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Open Regional Fund for South-East Europe – Foreign Trade

The Challenge

An important requirement in the process of EU accession for the partner countries of the Open Regional Fund for South-East Europe - Foreign Trade (ORF FT) is the implementation of the Central European Free Trade Agreement (CEFTA), which the partner countries of the Fund and Moldova signed in 2006. The agreement aims to eliminate tariff and non-tariff barriers to trade among its parties and is constantly being expanded. Most recently, the Additional Protocols 5 and 6 (AP5 and 6) have introduced legislation in the fields of trade facilitation and trade in services. In addition, the WB6 governments recently agreed an Action Plan to establish a Common Regional Market (CRM). It includes concrete measures for advancing regional integration based on the four freedoms: goods, services, capital, and people.

The increase of trade and competitiveness within the CEFTA markets offers considerable potential for the economies of the region. Yet, the implementation of corresponding measures lags behind regional agreements. This leads to the slow harmonization of trade-related laws and regulations with EU standards and the persistence of legal and administrative barriers for companies. A fully operational quality infrastructure (QI) system is a precondition both to protect consumers from unsafe products and businesses from disproportionate costs and unfair competition within the EU's Internal Market. However, not all of the elements of QI have been sufficiently developed by the CEFTA parties, nor are they often compliant with specific industrial product legislation, or are not always aligned with the latest EU acquis. The value of electronic commerce in the CEFTA region is growing, but its full potential remains untapped as it is not functioning as smoothly as it could. Start-ups from the region face difficulties accessing new markets and gaining international clients, whilst the main challenge for start-up hubs remains offering innovative and suitable support to their start-ups.

Our Goal

Project name	Open Regional Funds for South-East Europe – Foreign Trade
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Co-funded by	European Union
Countries	Albania, Bosnia and Herzegovina, Kosovo, Moldova, Montenegro, North Macedonia and Serbia
Lead executing agency	Regional Cooperation Council (RCC)
Duration	Total duration: 2006–2025 Current module: 06/2020 – 04/2025
Project value	Current module: 14.150.000 EUR Incl. 8.650.000 EUR from the European Union (EU)

The project aims to improve the implementation of the reform agenda for trade and competitiveness within the CEFTA framework, in line with the requirements of the EU approximation process.



Our Approach

ORF-FT supports regional initiatives which focus on the facilitation of trade in goods and services, with the ultimate goal of creating a common market. This support is, inter alia, reflected in the implementation of mutual recognition programmes for Authorised Economic Operators (AEOs) and border documents, which enable easier and cheaper cross-border procedures. This is also evident in the joint approach taken for risk management regarding customs and other border agencies. The purpose of these measures is to assist involved agencies to detect irregularities and to focus their work on risky transactions.

In the field of trade in services, the project focuses on strengthening the competencies of the CEFTA contact points for trade in services through training, as well as in the provision of analysis, to enable them to effectively coordinate the implementation of AP6.

Additionally, the project supports the development of functional and reliable QI systems which will ensure the free movement of goods as one of the fundamental freedoms of the EU's Internal Market. The project supports the CEFTA economies in enhancing the capacities of such institutions, enabling them to offer a wide range of QI services, especially market surveillance. Special attention is paid to ensuring alignment to the EU acquis and to the design of a well aligned QI system. This will simultaneously stimulate the free movement of industrial goods, whilst also ensuring fair competition and consumer protection.

Furthermore, the project fosters regional cooperation in the areas of innovation and electronic commerce by strengthening the competitiveness of start-up hubs and e-commerce providers for new markets. The main project partners are CEFTA structures, line ministries, state authorities relevant for trade (e.g. customs), and private sector organizations.

Results

By supporting governmental agencies to streamline the procedures necessary for trading goods and services within the region, ORF FT contributes to creating a business environment that saves enterprises cost and time. AEOs enjoy preferential treatment at customs, which gives them concrete benefits in terms of freeing up resources and saving them time. The project also

piloted the elaboration of a regional legal document that would, after adoption, enable tourism operators to offer their services on the regional market.

Furthermore, only by uniting to a regional start-up ecosystem, the region can provide sufficiently favourable conditions to attract founders and investors to the region.

Additionally, consumers and companies would benefit from a regionally harmonised framework that would provide easy and safe circulation of electronically traded goods.

The project is keen to assist e-commerce organizations and other relevant authorities to create regional frameworks and conditions that enable e-commerce providers to trade their goods and services online in a transparent and fair environment.

In conclusion, the work of ORF FT benefits enterprises and founders by creating a harmonized legal framework within the CEFTA market. In addition to this, resources may consequently be redirected to further develop businesses and could also ultimately contribute to economic growth and job creation in the Western Balkan economies.

The United Nations Sustainable Development Goals (SDGs) that the Project focuses on in its implementation are:



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