



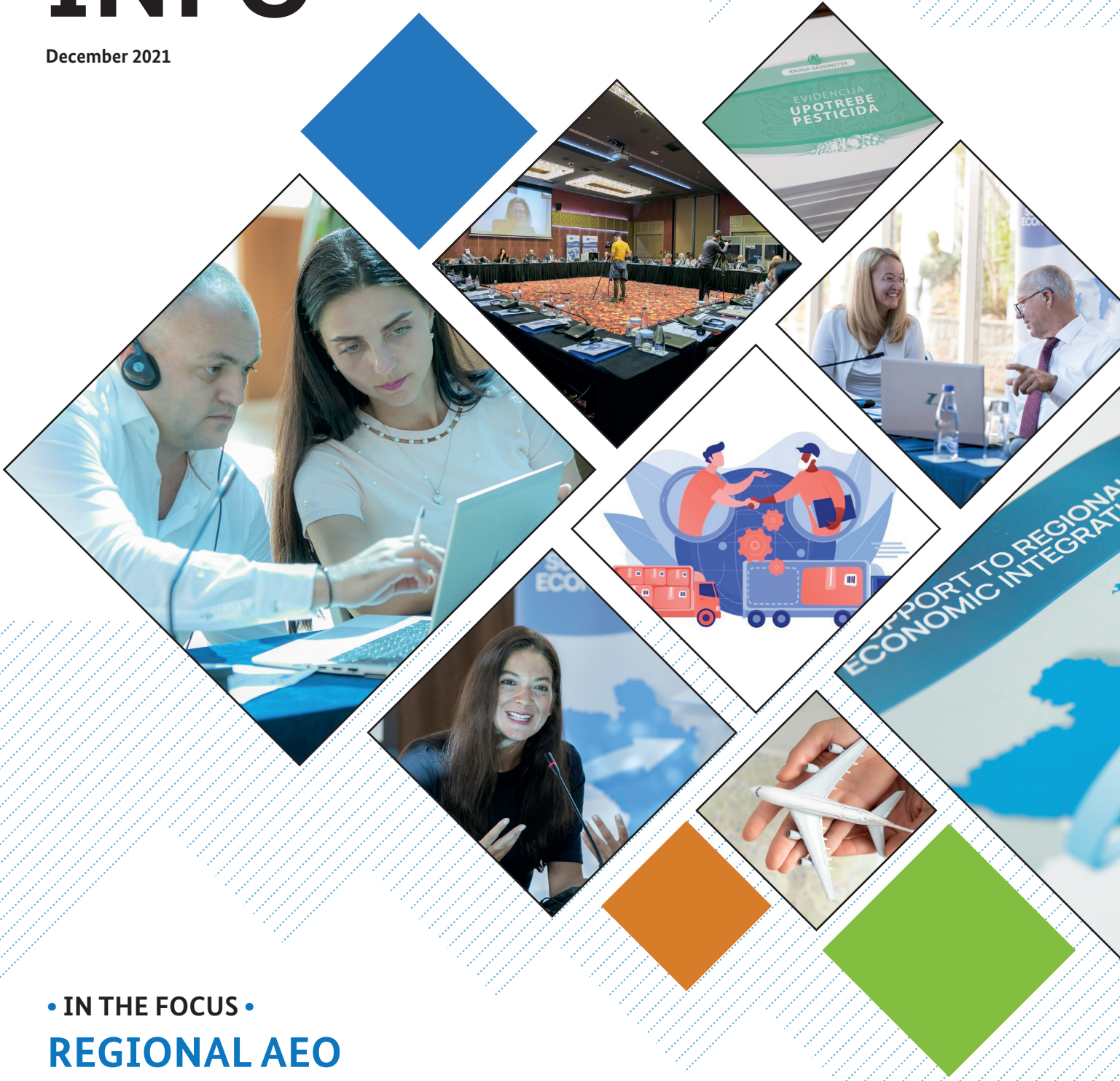
Co-funded by the European Union



OPEN REGIONAL FUND FOR SOUTH EAST EUROPE - FOREIGN TRADE
Support to regional economic integration

INFO

December 2021



• IN THE FOCUS •

REGIONAL AEO ASSOCIATION ESTABLISHED

- TRADE IN GOODS • WORKSHOPS • MEETINGS • STRATEGIES •
- TRADE IN SERVICES • ASSESSMENTS • TRAININGS •

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SUPPORT TO REGIONAL ECONOMIC INTEGRATION

Strengthening regional economic cooperation and integration within the CEFTA framework



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OPEN REGIONAL FUND FOR SOUTH EAST EUROPE - FOREIGN TRADE SUPPORT TO REGIONAL ECONOMIC INTEGRATION INFO

Editorial:

2021 is coming to an end. The effects of the global pandemic have also considerably influenced the activities of the Open Regional Fund for South East Europe - Foreign Trade (ORF FT). Yet, we are proud to say that we have been able to conduct most activities as planned (or with slight adjustments concerning online cooperation) and were even able to revive our usual cooperation with the project partners in presence meetings in the second half of the year. We are sure you all agree that it is this kind of physical meetings where live discussions can be held in a formal and informal setting, that truly push regional cooperation further.

The ORF FT INFO will from now onwards present the most important events and activities implemented by the project, which is co-funded by the German Government and the European Union. It supports the implementation of the reform

agenda for trade and competitiveness in the CEFTA economies and supports their alignment with the EU acquis, with the ultimate goal of creating a common regional market.

We want to reflect back on our highlights of the year with you, celebrate what we have achieved but also take a look to the future, to all that is yet to come. Despite all the uncertainties and challenges, we have achieved many significant accomplishments. None of this could have been possible without the dedication and commitment of our project partners who were actively engaged in all the activities.

We take this opportunity to wish you all a relaxing end-of-the year break and look forward to working with you in 2022. Happy New Year!

ORF FT Team

• IN THE FOCUS •

Regional AEO Association established, December 2021

Authorised Economic Operator (AEO) Programmes have been a global success and one constitute of the most successful trade facilitation models. The Programme provides businesses with an internationally recognised ‘quality mark’ indicating their commitment to security in the international supply chain, which in turn entitles them to preferential customs treatment. Together, AEO companies account for 80% of imports and exports in the EU.

In October 2021, the businesses across the CEFTA economies agreed that a joint regional effort is needed to improve the overall conditions for AEO operators in the region and further promote the benefits of AEO programmes. The establishment of the Regional AEO Association was their response to these challenges. It was officially launched in December with the presence of the representatives of Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR), Directorate-General for Taxation and Customs Union (DG TAXUD), global AEO experts, and representatives of the respected institutions and AEO companies from the CEFTA economies.

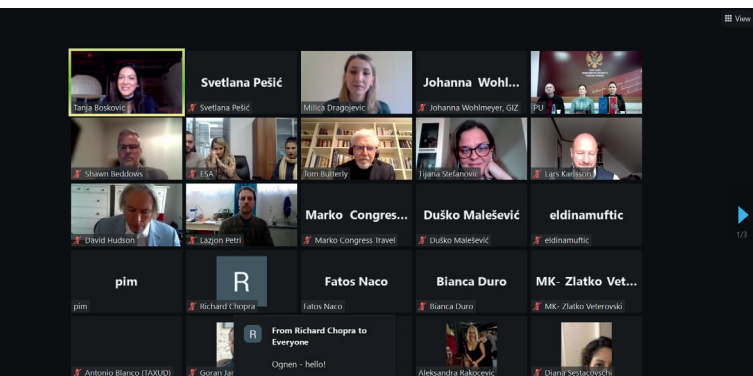
A functional and effective AEO association is seen as a key enabler to the Customs-to-Business partnership. A strong AEO association allows the economic operators to present their challenges and solutions with one common, concerted and clear voice to customs administrations. At the same time, the AEO association provides Customs with a strong, reliable partner and sounding board to further develop the AEO programmes.

• TRADE IN GOODS •

Validation missions on Mutual Recognition of AEO in North Macedonia, Serbia and Moldova successfully concluded, July 2021

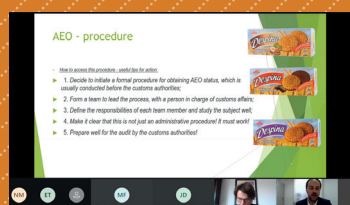
Three validation missions for the mutual recognition of CEFTA parties’ national Authorised Economic Operators’ (AEO) Programmes were successfully conducted in 2021 in North Macedonia, Serbia and Moldova. The validation missions were successfully concluded and the validation reports are finalized, accepted and ready to be adopted by the CEFTA Joint Committee. They certify that the AEO programmes of these three economies, their authorization process in the design and implementation of the national AEO programmes as well as their operational execution are fully in line with the EU acquis. The process of mutual recognition hence supports the economies in the process of aligning their national legislation to EU standards.

In addition, the customs administrations of all CEFTA Parties with the support of the project finalized an Action plan for the further improvement and development of their respective AEO programmes. The implementation of the corresponding trainings started in July 2021.



Supporting businesses to become prosperous users of the AEO status, March – July 2021

Through workshops and national meetings, organized in the period March - June 2021, companies could improve their knowledge and awareness on the benefits of the AEO status. Companies who already have AEO status or have applied for AEO authorization in one of the CEFTA Parties shared their experiences with the companies who are considering applying or based on their operations hold a high potential to benefit from the AEO status. One workshop was held in cooperation with the USAID Economic Development, Governance and Enterprise Growth Project – EDGE. The dialogue with the business community was upheld through meetings in the 7 economies. Companies could not only learn about how they can best profit from joining the AEO programme but became also aware of the need to advocate for their rights and the continuous improvement of the programmes.



Role of the CEFTA Customs administrations for the success of the Authorized Economic Operator Programme is irreplaceable, August 2021

Benefits of the AEO programmes in the CEFTA context were confirmed during a two-day meeting in Budva, Montenegro, where representatives of the CEFTA Customs administrations gathered to summarize what has been achieved over the past year. They also discussed what remains to be done to contribute to further facilitation of trade in the CEFTA. The meeting was an opportunity for the participants to exchange lessons learned during the implementation of the AEO validation missions and to discuss additional support needs for an adequate implementation of the AEO programmes. The involvement of the private sector in the prioritisation of the work for the next years has been highlighted as it plays a crucial role in the advancement of the programmes.



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Three joint customs actions in the CEFTA Region successfully completed, April – June 2021

For the first time in the CEFTA economies, three joint customs actions (JCA) were piloted following the approach established in the EU. The joint customs actions, to combat the smuggling and fraud in certain areas, were based on the identification of the risk through the CEFTA Common Risk Management Profiles. These actions rely on the establishment of specific indicators for control purposes, and the sharing of real-time information. To achieve this goal, a new module of the SEED system – Customs Risk Management Module - was created with the support of the SEED project.

The project will further support the implementation of JCA among CEFTA parties with the involvement of other governmental agencies, as a good foundation for the improvement of efficient control and risk-mitigation, avoiding unnecessary duplication of controls.



Agreement on deepening cooperation between customs and phytosanitary inspections in the CEFTA Region, August 2021

Customs representatives from CEFTA economies, together with CEFTA representatives, during the meeting held in Budva, Montenegro, reviewed results in the field of CEFTA Customs Risk Management Strategy 2020-2024, and discussed the challenges and lessons learnt during the piloting of the joint customs actions with selected common risk profiles.

It was assessed that the Strategy will continue to support CEFTA Parties in enhancing trust between the administrations while increasing efficiency and thereby making trade more efficient and reliable. During the event was held also the first joint meeting between CEFTA customs risk management departments and phytosanitary inspections. They jointly discussed the issues and requirements for their improved interaction and coordination in order to maintain the necessary level of border controls while contributing to facilitation of legitimate trade within the region.



Less controls for traded fruit and vegetables, March-August 2021

The Decision on Facilitating Trade for Fruit and Vegetables was adopted in February 2020 with the goal to promote trade opportunities and access to the regional and the EU market, based on the harmonization of relevant legislation with the EU acquis. It aims to improve the system of controls for regulated species of fruit and vegetables, while cutting down the border waiting time and costs.

Following a jointly elaborated Action plan, the project organized several regional technical meetings to discuss and enhance the system of controls for regulated species of fruit and vegetables. These meetings focused on how to reduce the border waiting time and costs, thus making trade faster, cheaper and more predictable. The project's partners agreed to establish and maintain a reduced frequency approach for physical checks of imported goods and highlighted the importance of closer cooperation and implementation of joint controls with the customs administrations. During a meeting in August in Budva, phytosanitary authorities from CEFTA also shared their progress towards the implementation of the Decision and agreed to work together to enhance harmonization of the rules necessary for improving the efficiency of the border controls. Implementation of the EU best practices for establishing a successful approach was discussed with the involvement of two experienced phytosanitary experts from Slovenia and Poland.



Pre-selection of the industrial sector(s) that would benefit the most from the mutual recognition of certificates of conformity assessment, September 2021

The first regional workshop to discuss specific actions needed to accelerate the implementation of measures aimed at facilitating trade in industrial products was held in September in Belgrade. The workshop served as a platform for sharing the main findings of research on economic benefits and technical foundations for mutual recognition protocols (MRP) to be concluded in the coming years. The main findings from the study and the discussion during the meeting singled out the sectors that might benefit the most from the mutual recognition and the eventual sector selection should be finished by the beginning of the new year.



Mutual trust and common standards bring the CEFTA economies closer to European Union, November 2021

CEFTA economies have the same task - to create the best possible conditions for all the citizens, through the creation of a common regional market based on EU rules and standards. This will bring the region closer to both membership and the European Union market. Cooperation on the plant health and food safety priorities is one of the important segments that will help achieve this goal, through its contribution to creating a functional regional market. This was assessed at the high-level meeting on strengthening regional cooperation on plant health and food safety matters in November in Budva. The meeting was opened by Minister of Agriculture, Forestry and Water Management in the Government of Montenegro, Aleksandar Stijović and Alessandra Viezzer, Deputy Head of Unit Western Balkans Regional Cooperation and Programmes at European Commission (DG NEAR). Participants agreed that food security and market supply is one of the key conditions for the security of a country. It was emphasised that regional economic cooperation has great importance for the success of the Western Balkans and Moldova.

The meeting was attended by Directors General of the institutions in charge of food safety, veterinary and phytosanitary affairs in the CEFTA, who agreed to strengthen the cooperation for facilitating trade in the region. Particular attention was paid to the need to accelerate the harmonization of regulations and measures with the relevant regulations in the EU.

Safe and responsible use of pesticides minimises health and environmental risks, December 2021

To provide safe, healthy, and sustainably produced food and reduce controls for that goods within the country and across the region requires a full range of measures to support fruit and vegetables producers in the sustainable use of pesticides. Different levels of harmonization of regulations governing this area in the region affect the different treatment and the level of controls for goods coming from different CEFTA parties. Promoting compliance with legal and regulatory requirements contributes to facilitation of trade while minimizing risks to people and the environment. A key part of this is ensuring that producers are well trained for the safe and responsible use of pesticides.

The project supported the Directorate for Food Safety, Veterinary and Phytosanitary Affairs of Montenegro, to provide a pesticide record book for 8,000 agricultural producers. Fruit and vegetable producers must keep records of pesticide treatment and make them available to phytosanitary inspector on request. Accurate records help producers evaluate the effectiveness of each pesticide treatment. At the same time, it helps phytosanitary administrations to maintain measures to ensure appropriate use of pesticides. The pesticide record book helps producers with a simple method of maintaining records that meet all the prescribed requirements.



· TRADE IN SERVICES ·

Identified gaps between Services Trade Restrictiveness Index (STRI) reports and the AP6 commitments, March 2021



In cooperation with the International Trade Centre (ITC) from Geneva, the project prepared a report for assessment of gaps between Services Trade Restrictiveness Index (STRI) reports and the commitments taken under the Additional Protocol 6 to the CEFTA (AP6), with recommendations for alignment and implementation of AP6. The assessment report for each CEFTA Party, that identified the gaps and inconsistent measures, was completed and shared with stakeholders and the CEFTA Secretariat. A series of technical advisory meetings/seminars completed the picture by verifying findings from the STRI assessment reports, and provided advice about the meaning, scope, and depth of AP6 commitments and how to arrive at compliance with AP6 commitments.

First steps to facilitate trade in services in the CEFTA economies, March – May 2021

During March and May 2021, the first capacity-building workshops were organized by the project and in cooperation with the International Trade Centre (ITC). Trainings targeted government and agency officials from various sectors and responsibilities, with the participation of more than 110 representatives. The officials were presented with and discussed transparency and notification requirements under AP6 with the international experts. The second training was organized on the methodology of the Services Trade Restrictiveness Index of the World Bank/WTO for the members of Tourism Expert Group and the third was dealing with the Implications of AP6 Rules on the Temporary Entry and Stay of Natural Persons for Business Purposes in CEFTA Parties.

Draft Decision on facilitating trade in services provided by travel agencies and tour operators, June 2021

A Draft Decision on facilitating trade in services for travel agencies and tour operators from the CEFTA economies has been prepared with the support of the project in the first half of 2021. The proposal is based on EU regulation for the facilitation of service trade (Services Directive) and covers issues related to the rights of recipients of services as well as the quality of the supplied services. The scope of the draft Decision covers the rules applied both when a travel agency or a tour operator is establishing a presence in a Party (permanent provision of services) and when the respective service supply is of temporary nature.

In order to complement and provide a solid base for the preparation of the Decision, the project delivered an assessment of domestic regulatory frameworks in tourism in CEFTA. The assessment focused particularly on licensing requirements for travel agencies and tour operators in each CEFTA Party.





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