



# ***CEFTA for Kosovo***

*Ilir Ciko*  
*Trade Policy Advisor*  
*Capacity Building for European Integration Project*  
*Ministry of Trade and Industry*



Supported by:

Institutional Support to the Ministry of Trade and Industry

An EU-funded project managed by the European Agency for Reconstruction



# ***Agenda***

**1. Introduction on CEFTA**

**2. Overview of trade trends**

**3. Expectations from the new CEFTA**

**4. Details on the new CEFTA**

**5. Discussions**

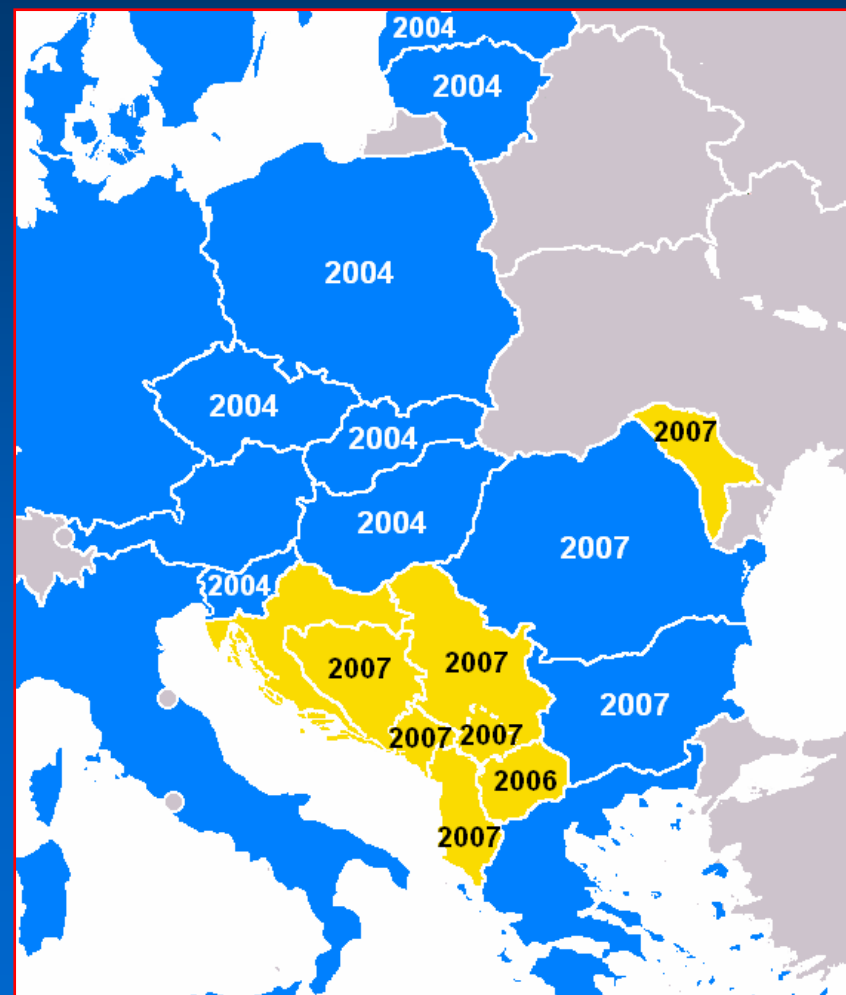
# ***A history...***

- *Post World War II*
- *1952: France, W.Germany, Italy, Benelux – European Coal and Steel Community.*
- *1958: European Economic Community.*
- *1973: Denmark, Ireland, UK*
- *1981: Greece*
- *1986: Portugal, Spain*
- *1993: European Union*
- *1995: Austria, Finland, Sweden.*
- *2004: Cyprus, Estonia, Hungary, Czech Republic, Lithuania, Latvia, Poland, Malta, Slovakia, Slovenia*
- *2007: Bulgaria, Romania...*
- *Post conflicts 1999*
- *Stability Pact Initiative – 4 working tables*
- *Working Table 2: Significant achievements particularly in trade liberalization and integration*
- *Increased economic cooperation and trade within the region*
- *About 32 FTA's concluded among countries in the region*
- *EU accession making progress at different stages*
- *WTO accession*
- *2007: CEFTA....*

***...of integration***

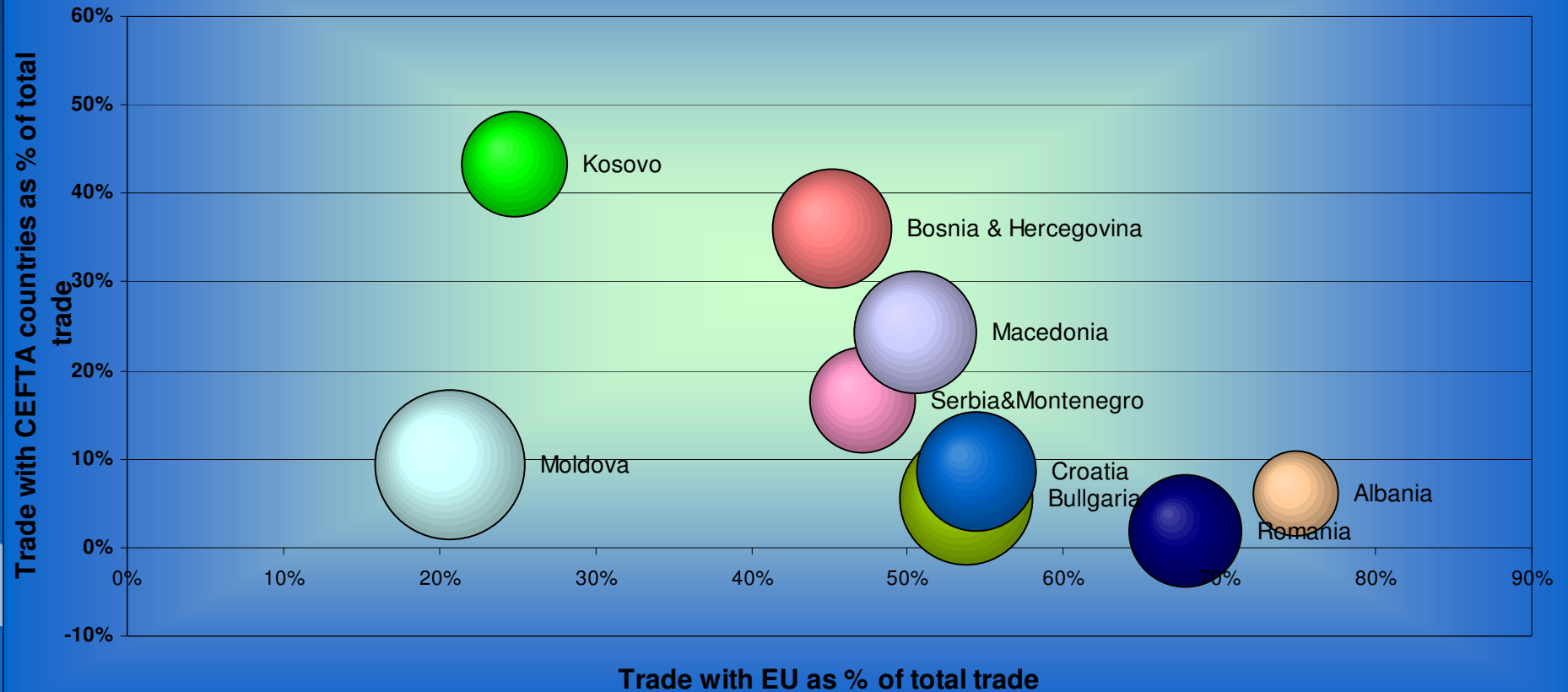
# What CEFTA is?

- *Initially established as a regional FTA in 1992 by Poland, Hungary, Czech and Slovak Republic aiming to promote investments and integrate their economies in EU.*
- *Slovenia joined in 1996, followed by Romania (1997), Bulgaria (1998), Croatia (2002) and Macedonia (2006).*
- *All the parties, except Croatia and Macedonia (including Bulgaria and Romania) left CEFTA due to their accession in EU.*
- *April 2006 – Prime ministers of South Eastern Europe agreed to use CEFTA as the model to incorporate existing bilateral FTA's.*
- *December 2006 – CEFTA signed.*



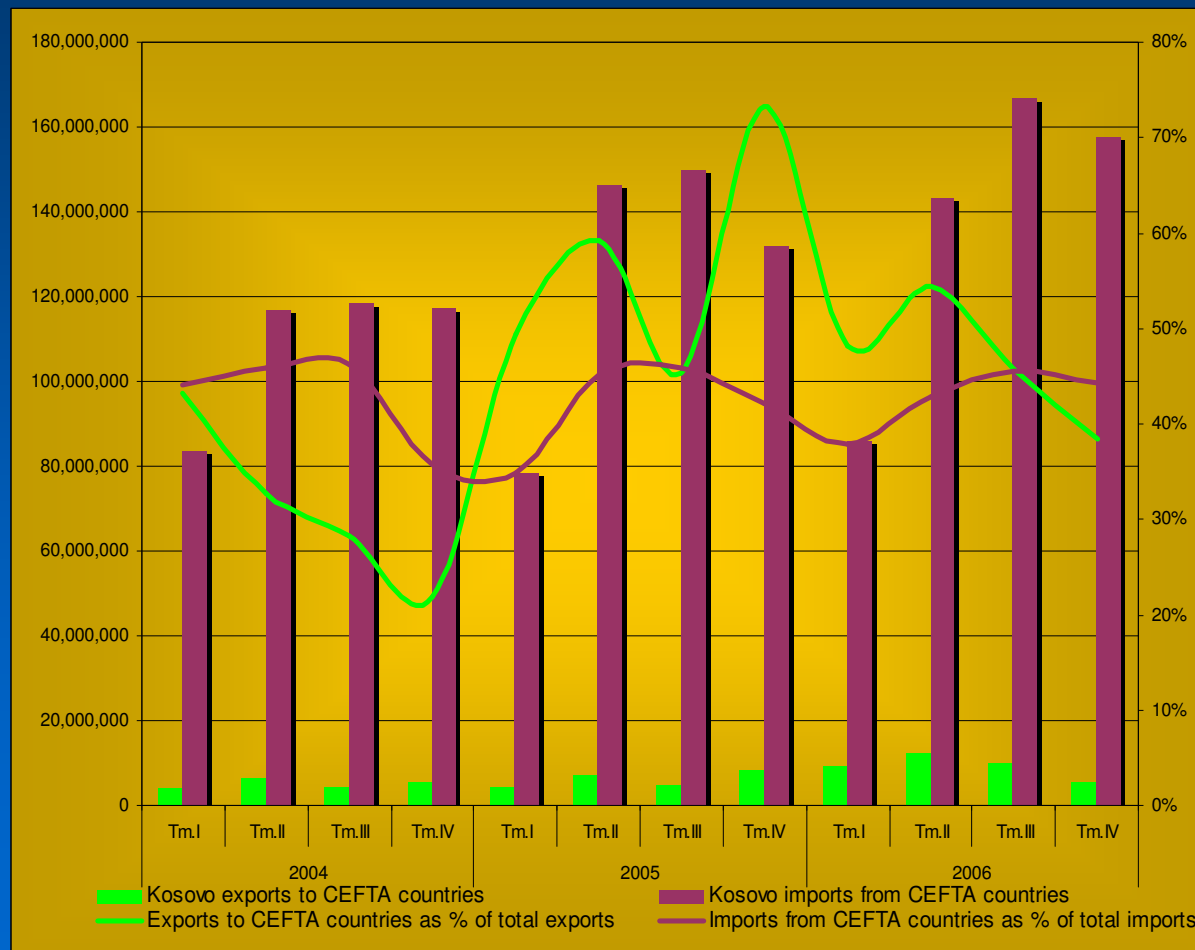
# Trade orientation in CEFTA countries:

Trade Orientation in CEFTA countries  
(size of circles proportional to trade openness)



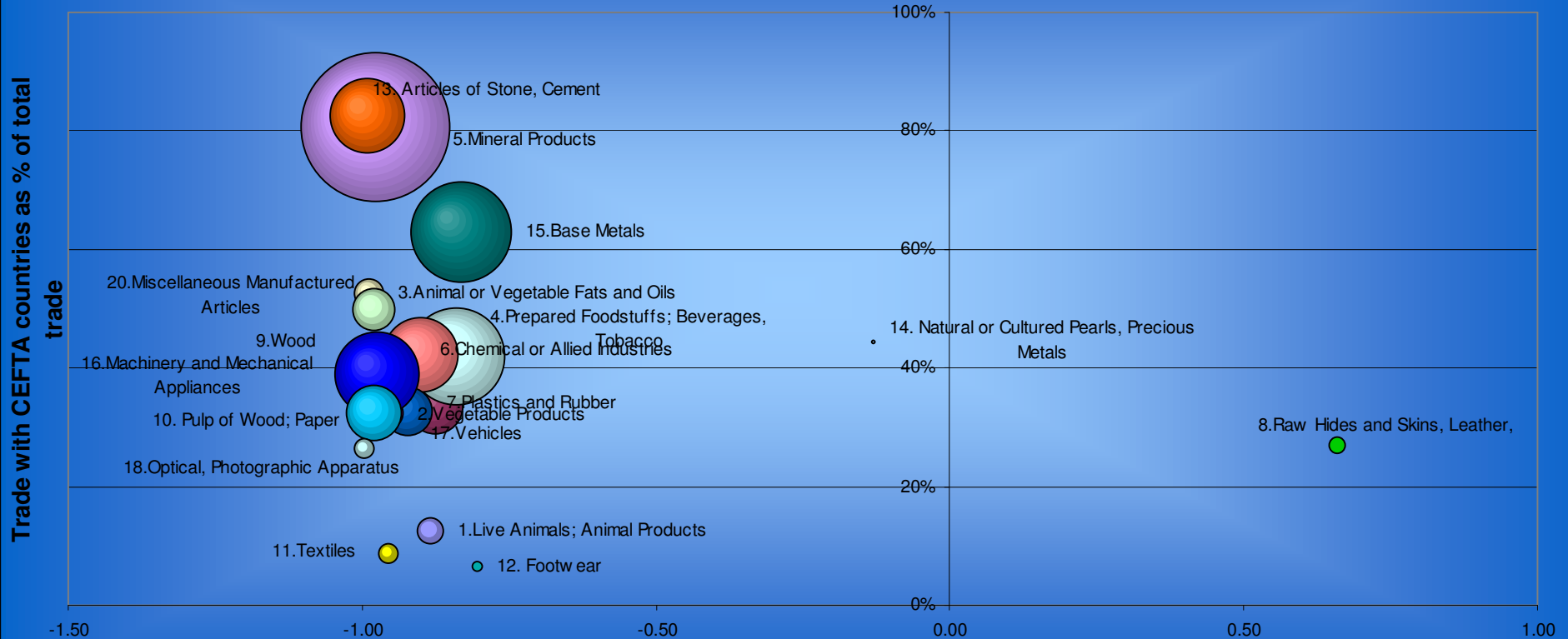
# Trade of Kosovo with CEFTA countries 2004-2006

- Exports to CEFTA countries grew by 48% in 2006 (79% in total) reaching 37 Million Euro, whilst imports from these countries amounted to 553 Million Euro, up by 9.1% (8% in total).
- During 2006, exports-to-imports ratio for CEFTA countries improved to 6.7% (6.1 in total), up from 5% in 2005 and 4.6% in 2004.



# Trade competitiveness with CEFTA countries, at HS sections level - 2006

Kosovo's trade with CEFTA countries in 2006, by HS sections.  
(size of circles proportional to trade volume for each section)



Kosovo's revealed comparative advantage in trade with CEFTA countries, by HS sections

# ***CEFTA for Kosovo:***

– Trade diversion?

or

– Trade creation?

## ***The new CEFTA is about:***

- Promoting investments, particularly at regional level.
- Using cumulative rules of origin in the region.
- Incorporating numerous and different FTA's.
- Adopting WTO principles.
- Extending free trade in new issues
  - Competition
  - Procurement
  - Services
  - Investments
  - Intellectual property

## ***The new CEFTA is about:***

- Increasing cooperation in the region.
- Addressing through proper mechanisms NTB's.
- Institutionalizing enforcement.
- Ensuring progress with undertaken reforms.
- Establishing a single, larger market in the region.
- Preparing countries for EU integration.

## ***In addition, the new CEFTA for Kosovo:***

- Addresses NTB's, once more.
- Increases the number of countries with FTA's at 7.
- Improves the bargaining power on trade related issues.
- Supports the main goal of trade policy – exports orientation.
- Offers access to technology.
- Provides for gradual and selective protection of sensitive products.
- Prepares Kosovo for eventual WTO accession.
- Responsibility.

## ***The new CEFTA does NOT:***

- Include further tariff liberalization.
  - Existing FTA's preferential treatments are preserved and incorporated.
  - Ongoing WTO accession negotiations.
- Produce significant revenue losses in the budget.
- Prohibit members to negotiate other bilateral or multilateral trade agreements.
- Restrict members to apply specific agricultural policies or employ safeguard measures.

## ***The new CEFTA:***

- Removes quantitative restrictions to trade.
- Removes export tariffs.
- Standstill clause on imports duties.
- Industrial products (Ch25-97HS) – fully liberalized except for (Kosovo case):
  - Oil products originating MK – 2008
  - Oil, detergents, fridges originating HR – 2008
- Agricultural products (Ch1-24HS):
  - Tariff liberalization scheduled in Annex 3
  - MFN supersedes preferential treatment
  - Commitment for further concessions

# ***The new CEFTA:***

- Removes export subsidies in trade among members.
- Makes explicit reference to WTO Agreement on Sanitary and Phytosanitary Measures.
- Makes explicit reference to WTO Agreement on TBT's and provides mechanism for their elimination.
- Provides:
  - Operating rules – Rules of origin
  - Competition rules – State aid, competition
  - Contingent protection rules – Antidumping, safeguards.
- Covers new trade issues.
- Institutionalizes functioning rules and dispute resolution mechanisms.

Thank you!

The image features a solid dark blue background. In the center, the text "Thank you!" is written in a white, sans-serif font. At the bottom of the image, there is a decorative graphic consisting of several overlapping, wavy bands. From top to bottom, these bands are a light blue, a medium blue, and a green, creating a layered, wave-like effect.