

CEFTA 2006- Joint Committee

The influence of the crisis over the implementation of CEFTA 2006

Fatmir Besimi, Minister of economy of Republic of Macedonia

Dear ladies and gentlemen,

Dear colleagues,

Allow me first to express my pleasure of participating in the work of the Joint Committee of CEFTA 2006 and to thank the hospitality of this year's country-chairman, the warm and friendly Montenegro.

We held our meeting in a very sensitive period, when we are faced with global economic crisis, which inevitably affected our countries and impacts the total trade exchange in the region. The effects of the global economic crisis have been more intensively felt in 2008. As most current example, according to the last data in Republic of Macedonia, the total trade exchange of Republic of Macedonia with the world for the period January to August 2009 is decreased for 28% and with CEFTA partners the exchange is decreased for 26,36% and amounts 734.078.836 Euros. The export is decreased for 29,1% and the import for 21,05%.

From this point we can see that the trade exchange within CEFTA is under significant influence of the crisis, but the reason is not only in the direct exchange among the countries, but within the imported component of the products and services which include import contents of our neighbors and widely in the world.

In order to alleviate the influences of the world economic crisis over Republic of Macedonia, the Government of Republic of Macedonia passed three sets of anti-crisis measures which will significantly influence over the trade exchange with the CEFTA countries. I would like to emphasize that great part of these measures refer to the cooperation in the goods exchange with the neighboring CEFTA countries, alleviating the transit by decreasing the border formalities and reducing the duration of the procedures regarding the efficiency in the functioning of the customs, veterinary and phyto-sanitary services, which will provide constant trade flow.

Furthermore, the Government of Republic of Macedonia suggested measures which refer to infrastructural investments in the conditions for work at the border crossings and standardization of the necessary equipment on the border crossings with EU. The Government on the proposal of the business community also suggested measures of which some refer to the decrease of the customs duties at import of certain raw materials, profit tax exemption in certain cases, reprogramming the tax obligations,

lower taxation of the farmers upon certain criteria etc. So far we have reached significant improvement for the implementation of the anti-crisis measures in the legislation.

In this direction I would like to say that Republic of Macedonia, as well as the other CEFTA member countries, according to the Agreement are obliged to detect and remove the unnecessary existing technical barriers and to insist not to introduce new unnecessary technical barriers in the trade. Still, in conditions of world economic crisis certain CEFTA member countries undertook steps which are not completely in compliance with the provisions and divert from the spirit of the Agreement.

Namely, during the past months, certain barriers were registered from some CEFTA 2006 member countries which refer to the introduction of safeguard measures like new taxes at the import from the CEFTA member countries. I would like to mention that the introduction of safeguard measures in period of crisis can not and mustn't be an answer to the compensation of the crisis influence in the trade exchange with the other CEFTA partners.

On the contrary, the spirit of the Agreement should be respected by all members, because this Agreement presents example of trade and wider economic integration of a region and significant potential for creating big regional market. The progress which the CEFTA 2006 member countries would achieve in attracting foreign capital, increasing the competitiveness individually as well as a

region, improving the liberalization of services, diagonal cumulation of origin through its implementation will of course help them in significant measure in their efforts for integration within the EU.

Ladies and Gentlemen,

It is in this direction that I would like to emphasize that Republic of Macedonia so far has not introduced any safeguard measures in form of increased custom duties in import, nor has implemented certain technical barriers that would restrict the import.

I would also like to express my pleasure for the efforts of the Republic of Macedonia for further liberalization of the trade with agricultural and food products. Thus, the agreement for full liberalization with Republic of Albania, deserve positive marks, and with Republic of Moldova we agreed liberalization of all other products except the wine, where we have on bilateral basis agreed quotas of 1000 hl, within which the custom duty is 0, and out of quotas is with MFN duty. With Republic of Croatia, we have kept the existing level of liberalization.

The recently obtained regular Report for the Progress of the Republic of Macedonia in its efforts for EU accession is a special impulse for us, which we consider would significantly contribute to implementation of the Agreement and integration of the region in the European Union. As you know, due to the significant progress

in several sectors, the Republic of Macedonia obtained a recommendation for starting negotiations, which we expect would be soon verified by the highest body of the Union.

I do hope that together with the other signatories of the Agreement, we would contribute to mitigation of the influences of the global economic crisis on the overall trade within CEFTA, and the realized results of the trade exchange within CEFTA will continue to be a significant stimulation for our economies.

Thank you.