

**STABILITY PACT
WORKING TABLE II
SOUTH EAST EUROPE MINISTERIAL CONFERENCE ON INVESTMENT AND TRADE 2005**

TRADE: MINISTERIAL TOUR DE TABLE

SOFIA, 10 JUNE 2005

Statement

Mr. Milko Kovachev, Minister of Economy

Your Excellencies,

Dear Ladies and Gentlemen,

Today we noticed that this year marks the 6th anniversary of the Stability Pact and the 4th year of the signature of the Memorandum of Understanding on trade liberalization and facilitation.

The importance of today's meeting is determined not only by these events but by the possibility given to all of us to discuss and decide on a new phase in development of the regional trade integration process.

Since 2001 all countries succeeded in meeting one of the main goals – initiation of trade liberalization process between participating countries. In 2004 we reported the entry into force of the last bilateral FTA thus finalizing the establishment of the network of agreements under the Memorandum of Understanding.

We appreciate the smooth implementation of all bilateral agreements concluded by Bulgaria. Following the establishment of the network of Free Trade Agreements, trade with the countries in the region increased by 49.4% in 2004, reaching USD 1.6 billion, the imports growing by 60.3% and exports – by 44%. These high figures are clear evidence for the benefits for all participants and for the potential and perspectives of the trade in the region.

Following the adoption of an Action Plan defining the mid and long term tasks of the Working group, discussions during the last two years were focused on the need to increase the level of regional integration.

It is clear for all of us that liberalization of trade is central to the process of regional integration. Therefore further steps in the field of trade liberalization and facilitation are required. This process has broad dimensions that spread and go beyond trade relations and countries should bear this in mind:

- Sustainable development of market economies of countries, leading to overall stabilization in economic, political and social aspect;
- Regional integration has essential role for the Stabilization and Association Process and for the European integration as well.

We have the positive example of CEFTA that proved how regional integration can support and complement the broader objective for European integration.

Further, I would like to elaborate on the priority tasks of the participants in Working Group on trade liberalization and facilitation:

- As a country from SEE Bulgaria takes strong interest in a **single agreement** that would eventually emerge. A single FTA in the region would be to the benefit of the participants and would enhance regional cooperation and economic development.

Therefore we view positively the launch of exploratory work within the Working group.

Bulgaria is committed to provide advice and assistance, sharing its expertise in the negotiation process with a view to facilitate it. Having in mind the conclusion of the accession negotiations and the signature of the Accession Treaty on 25-th of April 2005, Bulgaria has to observe the commitments and obligations stemming therefrom.

- Parallel concrete actions are needed in the field of **non-tariff barriers to trade**. Following the initial process of identification of non-tariff barriers, countries should take measures to eliminate obstacles or improve implementation and practices that create difficulties in the activity of our business entities. Here I would like to thank the Swiss Government and the EU for the studies made giving us the picture of NTB's applied from the countries in the region. Monitoring of this process within the Working group will improve transparency and eliminate lack of information on measures implemented by the countries. We strongly support the continuation of work by the experts.

- We cannot deny that along with the positive effect of the liberalization some problems might occur. Lately we witnessed few countries having difficulties on their domestic markets due to increased imports of particular products. It is our understanding that partner countries should **solve difficulties** derived from liberalization through constructive dialogue in order to find mutually acceptable solution instead of applying trade defense instruments. Though the introduction of protective measures envisaged in the FTA their application limits the effect of the liberalization and the countries should introduce them as a final option and when the need for their implementation is justified.

- We recognize the growing importance of trade in **services** for our economies. The potential that we have should be developed and the volume of trade in services in South East Europe increased, thus allowing us to further improve our position in the world trade as well. Undoubtedly the liberalization will boost this process but we have to overcome some restraints related to insufficient statistical data and information about national requirements of the countries in the region. We find the assistance of the OECD (Organization for Economic Cooperation and Development) in this area very helpful and will appreciate their support in the future to reach the ambitious goals set in the Action plan.

- Mutually beneficial trade relations and transparent trade policies are the basis for creating a better environment for **investments**. The growing amount of investments attracted by our countries proves that progress has been made in improving the conditions for investors. Our opinion is that we can further benefit and attract more investments if all countries provide better opportunities for economic activity. Here I would like to appeal also to the international community to promote our region among business societies.

We appreciate the contribution of the donor countries, the Stability Pact and the Working Group of Trade Liberalization and Facilitation, in particular. I take the opportunity to thank the Stability Pact and all international institutions, organizations and foreign governments, represented here for supporting the activities of our countries related to liberalization and facilitation of trade in South Eastern Europe. We see their role in assisting us responding to our specific needs. At the same time we should not forget that the initiative should be ours and the successful accomplishment of the main priority – becoming members of the European Union depends on our own will and efforts.