



**Minutes of the Twentieth Meeting of the Working Group on Trade Liberalisation and Facilitation, London, 5-6 December, 2005.**

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**Executive Summary**

The twentieth meeting of the Trade Working Group (TWG) was held in London on 5-6 December, 2005 and was hosted by the Department for International Development (DfID). It focussed on reviewing the implementation of the current network of FTAs and the development of a single FTA.

Since the last meeting, several significant decisions had been taken regarding EU accession of SEE countries with the opening of negotiations by Croatia, a positive recommendation by the EC that Macedonia be granted candidate status and the opening of SAA negotiations with SCG and BiH.

Implementation of the bilateral FTAs is largely proceeding well and several countries observed good results and a positive impact on trade flows. The meeting was pleased to note the conclusion of the agreement between UNMIK/Kosovo and BiH. Disappointment was expressed that the BiH's disputes with Croatia and SCG had still not been resolved. Members of the international community repeated offers of technical assistance/mediators to help BiH resolve these serious disputes.

The meeting welcomed the CEFTA Declaration which provided inclusive eligibility criteria. However, it is still not clear on the best way forward for the preparation and conclusion of a single FTA, i.e. should this be achieved after an enlargement of CEFTA or through a new agreement, albeit based on CEFTA. The need to avoid lengthy and bureaucratic procedures was stressed many times. Information on individual country procedures to obtain a mandate to negotiate, sign and ratify international agreements is being gathered. The CEFTA Presidency was asked to submit a non-paper on how it envisages enlargement and amendment of the agreement in order to facilitate a decision on the best way forward. The US several times expressed concern that the time available to assess the draft text was insufficient to ensure a proper and thorough review by all parties, and that the new agreement might grant preferences to EU products that are not granted to US and other third country products. The US noted that it could not continue to use its assistance funds to support a Trade Working Group process that results in an agreement that causes economic harm to US business.

Good progress was made in reviewing the principles paper and the draft text, revised drafts of which would be circulated shortly. Issues to be discussed further included reference to bilateral investment treaties rather than a clause on common investment rules, the degree of ambition regarding commitments on liberalising services, appropriate dispute settlement clauses and secretariat functions.

Several members stressed the importance of seeking to meet the ambitious deadlines agreed in the Ministerial Statement. Specific next steps were agreed as follows:

- Revised version of the **Key Principles Paper** to be circulated to TWG members by 16 December. Comments to be sent to the Secretariat by 22 December 2005.



- Revised version of the **Draft Illustrative Text** to be circulated to TWG members by 16 December. Comments to be sent to Secretariat by 25 January 2006.
- An outline of individual **Procedures for Negotiation, Initialling, Signing and Ratifying International Agreements** to be circulated to SEE countries/territories by 12 December 2005. Countries to complete information on procedures and send to Secretariat by 22 December.
- **Presidency non-paper** concerning procedures for enlargement and amendment of CEFTA to be sent to Secretariat by 16 January 2006.
- **Draft Report to Ministers** circulated to TWG members by 31 January 2006 and to be finalised at next TWG meeting early February 2006 and thereafter submitted to Ministers. (The US objected to this point, saying more time was needed to review the draft illustrative text before it was included in the report to Ministers.)

The need to circulate the draft text soon to the various administrations, in order to obtain a negotiating mandate in good time was stressed.

The outcome of the Group's deliberations on the single FTA will greatly influence the TWG's Strategy and Action Plan for 2006. This plan will also take account of the overall Stability Pact review and will set out how the TWG will enhance the regional ownership process.

The consolidated NTB country reports will be discussed at the next TWG meeting. Prior to that it will be reviewed by a consultant to ensure completeness and comparability and provide operative conclusions for the next steps in the work.

Promotion of the FTAs continues and considerable technical assistance is underway. Countries should review the TA matrix to ensure they are fully aware of what is available. The Secretariat can provide additional information.

The next meeting will be held in early/mid February at a date and location to be determined.