

PRIORITIES FOR THE CEFTA CHAIRMANSHIP 2023

December 2022

I. INTRODUCTION

As set out in the CEFTA 2006 Decision No.1/2007 Rules of Procedure (Article 3), Montenegro will take over the Chairmanship of the CEFTA 2006 in January 2023 from Moldova. The Chairmanship is taken on a rotational basis with the tenure of office of one calendar year.

The CEFTA Chairmanship of 2023 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.

Following the political process of Berlin prioritising the activities related to the CEFTA 2006 Agreement and its Additional Protocols, Montenegro will engage to point out the priority actions of the CEFTA during 2023, 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.

In addition, the Chairmanship of Montenegro will emphasise the importance of strengthening coordination between policies through regional organisations and initiatives. The Chairmanship of Montenegro deems that the following priorities will complement the efforts in CEFTA in achieving the CRM objectives falling under 2023 and finalising the activities that have been established for 2022.

II. PRIORITIES OF THE CHAIRMANSHIP FOR 2022

The CEFTA Chairmanship of 2023 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 2023 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, Montenegro has determined the following as the priorities of its Chairmanship in 2023 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 Montenegro.

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 the improvement of customs data exchange encompassing green lanes/corridors initiative and the implementation of the Customs Risk Management Strategy. For 2023, 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 2023 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 2023.

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. The Decision No. 1/2021 entered into force in December 2022. The work will continue on e-certificates of origin and update of transitional rules of origin. Until now, the AEO programmes of North Macedonia, Serbia, Moldova and Albania have been assessed. The remaining Parties are encouraged to continue applying for the recognition of their respective programmes.

Electronic commerce (e-commerce) is one of the key drivers in economic development and is therefore one of the key intervention areas for deeper integration and cooperation. With the aim to create harmonised digitalized customs procedures of all procedures for inter-Party electronic commerce, the Chair in office will support the work in providing the recommendation on partial or full transposition of the EU VAT e-commerce package and the cooperation mechanisms between CEFTA parties.

The Chair will fully support extension of Green corridors/ Green Lanes initiative to the EU Members States. Building on the success achieved so far, it is expected that during 2023 the MoUs on data exchange will be signed with Croatia (Serbia), Romania (Serbia and Moldova) and Hungary (Serbia). Montenegro will continue to support close cooperation with the EU, so that the second stage, i.e sending data from the EU MS to CEFTA is materialized.

Montenegro will support activities on the implementation of CEFTA TRACES NT. Concretely, Montenegro will support SEED+ activities on exchange of phytosanitary, veterinary and pharmaceutical certificates, 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. Development of CEFTA Market Surveillance database and AEO database will also mark the Chairmanship 2023. The CEFTA Chair in Office will avail CEFTA Structures to secure all the necessary legal and administrative arrangements for seamless implementation of the SEED+.

The work on the implementation of the Decision on Facilitating Trade for Fruit and vegetables will continue. The focus will be on the proposal for the List of fruit and Vegetables for which phytosanitary certificates are mandatory, finalization of generic and pest-specific contingency plans, and the implementation of the provisions related to Article 6 (Programmes for Pesticides Residues Controls) and Article 8 (Programme for Contaminants Controls). The activities should result in defining reduced frequencies for phytosanitary and food safety checks for regulated fruit and vegetables. Lastly, the further enhancement of the cooperation with the customs administrations will be supported.

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 the component of the non-tariff measures, with priority will continue advancing efforts in the **field of quality infrastructure** with the aim to promote trade in goods between the CEFTA Parties, decrease export related costs and facilitate market access and make the industry benefit by providing easier access to conformity assessment. Mainly in 2023, the focus will be in discussing and approving the Draft Decision on the Recognition of the Results of Conformity Assessment of Industrial Products between the CEFTA Parties, which will lay down the conditions under which CEFTA Parties will accept conformity assessment results (e.g., testing or certification) performed by the other's designated conformity assessment bodies (CABs) to show compliance with the requirements and vice versa.

The aim of establishing a common database that will enable authorities that work with product safety in the CEFTA Parties to cooperate on preventing unsafe or non-compliant products from entering the market and ending up in the hands of the consumers, the Chair will support the technical work in establishing and implementation of the Database of unsafe and non-Compliant Products Detected on the CEFTA Market.

Moreover, monitoring the progress recorded in CEFTA Parties regarding the **elimination of the reported NTBs** is another priority. In accordance with the commitments derived from the CRM AP, with the support of GIZ and UNCTAD, 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

Montenegro stresses importance of complete and effective **implementation of the Additional Protocol 6 on Trade in Services** in order to bring tangible benefits for businesses, as well as more investment opportunities in the emerging services sectors. The Chair in Office will work towards ensuring that all CEFTA Parties complete their internal procedures, close implementation gaps and initiate

the first review of the Protocol in line with its Article 20. The review will take into account the assessment of the degree of restrictiveness of measures affecting trade in services by using the methodologies established by the World Bank and the Organisation for Economic Co-operation and Development (OECD).

In order to achieve regulatory **transparency**, Montenegro will support the completion discussions on the guidelines for notification procedure which will enable timely updates of the Services Regulatory Database (SRD). The Chair will initiate the exercise of updating the information on services regulatory policies in SRD in close cooperation with ITC, GIZ and WTO.

In the area of **regulatory cooperation**, the Chair will work towards completing the technical discussions on the JC Decision on disciplines on domestic/services regulation and proceed with its implementation. 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 payment services and capital market services, as well as the initial discussions held during 2022, Montenegro will facilitate agreement on trade facilitation (market integration) mechanism for on-bank payment services providers. In order to decrease the cost of movement of goods, services and people within CEFTA, the Chair will put forward a Roadmap for facilitation of third-party liability vehicle insurance.

The work on **professional qualifications** will remain high on the agenda of Chair in Office. Since the Agreement for Doctors of Medicine, Dentists and Architects was adopted, the draft CEFTA JC Decision will be further harmonised to align with the respective provisions. Following the completion of the technical work on JC Decision, Montenegro 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 package**, Montenegro will commence preparations for the implementation of the decisions that have been agreed and approved, such as the Decision on facilitation of electronic commerce, Decision on inter-Party parcel delivery services and finalise the procedure of adoption of the Decision on prevention of unjustified geo-blocking.

Regarding the **movement of natural persons**, the Montenegrin Chairmanship will seek to complete as soon as possible the 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 further support the technical work on the JC Decision on enhancing cooperation on trade-related statistics and further extend the exchange of data 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.

Following the good cooperation in 2022 with EUIPO, Montenegro will support continuation of the discussions on the JC Decision on Intellectual Property Rights (IPR) and the activities related to the IPR and this would serve as the model for the extension to the new cross-cutting areas.

Thus, Montenegro 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 significant achievements of the Chairmanship of Moldova in 2022 in the negotiation process, Montenegro aims at concluding the Additional Protocol 7 on Dispute Settlement, which aims becoming a strong mechanism and the key pillar of the trade system, which will enhance perspectives for further integration among CEFTA Parties by solving disputes predictably and by avoiding further trade irritants and disputes. The cooperation with UNCTAD during the Chairmanship of Montenegro will provide for the implementing acts for the Additional Protocol 7, including guidelines, manuals and other material that 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 previous Chairmanships. 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 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 Montenegro.

In this respect, the Chair in Office will support the preparation of the new Action grants that would complements the main work of CEFTA. The support for SEED+ should continue, as well as the support for the new areas, such as Intellectual Property Rights. The Chair in Office will support the preparation of Projects in these area and expects the support of the CEFTA Parties..

The Chair in Office will finalise the 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.

Montenegrin 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 the conference on connectivity in cooperation with the Transport Community permanent Secretariat but is not limited to.

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 Montenegro, to facilitate smooth cooperation between CEFTA Structures and implementation of the CRM Agenda, in particular with other regional initiatives involved therein.

The Chairmanship of Montenegro will continue the efforts made by the previous Chairs to promote the public-private sector dialogue in CEFTA. In this regard, Montenegro 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.

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.

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 Montenegro 2023 express its will and commitment for ensuring the smooth implementation of the CEFTA Agreement.