack comprising the

¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

CEFTA Market Access Barriers Database, CEFTA SPS Database, CEFTA TBT Platform and the CEFTA Trade Portal fully operational and updated.

In line with its mandate, the Secretariat assists the working groups established to support the implementation of the Agreement the **Working Group on Technical Measures**, the **Working Group on Risk Management**, the **Working Group on Electronic Exchange of Information**, the **Negotiating Group on Trade in Services**, the **Working Group on Trade in Services Statistics, FATS and FDI Statistics** and the **Joint Working Group on Mutual Recognition of Professional Qualifications**.

CEFTA Structures have identified trade facilitation and liberalisation of trade in services as two main priorities for the period of 2014-2020. Such bi-prioritisation of the upcoming period in the implementation of CEFTA has also been reflected in the actions underlined by the South East Europe 2020 Strategy (SEE 2020).

In addition, CEFTA Ministerial Conclusions of 2016 assigned two tasks to the CEFTA Secretariat with regard to the preparation of a consolidated action plan aiming to facilitate the creation of a regional economic area in line with the scope as agreed by the CEFTA Joint Committee and a list of actions that are foreseen by the Additional Protocol 5 on Trade Facilitation. In particular, the preparation of a consolidated action plan for the creation of regional economic area has been introduced the main priority of CEFTA Secretariat, in line with a high-level political action carried up to the attention of the Berlin Process of Western Balkan 6 Prime Ministers Summit. In the context of that particular priority, the Secretariat cooperates and coordinates with the RCC and the European Commission to contribute to the development of multi-annual action plan for a regional economic area in the Western Balkans Six for the adoption of Prime Ministers in the Trieste Summit.

In **trade facilitation** the Committee of Trade Facilitation **will focus on trade facilitation** in supporting the CEFTA Parties to start their preparations for obligations stemming from the Additional Protocol 5 after its adoption by CEFTA Parties which is expected to take place in the course of 2017. In this regard, the CEFTA Secretariat plans to prepare a list of actions derived from the provisions of the AP 5 as instructed by the CEFTA Joint Committee of 2016. According to its mandate, the CEFTA Committee of Trade Facilitation will act as a Steering Committee of EU Project on Facilitation of Trade in CEFTA which is implemented by GIZ and ITC. In the context of that project and together with the Subcommittee on NTMs, Committee of Trade Facilitation will **monitor the elimination of non-tariff barriers** on the basis of inputs received from CEFTA Subcommittee on NTMs and **enhancing transparency** by strengthening the communication between the CEFTA Committee of Trade Facilitation and National Committees of Trade Facilitation and Dialogue with the Private Sector in CEFTA.

In **customs**, the Subcommittee on Customs and Rules of Origin will focus on the objectives: i) to initiate the preparations of Implementing Provisions for Mutual Recognition of AEO Programmes in the framework of AP 5, ii) to promote and facilitate the adoption of derogation request of CEFTA Parties by the PEM Joint Committee for the introduction of full cumulation and duty drawback in the CEFTA regional trade and iii) preparation of all CEFTA Parties for the seamless application of full cumulation and drawback from November 2016 as foreseen by Decision 3/2015.

In the area of **NTMs** the responsible Subcommittee will focus on the objectives to i) enhance transparency in order to identify non-tariff measures (NTMs) substantially affecting the regional trade and to eliminate non-tariff barriers (NTBs) distorting trade between CEFTA Parties, ii) to increase the efficiency of dispute settlement mechanism of CEFTA and iii) to initiate the preparations of implementing provisions of mutual recognition of border documents as foreseen by the AP 5.

In the area of **agriculture and SPS**, the responsible Subcommittee will focus on the objectives: i) to promote trade in agricultural products through identifying the actions to be taken in a number of selected supply chains and ii) to enhance transparency of the existing SPS databases and to provide further statistical data in agricultural trade and iii) to contribute to the preparation of implementing provision of the mutual recognition of border documents as foreseen by the AP 5.

In the **area of services**, the Secretariat will support the functioning of the Subcommittee on Trade in Services and its subordinate bodies. The focus in 2017 will be on: i) completing necessary procedures with the aim of adopting the Additional Protocol on Trade in Services and its annexes no later than end of April 2017; ii) continuing with the preparations for establishing the CEFTA System on Reporting Data on Trade in Services, FATS and FDI; iv) cooperate with regional organizations and draw on the best practice in international community to address the barriers which threaten to hamper trade in services among CEFTA Parties in a most efficient way; v) promote intra-regional cooperation between regulatory bodies, governmental agencies and professional associations in charge of services and vi) increase transparency of the CEFTA Parties policies, laws and regulations and administrative practices affecting trade in services.

In the **area of investment**, together with the main regional partner RCC and international partners UNCTAD, the Secretariat will work on removing the identified investment barriers, encourage the policies and actions that lead towards increase of FDIs as well as promote intra-regional investment. The first regional CEFTA Investment Report is expected to be prepared and 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.

In the **area of free movement of experts, professionals and skilled labour**, together with the main regional partner RCC, the Secretariat will 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. . In that sense, the following activities will be conducted in 2017: identification of the sectors and professions of mutual interest where potential agreements on mutual recognition might be concluded, reviewing existing legislative and institutional framework on the recognition of professional qualifications and identifying of roles and responsibilities of relevant authorities, bodies and actors for recognition of professional qualifications per economy in the sectors of mutual interest and preparing relevant roadmap for potential negotiations on MRAs.

An important part of the Secretariat's efforts is dedicated to the preparation of project proposals for identified technical assistance and the organisation of workshops and roundtables that would adequately address the issues highlighted on the agendas of the committees, subcommittees and the working groups. As the discussions within the CEFTA bodies are becoming increasingly technical and complex, this component of the Secretariat's work is expected to further gain in importance.

4.1.3. Identification of Technical Assistance Needs

In the area of Technical Assistance (TA), the Secretariat has proposed to introduce the programming of all technical assistance in CEFTA. The second programming document was introduced to the Committee of CEFTA Contact Points who endorsed thereafter. According to the CEFTA Programming Document, the main objective of the technical assistance in CEFTA is support the efforts of CEFTA Parties towards **establishing a regional economic area in CEFTA** on the basis of the EU compliance. As mentioned clearly in the Ministerial Conclusions of the previous year and reiterated by the Serbian Chairmanship Work Programme, the efforts for the creation a regional economic area in CEFTA is needed to support CEFTA Parties' efforts to attract more investment, decrease the cost of trade and production, and eliminate market access barriers.

In this regard, the relevant CEFTA Structures should be supplied with the sufficient monitoring mechanisms and tools that would be able to report the results of the implementation of CEFTA to the CEFTA Joint Committee, which can solely take necessary corrective measures in case of any necessary.

Priority 1: Consolidating the Implementation of CEFTA

The CEFTA Parties are committed to produce through the relevant CEFTA Structures a 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. The consolidated

agenda, once endorsed by the CEFTA Parties at the CEFTA Deputy Ministers Meeting in June in Belgrade and the WB 6 Summit in Trieste, is expected to be used as the main guiding document to plan their actions to be undertaken in trade policy at the regional level. According to the recent developments, such consolidated agenda could be incorporated into a multi-annual action plan which will be presented to the adoption of Prime Ministers at the Trieste Summit. Therefore, the timely and good quality preparation of such action plan to reflect all the inputs of CEFTA Parties is necessary.

It is expected that the CEFTA Parties to make efforts to coordinate donors as part of the consolidated agenda to be submitted to the Trieste Summit. As a result of that donor coordination, it would be very useful to attach a donor planning document to the consolidated agenda. In a later stage, the donor coordination might be undertaken in coordination with the RCC as the RCC will be in the lead to coordinate the preparations of multi-annual agenda that will be submitted to the Trieste Summit.

Priority 2: Strengthening the Implementation of CEFTA

- Monitoring the implementation

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

During 2017 the public-private sector dialogue shall be promoted in CEFTA through dissemination of information regarding the actions of CEFTA Structures and will seek actively the opinions of the private sector.

- b) Facilitating Business and Investment Environment in CEFTA

The monitoring of the implementation of state aid and competition related provisions of CEFTA shall continue in 2017. An action plan may be elaborated to strengthen the implementation of public procurement, competition and IPR related provisions of CEFTA.

- Strengthening the enforcement of CEFTA

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

CEFTA Parties shall continue during 2017 the talks to launch the negotiations on CEFTA Dispute Settlement Mechanism.

Priority 3: Deepening the Implementation of CEFTA:

A. Trade Facilitation including elimination of barriers to trade

CEFTA Parties envisage to adopting the Additional Protocol on Trade Facilitation by March 2017.

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

CEFTA Parties through the relevant CEFTA Structures will conduct the technical preparations for drafting the necessary procedures for validation of mutual recognition programmes as foreseen by the Additional Protocol 5 in order to have them adopted by the CEFTA Joint Committee in 2017.

CEFTA Parties deem to conclude the Memoranda of Understanding between Customs Authorities and other Competent Authorities of CEFTA Parties involved in the clearance of goods. Preparing a List of Early Actions is to be undertaken by CEFTA Parties in the context of Additional Protocol on Trade Facilitation before it enters into force.

B. Further liberalisation of trade in services

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

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. 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. Respectively, 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 shall be developed. 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.

C. 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 regional CEFTA Investment Report 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.

D. 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.

E. 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.

4.2. Management and Administration

In 2013, the Joint Committee adopted the Decision No. 1/2013 in adding to the original mandate of the CEFTA Secretariat the function to support the CEFTA Parties in implementation of trade related components of the SEE 2020 Strategy and to liaise with the European Commission and other relevant partners to secure and manage technical and financial assistance on behalf of the CEFTA Parties. The Secretariat has been nominated Dimension Coordinator for Pillar 1 Integrated Growth by the SEE 2020 Coordinator i.e. Regional Cooperation Council (RCC).

In 2014 with the Ministerial Decision No. 2/2014 the employment contracts of the existing staff expiring in September 2014 were extended to the end of 2017. With the Decision No.1/2016 the employment contracts have been extended by 31 May 2018. With the Decision No.1/2014 the Parties adopted the budget and agreed on their contributions for the period 2015 – 2020.

4.2.1. Staffing

The staffing of the Secretariat office comprises the Director, two Senior Technical Experts, Coordination and Communication Officer and a part-time financial administrator. Following the resignation of first Director Ms Renata Vitez, Mr Umut Ergezer, Senior Technical Expert has been appointed as Acting Director by the Chair in Office until a new Director is selected. This is in line with Article 18 of the CEFTA Secretariat Headquarters Agreement and Article 2 of Decision 1/2013 regarding the mandate of the Secretariat.

Similar to the mandate, the resources of the Secretariat have been adjusted to the needs of implementation of the 2020 Strategy in 2015. For this purpose the necessary ministerial decision was adopted on 28 January 2015, introducing the so called National Experts Programme. Under this initiative yearly four experts are seconded from the Parties' administrations. Selection of the secondees is linked to the respective chairmanships in a given year. The aforementioned assignment is a part of the Secretariat's 2015 – 2017 programme that is financially supported by the European Union – IPA Multi-beneficiary programme. Subsequently, the Secretariat undertook to carry out relevant activities under its own responsibility in compliance with relevant regulations of the European Commission. Furthermore, a procurement officer was contracted in January 2016 for a period of two years to assist the Secretariat in contracting and tendering activities. A project assistant for a period of two years was contracted in April 2016 to assist in contracting and tendering activities as well.

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.

The Secretariat will coordinate activities with the Regional Cooperation Council (RCC) for implementation of the Integrated Growth Pillar as well as of the overall SEE 2020 Strategy.

4.2.3. Progress and Financial Reports

In accordance with the financing agreements that have been concluded, the Secretariat will provide the necessary support for organising 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 is commissioning every year.

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 formal meetings with the Article 44 CEFTA Contact Points within the Committee of Contact Points at least 3 times per year.

During 2017 the CEFTA Secretariat 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 complementary to the CEFTA goals. Having in mind the Chairmanship Programme for 2017, this includes especially the EC, UNCTAD, ITC, OECD, GIZ, WTO etc.

The Secretariat is planning to put additional emphasis in strengthening the private-public sector dialogue in the implementation of CEFTA. In this regard, the Secretariat will support the activities of Chair in Office in deepening the relations with the private sector.

As already mentioned the Secretariat will closely cooperate with the Regional Cooperation Council (RCC) and other regional initiatives (e.g. SEETO) in the implementation of the SEE 2020 Strategy.

4.3.2. CEFTA Secretariat Website and the Newsletter

The Secretariat is operating on the domain cefta.int - a non-commercial domain reserved for international organisations. The website has been redesigned in June 2016 and its re-designed version was promoted during the CEFTA Deputy Ministers.

The Secretariat will continue to circulate a bi-annual newsletter. The main objective of the bi-annual newsletter is to brief interested parties on recent developments and highlights of CEFTA. The twelfth and thirteenth editions of the Newsletter are expected to be published respectively in March and October 2017.

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.

Based on the good experience from the last seven years, the Secretariat will provide all the necessary support to the Chair in preparing “CEFTA Week”. The Secretariat will make all the relevant resources be available to support the Chair in Office to organise the CEFTA Week.

In 2017, the Secretariat will continue putting the emphasis on increasing the visibility of CEFTA and of the Secretariat. The Secretariat will continue with issuing the CEFTA Trade Statistics Brochure in its new format that includes the SITC and SNA classifications following the agreement reached by the Parties. The brochure will be issued twice a year and becomes available during the Deputy Ministers meeting, and its update in the Joint Committee meeting.

4.4. Calendar of Events

EVENT/ACTIVITY	INDICATIVE TIMING
TECHNICAL ADVICE AND GUIDANCE	
Preparation & finalisation of the Chairmanship Programme	Dec 2016- Jan 2017
Identification of Technical Assistance needs	Mid 2016– Jan 2017
Preparation of the Committees and Subcommittees Work Programmes	June 2016 - Jan 2017
Technical preparation of the Secretariat Steering Committee	Sep 2017
Submission and Facilitation of Technical Assistance Projects	Nov 2016 – February 2017
Technical preparation of the Negotiating Group on Trade in Services	January 2017
Technical preparation for the Committees on Trade facilitation & Contact Points , SC on Customs and ROO, SC on Agriculture and SPS; SC on NTBs and TBT	January 2017
Technical Support to the Negotiating Group on Trade in Services	April 2017
Technical preparation for the Joint Working Group on Investment Policy and Promotion	March 2017
Technical Support to the SC on NTMs	March 2017
5 th Meeting of the Joint Working Group on Recognition of Professional Qualifications	March 2017

Technical Support to the Committee of Trade Facilitation	September 2017
Technical support of the Deputy Ministers meeting	June 2017
Technical Support to to the Committee of Contact Points	January December 2017
Meeting of the WG on Trade in Services Statistics, FATS and FDI Statistics	July 2017
Meeting of the SC on Trade in Services	Nov 2017
Workshop on Trade in Services Statistics	July 2017
Support and preparation of CEFTA Week 2017	Sept-Nov 2017
Technical Support to to the Committee of Trade Facilitation	Nov 2017
Technical support of the Joint Committee meeting	Nov 2017
MANAGEMENT AND ADMINISTRATION	
Annual Audit for year 7	July 2017
Finalisation of the Secretariat Work Programme	January 2017
Progress Reports	September 2017
Steering Committee	September 2017
Donor relations	On going
Organisational preparation for all CEFTA meetings	Jan-Dec 2017
PROMOTIONAL ACTIVITIES	
Relations with the key interlocutors	On going
Website Update	Ongoing
Preparation of CEFTA Week 2017	June-November 2017
Preparation of bi-annual newsletters	March/October 2017
Other promotional events	Ongoing

5. KEY ISSUES ARISING

First short term challenge for the Secretariat is to ensure smooth functioning of an increased number of the CEFTA bodies with existing limited human resources. Having regard to the recruitment of Director of CEFTA Secretariat, the Selection Committee established by CEFTA Parties could not reach consensus in the selection process held in 2016 of new Director of the Secretariat. A new selection process was launched in December 2016 with the aim to have a new Director by April 2017.

It should be noted that the majority of human resources of the Secretariat has now become contracted staff members. Although, the key members of staff who are selected by international tender remain unchanged, except Director's position, the rest is composed of either national experts or part-time contracted staff. Particularly, the increase in tendering and contracting work that stems from the Action related agreement signed with the EU, and the level of involvement of the CEFTA structures in various initiatives of high political visibility put a pressure on the human resources of the Secretariat. Though such pressure has so far been

coped successfully, the same increase in the work load puts a similar pressure on the CEFTA Contact Points, who are the main interlocutors of CEFTA Secretariat in each administration.

6. SUMMARY BUDGETARY INFORMATION

The operational budget of the CEFTA Secretariat has been reduced from 650.000,00 EUR to 635.800,00 EUR in the Grant Contract signed with the European Commission. The number of staff has been reduced due to the resignation of the former Director as of 23 September 2015. In the ninth year of the Secretariat's operation, the share in the financial income from the contributions of the CEFTA Parties is now higher than the contribution from the European Commission. The total of the contributions made by the CEFTA Parties is 341.250,00 EUR.

The Grant Contract (CN 2015/368-970) for the period from 1 April 2016 to 31 March 2017 was signed at the end of March 2015 with the European Commission to support the functioning of the CEFTA Secretariat. The European Commission has agreed to finance a maximum amount of 282.623,00 EUR, representing 44, 45% of the estimated total eligible costs over the period from 1 April 2016 to 31 March 2017.

The total expenditure incurred in the period from 1 April 2016 to 31 March 2017 is in the amount of about 470.000,00 EUR. However, we wish to emphasize that the accounts of the budget year still need to be verified by the external audit firm. Very likely the expenditure will be subject to changes following the expenditure verification to be carried out by the external audit firm in the next weeks.

In addition, a new grant contract (IPA/2017/384-220) for the period between April 2017 and April 2018 was signed with the European Commission in early April 2017. This grant contract foresees to finance the amount of 285.000,00 EUR to co-finance the operational budget of 635.800,00 of the CEFTA Secretariat.

In December 2013 a contribution agreement has been signed with the European Commission for the implementation of CEFTA Project Facility II (CPF II) for a period of 24 months. Just as was the case for CPF I before, also CPF II provided CEFTA Secretariat with a financial opportunity to arrange short term technical assistance contracts according to the priorities set by the CEFTA Parties. The overall budget of the CPF II was 440,000 EUR. The implementation of CPF II was extended to 17 July 2016. The CPF II was successfully closed and the final report together with the expenditure verification report of the external audit firm was sent to the European Commission.

Furthermore, on 30 April 2015 a Grant Contract (CPF III) (CN 2015/356-738) was signed with the European Commission in order to strengthen the CEFTA Structures and their implementation capacities. The implementation period of the Action is 36 months, starting on 1 May 2015. The

overall budget of the Action over the three years of the contract is 2.579.700, 00 EUR. The expenditure verification in relation to the second implementation year has been carried out recently by the external audit firm.