CEFTA Trade Facilitation Agenda
From Risk Management to Trade Facilitation in CEFTA

Umut Ergezer – Technical Adviser

Brussels, 15 June 2015
OBJECTIVE
Objective

General Framework:
• To present shortly Context in CEFTA and SEE 2020

CEFTA Risk Management
• to give a summary what has been done and how it was evolved

Trade Facilitation related priorities of CEFTA
• to present the main pillars of Trade Facilitation in CEFTA in the framework of the South East Europe 2020 Strategy
• to pinpoint the role of risk management in trade facilitation agenda of CEFTA

Update on the Recent Developments in CEFTA
• Framework Agreement on simplification of border procedures, exchange of information, and MR of AEOs
GENERAL FRAMEWORK
EVOLUTION OF PRIORITIES IN CEFTA

CEFTA
2008 - 2013

- All commitments and deadlines met
  - Full liberalisation of trade in goods
  - Diagonal cumulation
  - Opening of PP Market
  - TBT notification
  - State Aid notification
  - IPR review
  - Non-discrimination in Investment
  - Transparency tools: Market Access Database, SPS Database, CEFTA Trade Portal

CEFTA & SEE 2020
2014 - 2020

- Implementation of Agreement focused on
  - Liberalisation of trade in services
  - Trade Facilitation
  - Transparency
- Synergies within SEE 2020
  - Investment
  - Market Access
  - Supply chains
  - Mobility
  - Human capital development etc.
Development of CEFTA Structures

Joint Committee

Secretariat

Deputy Ministers

Committee of Trade Facilitation

Subcommittee (SC)
Working Group (WG)
Sanitary and Phyto-sanitary Issues (SPS)
Non-tariff Barriers (NTBs)
Technical Barriers to Trade (TBT)

2007
2010 - 2013
2014 - 2015

SC on Agriculture and SPS

SC on Customs and RO

SC on NTBs and TBT

SC on Trade in Services

WG on Risk Management

WG on Electronic Exchange of Information

WG on TBT

Negotiating WG on Trade in Services

WG on Trade in Services Statistics

Subcommittee (SC)
Working Group (WG)
Sanitary and Phyto-sanitary Issues (SPS)
Non-tariff Barriers (NTBs)
Technical Barriers to Trade (TBT)
CURRENT CONTEXT IN CEFTA

• Trade in industrial and agricultural goods is liberalised (no tariff- no quota)
• Alignment to the EU acquis is in progress with variable levels – no action in CEFTA to contradict with the acquis
• All signed FTAs with the EU, and TR (except Kosovo*) and with the EFTA states (except Moldova and Kosovo*)
• Overall commitment to respect WTO rule book in the implementation of CEFTA independent from the status of membership to WTO

*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
SEE 2020 HEADLINE TARGETS

**Overall Strategic Goals**
- Increase regional GDP PPP per capita from 38% to 46% of the EU-27 average
- Grow the region’s total value of trade in goods and services by more than 130%
- Reduce the region’s trade deficit from 14.1 to 11.6% of regional GDP

**Integrated Growth**
- Increase intra-regional trade in goods by more than 230%
- Increase overall FDI inflows to the region by at least 120%
- Increase GDP per person employed by 33%

**Smart Growth**
- Increase the rate of enterprise creation to 20%
- Increase exports of goods and services per capita from the region by 130%

**Sustainable Growth**
- Increase the overall employment rate by 12%
- Add 300,000 highly educated people to the region’s workforce

**Inclusive Growth**
- Increase government effectiveness by 20% by 2020

**Governance for Growth**
EVOLUTION OF RISK MANAGEMENT TO TRADE FACILITATION IN CEFTA
Milestones (1)

2011
Albania prepared a multi-annual work programme and determined improving information exchange for facilitating trade and simplification of procedures.

2012
Bosnia and Herzegovina inserted the risk based approach into the Multi-annual work programme.

2012
CEFTA Customs Risk Experts Network meeting was held and the experts recommended to create a standing working group on customs risk management.

2012
CEFTA Ministerial Decision 1/2012 was adopted to create CEFTA Working Group on Customs Risk Management
Milestones (2)

2013
1st Meeting of CEFTA Working Group on Customs Risk Management was held on 25 April 2013 in Skopje and prepared its work programme.

2013
The first questionnaire is circulated to receive detailed information on the implementation of risk management in Customs Authorities of CEFTA. All the legislation and procedures exchanged through the Secretariat.

2013
Decision by the CEFTA Subcommittee on Customs and Rules of Origin to deepen the questionnaire to exchange information on specific objectives, risk profiling, and hit rates.
Milestones (3)

2014 (June)
Results of 2d Questionnaire were presented in the third Working Group Meeting in June 2014 during which the CEFTA Parties discussed how to respond the challenges regionally.

2014 (September)
The Working Group decided to recommend the launch of negotiations for simplification of border procedures in all clearance stages, exchange of information and mutual recognition of AEOs.

2014 (November)
The CEFTA Joint Committee launched the negotiations of Framework Agreement and established Committee of Trade Facilitation and Working Group on Electronic Exchange of Information.
CEFTA TRADE FACILITATION AGENDA
### General Principles of Trade Facilitation in CEFTA

<table>
<thead>
<tr>
<th>Built upon the EU Acquis (Acquis +)</th>
<th>Private Sector Oriented</th>
<th>Specific and Result Oriented</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Region Specific Standards</td>
<td>Public-private sector dialogue is to be strengthened</td>
<td>Product Specific Measures</td>
</tr>
<tr>
<td>All actions are to be in line with the Acquis</td>
<td>Private Sector is to play advisory role</td>
<td>Most Trade Distortive Barriers</td>
</tr>
<tr>
<td>Additional legal instruments are to be created to utilise the Acquis for economic interest of the Region</td>
<td>Attention of private sector to play a role of watchdog to the implementation of CEFTA</td>
<td>Facilitate Access to Markets</td>
</tr>
</tbody>
</table>
Logical Framework of Regional Horizontal Intervention

- Simplification: Process of eliminating all unnecessary elements and duplications in formalities, processes and procedures.
- Harmonisation: Alignment of national procedures, operations and documents with the EU acquis, and other international conventions, standards and practices.
- Standardisation: Process of developing internationally agreed formats for practices and procedures, documents and information.
REGIONAL ACTION IN CEFTA TRADE FACILITATION ALWAYS TO RESULT IN LEGAL INSTRUMENTS UNDER CEFTA

- Simplification Framework Agreement in CEFTA
- Harmonisation Identifying and Eliminating NTBs
- Standardisation Elimination of overlapping and redundant documentary requirements

CEFTA Trade Facilitation
Relation of Framework Agreement in CEFTA with other Agreements and Processes

- CEFTA Agreement
- SEE 2020
- WTO Trade Facilitation Agreement
- EU Acquis
CONCLUSIONS
Conclusions (1)

- Risk management is the centre of trade facilitation efforts.
- Trade facilitation is not a self-standing policy but instrumental to promote trade in order to support economic growth.
- Putting trade facilitation in the context of economic growth provides stronger policy context and strengthens interaction with other policy areas (investment, transport etc)
- Role of Ministries for Trade in trade facilitation is of critical importance
  - trade facilitation is not exclusive area of customs authorities
  - facilitates taking decisions on simplification and border agency cooperation
- Linking non-tariff barriers/market access to trade facilitation areas creates positive synergies and helps prioritisation of actions
- Private sector plays important role not only in private-public sector dialogue but also in defining the core problems to tackle with, and creating positive pressure over the public authorities to change
Conclusions (2)

- Financial and technical assistance are not scarce though they should be well coordinated.
- Donor coordination is therefore a must, and it will be better, if it is to be done by the beneficiary side.
- Many tools and instruments are available by the international organisations. Beneficiaries (national or regional) should identify their needs and own the process to select the correct mix/fine-tune the standard international tools for their needs.
- No outputs of any project can be more sustainable than legal instruments.
- Commitment and ownership from the beneficiary side to trade facilitation is obligatory as it requires inter-ministerial strong coordination.
- Regional agreements and organisations can be instrumental to highlight the importance of ensuring such commitment and ownership at the national level.
THANK YOU.