



Republic of Moldova | CEFTA Chair in Office 2015

SUMMARY OF ACHIEVEMENTS AND REPORT ON CEFTA WEEK

Acknowledgements

This report has been produced by the Ministry of Economy of Moldova, in its role as the CEFTA Chair in Office 2015. The Ministry would like to acknowledge the extensive support provided by the CEFTA Secretariat in preparing this document.



FOREWORD

The Ministry of Economy of the Republic of Moldova has the honour to present this report summarising the main achievements and activities of its Chairmanship of CEFTA in 2015. Our ambitious free trade agreement of 2006 provides all CEFTA Parties with an excellent framework within which to devise and implement policies that contribute to both economic growth and our respective European integration processes.

The Moldovan Chairmanship of CEFTA in 2015 focused on five interrelated priority areas – trade facilitation, trade in services, investment, capacity building and transparency and as outlined in this report, substantial progress was achieved in all of these areas. The 9th meeting of the CEFTA Joint Committee, held in Chișinău on 26 November 2015 was the culmination of a busy year for the Moldovan Chair and all CEFTA Parties. The Ministerial Conclusions that we adopted at this meeting illustrate the scale of achievements in 2015 and the on-going determination of the CEFTA Parties to continue to utilise the full potential of CEFTA to generate economic growth.

The Joint Committee meeting was held back to back with CEFTA Week – a series of dynamic discussions among the diverse range of CEFTA stakeholders – representatives of the public and private sector drawn from the CEFTA Parties and the international community. CEFTA Week is a good demonstration of our commitment to strengthening public private dialogue in the region and to enhancing our coordination of the array of technical assistance provided to the CEFTA Parties by our international development partners.

The Moldovan Ministry of Economy would like to take this opportunity to thank our fellow officials throughout the CEFTA Parties, the hard working staff of the CEFTA Secretariat, our generous donors in the international community and the representatives of the business community active in the CEFTA region for their cooperation and collaboration in 2015.

Montenegro is the Chair in Office of CEFTA in 2016 and we wish our colleagues at the Montenegrin Ministry of Economy every success with this challenging role.

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1. MOLDOVAN CHAIRMANSHIP OF CEFTA 2015

SUMMARY OF ACHIEVEMENTS

1.1 Objectives of the Moldovan Chair in Office 2015

At the outset of its chairmanship in January 2015, the Moldovan Chair in Office outlined a series of objectives for its work programme. These included:

- Further liberalisation of trade in services and trade in agricultural goods;
- Facilitation of trade through simplification of trade related procedures and addressing non-tariff measures;
- Facilitation of free flow of investment through coordination of investment policies and better protection of investment and investors;
- Facilitation of free movement of experts, professionals and skilled labour;
- Improve market access through completing a single diagonal cumulation zone under the Pan-European Mediterranean Convention (PEM) which is to include all CEFTA Parties;
- Enhance participation in regional supply chains and global supply networks;
- Sustaining synergy between implementation of CEFTA and the SEE 2020;
- Capacity building in trade policy formulation, coordination, and implementation;
- Creating the National Experts Programme at the CEFTA Secretariat.

These objectives built on the achievements of previous chairmanships and sought to further

advance CEFTA's ambitious agenda to attain the goals set out in Article 1 of the Agreement - including trade liberalisation, investment promotion and expansion of trade and investment among the Parties. As noted in the Ministerial Conclusions of the 9th Joint Committee meeting held in Chisinau on 26 November 2015, (see Annex 1) substantial progress has been made in all of these areas.

1.2 Contributing to overall economic growth and EU integration

The Moldovan Chair in Office (CiO) has been very conscious that CEFTA is part of a wider development agenda in Europe.

The achievements under CEFTA contribute collectively to the economic growth agenda of the region as consolidated in the South East Europe Strategy 2020. In addition to the Integrated Growth Pillar (that addresses trade and investment), activities under CEFTA are relevant for all other pillars of SEE 2020. This is reflected in the key role attributed to trade policy in the so-called Flagships that the Regional Cooperation Council (RCC) has developed to progress the implementation of SEE 2020 – competitiveness, connectivity, skills and mobility. Under the Moldovan chairmanship, CEFTA has contributed to relevant activities under all of these Flagships.

In 2015, CEFTA's potential as a mechanism to advance both economic development and EU integration was explicitly recognized by the Heads of State who participate in the Western Balkans Summit of the Berlin Process and in the Association Agreement (AA) /Deep and Comprehensive Free Trade Agreement (DCFTA) signed between the EU and Moldova.

1.3 Achievements that advanced CEFTA Priorities in 2015

The CEFTA Parties have agreed on the following priorities for the period 2015-2020

i. trade facilitation, including elimination of barriers to and distortions of trade;

ii. liberalisation of trade in services;

iii. improve conditions to promote investment, including foreign direct investment by providing fair conditions of competition affecting foreign trade and investment;

iv. enhancing transparency in all the relevant rules and procedures for trade in the implementation of the Agreement.

As outlined in section 1.3 below, actions taken under the auspices of Moldovan CiO's to achieve the objectives set out in its work programme for 2015 have advanced all of these priorities.

Summary of Achievements under the Moldovan CiO in 2015

- Finalisation of the free trade area in goods across the entire CEFTA region;
- Commenced negotiations on a comprehensive Additional Protocol to the Agreement that will greatly enhance trade facilitation through simplifying border procedures at all clearance stages, increasing the electronic exchange of information and providing for mutual recognition of Authorised Economic Operators;
- Detailed examination of two regional value chains – beverages and auto-parts as part of efforts to identify market access barriers in those sectors;
- Substantial progress in negotiations on liberalisation of trade in services and development of assistance mechanisms such as statistical information and mutual recognition of professional qualification that will support the eventual implementation of the planned Additional Protocol on Trade in Services;
- Decision on application of full cumulation and removing the prohibition of duty drawback among CEFTA Parties;
- Commitment to increase efforts on cooperation on attracting investment and development of an investment policy review that will benchmark investment policies throughout the region;
- Finalisation of the CEFTA Transparency Pack providing user friendly information market access issues in CEFTA;
- Enhanced public private sector dialogue on trade policy issues – particularly in the area of trade facilitation;
- Comprehensive adjustment of CEFTA bodies to better respond to the dynamic trade and economic environment in which CEFTA operates;
- Launch of the CEFTA Secondment Initiative to enhance the professional capacity of officials from all CEFTA Parties and improve the functioning of the various CEFTA bodies;
- Initiation of greater coordination by CEFTA of technical assistance programmes supported by international organisations and bilateral donors.

1.4 Overview of Activities under the Moldovan CiO



Family photo from Joint Committee Meeting (Mr. Ilir Salihu, Kosovo*; Ms. Aneta Dimovska, Macedonia; HE Milan Begovic, Montenegro; Mr. Stephane Christophe Bride, Moldova; Ms. Bojana Todorovic, Serbia; Mr. Ervin Mete, Albania; Mr. Mirko Sarovic, Bosnia and Herzegovina)

Full liberalisation of trade in goods

Following the signing of the Additional Protocol 4 to CEFTA regarding the last remaining quotas on wine between the Republic of Macedonia and the Republic of Moldova in February and March 2015, the CEFTA Parties achieved the full liberalisation of goods across the region. This is a unique achievement.

Trade Facilitation

The CEFTA Parties have progressed their negotiations on an Additional Protocol to the Agreement that will help to simplify border procedures at all clearance stages, increase the electronic exchange of information and provide for mutual recognition of Authorised Economic Operations (AEOs).

All Parties have approved the mandate of their respective negotiators and in addition have agreed the main parameters of the negotiations, the timetable of upcoming negotiation rounds, the necessity to have an action plan, and the

main outline of the negotiating text of the Additional Protocol. Two rounds of negotiations have taken place in 2015 and the Parties have agreed to complete negotiations by mid 2016.

Improving information flows through ensuring common standards relating to data and the addressing the technicalities of exchanging data in an efficient and effective manner are also being tackled as part of the support to the negotiations of the Additional Protocol.

Systematic Electronic Exchange of Data (SEED) system has already been put in place in the Western Balkans with technical and financial assistance from the EC's IPA. SEED makes a substantial contribution to trade facilitation in CEFTA by:

- Speeding up and facilitation of legitimate trade by more efficient using of available pre-arrival data from the neighbouring administrations;
- Increase security and safety of citizens by constant monitoring of automatic data matching results, creation of various reports and analysis of generated reports;
- Increasing the collection of customs duties and improvement of risk analysis resulting in curb on illicit trade and corruption;
- Improving protection of the Intellectual Property Rights and
- Promoting Integrated Border Management (IBM), by exchanging information on cross-border cash transfers.

The Parties agreed in 2015 that further development and expansion of SEED will provide critical support to the CEFTA Parties as they implement the Protocol.

*This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence

In view of the growing importance of Global Value Chains (GVCs) and the importance of integrating CEFTA businesses into these, a number of sector-specific studies have been undertaken with the aim of eventually eliminating the most trade distortive NTBs in selected products and supply chains that are of particular economic relevance for the region. So far, two regional value chains - beverages (wines and beers) and auto-parts – have been examined.

Attention has also been paid to the important issue of enhancing quality infrastructure throughout the CEFTA region and bringing it into line with EU norms as part of the overall EU accession process. Activities have commenced under a SIDA led programme:

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

Trade in Services

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.”

Article 29 set up the viable ground for negotiations to be launched with the aim of achieving a high level of liberalization of trade in services. In addition, the Parties have recognized the need to have consistent,

predictable and transparent rules for investment across the region. They have agreed in principle that both services and non-services sectors should be covered by the same investment rules.

The negotiations on trade in services liberalisation officially started in July 2014 and their main objective is to ensure progressive liberalisation and mutual opening of the services markets by removing barriers to services trade among the CEFTA Parties. In 2015, four rounds of negotiations were held and significant progress has been achieved both in terms of offers and requests for market opening in ten services subsectors (business and professional services, tourism, environmental, cultural, communication and construction, and distribution, educational and health services), as well as the 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](#). 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.

A lot of activity has also taken place under the auspices of the CEFTA Subcommittee on Trade in Services and its working groups to improve the quality of trade in services statistics across the CEFTA region and harmonise them with those of the European Union and advance discussions on the mutual recognition of professional qualifications. Both issues are seen as critically important to the capacity of the Parties to implement the Additional Protocol on Trade in Services.

A first meeting of the Working Group on Trade in Services Statistics was held in October 2015 and the main tasks of the Working Group agreed by all. These tasks cover:

- 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 and

iv. setting up an operational reporting system of statistical data and a sustainable dissemination platform to be managed by the CEFTA Secretariat. This will be incorporated into the overall CEFTA MIS;

v. working on improvement of availability and quality of FDI data with a view to develop a first regional report on investment (CEFTA Investment Report) expected to be published in 2017.

The Joint Committee accepted the recommendation of the Sub-Committee on Trade in Services that the joint CEFTA-RCC-ERISEE Working group on Mutual Recognition of Professional Qualifications be added to the current structure of the Subcommittee.

This Working Group will facilitate coordination across different regional initiatives that play a role in skills development and mobility in the region including:

- 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 and
- The Social Agenda Working Group's (SAWG) roadmap to enhance overall labour mobility in the context of the SEE 2020 Strategy.

The Working Group has prioritized issues related to the CEFTA's liberalisation of trade in services, including exploring the potential for conclusion of mutual recognition agreements (MRAs), enhancing transparency of national and regional arrangements on recognition of professional qualifications and enhancing regional data exchange on the mobility of professionals and future skills needs in selected professions. It will launch important studies in 2016 that will provide valuable research and analysis to the CEFTA Parties regarding the most relevant sectors and professions of interest for the development of mutual recognition agreements of professional qualifications in South East Europe.

Investment

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. Many of the activities undertaken under other CEFTA priorities e.g. trade facilitation and transparency will improve the investment climate in the region, for example the adherence by CEFTA to single integrated cumulation zone under the Pan-Euro-Mediterranean (PEM) Convention will boost the region's attractiveness to investors.

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. As the revision of PEM Convention may take longer than expected due to its complexity and the need for full consensus, changes in the original Protocol of CEFTA to apply

full cumulation and for removing prohibition of duty drawback were adopted by the CEFTA Joint Committee in November 2015.

Assistance has also been secured to improve the capacity of the CEFTA Parties 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.

In addition to investment climate enhancing activities under other priorities, the Parties are actively considering if more formal investment related agreements should be concluded under CEFTA.

In 2015, discussions under the joint CEFTA/ RCC Working Group on Investment Policy and Promotion have allowed the Parties to identify some of the key issues that need to be addressed if they are to develop regional agreements to enhance the attractiveness of the region for investment. The Parties have now asked UNCTAD to undertake an investment policy review that will (i) produce 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 of regional cooperation mechanisms. It will highlight the issues that are more relevant to the region, namely:

- i. investment laws and FDI entry, protection and treatment;
- ii. international investment agreements (IIAs);
- iii. streamlining procedures to create a business;
- iv. fiscal policy, corporate taxation and investment incentives;
- v. labour market and skills;
- vi. competition regulation;
- vii. regional investment promotion, etc.

Based on the findings of the comparison, the study will provide actionable recommendations for policy reform. It will also serve as a tool to measure progress made by member economies towards converging to the regional standard for an open investment policy. The review will commence in early 2016.

Following the conclusions of the Vienna Summit to increase investments, the Regional Cooperation Council (RCC) in close cooperation with CEFTA has approached the World Bank Group to support the activities on establishing a common investment reform agenda that aims at regional harmonization of investment policies. Implementation of the investment reform agenda is meant to attract higher investment and to allow the Region to move towards EU standards and regulations in this field. These reform efforts will be complemented with the implementation of targeted investment promotion activities to attract more investment in the form of FDI and intra-regional investments. The activities will be framed within the context of the SEE 2020 strategy and the Economic Reform Programmes (ERPs). Regular discussion on the proposals for policy reforms would take place in the competent structures of the RCC and of CEFTA, as appropriate. The project is to be financed by the EU through IPA funds as of 2017.

Enhancing Transparency

Facilitation of trade through employing transparency tools is an on-going priority for CEFTA and the CEFTA Parties had previously agreed to create the so-called Transparency Pack to effectively address the most frequent market access barriers in the region. The Transparency Pack was finally completed in 2015 and comprises:

- 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.

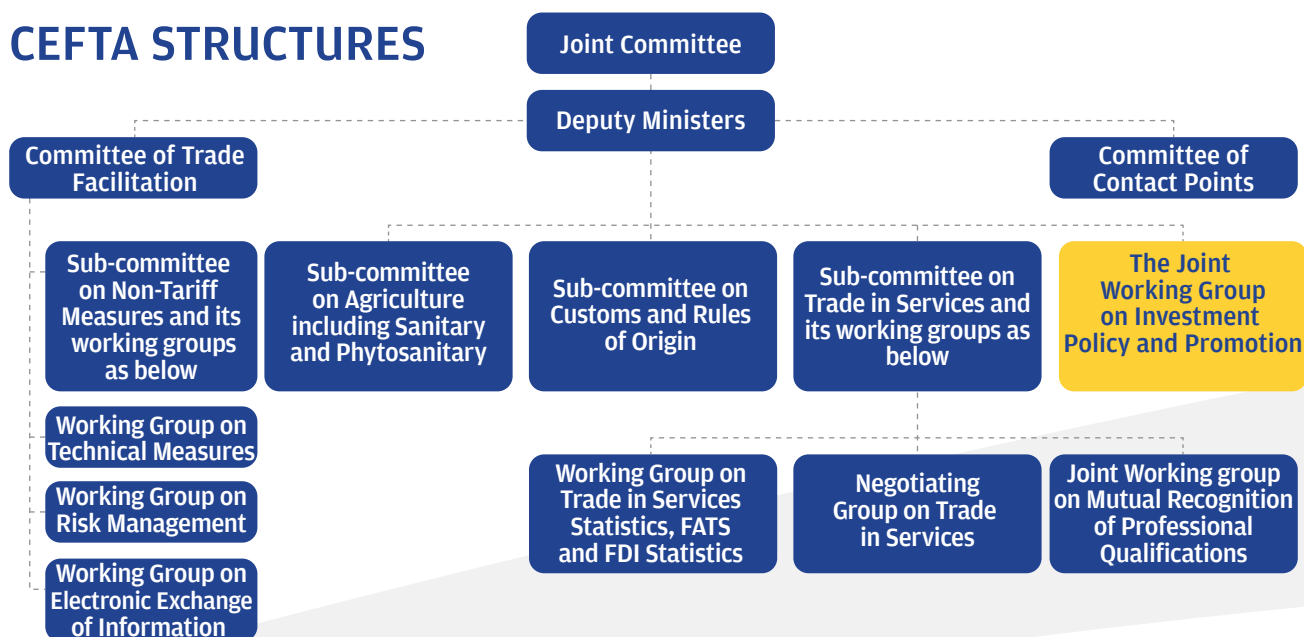
This project has had a substantial impact on both trade facilitation issues and transparency within CEFTA. The sophisticated upgrade of the original transparency tools allows CEFTA Parties to systemize the detection of trade irritants and to enhance the efficacy of tackling the most frequent and most 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.

Under the Moldovan Chairmanship, the Parties have now agreed to further enhance transparency by creating the CEFTA Management Information System (MIS). This will provide an integrated set of tools and information systems such that the CEFTA MIS will act 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.

The CEFTA Parties have also agreed to further encourage and strengthen the outreach of CEFTA structures to the relevant public, and in particular to the private sector. This is seen as both a contribution to increased transparency as well as supporting the development and implementation of different trade policies by securing the input and buy-in of the private sector. In 2015, many CEFTA activities actively sought input from the private sector including the studies on the most distortive trade barriers in selected sectors and the support on the establishment of national trade facilitation committees.

In recognition of the dynamic environment within which CEFTA is implemented and to ensure that the Parties are best placed to address and coordinate the complex policies issues involved, the Moldovan Chair in Office has overseen a restructuring of CEFTA bodies. This restructuring was approved by the Joint Committee at its meeting in Chisinau in November 2015 and it comprises the creation of a new committees and sub-committees, for example, the CEFTA Committee of Contact Points, refreshes the mandate of other CEFTA bodies and adjusts the different reporting relationships to better reflect the CEFTA priorities for 2015-2020. The new structure is set out overleaf.

CEFTA STRUCTURES



1.5 Supporting CEFTA Implementation through Capacity Building

The successful implementation and further development of the ambitious CEFTA Agreement relies heavily on the professional capacity of the officials in the different CEFTA Parties.

Officials must ensure that they provide the various CEFTA structures with 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 to support the development and implementation of trade and investment policies;
- Appropriate managerial, technical and administrative expertise required for the successful preparation and implementation of the annual work programmes of the different structures including the preparation of key meetings;
- Instigating and maintaining effective information and communications flows among the different Parties and actors – members of CEFTA structures and relevant public and private stakeholders nationally, regionally and internationally.

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.

The Secondment Initiative was launched in July 2015 when four officials drawn from Moldova, Montenegro and Serbia commenced work at the CEFTA Secretariat. The secondments are linked to the Chairmanship of specific CEFTA structures and hence the secondees are directly involved in the work of the relevant Committees, Subcommittees and working groups including the technical preparation of all meetings.

Under the supervision of the Director of the Secretariat and with the support of Secretariat staff, their responsibilities include:

- Support for the identification of priorities and development of the annual work programme for specific CEFTA structures (Chair in Office, Sub-Committees, Working Groups);
- Detailed scheduling of activities for the annual work programme;
- Preparation and follow-up of meetings and events under each structure;
- 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).

The Initiative also contributes to trade facilitation, liberalisation of trade in services, investment and transparency as the secondees will advance the work programme in all of these areas.

1.6 Supporting CEFTA Implementation through Coordinated Technical Assistance

CEFTA benefits from a range of technical, financial and advisory support put at its disposal by international organisations and bilateral governments. If such support were not available, the Parties would struggle to meet their objectives and obligations. Through the assistance being provided a vast array of topics are being addressed, numerous participants are involved and a wide range of methods are being deployed. Given the scale of assistance and its importance to CEFTA, the Moldovan CiO considered it important to ensure that the assistance is tailored to CEFTA's needs and expectations as this 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.

The Moldovan CiO launched this enhanced coordination at a meeting with development partners in February 2015 focused on trade facilitation actions. It was agreed to extend this coordination initiative to all CEFTA priorities. As part of this process, a comprehensive report – summarizing the most relevant TA projects across all CEFTA priorities was produced in November 2015 as a background paper for the Joint Committee Meeting and CEFTA Week.

2. OVERVIEW OF THE “CEFTA WEEK” DISCUSSIONS

2.1 What is CEFTA Week?

CEFTA Week – a series of discussions and presentations on different aspects of CEFTA – has been held back to back with the annual meeting of the CEFTA Joint Committee since 2009. The participants are drawn from all possible stakeholders in CEFTA including government representatives, the business community and academia from CEFTA Parties as well as representatives of international organisations, bilateral donors and foreign investors. It is seen as a valuable opportunity to allow for a wide ranging exchange of information and debate on the myriad of issues that impact the capacity of all to maximise the benefits of the implementation and advancement of the ambitious CEFTA agenda.

2.2 Themes for CEFTA Week 2015

In an effort to secure a better understanding of the overall potential of CEFTA as a driver of economic growth, the Moldovan Chairmanship decided to focus the discussions under CEFTA Week on the role of CEFTA in the broader political and economic environment in the region.

Securing greater economic growth is a top priority for all CEFTA governments as they seek to improve competitiveness, generate employment and advance their respective integration processes with the EU. Stimulating and managing the necessary drivers of economic growth is a complex task for policy makers and requires them to address a series of policy areas of which trade policy is only one – albeit an important one!

Thus the participants looked at CEFTA in the context of issues such as:

- regional integration and economic growth;
- trade and investment;
- trade and transport and
- public private dialogue.

The different experience and expertise among the participants of CEFTA Week allowed the discussions to harness energy from a range of different policy initiatives and gave rise to a dynamic exchange of information, greater understanding of the interdependence of trade policy and other key policies and the critical importance of improving policy coordination to maximise the potential benefits of CEFTA and other key policies.

2.3 Main Messages of CEFTA Week

- Securing sustainable, economic growth that generates employment opportunities is a common goal for all CEFTA Parties;
- Trade policy is a critically important element of the wide ranging policy mix required to boost competitiveness and achieve the necessary growth;
- Governments must take a more integrated and coordinated approach to developing and implementing the required policy mix which spans trade, industrial development, investment, education, innovation, transport, energy, environment and more;
- Actions taken at national level can be supported and enhanced by actions at regional level;
- To be effective, much greater coordination of policy actions at both national and regional level is required;
- The EU integration process provides the Parties with a complex set of tools and mechanisms that can assist their efforts to secure sustainable, smart and inclusive growth;

- By adopting a more coordinated approach to policy development and implementation at national and regional level, the Parties will avoid fragmentation of reform efforts and will be better able to exploit the full potential of the EU integration process to contribute to much needed socio-economic growth;

- CEFTA and other regional initiatives such as the SEE 2020 Strategy, the Berlin Process and SEETO provide good frameworks and mechanisms to improve coordination and effectiveness;

- More intensive public private sector dialogue centred on evidence based will strengthen the quality of evidence based policy development and enhance implementation.

2.4 Highlights of Specific CEFTA Week Discussions

CEFTA and regional integration and economic growth

Despite their difference economic realities, all CEFTA Parties share a common interest in strengthening competitiveness, increasing exports, boosting, investment and expanding their industrial base. It is clear that deep and comprehensive reforms are required to achieve the socio-economic goals of the Parties and there is broad recognition that regional integration and cooperation can support the individual efforts of the different governments.

Another common point of interest is that these socio-economic goals are complementary and supportive of the EU integration processes that are on-going across the Parties. In particular, greater competitiveness and growth will be required to advance the EU accession process and to prepare those countries to withstand the

competitive pressures of the single market. The EU's strategy in this respect has moved away from a heavy focus on **acquis** transposition and there is a greater emphasis on fundamentals such as rule of law, economic governance, and public administration reform. The EU approach now revolves around securing long-term socio-economic growth through the sustainable implementation of EU compliant policies and regulations. This is also reflected in the EU's Deep and Comprehensive Free Trade Agreement (DCFTA) with Moldova.

These common interests have been formally expressed in the South East Europe 2020 Strategy (SEE 2020) to which most CEFTA Parties are aligned and which seeks to support the governments efforts to secure integrated, smart, sustainable and inclusive growth backed by appropriate governance for growth. It is modelled on the EU's 2020 Strategy. In addition to expediting socio-economic development in the region through leveraging regional integration, the SEE 2020 Strategy should also advance the European integration processes.

The importance of trade policy in general and CEFTA in particular to the successful implementation of the SEE 2020 Strategy is reflected in the fact that CEFTA has been appointed the regional dimension coordinator of the integrated growth pillar of SEE 2020. However, CEFTA related issues are a component of many other policy aspects of SEE 2020. The RCC, as the overall coordinator of SEE 2020 on behalf of the governments has grouped several policy areas into three key "flagships" – Skills and Mobility, Connectivity and Competitiveness – to allow all parties involved to gather around a single set of objectives and enhance coordination at the regional level. It was agreed that trade policy intersects each of these "flagships" and hence CEFTA has a role to play in each one as a tool for development.

However, trade policy cannot operate in isolation. It is vitally important that it is put into the

broader economic development context at national and regional level. The instigation in 2015 of the annual National Economic Reform Programmes to be prepared by all EU accession countries is a logical expression of this policy interdependence. Thus the links between trade and related policies such as industrial development, education, employment, innovation etc. have to be strengthened. This will require that the CEFTA Parties to reconsider current coordination mechanisms and upgrade their economic governance across policies at both national and regional level.

Trade and Investment

Securing investment is critically important for the CEFTA Parties. In addition to providing much needed capital, it boosts managerial and technical know-how. Generating employment opportunities through investment is a priority throughout the region.

The CEFTA Agreement foresees greater cooperation on investment among the Parties and now that substantial progress has been made on trade liberalisation, the Parties are currently exploring the potential of the agreement to provide a framework to improve their attractiveness to investors. The governments were encouraged to address investment issues in manufacturing and goods as well as in services to ensure an optimal situation for businesses.

While all CEFTA Parties are making substantial efforts on an individual basis to improve the climate for investment, there is broad agreement that presenting a more harmonised, regional approach would prove more attractive to potential investors instead of a series of small, fragmented economies.

CEFTA Parties were urged not to discriminate among investors – smaller domestic or regional investors should be encouraged as these will be the backbone of the economies, complemented by larger 3rd country or classic Foreign Direct

Investment (FDI). In total, SMEs create more jobs than multi-national corporations.

The world economy is now dominated by regional and global value chains (GVCs) and the CEFTA Parties need to ensure that their business sectors can integrate into and benefit from such chains. These GVCs have made the link between trade and investment even closer than before. Further research and analysis is required to identify those products and industries that have the most potential in this regard.

Trade facilitation is an important aspect of enhancing the investment climate, particularly given the growing importance of GVCs. The creation of National Trade Facilitation Committees (NTFCs) in each Party is welcome as they should facilitate improvements in areas such non-tariff measures, border crossing procedures and transparency. CEFTA provides a mechanism to make substantial improvements in all these areas which are critical for improving the business climate.

Again, it was stressed that while trade policy and hence CEFTA are vital components of enhancing the investment climate, they cannot be considered in isolation and cross policy coordination is required to ensure that the region maximises its chances of securing growth and employment generating investment.

Trade and Transport

Trade policy should take into account the capacity of the transport network to provide fast secure and safe transport. Transport policy should take account of current and expected trade requirements. This is a key element of the competitiveness of the Parties. The quality of the transport network and better connectivity – both among the Parties and between the region and the EU are prerequisites for integrating CEFTA economies into Global Value Chains.

The Western Balkan members of CEFTA as part of their membership of the South East Europe Transport Observatory (SEETO) have identified the core transport network that extends the EU's Trans European Network – Transport (TEN-T) into the region. While significant capital investment is required to create this network and or /rehabilitate existing sections, major improvements in efficiency from a trade perspective can be achieved through the implementation of soft measures – for example in the field of border crossings.

The World Bank led Regional Trade Logistics project has identified many such bottlenecks and has worked with different CEFTA Parties to address some of these.

Under the auspices of the Western Balkan 6 process, the Ministers for Transport agreed in July 2015 on a list of priority infrastructure projects and soft measures at national and regional level to be implemented by 2020 to enhance connectivity across the region and with the EU. These were endorsed at the Berlin Process summit held in Vienna in August 2015.

The substantial interdependence between CEFTA and the transport network in the region has been recognised in the Berlin Process and greater cooperation between CEFTA and SEETO is foreseen.

CEFTA and Public Private Sector Dialogue

CEFTA has always recognised the importance of public sector private dialogue in facilitating the implementation of the Agreement. The establishment of the CEFTA Forum of Chambers of Commerce in 2009 was a clear signal of the importance accorded to this process.

The chairmanship of the CEFTA Forum of Chambers of Commerce follows that of CEFTA Joint Committee and hence the Moldova Chamber of Commerce and Industry has led

efforts in 2015 to engage the business community on CEFTA related priorities. While CEFTA structures have sought to engage with the private sector throughout 2015, for example through consultations on the most trade distortive barriers in the wine and auto-parts sectors and on the establishment of national trade facilitation committees, the general consensus is that more systemised efforts are required.

The CEFTA Chambers Forum have established a Working Group on Trade in Services, mirroring

the CEFTA structure and has discussed many of the key issues affecting the Parties efforts to liberalise trade in services and and the mutual opening of markets. It looks forward to greater interaction with the CEFTA Sub-Committee on Trade in Services.

A key to success in public private dialogue for the business sector is its capacity to gather the opinions of the businesses together and the ability to reconcile differences in order to come up with a common, evidence based position to present to government.

3. REPORT OF PROCEEDINGS AT CEFTA WEEK 2015

3.1 Official opening and welcome address



Ms. Inga Ionesii, Director, Ministry of Economy of the Republic of Moldova, opened the proceedings and invited Mr. Stephane Christophe Bride, Deputy Prime Minister, Minister of Economy of the Republic of Moldova, H.E., Mr. Pirkka Tapiola, Head of the Delegation of the European Union in the Republic of Moldova, H.E., Mr. James D. Pettit, Ambassador of the United States in the Republic of Moldova, and Mr. Goran Svilanović, Secretary General, Regional Cooperation Council, to say a few words of welcome.



Mr. Stephane Christophe BRIDE

Mr. Bride welcomed the participants to CEFTA Week 2015 organized under Moldova's Chairmanship of CEFTA and emphasised this opportunity to highlight the importance of the CEFTA Agreement to all – governments, private sector and the international community.

He underlined that this ambitious free trade agreement launched in 2006 provides all Parties with an excellent framework for the implementation of non-discriminatory, transparent and predictable policies that enhance the flow of goods, investment, services and people within the CEFTA region. Moldova has consistently promoted CEFTA values over the period of its Presidency. In order to develop and broaden cooperation among the CEFTA Parties and to build upon previous achievements, the Moldovan Chairmanship in 2015 has focused on five interrelated priority areas: trade facilitation, liberalisation of trade in services, investment, capacity building and transparency.

Mr. Bride highlighted some of the main in 2015. A very symbolic one was the full liberalisation of trade in agricultural goods within CEFTA, which was achieved by lifting the last remaining quotas on wine between Macedonia and Moldova. Other notable achievements included the abolition of the visa regime with almost all CEFTA Parties and the productive negotiations on the liberalisation of trade in services. He also noted the emphasis placed on the role of CEFTA to fulfil part of the pledges made by the Western Balkans Countries at the Vienna Summit in August 2015 to enhance trade facilitation, increase mobility and stimulate joint growth initiatives. The conclusions of the Vienna Summit reinforce the agreement of all Parties that CEFTA is a key mechanism for achieving the integrated growth objectives of South East Europe 2020 Strategy at both regional and national level.

Mr. Bride expressed his gratitude for the assistance that CEFTA Parties receive from development partners such as the EU, OECD, UNCTAD, and others. The additional human, technical and financial support provided is critically important to the Parties as they seek to implement the ambitious CEFTA agenda. In closing, he reiterated that the CEFTA Agreement provides the Parties with on-going opportunities to develop additional policies to further increase of trade and investment opportunities in the region. He expressed his hope that the discussions on a wide range of topics at the CEFTA Week sessions will stimulate further cooperation to ensure the development of the region as a whole and improve the international competitiveness of the national economies.



Mr. Pirkka TAPIOLA

The Head of the EU Delegation to Moldova, Mr. Tapiola emphasised that the continuous political, technical and financial assistance provided by the EU at every stage of the trade liberalisation process covered by the CEFTA Agreement clearly indicates its support for the process.

The EU sees CEFTA as a stepping stone to the closer economic cooperation that is an inevitable part of the EU integration processes that are on-going across the region. CEFTA boosts trade and attracts investment. Taking in consideration that the European Union is by far the CEFTA region's biggest trading partner and it is also a key source of Foreign Direct Investment (FDI), the EU supports the process of strengthening trade links between the economies of CEFTA members and considers CEFTA as an important part of the EU's own wider strategy of growth and stability in region.

With respect to the Deep and Comprehensive Free Trade Agreement (DCFTA) signed by Moldova and EU, Mr. Tapiola drew attention to the links between the DCFTA and CEFTA. He underlined that both Agreements are highly complementary to each other. Both create a free trade area based on a single set of rules and will allow for the convergence of relevant trade rules notably with regard to industrial and sanitary and phytosanitary rules. The end result of both CEFTA and the DCFTA should be a simplified single system of rules which will make it easier to trade with the signatories' members. This increased trade should play a key role in promoting economic growth, job creation and reduce unemployment. Mr. Tapiola concluded by encouraging participants to take advantage of the wide representation of the different stakeholders in CEFTA at this event to have productive and informative discussions.

Mr. James D. PETTIT

The US Ambassador to Moldova, emphasised that, the presence of so many distinguished guests from CEFTA Parties illustrates the commitment they have made to a liberal trade and investment regime and to their belief that working in partnership is the shortest way to address challenging issues and improve prosperity not only for individual countries, but for all.



Commitment and trust are prerequisites of growth, the current instability in the region and its impact on the regional economies demand, more than ever, that the countries work actively together to promote trade and investment throughout the region. He reminded participants that, the benefits of such cooperation can be seen in the examples of previous CEFTA parties who have moved on to join the EU, including the Czech Republic, Romania and most recently Croatia. Securing all the benefits foreseen under the CEFTA Agreement requires overcoming existing challenges. Mr. Pettit highlighted efficient decision making mechanisms, improving the regulatory environment, engaging with companies and consumers when developing reforms and offering practical and pragmatic solutions to ensure the advancements of regional cooperation as issues that require efforts from the CEFTA Parties. In conclusion, Mr. Pettit wished all participants fruitful and productive discussions and stressed that the United States Government is committed to supporting the implementation of the CEFTA Agreement.



Mr. Goran SVILANOVIĆ

The Secretary General of RCC, Mr. Svilanović stressed the importance of the SEE 2020 Strategy in maintaining and advancing regional cooperation and improving the competitiveness of the region.

The SEE 2020 Strategy rests on three simple yet ambitious overall strategic goals: expedited economic governance, convergence with the EU 28, expanded trade volume and a reduced trade deficit in SEE. Mr. Svilanović, emphasised that CEFTA with its effective structures represents one of the key elements in the process and noted that one of the five pillars of the strategy - integrated growth - is coordinated by CEFTA. In this regard, he expressed his gratitude to the CEFTA Secretariat, to the previous Director, Ms. Renata Vitez as well as to the current acting Director, Mr. Umut Ergezer, for their active engagement.

Mr. Svilanović outlined three main “flagships” around which the SEE 2020 Strategy is being implemented - connectivity, skills and mobility and competitiveness - all of which are directly related to trade.

Under the connectivity flagship, the countries promote greater integration across transport, energy trade and ICT. They are working to upgrade the core transport corridors into wider, social and environmentally sustainable economic corridors and to enhance the interoperability of ICT services. A pragmatic example is the short-term objective to reduce roaming charges across the region. In the areas of skills and mobility, the main goal is to increase the mobility of professionals, through mutual recognition agreements in a number of professions, which will allow professionals to freely practice across the region.

Under competitiveness flagship, the aim should be to determine an investment reform agenda in SEE through a definitive regional investment agreement, complementing the free trade agenda, already in place through CEFTA. By June 2016, based on the joint RCC and CEFTA efforts, it is hoped that clear recommendations can be provided for political commitments in elements of all three areas - mobility of professionals, investment and roaming. This should push greater regional economic integration and enable an easier flow capital, people, goods and services within the SEE. Moldova together with all other Western Balkans economies benefits from the SEE 2020 Strategy. Moldova is a RCC participant and an active contributor to the investment and trade integration efforts in the SEE region. Besides being an active signatory of CEFTA Moldova is actively contributing to the investment reform agenda of the SEE, including through its participation in the RCC/CEFTA Working Group on Investment coordination.

Mr. Svilanović closed by stating that he hoped that this year's CEFTA Week would provide all participants with an opportunity to present the achievements of regional cooperation in the areas of trade investments, infrastructure and priority sectors of our economies, and also to address the challenges that still are ahead to make the SEE and the individual economies more competitive both internally and towards the global community.



Ms. Renata VITEZ

CEFTA Chair in Office “Recognition Award” Ceremony

After the welcome addresses, all participants were invited to a special ceremony, organized by Moldova as the Chair in Office of CEFTA to formally recognize the contribution of Ms. Renata Vitez, the first Director of the CEFTA Secretariat. Ms. Vitez, who stepped down from her position in September 2015, led the establishment of the Secretariat in Brussels following her appointment in 2008.

During these 7 years she provided considerable support to all the CEFTA Parties in their efforts to meet their ambitious commitments under the Agreement. In this regard, Mr. Stephane Christophe Bride, Deputy Prime Minister and Minister of Economy of Moldova, on behalf of the all CEFTA Parties, expressed his gratitude for the role that Ms. Vitez played in establishing and maintaining high performance standards and commitments across the CEFTA agenda. He underlined that such achievements and success were not by accident, they represent significant hours of hard work, of dedication and willingness to try new ideas. Mr. Bride thanked Ms. Vitez for her dedication, enthusiasm and insight, which inspired CEFTA’s development. He concluded by noting that her tremendous efforts, skills, and contributions over the years will never be forgotten and wished Ms. Vitez all the best in her new career.

Ms. Renata Vitez said that she was honoured and touched to receive the recognition award and that she enjoyed her seven years working for the CEFTA Secretariat. She wished all CEFTA stakeholders success for the future.

3.2 SESSION I: Trade policy in the context of regional integration and economic growth

Objectives

The objective of Session I was to discuss the role of trade policy in economic growth, and how consistent policy coordination at the national level should be developed to support the overall economic growth agenda. The session sought to raise greater awareness of the challenges faced at national level including how best to coordinate different aspects of trade policy, interaction with other economic policies in order to promote sustainable economic growth and developing suitable institutional arrangements. The need for Interaction between national trade policies and CEFTA were highlighted through presentations from international organisations and the CEFTA Academic Network regarding how trade policy can be instrumental in stimulating economic growth in SEE and sharing the perspectives of EU business sector in this regard.



Speakers were drawn from the CEFTA Parties, EC, RCC, IFC World Bank, EBRD, the Moldovan Chamber of Commerce and the Skopje University of St. Cyril and Methodius. The session was moderated by Ms. Renata Vitez, former director of the CEFTA Secretariat.

Summary of Individual Presentations

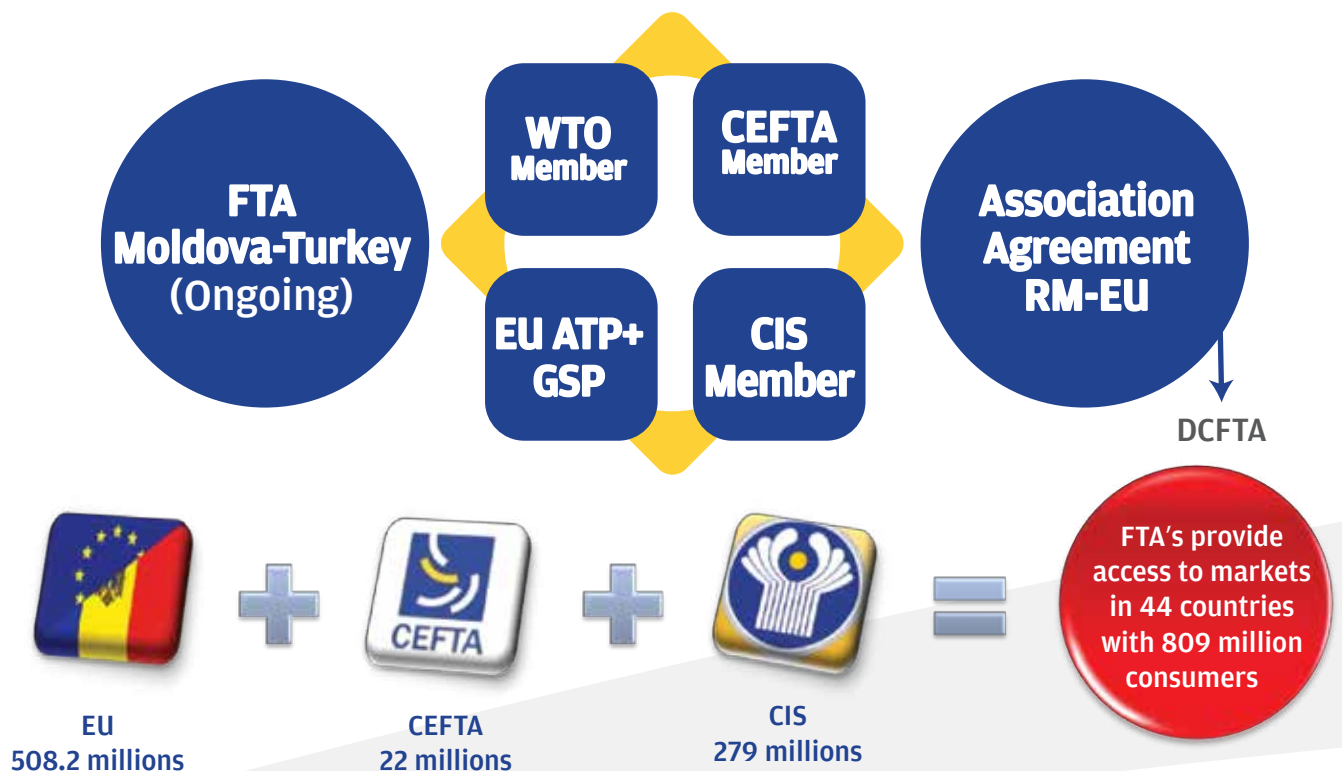


Mr. Octavian CALMIC

Mr. Octavian Calmic, Deputy Minister of Economy of the Republic of Moldova, presented the opportunities and challenges of regional economic integration from the Moldovan point of view.

For the last twenty years Moldova has extended preferential trade regimes to its neighbours and major partners. For a variety of reasons Moldova's trade with CEFTA remains very modest despite the full liberalisation of trade in goods achieved within CEFTA. However, in addition to the economic potential of CEFTA, Moldova also considers the Agreement as an important element of preparation among the Parties for the European integration process. Mr. Calmic underlined that European integration remains a key strategic priority for Moldova. In this context, major efforts are invested into the implementation of the Deep and Comprehensive Free Trade Agreement with the EU. Mr. Calmic, noted that one of the primary tasks of the Moldovan Government is to attract investments and create a favourable non-discriminatory business climate for all investors, both foreign and domestic and highlighted that Moldova has one of the most competitive taxations systems in the region. Moldova also invests a lot in development of the so called free economic zones and relevant infrastructure e.g. Giurgiulesti International Free Port and International Free Airport Marculesti.

REGIONAL INTEGRATION EFFORTS OF RM





Mr. Goran SCEPANOVIC

Director General at the Ministry of Economy of Montenegro presented the framework in which trade policy is implemented in Montenegro.

Mr. Scepanovic stated that European integration is a key priority for Montenegro and provides the overall framework within which Montenegro conducts its trade policy. After long and exhausting negotiations, Montenegro became a member of the WTO in 2012. In addition to CEFTA, Montenegro has signed free trade agreements with a number of countries i.e. the Russian Federation, Turkey, EFTA states and Ukraine. Montenegro has also concluded 25 bilateral Investment Treaties and 20 Economic Cooperation Agreements. As Montenegro takes over the CEFTA Chairmanship in 2016, Mr. Scepanovic noted that its main priorities for CEFTA for the up-coming period include: liberalisation of intraregional trade in services; and trade facilitation including elimination of barriers to trade. He stressed that Montenegro is committed to concluding, as soon as possible, the negotiations on the framework agreement on simplification of border procedures, electronic exchange of data, and mutual recognition of Autonomous Economic Operators (AEOs). He underlined that trade promotion remains a priority for CEFTA, especially the efficient application of the full cumulation and drawback system.

TRADE POLICY

Close integration with the EU through the SAA establishes the framework within which Montenegro conducts trade policy





Ms. Jadranka ZENIC-ZELJKOVIC

Head of WTO Department, Ministry of Trade, Tourism and Telecommunications of Serbia introduced key features of the Serbian economy.

Ms. Zenic-Zeljko defined Serbia as an upper-middle income economy. To date, the growth model has been based mainly on domestic demand, FDI and growth of the services sector, rather than on higher investment consumption, production of tradable goods and exports. Structural changes are relatively slow and challenges

remain in balancing revenue and expenditure. As for trade policy, Ms. Zenic-Zeljko said that Serbia has negotiated better access and conditions for trade and investment by concluding FTAs with CEFTA, EU, Russia, Kazakhstan and Belarus, EFTA, and Turkey. Accession to the WTO started in 2005 and has now entered the final stage. In the regional context, Serbia is firmly committed to deepening cooperation with the CEFTA partners in all areas vital to economic development and growth.

SERBIA REGIONAL INTEGRATION TOWARDS ECONOMIC GROWTH

SERBIA HAS DEMONSTRATED ITS READINESS TO:

- ELIMINATE BARRIERS, SIMPLIFY and FACILITATE TRADE of goods and services;
- FACILITATE AND FOSTER INVESTMENT by creating fair, favourable, clear, stable and predictable investment conditions, through coordination of investment policies in the Region and better protection of investment and investors – the region is more attractive than the separate market of each CEFTA Party;
- STIMULATE INDUSTRIAL COOPERATION within the region by SPECIALIZATION in production of competitive high value added, knowledge intensive products;
- CONCENTRATE ON EXPORT ORIENTED SECTORS and export of “CEFTA products” through diagonal cumulation of origin to third markets primarity where free trade agreements are concluded;
- IMPROVE EFFICIENCY, PRODUCTIVITY AND QUALITY of PRODUCTION AND SUPPLY CHAINS – implement EU standards and technical regulations.

SERBIA REGIONAL INTEGRATION TOWARDS ECONOMIC GROWTH (2)

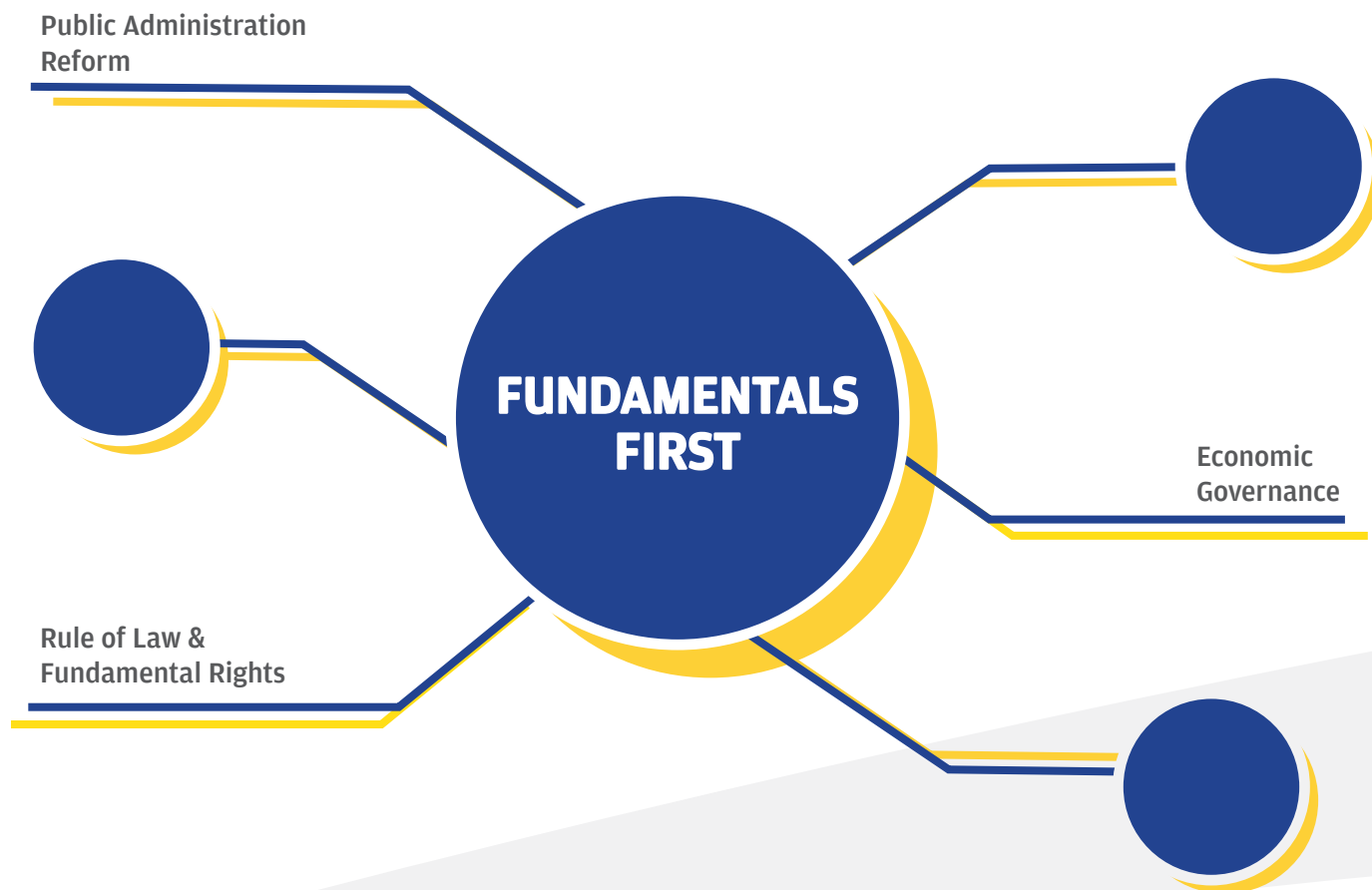
- IMPROVE AND LINK INFRASTRUCTURE within the region;
- PROVIDE GREATER LABOR MOBILITY especially of higly skilled and educated labor;
- IMPROVE HUMAN RESOURCES – by promoting skills and improving knowledge, encouraging innovations and research & development;
- FURTHER LIBERALIZE AND DEVELOP SERVICES;
- IMPROVE competence and efficiency of ADMINISTRATION;
- Ensure implementation of LEGISLATION IN LINE WITH THE EU ACQUIS AND THE WTO RULES;
- Enhance participation in regional SUPPLY/VALUE CHAINS and global supply networks;
- PROVIDE MORE BALANCED REGIONAL DEVELOPMENT;
- BE READY TO JOIN THE EU.



Mr. Bernard BRUNET

Head of Unit, DG NEAR, European Commission (EC), introduced the political and economic context in which the EU supports the trade agenda of the region.

In the accession process, the emphasis is on rule of law, economic governance and public administration reform. The EC will continue to focus its efforts on ensuring that countries prioritise reforms in these key areas and establish a good track record. Mr. Brunet reminded participants that the EC has put in place an improved processes of cooperation with the accession countries to strengthen economic governance, including the requirement that countries submit an annual Economic Reform Programmes (ERP), focused on fiscal stability and structural reforms for improved competitiveness and growth. He identified infrastructure, sector developments (agriculture, industry, services), the business environment, corporate governance, technological absorption and innovation, trade integration, employment and labour markets as the most important structural reform priorities. One of the key tasks for improving competitiveness is to increase the connectivity among the countries in the region. This will allow investors to see the region not as a collection of small and individual markets but as a bigger regional market in which they can base their operations. Mr. Brunet concluded his presentation by introducing a number of EU funded projects with which the EU is supporting the implementation of CEFTA.





Mr. Sanjin ARIFAGIC

Head of Unit, Economic and Social Development, RCC, outlined the new approach of RCC in coordinating the implementation of the SEE 2020 Strategy.

Mr. Arifagic, presented the three flagship initiatives - Skills and Mobility, Connectivity and Competitiveness, which integrate several policy areas to enable all parties involved to gather around a single set of objectives and thus enhance the coordination at the regional level. The objective of the Skills and

Mobility Flagship is to increase the mobility of people in the region and to address issues regarding skills gaps. The Connectivity Flagship consists of interventions to develop economic corridors by upgrading the existing transport corridors. The Competitiveness Flagship seeks closer cooperation in the field of industrial policy and investment. He highlighted that trade policy is an integral component of each flagship. Mr. Arifagic emphasised that in the implementation of the SEE 2020 there is a need to improve coordination at both regional and national level. Better regional coordination should reinforce national institutional arrangements.

Trade intersects all the flagships





Mr. Valeriu LAZAR

President of the Chamber of Commerce and Industry of Moldova, spoke on behalf of the CEFTA Forum of Chambers of Commerce as Moldova is chairing the Forum this year.

Mr. Lazar offered the audience a complex definition of competitiveness which goes from the quality of public policies, i.e. the capacities of the policy makers, to the quality of infrastructure at the micro level, i.e. business intelligence, entrepreneurial qualities and the performance of individual enterprises.

He stressed that efficient and sustainable economic policies can only be achieved through interaction with the private sector.

In this regard, the scope of the CEFTA Forum of Chambers of Commerce was to provide the main interface between the private and public sector. This common platform is of great significance as it allows the public and private sector to cooperate in addressing mutual challenges. Mr. Lazar emphasised that all CEFTA Parties have an opportunity, through cooperation and exchange of experiences, to respond to two interconnected challenges: integration into the European Union and increasing competitiveness. He concluded by inviting all participants to the CEFTA Forum of Chambers of Commerce session.

Ms. Julia OTTO

Country Director, EBRD, presented her comments from the perspective of investors.



The CEFTA Parties face similar challenges in terms of the structure of their economics, the implementation of necessary reforms and implementation of all the provisions of key FTAs such as CEFTA and the DCFTA. These agreements offer many opportunities and they provide very a valuable framework for investments, flow of goods and people. Ms. Otto stressed that deep and comprehensive reforms are needed. In the case of Moldova, she suggested that the main priorities are to improve economic governance and complete public administration reform. She noted that countries are not alone in designing and implementing the needed reforms. The EU gives considerable support, and the EBRD jointly with the European Investment Bank and other financial institutions are active in implementing such support. In several CEFTA Parties, the EBRD also supports economic councils, which have a mandate to facilitate direct dialogue between business community and public authorities with the view to the long term improvement of the investment climate.



Ms. Silvana MOJSOVSKA

Professor of International Economics, University of St. Cyril and Methodius, Macedonia, informed participants of the results of their assessment of CEFTA implementation.

Ms. Mojsovska noted two opposing effects of trade openness: the costs of domestic exporters decrease, while competition on domestic markets increases. The results of trade openness are therefore determined by the competitiveness of domestic industries. A common characteristic of all CEFTA Parties is that their exports have increased and they have registered positive growth rates. This means that most of the countries have developed their trade policies towards a high degree of trade openness. However, Ms. Mojsovska noted that the integration of all CEFTA economies into the so called global value or global supply chains has not been sufficient. This is an area where the countries should consider closer cooperation. The Parties should focus on better coordination of their policies and on developing the capacity to cope with the competition pressure of a common market. In this context, it is necessary for the Parties to identify export-oriented industries that could boost economic growth. Given the horizontal nature of most industrial policies, it is necessary to make a careful selection of industries that could provide better export results. Another important challenge for the region is to develop a mid-term strategy to encourage a shift from low-value to higher value added exports. In this perspective the experience of other countries like Turkey could be useful. Ms. Mojsovska stressed the importance of strengthening the link between trade and other policies (industrial, education, labour market, research and development). Ms. Mojsovska concluded by noting that CEFTA should be perceived as a tool for overall development, not as a source of competition among the countries.

Trade Policies in CEFTA:

- High trade openness;
- Export orientation;
- Focus on Trade with EU;
- Regional integration
 - INTRA-CEFTA trade ranging from 17-23% over period 2009-2013;
 - Non-tariff barriers;
 - Weak integration of CEFTA Parties into the global value/supply chains.

Trade Policy Challenges in CEFTA Parties:

- Identification of export-oriented industries that could boost economic growth in the country;
- Setting mid-terms strategy for shift from low-value to higher value added exports;
- Strengthening the link between trade and other policies (industrial, education, labor market, research and development);
- Peer-learning instead of setting non-tariff barriers;
- Perception of "CEFTA" concept primary as a tool for development, not a competition among the countries.

Main Conclusions

It was concluded that in spite of their different economic situations, all CEFTA Parties share a common interest in strengthening competitiveness, increasing exports, boosting investment, and expanding their industrial base. All participants agreed that trade policy is vital for achieving their ambitious economic growth targets as well as the EU accession objectives, where trade integration is clearly recognised as one of the key priorities.

For trade policy to fully develop its potential, it has to be put into a broader economic development context at both national and regional level. The links between trade and related policies (industrial, education, employment, innovation etc.) have to be strengthened. To achieve this aim CEFTA Parties should review their current coordination mechanisms and up-grade economic governance by ensuring that much needed cross policy coordination can take place at national and regional level.

3.3 SESSION II: Trade and investment

Objectives

The objective of Session II was to discuss how two priorities of CEFTA - trade facilitation and liberalization of trade in services - relate to investment and which tools should be available to ease access to markets, and to promote diagonal cumulation of origin in the context of investment.

The speakers were drawn from the CEFTA Parties, IFC World Bank, RCC, EC, UNCTAD, ITC and GfK. The session was moderated by Mr. Umut Ergezer, Acting Director of the CEFTA Secretariat.



Summary of Individual Presentations



Ms. Biljana DODEVSKA

State Advisor, Ministry of Economy of the Republic of Macedonia, presented an overview of the country's trade policy priorities in the context of the implementation of CEFTA.

Ms. Dodevska stressed that trade policy plays an important role in boosting competitiveness in Macedonia. An open trade policy encourages both domestic and foreign direct investment. Regarding top priorities within CEFTA she mentioned trade facilitation, liberalization of trade in services and free flow of investment. Concessions in services offered to the CEFTA partners are higher than Macedonia's commitments in WTO. As for trade facilitation, Macedonia is actively participating in the negotiations on a Framework Agreement on trade facilitation, and hopes it will be successfully concluded next year.

Ms. Dodevska highlighted Macedonia's very active campaign to attract FDI and noted that more investment from the CEFTA Parties would be welcome. With this objective in mind, Macedonia has concluded bilateral investment treaties with five current CEFTA Parties and has initiated negotiations on a similar agreement with Moldova.

Ms. Dodevska listed several key features of Macedonia's attractiveness for investors and provided some statistical data showing that liberal trade policy and pro-active investment promotion are contributing to the economic development of Macedonia.



Ms. Pranvera KASTRATI

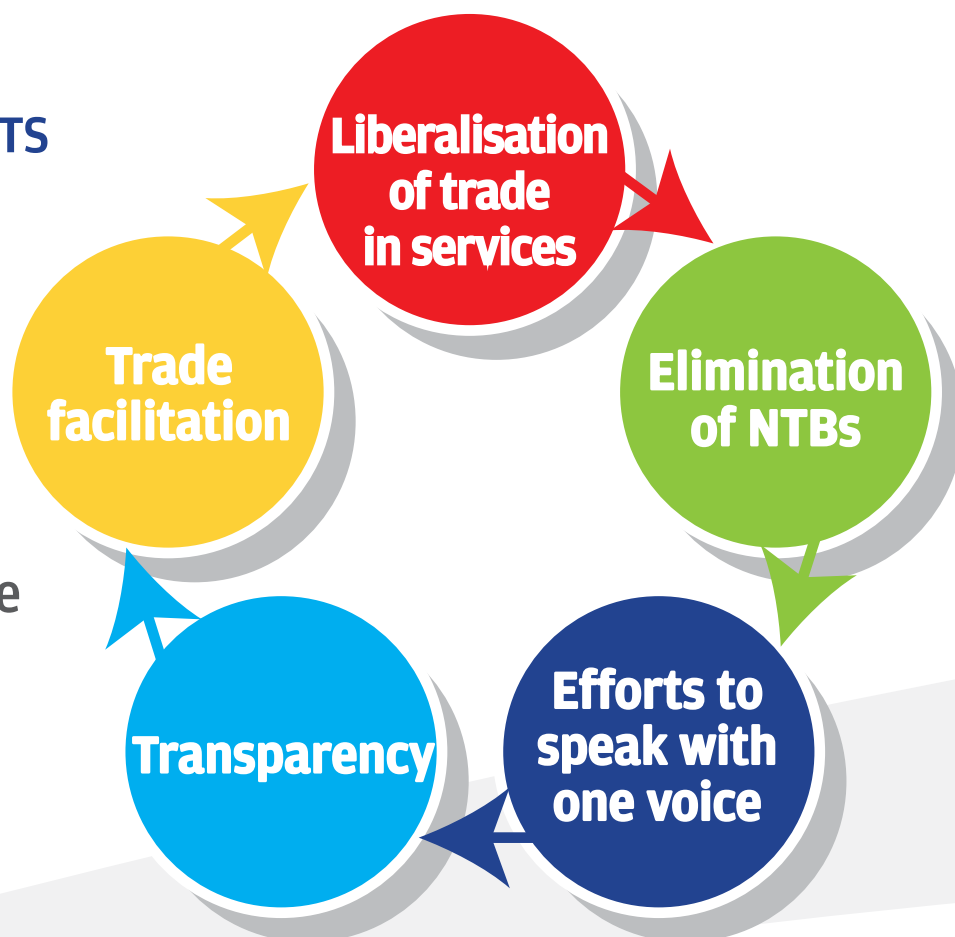
Chief of Sector, SME and Private Sector Environment within the Ministry of Economic Development, Tourism, Trade and Entrepreneurship of Albania, outlined how trade and investment within the CEFTA context contribute to good governance and competitiveness.

Ms. Kastrati stated that CEFTA is a very ambitious agreement focusing on trade liberalization as a primary goal and the most imminent one for the region. However, it also aims to improve conditions for investments including FDI, by expanding trade in goods and services and providing fair, clear, stable and predictable rules.

In her presentation Ms. Kastrati highlighted that CEFTA is a unique example of a full free trade zone where trade in goods is completely liberalized. CEFTA is a functional agreement with very efficient structures and also many trade and investment promoting activities. CEFTA has recorded very good achievements and results over the last seven years, and is currently negotiating further liberalization of trade in services and further elimination of NTBs. Ms. Kastrati highlighted CEFTA's systematic actions to improve transparency across all components of the Agreement, and stressed that creating a unified investment area within the CEFTA region is crucial for regional cooperation in the future.

ONGOING EFFORTS

Yet facing severe impediments to growth





Ms. Jadranka ZENIC-ZELJKOVIC

Head of WTO Department, Ministry of Trade, Tourism and Telecommunication of Serbia, presented Serbia's investment policy efforts in the context of implementation of CEFTA and accession to the EU.

Regarding the business and investment climate Ms. Zenic-ZeljkoVIC noted that there is no single uniform approach that suits all economies at all points in time and under all conditions. A good investment climate can only be created through the coordination of a range of policies. The objective of such investment policymaking is to promote integrated growth and sustainable development.

In relation to CEFTA priorities she highlighted the promotion of free trade through further liberalization of trade in services, the elimination of market access barriers including facilitation and simplification of border procedures, facilitation of a free flow of investment and facilitation of free movement of skilled labour. Integration into the global economy can be expedited by the application of full cumulation and duty drawback and by promoting trade in selected supply chains. She also emphasized several horizontal priorities such as enhancing transparency, predictability and ensuring non-discrimination within CEFTA Parties' policies, laws and regulations. She stressed the importance of maintaining an open and sustainable dialogue with the private sector, sustaining synergy between CEFTA and the SEE Strategy 2020 and capacity building in trade policy formulation, coordination and implementation.

Ms. Zenic-ZeljkoVIC noted that Serbia has already established a climate conducive to foreign investors. The Government's top priority is to remove the remaining barriers to investment and it is fully aware of the close link between economic growth, investment and business climate.

Serbia has to accelerate its transition reforms with a dual goal of improving business conditions and at the same time bringing Serbia closer to the EU. In order to achieve these goals, Serbia has an ambitious and wide ranging agenda to maintain its efforts to harmonize domestic policies and practices with those of the EU, build a predictable and stable business environment, simplify bureaucratic procedures, develop and modernize infrastructure, upgrade the competitiveness of the economy and promote exports of high value added and knowledge intensive products, strengthen innovation capacities and industrial modernization, provide new jobs, fight against corruption and reduce the informal economy.

Challenges ahead

Serbia has to accelerate transition reforms with the dual goal of improving business conditions and bringing Serbia closer to the European Union by:

- Harmonizing of domestic policies and practices with those of the EU which can raise investor confidence;
- Building of predictable, stable business environment, including a transparent public decision-making process;
- Reducing and simplifying bureaucratic procedures;
- Developing and modernizing of infrastructure;
- Upgrading competitiveness of the economy and promoting exports of high value added and knowledge intensive products;
- Strengthening innovation capacities and industrial modernization;
- Opening new jobs;
- Fighting against corruption and reducing informal economy.



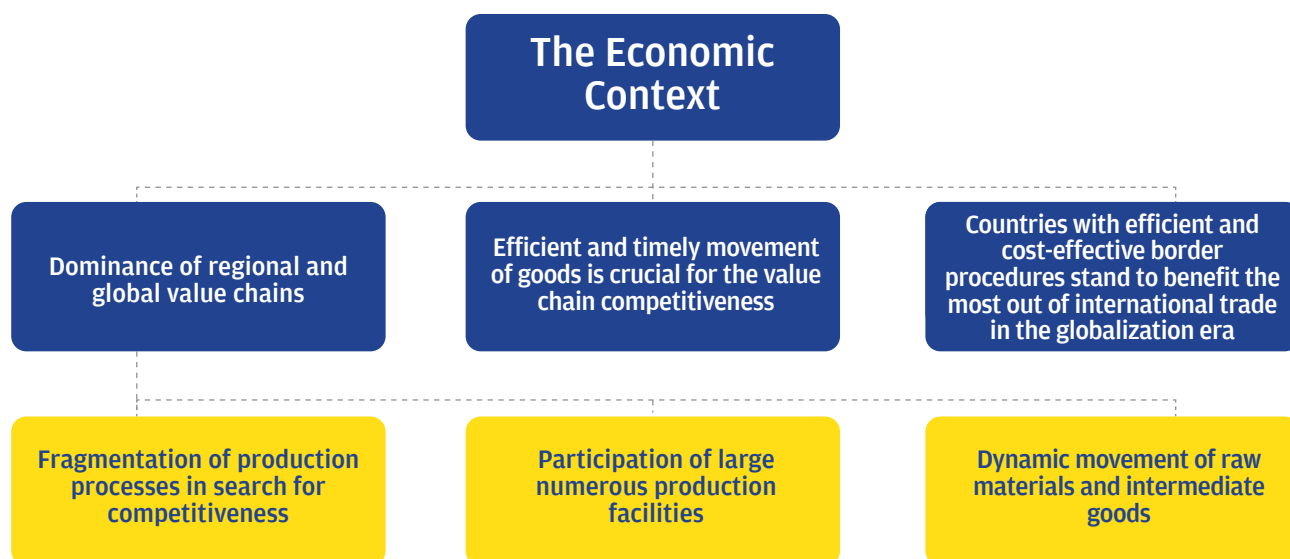
Ms. Gordana TOSEVA

Senior Adviser, USAID Regional Economic Growth Project, presented trade facilitation in the context of the WTO's Trade Facilitation Agreement (TFA), and the impact and benefits of its timely implementation for the region.

The world economy is characterized by the dominance of regional and global value chains. Simple and cost effective cross border procedures are key to the competitiveness of these value chains. Countries with the most efficient and

cost-effective border procedures will therefore benefit the most from international trade in the globalization era.

The main economic impact of TFA implementation depends on the implementation timeframe and coverage. Different models forecast somewhat different benefits. However, it is expected that economic benefits will be distributed unevenly as a significant larger share will go to transition, developing and least-developed countries. The types of the benefits the CEFTA Parties can expect include: attracting FDI, particularly in small economies; increasing export levels leading to GDP growth; diversifying exports – goods and companies; and reducing fraud and corruption at borders.





Ms. Violane KONAR-LEACY

Operations Officer, Regional Coordinator for Trade Logistics, Trade & Competitiveness from World Bank Group introduced a joint World Bank and USAID initiative to support the development of National Trade Facilitation Committees (NTFC) in the CEFTA region.

NTFCs brings together all key stakeholders involved in trade facilitation, both public sector and private sector allowing their deliberations and decisions to be coordinated. This should result in the developed of balanced reforms that are supported by the private sector. With the objective to facilitate the establishment of NTFCs in the CEFTA region the World Bank and USAID are implementing a project which in the first phase has involved self-assessments of the WTO TFA in all CEFTA Parties, a regional mission led by the World Bank to consult with stakeholders in each county, and a regional workshop on the establishment and functioning of NTFCs. Ms. Konar-Leacy informed participants that USAID has committed further support to Albania, Macedonia and Serbia in the establishment of NTFCs while the World Bank will support Montenegro, Moldova and Kosovo*.

ALIGNMENT TO TFA WILL BE SUPPORTED BY DONORS:

- Donor countries have committed to providing support to enable alignment with TFA;
- In the CEFTA region, USAID and IFC/WBG have spearheaded this effort.

Mr. Ramesh CHAITOO

Trade Consultant, CEFTA Secretariat, outlined some key issues in the interface between trade and investment.

Mr. Chaitoo stated that investment is only partially addressed in the CEFTA agreement at present. Hence the negotiations on services are expected to bring trade and investment in services fully into the CEFTA obligations. However, he cautioned that if investment in manufacturing or goods production is not addressed, a sub-optimal situation for businesses will remain. Individual markets in the region are small and therefore can greatly enhance their attractiveness to investors by creating a single economic space where investors can operate regionally with common rules on investment across all economic activities. Mr. Chaitoo stressed that it is artificial to separate out investment in services (Mode 3) from investment in other activities (e.g. mining, manufacturing, agriculture). Such a separation does not reflect how businesses operates in the real world. It is best to have a set of rules governing all investment in all types of economic activities and market access commitments in schedules specific to the different activities. BITs between CEFTA Parties lead to different treatment or terms of engagement across the free trade area. Indigenous and global investors in CEFTA region want the same rules in all national markets. It was noted that according to the World Investment Report 2015, countries' investment policy measures continue to be geared predominantly towards investment liberalization, promotion and facilitation. In 2014, more than 80 per cent of investment policy measures aimed to improve entry conditions and reduce restrictions.



*This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence

RECOMMENDATIONS FOR CEFTA

- As the Free Trade Area develops with the evolution of rules & market access on goods, then services, it is important to include regional (common) rules on investment in all economic activities and related market access commitments.
- Don't treat regional (CEFTA) investors less than you treat 3rd country investors!!! (SMEs create more jobs than MNCs).
- It is also important to have regional rules on the movement of business persons, including investors.



Mr. Rajesh AGGARWAL

Chief Trade Facilitation and Policy for Business, ITC, highlighted the role of the private sector in the implementation of the economic policies including regional integration.

He presented a list of factors that determine the capacity of countries to participate in global value chains such as market size, level of development, industrial structure, location, trade policy (FTAs), FDI openness, logistic performance and trade facilitation, protection of intellectual property rights and quality of infrastructure.

Mr. Aggarwal stressed that for any policy, including regional integration efforts, it is of a vital importance that the private sector "internalizes" the respective policy by understanding the benefits for the business. Although everybody clearly expresses their support for the involvement of business in consultations on policies, there are many attitudinal barriers on both sides that impede the process.

Mr. Aggarwal briefly introduced the preliminary results of a study carried out in the CEFTA Parties on the most trade distortive (non-tariff) market access barriers in the beverages and automotive parts sector.

Mr. Aggarwal emphasized that removing tariff barriers to trade is a necessary but not a sufficient condition for integration. Economic integration measures must involve trade facilitation, investment, dispute settlement mechanisms etc. so that all these policies are conducive to the integration of the region into international value chains.





Ms. Denise PENELLO RIAL

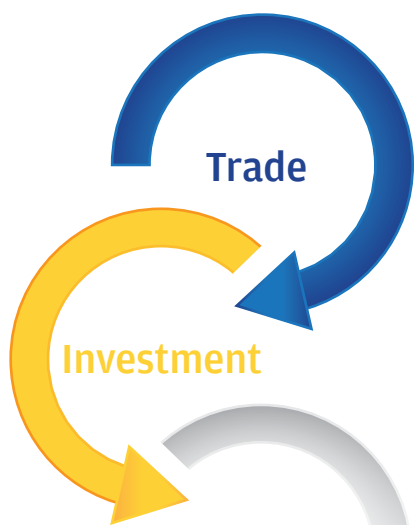
Economic Affairs Officer, UNCTAD, defined trade and investment as the engine for economic growth and development.

In this context Ms. Penello Rial stressed that by reducing market access barriers one also reduces uncertainty and unpredictability and thus promotes trade and investment.

Ms. Penello Rial briefed participants the on-going project financed by the Germany Federal Ministry for Economic Development and Cooperation, which contributes to the elimination of market access barriers in CEFTA, focusing on selected products and supply chains including wine. The project will be completed by July 2016.

Trade and investment are inter related

Main engine for economic growth and development



FDI SUBSTITUTE TO TRADE

- Supply domestic market of host country

FDI COMPLEMENT TO TRADE

- Efficiency seeking firms to look for the best location
- Export platform
- Cross-border mergers
 - The rise of GVC has made the link between trade & inv closer than before
 - Especially w/intra-firm trade

Economic literature has shown that trade and investment are self-reinforcing

- Trade induces FDI
- FDI induces Trade



Ms. Dragana DJURICA

Expert, Integrated Growth, RCC, presented the investment policy aspects of the SEE 2020 Strategy.

Investment policy is a key component of the so called flagship on Competitiveness with the objective to boost the competitiveness of SEE by expanding the industrial base, improving the business environment, attracting quality investment to the region, enhancing SME development and stimulating innovation.

In terms of improving conditions for investment, the main objective of the SEE 2020 Strategy is to deepen regional trade and investment links by supporting policies that are non-discriminatory, transparent and predictable and that enhance free flow of goods, investment, services and people within the region. Another priority is to establish a free and open investment regime by removing intra-regional barriers to investment. The third priority is to pursue policies and actions that increase attractiveness for investment and thus facilitate the inflow of FDI.

Mr. Vasile PLAMADEALA

Trade Officer, Delegation of the European Union to Moldova, presented the revised EU trade strategy and the options and benefits it offers to the CEFTA Parties.



He outlined some of the reasons behind the trade policy update. It is an explicit recognition of the importance of adjusting to new realities - in particular to the emergence of global value chains. It provides an opportunity to reassess the targets for access to markets and to ensure that the EU gets the most out of the existing trade deals. Trade and investment policy are key instruments to boost the economy and by adjusting such policies to the new economic realities they can bring greater benefits to companies, consumers and workers alike.

What's in it for CEFTA Parties? Some "food for thought"

Trade has never been more important:

- 90% of global economic growth in the next 10 to 15 years is expected to be generated outside Europe;
- More than 30 million jobs are now supported by exports outside the EU (two thirds more than 15 years ago);
- Exports also support Europe's SMEs: 600,000 SMEs, employing more than 6 million people directly export outside the EU.

The development of global value chains:

- Increasing interdependence between imports and exports: opening up the EU economy to trade and investment is a major source of productivity gains and private investment;
- Investment is essential;
- Need to tackle a wide range of issues.



Ms. Marijana AGIC-MOLNAR

Adriatic Region Director, GfK, presented the key findings of the regional survey "Balkan Barometer" carried out on behalf of RCC in 2015.

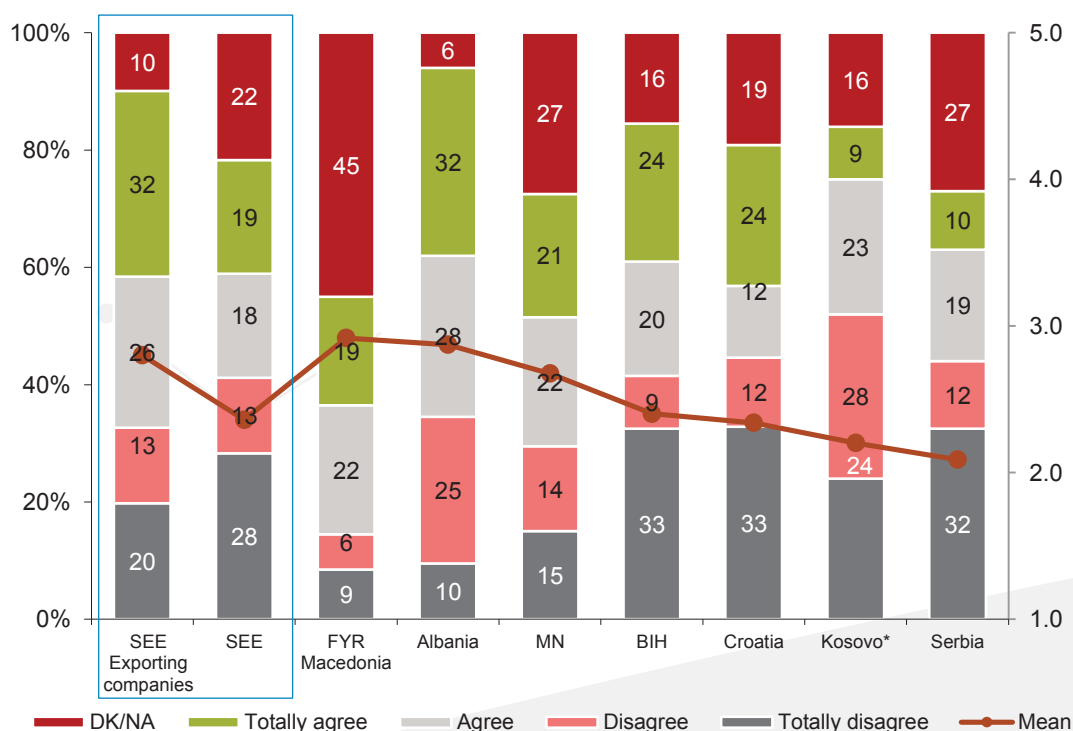
The primary goal of the survey was to measure the overall sentiment of both the general public and the business sector to a range of issues of relevance to the region. This involved an analysis of how people evaluate their present and past

situations, and what their expectations for the future are. Regarding overall sentiment, the economies can be divided in two groups i.e. more optimistic (e.g. Albania, Kosovo* and Montenegro) and more pessimistic (e.g. Bosnia and Herzegovina, Serbia). In business, Serbia is the least optimistic while Montenegro is the most optimistic country in the region.

Ms. Agic-Molnar presented the opinion of both the general public and business people on CEFTA and the trade related issues. CEFTA is evaluated most positively by companies that export. However, in general business in the region over estimates the international competitiveness of domestic products and services.

People believe regional cooperation is very important and they are convinced that regional cooperation can contribute to better political, economic and security situation in the region.

B CEFTA evaluated better by exporting companies My company has benefited from the regional free trade agreement (CEFTA 2006).



*This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence

Main Conclusions

All participants agreed that trade and investment are engines for economic development, and that they are highly interrelated and interdependent. The individual markets in the regional are very small and in order to secure much needed investment it is important to allow investors operate regionally. CEFTA Parties have to join the majority of countries which are systematically implementing investment policy measures leading to

investment liberalization, promotion and facilitation. If the region is to attract quality investment and integrate into global value chains transparency, consistency and predictability of regimes have to be ensured at both national and regional level. With the objective to boost investment, CEFTA Parties will continue to pursue the agreed ambitious agenda in trade facilitation, liberalization of trade in services and cumulation of origin.

KEY LEARNINGS



Indices: 2 groups of countries, business more positive than public
Governance: major need to improve



Active policies in field of employment needed: overreliance on personal connections, lack of institutions, labor market not fully functional



Regional cooperation: very positive opinion (Space for growth and improvement) despite the need for protectionism



Innovation: closed markets, currently no big need to innovate



Self-confidence in competitiveness of products



CEFTA evaluated better by exporting companies

3.4 SESSION III: Trade and transport

Objectives

The objectives of Session III were to discuss the role of trade policy in economic growth; how investment in transport should be planned in a way to take into account regional and international trade; and how such investment in transport networks together with trade could be instrumental for developing/strengthening economic corridors to integrate CEFTA region into the EU and the global economy.

Speakers were drawn from the private sector, the CEFTA Parties, EBRD, IFC World Bank, RCC and the South East Europe Transport Observatory (SEETO). The session was moderated by



Mr. Goran Scepanovic, Director General, Ministry of Economy of Montenegro.



Dr. Mathias von TUCHER

ICS Danube Logistics SRL / Giurgiulesti International Free Port, Director Business Development Moldova, presented the main activities of the Giurgiulesti International Free Port (GIFP), as a potential future transportation hub for the CEFTA Parties.

Mr. von Tucher highlighted the main attributes of a good transportation hub and invited the companies from the CEFTA region to benefit from the good strategic location and excellent services of the Port. Mr. von Tucher drew the attention to the high potential for shipping goods between GIFP in Moldova and the Danube river ports in Serbia as well as the Adriatic ports in other CEFTA Parties.

SEA SHIPPING SERVICES

Spot Shipments

Bulk or General Cargo

Mediterranean & Black Sea

DL – Container Feeder Service

Constante – GIFP

Minimum weekly service





Ms. Snežana HADŽIĆ

Ministry of Transport and Communication of Bosnia and Herzegovina (BiH), introduced the importance of a well developed transport network from the BiH perspective.

Ms. Hadzic stressed that diversification and extension of the transport network are seen as crucial for improving trade and competitiveness. She underlined that addressing non-physical barriers is also critical for enhancing the connectivity of BiH in the SEE region, as well as for better integration of BiH into the EU. The economic development benefits expected from investment in costly transport infrastructure will not be fully realized without the removal of non-physical barriers and regulatory and procedural constraints at the borders between BiH and neighbouring countries. Additionally, Ms. Hadzic highlighted that, as a signatory of the SEETO Memorandum of Understanding BiH is fully involved and supports important initiatives which are currently being implemented in the region (e.g. the REBIS Update Study and the Flagships Axes).

BiH intends to speed up the reform process in the railway sector, including providing the necessary conditions for the opening of the rail and market competitiveness for railway operators. Concrete actions shall be taken to prepare for the electronic transmission of data, both to the rail and road sectors. Signing and implementing cross border agreements with neighbouring countries, which should help overcome administrative constraints in railway transport is also one of the priorities.

She concluded by noting that in August 2015, the Berlin Process' Vienna Summit assigned a series of important tasks to all countries of Western Balkans including BiH by defining the so called soft measures that are to be implemented on the Core Transport Network. In 2016 the key measure is to develop and apply a system of data exchange to support the implementation of the CEFTA Protocol on Trade Facilitation as well as a system to exchange transport data.

Western Balkans Core Transport Network

Soft Measures

- Implementation of rail reform strategy;
- Improvement of road safety;
- Trade and Transport Facilitation Protocol on an exchange of transport data in cooperation with CEFTA, 2016;
- Intelligent Transport System (ITS) deployment on the Core Network;
- Establishment of functioning maintenance system ensuring no section in poor/very poor condition by 2020;
- Effective Border Crossing Agreements.

 2020 goals





Ms. Jasminka KIRKOVA

State Counsellor, Ministry of Transport and Communications of the Republic of Macedonia, introduced the main priorities of the Macedonia's transport policy.

Ms. Kirkova noted that two major regional transports pass through Macedonia - Corridor VIII and Corridor X, both of which are part of the SEETO comprehensive Network. Therefore, it is important to ensure that coordination of investment into infrastructure at a regional level in the framework of SEETO, is in line with overall national transport strategies, plans and programmes. The intended extension of the TEN-T Networks to the Western Balkans core network corridors will encourage countries in the region to eliminate the missing links, to raise the quality of transport services, to promote compatibility, remove bottlenecks and enhance cross border cooperation. In her presentation Ms. Kirkova presented a number of current and future priority projects in both the road and railway transport networks of Macedonia.

Mr. Toshiaki SAKATSUME

Senior Economist, European Bank for Reconstruction and Development introduced the EBRD's strategy for promoting sustainable transport networks and the development of transport corridors to balance the economic, environmental and social sustainability of the region.



Mr. Sakatsume underlined that Corridor X is the backbone of the Western Balkans, and represents the shortest land-route from Western and South-Eastern Europe, to Turkey and further east. The EBRD has financed the rehabilitation and modernization of the road and rail infrastructure to reduce journey times and promote trade, as well as to improve the quality of services offered to the market, both in freight and passenger transport. Concerning criteria for deciding on a specific public investment, Mr. Sakatsume outlined EBRD key determinants: regional/country priority, reasonable traffic volume, financial and fiscal sustainability, development benefits (institutional development, restructuring, governance and transparency, environmental benefits). For private sector projects, the key determinants are mainly based on financial viability, additionality and commercial leverage, innovative products and different development benefits.

Development of Transport Corridors

- Integrating pre-Accession countries into the EU market;
- Developing sustainable transport networks which balance economic, environmental and social sustainability;
- Supporting national and regional integration;
- Acting as a catalyst for balanced economic growth;
- Promoting interoperable transport systems to facilitate trade across border;
- Reducing transportation costs in order to increase the competitiveness of products in the regional market and beyond.



Ms. Violane KONAR-LEACY

Operations Officer, Regional Coordinator for Trade Logistics, Trade & Competitiveness from World Bank Group, presented relation and interaction between transport and trade facilitation.

Ms. Konar-Leacy underlined that trade facilitation consists of multiple factors including infrastructure, transport and logistic services. Trade facilitation involves the simplification, standardization, and harmonization of procedures and processes and the associated information flows to move goods through the supply chain in a transparent and predictable manner. It aims at identifying and addressing bottlenecks, imposed by weaknesses in trade related logistics and regulatory regimes, that prevent the timely and cost effective movement of goods.

A modern approach to trade facilitation uses information and statistical data in order better target inspections, and promote sharing of information among all agencies in order to speed up the movement of goods. In her presentation Ms. Konar-Leacy also introduced key features of the World Bank Group's on-going Trade Facilitation initiative.

COMPONENTS OF TRADE FACILITATION

Scope of Trade Facilitation:

- Physical Infrastructure (roads, gateways, border posts);
- Quality, availability/affordability of logistics and transport services;
- Trade Regulations and trade infrastructure;
- Border management.

Product competitiveness	<ul style="list-style-type: none"> • Production environment; • Export promotion and market intelligence; • International standards...
Physical infrastructure	<ul style="list-style-type: none"> • Roads, ports, border posts; • Telecommunication; • ...
Logistics and transport services	<ul style="list-style-type: none"> • Availability, affordability and quality; • Market structure; • Regulatory environment.
Trade regulations and border management	<ul style="list-style-type: none"> • Customers and other border agencies; • Transit regime; • Single windows...



Ms. Dragana DJURICA

Expert, Integrated Growth, RCC, briefed participants on the actions to be taken under the auspices of RCC's Connectivity flagship initiative – many of which require cooperation with CEFTA.

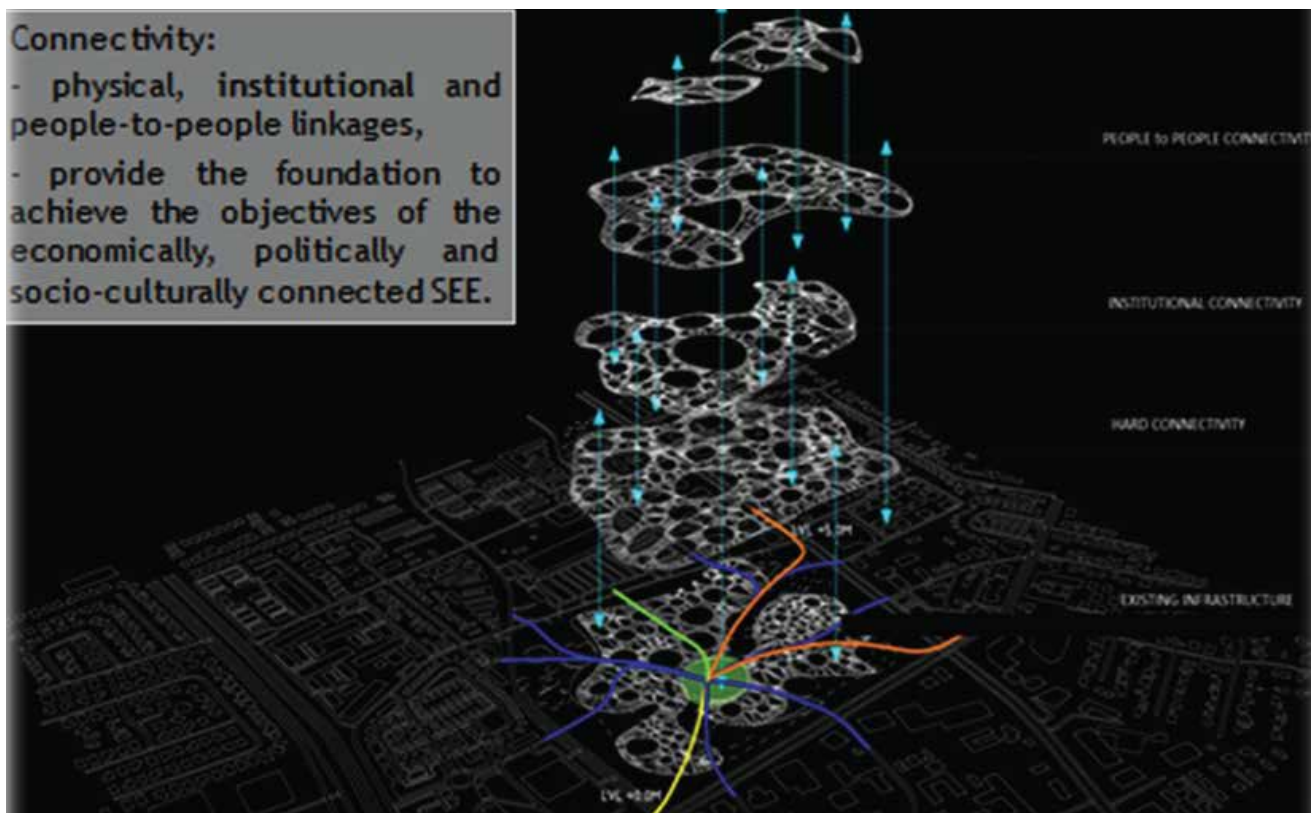
As all CEFTA Parties are aware, the Berlin process promotes well-developed, interconnected and intermodal transport, energy and ICT infrastructure networks as vital to regional economic integration, economic growth, increased competitiveness, trade and investments. In this context, the connectivity flagship aims to complement and capitalise on the development of new physical infrastructure in the region. This is in direct response to the conclusions of the Vienna Summit in August 2015 that called on RCC to coordinate the development of the economic corridors concept together with CEFTA and SEETO.

Ms. Djurica outlined the different levels of connectivity that RCC will promote: (i) hard connectivity, (ii) institutional and (iii) people to people connectivity. Hard connectivity entails physical infrastructure development and well-functioning intermodal regional networks in transport, energy and ICT. Ms. Djurica mentioned the finalisation of a regional agreement to roaming charges as soon as possible as a simple of example of promoting connectivity. Institutional connectivity involves effective institutions whose main goal is to facilitate the flow of goods, services and investments in the region.

In terms of people to people connectivity the RCC's flagship, with the cooperation of CEFTA, aims at promoting the greater mobility of professionals in the SEE region mainly through mutual recognition arrangements.

Connectivity:

- physical, institutional and people-to-people linkages,
- provide the foundation to achieve the objectives of the economically, politically and socio-culturally connected SEE.





Mr. Dejan LASICA

General Manager, SEETO, presented the main features of the regional transport network and the role of SEETO in the implementation of the ambitious regional transport agenda.

Mr. Lasica presented the three TEN-T Core Corridors vital to the region:

1. Orient/East-Med, which runs from Hamburg to Tirana, 2. Mediterranean that goes from Budapest to Thessaloniki and 3. the Rhine/Danube corridor. SEETO actively promotes multimodal transport activities and he outlined that in

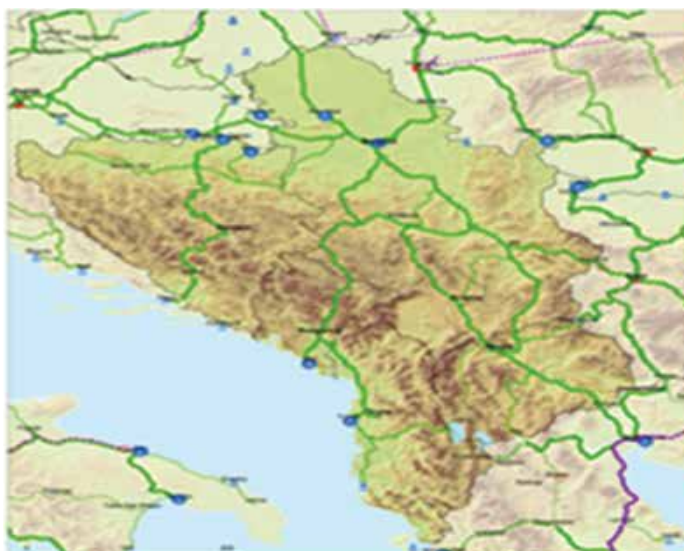
addition to physical investments in the transport network other important challenges include maintenance, road safety and effective border crossing procedures. Mr. Lasica recalled that the inaugural Western Balkans Conference under the so-called Berlin Process in August 2014, provided a political framework for a more intensive development of the transport infrastructure. In April 2015, the six Western Balkan Prime Ministers agreed in Brussels on the regional core transport network and this was followed by an agreement on the core network corridors in Riga in June.

The 2nd conference under the Berlin Process in Vienna in August 2015 saw agreement on a list of key infrastructure projects and a list of the necessary soft measures at regional and national levels to be implemented by 2020 as well as the appointment of corridor coordinators. A Transport Facilitation Working Group has been established to monitor and report on implementation of soft measures and the so-called Flagship Axes action plan.

The main objective of the Flagship Axes is to cut the travel time and transport costs on selected SEETO Comprehensive Network axes and to identify physical and non-physical barriers for selected multimodal axes. Mr. Lasica mentioned a number of areas where SEETO envisages close cooperation with CEFTA structures including in areas such as facilitation of market access, development of performance indicators, and implementation of SEED+.

SEETO CORE NETWORK

Indicative Extension of TEN-T to Western Balkans Core Network Definition Railways and Ports



Indicative Extension of TEN-T to Western Balkans Core Network Definition Roads, Ports and Airports



Main Conclusions

All participants agree that the interaction between trade, investment and transport is crucial for the economic development. It was stressed that:

- Transport facilitation is an integral part of trade facilitation. Fast, secure and safe transport is necessary for the competitiveness of regional trade;
- Transport quality and better connectivity are prerequisites for integrating the CEFTA economies into global value chains;
- Continuation and further deepening of the Berlin process is vital to the ambitious economic development agenda of the region;
- The CEFTA Parties have committed to complete negotiation on the Additional Protocol to establish a framework to facilitate trade and the electronic exchange of information as soon as possible;
- Together with the implementation of relevant national strategies and reforms, maximum effort will be devoted to the implementation of priority regional actions within the SEE 2020 Strategy and SEETO.

WHY TRADE FACILITATION IS IMPORTANT FOR THE GLOBAL ECONOMY: A NEW ECONOMIC LANDSCAPE

Latest trends in the global economy

- Arising portion of global production is destined for foreign markets;
- Several border crossings during the course of production of a single product;
- Rapid expansion of trade in services;
- 70% of global trade is associated with global value chains (GVCs);
- South-South trade is on the rise;
- Almost 1/3 activity of all economic activity is associated with the 200 largest multinational corporations (MNCs).

Implications for FDI, trade and competitiveness

- Trade and FDI become even more inter-related and complementary;
- Trade costs matter more;
- More intra-firm trade (both intermediate and final products) and global value chain (long-term linkages between firms across countries);
- Technology and innovation are the key variables through which trade and FDI translate into growth.

3.5 SESSION IV: CEFTA Forum of Chambers of Commerce

Objectives

The main objective of this session was to present and discuss the findings identified by the working groups established within the CEFTA Forum of Chambers of Commerce.

This forum enables chambers of commerce from CEFTA Parties to formulate joint proposals for improvements to trade-related policies in the region. The presentations provided participants with the views of the private sector on the different CEFTA issues and topics.



Summary of Individual Presentations



Mr. Valeriu LAZAR

President of the Chamber of Commerce and Industry of Moldova (CCI MD), stressed the importance of the Forum in facilitating the role of the Chambers of Commerce in the process of regional cooperation.

He reiterated the objectives of the Moldovan Chairmanship of CEFTA that intends to contribute to the further integration of the region into the European and global economy through participation in international supply chains, based on improved international competitiveness of the national economies and backed by deeper regional trade and new investment. Mr. Lazar noted that these objectives are fully consistent with the EU accession process in which the majority of CEFTA Parties are involved.

Mr. Lazar highlighted that the Moldovan CiO is fully committed to the progressive liberalization of trade in services amongst the CEFTA Parties. The end goal is to accomplish a high level of openness across the services sectors thus making the entire region more attractive for foreign investment. He particularly noted that special attention is given to the reduction and elimination of barriers to temporary mobility of professionals such as quotas, economic needs tests, etc.

Based on the objectives of the Moldovan CiO, the CCI MD had proposed the following priorities for 2015 to its partner Chambers:

- i.** further liberalization of trade in agricultural goods and particularly trade in services;
- ii.** addressing the main trade distortive non-tariff measures;
- iii.** facilitation of trade through use of transparency tools;
- iv.** simplification of trade related procedures by creating a mutually recognized CEFTA AEO Programme;
- v.** facilitation of free flow of investment through coordination of investment policies and better protection of investment and investors;
- vi.** development of a Competitive Economic Environment: by promoting the regional cooperation in competition policy, Public Procurement, etc.;
- vii.** improvement of market access through completing the single diagonal cumulation zone under the Pan-European Mediterranean Convention (PEM) to include all CEFTA Parties;
- viii.** establishment of an investment concept to enhance participation in regional supply chains and global supply network.

Finally, sustaining synergy between implementation of CEFTA and the SEE 2020 (South East Europe 2020 Strategy), which offers the region clear terms within which to promote wider economic policy perspectives, economic growth and job creation was proposed as a horizontal priority. These priorities were discussed in detail in the Chambers Working Groups at their meetings in Chisinau in June 2015.

Mr. Lazar outlined the conclusions and recommendations of the CCI RM based on the discussions within the CEFTA Chambers Forum. He also proposed that Chambers' efforts in the future should be focused on support to enterprises, the development of new services for business, especially those supporting the internationalization of SMEs, implementation of CEFTA and DCFTA, cooperation with Eurochambers, and the development of new partnerships with entrepreneurs, NGOs, development organizations and investors.

In a separate presentation, Mr Lazar introduced results of the DIHK – CEFTA Partnership Project, Eurochambers Economic Forum in October 2015, and priorities of CCI MD for 2016.

Challenges in implementation of the CEFTA agenda, identified during the Working Groups

- In line with global development, trade facilitation has become one of the main purposes within CEFTA regional trade promotion with the elimination of tariffs for trading industrial and agricultural products. However, trade facilitation requires the involvement of different stakeholders in the public and private sector, having established a structured dialogue and coordination with all stakeholders;
- The private sector is not sufficiently involved in the CEFTA dialogue: communication platforms are relatively weak and must be strengthened;
- A functional well-coordinated mechanism should be established to benefit from the synergy SEE 2020, DCFTA and other activities related to regional trade.



Mr. Vladimir DORDEVIC

Senior Advisor of the Chamber of Commerce of Serbia, summarised the key features of the CEFTA Chambers Forum Working Group on Trade in Services.

The Working Group on Trade in Services was established in 2013 and supports the efforts of the CEFTA parties to further liberalise trade in services and mutual opening of markets as key elements for achieving national and regional economic development targets. The Working Group has followed its agreed work programme for the period 2013 -2015.

Presenting the main issues by the respective service sector, Mr. Dordevic noted that in the tourism sector the countries in the region are complementary markets, and should be partners in developing products to be jointly offered to visitors from abroad. The tourist season should be extended by consolidating the offers of the different CEFTA Parties, and by strengthening the brand of South East Europe as a tourist destination.

Regarding transport services within CEFTA, Mr. Dordevic noted that efforts should be applied to improving business conditions and harmonizing legislation with the possibility of forming a working body for the transport of goods and passengers. As for liberalization of the road transport market, he highlighted the issue of permits in transport of goods within the CEFTA region.



WG ACTIVITY SCOPE

WG on trade in services of the CEFTA Forum of the Chambers NOW INCLUDES

**Financial services
- INSURANCE -**

Traffic

Tourism

Construction

Other services

INTER-CHAMBER CEFTA WORKING GROUP ON TRADE IN SERVICES



In construction, the recognition of personal licenses of engineers should be ensured by signing an agreement on recognition of personal licenses of engineers within CEFTA. On 7 April 2015, an Agreement on cooperation within the construction sector of the Chambers of Commerce of former Yugoslav republics was signed in Skopje, with a view of cooperating and pooling projects in domestic and foreign markets.

Mr. Dordevic also drew attention to issues related to the freedom of movement in the CEFTA region calling for harmonization and simplification of procedures for obtaining work and residence permits, with the ultimate goal of ensuring free movement of labour in the region. Mr. Dordevic also proposed that the Working Group should be strengthened by establishing an insurance subgroup.

In conclusion, Mr. Dordevic expressed the Working Group's expectation that the CEFTA Sub-committee on Services will provide timely guidance and instructions so that the regional economy can benefit from liberalization of trade in services. The Working Group also encourages greater dialogue between the public and private sector on this topic, and has proposed joint capacity building activities in the form of seminars, workshops and round tables.

MAIN PROBLEMS AND RECOMMENDATIONS OF CCI WORKING GROUPS

- Reduction and eventual elimination of non-tariff trade barriers;
- Improving logistics in trade;
- Harmonization of standards and the protection of intellectual property and patents;
- Development of human resources and physical capital in rural areas and continued adoption of EU standards in the agri-food sector as a contribution to regional agricultural competitiveness;
- Stepping up work on further improvements of the dialogue between the public and private sectors. With reference to CCI RM, stepping up this dialogue is a priority (sector committees, Local Business Agenda);
- Improvement of the business environment in order to support SMEs;
- Increase of competitiveness of local producers and exporters;
- Increase the protection of public health system and also improvement of the operational conditions of the various compartments of the internal market;
- Development and improvement of information and consultancy services;
- Development and implementation of specialized educational programs, training, etc.



Mr. Wicher SLAGTER

Head of Political and Economic Section, EU Delegation to Moldova, presented the main benefits and challenges in the implementation of the DCFTA.

Mr. Slagter recalled that the FTA is called “deep and comprehensive” as it covers all aspects related to trade such as competition, intellectual property rights, sustainable development etc., and it also involves behind the border matters relevant to trade such as food safety, standards etc. Many benefits of the DCFTA are obvious: access to a bigger market, stimulus for implementation of the necessary reforms and new investment. However, the challenges are many. The EU is a large but also a very difficult market. Moldovan exporters need to invest and enhance their competitiveness to be able to enter the European market. A key challenge for reforms is the government’s capacity to implement them.

In the context of the challenges Mr. Slagter also commented on the Russian trade embargo which affects the Moldovan economy. The EU believes that the DCFTA is compatible with the CIS area. Moldova may face further challenges in higher energy prices and lower remittances from migrants in the future.

Mr. Slagter listed a number of areas in which EU would like to see faster progress in the short-term. Competition is limited to few players in a number of sectors (e.g. energy, insurance, metal processing). With a more robust competition policy the economy would encourage the development of SMEs and attract greater foreign investment. In the energy sector there are tariff issues to be tackled and the regulator is still not active. There is a delay in full implementation of the Aviation Agreement.

Public procurement is still characterized by favouritism of firms with political connections and there is weak supervision of financial services. The stability of the financial sector is a key concern as there is a large number of banks in serious difficulties. Restructuring of the banking sector is thus one of the highest priorities. Mr. Slagter drew the attention to the persistent problem of corruption.

In conclusion, Mr. Slagter made reference to the situation in Transnistria. The question remains how the DCFTA to be implemented in that region. EU supports peace negotiations but realizes that the issue is very complicated and that the progress remains very slow.



Ms. Diana LAZAR

Deputy Chief of Party at the USAID Competitiveness Enhancement and Enterprise Development II Project stressed that USAID, through its projects, aims to provide support to both the business sector and public authorities. The support is offered to create a healthy economic environment and a supportive regulatory framework.

Regarding CEFTA, Ms. Lazar noted the important role played by CEFTA in organizing public-private dialogue and improving the business environment within each CEFTA Party.

Ms. Lazar informed representatives of business sectors in the area of information technologies, tourism, light industry and the wine sector of the new USAID Competitiveness Project that is focused directly on these industries and which will continue until 2020. The project aims to address needs that have been raised by Moldova as part of its association process with the EU and to assist in the implementation of the DCFTA.

Mr. Rajesh AGGARWAL

Chief Trade Facilitation and Policy for Business from ITC outlined the essential components for effective private – public dialogue, the respective roles of government and the private sector in making the process of public-private dialogue a success.



The main priorities for public-private dialogue in the area of trade are reducing regulatory costs and building consensus. Business can provide first hand information on barriers to policy makers. Effective public-private dialogue including consensus building on policy reforms, requires that all businesses have access to this dialogue. Leadership is required on both sides. In the case of the private sector it can be taken by some chambers of commerce or business associations that have the ability to reconcile different interests and the technical competence to support the dialogue. Providing high quality, evidence-based papers to support their case will allow the business sector to be more successful in lobbying their governments to support them.

Main Conclusions

The CEFTA Forum of Chambers of Commerce plays an important role in promoting proposals for improvements in trade related policies and can provide valuable feedback to governments as they develop and implement various policies to improve the trade and investment environment. The Forum's priorities mirror those of the CEFTA CIO.

The liberalisation of trade in services is a key issue for the business community and they look forward to further progress under CEFTA's Sub-Committee on Trade in Services.

It was agreed that a key to success for the business sector in the area of public private dialogue is its capacity to gather the opinions of the businesses together and the ability to reconcile differences in order to come up with a common, evidence based position to present to the government.

4. ANNEXES

4.1 Ministerial Conclusions of the Ninth Joint Committee Meeting of CEFTA

NINTH JOINT COMMITTEE MEETING

26 November 2015
Chisinau, Moldova

Ministerial Conclusions

WE, the Ministers and the authorised representatives of CEFTA Parties, reiterate our full commitment to implement the Agreement on Amendment of and Accession to the Central European Free Trade Agreement (CEFTA 2006), to sustain its concrete, visible, and measurable results for all its Parties in line with the objectives as exhaustively mentioned in its Article 1.

WE therefore underline as our priorities for the period of 2015-2020 trade facilitation, including elimination of barriers to and distortions of trade, liberalisation of trade in services, improve conditions to promote investment, including foreign direct investment by providing fair conditions of competition affecting foreign trade and investment, and enhancing transparency in all the relevant rules and procedures for trade in the implementation of the Agreement. In our efforts, our main aim is to achieve concrete results in the implementation of CEFTA under each of these priorities to contribute collectively to the economic growth agenda of our Region as consolidated in the South East Europe Strategy 2020.

WE welcome the conclusions of the Western Balkans Summit in Vienna of 27 August 2015 recognising the role and importance of CEFTA in the actions related to trade facilitation, mobility, and growth in particular, and the contributions of CEFTA to the transport and energy Connectivity Agenda.

WE are pleased to declare the success recorded this year in priority areas of CEFTA including the negotiations on trade facilitation and liberalisation of trade in services, and in activities undertake to enhance transparency, and we direct all CEFTA Structures to conclude the respective negotiations in 2016. This is to reach our mutual goal to facilitate trade and eliminate barriers to trade, and to reach the same level of openness of our services markets which will bring us enhanced economic performance and better integration into the world economy.

In view of the strong linkages between, and crucial role of, trade facilitation, access to services markets and foreign direct investment to the increased competitiveness of the Region, we advocate the adoption of fair, clear, stable and predictable rules to govern and attract favorable and growth conducive investments.

WE hereby consider that a key challenge before CEFTA Parties is to implement the forthcoming CEFTA agreements on trade facilitation and liberalisation of trade in services, once they are signed and entered into force, in a manner that contributes to the economic growth of our Region. In this regard we strongly underline our readiness to strengthen the monitoring of implementation of CEFTA including the present and future Additional Protocols in their entirety.

WE therefore decide to adjust the CEFTA structures with the aim of responding to the CEFTA priorities and to strengthen the monitoring capacity of CEFTA structures of the implementation of the Agreement, as well as their reporting of implementation results to the CEFTA Joint Committee. In this regard, we draw attention to the importance of coordination between trade policy and other relevant policies both at the regional and national levels. While we reconfirm our priorities in the implementation of CEFTA, we need to underline our understanding that the contribution of trade policy to the economic growth of CEFTA Parties shall be efficient only if complementarities between trade policy and other policies are sustained in order to promote competitiveness of our Region through attracting investments supporting economic growth.

From this perspective, we confirm to maintain the contribution of CEFTA Structures to the Agenda of the SEE 2020 Strategy from the perspectives of trade facilitation and elimination of barriers to trade, and reiterate our readiness to work intensively on mutual recognition of professional qualification in the context of increased labour mobility and intra-regional trade in services.

WE duly take into account the fact that CEFTA Parties currently encounter an unlevel playing field in terms of cumulation of origin and duty drawback in their regional free trade, and in bilateral Free Trade Agreements compared to the preferential trade arrangements of all other Contracting Parties of the Pan Europe Mediterranean Convention. We deem that due to the difficulties in applying diagonal cumulation, and because of the absence of full cumulation and duty drawback in CEFTA, possible opportunities for sourcing and for a wider export market access are limited for CEFTA. We also consider that full cumulation and drawback are generators of larger trade flows and greater trade facilitation, which is by itself a key factor of economic growth, development and integration, since it offers simplified, standardised and transparent processes, and procedures to implement and manage the rules of origin.

ACKNOWLEDGING the importance of growth conducive to investment in increasing competitiveness of the Region, a process that needs to be initiated in CEFTA Structures to address market access related barriers and distortions of fair conditions of competition affecting foreign trade and investment is the action in CEFTA in order to merge priorities of trade facilitation and liberalization of services for further to promote investment to stimulate economic growth.

WE state our intention to further encourage and strengthen the outreach of CEFTA structures to the relevant public, and in particular to the private sector. In this regard, the public-private sector dialogue in CEFTA, and the role of private sector as advisory in providing feedback to CEFTA Structures with regard to the implementation of CEFTA are of crucial importance. The 10th Anniversary of the signing of CEFTA in 2016 is deemed as a good opportunity for CEFTA Structures to emphasise the significance of outreach and to take further steps to institutionalise public-private dialogue in CEFTA at the regional level.

SINCE the signing of CEFTA, its activities have been progressively becoming more complex in compliance with our needs, thus we are satisfied with the achieved results which also include the efforts and engagement of the former Director and staff of the CEFTA Secretariat. We recall the consensus reached regarding the reorganisation of the CEFTA Secretariat, and in line with the new adjustment of CEFTA Structures we agree to alter the terms of reference of current staff to include managerial profiles and instruct the incoming Director to act upon this once appointed.

ACKNOWLEDGING the comprehensive progress achieved in coordination between CEFTA Structures under the priorities of trade facilitation, liberalisation of trade in services, improving conditions further to promote investment, and enhancing transparency by Subcommittees, and Working Groups as evidenced by the attached reports submitted by their distinguished Chairs.

REITERATING the commitment of our Prime Ministers as confirmed in the Western Balkans Summit in Vienna that the on-going negotiations on a framework agreement to facilitate trade will be concluded before mid-2016, we declare that an Action Plan will be agreed by all Parties to determine the areas in which the implementation of framework agreement on trade facilitation will commence immediately after its signing, and to identify areas of which CEFTA Parties need a further transition period.

EMPHASISING the importance of undertaking complementary actions in trade and transport facilitation alongside other instruments foreseen by the Western Balkans Summit to foster further development of regional value chains, we instruct all the relevant CEFTA Structures to identify barriers and distortions of trade in the Region and propose appropriate instruments for their eventual elimination.

ACKNOWLEDGING the noticeable progress achieved in the negotiations on liberalization of trade in services, we will intensively work on harmonization to concluding of the Additional Protocol on Trade in Services and its annexes by the next annual meeting of the Joint Committee. We instruct the negotiators to complete the negotiations on liberalization of trade in remaining services sectors and resolve any outstanding issues in the annexes.

RECOGNIZING the importance of having good quality and comparable statistics, in particular in trade in services and FDI, we urge all Parties to engage fully into developing a sustainable and functional reporting system as well as a user friendly dissemination platform. Both tools will effectively facilitate the negotiations of trade in services, and coordination of investment policies as well as providing sound analytical groundwork for monitoring the impact of the achieved liberalization.

WELCOMING the establishment of the Joint RCC-CEFTA-ERISEE Working Group on Mutual Recognition of Professional Qualifications and

its successful commencement of work in 2015, the Joint Committee encourages the CEFTA Parties to take an active role in: (1) creating conditions for recognition of professional qualifications, (2) exploring potential for the conclusion of mutual recognition agreements (MRAs), (3) enhancing transparency of national and regional arrangements on recognition of professional qualifications and (4) enhancing regional data exchange on mobility of professionals and future skills needs in selected professions.

WELCOMING and fully supporting the revision process of the PEM Convention and the proposal made therein to establish full cumulation and duty drawback as general rules in it, we consider that the successful completion of the revision in the PEM Convention allowing full cumulation and duty drawback, will save any possible modifications in the bilateral FTAs which have previously established linkages to the Convention until that point. This is the most desirable solution for CEFTA Parties, however, it is subject to the successful completion of the whole revision exercise. Taking into consideration the delays encountered in the revision of PEM Convention due to its complexity, and with the aim to level the playing field as quickly as possible for its operators, stemming from differences in the application of cumulation of origin and duty drawback, the CEFTA Parties agree to adopt the necessary changes in the protocol of CEFTA on rules of origin to apply full cumulation and to remove prohibition of duty drawback.

RECOGNIZING the present priorities in implementation of CEFTA requires a high level coordination between; CEFTA Structures and RCC and other relevant regional organizations; between CEFTA structures and the relevant national authorities of CEFTA Parties; and effective inter-Ministry coordination in each CEFTA Party, we decide to adjust the CEFTA Subcommittees and amend their Terms of References. In this regard, we expect each CEFTA Party to undertake the necessary measures to strengthen the institutional

capacity of its CEFTA Contact Points in line with the relevant Ministerial Decision adopted by this meeting.

ACKNOWLEDGING the implementation of dispute settlement mechanism under CEFTA has proven as not efficient as desired, we instruct the CEFTA Secretariat to consult relevant international organizations and legal experts in preparing the technical proposals for increasing the efficiency of the rules regarding the dispute settlement of CEFTA that might be incorporated adequately in CEFTA Structures. In that spirit we agree in having Special Joint Committee session on dispute settlement preferably back to back with the Deputy Ministers meeting in June 2016.

TAKING into account the importance of the neutral and impartial role of the CEFTA Secretariat in supporting the uninterrupted and seamless functioning of CEFTA Structures, we expect the Selection Committee established by CEFTA Parties to successfully conclude the international selection process for new Director of the Secretariat at the earliest possible opportunity.

All CEFTA Parties adopt the following decisions:

- Decision No.1/2015 on the Establishment of the CEFTA Bodies;
- Decision No.2/2015 on the Amendment to Decision No.5/2014;
- Decision No.3/2015 Amending Decision of the Joint Committee of the Central European Free Trade Agreement 3/2013 regarding Annex 4 of the Central European Free Trade Agreement (CEFTA 2006), Protocol Concerning the Definition of the Concept of “Originating Products” and Methods of Administrative Cooperation referred to in Article 14, paragraph 1 and 3.

In the presence of representatives of all CEFTA Parties in Chisinau, 26 November 2015

4.2 Overall Agenda for CEFTA Week

DAY	EVENT DESCRIPTION	SPEAKERS/Event Format
Day 1: November 23, 2015 (Monday)		
09.00-17.00	CEFTA Negotiations on Services (in camera) Venue: Chisinau, 1, Piata Marii Adunari Nationale, Government Building, Conference Room, 6 th floor	CEFTA Parties
Day 2: November 24, 2015 (Tuesday)		
Venue: Radisson Blu Leograd Hotel 77 Mitropolit Varlaam St., Chisinau		
09.30-10.00	Registration of Participants	
09.30-10.00	Official Opening of CEFTA Week (Moderator: Ms. Inga IONESCU, Ministry of Economy of Moldova)	Mr. Stephan Christophe BRIDE, Deputy-prime minister, Minister of economy of the Republic of Moldova H.E., Mr. Pirkka TAPIOLA, Head of the Delegation of the European Union in the Republic of Moldova H.E., Mr. James D. PETTIT, Ambassador of the United States in the Republic of Moldova Mr. Goran SVILANOVIC, General Secretary, Regional Cooperation Council
10.00-10.15	Ceremony of CEFTA Chair in Office "Recognition Award"	Chair in Office
10.15-10.30	Coffee Break	
10.30-12.30	Session I: Trade Policy in the context of regional integration and economic growth – from the perspective of CEFTA Parties (Moderator: Ms. Renata VITEZ, former CEFTA Secretariat's Director)	Presentations <ul style="list-style-type: none"> • Mr. Octavian CALMAC, Deputy Minister, Ministry of Economy of the Republic of Moldova • Mr. Goran SCEPANOVIC, Director General at the Ministry of Economy of Montenegro • Ms. Jadranka ZENIC ZELJKOVIC, Head of WTO Department, Ministry of Trade, Tourism and Telecommunications of Serbia

DAY	EVENT DESCRIPTION	SPEAKERS/Event Format
	<p>National trade policies and their interaction with other economic policies to promote economic growth:</p> <ul style="list-style-type: none"> • Institutional arrangements • Policy coordination • Challenges and opportunities <p>Interaction between national trade policies to CEFTA as the framework of regional trade:</p> <ul style="list-style-type: none"> • Promoting regional trade as a tool for economic growth • Proposal of a sample of policy mixes which trade policy to interact with 	<p>Panel Discussion</p> <ul style="list-style-type: none"> • Mr. Bernard BRUNET, Head of Unit DG NEAR, European Commission • Mr. Sanjin ARIFAGIC, Head of Unit, Economic and Social Development, RCC • Ms. Silvana MOJSOVSKA, Professor at International Economics, University of St. Cyril and Methodius, Macedonia • Mr. Valeriu LAZAR, President of CCI RM • Ms. Julia OTTO, Country Director, EBRD
12.30-13.30	Lunch	
13.30-15.30	<p>Session II: Trade and Investment (Moderator: Mr. Umut ERGEZER, Acting Director , CEFTA Secretariat)</p> <p>Areas of contributions of trade to promote investment from the regional perspective:</p> <ul style="list-style-type: none"> • Liberalisation of trade in services • Trade Facilitation • Facilitating Access to Markets • Integration to Pan-Euro-Med Cumulation Zone 	<p>Presentations</p> <ul style="list-style-type: none"> • Ms. Pranvera KASTRATI, Chief Sector, SME and Private Sector Environment, Ministry of Economic Development, Tourism, Trade and Entrepreneurship of Albania • Ms Biljana DODEVSKA, State Councillor, Ministry of Economy of Macedonia • Ms. Jadranka ZENIC ZELJKOVIC, Head of WTO Department, Department for Multilateral and Regional Economic and Trade Cooperation, Ministry of Trade, Tourism and Telecommunications of Serbia
15.30-15.45	Coffee Break	
15.45-17.00		<p>Panel Discussion</p> <ul style="list-style-type: none"> • Ms. Gordana TOSEVA, Senior Advisor, USAID Regional Economic Growth Project • Ms. Violane KONAR-LEACY Project Manager, Regional Trade Logistics Project, IFC Europe and Central Asia Department • Mr. Ramesh CHAITOO, Trade Consultant of CEFTA Secretariat • Ms. Dragana DJURICA, Expert on Integrated Growth, Regional Cooperation Council

DAY	EVENT DESCRIPTION	SPEAKERS/Event Format
		<ul style="list-style-type: none"> • Mr. Vasile Plamadeala, Trade Officer, Delegation of the European Union to the Republic of Moldova • Dr. Denise PENELLO RIAL, Economics Affairs Officer UNCTAD representative • Mr. Rajesh AGGARWAL, Chief Trade Facilitation and Policy for Business, ITC • Ms. Marijana Agic-Molnar, Adriatic Region Director GfK
18.00-20.00	<p>CEFTA Week 2015 Reception</p> <p>Venue: Radisson Blu Leograd Hotel 77 Mitropolit Varlaam St., Chisinau</p>	
Day 3: November 25, 2015 (Wednesday)		
Venue: Venue: Radisson Blu Leograd Hotel 77 Mitropolit Varlaam St., Chisinau		
09.30-10.00	Registration of Participants	
10.00-11.00	<p>Session III: Trade and Transport (Moderator: Mr. Goran Scepanovic, Director General, Ministry of Economy of Montenegro)</p> <p>Strengthening regional economic corridors for the economic growth through facilitating trade and transport to promote investment:</p> <ul style="list-style-type: none"> • Connectivity agenda of SEE 2020 • Private-Public Sector dialogue • Regional coordination around strategic targets 	<p>Presentations</p> <ul style="list-style-type: none"> • Dr. Mathias VON TUCHER, ICS Danube Logistics SRL / Giurgiulesti International Free Port, Director Business Development Moldova • Ms. Snežana HADŽIĆ, Ministry of Transport and Communication of Bosnia and Herzegovina • Ms. Jasminka KIRKOVA, State Counselor, Ministry of Transport and Communications of Macedonia
11.00-11.15	Coffee Break	
11.15 -12.30		<p>Panel Discussion</p> <ul style="list-style-type: none"> • Ms. Violane KONAR-LEACY, Project Manager, Regional Trade Logistics Project, IFC Europe and Central Asia Department • Mr. Toshiaki SAKATSUME, Senior Economist, EBRD

DAY	EVENT DESCRIPTION	SPEAKERS/Event Format
		<ul style="list-style-type: none"> • Ms. Dragana DJURICA, Expert for South East Europe Investment Committee, RCC • Mr. Dejan LASICA, General Manager, SEETO
12.30-14.00	Lunch break	
14.00-16.00	<p>Session IV – CEFTA Forum of Chambers of Commerce</p> <p>Forum of Chambers of Commerce: Report on the implementation of the conclusions of the Forum working groups:</p> <ul style="list-style-type: none"> • WG on Agriculture and SPS • WG on TBT and NTBs • WG on Customs and Rules of Origin • WG on Trade in Services 	<p>Presentations CEFTA Chambers of Commerce</p> <p>Panel Discussion</p> <ul style="list-style-type: none"> • Mr. Rajesh AGGARWAL, Chief Trade Facilitation and Policy for Business, ITC • USAID representative from Moldova • CEFTA Parties-private sector and government
14.00-17.00	<p>Parallel Meeting: CEFTA Trade Facilitation Committee Meeting (in camera)</p> <p>Venue: Chisinau, 1, Piata Marii Adunari Nationale, Government Building, Conference Room, 6th floor</p>	CEFTA Parties
Day 4: November 26, 2015 (Thursday)		
9.30-12.30	<p>CEFTA Experts Meeting (in camera)</p> <p>Venue: Chisinau, 1, Piata Marii Adunari Nationale, Government Building, Conference Room, 6th floor</p>	CEFTA Parties
12.30-14.00	Lunch break	
14.00- 17.00	<p>CEFTA Joint Committee (in camera)</p> <p>Venue: Chisinau, 1, Piata Marii Adunari Nationale, Government Building, Conference Room, 6th floor</p>	CEFTA Parties

4.3 Key CEFTA Related Contacts

I. CEFTA Contact Points

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*This designation is without prejudice to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence



MINISTRY OF ECONOMY
Government of Republic of Moldova



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