

Open Regional Fund for South-East Europe – Foreign Trade

The Challenge

An important requirement in the process of EU accession of 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 expanded, with the Additional Protocols 5 and 6 (AP5 and 6) introducing legislation in the fields of trade facilitation and trade in services. In addition, the WB6 governments recently agreed on the Action Plan for establishing a Common Regional Market (CRM), which 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 region offers considerable potential for the economies of the region. Yet, the implementation of the corresponding measures lags behind the regional agreements, leading to slow harmonization of trade-related laws and regulations with EU standards and persistence of legal and administrative barriers for companies. The value of electronic commerce in the CEFTA region is growing, but its full potential remains untapped as it's not functioning as smoothly as it could. Start-ups from the region face difficulties accessing new markets and gain international clients, while offering innovative and suitable support to their start-ups remains the main challenge for start-up hubs.

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 – 2023 Current module: 6/2020 – 10/2023
Project value	Current module: 8.350.000 EUR Incl. 4.350.000 from the European Union (EU)

Our Goal

The Project aims at improving the implementation of the reform agenda for trade and competitiveness in the CEFTA region in line with the requirements of the EU approximation process.



Our Approach

The 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 programs for Authorized Economic Operators (AEOs) and border documents which enable easier and cheaper cross-border procedures, as well as in the joint approach for risk management for customs and other border agencies. The purpose of these measures is to assist the involved agencies in the detection of irregularities and 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 the AP6. Furthermore, the project fosters regional cooperation on innovation and electronic commerce by strengthening the competitiveness of start-up hubs and e-commerce providers for new markets. The main project partners are the structures of CEFTA, line ministries, state authorities relevant for trade (e.g. customs), and private sector organizations.

Results

By supporting governmental agencies in streamlining procedures necessary for trading goods and services in the region, the 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 resources and saving time. The project also piloted the elaboration of a regional legal document that will, after adoption, enable tourism operators to offer their services on the regional market. Only by uniting to a regional start-up ecosystem, the region can provide sufficiently favorable conditions to attract founders and investors to the region. The project assists e-commerce organizations and relevant authorities to design regional framework conditions which will help the e-commerce providers to benefit from a transparent and level playing field for trading goods and services online. In a nutshell, through the work of the ORF FT enterprises and founders benefit from a harmonized legal framework in the CEFTA region, which, consequently might redirect resources to further business development and contribute to the 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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