

**5<sup>th</sup> Session of the Joint Committee of CEFTA  
November 23, 2011, Paris**

**Valon Saraqini, Minister of Economy of Republic of Macedonia**

## **Challenges of trade policy for CEFTA Parties on our way to EU**

**Dear President, Madam Kusari**

**Your Excellencies,**

**Dear friends,**

It is a special honour for me to participate at today's meeting in times of our intensive efforts of CEFTA implementation, which should at the same time facilitate our way to accession negotiations for EU membership.

I would like to thank the organizers for their efforts in organizing this Joint Committee, which I do believe would contribute to implementing specific activities that would assist the CEFTA implementation.

After five active years since the application of the CEFTA Agreement, as a new Minister of Economy, following the work of CEFTA countries for a period of only three months, I can emphasize that the Agreement offers numerous obligations in different areas, for which we have to respect the deadlines for their realisation. I expect the forthcoming year to be one with significant challenges in economic area, following our obligations resulting from the CEFTA Agreement. Those obligations are part of our priority positions for EU membership.

Republic of Macedonia continuously makes efforts for creating favorable business climate in the country. The business community is the most important partner for cooperation in enacting measures that would influence that environment. We have shown that in the recent ranking of the Republic of Macedonia from the 34<sup>th</sup> to the 22<sup>nd</sup> place in the World Bank Doing Business Report 2012, and the high third place as a top reformer compared to the last Report, for the reforms made for facilitating the procedures for doing business. This ranking for us is a recognition and stimulus to continue reforms for creating conditions destined for trade facilitation.

Also, the last report of the European Commission is another confirmation that the Republic of Macedonia successfully faces the challenges that the current economic situation in the world brings. The macroeconomic indicators of the Republic of Macedonia for the first six months of 2011 show economic growth of 5,2% of GDP, inflation of 4%, growth of direct foreign investments of 5% of GDP, growth of export and import of over 20%, moderate budget deficit and stable foreign currency.

CEFTA countries are significant trading partner for the Republic of Macedonia and total exchange in 2011 is about 28% of the total trade exchange of Republic of Macedonia with the world. Trade of Republic of Macedonia with the EU member countries is 57,5% and 4,2% with Turkey and Ukraine. With the other countries where preferential trade agreements are not applied the trade is less than 10%.

I would like to point out that Republic of Macedonia in September 2011 ratified the Additional Protocol for Liberalisation of Agricultural products, and it started to implement in November with Republic of Albania and Republic of Croatia. With Albania full liberalisation is applied, meaning that custom duties for 46% of agricultural products are abolished. The ratification with Republic of Moldova remains to be completed, so that the new liberalisation may be applied, which covers additional exemption of custom duties of 48% of agricultural products. With Republic of Croatia the existing level of liberalisation is maintained. With the remaining CEFTA countries there was previously full liberalisation in agriculture. The additional protocol is a significant contribution in relation to the intensifying the further trade exchange among the countries.

In the part of trading with services, the CEFTA activities will continue in the forthcoming period by analysing the common openness of the CEFTA market with the aim of locating the potentials for negotiations. As a precondition for estimating the potentials for starting negotiations there is a need for preparation of a comparative review of the existing barriers in the services sectors in the CEFTA countries. For that purpose, underway are activities for assessment of the condition of the current openness of the markets of services in the CEFTA countries.

Priorities and activities of CEFTA, especially in the field of monitoring framework for elimination of non-tariff barriers, to a significant extent influence the fulfillment of the economic criteria and regional cooperation, set as criterion by the EU.

The objective of the Multilateral monitoring framework for elimination of non-tariff barriers, as project currently implemented by OECD, is to establish a system that would regularly identify the non-tariff barriers. It is of special importance for CEFTA countries, since it is a framework for clear identification which activities would be taken on regional, and which ones on bilateral level in order to eliminate these barriers. CEFTA 2006 countries have had so far active mutual cooperation in elimination of non-tariff barriers in trade.

Therefore, I would like to estimate as positive the realisation of this project by OECD, as well as other destined for trade logistics, quality infrastructure, market surveillance, as well as transparency in informing the business community financed by the European Commission and GIZ.

In direction of eliminating the technical barriers, I would especially like to point out the exceptionally good cooperation of the national accreditation bodies of CEFTA countries, with the aim of creating conditions for concluding agreements for mutual recognition of procedures for conformity determination.

I would like to emphasize that within the framework of improving the business climate and the conditions for competitiveness are needed fair and transparent conditions for providing state aid in the CEFTA countries. Therefore, I would like to welcome the creation of a relevant and transparent instrument as a framework for state aid notification in the CEFTA countries.

Having in mind that CEFTA should be seen as an example of harmonized operation on our way to EU accession, I would like to also point out the importance of the revision process of Pan Euro-med Convention for Rules of Origin. This is in direction of mutual exchange of experiences and practices in the CEFTA member states with the aim of formulating their policies and their decision-making process in this part of CEFTA activities. Certainly, in this phase import role will be the one of addressing the problems and difficulties in implementation of the existing rules of origin. Republic of Macedonia has already started an initiative for concluding free trade agreements with the countries of the Barcelona process (Egypt, Tunis, Morocco, Jordan, Algeria etc.) with the aim enabling the inclusion of Mediterranean cumulation in the process of Pan-European Cumulation of origin of goods.

I believe that with today's meeting we will significantly contribute to solving the actual issues within CEFTA implementation, especially the ones that have different influence on the good economic relations amongst the CEFTA members and their overall regional cooperation. I would like to express my gratitude to this year CEFTA Chairing, Republic of Kosovo for the efforts made for realising the priorities and deadlines according to the Program. I would also like to wish the Chairing with CEFTA 2012, Republic of Albania, success in realising their concept for realisation of the Program in 2012. This Program contains substantial activities that are a good basis for continuation of the already started projects and possibility for creation of new ones.

**Thank you,**