

**WORKING GROUP
for
TRADE LIBERALIZATION
and
FACILITATION**

**FINAL MINISTERIAL FOR SIGNING
Of
THE MEMORANDUM OF UNDERSTANDING
For
TRADE LIBERALISATION AND FACILITATION**

**STATEMENT
by
MR. BESNIK FETAI
MINISTER of ECONOMY
of THE REPUBLIC of MACEDONIA**

**JUNE 27, 2001
BRUSSELS-BELGIUM**

Mr. Chairman, Ladies and Gentlemen, Excellencies,

It is my privilege and honor on behalf of the Ministry of Economy of the Republic of Macedonia and in my name to address this esteemed audience. First of all, I would like to express my gratitude to the host for excellent organization of this meeting. Republic of Macedonia has strongly supported the Stability Pact from the very beginning. We are happy that the Working Group was established, following the Conference held in Skopje in January 2000, under our chairmanship.

Only few months ago we were not certain that we will succeed to agree on the Memorandum of Understanding for trade liberalization and facilitation. In January we convened a high-level Trade Policy Forum in Geneva followed immediately by a Ministerial meeting at which seven countries endorsed a Statement of Intent to liberalize trade in the region. We requested the Working Group to prepare a Memorandum of Understanding on Trade Liberalization and Facilitation before the end of the Swedish Presidency. It seemed that we were very ambitious in Geneva planning that all the work will be done in four months. Now we can be proud of the result achieved by the Working Group during these negotiations.

Our opinion is that the signing of the Memorandum is a clear and promising signal that the signatory countries can cooperate between themselves, living behind the problems and differences that exist among them. That is why I would like to welcome the Memorandum of Understanding and its implementation. Republic of Macedonia will make its best endeavors to undertake number of actions for further liberalization and facilitation of trade. Allow me to mention that Macedonia is fully applying the concept of the international community for co-operation with all neighboring and adjacent countries of the region. We have already signed six FTA's with Slovenia, FRY, Croatia, Turkey, Bulgaria and Ukraine. Also, we are negotiating with Albania, Bosnia, Romania and Hungary for signing free trade agreements.

How has the Working Group achieved this speed acceleration in the liberalization?

A major contributing factor has been that participating governments, in response to the Stability Pact's request, appointed high-level representatives to the Working Group. The Group's work has thus been characterized by high quality inputs and consistency. I would like to thank the representatives from the region for their hard work and their willingness to go the extra mile in order to reach an agreed text.

A second factor contributing to success has been the special studies commissioned by the Working Group and the participation in the Working Group of experts from the World

Bank, the World Trade Organization, the European Commission and other organizations. We are very grateful for their encouragement and commitment to the process throughout.

A third crucial factor was the financial support provided by three donor countries – UK, Switzerland and the USA. Our thanks go also to them.

And now for a brief summary of what we have agreed on in the Memorandum of Understanding.

We commit our countries to further develop the network of free trade agreements between us by concluding negotiations on new bilateral free trade agreements by the end of 2002. At least 90 % of mutual trade between Signatory Countries will be liberalized, including both agricultural and industrial goods.

The Free Trade Agreements will include provisions such as a common set of preferential rules of origin, on the application of antidumping, countervailing and safeguard measures, public procurement, state aid and state monopolies, and on the future liberalization of trade in services.

In view of our countries' interest in progressive integration into EU structures, the Memorandum states the Signatory Countries' intention to harmonize their legislation with that of the EU on variety trade related issues.

The memorandum of understanding will be a success **only** if it is followed up effectively. The seven countries must negotiate a number of bilateral free trade agreements over the next 18 months and they must be able to enforce their provisions effectively. I would like to assure you that the Republic of Macedonia is dedicated for implementation of Memorandum according to the above mentioned principles. We would like to emphasize that at the moment we are facing with crisis in my country, crisis that has great negative impact to our economy. Some estimations are that almost 700 millions of DEM. is the damage from these few months. Having in mind that we are also planning, through the Ministry of Finance, to organize another donor conference for Macedonia, these facts should be taken into account by the international community. Without this support the country will be brought back for several years.

Mr. Chairman, the signing of this Memorandum will constitute a historic step on the road leading to our reintegration into Europe and the world economy. But a lot of work remains ahead of us!

The Working Group should and will act as a coordinator and facilitator in this follow-up work. Also, the Group should assist the Signatory Countries to obtain the technical and financial support necessary to implement the Memorandum.

The three factors that allowed us to successfully agree on the Memorandum are also needed in the future. We need continued commitment by the seven signatory countries to a high level of representation and consistency in the Group. We need continued

participation by international technical experts in the Group. And finally we need continuing political, technical and financial assistance from the international community.

Given this, Mr. Chairman, we shall continue to liberalize and facilitate trade of the region at this accelerated pace.

Thank you!