



CEFTA Additional Protocol 6 on Trade in Services

Introductory Information
for Companies



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Additional Protocol 6 (AP6) extends CEFTA to trade in services, in addition to trade in industrial and agri-food goods.

The Protocol was adopted in the Joint Committee meeting in Tirana in December 2019 and has entered into force on 11 January 2021.

WHAT DOES AP6 COVER?

CEFTA covers Western Balkans and Moldova, a consolidated market of some 20 million consumers and a consolidated economy of around 120 billion dollars.

All **businesses working in service sectors who wish to supply their services in other CEFTA markets**, may **benefit** from AP6.

Supply of service may take place in one of the following modes:

1. **Directly** - when a supplier from one Party supplies the service to consumers in another Party (e.g. movies streamed on internet platforms, translation of documents sent electronically)
2. When a **consumer travels** from one Party to another to receive a service (a tourist using hotel services or a patient receiving a medical service)
3. When a service supplier from one Party **registers a company or a branch** in another Party to provide service locally (e.g. a bank opens a subsidiary or a communications agency opens a local branch to service local clients)
4. When a supplier from one Party **temporarily sends its people** to provide service to another Party (e.g. a construction company sending its engineers and workers to build a house, music band performing in a festival)

WHAT ARE THE BENEFITS OF AP6?

AP6 provides an obligation for the Parties to remove existing restrictions and it is a guarantee that these restrictions will not be introduced in the future.

Restrictions may refer to **market access** by limiting:

- Number of service suppliers
- Value of service
- Number of transactions or other form of output
- Number of physical persons that can be engaged in service supply
- Type of legal entity or joint venture
- Capital participation in domestic companies

and they can take form of maximum or minimum threshold, quotas, economic tests etc.

Restrictions may refer to **discrimination** of companies from region compared to their local competitors, such as different fees and charges, requirement of prior local market experience or local residence.

EXEMPTIONS EXIST

Annex 3 of AP6 lists all obligations and exemptions. They can refer to sector, service supply mode and type of restriction (market access and national treatment).

SPECIAL RULES FOR PHYSICAL PERSONS

AP6 enables companies from CEFTA Parties to temporarily send their employees to other CEFTA markets. This right is limited to:

- Key staff in the companies:
 - Business visitors that are responsible for starting the new legal entity or representative office (six months stay max)
 - Inter-company transfers of managers and specialists (five year stay max)
- Trainees (one year max)
- Business services sellers (six months max)
- Service suppliers (six months max)
- Independent professionals (six months max)
- Short term visitors for business purposes (six months max)

LICENCES, PROFESSIONAL QUALIFICATIONS AND TECHNICAL STANDARDS

CEFTA Parties may condition access to their market for service suppliers from other CEFTA markets with obtaining a licence, having specific qualifications or adhering to certain standards. In that case they must enable a procedure based on objective and transparent criteria. Should outcome of such procedure be negative, suppliers must be given access to objective and unbiased appeal proceeding. Parties have committed to agree rules for recognition of qualifications in regulated professions soon.

ELECTRONIC COMMERCE

Electronic commerce provisions in the Protocol guarantee that digital products (e.g., e-books, music files) ordered online will not be subject to customs duty. Regulatory dialogue on e-commerce has been launched in December 2020 resulting in CEFTA E-commerce Roadmap which plans activities around 5 five priorities:

- 1) Harmonisation of regulations, including consumer protection and geo-blocking
- 2) Reduction of transaction costs (delivery and payment)
- 3) Easier customs procedures for sending and receiving packages
- 4) Recognition of electronic signatures and other forms of electronic identifications
- 5) Business capacity building

MORE INFORMATION

More information can be found at www.cefta.int

Additional Protocol 6 on Trade in services. More info [here](#).

Roadmap for regulatory dialogue on electronic commerce. More info [here](#).

CEFTA Secretariat: **Rue de la Loi, 42/10, 1040 Brussels, Belgium**

 +322-229-10-11

 cefta@cefta.int



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