

## **Trade and Investment, core components of the integrated economic growth in the CEFTA Region**

Speech by Ms Tatjana Tomić, Deputy Head of the State Office for Trade Policy on the occasion of CEFTA Joint Committee, Tirana, 8<sup>th</sup> November 2012

Deputy Prime Minister, Ministers, Ambassadors, Assistant Ministers  
Ladies and Gentlemen,

Trade and investment play an important role in boosting economic growth. More trade and more investment help to create jobs, provide greater variety of goods and services for consumers, boost competition and competitiveness, bring innovative and high-technology product.

The statistical data shows that the volume of trade both within the CEFTA Region as well as of the CEFTA Region with the rest of the world has constantly grown over the past years in spite of the global economic and financial crises. This proves that CEFTA 2006 has provided better conditions for businesses until now.

Can we be satisfied with these results? Can CEFTA do better?

There have been many changes in the recent past in the world trade and the economy. Nowadays it is not enough to reduce tariffs on industrial and agricultural products as today goods, mostly intermediate goods, travel along the global supply chains and cross the borders easier than ever. The countries with better access for services and investment, open public procurement markets and less regulatory barriers attract more trade and investment.

Where does CEFTA stay with regard to these changes in the global trade?

With the global supply chains the role of services has increased and therefore all the efforts within CEFTA to start negotiations for the liberalisation of trade in services can serve as a lever to boost economic growth. I have to commend CEFTA for being very modern in the approach to identifying which services sectors and policy measures restrict trade the most by using the OECD methodology, notably Service Trade Restrictiveness Index (STRI) and the World Bank's Knowledge Platform. However, I have to notice that the region still needs a lot of energy to translate these tools into

real action. Although we will not participate in the negotiations due to forthcoming membership of the European Union, Croatia supports the process as services liberalisation can increase trade and bring significant benefits for the region.

There are a number of trade and investment supporting activities within CEFTA, such as the creation of a SPS Database, Market Access Database for the TBT area, Trade Portal, Multilateral Monitoring Framework for TBT elimination and many others. These instruments are important and make the region more transparent for businesses and investments.

There has also been a step forward in CEFTA 2006 this year with the objective to eliminating unnecessary existing technical barriers to trade and reducing trade costs, notably, with the adoption of the Recommendation of the Joint Committee No.1 on recognition of test reports of the Conformity Assessment Bodies.

Furthermore, the Subcommittee on Customs and Rules of Origin has to be mentioned as another positive development in CEFTA. The capacity building provided within this Subcommittee was useful and the new areas of cooperation among the Parties in this area can serve as an example of good cooperation.

In spite of that modern and up to date approach to many trade policy areas, I would like to express our concern that some countries still adopt measures and regulations that are not in the spirit of free trade. The export bans and trade restrictive measures that are contrary to the WTO practices and rules violate the provisions of the Agreement, distort trade and good relations among the partners. These measures are prepared purely with domestic consideration in mind, without sufficient account being taken of their impact on the other Parties. This is certainly not the way to economic growth either for the affected Parties or for the region as a whole.

For that reason, we reiterate that WTO membership is crucial as abiding by the WTO rules of trade ensures smooth, predictable and free trade flows.

In conclusion, I can say that still CEFTA suffers from many contradictions. Whereas all the modern and innovative tools are at hand to CEFTA Parties with the support of the OECD, World Bank, IFC, GIZ and numerous other international organisations and institutions some of the Parties still resort to measures that are not in the spirit of the Agreement itself and the free trade. These practices have to be avoided in the future as they do not bring economic growth and good reputation to the region.

This Joint Committee is the last one for Croatia as the next year Croatia will become an EU member state. We will not say farewell but goodbye as your future is also in

the European Union. For some countries the way is longer, for some shorter but all is in your hands. As the last country to join the EU and knowing the region well, Croatia will, as promised so many times, continue to support CEFTA and its activities.

Let me, therefore take this opportunity to wish you a lot of success in the future work, in particular to Bosnia and Herzegovina as the next Chair in Office. I would like also to thank Albania, the current Chair in Office, for a very proactive role, opening of many new trade topics and preparing the ground for opening negotiations for liberalisation of trade in services.

Thank you!