PRIORITIES FOR THE CEFTA CHAIRMANSHIP 2021

December 2020
I. INTRODUCTION

As set out in the CEFTA 2006 Decision No.1/2007 Rules of Procedure (Article 3), North Macedonia will take over the Chairmanship of the CEFTA 2006 in January 2021 from the Bosnia and Herzegovina. The Chairmanship is taken on a rotational basis with the tenure of office of one calendar year.

The CEFTA Chairmanship of 2021 shall contribute further with the actions and timelines foreseen in order to secure smooth functioning of CEFTA Structures to undertake all the technical and policy level activities.

It has to be noted that the Chairmanship of Bosnia and Herzegovina has been held under extraordinary circunstances due to the COVID-19 pandemics and that the activities under the Priorities have been rearranged in order to effectively respond to the pandemics. Some of the activities that have been planned under the Bosnia and Herzegovina Chairmanship have been postponed and will be taken in charge in the Chairmanship of North Macedonia.

Following the political process of Berlin, North Macedonia will engage to point out the priority actions of the CEFTA during 2021, through implementation of the Common Regional Market (CRM) 2021-2024 Action Plan, adopted during the Summit in Sofia in November 2020 and supported by the European Commission, facilitating the economic recovery after the crisis making the region more attractive for investment and trade; and bringing prosperity to WB citizens, through: cross-cutting trade issues, facilitation of trade in goods and services, and creating NTMs and TDM Free Region. The CRM document will be complemented by the CEFTA Roadmap, to be endorsed in 2021. This document will provide detailed guidance for implementation by the CEFTA Parties.

In addition, the Chairmanship of North Macedonia will emphasise the importance of strengthening coordination between policies through regional organisations and initiatives. The Chairmanship of North Macedonia deems that the following priorities will complement the efforts in CEFTA in achieving the CRM objectives falling under 2021.

II. PRIORITIES OF THE CHAIRMANSHIP FOR 2021

The CEFTA Chairmanship of 2021 considers the creation of a regional economic area based on EU compliance and CEFTA Agreement and fully is aware that the actions foreseen by the Common Regional Market Agenda requires systemic and coordinated work for each upcoming CEFTA Chairmanship in 2021 and onwards. That is why the efforts of the CEFTA Chairmanship of 2021 will also pay a particular attention to establishing the strong basis of all actions with a multi-annual perspective to implement timely CRM Agenda, and therefore achieve economic benefits for the region.
Considering the above mentioned overall objective, North Macedonia has determined the following as the priorities of its Chairmanship in 2021 to respond to the undertaken commitments. Therefore, the Chairmanship priorities will directly stem from the Common Regional Market Agenda to respond to the needs of CEFTA Structures for its proper implementation. Implementation of the CEFTA Agreement and its Additional Protocols will be the building blocks of the Chairmanship of North Macedonia.

**Priority 1: Free movement of goods**

Under this priority, the CEFTA Chair in Office, in line with the Additional Protocol 5 shall focus on the adoption and implementation of the programs on mutual recognition. The Decision No. 1/2019 on establishing validation procedures for mutual recognition of AEOS entered into force on 1 April 2020. North Macedonia, Serbia and Moldova submitted applications in 2020 for starting the procedures of validation. The Chair will give its full support so that three procedures are finalized in the first quarter of 2021. The Chair will also support the activities of the other parties enabling them to apply for the recognition of their programs.

The Decision on facilitating trade in fruit and vegetables is the second pillar of the activities in facilitating trade in goods in 2021. The Decision was adopted in February 2020 and given its complexity, in the course of the year four technical meetings were held with the aim to turn it into concrete activities of the parties framed by action plan. The Chair will support realization of the action plan, so that the implementation of the decision is piloted for the set of selected products in 2021. The Decision is fully aligned with the relevant EU legislation and its implementation will also support export to the EU. The Parties are to start the discussion on extending the scope of the Decision to other agricultural products. Finally, under chairmanship oh North Macedonia, at least one program on mutual recognition in industrial products will be developed, based on the activities performed in 2019and 2020 Moreover, the Chairmanship will support the preparation of the Action document for the implementation of the Quality Infrastructure Project that is due to start in 2021. Implementation of CEFTA Customs Risk Management Strategy remains one of the priorities for 2021. This year the Parties are expected to develop common metric to measure Risk Management progress for the CEFTA Parties, establishment risk management standard operating procedures and further develop common risk criteria and standards for the full rank of risks. The consultations on the broadening the scope to other agencies involved in clearance of goods will resume during 2021.

When it comes to simplification and harmonization of procedures, the Chair will fully support extension of Green corridors/ Green Lanes initiative within CEFTA and to the borders with the EU Members States. In CEFTA, Green lanes concept will be applied to all BCPs/CCPs and the list of essential products will be updated to better accommodate the needs of the parties. The Chair will support alignment of working days and hours and development and sharing of facilities, joint controls and establishment of one-stop shops in cooperation with the Transport Community.
The work on the implementation of the new transitional rules of PEM will be the one of the priorities for the Chairmanship of North Macedonia. The Chairmanship will support the singe date of the implementation of the transitional rules.

Upgrade and extension of the current SEED to SEED+ as stipulated by the CEFTA Additional Protocol 5 and its Technical Annexes (Appendix A) will start in summer 2021. North Macedonia shall follow on the allocation of adequate financial recourses from the Parties’ budgets to secure interoperability of their existing information systems with SEED+ systems in order to ensure continuous data, information and documents exchange between the Parties. The CEFTA Chair in Office will avail CEFTA Structures to secure all the necessary legal and administrative arrangements for seamless implementation of the SEED+. The start of the implementation of the SEED+ upgrading and the development of other CEFTA central databases will be a major task of the Chairmanship 2021.

The harmonisation of the second page of the veterinary certificates and the health certificates are the activities that will be tasks that the Chairmanship of North Macedonia will support. These tasks would foster the harmonisation of the veterinary legislation of the Parties with the acquis and will facilitate the trade of the veterinary products within CEFTA. The harmonisation of the health certificates will enable easier exchange of the certificates.

The Chairmanship of North Macedonia will resume the work on the agricultural subsidies provided by the Parties in order to enhance the transparency of these measures within the CEFTA region, based on the work of previous chairmanships.

**Priority 2: Free trade in services**

The effective implementation of the Additional Protocol 6 on Trade in Services is seen as an essential factor for promoting trade and investment in the region and a key driver for stimulating economic growth in economies of CEFTA. Upon its entry into force, the North Macedonia will prioritise work on identification of compliance gaps in the CEFTA Parties and their timely removal.

The Chair in Office will coordinate activities aimed at strengthening capacities of contact points for services. Furthermore, their work will be bolstered with formalization of the procedure for notification of new regulation linked with CEFTA Services Regulatory Database, whose maintenance and update will be conducted in close cooperation with WTO.

North Macedonia will promote sector based regulatory dialogue aimed at facilitation of trade in tourism services, postal, and financial services. In tourism, the Chair in Office will seek to prepare and adopt agreement addressing key trade barriers, including enabling mutual recognition of licences, based on the EU relevant acquis. In insurance, identification of cooperation models will be sought to decrease
insurance related costs of movement of people, goods and services in the region. Furthermore, the Chair in Office will support cooperation with RCC and the World Bank aimed at identifying capital market service and/or product where concrete market integration model could be sought. In postal services, the focus will be given to identification of key weaknesses in regional parcel delivery with a view of recommending improvement of quality and cost-effective service.

Regarding professional qualifications, the Chair in Office will support the work towards adopting decision on setting up general system of recognition of professional qualifications for a pilot profession with gradual extension to other professions. In cooperation with RCC, support will be given also to negotiating automatic recognition in 7 professions. Both general system and automatic recognition will be firmly anchored in EU regulation, i.e. Directive on Mutual Recognition of Professional Qualifications.

On electronic signatures and other trust services, North Macedonia will invest efforts to find an agreement among the Parties on a roadmap which should provide key elements and steps towards adopting framework for mutual recognition of electronic signatures as well as other forms of eIDs and trust services based on the relevant EU acquis (e.g. eIDAS Regulation). Further on the implementation of the CEFTA E-commerce Roadmap, the Chair in Office will prioritize work on setting up framework on regulatory facilitation of digital trade, based on the harmonisation with relevant EU rules, but also putting into practice market integration mechanisms such as internal market principle regulated in the EU’s E-commerce Directive. Finally, the work on removing unjustified geo-blocking in the region will be launched with identification of key geo-blocking barriers and recommendations for actions in line with EU acquis and practices, i.e. Regulation (EU) 2018/302 and Regulation (EU) 2017/1128. Moreover North Macedonia will support the development of the new action grant in the framework of the EU assistance to the implementation of the e-commerce.

With a view of facilitation of movement of natural persons in the context of the supply of service, the Chair in Office will together with other Parties work on agreement to extend commitment to remove working permits for inter-company transfers and service suppliers.

New cooperation arrangements in areas such as tourism, professional qualifications or electronic commerce will be underpinned with administrative cooperation based on extension of SEED plus functions to areas where electronic exchange of documents can contribute better implementation of agreed arrangements.

Regarding statistics, the Chair in Office will attach high importance to maintaining and upgrade exchange of data so as to enable more data exchanged and higher quality of data based on the agreement between the Parties, i.e. trade in goods data on HS6+2 level.
North Macedonia will be committed to cooperation with other regional organisations, such as Regional Cooperation Council and Transport Community in delivering measures related to free movement of capital and people.

**Priority 3: Remove obstacles to trade in goods and services**

The CEFTA Chair in Office shall give its full support to the CEFTA Structures to have sustainable abilities to address non-tariff measures systematically and eliminate NTBs to the possible extent. North Macedonia shall invest efforts to secure full and sustainable reporting of state aid including state aid schemes and measures. In particular, the creation of a network shall be envisaged to foster peer learning through the cooperation among competition authorities thus to secure the implementation of CEFTA Agreement commitments in this regard. Creating the regional networks between Competition Authorities, IPR, Public Procurement, consumer protection and environmental Authorities is of substantial importance to support CEFTA trade facilitation, and particularly to contribute its efforts for liberalisation of trade in services. To serve this aim, a number of regional network meetings are to be organised among such authorities in order to discuss what would be the possible actions that can be taken at the regional level in those areas. The Chair will start the exploratory talks in these areas and resume the talks that started under the previous chairmanships.

The Chair in Office shall in particular support the CEFTA Secretariat, tasked by CRM Agenda to prepare on an annual basis an NTM report. The first report is due to be prepared in 2021 will in particular reflect the current obstacles faced by companies and breach in the level-playing field that should prevail for companies within the region. Furthermore, the efforts are to be made for monitoring the elimination of non-tariff barriers through transparent and regular reporting of the elimination process in each CEFTA Party. In this regard, the Chairmanship of North Macedonia will continue the ongoing efforts for enhancing transparency within CEFTA through using information and communication technology tools for monitoring purposes, and the notifications capacity building for the designated representatives of the Parties.

Entry into force of the of the Additional Protocol 6, expected in January 2021, will extend the work on identification of NTMs to the services sectors. The Chairmanship of North Macedonia will resume the activities of inclusion of possible trade barriers in the services sectors in the framework of this Priority.

**Priority 4: Additional Protocol on Dispute Settlement**

North Macedonia aims at concluding the Additional Protocol 7 on Dispute Settlement, which would level up the efficiency of the existing CEFTA Dispute Settlement. Following the efforts made in this regard by previous chairmanships, North Macedonia will allocate enough resources to the objective in order to contribute successfully to it by the end of its Chairmanship.
Priority 5: Institutional development

Due to the increase of activities in the framework of CEFTA Structures and the emergencies caused by pandemics in 2020, shows that the institutional work of the CEFTA needs to be reorganised in order to allow the CEFTA structures to swiftly respond to urgencies that might arise. Example of the creation of the urgently needed coordination body in the framework of the establishment of the green corridors shows that there are possibilities to improve the work of CEFTA and speed up the implementation of the activities.

Due to these reasons, the Chair in Office will continue the work on restructuring and better finetuning of the CEFTA bodies and procedures, commenced during the 2019 Chairmanship. This would be done through finetuning and updating the Decisions regulating the work of the CEFTA bodies. The need is arising from the conclusions on various committees and subcommittees. This Priority will, furthermore, streamline the functions of the CEFTA bodies towards the coordination mechanisms.

The new functioning in the framework of the changes of EU funding procedures will require the changes in the structural Decisions of the Joint Committee relating to the financial management and the budgetary management. These activities will be complementary to the administrative strengthening of the CEFTA Secretariat, that is expected to be finalised in the Chairmanship of North Macedonia. The work on the digitalisation of the CEFTA Secretariat will under the Chairmanship of 2021 spill over to the CEFTA bodies and Parties improving the coordination and facilitation the operational work of CEFTA.

The North Macedonia Chairmanship will follow and support the work in increasing visibility of the CEFTA activities and results based on the already started activities under the Chairmanship of Bosnia and Herzegovina.

III. COOPERATION WITH INTERNATIONAL INSTITUTIONS AND REGIONAL INITIATIVES

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

The Chairmanship of North Macedonia will continue the efforts made by the previous Chairs to promote the public-private sector dialogue in CEFTA. In this regard, North Macedonia will enhance communication towards the private sector and the general public on CEFTA achievements. Cooperation with civil society and
the academia will resume and the scope of cooperation will expand based on the successful cooperation with WB6 CIF. The Chair in Office will continue to cooperate with the European Commission, and GIZ which have so far been playing major facilitating role in the implementation of CEFTA Chairmanship Work programmes. Under this priority, the Chairmanship will organise the donor coordination meeting, during the Study tour at the beginning of 2021.

In the framework of the implementation of its Chairmanship Work Programme, the Chair in Office will continue to work in close cooperation with the Transport Community, EBRD, World Bank, EFTA, FAO, OECD, IFC, UNCTAD, ITC, UNWTO, WCO and WTO whose technical advisory are of substantial importance to undertake the activities by the CEFTA Structures. Also, the European Commission and UNWTO will be informed about the progress in regulatory dialogue in facilitating trade of tourism services.

Finally, the CEFTA Chairmanship of North Macedonia 2021 express its will and commitment for ensuring the smooth implementation of the CEFTA Agreement.