



CEFTA WEEK 2015

23-26 November, 2015, Moldova

**TRADE AND DEVELOPMENT IN CEFTA PARTIES:
POLICY ISSUES AND CHALLENGES**

SILVANA MOJSOVSKA

Trade and Development: Concept

- ▶ Trade openness - a precondition for faster economic growth?
 - ▶ Two opposite effects for the domestic companies
 - ▶ Costs of exports decrease
 - ▶ The competition on the domestic markets increase
- ▶ Competitiveness of the domestic industry determines the impact of trade liberalization
- ▶ Trade policies platforms:
 - ▶ Export orientation
 - ▶ Import substitution
 - ▶ Global value/supply chains

Trade and Development in CEFTA Parties: Data

Albania (data from EC Country Progress 2015)						
Indicators	2002	2010	2011	2012	2013	2014
Real GDP growth	4.2	3.7	2.5	1.4	1.1	2.1
GDP per capita (in EUR)	1 537	3 088	3 191	3 305	3 323	3 440
Export of Goods and Services as % of GDP	19.6	32.4	34.0	33.4	35.4	29.9
Import of Goods and Services (as % of GDP)	44.3	53.0	56.7	52.0	53.5	49.0
Industrial production volume index (2010=100)	/	100.0	111.9	118.7	135.1	138.9
Trade Balance (in EUR million)	-1 218	-2 083	-2 242	-1 999	-1 893	-2 137
Share of Export to EU-28 (as % of total export)	75.9	70.4	72.8	75.6	76.7	77.4
Share of Import to EU-28 (as % of total import)	79.1	66.9	65.3	63.2	64.3	61.1

Trade and Development in CEFTA Parties: Data

Bosnia and Herzegovina (data from EC Country Progress 2015)						
Indicators	2002	2010	2011	2012	2013	2014
Real GDP growth	5.0	0.8	1.0	-1.2	2.5	1.1
GDP per capita (in EUR)	1 868	3 310	3 432	3 430	3 569	3 641
Export of Goods and Services as % of GDP	/	28.0	29.9	29.1	30.0	/
Import of Goods and Services (as % of GDP)	/	49.1	53.2	52.0	49.8	/
Industrial production volume index (2010=100)	/	100.0	102.4	98.4	103.4	103.6
Trade Balance (in EUR million)	-3 524	-3 797	-4 131	-4 091	-3 741	-4 142
Share of Export to EU-28 (as % of total export)	/	69.5	70.3	72.7	73.5	72.1
Share of Import to EU-28 (as % of total import)	/	61.0	59.7	61.4	60.0	58.9

Trade and Development in CEFTA Parties: Data

Macedonia (data from EC Country Progress 2015)						
Indicators	2002	2010	2011	2012	2013	2014
Real GDP growth	1.5	3.4	2.3	-0.5	2.7	3.8
GDP per capita (in EUR)	2 099	3 459	3 665	3 680	3 930	4 127
Export of Goods and Services as % of GDP	26.3	39.8	47.1	45.4	43.8	47.9
Import of Goods and Services (as % of GDP)	45.2	58.1	66.1	66.8	61.9	65.1
Industrial production volume index (2010=100)	90.8	100.0	107.0	104.1	107.4	112.5
Trade Balance (in EUR million)	-1 000	-1 532b	-1 905	-2 008	-1 858	-1 856
Share of Export to EU-28 (as % of total export)	61.2	65.5	63.5	65.3	72.6	76.6
Share of Import to EU-28 (as % of total import)	64.4	55.2	56.3	60.3	62.7	63.5

Trade and Development in CEFTA Parties: Data

Montenegro (data from EC Country Progress 2015)						
Indicators	2002	2010	2011	2012	2013	2014
Real GDP growth	1.9	2.5	3.2	-2.5	3.3	
GDP per capita (in EUR)	2 209	5 011	5 211	5 063	5 356	5 436
Export of Goods and Services as % of GDP	35.3	34.7	42.7	44.1	41.8	/
Import of Goods and Services (as % of GDP)	59.8	63.1	64.9	68.8	62.1	/
Industrial production volume index (2010=100)	111.1	100.0	89.8	83.5	92.3	81.8
Trade Balance (in EUR million)	-433	-1 267	-1 306	-1 389	-1 329	-1 376
Share of Export to EU-28 (as % of total export)	/	57.2	60.2	51.5	41.5	35.8
Share of Import to EU-28 (as % of total import)	/	42.6	44.3	44.5	44.2	45.8

Trade and Development in CEFTA Parties: Data

Serbia (data from EC Country Progress 2015)						
Indicators	2002	2010	2011	2012	2013	2014
Real GDP growth	7.1	0.6	1.4	-1.0	2.6	-1.8
GDP per capita (in EUR)	2 280	4 082	4 619	4 400	4 781	4 635
Export of Goods and Services as % of GDP	20.6	32.9	34.0	36.9	41.2	44.3
Import of Goods and Services (as % of GDP)	38.7	47.9	49.4	53.6	51.9	54.3
Industrial production volume index (2010=100)	98.6	100.0	102.5	100.2	105.6	98.8
Trade Balance (in EUR million)	-3 399	-4 581	-5 318	-5 480	-3 978	-4 111
Share of Export to EU-28 (as % of total export)	/	61.8	62.9	62.5	63.8	65.7
Share of Import to EU-28 (as % of total import)	/	57.2	55.9	58.5	55.7	57.1

Trade and Development in CEFTA Parties: Data

Kosovo* (data from EC Country Progress 2015)						
Indicators	2002	2010	2011	2012	2013	2014
Real GDP growth	/	3.3	4.4	2.8	3.4	/
GDP per capita (in EUR)	/	2 480	2 672	2 799	2 935	/
Export of Goods and Services as % of GDP	/	19.9	19.6	18.2	17.4	/
Import of Goods and Services (as % of GDP)	/	55.5	56.8	52.4	49.0	/
Industrial production volume index (2010=100)	/	/	/	/	/	/
Trade Balance (in EUR million)	-890	-1 742	-2 047	-2 050	-1 996	-2 059
Share of Export to EU-28 (as % of total export)	/	45.5	45.5	41.1	43.5	30.2
Share of Import to EU-28 (as % of total import)	/	41.0	41.5	42.6	44.7	42.6

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

Trade and Development in CEFTA Parties: Data

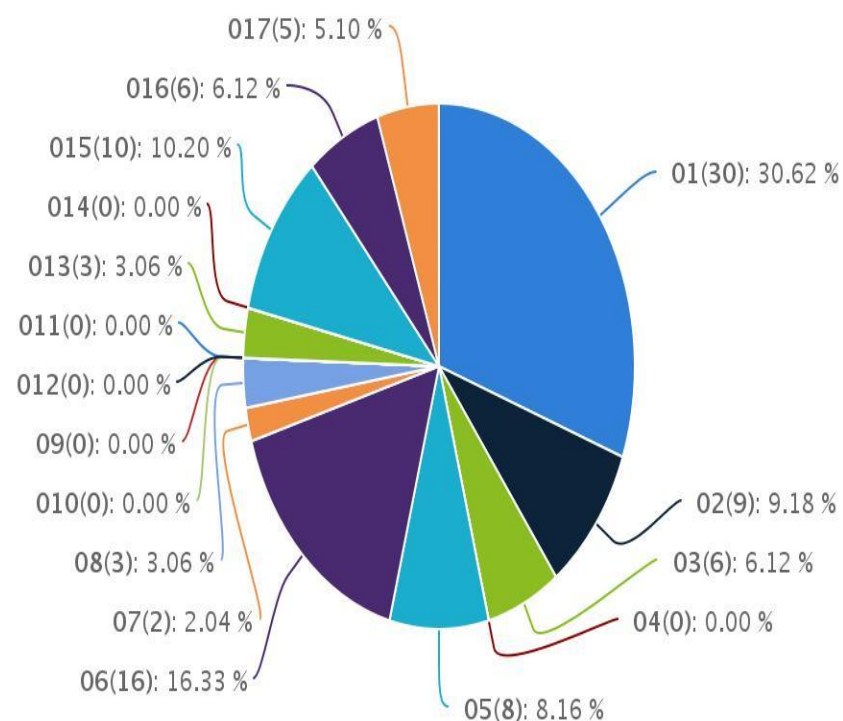
Moldova (data from Eurostat and CEFTA data base on trade)						
Indicators	2002	2010	2011	2012	2013	2014
Real GDP growth	/	7.1	6.8	-0.7	9.4	4.6
GDP per capita (in EUR)	/	1230	1416	1593	1689	1681
Export of Goods and Services as % of GDP	/	26.5	/	29.7	/	29.4
Import of Goods and Services (as % of GDP)	/	66.3	/	71.6	/	66.7
Industrial production volume index (2010=100)	/	/	/	/	/	/
Trade Balance (in EUR billion)	/	-1.7	-2.1	-2.4	-2.3	-3.3
Share of Export to EU-28 (as % of total export)	/	/	48.8	47.9	44.9	53
Share of Import to EU-28 (as % of total import)	/	/	43.5	43.2	41.0	48

Trade Policies in CEFTA:

- ▶ High trade openness
- ▶ Export orientation
- ▶ Focus on Trade with EU
- ▶ Regional integration
 - ▶ INTRA-CEFTA trade ranging from 17-23% over period 2009-2013
 - ▶ Non-tariff barriers
 - ▶ Weak integration of CEFTA Parties into the global value/supply chains

Trade barriers in CEFTA

Cases By Problem Category(ALL) (in Percentage)

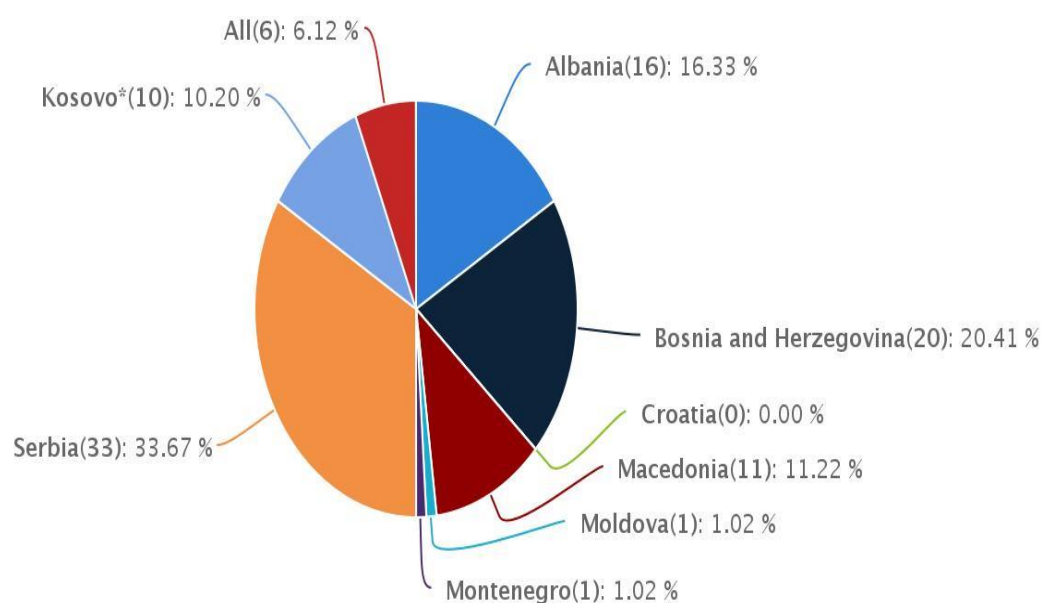


Highcharts.com

- 01 - A Sanitary and phytosanitary measures
- 02 - B Technical barriers to trade
- 03 - C Pre-shipment inspection and other formalities
- 04 - D Contingent trade protective measures
- 05 - E Non-automatic licensing, quotas, prohibitions and quantity control measures other than for SPS or TBT reasons
- 06 - F Price control measures including additional taxes and charges
- 07 - G Finance measures
- 08 - H Measures affecting competition
- 09 - I Trade-related investment measures
- 010 - J Distribution restrictions
- 011 - K Restriction on post-sales services
- 012 - L Subsidies (excluding export subsidies under P7)
- 013 - M Government procurement restrictions
- 014 - N Intellectual property
- 015 - O Rules of origin
- 016 - P Export related measures
- 017 - N/A

Trade barriers in CEFTA

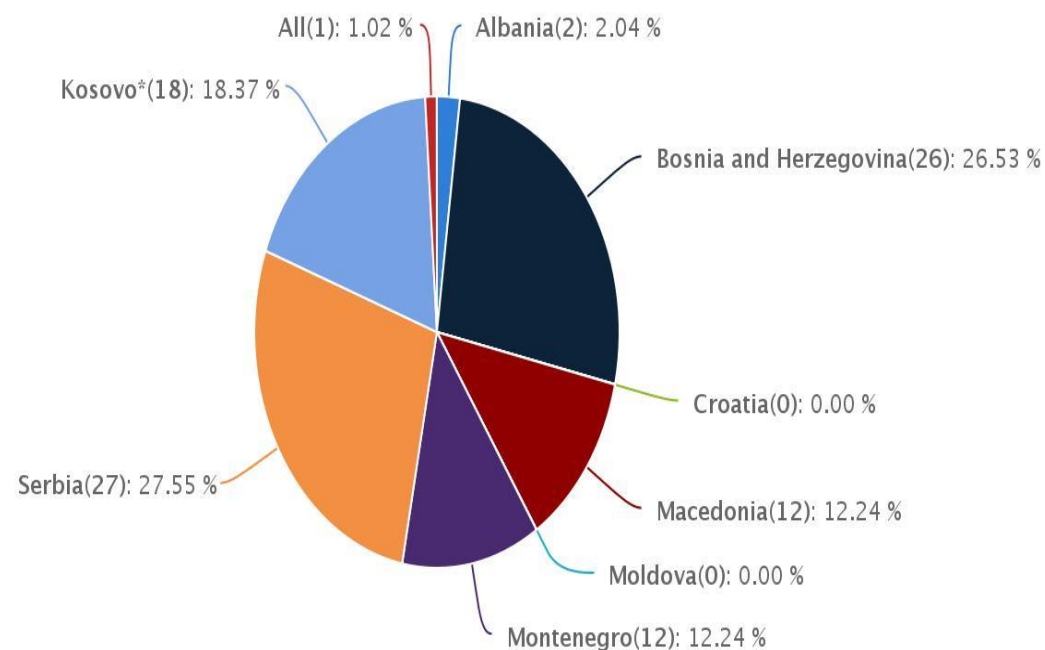
Cases By Party Applying Measures (ALL) (in Percentage)



Albania(16) Bosnia and Herzegovina(20) Croatia(0) Macedonia(11)
Moldova(1) Montenegro(1) Serbia(33) Kosovo*(10) All(6)

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Cases By Party Reporting Party(ALL) (in Percentage)

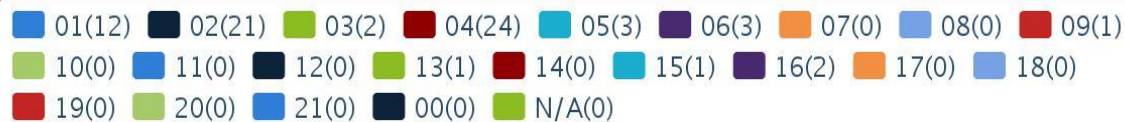
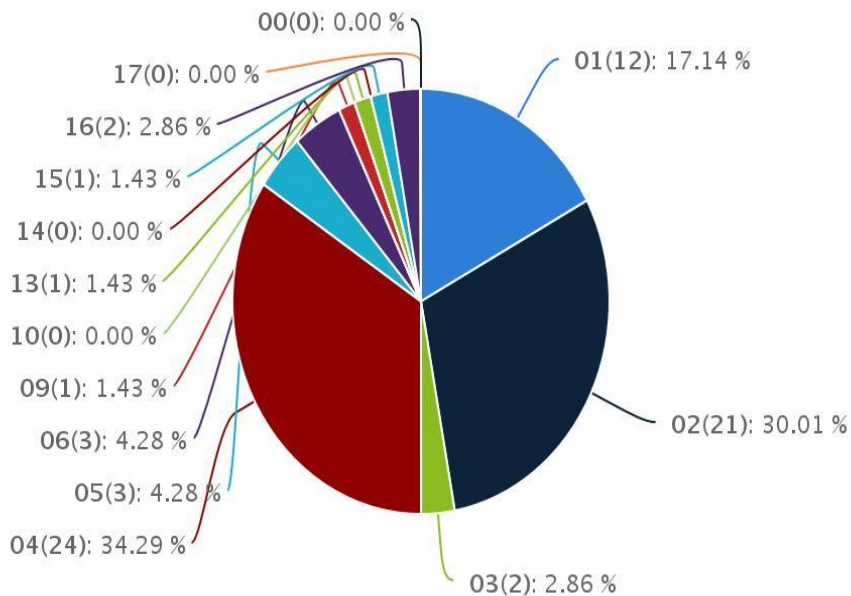


Albania(2) Bosnia and Herzegovina(26) Croatia(0) Macedonia(12) Moldova(0)
Montenegro(12) Serbia(27) Kosovo*(18) All(1)

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Trade barriers in CEFTA

Cases By Sector(ALL) (in Percentage)



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- 01 - Live Animals; Animal Products
- 02 - Vegetable Products
- 03 - Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes
- 04 - Prepared Foodstuffs; Beverages, Spirits and Vinegar; Tobacco and Manufactured Tobacco Substitutes
- 05 - Mineral Products
- 06 - Products of the Chemical or Allied Industries
- 09 - Wood and Articles of Wood; Wood Charcoal; Cork and Articles of Cork; Manufactures of Straw, of Esparto or of Other Plaiting Materials; Basketware and Wickerwork
- 13 - Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials; Ceramic Products; Glass and Glassware
- 15 - Base Metals and Articles of Base Metal
- 16 - Machinery and Mechanical Appliances; Electrical Equipment: Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles

Trade Policy Challenges in CEFTA Parties

- ▶ Identification of export-oriented industries that could boost economic growth in the country
- ▶ Setting mid-term strategy for shift from low-value to higher value added exports
- ▶ Strengthening the link between trade and other policies (industrial, education, labor market, research and development)
- ▶ Peer-learning instead of setting non-tariff barriers
- ▶ Perception of “CEFTA” concept primarily as a tool for development, not a competition among the countries