

“Trade and investment, core components of the integrated economic growth in the CEFTA region”

Distinguished Prime minister, Ministers, Representatives of CEFTA Parties,

I would like to start my speech by thanking the Albanian authorities for the work that have been done under their chairmanship and for selecting such a challenging topics for discussion today, topics that are of interest to all of us.

We all know that countries in the CEFTA region are in different stages in the process of accession to the European Union. And it is clear that by implementing the CEFTA agreement we prepare ourselves, in practical way, for becoming an EU member.

The EU requirements of committing to democratic institutions and processes, strengthening the institutional underpinnings of a free market and harmonizing laws with EU legislation provides for all CEFTA Parties an actionable roadmap. Moreover, the potential economic benefits of joining the EU create a strong public support for any reform agenda. This combination of EU requirements and potential economic benefits makes it possible to sustain the implementation of both broad structural reforms and specific business regulation reforms. BiH is determined to continue to implement cautious macroeconomic policies that will support continued investments in infrastructure, education and training. Further business regulatory reforms are planned, and some of the objectives include, among others, the reduction of the administrative barriers and strengthening of access to finance as well as support for access to external markets and encouragement of greater inflows of foreign direct investments to export-oriented sectors. These reforms should enable BiH to fully overcome the economic effects of the financial crisis and allow it to continue on its path towards successful long-term development.

The institutional and regulatory framework has also been shown to be an important determinant of FDI. The judicial independence and labor market flexibility are significantly associated with our engagement in attraction of FDI. While this can have direct impact it is well known that it does not depend only on our own actions but also on the foreign investors' decisions. Our engagements in trade relation between us do have direct effect to our economies. This is why I think that we do have still a lot of possibilities to extend our trade relations, to make it broader, deeper, easier and extensive. This is something that depends on us and decision is ours. I do not see any rationale against this scenario. In this context I would like to thank first of all CEFTA Secretariat on their engagement. I would like to encourage them and all members of the Subcommittees to continue with their activities even with some more enthusiasm in the next period. Bosnia and Herzegovina as a Chair in office of the CEFTA 2006 in 2013 will try to score more for the benefit of all CEFTA members.

As I said before, attracting more FDI does not depend only on our actions even though that is mostly the case. The accessions of the countries from SEE to the EU give us a clear picture on direct connections of this process and FDI inflows.

It is well known that corruption is a significant deterrent to FDI, having an effect comparable to the impact of substantial increases in the tax rate on foreign firms. Economies with more effective regulations for starting a business benefit more from the FDI flows.

As I said at the beginning of my intervention we are all in different stages in approaching the EU integration. And from the point of view of attracting FDI all countries in the region has adopted different kind of measure. For example, BiH adopted a system of computerized commercial registry that makes transfer property between companies easier. At the same time, BiH simplified the administrative burden of filing and paying social security contributions by implementing electronic filling and payments system. If, based on the EU requirements that are applicable to all of us, we start commonly to adopt same measures and to harmonize it not only to the EU rules but among our countries too, than CEFTA region will surely become a very attractive destination for FDI. Thus I consider that we have to continue to use our CEFTA structures, to continue our dialogue and our common efforts, to share our experiences and to find the best solutions for our region.

Thank you very much!