

SUPPORTING CEFTA PRIORITIES

Mapping the Technical Assistance advancing CEFTA implementation

November 2015

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This report has been prepared by the CEFTA Secretariat.
The Secretariat would like to thank their colleagues in the various organisations that finance and implement CEFTA related technical assistance projects for their cooperation in the preparation of this document.

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FOREWORD

Stimulating sustainable economic growth and advancing integration with the EU lie at the heart of the economic policies of all CEFTA Parties. Our ambitious free trade agreement of 2006 provides us with an excellent framework within which to devise and implement policies that are non-discriminatory, transparent, and predictable and that enhance the flow of goods, investment, services and people within the CEFTA region.

Building upon previous achievements, the Moldovan Chairmanship of CEFTA in 2015 has focused on five interrelated priority areas - trade facilitation, liberalisation of trade in services, investment, capacity building and transparency. Our joint efforts in these areas contribute to greater trade flows in goods and services and, importantly, to promoting investment throughout the region. Our work under CEFTA complements the commitments made at national level in our various agreements with the EU such as Moldova's Deep and Comprehensive Free Trade Agreement (DCFTA) and the pledges made by Western Balkan countries at the Vienna Summit in August 2015 to enhance trade facilitation, mobility and joint growth initiatives. All Parties have agreed that CEFTA is a key mechanism for achieving the Integrated Growth objectives of SEE 2020 at both regional and national level.

Our governments are engaged in numerous activities to meet these national, regional, EU and international agendas. The support of the international community for our efforts to advance trade and investment in CEFTA Parties is much appreciated. A range of technical, financial and advisory support has been put at our disposal, without which we would struggle to make the rapid progress that we have achieved to date.

Better alignment of the various processes would allow us to ensure that we develop and implement consistent policies and extract greater benefits from the synergies stemming from our membership of different agreements such as CEFTA, WTO, SAA and DCFTAs as well as the different assistance programmes available to us.

This publication contains a brief overview of some of the programmes and projects that address our current CEFTA priorities. As you will see there is a vast array of topics being addressed, numerous participants involved and a wide range of methods being deployed. We need to ensure that these projects are tailored to CEFTA's needs and expectations. This is why CEFTA Parties have launched an initiative to engender greater coordination among the Parties, project financiers and imple-

menting organisations. This is an initiative that will be continued and strengthened by CEFTA Parties in the coming years.

We firmly believe that better coordination led by CEFTA will benefit all stakeholders. CEFTA structures provide a unique framework whereby complex, regional actions can be prepared and monitored by experts in the specific fields. Greater coordination by CEFTA of the processes of identification, programming and monitoring of assistance will strengthen ownership and commitment as well as encouraging better synergies and reducing duplication. Regional bodies such as CEFTA provide an efficient channel to enhance the accountability of the development partners when working on projects with multiple beneficiaries. We look forward to working with all our development partners on a reinforced coordination system.

In the meantime, this publication provides all CEFTA stakeholders with an initial overview of the levels of activity, areas of focus and the types of support available. It is also useful as a tool to pinpoint areas where greater attention is required or where actions need to be sequenced more effectively. I hope you will find it useful.



Stéphane Christophe Bride

Deputy Prime Minister,
Minister of Economy of the Republic of Moldova
November 2015

A handwritten signature in blue ink, appearing to read 'S. Bride', with a stylized flourish at the end.

TABLE OF CONTENTS

FOREWORD	4
TABLE OF CONTENTS	6
1. INTRODUCTION	1
CEFTA – A dynamic, evolving agreement	1
Need for Enhanced Coordination of Assistance	1
Mapping the Technical Assistance	2
2. IMPLEMENTING CEFTA - THE IMPORTANCE OF TECHNICAL ASSISTANCE	3
Critical Role of Technical Assistance	3
Multiple processes for planning and implementing Technical Assistance	3
3. A PRELIMINARY MAPPING OF CEFTA RELATED TECHNICAL ASSISTANCE	6
4. PROJECT INFORMATION SHEETS	10
4.1 Trade in Services	11
Assessment of Potential for the Liberalisation of Trade in Services among CEFTA Parties	12
Barriers to Trade in Services in the CEFTA Region	14
Creation of A Regulatory Database in Professional and Construction Services and Services Trade Restrictiveness Index (STRI)	16
Study on Mutual Recognition Agreements in Professional Services and CEFTA Integration	18
Facilitation of Trade in Services Negotiations	20
Study to Identify Sectors of Interest for Potential Mutual Recognition of Professional Qualifications	22
Reporting System for Trade in Services Statistics, FATS and FDI Statistics	24

4.2	Trade Facilitation	27
	Evaluation of the Impact of Regional Trade Integration	28
	Monitoring the Elimination of NTBs in the CEFTA Parties	30
	Western Balkans Trade Logistics Project	32
	Maintenance of the SEED (Systematic Electronic Exchange of Data) System in the Western Balkans	34
	Technical Assistance for Negotiations on Trade Facilitation and Creating CEFTA Management Information System	36
	Addressing and Eliminating the Most Trade Distortive Non Tariff Barriers in CEFTA	38
	Support for Trade Facilitation and Elimination of Non-Tariff Measures in CEFTA	40
	Trade Promotion in the Wine Sector	42
	Establish/Strengthen National Trade Facilitation Committees	44
	Proposal for Project to Strengthen SEED - SEED +	46
4.3	Investment	49
	Monitoring the Investment Related Clauses IN CEFTA	50
	Investment Policy Review of South East Europe	52
	CEFTA Investment Report	54
4.4	Transparency	57
	Information System on Non-Tariff Barriers to Trade in CEFTA - CEFTA Transparency Pack	58
	CEFTA Management Information System	60
4.5	Capacity Building	63
	Seizing the Potential of Diagonal Cumulation for Trade in CEFTA	64
	Technical Assistance in Trade Policy Formulation, Implementation and Coordination	66
	CEFTA Secondment Initiative: Building expertise and exchanging knowledge among CEFTA trade officials	68
	Quality Infrastructure in the Western Balkans	70



1. INTRODUCTION

CEFTA – A dynamic, evolving agreement

CEFTA is a modern and comprehensive regional free trade agreement, designed as an integral part of the EU pre-accession agenda. It provides a strong legal basis for policy formulation and implementation in key areas related to trade and investment. The successful implementation of the Agreement to date, with full liberalisation of trade in goods has substantially contributed to the creation of a free trade area in South East Europe. The Agreement has also facilitated trade in the region through identifying and eliminating non-tariff barriers and the provision of up-to-date and user-friendly trade related data and information via the CEFTA website. Creating a diagonal cumulation zone in CEFTA and merging it into the Pan-Europe Mediterranean zone, through linking CEFTA with the PEM Convention, are other successes recorded in CEFTA. The CEFTA Parties have agreed on an ambitious agenda to further contribute to economic growth. This includes further liberalisation and trade facilitation, as well as advancing investment related issues outlined in the Agreement.

CEFTA is currently evolving as the Parties, having met many of the commitments outlined in the original agreement of December 2006, explore ways in which the Agreement can be enhanced to provide an even greater stimulus for trade development and investment promotion in the CEFTA Parties.

In particular, the CEFTA Parties have welcomed the strategic context provided by the SEE 2020 Strategy to develop stronger links with related economic policies in areas such as investment, transport, human capital and governance and

thereby to reap greater benefits from regional cooperation. SEE 2020 offers all the Parties the possibility of enriching the future implementation of CEFTA, allowing it to implement activities to reach goals outlined/mentioned in the original agreement but not elaborated. Thus, in November 2013 the CEFTA Joint Committee mandated the CEFTA structures to serve as implementation structures for the Integrated Growth Pillar of SEE 2020.

Moving forward, the Parties have identified five priority areas where they plan to focus their efforts – trade facilitation, liberalisation of trade in services, investment, transparency and capacity building.

Need for Enhanced Coordination of Assistance

The relevance of CEFTA to stimulating sustainable economic growth and advancing the European integration agenda has allowed the Parties to secure technical and financial support from the international community to assist with both the implementation of CEFTA and its future evolution. The EU's Instrument for Pre-Accession (IPA) is a significant source of assistance, particularly for activities at regional level. CEFTA also benefits from bilateral donors particularly development partners from Germany, Norway, Sweden and the USA and several international organisations such as the World Bank, OECD, UNCTAD, ITC etc., are involved in delivering assistance on CEFTA related issues. As implementation of SEE 2020 gets underway, RCC is becoming an important partner as much of the CEFTA related assistance is complementary to SEE 2020 flagship initiatives.

The scale of the technical assistance activities undertaken, the different levels at which they take place (regional, national and local), the number of organisations involved and the diverse range of areas that they address presents a number of challenges for the CEFTA Parties including:

- How to ensure that priority areas identified by CEFTA Parties have access to appropriate support?
- How best to align activities - nationally and regionally?
- How best to sequence activities – nationally and regionally?
- How best to design and implement activities given the limited resources available to the public administrations in the CEFTA Parties?
- How to secure specific, tailored recommendations for actions to improve policy development and implementation in the priority areas?
- How to best exploit the legal instruments that might be adopted by CEFTA to implement specific recommendations of regional projects?

Addressing these challenges effectively requires a greater level of coordination and communication between CEFTA Parties and its development partners at regional and national level than exists today.

This is the rationale behind the coordination initiative launched by the Moldovan Chair in Office (CiO) in February 2015. A specially convened meeting brought together the CEFTA Parties and development partners involved in trade facilitation allowed them to assess the key issues under this priority, review activities underway and identify areas where further assistance is required immediately or in the future. This meeting produced concrete results in terms of improved coordina-

tion across projects and the preparation of new projects to address areas identified as in need of specific assistance. CEFTA now plans to extend this coordination initiative to all priority areas of CEFTA.

Mapping the Technical Assistance

This report is intended to support this coordination initiative by:

- Highlighting the interdependence between successful CEFTA implementation and related TA projects (section 2)
- Providing a summary listing and analysis of completed current and planned assistance projects in the five priority areas – trade facilitation, liberalisation of trade in services, investment, transparency and capacity building (section 3)
- Supplying brief descriptions of the selected projects and access to further information (section 4)

The analysis and mapping of technical assistance projects is based upon the individual project sheets provided by the various organisations responsible for implementing and/or financing the different activities.

2. IMPLEMENTING CEFTA - THE IMPORTANCE OF TECHNICAL ASSISTANCE

Critical Role of Technical Assistance

Technical assistance plays a vital role in ensuring the successful implementation and evolution of CEFTA. The availability of expert advice and guidance, training and financial assistance allows the CEFTA Parties to advance more rapidly through their ambitious agenda as it:

- Provides information and analysis on new complex areas in trade and related policies (e.g. mutual recognition of professional qualifications)
- Supports the Parties' preparation for new agreements within CEFTA (e.g. research and analysis to provide the basis for negotiations, development of negotiation options, preparation of roadmaps for negotiation processes)
- Circulates best international practice among the Parties on different aspects of trade and investment
- Increases the availability of timely, accurate and targeted information on trade flows among the Parties (e.g. the CEFTA Transparency Pack)
- Improves the knowledge and skills of officials and private sector representatives
- Strengthens the analytical basis for decisions of the various CEFTA Structures (e.g. Joint Committee, Sub-Committees)
- Boosts information flows between CEFTA structures and related structures such as RCC, SEETO, ReSPA, and ERI-SEE
- Augments the limited in-house resources in the public administrations of the CEFTA Parties.

Multiple processes for planning and implementing Technical Assistance

Technical assistance is provided to the CEFTA Parties at national and regional level by a number of development partners including the European Commission, bilateral donors and various international organisations, all of whom have their own programming cycle and areas of focus.

At national level much of the assistance provided is focused on the transposition and implementation of relevant aspects of the EU's *acquis* and on implementation of other multilateral obligations such as those stemming from WTO accession or membership. At the regional level, the implementation and evolution of CEFTA and implementation of SEE 2020 are often the driving forces behind the trade and investment oriented TA that is available to CEFTA Parties.

While all these processes have the same overall goals of greater economic development and European integration, the manner in which the TA is planned, prepared and implemented can vary quite considerably and different organisations, departments and personnel are often involved.

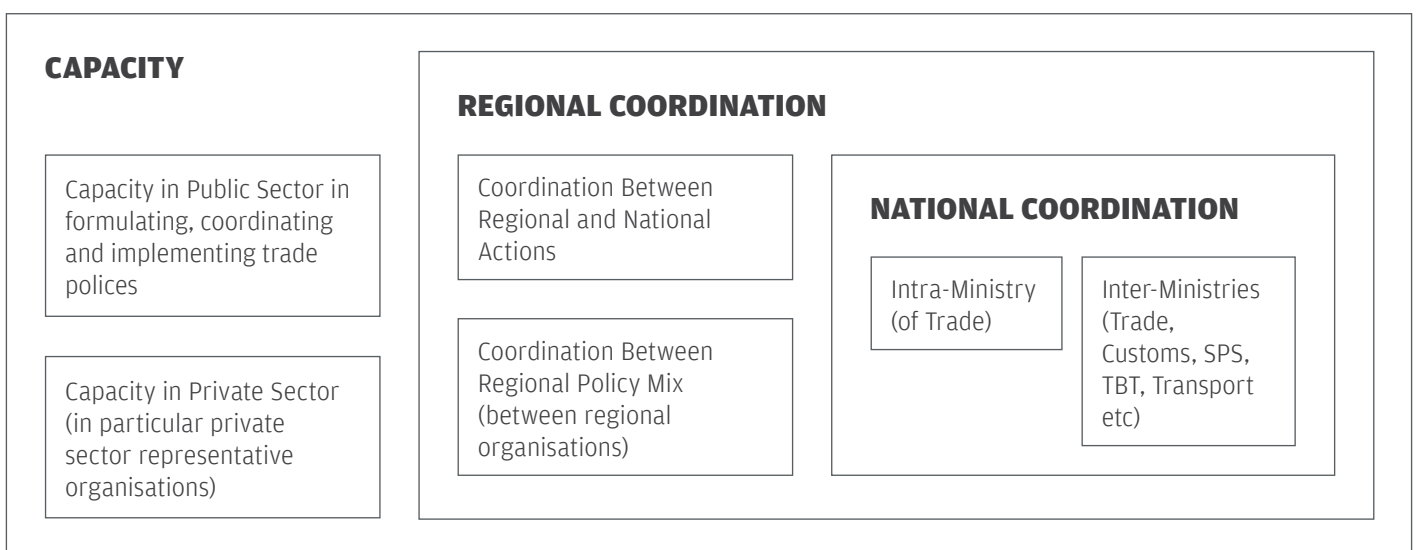
This fragmented approach to identifying, planning and implementing TA can lead to a loss of efficiency and effectiveness. The most obvious risks are of overlapping activities, a lack of consistency in approach or certain policy areas being neglected, as they are not on the "radar screen" or are not a priority for particular development partners. In addition, sometimes the crosscutting nature of certain policies and strategies is



not fully recognised leading to fragmentation of activities and a “partial optimisation” effect. This can result in definitions of key issues that are too narrow and a failure to identify potential cross-sector synergies when developing measures and deciding on investment needed.

The involvement of CEFTA as the leading partner for the implementation of the Integrated Growth pillar of SEE 2020 is facilitating a more coordinated approach at regional level and needs to be reinforced. Some bilateral donors have instigated coordination with partner organisations e.g. GIZ, UNCTAD and ITC in specific trade related areas. However many challenges still remain, particularly for coordination at national level and ensuring sufficient information flows between national level and regional level.

The diagram below summarises the factors that need to be addressed for the effective coordination of CEFTA related TA. They include capacity issues, variances in policy mix and the number and scope of the organisations involved.



CEFTA Priorities – A firm basis for enhanced coordination of Technical Assistance

The CEFTA priorities of trade facilitation, trade in services, investment, transparency and capacity building are fully in line with the shift in the EU's enlargement strategy towards a much greater emphasis on economic governance and competitiveness. This is also a feature of the EU's DCFTA with Moldova.

CEFTA can provide all stakeholders with a unique framework within which to programme and implement technical assistance in a more coordinated and effective manner. There are several excellent reasons why the CEFTA structures should play the leading role in coordinating CEFTA related technical assistance including:

- The binding nature of the commitments and obligations that the CEFTA Parties assume under the Agreement, through the Ministerial Decisions taken at the Joint Committee meetings, provide clear political commitment to develop and implement specific policies
- The various CEFTA structures (committees, sub-committees and working groups) provide a ready made and efficient platform for active engagement and cooperation between the Parties and the development partners throughout the life of individual projects – from identification, through implementation to evaluation
- Leadership of the coordination process by the CEFTA structures allows for greater ownership of, and commitment to, the various projects and programmes by the beneficiaries themselves. Such commitment strengthens implementation capacity and enhances the overall sustainability of the projects
- The various CEFTA structures have a unique overview of activities in their specific areas of interest and can contribute to creating synergies between projects and reducing duplication and inconsistencies. This is particularly relevant for regional actions where there are many participants and the activities are complex
- The CEFTA Joint Committee has mandated the CEFTA Secretariat to facilitate the provision of technical assistance for CEFTA related actions. As regional projects invariably involve multiple beneficiaries, a regional structure such as CEFTA can provide an efficient channel through which the accountability of development partners to all the beneficiaries can be enhanced
- The active participation of the CEFTA structures in such activities prepares them for similar programming and monitoring roles in a future EU context

The February 2015 meeting between CEFTA Parties and development partners focused on better coordination of trade facilitation activities has already yielded positive results. Expanding this effort to the other CEFTA priorities will be a key activity in 2016.

3. A PRELIMINARY MAPPING OF CEFTA RELATED TECHNICAL ASSISTANCE

Table 1 below summarises twenty-six TA projects spread across the CEFTA priority areas – liberalisation of trade in services, trade facilitation, investment, transparency and capacity building. This selection of completed, on-going and planned/proposed projects demonstrates the breadth of technical assistance and expertise available to the CEFTA Parties.

While each project has a primary objective aligned with one of the CEFTA priorities, in general they also address other priorities within CEFTA – for example many projects also serve to improve transparency as they provide all stakeholders with valuable data and analysis on different aspects of CEFTA implementation. A number of projects also indirectly contribute to capacity building as through their participation in project activities, trade officials and/or representatives of the private sector gain new insights and additional knowledge of policies and mechanisms that enhance trade and investment.

All projects should make a contribution to improving the general investment climate, hence the CEFTA priority of investment refers specifically to implementing the investment related clauses of CEFTA, ensuring that these contribute to the SEE 2020 priorities in integrated growth and are complementary to any other investment related activities undertaken under this pillar.

Comprehensive information on each project is set out in section 4 outlining the background to each project, the overall objective, the activities undertaken, the impact on CEFTA, the project partners and beneficiaries, budget, timing and contact persons.

A brief analysis of this selection of CEFTA related TA projects indicates the current emphasis on trade facilitation. As illustrated in Figure 1, it is the primary objective of 10 of the 26 projects. Of these 10 trade facilitation projects, 3 projects are currently on going and 4 are in the pipeline, either about to start in the coming months or under discussion with potential financiers. Projects aimed primarily at supporting the liberalisation of trade in services account for 7 of the 26 projects, 1 of which is on-going and supporting the Parties in their current negotiations on this topic while 2 are in the pipeline.

Figure 1 demonstrates the multi-faceted nature of the TA projects as it combines the primary and secondary objectives of each project to illustrate how the different priorities benefit overall from the assistance provided. As the chart indicates, transparency, including availability of information and greater awareness of CEFTA, benefits substantially from the various projects, with trade facilitation the second most frequent listed objective.

Figure 1: **BREAKDOWN OF CEFTA TECHNICAL ASSISTANCE PROJECTS BY PRIMARY OBJECTIVE**

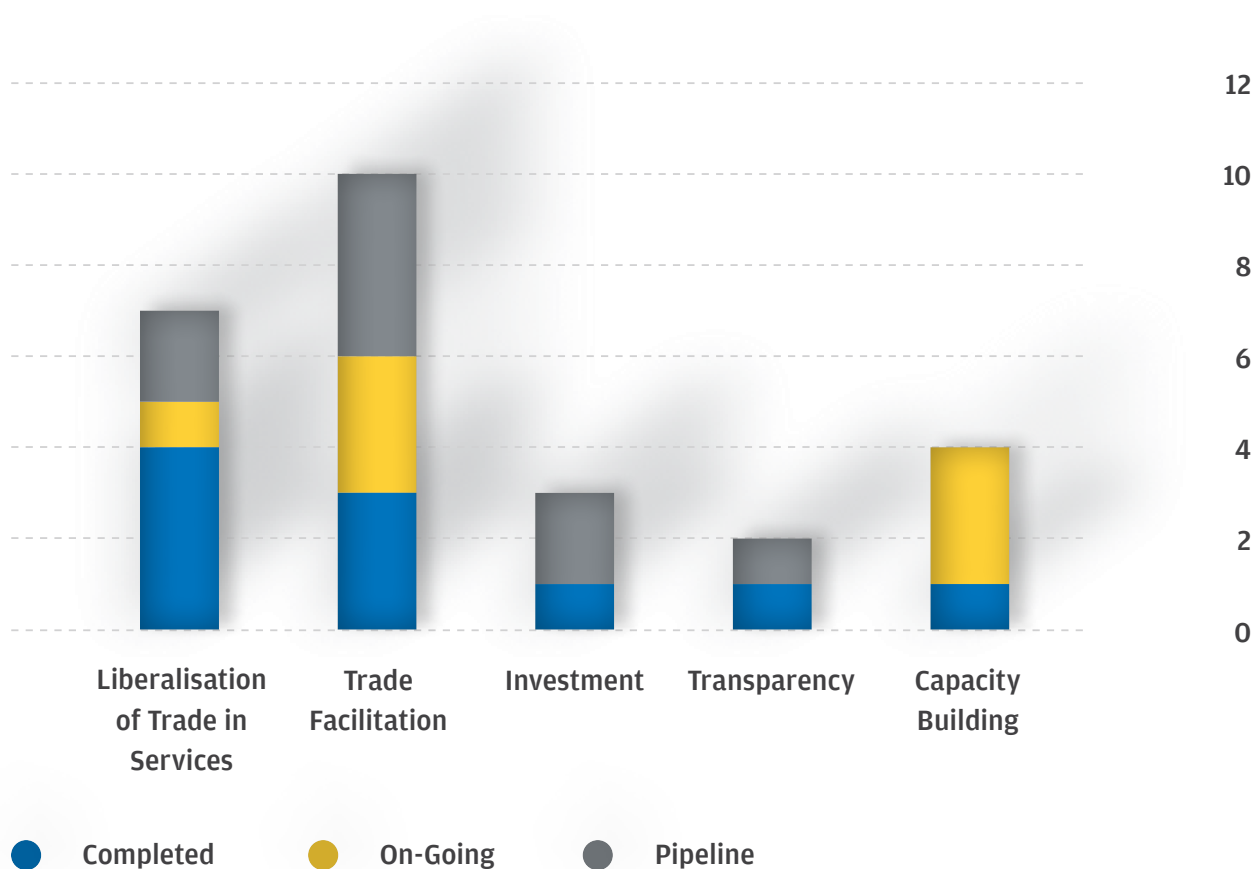


Figure 2: **BREAKDOWN OF PRIMARY AND SECONDARY OBJECTIVES OF CEFTA TECHNICAL ASSISTANCE PROJECTS**

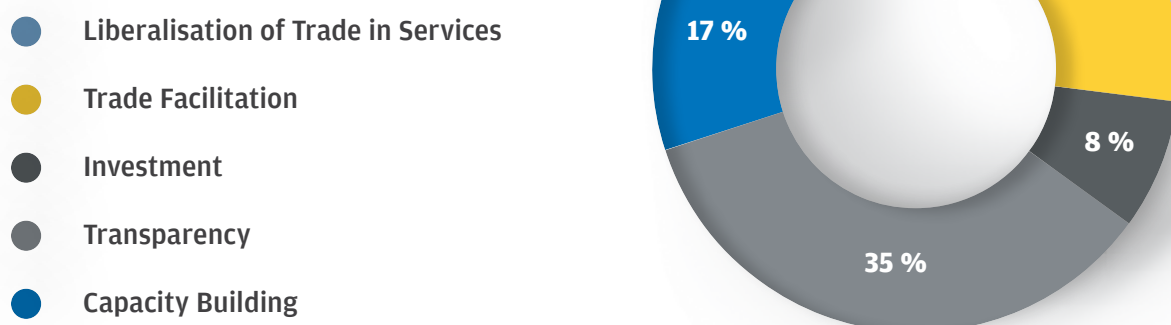


Table 1: **SUMMARY OVERVIEW OF SELECTED CEFTA RELATED TA PROJECTS**

PRIORITY AREA/PROJECT TITLE	PRIMARY OBJECTIVE AND SECONDARY OBJECTIVES
Assessment of Potential for the Liberalization of Trade in Services among CEFTA Parties	1. Liberalisation of trade in services 2. Transparency
Barriers to Trade in Services in the CEFTA Region	1. Liberalisation of trade in services 2. Transparency
Creation of a Regulatory Database in professional and construction services and STRI	1. Liberalisation of trade in services 2. Transparency
Study on MRAs in Professional Services and CEFTA Integration	1. Liberalisation of trade in services 2. Trade Facilitation
Trade in Services Negotiations	1. Liberalisation of trade in services 2. Capacity Building
Study to Identify Sectors of Interest for Potential Mutual Recognition of Professional Qualifications	1. Liberalisation of trade in services 2. Transparency
Reporting System for Trade in Services Statistics, FATS and FDI Statistics	1. Liberalisation of trade in services 2. Investment 3. Transparency
Evaluation of the Impact of Regional Trade Integration	1. Trade Facilitation 2. Transparency
Monitoring the Elimination of NTBs in the CEFTA Parties	1. Trade Facilitation 2. Transparency
Western Balkans Trade Logistics Project	1. Trade Facilitation 2. Capacity building 3. Transparency
Maintenance of the SEED System in the Western Balkans	1. Trade Facilitation 2. Transparency
TA for Negotiations on Trade Facilitation and Creating CEFTA MIS	1. Trade Facilitation 2. Capacity Building 3. Transparency
Addressing and Eliminating the Most Trade Distortive Non-Tariff Barriers in CEFTA	1. Trade Facilitation 2. Transparency
Support for Trade Facilitation and Elimination of NTMs in CEFTA	1. Trade Facilitation 2. Transparency
Trade Promotion in the Wine Sector	1. Trade Facilitation 2. Capacity building
Establish/Strengthen National Committees of Trade Facilitation	1. Trade Facilitation 2. Capacity building
Proposal for SEED +	1. Trade Facilitation 2. Transparency
Monitoring the Investment Related Clauses in CEFTA	1. Investment 2. Transparency
Investment Policy Review of South East Europe	1. Investment 2. Transparency
CEFTA Investment Report	1. Investment 2. Transparency
CEFTA Transparency Pack	1. Transparency 2. Trade Facilitation
CEFTA Management Information System (MIS)	1. Transparency 2. Trade Facilitation
Seizing the Potential of Diagonal Cumulation in CEFTA	1. Capacity Building 2. Trade Facilitation 3. Investment
Technical Assistance in Trade Policy Formulation, Implementation and Coordination	1. Capacity Building 2. Trade Facilitation 3. Transparency
CEFTA Secondment Initiative	1. Capacity building 2. Transparency
Quality Infrastructure in the Western Balkans	1. Capacity Building 2. Trade facilitation

	FINANCIER	LEAD IMPLEMENTING ORGANISATION	DATES
	EU (IPA)	European Commission	April – December 2010
	World Bank	World Bank	January – April 2011
	EU (IPA)	OECD	September 2012 – September 2013
	World Bank	World Bank	2014
	EU (IPA)	CEFTA	On-going
	RCC	RCC	Pipeline
	EC (IPA)	CEFTA	Pipeline
	EU (IPA)	OECD	December 2011 – May 2012
	EU (IPA)	OECD	September 2012 – September 2013
	EU (IPA)	World Bank Group	February 2012 – June 2015
	EU (IPA)	Agenzia delle Dogane e dei Monopoli	On-going
	EU (IPA)	CEFTA	On-going
	Germany	GIZ, ITC & UNCTAD	On-going
	EU (IPA)	CEFTA	Pipeline
	Germany	CEFTA / GIZ	Pipeline
	USA	USAID / World Bank Group	Pipeline
	EU (IPA)	CEFTA	Pipeline
	EU (IPA)	OECD	2009-2010
	RCC	RCC / CEFTA / UNCTAD	Pipeline
	EC (IPA)	CEFTA / UNCTAD	Pipeline
	Germany	CEFTA / GIZ	July 2012 – September 2012
	EU (IPA)	CEFTA	Pipeline
	Germany	GIZ / CEFTA	2014 – 2015
	EU (IPA)	ITC / CEFTA	January – November 2015
	EU (IPA)	CEFTA	On-going
	Sweden, EFTA	SIDA	On-going

4. PROJECT INFORMATION SHEETS

The following project information sheets provide details on the twenty-six projects listed in Table 1 including their objective, activities and impact on CEFTA. They were prepared based on the information provided by the implementing organisation for each project. Further information can be obtained from the contact persons indicated at the end of each sheet.



4.1 Trade in Services

- Assessment of Potential for the Liberalization of Trade in Services among CEFTA Parties
- Barriers to Trade in Services in the CEFTA Region
- Creation of a Regulatory Database in Professional and Construction Services and STRI
- Study on MRAs in Professional Services and CEFTA Integration
- Facilitation of Trade in Services Negotiations
- Study to Identify Sectors of Interest for Potential Mutual Recognition of Professional Qualifications
- Reporting System for Trade in Services Statistics, FATS and FDI Statistics

ASSESSMENT OF POTENTIAL FOR THE LIBERALISATION OF TRADE IN SERVICES AMONG CEFTA PARTIES

BACKGROUND

In 2010, the Serbian Chair in Office (CiO) of CEFTA sought to advance liberalisation of trade in services among the CEFTA Parties in line with Articles 27 and 29 of the Agreement. All Parties recognised the potential of boosting economic development through greater liberalisation of trade in services but also recognised the complexity of the sector and the need for adequate preparations for any negotiations and decisions in this area. The European Commission, under its Instrument for Pre-Accession (IPA) agreed to finance two studies to assist the Parties with their preparations and contracted the Ecorys Consortium to prepare these.

OVERALL OBJECTIVE

The purpose of the first study was to examine the state of play in services in the intra-regional trade of CEFTA Parties and identify some of the key obstacles that could be overcome through negotiations on liberalisation of trade in services.

The second study aimed to provide the CEFTA Parties with a more concrete guide on the options available to them as they developed a platform for their future negotiations on trade in services.

ACTIONS AND ACTIVITIES

A combination of desk and field research was used to gather the necessary data and information that was subsequently analysed by the consultants to produce a series of findings and recommendations.

The first report detailed:

- The current levels of liberalization in trade in services in the CEFTA Parties
- The statistical issues that would need to be addressed to prepare and conduct negotiations
- The differences in the regulatory regimes for trade in services in the CEFTA Parties
- Specific characteristics of the services market in CEFTA Parties
- Possible approaches to regional liberalization on a horizontal and sectoral basis

The report suggested some sectors conducive to liberalisation including (in no particular order): (i) transport services; (ii) professional services; (iii) telecommunications; (iv) distribution services; (v) financial services (other than banking, with an emphasis on insurance); (vi) construction services; (vii) energy services; (viii) environmental services; (ix) ICT-related services; (x) educational services (higher, secondary, adult education); (xi) medical services (private).

Based on the detailed consultations and drawing upon experience of other regional free trade groupings such as ASEAN, the second report outlined some of the challenges facing the Parties as they prepared for negotiations including:

• **Overcoming the knowledge gap**

By necessity trade negotiations involve large number of stakeholders. The study found that many of the relevant government agencies were unfamiliar with the activities of their domestic companies in international trade and had little or no experience of the intricacies of services negotiations. Thus a key requirement would be to overcome this knowledge gap.



- **Available expertise to conduct the necessary audits and impact studies**

Parties would need to come to the negotiations with various liberalisation scenarios. They would have to conduct trade-regulatory audits and consider the impact of any liberalisation from an economic-social impact perspective.

- **Establishing an efficient internal coordination process in each Party**

This was stressed as the most crucial of negotiating inputs. Amongst other things this process should determine how to correlate commitments with other obligations and processes, such as the on-going WTO accession negotiations and the integration process with the European Union, and how to factor in some of the EU legislation, such as the Services Directive and the Professional Qualifications Directive

The report provided advice and guidance on:

- Adapting data collection to serve the purposes of services trade negotiation
- Modes of negotiations
- How to select the initial sectors
- Preparing a negotiating road map

IMPACT ON CEFTA

The reports provided the CEFTA Parties with valuable analysis and recommendations that were subsequently used to undertake a series of activities to prepare for the launch of negotiations for a framework agreement in trade in services.

SUMMARY PROJECT INFORMATION

Dates:	April to December 2010
Budget:	€ 79, 180
Partners:	Ecorys Consortium and CEFTA
Financiers:	EU (IPA)
Beneficiaries:	Ministries responsible for trade

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See <http://cefta.int/new-trade-topics-services>



BARRIERS TO TRADE IN SERVICES IN THE CEFTA REGION

BACKGROUND

In 2010, the post-crisis agenda in the CEFTA region focused on how to make exports a greater component of sustained growth. Although that would rely primarily on exports of goods, it was recognized that services could also make a significant contribution, particularly through the indirect effect of facilitating exchange of goods.

Article 27 of CEFTA refers to trade in services and states that “the Parties will gradually develop and broaden their co-operation with the aim of achieving a progressive liberalization and mutual opening of their services markets, in the context of European integration, taking into account the relevant provisions of the General Agreement on Trade in Services (GATS) and commitments entered into under GATS by Parties being members of the World Trade Organization.”

Although the agreement does not contain specific provisions on sectoral liberalization of trade in services, article 29 allows for negotiations to be launched with the aim of achieving high liberalization of trade in services. In addition, it commits signatories to deepen market integration in the medium term with provisions on matter related to trade in services, such as electronic commerce, intellectual property (IP) rights, public procurement, and investment.

As the Parties considered how best to address liberalisation of trade in services, the World Bank deemed it timely to conduct some analysis on the situation regarding trade in services in the CEFTA region.

OVERALL OBJECTIVE

The intent of the study was to stimulate dialogue on trade in services between decision-makers in

CEFTA economies as they explored options to liberalize trade in services.

ACTIONS AND ACTIVITIES

The World Bank prepared the study based on country specific background notes and extensive consultations.

The report provided policy makers with an overview of the importance of the services sectors in CEFTA economies and an analysis of trends in services trade and in intra regional trade in the countries.

It described the general barriers to trade in services and specific barriers for four specific sectors:

- Construction
- Land transport
- Legal services
- Information and communication technology (ICT) services

The analysis reviewed the legal and institutional framework for trade in services and featured assessments by regional companies that export such services

IMPACT ON CEFTA

The study contributed to advancing the liberalisation of trade in services under CEFTA by providing policy makers with timely analysis regarding:

- The positive effects on economic growth, direct and indirect, of trade in services
- The role of services exports in securing substantial foreign receipts
- The role of services imports in making domestic markets more competitive and efficient

which increases the productivity of manufacturing firms that rely on services

It also highlighted the complementarity of liberalization of trade in services under CEFTA with the EU accession process.

- Implementation of the Stabilization and Association Agreements concluded with the EU requires alignment of domestic legislation with that of the EU in several sectors
- Integrating the goods and services markets would enable the small CEFTA economies to become part of not only regional but also global supply chains and production networks and make these economies more attractive to foreign investment

- Opening the regional services market would prepare CEFTA economies for functioning within the EU single market.

It identified that movement of foreign workers/professionals is the most restricted mode of supply in CEFTA countries. Obtaining work authorizations for foreign workers is arduous, and even temporary entry of workers to provide a service is difficult. Recognition of skills and diplomas is a second obstacle that makes it difficult for foreign professionals to supply services.

Specific barriers to trade in the four sectors were highlighted.

SUMMARY PROJECT INFORMATION

Dates:	January to April 2011
Budget:	<i>n.a.</i>
Partners:	World Bank Group, CEFTA
Financiers:	World Bank Multi-Donor Trust Fund for Trade and Development, supported by the governments of Finland, Norway, Sweden, and the United Kingdom
Beneficiaries:	Ministries responsible for trade

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 See <http://elibrary.worldbank.org/doi/abs/10.1596/978-0-8213-8799-3>
<http://cefta.int/new-trade-topics-services>



CREATION OF A REGULATORY DATABASE IN PROFESSIONAL AND CONSTRUCTION SERVICES AND SERVICES TRADE RESTRICTIVENESS INDEX (STRI)

BACKGROUND

Based on the commitments taken by the CEFTA Parties in the 2006 Agreement, a clear need was identified to help the Parties continue to develop and utilise the appropriate tools towards the progressive liberalisation of trade in services.

OVERALL OBJECTIVE

The primary objective of the action was to assess the quality of the regulatory framework for priority areas in trade in services in CEFTA for the benefit of the CEFTA Parties on a multilateral basis. The analysis resulted in an inventory of regulatory barriers to trade in services in the priority areas.

For the assessment of the restrictiveness of services trade in CEFTA, the OECD project team based its analysis on the Services Trade Restrictiveness Index (STRI) methodology, developed by the Trade and Agriculture department of the OECD.

ACTIONS AND ACTIVITIES

The first phase of the assessment involved completing an inventory of regulatory barriers to trade in services in professional and constructions services. The second phase of the assessment was focused on the verification of regulatory data with the CEFTA Contact Points and calculation of STRI indices for CEFTA Parties, demonstrating their level of restrictiveness in the two service areas. The results of the assessment for the two areas are as follows:

(I) Professional services

The assessment of professional services covered the following sub-services:

- Legal
- Accounting & auditing

- Architecture
- Engineering services.

The preliminary STRI results highlighted that the primary barriers were in the areas of foreign ownership and market entry conditions and in the area of movement of people. Legal services were found to be the most restrictive sector, with most CEFTA Parties significantly more restrictive than the OECD-EU benchmark. The most restrictive measures identified were (i) the nationality requirement (often combined with no system of limited license) and (ii) restrictions in the process of recognition of foreign qualifications.

Furthermore, CEFTA Parties either allow no foreign equity or allow a 100 % equity share, but with equity restrictions applying to non-locally-licensed lawyers/foreign firms. Architectural services and engineering services are less restrictive than legal services and present a similar level of restrictiveness, with all CEFTA economies closely gravitating around the respective EU-OECD averages. Finally, accounting and auditing services are the least restrictive sector of professional services, with almost all CEFTA economies less restrictive than the EU-OECD average.

The OECD confirmed the accuracy of the results, validated them as final and discussed the follow-up steps in the relevant CEFTA bodies. One priority discussed was the need to address the legal services (the most restrictive sector) by introducing a limited license system in those CEFTA economies that lack one and by relaxing the foreign equity restrictions. These measures would unblock market entry through facilitating the movement of people and the establishment of commercial presence. However, governments could also opt to address horizontal issues common to all four professional services sectors, such as introducing clear and transparent systems of limited licensing and by streamlining the process of recognition of foreign qualifications.

(III) Construction services

The assessment of construction services was conducted following the same approach as for the professional services. Construction services do not have a high level of restrictiveness, however most CEFTA economies are more restrictive than the EU-OECD benchmark. Overall, the policy areas that contribute the most to the scores are restrictions on the movement of people and regulatory transparency and administrative requirements. The most restrictive measures include the limitations on the duration of stay of workers, limitations on the acquisition of land/real estate and restrictions on obtaining construction permits.

The results of the assessment indicated that the CEFTA economies should address these restrictions by focusing especially on quotas, limitations on duration of stay and labour market tests, with a focus on people with highly specialised skills. Furthermore, the regime for issuing construction permits should be improved.

IMPACT ON CEFTA

The overall impact of the action on CEFTA was to facilitate the Parties efforts to liberalise trade in services. The Service Trade Restrictions Index (STRI) helps identify which policy measures restrict trade. The project also contributed to capacity building and transparency as the Index provides CEFTA policy makers and negotiators with information and measurement tools to open up international trade in services and negotiate international trade agreements. It has also helped CEFTA governments identify best practice and then focus their domestic reform efforts on priority sectors and measures. The STRI indices take the value from 0 to 1, where 0 is completely open and 1 is completely closed. They are calculated on the basis of information in the STRI database that reports on regulations currently in force.

SUMMARY PROJECT INFORMATION

Dates:	March 2012 – November 2014
Budget:	<i>n.a.</i>
Partners:	OECD, CEFTA, EC, World Bank
Financiers:	EU (IPA)
Beneficiaries:	Ministries responsible for trade

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STUDY ON MUTUAL RECOGNITION AGREEMENTS IN PROFESSIONAL SERVICES AND CEFTA INTEGRATION

BACKGROUND

In preparation for the negotiations on liberalisation of trade in services under CEFTA, further study on the issues surrounding integration of trade in professional services was deemed important as there is a high degree of restrictiveness in this area. One specific area identified as especially challenging was the recognition of educational degrees and professional credentials, which is a prerequisite for trade in professional services. Mutual Recognition Agreements (MRAs) are likely to be an important component of the negotiations as they have been a cornerstone of many regional agreements designed to improve market access in professional services.

OVERALL OBJECTIVE

The overall objective was to support preparations for the negotiations on trade in services by considering how MRAs in professional services may be designed to advance regional integration and convergence on European Union norms.

Specifically, the study had the following aims:

1. To provide an assessment of European Union Mutual Recognition Agreements (MRAs), and other pertinent international examples of such agreements, that are intended to promote the freer movement of professional services
2. To draw lessons and recommendations from these MRAs that CEFTA Parties could consider in their integration process

3. To propose prioritised actions that could be taken by CEFTA as a whole, by the CEFTA Secretariat and by the individual CEFTA Parties, as well as to suggest technical assistance that could be offered in order to improve the likely success of MRAs in professional services.

ACTIONS AND ACTIVITIES

The following activities were carried out:

1. A detailed analysis and benchmarking of regulations such as qualification and licensing requirements, standards etc.
2. Identification of the key components of a Mutual Recognition Agreement (MRA) and the likely barriers or challenges that EU countries faced in implementing the MRAs
3. Development of an outline action plan at regional and national level to implement the recommendations, reduce any gaps in implementing capacity, and facilitate the implementation of possible MRAs
4. Review of the experience of other regions in the world that have implemented MRA agreements
5. Provision of specific recommendations on the approach to be used by CEFTA countries to deepen, and enhance the implementation of MRAs

Based on the above activities, the World Bank prepared a report on Mutual Recognition Agreements in Professional Services and CEFTA Integration. The report and its recommendations were disseminated to all CEFTA Parties and discussed with CEFTA Parties and other stakeholders at a specially convened workshop on regional mobility in Brussels in April 2014.

IMPACT ON CEFTA

The study has provided the CEFTA Parties with valuable research and analysis that can support their negotiations as well as identifying potential actions to facilitate trade in this area. Key issues highlighted by the study include:

- The need to take both a regional and an individual approach since it is important that CEFTA Parties do not only focus on their individual relationships with the EU but also pursue regional cooperation
- The need for administrative support to overcome gaps in legislation, a lack of technical expertise and limited resources for the development of the sort of infrastructure required to successfully implement an MRA
- The need to simplify and rationalise where possible as differences in titles, regulatory status and educational requirements add to the complexity of mutual recognition.
- The importance of international standards and moving towards a different concept of cross-border working and mobility, which should be factored into CEFTA MRAs and discussions on professional services integration.

SUMMARY PROJECT INFORMATION

Dates:	September 2013-June 2014
Budget:	<i>n.a.</i>
Partners:	World Bank Group, CEFTA
Financiers:	World Bank Trade Trust Fund
Beneficiaries:	Ministries responsible for trade

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FACILITATION OF TRADE IN SERVICES NEGOTIATIONS

BACKGROUND

The CEFTA Joint Committee established the Subcommittee on Trade in Services and the Negotiating Group on Trade in Services to broaden cooperation in the services trade and administer the negotiations on liberalisation among the CEFTA Parties. The negotiations on trade in services liberalisation officially started in July 2014. The main objective of the negotiations is to ensure progressive liberalisation and mutual opening of services markets by removing barriers to services trade among the CEFTA Parties. The negotiations are expected to be finalised by the end of 2016 and the resulting Additional Protocol on Trade in Services implemented as of 2017.

OVERALL OBJECTIVE

The objective of the project was to support the activities of the CEFTA Negotiating Group on Trade in Services and within the broader framework to assist in implementation of the CEFTA. The purpose of the assignment was to: (i) assist the Chair of the Negotiating Group on Trade in Services; and (ii) assist the Secretariat in administering the negotiations.

ACTIONS AND ACTIVITIES

The consultant provided an assessment of the model that was developed by the Services Negotiating Group on a harmonised minimum level of specific commitments and suggested some im-



provements in order to facilitate the negotiating process amongst the Parties. Further, the consultant also produced guidelines on multilateral negotiations, in order to facilitate the conduct of the negotiations.

Before each round of negotiations the consultant prepared in cooperation with the CEFTA Secretariat the necessary documents, such as consolidated offers based on individual Parties' offers and background briefs. During the negotiating process the consultant had an active role in steering the negotiations, advising and guiding the negotiators towards achieving a successful outcome. After each round of negotiations, the consultant prepared a report on the progress achieved and highlighted the subsequent steps to be undertaken in order to reach the next level in the process.

Following the completion of five negotiating sessions, significant progress has been achieved both in terms of offers and requests for market opening and finalisation of the draft text of the *Additional Protocol on Trade in Services* and *Annex 1 on Temporary Entry and Stay of Natural Persons for Business Purposes*. To date, substantive negotiations have taken place in the following services sectors: (i) business and professional services; (ii) tourism and environmental and recreational services; and (iii) communication and construction services. The negotiating session on distribution, educational and health services will take place in November, 2015 while the last one dedicated to finance, transport and audio-visual is scheduled for the first quarter of 2016.

IMPACT ON CEFTA

The support for the negotiations on trade in services has facilitated both the depth and pace of the negotiations. In addition to technical expertise on trade in services, it has provided capacity building support for both the members of the Negotiating Group and the CEFTA Secretariat. Successful liberalization will result in more efficient and better connected services industries and markets and contribute to the deeper intra-regional integration.

SUMMARY PROJECT INFORMATION

Dates:	May 2014 - July 2015
Budget:	€ 43,000
Partners:	CEFTA
Financiers:	CEFTA Project Facility/EU
Beneficiaries:	Ministries responsible for trade and related ministries

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STUDY TO IDENTIFY SECTORS OF INTEREST FOR POTENTIAL MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS

BACKGROUND

As part of the SEE 2020 Strategy, the SEE Governments have taken commitments to:

- Liberalise trade in services including facilitating the free movement of experts, professionals and skilled labour (Free Trade Area dimension of the SEE 2020 Integrated Growth Pillar)
- Increase equitable access to, and participation in, high quality education at all levels, aligned with measures that facilitate recognition of qualifications and thus support mobility in SEE (Education and Competences dimension of the SEE 2020 Smart Growth Pillar)
- Enhance overall labour mobility in the region (Employment dimension of the SEE 2020 Inclusive Growth pillar)

The multi-dimensional nature of these commitments requires that work undertaken by three SEE 2020 dimension coordinators needs to be well coordinated. Specifically:

- The work being undertaken by the CEFTA Sub-Committee on Trade in Services to meet Articles 26-29 of the Agreement on the gradual opening of the services market across the CEFTA region by reducing barriers in temporary movement of natural persons (GATS Mode 4)
- The Education Reform Initiative's (ERISEE) work on removing obstacles to increased mobility in the region
- The Social Agenda Working Group's (SAWG) roadmap to enhance overall labour mobility in the context of the SEE 2020 Strategy

Within this broad framework cooperation to facilitate recognition of professional qualifications as means to further the CEFTA led agenda in lib-

eralisation of services has been given priority. The three regional dimension coordinators have formed a Joint Working Group on Mutual Recognition of Professional Qualifications (JWGMRPQ) under the auspices of RCC.

This Group will benefit from a detailed mapping and assessment study regarding the potential sectors where mutual recognition agreements may be concluded.

OBJECTIVES

The main objective of the assignment is to conduct a mapping and assessment study, which will enable the JWGMRPQ to identify sectors and professions of mutual interest for the development of mutual recognition agreements of professional qualifications in South East Europe.

ACTIONS AND ACTIVITIES

The study will map the existing data on mobility of professionals in the South East Europe. Based on the existing data, gaps in the collection of data will be identified. A methodology for (i) overcoming the data gaps that exist and (ii) allowing for an assessment of the relevance of sectors and professions for development of mutual recognition agreements of professional qualifications will be developed. Following the assessment, clear recommendations will be made as to the sectors and professions of mutual interest to the region for the development of mutual recognition agreements of professional qualifications. Furthermore, a recommendation on data collection and a system of monitoring the data on mobility of professionals for both short term and long terms stays in the SEE 2020 region will be developed.

It is expected that this study will be complemented by a mapping of the existing legislative and institutional framework for recognition of professional qualifications. This mapping will include identification of the roles and responsibilities of specific bodies in the sectors of interest and will assess the potential impact of MRAs on the SEE economies.

These studies should allow the JWGMRPQ to prepare and agree on a roadmap for the negotiation of specific MRAs. In line with the envisaged schedule, the negotiations on specific MRAs could start in late 2016/early 2017.

IMPACT ON CEFTA

The data and analysis gathered on sectors and professions of mutual interest will contribute to CEFTA's negotiations on liberalisation of trade in services. They will also benefit transparency objectives as they will provide much needed information on mobility of professionals in the region.

SUMMARY PROJECT INFORMATION

Dates:	December 2015 – March 2016
Budget:	<i>n.a.</i>
Partners:	CEFTA, ERI SEE, RCC
Financiers:	RCC (RCC participants, EC and bilateral donors)
Beneficiaries:	Ministries responsible for trade, education and labour

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REPORTING SYSTEM FOR TRADE IN SERVICES STATISTICS, FATS AND FDI STATISTICS

BACKGROUND

The CEFTA Joint Committee established the *Working Group on Trade in Services Statistics, FATS and FDI Statistics* as part of its efforts to ensure smooth implementation of the commitments undertaken in the CEFTA Agreement and, in particular, to enhance intraregional trade in services. The main objective of this Group, which operates under the CEFTA Subcommittee on Trade in Services, is to improve the quality of trade in services statistics across the CEFTA Region and harmonise them with those of the European Union.

The main tasks of the Working Group include:

- i. Reviewing the quality and coverage of available trade in services statistics, FATS and FDI statistics in the region and proposing appropriate solutions for improvement
- ii. Identifying priorities for further development of statistics for commonly agreed areas
- iii. Meeting the needs of users with regard to analysis of trade in services and investment
- iv. Setting up an operational reporting system of statistical data and a sustainable dissemination platform to be managed by the CEFTA Secretariat

The Working Group meets at least once per year and reports regularly on its activities and progress achieved to the Subcommittee on Trade in Services.

OBJECTIVES

The objective of the proposed project is to assist CEFTA to develop a sustainable Reporting System for Trade in Services Statistics, FATS and FDI Statistics – one of the key tasks of the Working Group.



ACTIVITIES

The project will be delivered in two phases.

Phase 1 will comprise:

- A review of the current availability of trade in services and investment data including data regularly reported to the international organisation such as EUROSTAT, IMF and UNCTAD. This will detect any gaps and alert the Parties where the quality of data to be used for analytical and reporting purposes is less than satisfactory
- Provision of proposals to:
 - Improve the quality of data and reduce the gaps, following internationally recognised methodologies (e.g. IMF Balance of Payments and International Investment Position Manual (BPM6), the fourth edition of the OECD Benchmark Definition of Foreign Direct Investment (BD4), MSITS 2010 etc.)
 - Ensure that data from the individual Parties is comparable and that a regional set of data can be created

Phase 2 requires the experts to:

- Develop a set of indicators that can be calculated on the basis of data available and that can be used by ministries responsible for trade and investment to monitor implementation of CEFTA commitments and SEE2020 Strategy priorities
- Advise how best to integrate trade in services and investment data with the CEFTA Management Information System (MIS) that provides other relevant data such as trade in goods, NTMs, SPS, etc. and makes this easily available to users

IMPACT ON CEFTA

The result of this assignment will be the establishment of a fully functional and user friendly report-

ing system featuring individual CEFTA Party data and providing regional data and trade and investment indicators, that feeds seamlessly into the CEFTA Secretariat's dissemination platform (MIS).

The beneficiaries will gain from the availability of good quality and comparable regional data in the area of trade in services and investment. Amongst other things, this will assist them in their trade in services negotiations and potential negotiations in investment. It will also facilitate their efforts to assess the impact of such liberalisations on the CEFTA economies.

Furthermore, the system will serve as a valid monitoring tool for measuring progress in the implementation of commitments in the CEFTA Agreement and the priorities of the SEE2020 Strategy.

SUMMARY PROJECT INFORMATION

Dates:	2016 - 2017
Budget:	€ 50,000
Partners:	CEFTA
Financiers:	CEFTA Project Facility/EU
Beneficiaries:	Ministries responsible for trade and investment and central banks

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4.2 Trade Facilitation

- Evaluation of the Impact of Regional Trade Integration
- Monitoring the Elimination of NTBs in the CEFTA Parties
- Western Balkans Trade Logistics Project
- Maintenance of the SEED System in the Western Balkans
- Technical Assistance for Negotiations on Trade Facilitation and Creating CEFTA Management Information System
- Addressing and Eliminating the Most Trade Distortive Non-Tariff Barriers in CEFTA
- Support for Trade Facilitation and Elimination of NTMs in CEFTA
- Trade Promotion in the Wine Sector
- Establish/Strengthen National Committees of Trade Facilitation in CEFTA
- Proposal for SEED +

EVALUATION OF THE IMPACT OF REGIONAL TRADE INTEGRATION

BACKGROUND

The CEFTA Parties have been working towards the reduction of non-tariff barriers (NTBs) and were interested to evaluate how existing NTBs are preventing the formation of regional integration in the agro-business sector. Drawing on its expertise in trade policies and building on its longstanding relationship with CEFTA economies, the OECD undertook the task of evaluating the existing NTBs in the agro business sector (a sector which was identified by the CEFTA Parties as a priority for NTBs reduction and greater harmonisation).

OVERALL OBJECTIVE

The overall objective of the project was to assist the CEFTA Parties in implementing the Agreement by examining the state of regional integration in the agro-business sector based on analysing trade patterns and identifying key obstacles to regional trade.

The primary aim was to examine the existing supply chain linkages between CEFTA Parties within the agro-business sector and the potential restrictions for their formation.

ACTIONS AND ACTIVITIES

In order to gauge to what degree trade was sensitive to business cycles, the OECD analysed the existing trade linkages between the CEFTA Parties and the EU. The analysis aimed to identify factors that were facilitating, or more importantly still hampering trade integration between CEFTA Parties (and the EU) in the agro-business sector.

The OECD undertook:

1. A trade elasticity calculation, to understand how sensitive CEFTA trade was to EU GDP fluctuations.

The overall results of the initial statistical analysis confirmed that the CEFTA Parties' exports are highly dependent on EU aggregate demand and that even slight changes in the EU level of GDP resulted in a significant reduction in CEFTA exports (conversely, the recovery, albeit marginal, has had positive effect on trade patterns).

CEFTA agro-business trade is very uneven within and outside of CEFTA. The basket of agro-business related goods traded between CEFTA Parties is composed of a mix of both primary and processed products. However, exports from CEFTA to the EU are almost exclusively dominated by primary goods (i.e. raw inputs).

Additionally, the OECD's statistical analysis identified that baked goods, processed meats, and beverages (the most exported agro-business goods), were among the chief agro-business sectors that would benefit from further efforts towards CEFTA regional integration.

2. A firm-level survey in key agro-business subsectors

For each of the three sub-sectors a firm-level survey was undertaken to examine the existence of restrictions that were preventing the development of regional supply chains. In parallel, an additional survey aimed to identify specific import/export sanitary and phytosanitary (SPS) trade barriers and other general trade barriers. Both regulators and large producers from the CEFTA region were interviewed.

Key findings included:

- CEFTA Parties tend to import inputs from the EU-27 and other non-CEFTA markets and a low proportion of inputs are imported from within the CEFTA
- The most frequent export destination of final goods is the CEFTA market, a marginal amount is exported to the EU-27 market and other non-CEFTA markets

3. Report on findings and recommendations

The OECD recommendations emphasised:

- i. Reducing regulatory/bureaucratic burdens on traded goods in the agro-business sector, including avoiding unnecessary re-testing of already approved and low risk goods

- ii. Pushing towards the harmonisation of veterinary and SPS standards. The latter would help develop regional supply chains with uniform standards that could meet EU requirements

IMPACT ON CEFTA

The Project contributed directly to the work of the CEFTA Sub-Committee on Agriculture and SPS on trade facilitation and increased the availability of information on CEFTA's trade in a key sector.

SUMMARY PROJECT INFORMATION

Dates:	March 2012 - November 2014
Budget:	<i>n.a.</i>
Partners:	OECD, CEFTA, EC, Forum of Chambers of Commerce of CEFTA, IFC, GIZ, the IPA Quality Infrastructure Project
Financiers:	EU (IPA)
Beneficiaries:	Ministries responsible for trade and agriculture

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MONITORING THE ELIMINATION OF NTBs IN THE CEFTA PARTIES

BACKGROUND

As CEFTA eliminates most tariffs, the monitoring and elimination of non-tariff barriers (NTBs) is a critically important element of the Agreement. The action built on previous rounds on work to guide and recommend how CEFTA Parties can continue the NTB reduction process, under the Multilateral Monitoring Framework (MMF).

OVERALL OBJECTIVE

The chief objective was to develop an assessment, containing structured qualitative and quantitative data, with detailed policy and practitioner-oriented guidance on how to continue the NTBs reduction process under the MMF. Additionally, the work was to stress findings on how to extend the MMF coverage to a new set of traded goods.

ACTIONS AND ACTIVITIES

The OECD produced a final report, titled the “Elimination of NTBs in CEFTA” which concluded that progress towards the reduction of NTBs has been uneven across the CEFTA Parties. CEFTA Parties have made better progress in dimensions related to reducing “technical barriers to trade” and “administrative barriers to trade”. Scores, based on the MMF methodology in the dimension related to “sanitary and phytosanitary measures” are comparatively lower.

The significant and increasing discrepancies between CEFTA Parties on the different indicators of the framework are key reasons for the persistent creation and presence of additional NTBs in CEFTA. This is especially the case in the TBT and SPS areas, where the uneven level of harmonisation in

aligning with International and EU best practises is leading to the non-acceptance of conformity assessment certificates and hinders intra-CEFTA trade.

The report stressed that in order for NTBs to be reduced, CEFTA Parties should address at the regional level the implementation problems of the Parties that are lagging behind by creating a peer pressure mechanism. This could be reached by securing the commitment of all CEFTA Parties to reach, by a certain date, an agreed minimum targeted score that reflects an improved level of harmonisation.

The OECD recommended that the CEFTA Parties should consider prioritising their efforts on NTBs elimination in the short to medium term in the following policy areas:

- Improvement of transparency and notification mechanisms in all three policy areas (i.e. TBT, SPS measures and administrative barriers to trade). Namely, regional trade agreements (RTAs) with deeper mechanisms for enhancing transparency appear to be more strongly trade-promoting than those with shallower commitments on transparency
- Synchronised harmonisation with EU/International requirements and conclusion of mutual recognition agreements
- Identification of, and mutual agreement on, the applicability of EU/international regulations and standards. Given the difference of opinion among CEFTA Parties on which EU legislation applies for the different priority product groups, CEFTA Parties should create a forum to agree which EU legislation is applicable and thus ensure CEFTA-wide agreement
- Implementation of an effective risk management system: (i) creation and maintenance of risk profiles and full implementation of elec-

tronic risk management within all agencies involved in the clearance of goods (Customs Authorities, Phytosanitary and Veterinary inspections at the border), (ii) Implementation of risk management in the SPS area and (iii) capacity building and training on risk based approach for all stakeholders in the food chain (responsible for inspection, sampling, testing, certification)

Specifically the utilisation of the “MMF for NTBs elimination in CEFTA” methodology helped the Parties pinpoint the priority policy areas that would help reduce NTBs. For each of the NTB categories identified, the MMF assessment would break down the category into three policy dimensions.

- Technical barriers to trade (TBTs)
- Sanitary and phytosanitary measures (SPS)
- Administrative barriers to trade.

IMPACT ON CEFTA

The assignment supported CEFTA’s trade facilitation efforts. It provided valuable input to the CEFTA Sub-Committee on TBTs and NTBs for the preparation of its annual report to the Joint Committee.

The development and implementation of the MMF has enhanced the transparency of the process of eliminating NTBs and helped to develop the capacity of relevant officials in the CEFTA Parties.

SUMMARY PROJECT INFORMATION

Dates:	September 2012 - September 2013
Budget:	<i>n.a.</i>
Partners:	OECD, CEFTA, EC, Forum of Chambers of Commerce of CEFTA, IFC, GIZ, the IPA Quality Infrastructure Project
Financiers:	EU (IPA)
Beneficiaries:	Ministries responsible for trade and technical agencies

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WESTERN BALKANS TRADE LOGISTICS PROJECT

BACKGROUND

Propelled by their desire to join the European Union (EU) and through the efforts of the Central European Free Trade Agreement (CEFTA), Western Balkan countries have been tearing down trade barriers for the past decades. However, obsolete border clearance procedures still remain an obstacle, making it cumbersome to trade even within the region. The World Bank's *Doing Business Report* shows that the time and number of documents needed to trade in the Western Balkans is significantly above those in EU and OECD countries. Among the root causes for this are the lack of harmonization and coordination, continued reliance on paper-based trade documents, and lack of sophisticated risk management tools. As a result, border clearance procedures are inefficient and lengthy, making it more costly and time consuming for traders in the region to get their goods to market.

OVERALL OBJECTIVE

The Western Balkans Trade Logistics Project sought to promote regional trade and private sector competitiveness by addressing regulatory and administrative bottlenecks to cross-border trade in the Western Balkans.

By fostering simpler, faster, and less costly clearance in the Western Balkans this trade facilitation project aimed to generate significant savings for the private sector.

APPROACH AND ACTIVITIES

To effectively address longstanding trade barriers at national and regional level, the Project provided

technical assistance and support at the national, bilateral, multilateral, supply chain and regional levels to harmonize approaches and procedures. The Project promoted streamlined import, export and transit procedures through reforms aimed at simplifying and reducing the number of documents related to trade, implementing risk-based controls and IT solutions, and improving inter-agency cooperation. The main project activities involved:

- Working across supply chains to eliminate barriers to the movement and trade of goods, including redundant documents and time consuming procedures
- Designing and improving risk management systems for customs and other agencies involved in the clearance of goods
- Implementing automation to reduce the level of border controls, expedite the processing of declarations and clearance of goods, and promote transparency
- Establishing a regional inter-agency trade facilitation forum
- Organizing hands-on trainings and study tours on topics such as post clearance audit practices, risk management, regulation of customs brokers, and procedure and document simplification and harmonization

IMPACT ON CEFTA

The Project generated \$13 million in private sector savings across the region and paved the way for greater CEFTA engagement in trade facilitation initiatives. It provided intensive support to clients on initiatives related to procedural simplification and risk management and fostering harmonized approaches.

Notable achievements include:

- Conducting an analysis of border clearance procedures, clearance time and fees charged at selected border crossing points in the region
- Developing a comparison of documents required by regional SPS agencies for the import of dairy products
- Organizing regional conferences on risk management and trade controls for SPS and customs agencies
- Delivering regional trainings for customs officers for Post Clearance Audit, jointly with WCO
- Delivering regional trainings for SPS officials on risk management
- Providing expert advisory to the CEFTA Customs Risk Management Working Group

- Regional inland waterways conference recommending solutions to administrative barriers to trade on Danube and Sava

The project also advanced trade facilitation in individual CEFTA Parties and among sub-sets of CEFTA Parties through a variety of means including:

- Signing of a bilateral trade and transit agreements
- Reduction in clearance times
- Assisting several state agencies to adopt risk management methodologies
- Upgrading customs IT and information systems.

SUMMARY PROJECT INFORMATION

Dates:	February 2012 - June 2015
Budget:	€ 1.5m from European Commission, plus € 740,000 raised by WBG
Partners:	World Bank Trade and Competitiveness Global Practice CEFTA, WTO, WCO, UNCTAD and customs and technical agencies in the EU
Financiers:	EU (IPA), World Bank Group, Government of Austria and host countries
Beneficiaries:	Private sector, Customs Administrations, ministries responsible for trade and technical agencies

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MAINTENANCE OF THE SEED (SYSTEMATIC ELECTRONIC EXCHANGE OF DATA) SYSTEM IN THE WESTERN BALKANS

BACKGROUND

The Customs Administrations in the Western Balkans have been working with the support of the EU to establish and improve a system on the Systematic and Automatic Exchange of Data (SEED). This electronic data exchange system is seen as a vital tool for: a) fighting different types of Customs fraud, cross-border crime and prevention of corruption, and b) trade facilitation.

Two preliminary EC-financed contracts (SEMS 2008-2009) and SEMS/SEED 2009-2010) prepared the ground for the development of SEED. However while the system concept was clear and the necessary software available, the Customs Administrations lacked the capacity to develop and implement a sustainable legal, operational and financial framework for the maintenance of the system. Therefore the EC under its Instrument for Pre-Accession (IPA) agreed to finance the SEED project.

OVERALL OBJECTIVE

To ensure continuous technical support as required by the Beneficiary Administrations, to sustain and enhance the Customs Systematic Electronic Exchange of Data (cSEED) between the Customs Administrations of the Western Balkans region.

ACTIONS AND ACTIVITIES

This system comprises 6 SEED Nodes (placed at IT Centres in six Beneficiaries) and 9 direct bilateral data exchange links. A SEED server and supporting equipment have been placed at the premises of the Italian Customs and Monopolies Agency in

Rome, as well as, two bilateral communication Rome-Belgrade and Rome-Pristina allow for exchange of data between the two CEFTA Parties concerned.

The main activities of the SEED Project include:

- Geographical enlargement of the so called “SEED Pilot Actions” by the establishment of missing bilateral data exchange links between all Beneficiaries and inclusion of all customs offices in data exchange
- Extension of the scope of bilateral links by introducing data exchange on all border crossings
- Functional and operational update of SEED to allow for:
 - Analysis of pre-arrival data and alarm functions
 - Automatic data matching (automatic reconciliation of data sent at the moment of the truck exits with data declared at the entrance, of the neighbour BCP), as well as, new user requirements
 - Improvement of the transport module by development and implementation of the SEED External Communication Node (ECN)
- Technical assistance to all 6 Beneficiary Administrations for supervision and maintenance of the SEED servers (and their modules), as well as, all bilateral data exchange links
- Analysis of all collected user requirements for changes and improvements of the SEED software within current business objectives (automatic data matching, risk analysis and cross border caring of cash), and periodic corrective actions
- Provide maintenance for the running of the relevant Intellectual Property Software - INES+ applications, implement INES+ application and migrate from INES to INES+ upon request



IMPACT ON CEFTA

At present, all data exchange links (11 in total) are up and running and underpinned by a firm legal basis established throughout the region, through bilateral Protocols (MOUs) signed between neighbouring Customs Administrations.

The SEED project makes a substantial contribution to trade facilitation in CEFTA by:

- Speeding up and facilitating of legitimate trade by more efficient use of available pre-arrival data from the neighbouring Administration
- Increase security and safety of citizens by constant monitoring of automatic data matching results and the creation and analysis of various reports


- Increasing the collection of customs duties and improvement of risk analysis resulting in a curb on illicit trade and corruption
- Improving protection of the Intellectual Property Rights
- Promoting of Integrated Border Management (IBM), by exchanging information about cross-border cash transfers

The project also contributes to transparency and capacity building among the customs administrations in CEFTA.

SUMMARY PROJECT INFORMATION

Dates:	2013 - 2016
Budget:	€ 770,000
Partners:	Agenzia delle Dogane e dei Monopoli
Financiers:	EU (IPA)
Beneficiaries:	Customs Administrations


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TECHNICAL ASSISTANCE FOR NEGOTIATIONS ON TRADE FACILITATION AND CREATING CEFTA MANAGEMENT INFORMATION SYSTEM

BACKGROUND

In November 2014 CEFTA Ministers agreed to launch negotiations on a framework agreement on trade facilitation. This commitment was reiterated by Prime Ministers at the latest Western Balkans Summit held in Vienna on 27 August 2015. The target date to conclude the negotiations is mid-2016 and the resulting agreement will take the form of an Additional Protocol to the Agreement.

The negotiations on trade facilitation are underway and a total of four rounds of negotiations are to be held by mid-2016.

The agreement on trade facilitation in CEFTA will address the following points:

- Simplification of inspections related to all clearance procedures, and reduction of formalities to the possible maximum extent
- Identification of the means and obligations relating to the exchange of data between customs authorities to the extent that each national legislation allows
- Recognition of mutually national Authorised Economic Operators Programmes in each CEFTA Party provided that both legislation and implementation of each national programme is fully in line with the relevant EU *acquis*

Given the importance of ensuring common standards relating to data and the challenging technicalities of exchanging data in an efficient and effective manner, technical assistance to assist the Parties during the negotiations was deemed valuable. It was also seen as an opportunity to strengthen CEFTA's Management Information Systems (MIS) and enhance transparency.

OVERALL OBJECTIVE

The overall objective of this project is to support the efforts of CEFTA Parties to facilitate trade in line with the commitments taken by the Parties in the Agreement and under SEE 2020.

The specific objectives include:

- Facilitate the negotiations on trade facilitation by providing technical advice and guidance to the CEFTA Parties regarding the potential role of IT in meeting the various trade facilitation objectives
- Identify the technical improvements required in CEFTA Parties' IT systems to implement the final agreement
- Support the CEFTA Secretariat in its efforts to improve Management Information Systems (MIS) to respond more efficiently to current and future CEFTA activities in the period 2015-2020

ACTIONS AND ACTIVITIES

Component 1: Technical Assistance for Negotiations of Protocol on Customs Cooperation

- Brainstorming and discussion with each individual CEFTA Party on possible IT solutions and/or implications related to the negotiation topics. These discussions are held (physically and /or virtually) in advance of each round of negotiations. They allow the individual CEFTA Parties to identify specific IT related issues of relevance to them and support them to elaborate their negotiating position
- In consultation with the CEFTA Secretariat, assist with preparations for the negotiation sessions

- Project experts are available during each negotiating session to provide technical inputs as requested

Component 2: Technical Assistance to CEFTA Secretariat to develop MIS Capacity

- Identification of current and future needs of CEFTA with the regard to MIS capacity
- Analysis of all the technical specifications of existing databases managed by the CEFTA Secretariat
- Assessment of the available hardware and software infrastructure at CEFTA Secretariat
- Proposal for improvements of the HW/SW infrastructure (in line with the identified needs)
- Identification of the available sources of international, regional and national information (and/or databases) relevant to trade in/with the CEFTA Region

- Collection and documenting of requirements

IMPACT ON CEFTA

This project contributes to the one of CEFTA's main priorities trade facilitation as it provides practical IT based solutions to the challenging issues of timely and accurate exchange of a wide range of information between the Parties. The TA provided under the project also contributes to capacity building among officials from the various authorities as they become more familiar with the role and potential of IT to support implementation of their responsibilities on trade facilitation. Strengthening the MIS at the CEFTA Secretariat and in particular the enhancement of the databases managed by the Secretariat will improve transparency.

SUMMARY PROJECT INFORMATION

Dates:	January - December 2015
Budget;	€ 43,000
Partners:	SEED, Safenet d.o.o and CEFTA
Financiers:	CEFTA Project Facility/EU
Beneficiaries:	CEFTA ministries responsible for trade, customs administrations and technical agencies

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ADDRESSING AND ELIMINATING THE MOST TRADE DISTORTIVE NON TARIFF BARRIERS IN CEFTA

BACKGROUND

The project is aimed at supporting CEFTA structures to further eliminate non-tariff barriers to trade in CEFTA. It takes a sector-specific approach, focused on selected products and supply chains that are of particular economic relevance for the region. The involvement of the private sector is a key element of the project's approach and it will serve as a stepping stone for deeper regional integration, facilitating movement of goods across the region and along the selected supply chains. The project is jointly implemented by GIZ, the International Trade Center (ITC) and UNCTAD..

OVERALL OBJECTIVE

The objective of this project is to improve capacities of CEFTA structures to remove the most harmful barriers to trade that hamper intra-CEFTA trade in two selected sectors.

ACTIONS AND ACTIVITIES

ITC's role in the project was to mobilize the private sector to provide information on the most burdensome non-tariff barriers to trade in the region and develop a common position at the regional level on the perceived reasons for the barriers and how they can be eliminated. ITC carried out the following activities:

The activities of the project include:

- **Mapping of Regional supply chains:** Based on desk research as well as a survey among 200 top exporters from the region, regional supply chain linkages were mapped. The mapping formed the basis for the Project Steering Committee to select two sectors, Beverages and Autoparts, as focus sectors.
- **Identification of market access barriers by the private sector:** Based on a bottom-up approach, the project involved the private sector to identify market access barriers in the two sectors. It was ITC's role in the project to mobilize the private sector to provide information on the most burdensome non-tariff barriers to trade in the region and develop a common position at the regional level on the perceived reasons for the barriers and how they can be eliminated. ITC carried out the following activities:
 - **Conducting national orientation meetings:** ITC conducted workshops in each participating CEFTA Party to understand the most problematic trade barriers faced by businesses when importing and exporting goods across borders and within the CEFTA region.
 - **Conducting PSAG workshops:** Regional Private Sector Advisory Groups were formed for both value chains containing most relevant private sector representatives from each CEFTA Party. The PSAG workshops were held for each value chain where findings of the national meetings were presented. The objective was to form a common position on the issues, understand the perceived reasons and genesis of the issues to determine the way forward within the legal frameworks (including bilateral, regional and multilateral trade agreements).
 - **Analysis of laws and procedures:** It is UNCTAD's role in the project to analyse the root causes of the trade barriers identified by the private sector. UNCTAD experts, in consultation with relevant national authorities, review laws, regulatory requirements and trade facilitation procedures.
 - **Elaboration of policy recommendations:** Based on the analysis results, UNCTAD will elaborate policy recommendations and options

to eliminate the trade barriers. After validation of results on national level, regionally consolidated recommendations will be presented and discussed with CEFTA Parties.

IMPACT ON CEFTA

This project is expected to have a substantial impact on trade facilitation within CEFTA.

- As a result of this project, the trade facilitation procedures in each CEFTA party are expected to improve and it shall become easier to trade goods between CEFTA Parties.
- Tackling regional issues, such as mutual recognition of certificates and discriminatory excise duties, is expected to benefit the whole CEFTA region where businesses can compete for markets more openly and fairly.
- The greater transparency and predictability in trade procedures will allow more private sector companies to enter regional and international markets and be competitive.
- Finally, improved dialogue between public and private sectors will give rise to an environment where both sides can work together to achieve common goals and address most problematic trade barriers.

SUMMARY PROJECT INFORMATION

Dates:	October 2014 - March 2016
Budget:	€ 500.000
Partners:	GIZ, ITC, UNCTAD and CEFTA
Financiers:	German Federal Ministry for Economic Cooperation and Development
Beneficiaries:	Ministries responsible for trade and private sector

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SUPPORT FOR TRADE FACILITATION AND ELIMINATION OF NON-TARIFF MEASURES IN CEFTA

BACKGROUND

Since trade in goods is almost fully liberalised among the CEFTA Parties through the elimination of tariffs, trade facilitation and reduction and eventual removal of Non-Tariff Barriers to Trade (NTBs) are key items on the CEFTA agenda.

A number of different studies and the CEFTA Market Access Barriers Database make it clear that NTBs are still a substantial issue in the region. Trading with CEFTA Parties requires more documents and a higher number of samples and physical controls in all clearance stages than trading with EU Member States, even for traders that have always been fully compliant with existing rules and procedures. This makes trade in the region more time consuming and expensive.

Moreover, although most of the Parties have been implementing risk management (particularly in Customs), they lack joint risk profiles and risk based controls in many border agencies such as SPS authorities. Although the CEFTA Market Access Barriers Database provides some information about non-tariff measures in bilateral trade between CEFTA Parties, a systematic detection of the existing market access barriers that includes all clearance stages has not been conducted, nor has a comprehensive analyses for their elimination been undertaken.

Therefore it has been proposed to take a product-oriented approach (focusing on a number of most traded products or those with high export potential to be selected in agreement with CEFTA Parties) and examine the three main dimensions that affect free trade of goods in the CEFTA region:

- a. Non-Tariff Measures stemming from non-harmonized legislation and practices
- b. Redundant and overlapping document and data submission requirements that traders are requested to produce
- c. Excessive and redundant physical inspections at the border clearance procedures

OVERALL OBJECTIVE

The overall objective of the projects is to boost competitiveness and innovation among the CEFTA Parties by facilitating greater participation in the global economy and improving the overall business environment.

The specific objective of the Action is to facilitate regional trade in the CEFTA region through the reduction and eventual removal of the most distortive non-tariff measures to trade for a number of selected products, and through the simplification of trade related procedures.

ACTIONS AND ACTIVITIES

The Action includes 3 components:

- **Component 1 - Harmonization of norms and practices**
 - Analyse trade related legislation and practices in all clearance stages against the EU *Acquis* and international rules
 - Identify measures that are in contradiction and provide a set of country-specific recommendations and road-maps for the elimination of the most distortive measures

- **Component 2 - Streamlining of document and data submission requirements**

- Systematic mapping of documents and data required by each of the CEFTA Parties for selected supply chains
- Cross-checking between the Parties and benchmarking with EU and international standards
- Identify redundancies and overlaps in data submission requirements
- Propose a number of country-specific and regional recommendations

- **Component 3 - Simplification of control clearance procedures**

Strengthen the Beneficiaries' risk management systems and support the CEFTA Parties to extend the scope of information exchange among cus-

toms Authorities and between Customs and other governmental authorities through implementation of implement the CEFTA Authorised Economic Operator (AEO) Programme, which is to be established on the basis of national AEO programmes

IMPACT ON CEFTA

- Increase of the overall value of trade in goods and services of the region
- Increase of intra-regional trade in goods
- Increase in the regional trade balance

SUMMARY PROJECT INFORMATION

Dates:	2016 - 2019
Budget:	€ 3,000,000
Partners:	EU MS, international organisations and CEFTA
Financiers:	EU (IPA)
Beneficiaries:	Ministries responsible for trade and agriculture, customs administrations, technical agencies and private sector

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TRADE PROMOTION IN THE WINE SECTOR

BACKGROUND

The wine sector is of economic and trade relevance for all CEFTA Parties. In a mapping of regional value chains within CEFTA, conducted under the GIZ-implemented Project on “Addressing Market Access Barriers in selected supply chains in CEFTA”, wine was identified as one of the sectors with potential to further develop regional value chains. Moreover, the wine sector was also considered to have potential to improve its export performance in markets outside the CEFTA region. Against this background, CEFTA Parties decided to further analyse the wine value chain and to explore tools for trade promotion of the wine sector in CEFTA.

OVERALL OBJECTIVE

The overall objective of this pilot initiative is to enhance the capacities of CEFTA structures to better understand the potential and constraints that ex-

ist in the wine value chain and to take actions to promote the competitiveness and export performance of the wine sector.

ACTIONS AND ACTIVITIES

The main action under this initiative is to conduct an analysis that shall (1) single out areas of possible performance improvement in the wine sector in CEFTA and (2) provide CEFTA Parties with recommendations on policy tools and instruments to promote competitiveness and export performance of the sector. It entails:

- Mapping the value chain in consultation with relevant stakeholders
- Analysing the performance and competitiveness capabilities of the value chain in the context of national and global trends in the wine industry
- Identifying value chain performance constraints and development opportunities



- Formulation of (mainly policy) recommendations to be undertaken by public and private sector to enhance trade and competitive performance of the sector

As part of the analysis, the results of the various CEFTA Trade Facilitation projects implemented over the past years by different organizations are being reviewed. It will be assessed to which extent the recommendations produced by these projects can be instrumental for the promotion of the wine sector.

IMPACT ON CEFTA

The results of this initiative will support the respective public authorities in CEFTA to better understand the potentials and constraints in the wine value chain and to take necessary actions to promote competitiveness and export performance of the wine sector. It will contribute to trade facilitation, investment promotion and capacity building across the Parties.

SUMMARY PROJECT INFORMATION

Dates:	September 2015 - February 2016
Budget:	€ 30,000
Partners:	GIZ and CEFTA
Financiers:	German Federal Ministry for Economic Cooperation and Development
Beneficiaries:	Ministries responsible for trade and agriculture, wine producers

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ESTABLISH/STRENGTHEN NATIONAL TRADE FACILITATION COMMITTEES

BACKGROUND

The WTO's December 2013 Trade Facilitation Agreement (TFA) represents a concerted international effort to strengthen the global economy by improving the transparency and simplifying the procedures associated with cross-border trade. The TFA is well on its way to entry into force.

USAID, through the Balkan Regional Economic Development Initiative (B-REDI), seeks to promote broad based, inclusive, and sustainable economic growth and greater economic integration within the Western Balkan region. USAID and the World Bank Group's (WBG) Trade and Competitiveness (T&C) Global Practice have supported Trade Facilitation Self-Assessments (TFSAs) in all CEFTA Parties.

These self-assessments utilized a WTO methodology to assist countries in evaluating their ability to comply with the provisions of the TFA. Key officials from the public and private sector in each Party reviewed their specific situation regarding each provision of the agreement, and developed a roadmap to reach compliance with the TFA. USAID has continually aggregated the data from these individual reports to present a composite picture of the region.

Though each Party's results were different, the most identified deficiencies in TFA provisions were associated with the need to create and/or strengthen mechanisms for improving intra-governmental coordination and to better integrate the private sector's voice into the process of implementing trade facilitation reforms, referred to in the Agreement as National Trade Facilitation Committees (NTFCs). USAID's proposal to provide assistance the establishment/strengthening of NTFCs in all CEFTA Parties was welcomed by the Parties and other development partners at the donor coordination meeting in February 2015.

OVERALL OBJECTIVE

The overall objective of the assistance programme is to:

- Create and/or strengthen National Trade Facilitation Committees in CEFTA Parties in conformance with the WTO Trade Facilitation Agreement
- Strengthen the ability of business associations and chambers to effectively advocate on trade facilitation issues and create space for a productive public private dialogue on trade-related issues.

ACTIONS AND ACTIVITIES

Activity 1 – Assessment and Workshop on National Trade Facilitation Committees and methods for engaging the private sector in trade facilitation reforms

A detailed analysis of the current state of affairs and offer recommendations relating to the establishment and/or strengthening of the mechanisms for interagency coordination and public-private dialogue in the area of trade facilitation has been carried out in each CEFTA Party.

All CEFTA Parties participated in a workshop on best practices in establishing/strengthening NTFCs and incorporating the private sector into implementation. Participants exchanged experiences on current practices and discussed the terms of reference of a model NTFC for the region, including techniques for building sustainability into the institutions and the process. The Parties also began work on individual action plans that will identify the measures they will undertake to achieve full compliance with the TFA provisions.

Activity 2 - Technical assistance to complete action plans

The WBG is currently working with three CEFTA Parties under the WTO TFA Trade Facilitation Support Program, including providing support for the establishment of NTFCs. Other CEFTA Parties are working with the USAID B-REDI mechanism to implement additional technical as-

sistance in trade facilitation, including support for the establishment of NTFCs.

All Parties should chart a path from the current state to full compliance including major actions, timeline, needed changes to laws/regulations, and the budget required. Plans should ensure consultation with all stakeholders and will articulate requirements for assistance to fully implement relevant TFA provisions. It is envisaged that further coordinated support will be provided through other donors and mechanisms, including bilateral and regional USAID projects where feasible.

Activity 3 - Technical assistance to fully implement action plans

After each CEFTA Party develops and accepts its action plan, the available technical assistance will be determined

by each donor/project and mechanism. CEFTA Parties will receive assistance corresponding to the availability of funds in the respective countries.

IMPACT ON CEFTA

- Improved intra-governmental trade facilitation coordination through National Trade Facilitation Committees and better integration of the views of the private sector into the process of implementing the TFA agreement
- CEFTA Parties better able to meet the challenge of comprehensively implementing both the WTO TFA and CEFTA.

SUMMARY PROJECT INFORMATION

Dates:	2015 - 2016
Budget:	<i>n.a.</i>
Partners:	USAID, World Bank Group and CEFTA
Financiers:	USAID and World Bank Trade and Competitiveness Global Practice
Beneficiaries:	Ministries of Trade/Economy, Customs, and other government agencies involved in international trade controls; private sector

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PROPOSAL FOR PROJECT TO STRENGTHEN SEED - SEED +

BACKGROUND

The CEFTA Parties are currently negotiating an agreement on trade facilitation in the form of an additional protocol to the CEFTA Agreement. The protocol should provide for:

- Simplification of inspections related to all clearance procedures, and reducing formalities to the possible maximum extent
- Identification of the means and obligations relating to the exchange of data between customs authorities to the extent that each national legislation allows
- Recognition of mutually national Authorised Economic Operators Programmes in each CEFTA Party provided that both legislation and implementation of each national programme is fully in line with the relevant EU *acquis*

It is expected that the CEFTA Parties will sign this Protocol in 2016 and its implementation will make a substantial contribution to trade facilitation both among the CEFTA Parties themselves and with other trading partners, particularly the EU.

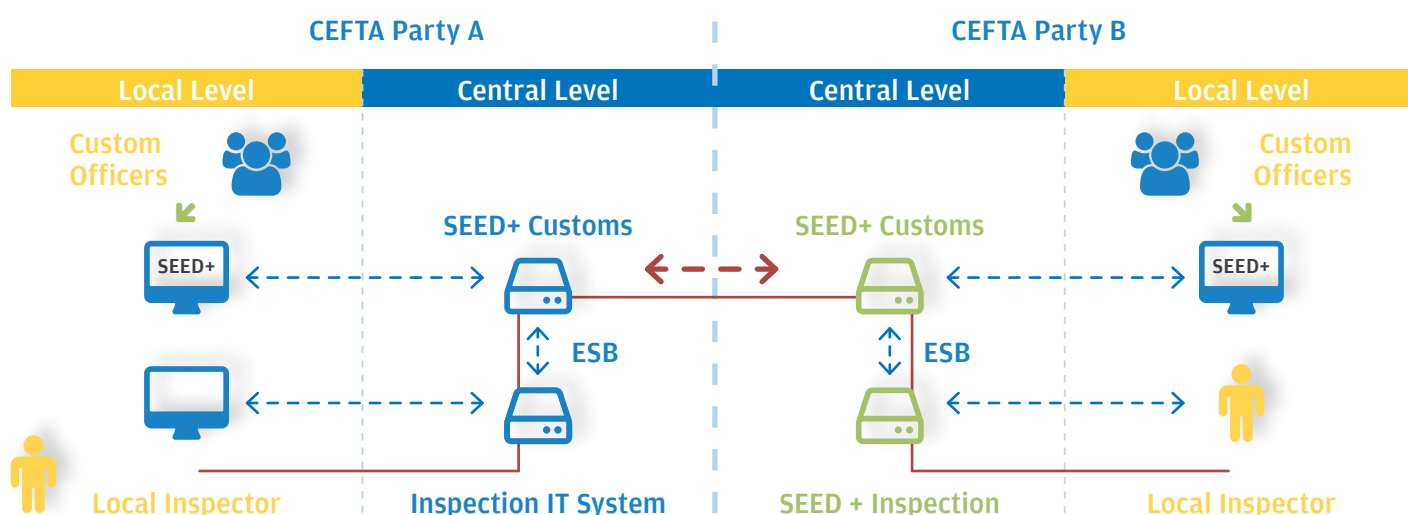
A Systematic Electronic Exchange of Data (SEED) system has been put in place in the Western Balkans with technical and financial assistance from the EC's IPA. Further development and expansion of SEED will provide critical

support to the CEFTA Parties as they implement the Protocol. Thus, CEFTA wishes to propose a project to extend the current SEED in terms of both content and geographic scope. Negotiations with the EU are underway regarding their interest and capacity to finance this important project.

OVERALL OBJECTIVE

The overall objective of the project, as envisaged at this stage, is to support the implementation of the Protocol on Trade Facilitation. Specifically the project would provide for:

- Enhancement of the current cross-border data exchange between the Customs Administrations, by improvement of the existing SEED platform in areas defined by the Parties
- Geographical enlargement of SEED to include Moldova
- Improvement (or, in some cases establishment) of electronic data exchange between the Customs Administration and other governmental authorities involved in the clearance of goods at the national level subject to the fulfilment of several pre-conditions
- Establishment of common regional databases and central services for the whole CEFTA Region



ACTIONS AND ACTIVITIES

Customised IT tools and interfaces

SEED software shall be improved to enable data exchange between the Customs Administration and other relevant authorities (primarily technical agencies involved in the goods clearance process).

The project will differentiate between those cases where the technical authorities (e.g. inspectorates) have their own IT systems and where they do not have access to centralised databases.

A unique IT tool will be developed for the entire CEFTA region but this will be tailored /customised for the specific circumstances in each Party. Thus investments made to date in IT systems for the customs and technical inspection will be built upon rather than made redundant.

Extension of data exchange

SEED+ will extend the scale and scope of data exchanged between the CEFTA customs authorities particularly in respect of:

- Results of risk analysis and controls of the consignment (reasons for execution of the control, risk indicator, result of the control)
- VAT refunds at the borders
- Scanner (x-ray) images of the controlled trucks/containers

Development and Commissioning of Regional Databases and Centralised Services

It is envisaged that a number of common regional databases and centralised services will be delivered to the individual CEFTA Parties. Databases could include (i) a database of mutually recognised CEFTA AEOs and (ii) a database of unsafe/non compliant products detected on the CEFTA market. Centralised services could include a regional database of issued licenses.

IMPACT ON CEFTA

If realised, this project is expected to make a substantial contribution to trade facilitation in the CEFTA region and to improving transparency.

SUMMARY PROJECT INFORMATION

Dates:	2016 – 2019
Budget:	€ 5,000,000
Partners:	EU Member States and CEFTA
Financiers:	EU (IPA) and other possible donors
Beneficiaries:	Ministries responsible for trade, customs administrations and technical agencies, private sector

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4.3 Investment

- Monitoring the Investment Related Clauses in CEFTA
- Investment Policy Review of South East Europe
- CEFTA Investment Report

MONITORING THE INVESTMENT RELATED CLAUSES IN CEFTA

BACKGROUND

In addition to implementing traditional trade-related liberalisations such as tariff reductions, CEFTA obligates the Parties to undertake commitments related to investment policy. The investment-related clauses of CEFTA provide for non-discriminatory treatment of investments underpinned by the principle of national treatment, a commitment by the Parties to broadly coordinate their investment policies, progressive opening of their government procurement markets to one another and effective protection of intellectual property rights (IPRs).

The CEFTA Parties mandated the CEFTA Secretariat to ensure periodic reviews of these investment related commitments.

OVERALL OBJECTIVE

The overall objective of the project was to facilitate the CEFTA Parties' efforts to monitor implementation of the investment related clauses of the Agreement, through an independent review of the current status of the legal framework and compliance.

ACTIONS AND ACTIVITIES

The OECD was commissioned to carry out a series of reviews and assessments on different aspects of the investment related commitments in CEFTA.

These included:

Study on Trade Integration, Industry Concentration and FDI Inflows

An econometric analysis of the extent to which the patterns of geographical concentration changed during the transition of the Central and Eastern European countries to a market economy was conducted by OECD. The changes wrought by this



transition, including the signing of regional free trade agreements – the Baltic Free Trade Area (BFTA) and the original Central European Free Trade Agreement (CEFTA) and the countries' accession agenda with the EU had a significant impact on the location of economic activity. It was deemed useful to review this experience so that the CEFTA 2006 Parties could gain insights into their expected evolution and potentially use the findings as policy benchmarks for their regional and European integration process.

Assessment of Intellectual Property Rights in CEFTA Parties

A comprehensive review of the legal frameworks covering IPR in each of the CEFTA Parties, specifically the IPRs noted in Article 37 of the Agreement, was carried out. The Parties are obliged to implement the obligations arising from the Intellectual Property related international conventions listed in Annex VII of the Agreement as well as to accede to those conventions they are not yet members of by 1 May 2014. The review revealed a mixed picture with respect to IPR compliance but noted that

all Parties were making progress towards meeting their commitments.

Assessment of National Restrictions and Review of Bilateral Investment Treaties

Article 32 (2) of CEFTA commits the Parties to apply national treatment at the pre and post establishment phase of investment. It also commits them to not adopt any new discriminatory regulations or measures against companies from any of the other Parties. The assessment found that in line with the Agreement, the CEFTA Parties had taken appropriate steps to modify or reduce restrictions to national treatment in their primary and /or secondary legislation. No evidence was found to suggest that a CEFTA Party was trying to reverse reforms or impose new restrictions to national treatment.

The review of the Bilateral Investment Treaties (BITs) identified in Annex 6 to the Agreement

found that these were broadly consistent in terms of the treatment and protection they provide to investors and their investments. The report highlighted commonalities in the BITs and also potential gaps.

IMPACT ON CEFTA

The comprehensive information and analysis provided by the various reports contributed to a greater understanding among the CEFTA Parties as to their progress in implementing the investment related clauses of CEFTA and in particular some of the challenges remaining. For example, it acted as a prompt for the Parties to take specific action to meet the obligation to accede to relevant IPR conventions or abolish restrictions to national treatment. These actions contributed to an improved investment climate in the region.

SUMMARY PROJECT INFORMATION

Dates:	March 2009 - March 2010
Budget:	<i>n.a.</i>
Partners:	OECD, CEFTA
Financiers:	EU (IPA)
Beneficiaries:	Ministries responsible for trade

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INVESTMENT POLICY REVIEW OF SOUTH EAST EUROPE

BACKGROUND

One of the key objectives of the SEE 2020 Strategy is to deepen regional trade and investment links. SEE 2020 stipulates that the SEE region must establish a free and open investment regime by removing intra-regional investment barriers, facilitating the free flow of factors of production (goods, services, and human capital), pursuing policies and actions that support the attraction and inflow of foreign direct investment (FDI), as well as intra-regional investments, and promoting further integration of the regional markets.

To support the achievement of the above objectives, CEFTA and the RCC Secretariat (SEE Investment Committee) as the coordinators of the Integrated Growth Pillar have requested the United Nations Conference on Trade and Development (UNCTAD) to prepare an Investment Policy Review (IPR) for the SEE region. This review of all CEFTA Parties will assist in the delivery of effective investment related policy reforms.

OVERALL OBJECTIVE

The project aims to develop and produce (i) a detailed analysis of investment policies in the SEE region, benchmark these among the SEE peers and (ii) provide proposals for investment policy improvement and reform on an individual economy level but also through synergies with regional cooperation mechanisms.

The project will deal with investment policy issues taking into account the objective of increasing foreign direct investment (FDI) flows (SEE 2020 Integrated Growth Pillar), and economic competitive-

ness (SEE 2020 Sustainable Growth Pillar), including the promotion of private sector development and business linkages.

ACTIONS AND ACTIVITIES

The study is anticipated to intervene at two different levels: regional and individual-economy level.

At the regional level, a benchmark study is to be provided with a broad overview and direction for investment policy.

At the national level, a more in-depth assessment of the investment regulatory framework and climate will be provided, upon individual request, through country-specific Investment Policy Reviews, followed by tailored concrete and action-oriented recommendations.

UNCTAD will develop a methodology for the benchmarking study and apply this through using quantitative and qualitative information. It will benchmark each beneficiary's investment policies against a regional standard as envisioned in pillar 1 of the *SEE 2020 Strategy*, while defining the regional standard as an open investment policy that is: non-discriminatory, transparent, predictable and conducive to greater FDI flows. It will highlight and focus on the issues that are more relevant to the region, namely:

- Investment laws and FDI entry, protection and treatment
- International investment agreements (IIAs)
- Streamlining procedures to create a business
- Fiscal policy, corporate taxation and investment incentives

- Labour market and skills
- Competition regulation
- Regional investment promotion
- Other issues as needed

Based on the findings the study will provide actionable recommendations for policy reform. It will also serve as a tool to measure progress made by all SEE 2020 members towards converging to the regional standard for an open investment policy.

Drafts of the study will be reviewed, discussed and validated at regional meetings such as the CEFTA-SEE Investment Committee Joint Working Group meetings, and the SEE Investment Committee plenary sessions. Based on these discussions,

the UNCTAD Secretariat will finalize the study for presentation at a regional ministerial meeting.

IMPACT ON CEFTA

The IPR of the SEE will provide the governments of the CEFTA Parties with valuable information on which to base appropriate regional and national actions to achieve the objectives stipulated by SEE 2020 in the areas of improving the investment environment in the SEE and promoting investment opportunities to the global business audience.

SUMMARY PROJECT INFORMATION

Dates:	Q1 2016 - Q1 2018
Budget:	€ 318,000 approx.
Partners:	UNCTAD, RCC and CEFTA
Financiers:	RCC and UNCTAD
Beneficiaries:	Ministries responsible for trade and investment, private sector

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CEFTA INVESTMENT REPORT

BACKGROUND

The CEFTA Parties have assumed a number of commitments under both Articles 30-33 of CEFTA and the SEE 2020 Strategy to establish a free and open investment regime that facilitates the free flow of investments across the region. A number of structures have been established to support the governments as they seek to meet these commitments.

CEFTA and RCC have set up a joint Working Group on Investment Policy and Promotion. The main areas of work for this Group include the coordination of investment policies ensuring greater protection for investors and investments and the coordination of investment promotion activities. The Group's activities also seek to include regional supply and value chains into global networks and promote the region as an attractive business location to the global investor community.

The CEFTA Joint Committee established a Working Group on Trade in Services Statistics, FATS and FDI Statistics whose main objective is to facilitate improvements in the quality of trade in services statistics, FATS and FDI statistics across the region and harmonise these with those of the European Union. This Group will support the current negotiations on trade in services liberalisation, as well as potential negotiations in investment.

Both groups require information on investment related issues to support their work and therefore it has been decided to commission a CEFTA Investment Report which will be the first report on FDI trends produced for the region as a whole.



OBJECTIVES

The main objective of the CEFTA Investment Report is to present the CEFTA stakeholders, investment partners and wider business audiences with relevant information on current and projected regional investment trends and to promote the region as an attractive destination for foreign direct investments.

ACTIVITIES

- **Collection of data and detailed analysis**

The compilation of statistical data, analysis of investment trends and selected topics related to FDI will be performed by the CEFTA Parties' institutions (central banks, statistical offices, and responsible ministries), the CEFTA Secretariat and independent experts.

- **Preparation and presentation of an informative report**

The purpose of this first report is to outline the regional investment trends, FDI stocks and flows, show a breakdown of FDIs by geography, sectors

and industries, calculate various indices to measure the attractiveness for FDI and implications of FDI and greenfield investments to both the host and home economies. Specific topics, such as FDI trends in selected services of interest to the whole region may also be included.

- **Meeting international standards**

The various activities will be conducted under the guidance of UNCTAD and the preparation, compilation and presentation of all data will respect the new guidelines of relevant international organisations such as sixth edition of the IMF Balance of Payments and International Investment Position Manual (BPM6), and the fourth edition of the OECD Benchmark Definition of Foreign Direct Investment (BD4), where available.

It is envisaged that the report will be launched in 2017 and promoted widely throughout the region and internationally.

IMPACT ON CEFTA

Taken together with the first Regional Investment Policy Review to be conducted by UNCTAD, the CEFTA Investment Report will constitute a comprehensive analytical tool for policy makers when discussing relevant decisions to facilitate further coordination of investment policies in the region in line with the Articles 30-33 of CEFTA 2006 and SEE 2020.

As it will contain the latest data available, the Report will assist negotiators in potential negotiations to conclude regional investment arrangements. It will also facilitate analysis to assess the impact of such arrangements and provide valuable information for investment partners when considering future actions.

SUMMARY PROJECT INFORMATION

Dates:	2016 – 2017
Budget:	€ 70,000
Partners:	CEFTA, central banks, statistical offices, UNCTAD
Financiers:	CEFTA Project Facility/EU
Beneficiaries:	Ministries responsible for trade and investment

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4.4 Transparency

- CEFTA Transparency Pack
- CEFTA Management Information System (MIS)

INFORMATION SYSTEM ON NON-TARIFF BARRIERS TO TRADE IN CEFTA – CEFTA TRANSPARENCY PACK

BACKGROUND

Facilitation of trade through employing transparency tools is an on-going priority for CEFTA. The CEFTA structures had in previous years already undertaken substantial efforts to establish tools to increase transparency on non-tariff measures to trade.

This included the setting-up of the Sanitary and Phytosanitary (SPS) Database, the Market Access Barriers Database and the CEFTA Trade Portal. What was missing was an interlinked system allowing CEFTA Parties to notify each other on all types of trade-related measures and to analyse their impact on regional trade. Against this background, the CEFTA Parties decided to establish the “Transparency Pack” as an enhanced transparency tool.

OVERALL OBJECTIVE

Establish a transparency tool that enables CEFTA Parties to effectively address the most frequent market access barriers in the region.

ACTIONS AND ACTIVITIES

The main activities of the project entailed:

- Establishment of the “Transparency Pack” webpage as a tool for data management and enhanced transparency on information related to trade measures (www.ceftatransparency.com). The Transparency Pack interlinks four databases via a search function, i.e. Technical Barriers to Trade (TBT) Platform, Sanitary and Phytosanitary (SPS) Database, Market Access Database (MADB) and CEFTA Trade Portal



- Establishing, as part of the Transparency Pack, the TBT Platform and a notification tool which allows CEFTA Parties to notify each other on all types of trade related measures
- Training of CEFTA Contact Points and designated staff of relevant authorities to develop capacities on how to update and use the Transparency Pack tool.

IMPACT ON CEFTA

This project has had a substantial impact on both trade facilitation issues and transparency within CEFTA. The sophisticated upgrade of the original transparency tools allows CEFTA Parties to systemize the detection of trade irritants and to enhance the efficacy of tackling the most frequent and most trade-distortive market access barriers in the region. It has also improved the capacity of trade officials in the CEFTA Parties dealing with NTBs and trade disputes.

SUMMARY PROJECT INFORMATION

Dates:	May 2013 - February 2015
Budget:	€ 255,000
Partners:	GIZ, CEFTA
Financiers:	German Federal Ministry for Economic Cooperation and Development
Beneficiaries:	Ministries responsible for trade and agriculture, technical agencies, private sector

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CEFTA MANAGEMENT INFORMATION SYSTEM

BACKGROUND

The availability of reliable, timely and comparable trade related information and data is an important factor for the implementation and monitoring of CEFTA. Economic operators benefit from having user-friendly information on issues such as sanitary and phytosanitary regulations and technical standards. Policymakers benefit from accurate trade data and statistics to assess the impact of CEFTA on economic development and to make policy decisions.

At present, while there are several publicly available trade related data for individual CEFTA Parties, very little is processed for the region and none of the data is analysed from the perspective of monitoring the implementation of CEFTA and its priorities.

Through various projects financed by different bilateral donors, the CEFTA Secretariat has developed some web-based information and transparency tools including a website and three different databases that enhance transparency - CEFTA Market Access Barriers Database, CEFTA SPS Database, CEFTA Trade Portal and CEFTA TBT Database (the last is under development). The Secretariat also prepares an annual statistics report based on national trade data, collected from the Statistical Offices of CEFTA Parties.

These activities have made valuable information available to many CEFTA stakeholders, but they have required considerable effort and resources - for example all the data calculations on regional trade are done manually and the Secretariat does not have the information tools to disseminate the source data used for its calculations and trade statistics report. As different service providers have prepared the various transparency databas-

es there are some issues regarding maintenance and upgrading.

As the CEFTA Parties move ahead with their ambitious agenda to deepen the scale and scope of CEFTA, the availability of accurate, timely, transparent and relevant information and data becomes more important.

OBJECTIVE

The objective of the CEFTA Management Information System (MIS) project is to provide an integrated set of tools and information systems such that the CEFTA MIS acts as a "one-stop-shop" for trade related data for all CEFTA stakeholders. Moreover, in addition to facilitating the monitoring of CEFTA implementation, the CEFTA MIS would support the monitoring of implementation of the different elements of the SEE 2020 Strategy's Integrated Growth pillar that focuses on trade and investment.

ACTIONS AND ACTIVITIES

The activities under the project will lead to an integrated system that can collect, process, report and disseminate relevant information in a user-friendly manner.

- **Upgrading of databases and integration of additional data**

The existing databases will be upgraded. Relevant data extracted from SEED (System for Electronic Exchange of Data) databases and from other international and regional databases, and from national statistical offices will all be integrated.

- **Provision of analysis and reports**

Tailored software is to be developed to (i) extract data electronically from various national, regional

and international sources, (ii) process them automatically according to pre-defined parameters, and (iii) produce reports online. A menu of report options will be available to allow each user to create their own report according to their specific needs.

- **Basis for future regional system for exchange of information required by new commitments or in additional policy areas**

The CEFTA MIS can be considered a first step in the creation of an integrated regional system for exchange of information and provision of databases required as the Parties assume new obligations. For example the exchange of on-line and real time data necessary for the implementation of the Framework Agreement to be signed shortly between CEFTA Parties on the simplification of border procedures for different policy areas. The integrated system could also be extended to other policy areas.

IMPACT ON CEFTA

This project will strengthen regional information exchange among CEFTA Parties. It will make notification mechanisms more effective and will also help in benchmarking, thus supporting CEFTA structures in taking further action to strengthen the implementation of the Agreement.

Specifically it is expected to:

- Improve the capacity to monitor the implementation of CEFTA
- Enhance transparency in the implementation of CEFTA
- Provide better support for negotiations and decision making of the CEFTA Structures
- Strengthen coordination and complementarity between regional and country-specific projects

SUMMARY PROJECT INFORMATION

Dates:	March 2016 – March 2017
Budget:	€ 300,000
Partners:	CEFTA Statistics Offices
Financiers:	CEFTA Project Facility/EU
Beneficiaries:	Ministries responsible for trade and investment, economic operators, academia

CONTACT PERSON/FURTHER INFORMATION

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4.5 Capacity Building

- Seizing the Potential of Diagonal Cumulation for Trade in CEFTA
- Technical Assistance in Trade Policy Formulation, Implementation and Coordination
- CEFTA Secondment Initiative
- Quality Infrastructure in the Western Balkans

SEIZING THE POTENTIAL OF DIAGONAL CUMULATION FOR TRADE IN CEFTA

BACKGROUND

During the period 2014/2015 the CEFTA region has been in the process of joining a single integrated cumulation zone under the Pan-Euro-Mediterranean (PEM) Convention. Previously, the CEFTA Parties benefited from cumulation of origin arrangements with variable scope according to their existing bilateral free trade agreements.

The single cumulation zone has the potential to improve the access of the region to the markets of its leading trading partners, i.e. the EU, EFTA, Turkey and others, and to enhance integration into the global economy.

However, CEFTA Parties lacked information about the actual usage of diagonal cumulation by their private sector. Thus, the Parties had only limited capacity to (i) take any targeted actions to maximize the potential of diagonal cumulation for better market access and (ii) adequately negotiate when it comes to the revision process of the PEM Convention.

OVERALL OBJECTIVE

To enhance capacities of CEFTA Structures to maximize the potential of diagonal cumulation for better market access.

ACTIONS AND ACTIVITIES

The activities of the project entailed:

- A comprehensive analysis of the implementation of diagonal cumulation in the CEFTA region, by measuring the utilisation rate of diagonal cumulation in intra-regional trade and in

trade with their bilateral trading partners (EU, Turkey and EFTA states). This included:

- Developing an analytical methodology for measuring the utilisation rate
- Training technical and executive staff of customs authorities and ministries of trade in data-gathering and analysis
- Conducting surveys among public authorities and private companies on the usage of diagonal cumulation
- Analysing data provided by customs authorities
- Based on the analysis results, advising CEFTA Parties on joint actions to maximize the potential benefits of diagonal cumulation
- Supporting CEFTA Parties in developing a joint position for negotiations with the PEM Convention, i.e. elaboration of a joint position paper along with speaking points. The position paper requests full cumulation and duty drawback for CEFTA Parties.
- Training for officials of the ministries responsible for trade and Customs Authorities of the CEFTA Parties as well as the private sector aimed at any issues undermining the smooth application of diagonal cumulation rules in CEFTA.

IMPACT ON CEFTA

This assignment had a significant impact on capacity building and trade facilitation in the CEFTA Parties.

It has raised awareness of the difficulties faced by economic operators to efficiently use diagonal cumulation with the full advantages that it may offer. On top of that, it highlighted that the current asymmetry in the cumulation zones under the PEM, which allows full cumulation and duty

drawback for some countries but not for CEFTA, disfavours CEFTA economic operators and causes unfair competition for companies in CEFTA.

These findings prompted widespread interest in the CEFTA Parties and led to the formal CEFTA request for two liberalization measures, i.e. full cumulation and duty drawback, to be addressed in the future negotiations with the PEM Convention and other bilateral trading partners.

The draft position paper along with speaking points ensures that CEFTA Parties have a common position in their official bilateral and regional

meetings with the EU and other bilateral trading partners.

The requested changes are expected to ease the application of cumulation by CEFTA economic operators and to provide additional opportunities for sourcing and for access to markets of leading trade partners.

SUMMARY PROJECT INFORMATION

Dates:	February 2014 - May 2015
Budget:	€ 200,000
Partners:	GIZ and CEFTA
Financiers:	German Federal Ministry for Economic Cooperation and Development
Beneficiaries:	Private sector, ministries responsible for trade, customs administration and technical agencies

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TECHNICAL ASSISTANCE IN TRADE POLICY FORMULATION, IMPLEMENTATION AND COORDINATION

BACKGROUND

The CEFTA agreement creates further obligations for CEFTA Parties on top of their WTO obligations. Moving forward, the EU alignment process and the obligations attached to it will progressively replace the obligations stemming from the CEFTA agreement.

In defining and implementing their trade policies, CEFTA Parties need to ensure coherence by taking into account the interaction between the different layers of obligations arising from the WTO, CEFTA and EU legal regimes.

OVERALL OBJECTIVE

The purpose of this project is to assist the CEFTA Parties in reviewing their administrative capacities and processes in trade policy formulation, coordination and implementation when responding to obligations stemming from the WTO, EU and CEFTA, now and in the future.

Specific objectives include:

- Production of a Needs Assessment Report that
 - i. describes the existing trade policy related administrative capacity of the CEFTA Parties; and
 - ii. analyses the strengths and weaknesses of that capacity to steer the obligations stemming from the WTO, EU and CEFTA. The assessment has a particular emphasis on training
- Provision of an Action Plan with a list of proposed interventions to be undertaken in the next three years to improve capacity

- A draft Project Fiche for the EU Pre-Accession Assistance (IPA) II is also provided. The proposed project should develop training programmes for the public authorities with the aim of strengthening their capacity in trade policy formulation and coordination

ACTIONS AND ACTIVITIES

The Needs Assessment Report was elaborated on the basis of a survey of the key governmental stakeholders. This survey mapped out the main existing administrative structures that deal with trade policy and processes on trade policy formulation, coordination and implementation.

The following steps were undertaken to produce the needs assessment, the draft Action Plan and draft Project Fiche:

- Kick-off meeting with CEFTA Contact Points
- Concept paper and questionnaire circulated to CEFTA Parties
- Interviews with key local stakeholders in each CEFTA Party
- Draft needs assessment circulated for comments through CEFTA Contact Points
- Regional validation workshop with key representatives of CEFTA Parties on 2 September 2015
- Revised draft needs assessment circulated through CEFTA focal points for final review
- Draft Action Plan and Fiche shared with CEFTA Secretariat (early October) for further circulation to all CEFTA Parties



IMPACT ON CEFTA

The impact on the CEFTA and CEFTA Parties is threefold:

- CEFTA Parties have a good understanding of their respective strengths and weaknesses in relation to their capacity to trade policy formulation, coordination and implementation in view of their obligations stemming from WTO, CEFTA and the EU alignment process
- CEFTA Parties have a common understanding and agreement as to how to address in the short/medium terms the gaps identified
- CEFTA Parties have a strategy to access funding (including on a cost sharing basis)

SUMMARY PROJECT INFORMATION

Dates:	December 2014 – November 2015
Budget:	€ 105,000
Partners:	ITC, CEFTA
Financiers:	EU (IPA)
Beneficiaries:	Ministries responsible for trade and technical agencies

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CEFTA SECONDMENT INITIATIVE: BUILDING EXPERTISE AND EXCHANGING KNOWLEDGE AMONG CEFTA TRADE OFFICIALS

BACKGROUND

The various CEFTA structures (Joint Committee, Sub-Committees, Working Groups, Secretariat) have an ambitious agenda to deepen the implementation of CEFTA with regard to trade liberalisation and facilitation, and contribute to the actions in the framework of Integrated Growth pillar of the SEE 2020 Strategy. Regional actions in trade policies being developed and implemented with the support of CEFTA structures must also (i) stimulate economic growth and (ii) facilitate advancing the EU accession/association process. This inherently requires the capacity to coordinate among all stakeholders involved in trade policy.

These demands necessitate that the CEFTA structures have access to skills and expertise across a range of areas including:

- Up-to-date technical knowledge of diverse and complex trade and investment related issues;
- Capacity to commission, manage and/or undertake detailed research and analysis
- Appropriate managerial, technical and administrative expertise required for the successful preparation and implementation of the annual work programmes of CEFTA structures
- Instigating and maintaining effective information and communications flows among the different Parties and actors - members of CEFTA structures and relevant public and public and private stakeholders

In recognition of these needs and of the value of knowledge transfer, the CEFTA Joint Committee in November 2014 sanctioned the creation of the CEFTA Secondment Initiative that sees trade officials from different CEFTA Parties work alongside the CEFTA Secretariat staff on different aspects of CEFTA implementation. (CEFTA Joint Committee Decision 4/2014)

OVERALL OBJECTIVE

The overall objective is to improve the level of skills and expertise available to CEFTA structures (and in turn relevant SEE 2020 structures) so that they can contribute effectively to the achievement of CEFTA's goals. The initiative also provides opportunities for better communication and cooperation across the different Parties and to channel in-depth local knowledge to the development and implementation of the various work programmes.

ACTIONS AND ACTIVITIES

The Initiative allows for two types of secondment:

- i. Medium term (from 6 months to 12 months) for junior/mid level officials to work alongside relevant Secretariat personnel on the preparation and implementation of the work programme for the different structures;
- ii. Short-term (max 4 months) for mid level/senior officials to provide specific technical inputs and to develop further their skills/ expertise in particular topics

The Secondees are based at the CEFTA Secretariat in Brussels and their secondments are tied to the annual chairmanship of the different CEFTA structures. Activities undertaken are a combination of technical, managerial and administrative and include:

- Support for the identification of priorities and development of the annual work programme for specific CEFTA structures
- Detailed scheduling of activities for the annual work programme
- Preparation and follow-up of meetings and events under each structure



CEFTA Secondees in 2015: from left to right Milica Scepovic, Montenegro, Alexandra Popa, Moldova, Borislava Jaksic, Serbia and Marina Chitanu, Moldova

- Research and analysis and provision of recommendations on different CEFTA activities
- Preparation, supervision and/or support for CEFTA related Technical Assistance projects
- Communication and coordination with all CEFTA stakeholders (Parties, business community, international organisations, bilateral donors)

IMPACT ON CEFTA

The main impact of this initiative is the development of greater capacity among the CEFTA Parties to implement the CEFTA/SEE 2020 agenda as trade officials develop more skills and expertise in key technical areas and in the management of complex processes.

SUMMARY PROJECT INFORMATION

Dates:	June 2015 – April 2018
Budget:	€ 432,000
Partners:	CEFTA
Financiers:	CEFTA Project Facility/EU
Beneficiaries:	Ministries responsible for trade, economy, agriculture, Customs Authorities and Technical Agencies

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QUALITY INFRASTRUCTURE IN THE WESTERN BALKANS

BACKGROUND

This SIDA financed European Committee for Standardization (CEN) Quality Infrastructure (QI) project will complement the forthcoming IPA 2015 Facilitation of Trade project and some national IPA Quality Infrastructure Projects. It builds on previous IPA financed regional projects in the Western Balkans aimed at enhancing quality infrastructure and bringing it into line with EU norms as part of the overall EU accession process.

QI is the means to ensure the smooth functioning of the EU Internal Market. It consists of technical regulations, supported by harmonized European Standards - the use of which ensures legislative compliance. To ensure confidence in the accuracy of the QI system, national measurement (metrology) systems are connected (traceable) to the international system of weights and measures. Conformity assessment (CA) ensures confidence in test reports and other certificates issued. At the top level of this CA system is the national accreditation system. Practical CA services are provided by laboratories, certification bodies and inspection bodies, collectively known as CA Bodies (CABs). A number of CABs are authorized by the State to deliver CA services in support of compliance with technical legislation ("Notified Bodies" in the EU).

The last part of the QI system is the market surveillance system, to effectively police the proper implementation of the QI system and to require the removal of products from sale or use should they be found not to comply. To provide an effective service, market surveillance authorities must work closely with their colleagues in neighbouring countries, countries from where imported products originate and with their own customs authorities.

Once these essential elements of a QI system have been taken into account, it is important to tailor the system to national priorities e.g. size of economy, variety of sectors. Every country must have an accreditation agency, for example, and the most vital laboratories, but no country (except the very big ones) can afford to have all elements of a QI system. This dilemma is solved by, amongst other things, cross-border accreditation and laboratory tests. To find the balance is not so easy and hence this project should provide critical support to the CEFTA Parties.

OVERALL OBJECTIVE

The overall objective is to support the CEFTA Parties to implement a QI system that meets the EU requirements and thereby facilitates trade. Specific objectives are as follows:

1. To ensure consistent implementation of Chapter 1 legislation
2. To ensure consistency of measurement and conformity assessment systems
3. To create appropriate communication and coordination mechanisms and tools between market surveillance authorities

ACTIONS AND ACTIVITIES

There is a wide range of planned activities in order to fulfil the project objectives.

For objective 1 planned activities are: hands-on training; direct work with DG GROW and other relevant EU institutions specifically on the New Legislative Framework and the revised relevant legislation; and support and advise regional QI in-

stitutions on policies and best practice for meeting requirements for trade liberalization with EU/EFTA in harmonized and non-harmonized areas.

For objective 2 planned activities are: design and running of proficiency testing schemes in priority fields; design and set up regional conformity assessment forum.

For objective 3 the planned activity is technical assistance to design and launch appropriate coordination and communication mechanisms and tools.

IMPACT ON CEFTA

The project is expected to play a key role (alongside the IPA Trade Facilitation Programme) in removing TBTs among CEFTA Parties and thereby facilitating trade both within CEFTA and with key trading partners in the EU and EFTA. It will also contribute to capacity building and transparency.

SUMMARY PROJECT INFORMATION

Dates:	June 2015 - December 2018
Budget:	€ 2,750,000 (approx.)
Partners:	SIDA, EFTA, CEN-CENELEC, CEFTA
Financiers:	SIDA and EFTA
Beneficiaries:	Ministries responsible for trade, technical agencies and private sector

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