

Speech

Trade Policy Challenges for the CEFTA Parties on Our Way to the EU

Paris, 23 November 2011

Dear Honorable Ministers,

Kosovo is at an early stage of the EU integration process. On many occasions the EU confirmed that the perspective of all our countries in the Balkans lies within the EU. The European Parliament has also reached a broad consensus on the European perspective of the Balkan countries. Beyond Croatia the countries of the region are at various stages in their individual courses towards the EU integration. Kosovo strongly believes that its future lies within the EU but there are many challenges and problems that still have to be overcome.

We are aware, of course, that the accession to the EU is neither easy nor short. On the contrary, we know that it is a lengthy and difficult process. There is no doubt that trade policy plays a big role in the way of any candidate country towards the EU. Unlike the other areas, the EU has a common international trade policy. The EU trade policy runs through two main channels: multilateral level – the level of the WTO, and bilateral level – through agreements with regions and third countries.

The founding fathers of the European Community have said that a united Europe can function only if we guarantee the freedom of movement of people, goods, services and capital. If CEFTA countries guarantee these freedoms for each other, the challenges towards joining the European Union would be easier to overcome and our trade policies would be more in line with the EU rules. With all the success, however, our trade policies which reflect on CEFTA mechanisms and Agreement have shown mixed results. We all know that CEFTA Agreement, unfortunately, has not been fully implemented by all Parties in the last couple of years.

We can overcome these problems and our differences if we all put every effort in its preparation for being able to implement the common EU trade policy. It is important, therefore, that an acceding country does not apply a trade policy that does not comply with the EU trade policy. Such an attitude should apply for the multilateral trade policy as well for the bilateral policy. Having in mind that all EU member states are WTO members, we believe that

our trade policy should strive for achieving a deeper integration into the world trade in particular through WTO accession.

On our way to the European Union, our countries are in different positions and moving forward at different speeds. As Kosovo expects to sign the Stabilization and Association Agreements (SAA) in the near future, we are aware that trade provisions are at the heart of such an agreement. They help stimulate the candidate country to introduce and apply more liberalized trade measures and policy instruments as they are applied by the EU. We will use the SAA just as we use CEFTA to undertake a set of reforms, adjustments of laws and regulations in the field of trade in compliance with EU rules and procedures which will help us on its way to integration with the EU market.

Notwithstanding the lack of formalized agreement, however, it should be acknowledged that the trade integration of Kosovo with the EU is already substantial. Exports to the EU recovered in 2011 compared to 2010 and grew by 13%, accounting 43% of the total exports of goods. The EU also remained the main partner for Kosovo's imports, with the share of around 38% in the total imports.

Non renewal of the Autonomous Trade Measures in 2011 has presented Kosovo Trade policy with a difficult challenge. Kosovo has no longer benefited from preferential access to the EU market while all other CEFTA countries still benefited from the SAA provisions and have been able to maintain duty-free access to the EU market. This has increased the burden to our businesses and it has represented a severe competitive disadvantage for Kosovo. We expect this challenge will be overcome soon. In October this year the European Parliament has renewed the Autonomous Trade Measures the Council of Ministers of the EU will act the same hopefully in the next few days. With the ATM renewed, the Kosovo Trade policy will return to where it belongs: Liberalized trade in the EU integration process.

As we all know, trade policy doesn't cover only goods, but also services, commercial aspects of Intellectual Property and Foreign Direct Investments. Trade policy can and should make a major contribution to jobs and growth. We believe in the benefits of open markets at home and abroad. A fair global trading system is needed. Challenges do not primarily lie in cutting tariffs for goods, but in overcoming regulatory barriers, getting better market access for services and investment, opening public procurement markets and enforcing Intellectual Property Rights. We believe that we all should do more in CEFTA to address these challenges.

Technical regulations and standards related barriers, on the other hand, are top of the list of market access concerns of our exporters. Trade barriers in the form of goods safety, animal and

plant health rules and protection of the environment may also be obstacles to trade. Customs related barriers should also be tackled. Also, we have to create a favorable investment climate by signing investment agreements and should work together to promote the benefits of CEFTA to the business community both in the region and internationally.

Kosovo considers that the elimination of trade and investment barriers remain a key issue of the trade policy. We are glad that an agreement between Serbia and Kosovo has been reached on 2 June this year in Brussels on customs stamps and a free movement of goods has been re-established. Close relations with the neighbors are essential and Kosovo strongly believes that CEFTA can prove to be a good example of a successful regional cooperation and a strong contribution on the process of EU integration

Finally, as we have seen, on their way to the EU all our countries face trade policy challenges. We believe that CEFTA Agreement provides a forum which helps us all overcome the trade challenges we face. Therefore, we are committed to make CEFTA work better and to build a strong market economy. After all, we all share the same goal: membership to European Union which we believe should be our guiding objective which helps overcome our trade policy differences and challenges.

Thank you for your attention !!!