



CEFTA

Central European Free Trade Agreement

Faster, transparent and comprehensive system for settling disputes in CEFTA

WHAT IS A DISPUTE SETTLEMENT MECHANISM (DSM)

DSM is a structured process that aims to solve disputes that may arise between two or more Parties engaged in business relationships. In order to make it right DSM incorporates consultations or negotiations, mediation and arbitration for smooth sailing between the Parties.

CEFTA DISPUTE SETTLEMENT MECHANISM

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WHY DO WE NEED REFORM ON DSM?

Trade irritants and disputes must be resolved to avoid negatively affecting overall integration and relations among CEFTA Parties, and this should be achieved through a simple, efficient, and effective dispute settlement mechanism;

- ✓ Rule-based, independent, impartial, and ultimately able to achieve compliance and guarantee enforcement;
- ✓ Dispute settlement should be preceded and complemented by discussions on a technical and bilateral level, such as those initiated through the Market Access Data Base (MADB);
- ✓ Similar framework to the one available at the multilateral level under the WTO system.

BENEFITS AND ADVANTAGES OF THE CEFTA DSM:

- ✓ The use of the DSM ensures rules-based trade system among CEFTA Parties. Violations to agreements are expected to be brought into compliance, remedied, or repaired.
- ✓ An improved DSM is expected to contribute deeply to integration within CEFTA, through enhanced predictability.
- ✓ A dispute settlement mechanism works to protect trade interests. Dispute rulings lead to trade recovery and increased trade flows.
- ✓ Flexible, cost-efficient, time-effective mechanism.
- ✓ Gives the Parties more control over the process and the results
- ✓ Parties may directly participate in working out the terms of their settlement.

WHERE ARE WE NOW?

- ✓ Negotiations are ongoing - Parties are making great effort to ensure a mechanism that is a fast, transparent, flexible, and cost-effective.
- ✓ The CEFTA DSM will be preceded and complemented by bilateral discussions at a technical level, such as those initiated through the Market Access Barriers Database (MABD)
- ✓ Additional Protocol 7 (AP7) to CEFTA Agreement will deliver formal rules and procedures for the settlement of trade disputes between CEFTA Parties

