

Central European Free Trade Agreement (CEFTA): a precursor to the single market

1. Background

CEFTA is a regional Free Trade Agreement. It was established following the Visegrad Declaration of February 1991. The original CEFTA agreement was signed by Poland and Hungary, as well as the Czech and Slovak Republics on 21 December 1992 in Krakow, Poland. This agreement became active on 1 March 1993. Through CEFTA, participating countries hope to mobilize efforts to integrate Western European institutions, and, through this, to join European political, economic, security and legal systems, thereby consolidating democracy and free market economics. Since the agreement was ratified by founding members, it has been amended several times.

The membership of CEFTA has been extended to other countries of Central and South Eastern Europe. CEFTA includes Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Moldova, Montenegro and Serbia. Macedonia joined CEFTA on 1 January 2006. The rest joined on 1 January 2007.

Basically, All the CEFTA members are potential future members of the European Union. Once members join the EU, they stop belonging to CEFTA¹.

2. Membership Criteria

The legal basis for accession to the CEFTA Agreement is found in Article 49 of the Agreement. Paragraph 1 of this Article provides that: Accession to this Agreement may take place with the consent of all Parties. The next paragraph states that the terms and conditions of the accession are determined by the Accession Agreement concluded between all the Parties on the one side and the acceding Party on the other.

The criteria for accession to CEFTA are defined in the Declaration of the Prime Ministers of the Member States known as the Poznan Declaration signed on 25 November 1994. In principle, pre-conditions for accession to CEFTA include membership of the World Trade Organization (WTO), the signing of an Association Agreement with the EU, and consent from all CEFTA states in the form of concluded negotiations on bilateral Free Trade Agreements. However, membership criteria are flexible and can be set aside. For example, Kosovo is not yet a member of WTO, but is a member of CEFTA. This was permitted to avoid the isolation of Kosovo. The EU has encouraged Western Balkans countries to enter into this free trade agreement which is limited in duration until its current members join the EU.

3. Kosovo Accession to CEFTA

The first round of negotiations about Kosovo joining CEFTA was held in June 2006. There was nobody from MAFRD in the Kosovo delegation. In the second negotiation round held in Brussels on 24-25 July 2006, the delegation included representatives from Pillar IV, the Prime Minister Office, MTI, UNMIK Customs and MAFRD. The third round of negotiations was held in Brussels during 13-15 August 2006.

Kosovo signed the CEFTA agreement on 19 December 2006 at the South East European summit of Prime Ministers in Bucharest. SRSG, Joachim Rucker, together

¹ However, certain European Free Trade Association members (Iceland, Norway, Switzerland and Liechtenstein) are not EU members.

with the Minister for Trade and Industry, Bujar Dugolli, and the Deputy Head of UNMIK Pillar IV, Andreas Wittkowsky, participated in the signing ceremony on behalf of Kosovo.

The CEFTA Agreement replaced 32 bilateral and other trade deals, harmonizing their substance to increase transparency, enhance predictability and cut red tape.

UNMIK signed four bilateral Free Trade Agreements (FTAs) which have been replaced by CEFTA. Following a declaration of intent in May 2003 to follow the Stability Pact Memorandum on Trade Liberalisation and Facilitation, UNMIK began to negotiate bilateral FTAs with the full involvement of the Government. In three years, Kosovo had signed free trade agreements with Albania, Macedonia, Bosnia-Herzegovina and Croatia.

Trade between Kosovo and Serbia and Montenegro has not been subject to customs duties after 1999. These achievements were deepened in 2006 by the decision to create a regional single free trade area through the enlargement of CEFTA. With its accession to CEFTA, Kosovo's businesses can benefit from the customs duty free access to the single market of about 30 million people.

CEFTA also provides institutional mechanisms for resolving trade disputes, removing non-tariff barriers to trade, and providing a basis for the liberalisation of public procurement and trade in services.

The geographic pattern in Kosovo's exports is already showing a heavy orientation towards the members of CEFTA. Hence, Kosovo's accession to CEFTA should serve as a catalyst for continued expansion of exports to the region. Kosovo's primary industry has traditionally sold its products in the region (primarily in the former Yugoslavia).

Coupled with the accession to CEFTA, the revival of primary industry through the privatisation process should lead to further growth in regional exports. In addition to providing duty free access, CEFTA provides mechanisms to remove non-tariff barriers that have made exporting difficult in recent years. Moreover, free and unimpeded access to markets for the products of Kosovo's primary industries will provide additional incentives for foreign direct investment.

UNMIK and the Government have made progress to render Kosovo an integral part of all regional economic initiatives. Thus, Kosovo is a party to CEFTA, the European Common Aviation Area (ECAA) and the Energy Community Treaty (EnCT). It also takes part in the South East Europe Transport Observatory (SEETO), the Electronic South East Europe (eSEE) initiative and the European Charter for Small Enterprises (ECSE). These initiatives will have an impact on key economic activities related to international trade, energy, transport, tourism, investment promotion, information society, civil aviation the and business environment.

On 28 September 2007, the first Joint Committee Meeting of the enlarged CEFTA Agreement took place in Ohrid, FYR Macedonia. Kosovo was represented by the Deputy Head of UNMIK Pillar IV, Andreas Wittkowsky, and the Minister of Trade and Industry, Bujar Dugolli. Most Ministers of the other CEFTA parties were present. During the meeting, the Joint Committee decided that a CEFTA Secretariat will be established in Brussels. Kosovo will take over 6.5% of the costs of the Secretariat, which is in accordance to its relative economic strength. The Committee decided on establishing

three sub-committees related to agriculture, customs operations and trade barriers. Shortly before the meeting, the last two of eight signatory parties, Serbia and Bosnia-Herzegovina, ratified CEFTA.

In a statement of the delegation, Andreas Wittkowsky pledged to: participate in the SAP Tracking Mechanism; converge to the EU *aquis*; and apply WTO rules in the conduct of mutual trade relations. Wittkowsky said: "Participating effectively in the new CEFTA is very important for Kosovo. It benefits Kosovo consumers and the development of a competitive export sector. The trade with CEFTA members is substantial. In 2006, Kosovo exchanged 46% of its imports and 56% of its exports with the other seven CEFTA signatories. In Kosovo, CEFTA participation has become a key objective of Kosovo's economic development."

Kosovo derives three major benefits from trade liberalization - improved export opportunities, better investment conditions, and stable relations with its neighbours.

At a meeting held on 18 May 2008 in Podgorica (Montenegro), the Sub-Committee of CEFTA on customs' operations discussed simplification of custom trade procedures. The participants (custom services) from Albania, Bosna-Herzegovina, Croatia, Macedonia, Moldova and Kosova stressed the need to adapt CEFTA. According to the spokesperson for Customs, the Kosova request was focused towards Serbian Customs. All goods imported from Serbia should be accompanied with certification EUR 1 (that shows the origin of the goods).

Concerning the sub-committee on agricultural trade, this group has three members from Kosova: Elinor Bajraktari (Pillar IV), Hysni Nura (MAFRD, no longer in position) and Flamur Kadriu (Veterinary Agency). The last meeting of this body that included staff from Kosovo was held in Skopje on 5 June 2007. The minutes from this meeting are attached at **Annex 1** to this paper. (The last meeting of this body that did not include staff from Kosovo was held in Moldova in Spring 2008.)

4. Kosova Institutions linked with CEFTA Implementation

Due to the multi-dimensional aspects of CEFTA, several Kosova institutions are linked directly and indirectly to its implementation. These institutions are:

- Office of Prime Minister
- UNMIK, pillar IV
- Ministry of Trade and Industry (MTI)
- Kosovo Food and Veterinary Agency
- Ministry of Economy and Finance
- Public Procurement Agency
- UNMIK Customs
- Assembly
- MAFRD
- Ministry of Culture, Youth and Sports
- Commission for Competitiveness

The primary institution from Kosovo that acts as coordinator regarding the CEFTA Agreement is MTI in close co-operation with UNMIK, pillar IV. The Trade Department located in MTI is responsible for Free Trade Agreements signed by Kosovo. This Department does have two Divisions: Foreign Trade; and Domestic Trade.

The Foreign Trade Division:

- Facilitates trade exchange between Kosovo and other countries;
- Proposes draft laws and other legal acts in the field of foreign trade, and proposes how to approximate national legislation with the EU's *acquis communautaire*;
- Prepares material and participates in negotiations for FTAs and for adherence in international organizations for trade;
- Prepares informative materials, bulletins on conducting Kosovo's trade exchange with other countries as well as for FTAs;
- Proposes to the Government measures regarding trends in Kosovo's trade exchange with other countries;
- Promotes domestic products in international markets and fairs;
- Applies trade policies, and proposes measures which are to be taken in order to apply these policies;
- Analyzes foreign trade and proposes measures for export expansion;
- Identifies obstacles to the export of Kosovo producers;
- Identifies factors that reduce local competitiveness;
- Proposes changes in customs tax policies that may be impairing investment in Kosovo;
- Accelerates activities regarding free trade agreements in the region and beyond; and
- Recommends cooperation with regional and international organizations such as WTO, Regional Balkans Centre, etc.

Whilst MTI is the lead agency in Kosovo related to CEFTA, the primary role belongs to MAFRD, including the Kosovo Food and Veterinary Agency, when trade on agricultural inputs and products is being considered.

5. Trade Policy Working Group (TPWG)

The Trade Policy Working Group (TPWG) includes representatives of several government institutions and UNMIK. It is responsible for harmonizing and coordinating issues that relate to Sanitary and Phyto-sanitary, Non-Tariff Barriers/Complaints, Rules of Origin, Antidumping & Safeguards, Competition, Marketing, Labeling and Packaging, Intellectual Property Rights, Export Regime, State Aid/Government Procurement etc.

A main task for TPWG is to work towards Kosovo's accession to WTO through harmonization of these issues with WTO rules.

6. Agricultural Products and Inputs

Agricultural products are covered in the third chapter of CEFTA in Articles 9 – 12: Article 9 provides the Scope of this Chapter; Article 10 defines Customs Duties on Imports; Article 11 covers Concessions and Agricultural Policies; and Article 12 deals with Sanitary and Phyto-sanitary Measures.

According to Article 9, the term "agricultural products" means for the purpose of the CEFTA Agreement the products that fall within combined nomenclature (CN) Chapters 1 to 24 and the products listed in Annex 1 of the Agreement: (see **Appendix 1** of this paper).

Article 10 is divided into three paragraphs. Paragraph 1 states that customs duties on imports, all charges that have equivalent effect, and other important duties of a fiscal nature specified in Annex 3 to the Agreement shall be either reduced or abolished to the schedules listed in the Annex. Trade of agricultural products according to this paragraph is on the way to full liberalization.

The second paragraph of Article 10 enables the parties to apply Most Favoured Nation² duty on imports of products listed in Annex 3 when this is lower than the preferential customs duties that are specified in Annex 3.

The last paragraph of Article 10 sets a deadline of no later than 1 May 2009 for the parties to examine within the Joint Committee³ the possibilities of granting to each other further concessions.

As regards Article 11 (1), the provisions of Chapter 3 do not restrict in any way the pursuance of the respective agricultural policies of the parties or the taking of any measures under such policies, including the implementation of agreements within the WTO framework.

However, paragraph 2 obliges the parties to inform the Joint Committee for any change of their agricultural policy pursued, or measures applied, which may affect the conditions of agricultural trade among them as provided in the agreement. Notwithstanding Article 21, paragraph 2, the parties shall refrain from the use of export subsidies, and abolish any existing subsidies, in their mutual trade.

Article 12 deals with sanitary and phyto-sanitary measures. This article regarding the rights and obligations of the parties related to these measures refers to the WTO Agreement on the Application of Sanitary and Phyto-sanitary Measures. This WTO Agreement governs this issue, since all CEFTA members are also members of WTO, with the exception of Kosovo.

7. Trade trends

During 2004-2006, exports to CEFTA countries from Kosovo grew by 48% (79% of the total) reaching 37 Million Euro, whilst imports from these countries in the same period was up by 9.1% (8% of the total) reaching 553 Million Euro.

During 2006, the export-to-import ratio for CEFTA countries improved to 6.7% (6.1% of the total), up from 5% in 2005 and 4.6% in 2004.

During 2007, the level of trade exchange with CEFTA member countries was 38.6% of all external trade of Kosova. This is the highest index within CEFTA, and shows a high degree of Kosova trade integration in the region.

² Most Favoured Nation (MFN) is a status awarded by one nation to another in international trade. It means that the receiving nation will be granted all trade advantages - such as low tariffs - that any other nation also receives. In effect, having MFN status means that one nation will not be treated worse than any other nation. The members of the WTO, which include all developed nations, accord MFN status to each other. Exceptions exist for preferential treatment of developing countries, regional free trade areas and customs unions. Together with the principle of national treatment, MFN is one of the cornerstones of WTO trade law

³ The Joint Committee is the body composed of representatives of the parties. It supervises and administers the implementation of the CEFTA Agreement. For further information see Articles 40 & 41 of the Agreement.

Kosovo's exports to CEFTA member countries during 2007 increased by 34.3%, (or 47.6 million euro). This is approximately 49% of the value of all Kosova exports.

Imports from CEFTA during 2007 amounted to 569 million euros, which is an annual increase of 7.4%. This was 38% of total imports in 2007.

During 2007, Kosovo exported mainly to Macedonia (15.7%), Albania (15.3%) and Serbia (9.8%). The main imports were from Macedonia (15.7%), Serbia (14.7%) and Croatia (2.6%).

Regarding trade in agriculture products in 2007, 44% of imports and 80% of exports were with CEFTA member countries⁴. According to the main text of the Agreement (Article 9), the term agricultural product means ... the products falling within the Combined Nomenclature of goods in Chapters 1 to 24 and the products listed in Annex 1 to the Agreement. Chapters 1-24 include the following agricultural product categories:

Chapter 1	Live animals
Chapter 2	Meat and edible meat offal
Chapter 3	Fish and crustaceans, molluscs and other aquatic invertebrates
Chapter 4	Dairy produce; birds' eggs, natural honey, edible products of animal origin
Chapter 5	Products of animal origin
Chapter 6	Live trees and other plants, bulbs, roots, cut flowers and ornamental foliage
Chapter 7	Edible vegetables and certain roots and tubers
Chapter 8	Edible fruit and nuts, peel of citrus fruits or melons
Chapter 9	Coffee, tea, maté and spices
Chapter 10	Cereals
Chapter 11	Products of the milling industry, malt, starches, insulin, wheat gluten
Chapter 12	Oil seeds and oleaginous fruits, miscellaneous grains, seeds and fruit, industrial or medicinal plants, straw and fodder
Chapter 13	Lac, natural gums, resins, gum-resins and oleoresins (for example, balsams)
Chapter 14	Vegetable planting materials
Chapter 15	Pig fat (including lard) and poultry fat, and vegetable oils
Chapter 16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates
Chapter 17	Sugars and sugar confectionery
Chapter 18	Cocoa and cocoa preparations
Chapter 19	Malt extract, food preparations of flour, groats, meal, starch or malt extract
Chapter 20	Preparations of vegetables, fruit, nuts or other parts of plants
Chapter 21	Miscellaneous edible preparations
Chapter 22	Beverages, spirits and vinegar
Chapter 23	Residues and waste from the food industries, prepared animal fodder
Chapter 24	Tobacco and manufactured tobacco substitutes

8. Settlement of Disputes

Regarding the settlement of disputes arising between CEFTA members, there are two steps: first, **Consultations** (Article 42); and, second, **Arbitration** (Article 43).

According to Article 42 (1) any dispute that occurs between the parties should be solved through cooperation and consultation, if necessary in the Joint Committee, to arrive at a mutually satisfactory resolution. Paragraph (2) sets out that the party requesting consultations shall at the same time notify other parties in writing and supply all relevant information. The Joint Committee may recommend appropriate measures.

⁴ Source of data is the Ministry of Trade and Industry (Report for Trade Exchanges, 2007)

The consultations procedure is developed in the presence of a mediator. If the parties do not agree on the presence of a mediator, the Chairman of the Joint Committee (or, if he is a national or resident of one of the parties concerned, then the first of his predecessors who is not) shall appoint the mediator within 20 calendar days of receipt of the initial written request for mediation in compliance with the rules set out in Annex 8. The mediator will present a final report to the Joint Committee at the latest 60 calendar days after his/her appointment. If the dispute is not resolved, the Joint Committee will deal with the issue with a view to finding a commonly acceptable solution. Should this fail, the Joint Committee shall recommend appropriate measures (Article 42 (3)).

If no solution is found under this Agreement, and bilateral consultations, mediation or the Joint Committee fail to arrive at a commonly acceptable solution within 90 calendar days from the receipt of the notification referred to in paragraph 2, the party concerned may take provisional rebalancing measures under procedures laid down in Article 24. The measures taken shall be notified immediately to the parties and to the Joint Committee, which shall hold regular consultations regarding their abolition. The measures shall be abolished when conditions no longer justify their maintenance in the view of the Joint Committee, or, if the dispute is submitted to arbitration, when an arbitral award has been rendered and complied with as decided by the Joint Committee (Article 43 (4)).

If no agreement is settled through direct consultations in the Joint Committee within 90 calendar days from the date of the receipt of the request for consultations, it may be referred to arbitration by any party to the dispute by means of a written notification addressed to the other party to the dispute. The Arbitral Tribunal will settle the dispute in compliance with the CEFTA Agreement and any other applicable rules of international law. The Tribunal will consider *amicus curiae*⁵ briefs from a party not involved in the dispute. The Arbitral Tribunal is governed by Annex 9. The award of the Tribunal is final and binding upon the parties.

The first step of settling the dispute is political in nature. Parties are encouraged to settle disputes through consultation. However, if the first step fails, then the legal procedure – arbitration – is activated.

CEFTA should follow the EFTA example. The EFTA Agreement has set up the EFTA Court that handles disputes that occur between its members.

9. Short Term Plans of CEFTA members

The Republic of Moldova took over the Presidency of CEFTA on 1 January 2008. The Presidency organized an ordinary meeting of the CEFTA Joint Committee, a meeting of the CEFTA Prime Ministers and 3 sub-committees during April - June 2008. The sub-committee dealing with agricultural issues will be chaired by the Republic of Moldova, but that of customs and standards will be chaired jointly by Serbia and Montenegro, respectively. Within the Presidency, special attention will be given to creation of the CEFTA Secretariat.

⁵ *Amicus curiae* or *amicus curiae* (plural *amici curiae*) is a legal Latin phrase, literally translated as "friend of the court", that refers to someone, not a party to a case, who volunteers to offer information on a point of law or some other aspect of the case to assist the court in deciding a matter before it. The information may be a legal opinion in the form of a brief – a testimony that has not been solicited by any of the parties - or a learned treatise on a matter that bears on the case. The decision whether to admit the information lies with the discretion of the court.

The priorities of the Republic of Moldova's Presidency for agriculture and customs are as follows:

Agriculture:

- cooperation and exchange of experience in harmonization of the legislation in the sanitary, veterinary and phyto-sanitary fields with the *acquis communautaire*;
- examining the conditions that are included in the technical requirements of the CEFTA parties regarding the access to products on the CEFTA market;
- exchange of experience in the application of the control procedures as well as sanitary, veterinary and phyto-sanitary inspection of food industry producers;
- exchange of experience with regards to the methods, techniques and procedures used in the activities of evaluation and control of the producers in accordance with the HACCP principles, and the application of vertical legislation (EU directives and implementation methods); and
- cooperation between experts from the sanitary and veterinary domains with the aim of acceding to the rapid alert system for food and nutrition (RASFFN).

Customs:

- harmonization of legislation with the customs *acquis communautaire*;
- cooperation between CEFTA customs authorities in the field of origin of goods, especially control of origin; and
- adjustment of customs tariffs in favor of regional cooperation⁶.

10. Conclusions

CEFTA does not restrict members to apply specific agricultural policies or employ safeguard measures (Article 11 – Concessions and Agricultural Policies).

Kosovo has fully liberalized its trade on agriculture⁷. Tariff liberalization on agricultural products is scheduled in Annex 3 of the Agreement: (see **Appendix 2** of this paper which sets out in detail the current liberalization on agricultural products of each CEFTA member state).

There are differing views about the consequences of CEFTA implementation for Kosovo. Whilst there is common agreement about the political importance of being part of such a trade agreement, there are concerns about the position of Kosovo's enterprises and its economy in CEFTA country markets.

CEFTA is leading Kosovo to a new era of relations among CEFTA members, and in its relations with the EU and the international community. The Agreement unifies, simplifies and modernizes trade relations among the parties.

From a long-term perspective, there is no alternative to economic integration through CEFTA, although the short-term adjustment will be painful. Kosovo enterprises need to be developed in order to be competitive in such a market. According to available data, Kosovo's market penetration in CEFTA countries is slow because of low productivity, low

⁶ The Presidency of the Republic of Moldova to CEFTA- <http://www.chairmanship.mfa.md/central-european-free-trade-agreement/>

⁷ Tariff liberalization on agricultural products is summarized in Annex 3 of the Agreement. Annex 3.8 shows full liberalization of the import of agricultural products into the territory of Kosovo. The rest of the CEFTA members still retain various quotas.

quality, high costs, lack of government support, weak marketing and lack of investment. Other obstacles impede further development in trade: for example to go from Kosovo to Bosnia-Herzegovina requires travel through Vienna and/or other European centers. The lack of free movement of people within CEFTA countries limits the free movement of goods.

Further reading:



Stability Pact
Agreement on Amending

Annex 1

Minutes of the 5 June 2007 meeting of the CEFTA Agricultural Trade Subcommittee

The delegations of the Republic of Albania, the Republic of Croatia, the Republic of Macedonia, the Republic of Montenegro, the Republic of Moldova, the Republic of Serbia and of UNMIK/Kosovo met on 5th June 2007 in Skopje under the chairmanship of the Republic of Macedonia.

During the meeting, the following issues were discussed:

1. Exchange of information on the development of trade in agricultural goods
2. Exchange of information on the implementation of agricultural concessions (including administration of tariff quotas in 2006)
3. Review of the agricultural trade policies of individual CEFTA 2006 Parties
4. Examination of the applied safeguard measures and export subsidies
5. Other business

1. Exchange of information on the development of trade in agricultural goods

The representatives of the Parties exchanged information and views on the development of mutual trade with agricultural products within CEFTA in 2006.

They outlined the general trend of increased trade volumes following the implementation of the CEFTA Agreement and bilateral trade agreements.

No major problems in trade between CEFTA Parties were identified in the specified period. Croatia, Macedonia and Montenegro specified some key issues in trade with Serbia: fiscal discrimination in tobacco and tobacco products as well for the non-alcoholic beverages. Croatia also requested clarification from Serbia because of the non-application of the zero duty preferential rate determined for natural spring waters, contrary to the FTA. Serbia agreed to provide clarifications on the case.

Serbia would like to receive an explanation from Montenegro about informal prohibition of eggs import from Serbia into Montenegro.

2. Exchange of information on the implementation of agricultural concessions, (including the administration of tariff quotas in 2006)

The delegations noted that the allocated quotas had been only partially used and recommended:

- that greater efforts should be made to inform the business community about the opportunities opened by CEFTA 2006
- that further liberalisation be considered.
- that the format for exchange of information regarding the utilization of tariff quotas be based on Annex 3 of CEFTA 2006.

With respect to Macedonia's proposal to utilize quotas on a first come first served basis, this is the system employed by all Parties except Croatia which has two additional options available to it (in line with EU and WTO procedures). It was recommended that, where possible, CEFTA Parties would try to use only the first come, first serve basis among themselves so as to provide more clarity and certainty for the business community. The Macedonian proposal was supported by Albania, Serbia, Montenegro, Moldova and UNMIK/Kosovo.

3. Review of the agricultural and trade policies of individual CEFTA 2006 Parties

The representatives of the Parties exchanged information about agricultural and trade policies, and underlined their impact on mutual trade in agricultural products.

It was agreed to distribute the Parties' presentations on this item electronically by 14 June 2007 through the Secretariat of the Stability Pact Trade Working Group.

4. Examination of the applied safeguard measures and export subsidies

The CEFTA Parties exchanged information on export subsidies for agricultural products applied in 2006.

Considering agreed concessions, Serbia stated that it does not apply any safeguard measure on imports from CEFTA Parties, while, on the other side, Bosnia and Herzegovina has been applying various types and levels of safeguard measures on the import of agricultural products from Serbia, during the whole period of implementation of the bilateral free trade agreement. Serbia expressed its concerns about the safeguard measures applied by Bosnia and Herzegovina to exports from Serbia, and asked them to reconsider their measures.

Croatia stated that Bosnia and Herzegovina has applied safeguard measures for 23 groups of Croatian agricultural products since March 2005.

Croatia would like to receive an explanation as to when Bosnia and Herzegovina will reconsider their safeguard measure, having in mind:

- the elapsed period since the introduction of the safeguard measure,
- the fact that for some of the affected products Croatian exports are negligible (eg. tariff lines 0210 or 160242),
- the fact that for some of the affected products, the share of Croatian products in total imports to Bosnia and Herzegovina is small (e.g. meat and meat products).

5. Other business

Participants repeated the conclusions made by CEFTA 2006 Vice Ministers at their meeting in Skopje on 18 May 2007 on the need to establish a sub-committee on Agriculture, including sanitary and phyto-sanitary issues, with the chair rotating on a yearly basis. The current Party in the Chair should chair the sub-committee on Agriculture.

For the next meeting it was agreed to put SPS issues on the agenda, and to recommend inclusion of SPS experts in the delegations.

UNMIK/Kosovo stressed the issue regarding transit certificates throughout the Republic of Serbia for the goods of animal origin and live animals. It was agreed that an official response will be provided by the Serbian side.

The next meeting of this sub-committee will be organized in Moldova. Members from MAFRD (Flamur Kadriu and the minister's adviser, Frymzim Isufi), who were supposed to participate in this meeting, did not do so because of problems with visas.