



Republic of Macedonia
Ministry of Economy



CEFTA Chairmanship 2014

Work Programme

January 2014

I INTRODUCTION

As set out in the CEFTA 2006 Decision No.1/2007 Rules of Procedure (Article 3), Macedonia will take over the Chairmanship of the CEFTA 2006 from Bosnia and Herzegovina in January 2014. The Chairmanship is taken on rotational basis with the tenure of office of one calendar year.

The implementation of the South East Europe 2020 Strategy (SEE 2020) is expected to start in 2014, the year in which Macedonia will chair CEFTA. The objective of the Integrated Growth pillar is to promote regional trade and investment linkages and policies that are non-discriminatory, transparent, predictable and that enhance flow of goods, investment, services and people within the Region. This also contributes to further integration of the Region into the European and global economy through participation in the international supply chains, grounded on improved international competitiveness of national economies and backed by deepened regional trade and new investment. This objective is compatible with the main goals and priorities of the CEFTA Chairmanships in years to come. Thus, Macedonia has decided to adjust the structure of its Chairmanship Work Programme in a way to integrate the four dimensions of the Integrated Growth Pillar into its priorities. The adjusted CEFTA Chairmanship Work Programme would facilitate establishing linkages between priorities of CEFTA and the SEE 2020 as they are coinciding with each other. Furthermore, another expected benefit from such a Chairmanship work programme - is to ensure consistency and coherence of the priorities as well as their implementation and proper coordination among all the relevant stakeholders of the SEE 2020 through strengthening interaction between CEFTA work programmes and the Strategy.

II PRIORITIES OF THE CHAIRMANSHIP FOR 2014

Having regard to the above mentioned overall objective, Macedonia has determined the following as the priorities of its Chairmanship in 2013 in the corresponding dimensions of the Integrated Growth Pillar.

Free Trade Area:

- i) Further liberalisation of trade in agricultural goods and trade in services,
- ii) Elimination of distortive non-tariff barriers and unnecessary technical barriers to trade
- iii) Facilitation of trade through employing transparency tools and simplification of trade related procedures

Competitive Economic Environment:

- iv) Promoting the regional cooperation in competition policy, IPR and Public Procurement,

Integration into Global Economy

- v) Improve market access through completing a single diagonal cumulation zone under the Pan-European Mediterranean Convention (PEM)
- vi) Initiate establishing an investment concept to enhance participation in regional supply chains and global supply networks

As a horizontal priority,

- vii) Sustaining synergy between implementation of CEFTA and the SEE 2020

Free Trade Area:

I) Further liberalisation of trade in agricultural goods and trade in services

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

Macedonia fully supports the gradual liberalisation of intra-regional trade in services as stipulated in the Article 27 of the Agreement with the ultimate objective to sign the Additional Protocol on Trade in Services. In its capacity of a Chair of the Working Group on Trade in Services, it will dedicate its attention towards facilitating the smooth process of negotiations amongst Parties according to the mutually agreed guidelines and principles. The tailor made technical assistance will be developed in cooperation with the CEFTA Secretariat with the objective to respond promptly to the needs of the beneficiaries in different phases of negotiations. Apart from this, Macedonia will engage efforts to deepen the cooperation amongst regulatory bodies and professional associations, and work on improving the quality of statistics in services across the region.

2. *Liberalisation of trade in agricultural products by eliminating remaining tariffs and quotas*

Following the initiative in 2013 of Bosnia and Herzegovina and Albania, as well as Macedonia and Moldova to remove the existing tariffs and quotas, the objective of 2014 would be to urge the ratification of Additional Protocol on further liberalisation and thus ensure the “zero tariffs” area in trading of agricultural products within the CEFTA region. The benefits of such an important step will be carefully examined, impacts assessed and the recommendations for a better utilisation of potentials of the free trade area developed.

II) Elimination of distortive non-tariff barriers and unnecessary technical barriers to trade

1. *Enhancing cooperation in SPS matters*

The activities on the cooperation in SPS matters will include the: (i) implementation of the recommendations of the Multilateral Monitoring Framework on elimination of the NTBs related to the sanitary, phytosanitary and veterinary measures; (ii) synchronised harmonisation of domestic regulation and measures with those of EU and WTO in priority areas; (iii) developing of a sustainable and regular consultation process on regional positions in international organisations, preparation of residue monitoring plans, traceability, certificates in use; (iv) Coordination of regionally national activities in implementing a risk based approach in inspection and lab testing, including surveillance of plant pests, animal diseases and food safety.

2. *Promoting free trade without barriers*

Macedonia places the elimination of the NTBs (SPS, TBT and administrative barriers to trade) very high on the agenda of its Chairmanship. Therefore, the work done in previous years, in cooperation with the OECD, on creating the environment free of potential barriers will be continued and deepened in the areas of mutual benefit to all Parties. The set of recommendations developed by the OECD and endorsed at the last Joint Committee will be taken dully into account and Macedonia urges Parties to show their commitment when implementing it in a given time frame. The several areas will be given particular attention in order to address ex-ante elimination of NTBs: (i) improvement of transparency in each of identified areas; (ii) synchronised harmonisation of the legislation with that of EU; (iii) conclusion of multilateral agreements on recognition; (iv) employment of risk management procedures. The sector specific and product group prioritisation will also be taken into account when employing specific measures in combating the unnecessary barriers to trade.

3. *Reducing technical barriers to trade*

In the area of elimination of unnecessary technical barriers to trade, Macedonia will engage efforts to assist the Chair of the Working Group on TBT to: (i) conclude the *Agreement on Conformity Assessment Issues and on Easing of Market Access of Industrial Products*; (ii) encourage the rest of CEFTA Parties National Accreditation bodies to meet requirements for signing EA MLA for specific accreditation scope; (iii) conclude multilateral or plurilateral agreements on cooperation in the field of standardisation, accreditation and metrology among the national bodies of the CEFTA Parties; (iv) enhance regional cooperation of national CABs when participating in proficiency testing schemes. In cooperation with the CEFTA Secretariat, the tailor made technical assistance will be secured in order to support the above-mentioned activities.

III) Facilitation of trade through employing transparency tools and simplification of trade related procedures

1. *Employing transparency tools at the regional level to systemize detecting trade irritants*

Macedonia will encourage the CEFTA Parties to use effectively the **Market Access Trade Barriers Database** in order to systemize addressing the market access barriers which their operators encounter in the regional trade. In this endeavour, the Macedonian Chairmanship will consider developing legal or administrative instruments to eliminate the most frequent market access barriers regionally, by taking into account proportional impact of those barriers on the regional trade. The Chair in Office may therefore propose adopting Ministerial decisions or recommendations on appropriate areas to eliminate the most trade distorting barriers systematically, if necessary.

With the objective to promote the achievements of the CEFTA Agreement in the area of sanitary, phytosanitary and veterinary cooperation, Macedonia undertakes the commitment to upgrade the **CEFTA SPS Database** created in 2013. This would include a development of a number of additional features to the existing information on key legislation and SPS measures with a view of addressing the needs not only of governments, but also of the private sector and academia. The end objective is to have a sustainable transparency platform that provides with up-to-date and comprehensive information to any exporter/importer on current legislative and institutional framework of the region as a whole.

Furthermore, Macedonia places great importance to the activities destined to attract the investment and envisages improvement of transparency in the area of quality infrastructure across the region. In 2014, the efforts will be engaged to develop the **CEFTA TBT Platform**, which will feature the web-based online notification system of relevant legislation and the specific information related to key areas such as accreditation, standardisation, metrology and market surveillance.

Regarding new transparency tools to be developed under the Transparency Pack, the Chair in Office is to take all necessary actions through the relevant CEFTA Structures in order to make the Pack functioning by the end of its Chairmanship.

2. Initiating Harmonisation of Data Submission Requirements in the regional trade

The Chair in Office will invite the CEFTA Parties to map data submission requirements according to their national legislation. In this endeavour, if necessary, prioritisation in mapping of data submission requirements is to be made for the limited number of sectors/products in accordance to risk assessment and trade volume thereof.

The aim of this priority is to propose the CEFTA Parties to adopt a list of data submission requirement in the trade, in line with WTO and EU requirement, while eliminating any redundancy without prejudice to any data to be submitted for safety and security controls by the agencies in case of serious doubts.

3. Initiating preparations of an EU Compliant CEFTA Authorised Economic Operator Programme

As a follow-up on the activities carried out during the Macedonian Chairmanship of CEFTA Subcommittee on Customs and Rules of Origin in 2013, the Chair in Office will invite CEFTA Parties to consider initiating pilot projects at the national level through which volunteered operators may participate and can be granted AEO status by customs, if they meet the criteria as defined by the EU acquis and national legislation. If agreed by the CEFTA Parties, those pilot AEOs would also be mutually recognised by other CEFTA Parties. The pilot project is to be for a limited time period, and on the basis of its results, the CEFTA Parties are to consider establishing a formal mutually recognised CEFTA AEO Programme. The involvement of SPS agencies and other technical agencies into the implementation of pilot projects are also to be encouraged.

4. Establishing CEFTA Trade Facilitation High Level Task Force

The Macedonian Chairmanship will undertake all necessary preparations to create a high level task force in order to coordinate trade facilitation related activities of all CEFTA Structures. It is foreseen that such Task Force needs to be composed of Chairs of the CEFTA Subcommittees and Working Groups, and chaired by the rotating Chair in Office. The Task Force is to report to the CEFTA Deputy Ministers. The Macedonian Chairmanship will develop a terms of reference for the Task Force and communicate to other CEFTA Parties in the first half of its Chairmanship.

5. Facilitation of free movement of experts, professionals and skilled labour

Seeing it as one of the important priorities of the SEE 2020 Strategy towards creating the area where the human capital of the region is utilised in the best possible manner, Macedonia undertakes the commitment to start with preparatory activities on facilitating free movement of experts and professionals in areas of common interest. The end objective is to have signed agreements on mutual recognition of education, experience obtained, licences or certificates granted in selected areas amongst interested Parties. Since the fulfilment of this priority will require stronger political will and broader coordination, the Chair in Office is ready to take all the necessary steps to enable CEFTA Structures to work together with relevant stakeholders in other pillars of SEE 2020 Strategy towards achieving this ambitious task.

Competitive Economic Environment

IV) Promoting the regional cooperation in competition policy, IPR and Public Procurement

1. Initiative to create regional networks of Competition Policy, IPR, and Public Procurement

The Chair in Office is to take an initiative in order to create regional networks among the national authorities in the CEFTA Parties in the areas of competition policy, IPR, and Public

Procurement. The objective of these networks is to exchange of their experiences, information sharing and coordinate the activities that are foreseen in the SEE 2020.

Furthermore, in particular on transparency of state aid schemes, the Chair in Office considers organising technical meetings as a follow up to the CEFTA Workshop on State Aid Reporting in Sarajevo last year.

Integration into Global Economy

V) Improve market access through completing a single diagonal cumulation zone under the PEM Convention

1. Measuring the application of diagonal cumulation by CEFTA Parties

It is expected that the application of diagonal cumulation between the EU, EFTA States and the CEFTA Parties, which have ratified the PEM Convention, is to start on April 1, 2014. In this regard, it is important to maximize economic benefit of cumulation opportunities to be derived from that merged diagonal cumulation zone by the CEFTA Parties.

The Chair in Office considers crucial to develop a methodology to measure systematically the usage rate of diagonal cumulation by the operators in CEFTA, and to detect the current constraints with an aim to strengthen the administrative capacity of public authorities and private sector to maximize the usage of cumulation which would back the integration of CEFTA Parties to the global economy.

It is also expected that such initiative will support the CEFTA Parties to take part more active the revision exercise of the PEM Convention.

2. Creating capacity in trade policy in particular to assess possible impacts of concluding new Free Trade Agreements with third countries

The Chair in Office is to consider taking initiatives to strengthening the capacity of public sectors which are in charge of the trade policy making, coordination and implementation. In this priority, a particular attention will be paid to the development of capacity to carry out impact assessment with regard to potentials of new FTAs which may be concluded with third countries, especially with signatories of the PEM Convention other than the EU, EFTA States, and Turkey.

VI) Initiate establishing an investment concept to enhance participation in regional supply chains and global supply networks

1. *Ensuring multi-dimensional synergy between trade and investment policies*

The Macedonian Chairmanship attaches higher importance to the implementation of investment related Articles of the CEFTA Agreement due to its direct interaction with trade. All the more strengthening interaction between trade and investment policies at the regional level is deemed necessary, particularly with a view to creating a regional investment concept. In addition, the Chair would assess if it is necessary to have a specific body in CEFTA to coordinate between the implementation of investment related provisions of CEFTA and the investment promotion related activities by other regional structures in the framework of the SEE 2020. In this regard, the Chair in Office is to take an initiative to create a task force on investment to perform the above mentioned tasks, if necessary.

Horizontal Priority

VII) Sustaining synergy between implementation of CEFTA and the South East Strategy 2020

1. *Follow up of steering the implementation of Integrated Growth Component of the SEE 2020*

As mentioned in the introduction part, Macedonia has adjusted its chairmanship priorities with the ones of the Integrated Growth Pillar of the SEE Strategy 2020. For the sake of ensuring efficiency and effectiveness of the implementation of the SEE 2020, once it has started, the Chair in Office is to synchronise timing of the actions in CEFTA and their sequencing with the implementation of the SEE 2020, if deemed appropriate.

In this regard, the Chair in Office will particularly be supported by the CEFTA Secretariat with its new mandate (reached by consensus of CEFTA Parties) for ensuring coordination between CEFTA and the SEE Strategy 2020.

III COOPERATION WITH INTERNATIONAL INSTITUTIONS AND REGIONAL INITIATIVES

The Chair in Office is to stay in close cooperation with the Regional Cooperation Council which is in charge of overall coordination of the SEE 2020. In this regard, the Macedonian Chairmanship is ready to take any further action, if necessary, to facilitate smooth cooperation between CEFTA Structures and implementation of the SEE 2020, in particular with other regional initiatives involved therein.

In the framework of the implementation of its Chairmanship Work Programme, the Chair in Office will continue to work in close cooperation with the World Bank, OECD, IFC, UNCTAD, ITC, and WTO whose technical advisory are of substantial importance to undertake the activities by the CEFTA Structures. Furthermore, the Chair in Office will continue to cooperate with GIZ, USAID and TAIEX which have so far been playing major facilitating role in the implementation of CEFTA Chairmanship Workprogrammes.

IV CONSTRAINTS

Macedonia is committed to ensure the functioning of CEFTA activities on the technical level in the best conditions. On this purpose will do its best in order to ensure financial support for fulfilling the work plan, including by continuing cooperation with other relevant organisations.