

# **PRIORITIES**

# **CEFTA CHAIRMANSHIP 2022**

December 2021

## **I. INTRODUCTION**

As set out in the CEFTA 2006 Decision No.1/2007 Rules of Procedure (Article 3), Moldova will take over the Chairmanship of the CEFTA 2006 in January 2022 from the North Macedonia. The Chairmanship is taken on a rotational basis with the tenure of office of one calendar year.

The CEFTA Chairmanship of 2022 shall contribute further with the actions and timelines foreseen in order to secure smooth functioning of CEFTA Structures to undertake all the technical and policy level activities.

It has to be noted that the Chairmanship of North Macedonia has been held under extraordinary circumstances due to the COVID-19 pandemics and that the activities under the Priorities have been rearranged in order to effectively respond to the pandemics. Some of the activities that have been planned under North Macedonian Chairmanship have been postponed and will be taken in charge in the Chairmanship of Moldova, due to the continuing pandemic situation in the world.

Following the political process of Berlin prioritising the activities related to the CEFTA 2006 Agreement and its Additional Protocols, Moldova will engage to point out the priority actions of the CEFTA during 2021, through implementation of the Activities from the CEFTA Agreement and transposed into Common Regional Market (CRM) 2021-2024 Action Plan, adopted during the Summit in Sofia in November 2020 and supported by the European Commission, facilitating the economic recovery after the crisis making the region more attractive for investment and trade; and bringing prosperity to CEFTA, through: cross-cutting trade issues, facilitation of trade in goods and services, and creating NTMs and TDM Free Region. The CRM document will be complemented by the CEFTA Roadmap, to be endorsed in 2022, in order to facilitate the Chairmanship of Moldova. This document will provide detailed guidance for implementation by the CEFTA Parties.

In addition, the Chairmanship of Moldova will emphasise the importance of strengthening coordination between policies through regional organisations and initiatives. The Chairmanship of Moldova deems that the following priorities will complement the efforts in CEFTA in achieving the CRM objectives falling under 2022 and finalising the activities that have been established for 2021.

Moreover, given the fact that Moldova is the only CEFTA Party present both in CEFTA and in EaP, the Chairmanship of Moldova would like to take advantage of this opportunity and to organize a dedicated event with the participation of both regions, in order to share the experience, lessons learned, and best practices. This is the right time to organise such event under the Chairmanship of Moldova.

## **II. PRIORITIES OF THE CHAIRMANSHIP FOR 2022**

The CEFTA Chairmanship of 2022 considers the implementation of the CEFTA Agreement and its Additional Protocols and creation of an economic area based on EU compliance and fully is aware that the actions foreseen by the Common Regional Market Agenda require systemic and coordinated work for each upcoming CEFTA Chairmanship. That is why the efforts of the CEFTA Chairmanship of 2022 will also pay a particular attention to establishing the strong basis of all actions with a multi-annual perspective to implement timely the CEFTA 2006 through the CRM activities, and therefore achieve economic benefits for the region.

Considering the above mentioned overall objective, Moldova has determined the following as the priorities of its Chairmanship in 2022 to respond to the undertaken commitments. Therefore, the Chairmanship priorities will directly stem from the CEFTA 2006 and Common Regional Market Agenda to respond to the needs of CEFTA Structures for its proper implementation. Implementation of the CEFTA Agreement and its Additional Protocols will be the building blocks of the Chairmanship of Moldova.

### **Priority 1: Free movement of goods**

Activities regarding facilitation of trade in goods will be organized through three systemic areas: customs, agriculture, non-tariff measures and other horizontal trade facilitation measures.

Under customs area the key priority will refer to implementation of the Customs Risk Management Strategy. For 2022, the emphasis will be on Data Gathering and Data Sharing. The use of advance electronic data for effective risk management is cross-cutting and underpins trade facilitation, security and safety, revenue collection and measurement. There is considerable progress made in the area of ICT+ with the integration of Risk Management within the SEED platform in its new iteration SEED+. However, there is a tangible lack of data sharing in the area of risk management, control results, interdictions and seizures. CEFTA Parties need to share control information to be able to analyse trends, create offender databases and develop common risk indicators. The aim for the 2022 Chairmanship is to work on nominal data gathering and sharing, alerts and exchange of data from inspection controls. Once data is available in sufficient quantity and quality, a pilot data warehousing and intelligence building activities, through workshops/seminars in the analysis of data will be provided. Piloting the new JCA will continue, as well as improving SEED module to support all this. The consultations on the broadening the scope to other agencies involved in clearance of goods will resume during 2022.

Other customs related activities will mainly include monitoring of implementation of the Decisions No. 1/2021 on rules of origin and No. 1/2019 on authorized economic operators.

With a view of reduction of costs of e-commerce, the Chair in office will support the work on impact assessment of partial or full transposition of EU VAT ecommerce legislation and ICS2, as well as facilitating customs procedures in line with the EU and WCO standards, requirements and best practices.

The Chair will fully support extension of Green corridors/ Green Lanes initiative to the EU Members States. In CEFTA, as of 1st of January 2022, the list of goods will be updated to be in line with HS2022 with the accompanying inspections so that pre-arrival notifications will be sent to the phytosanitary and veterinary authorities for all goods in the framework of green lanes initiative. This will further improve statistics on green lanes utilization and waiting time.

Moldova will support activities on expanding SEED to SEED+ and implementing SEED+ in Moldova. Concretely, Moldova will support SEED+ activities on exchange of phytosanitary, veterinary and pharmaceutical certificates, on CEFTA customs risk management and, on establishing rapid exchange of information on non-compliant consignments for animals and goods related to food safety, veterinary

and phytosanitary policy thus facilitating the risk management of rejected consignments, all in line with the EU acquis and EU Member States' practices. Finalization of CEFTA Transparency Pack and Statistical Portal upgrade and start of development of CEFTA Market Surveillance database and AEO database will also mark the Chairmanship 2022.

Moldova shall follow on the allocation of adequate financial resources from the Parties' budgets to secure interoperability of their existing information systems with SEED+ systems in order to ensure continuous data, information and documents exchange between the Parties. The CEFTA Chair in Office will avail CEFTA Structures to secure all the necessary legal and administrative arrangements for seamless implementation of the SEED+.

In the area of agriculture and SPS related measures next year will be critical for implementation of the Decision No. 1/2020 on facilitation of trade in fruit and vegetables. Namely next year all the Parties are to establish Multi-annual control Plans, align the Registers of operators and agree upon Guidelines detailing the mandatory processes of notifying, certifying and monitoring trade in fruit and vegetables. Moreover, the Surveys on priority pests on fruit and vegetables will be done with the support of GIZ, to produce a list of priority pests of concern to fruit and vegetables.

Other agriculture related activities will mainly include harmonization of the second page of veterinary certificates, reporting on subsidies and enhancing transparency. These tasks would foster the harmonisation of the veterinary legislation of the Parties with the acquis and will facilitate the trade of the veterinary products within CEFTA. The harmonisation of the health certificates will enable easier exchange of the certificates.

Under non-tariff measures, advancing efforts in the field of quality infrastructure will be among the main priorities. Mainly, in 2022 the Parties will continue discussions regarding the sector selection as a first step in identifying the sectors where a mutual recognition protocol (MRP) could produce tangible benefits for economic operators in the region. To put this objective into practice this year will provide approach, priority sector and first mutual recognition programme for the selected products. Since during 2021 organized exploratory talks held aiming to explore the possibilities of concluding the agreement on mutual recognition of testing results as well as the main findings of the study "Inception Economic Sector Analysis", showed that, the top sectors by economic gain and estimated level of Quality Infrastructure are Electrical products, machinery and either pressure equipment, textile and footwear or construction products, implementation of this field objective will be in this direction.

Furthermore, monitoring the progress recorded in each CEFTA Party regarding the elimination of the reported NTBs is another priority. Based on the commitments and tasks derived from CRM AP, with the support of GIZ, the NTM report will be prepared, reflecting the efforts and actions taken with the aim to monitor and eliminate the non-tariff barriers.

Other horizontal trade facilitation measures will be mainly devoted to enhancing transparency and reduction of trade costs, waiting times and harmonizing working hours of the agencies involved in clearance of goods.

## Priority 2: Free trade in services

The effective implementation of the Additional Protocol 6 on Trade in Services is recognised as an essential factor for promoting trade and investment in the region and a key driver for stimulating economic growth in economies of CEFTA. Upon its entry into force in 2021, the Chair in Office will focus on ensuring its full implementation and will extend the work on identification of NTMs to the services sectors.

In order to achieve regulatory transparency, the Moldova will support adoption of the notification procedure which will enable timely updates of the Services Regulatory Database.

In the area of regulatory cooperation, the Chair will facilitate agreement on disciplines on domestic regulation based on the EU sponsored initiative under the WTO auspices. In relation to sector specific initiatives, the efforts will be invested in completing technical discussions followed by commencing preparations for implementation of the JC Decision facilitating services provided by travel agencies and tour-operators. Based on the assessments of the World Bank on possible activities facilitating services of non-bank payment services providers and capital market services, the Moldova will consider launching an initiative in these respective areas. In order to decrease the cost of movement of goods, services and people within CEFTA, the Chair will propose Roadmap for facilitation of third-party liability vehicle insurance.

The work on professional qualifications will remain high on the agenda of Chair in Office. Following the completion of the technical work on JC Decision, Moldova will commence preparatory activities for its implementation, discussions on extension of the sectoral scope, on the Terms of Reference of the Joint Working Group and other activities that can support the Parties in preparing for the successful implementation. In addition, the Chair will coordinate the activities related to professional qualifications with the Regional Cooperation Council in line with the established division of labour and current cooperation practices.

In relation to electronic commerce, the Moldova will support activities preparing the Parties for implementation of the JC Decision on electronic commerce. Furthermore, it will seek to agree and commence implementation of the Recommendations for improvement of parcel delivery, amongst which is the agreement of joint tariff monitoring mechanism. Based on the legal and market assessment on geo-blocking, the Chair will facilitate agreement on commitment to remove practices deemed as unjustified geo-blocking in CEFTA context.

Regarding the movement of natural persons, the Moldovan Chairmanship will seek to complete technical discussions on the JC decision embodying commitment to remove obligation of having work permit (or any other permit of similar intent) for categories of the natural person listed in the Section I of the Annex I of the Additional Protocol 6. Chair will also coordinate activities aimed at preparing the Parties for implementation of this commitment.

Regarding statistics, the Chair in Office will attach high importance to maintaining and upgrade exchange of data so as to enable more data exchanged and higher quality of data based on the agreement between the Parties, i.e. trade in goods data on HS6+2 level.

### **Priority 3: Cross cutting issues impacting the trade in goods and services**

The expansion of the activities in different areas covered by CEFTA 2006 provide for the development of new cooperation areas that are covering both goods and services. The CEFTA Chair in Office shall give its full support to the CEFTA Structures to have sustainable abilities to address these areas.

Based on the experience of the 2021 Chairmanship and the cooperation with EU IPO, the Moldovan Chairmanship will continue the activities related to the Intellectual Property Rights (IPR) and this would serve as the model for the extension to the new cross-cutting areas.

Thus, Moldova shall invest efforts to secure full and sustainable reporting of state aid including state aid schemes and measures. In particular, the creation of a network shall be envisaged to foster peer learning through the cooperation among competition authorities thus to secure the implementation of CEFTA Agreement commitments in this regard. Building the closer cooperation among Competition Authorities, Public Procurement, consumer protection and environmental authorities is of substantial importance to support CEFTA trade facilitation, and particularly to contribute its efforts for liberalisation of trade in services. To serve this aim, a number of exploratory meetings are to be organised among such authorities in order to discuss what would be the possible actions that can be taken at the CEFTA level in those areas. The Chair will start the exploratory talks in these areas and resume the talks that started under the previous chairmanships.

### **Priority 4: Additional Protocol on Dispute Settlement**

Praising the achievements of the Chairmanship of North Macedonia in 2021, Moldova aims at concluding the Additional Protocol 7 on Dispute Settlement, which would level up the efficiency of the existing CEFTA Dispute Settlement. Following the efforts made in this regard by previous chairmanships, Moldova will allocate enough resources to the objective in order to contribute successfully to it by the end of its Chairmanship. The Cooperation with UNCTAD during the Chairmanship of Moldova will provide for the implementing acts for the Additional Protocol 7, including guidelines, manuals and other material will be crucial for the implementation of the AP7

### **Priority 5: Institutional development**

Due to the increase of activities in the framework of CEFTA Structures and the emergencies caused by pandemics in 2020 and 2021, shows that the institutional work of the CEFTA needs to be reorganised in order to allow the CEFTA structures to swiftly respond to urgencies that might arise. Example of the creation of the urgently needed coordination body in the framework of the establishment of the green corridors in 2020 provides for the opportunities to further improve the work of CEFTA and speed up the implementation of the activities.

Due to these reasons, the Chair in Office will continue the work on restructuring and better finetuning of the CEFTA bodies and procedures, commenced during the 2019 Chairmanship. This would be done through finetuning and updating the Decisions regulating the work of the CEFTA bodies. The need is arising from the conclusions on various committees and subcommittees. This Priority will, furthermore, streamline the functions of the CEFTA bodies towards the coordination mechanisms.

The new functioning in the framework of the changes of EU funding procedures will require the changes in the structural Decisions of the Joint Committee relating to the financial management and the budgetary management. These activities started during 2020 Chairmanship and continued during 2021 will be complementary to the administrative strengthening of the CEFTA Secretariat, that is expected to be finalised in the Chairmanship of Moldova. During the 2022 Chairmanship it is expected that CEFTA Secretariat starts the process of Pillar Assessment that will be supported by Chair in Office. The work on the digitalisation of the CEFTA Secretariat Started under the Chairmanship of 2021, will spill over to the CEFTA bodies and Parties improving the coordination and facilitation the operational work of CEFTA under the Chairmanship of Moldova.

In this respect, the Chair in Office will support the preparation of the new Action grant, that would cover the period until the end of 2024. The work will be consecrated as well, in the elaboration of the proposal for further Projects within CEFTA based on the experience of the implementation of the SEED+ Project.

The Chair in Office will provide for the start of procedure of the recruitment of the new Director of the CEFTA Secretariat, in order to achieve smooth transition upon the completion of the Mandate of the current Director in 2023.

Moldovan Chairmanship will follow and support the work in increasing visibility of the CEFTA activities and results based on the implementation of CEFTA Communication Strategy developed and adopted under the previous Chairmanships.

In relation to cooperation with business associations and other stakeholders, the Chair will support activities aimed at promoting visibility of the CEFTA activities, in particular where these generate benefits for the companies. Cooperation with different stakeholders will be pursued in the context of consultations before important decisions are made and coordination with organisations who are in charge of activities, projects and initiatives which can produce synergy with CEFTA activities. This includes but is not limited to, cooperation with the Regional Cooperation Council on promoting more efficient payments and cooperation with the Transport Community on facilitating transport services.

### **III. COOPERATION WITH INTERNATIONAL INSTITUTIONS AND REGIONAL INITIATIVES**

The Chair in Office will stay in close cooperation with the Regional Cooperation Council which is in charge of overall coordination of the Common Regional Market Agenda. In this regard, the Chairmanship of Moldova, even not being part of the CRM AP is ready to take any further action, if necessary, to facilitate smooth cooperation between CEFTA Structures and implementation of the CRM Agenda, in particular with other regional initiatives involved therein.

The Chairmanship of Moldova will continue the efforts made by the previous Chairs to promote the public-private sector dialogue in CEFTA. In this regard, Moldova will enhance communication towards the private sector and the general public on CEFTA achievements. Cooperation with civil society and the academia will resume and the scope of cooperation will expand based on the successful cooperation with WB6 CIF.

Moreover, Chair in Office will enhance the involvement of the Moldovan Chamber of Commerce to the activities of the WB6 CIF, in order to provide for better coordinated activities in promotion of CEFTA activities to the business community.

The Chair in Office will continue to cooperate with the European Commission, and GIZ which have so far been playing major facilitating role in the implementation of CEFTA Chairmanship Work programmes. Under this priority, the Chairmanship will organise the donor coordination meeting, during the Study tour at the beginning of 2022.

As stated above, given the fact that Moldova is the only CEFTA Party present both in CEFTA and in EaP, the Chairmanship of Moldova would like to take advantage of this opportunity and to organize a dedicated event with the participation of both regions, in order to share the experience, lessons learned, and best practices. This would contribute to new trade opportunities and cooperation between the two regions, where Moldova is a connecting point.

In the framework of the implementation of its Chairmanship Work Programme, the Chair in Office will continue to work in close cooperation with the Transport Community, EBRD, World Bank, EFTA, FAO, OECD, IFC, UNCTAD, ITC, UNWTO, WCO and WTO whose technical advisory are of substantial importance to undertake the activities by the CEFTA Structures. Also, the European Commission and UNWTO will be informed about the progress in regulatory dialogue in facilitating trade of tourism services.

Finally, the CEFTA Chairmanship of Moldova 2022 express its will and commitment for ensuring the smooth implementation of the CEFTA Agreement.