



Ministerial Statement on Trade Liberalisation in South Eastern Europe
Sofia, 10 June 2005

Ministers,

Representing the Republic of Albania, Bosnia and Herzegovina, the Republic of Bulgaria, the Republic of Croatia, the Republic of Macedonia, the Republic of Moldova, Romania, and the state union of Serbia and Montenegro and Kosovo represented by the Special Representative of the Secretary General, in line with United Nations Security Council Resolution 1244;

HAVING REGARD to the commitments contained in the *Memorandum of Understanding on Trade Liberalisation and Facilitation* (MoU) signed in Brussels on 27 June 2001 to meet on a regular basis to review progress, to adopt measures to implement the Memorandum and to develop further trade and investment;

NOTING with satisfaction that 29 bilateral free trade agreements are in force since the beginning of 2005; that pragmatic solutions have been found to include all parties in the regional trade liberalisation process, and that Macedonia and Serbia and Montenegro have revised their free trade agreement in accordance with MoU requirements;

NOTING with satisfaction that all parties are taking steps to ensure full compliance with the MoU, in particular that all have taken steps to ensure that their bilateral agreements liberalise 90 per cent of all tariff lines;

NOTING with satisfaction that implementation of the bilateral agreements in accordance with the MoU is proceeding and as a result intra-regional trade is increasing and leading to the emergence of the “virtual free trade area encompassing eight countries and 55 million inhabitants” envisaged in previous Ministerial Statements;

CONVINCED that regional free trade stimulates foreign direct investment in South Eastern Europe, that the synergies between trade and investment contribute importantly to increased employment and economic growth, and that a comprehensive policy approach is necessary as exemplified by this joint meeting with the Investment Compact and the Ministerial Statements on Trade and Investment respectively;

CONVINCED that regional co-operation is an integral part of the European Union accession process as well as of the European Union Stabilisation and Association process;

DETERMINED to realise the future of the countries of South-East Europe within the European Union and therefore to deepen further regional co-operation and to harmonise trade-related legislation on the EU *acquis*;



NOTING the importance of the World Trade Organisation, supporting membership for all countries in the region and having observed the obligation promptly to notify bilateral free trade agreements to it;

CONVINCED that the full implementation of commitments made by all parties to the Memorandum of Understanding on the Core Transport Network is vital to provide the necessary infrastructure to underpin the trade and investment generation processes in the region;

Have today adopted this Ministerial Statement.

We

ENDORSE the Trade Working Group's *Strategy and Action Plan for 2005* and in particular:

REAFFIRM that our overriding priority for 2005 is to implement the bilateral free trade agreements, including the rules and procedures for dispute resolution. We emphasize the important role of the Trade Working Group in monitoring implementation and call upon it to use its good offices to facilitate the resolution of disputes as appropriate.

WELCOME the steps taken by the Trade Working Group to set in motion the Procedure called for in the MoU to identify, review and eliminate non-tariff barriers to trade. We endorse the work programme on non-tariff barriers to trade adopted by the Trade Working Group at its meeting on 4 May 2005. We commit our governments to appoint focal points and to review, establish and implement procedures and plans to identify non-tariff barriers and to discuss their elimination in appropriate fora. We request the Trade Working Group to monitor on a regular basis the progress made to eliminate non-tariff barriers.

ACKNOWLEDGE the importance of trade in services for the development of our economies. We instruct national administrations to identify the proper ways and means to harmonise our regimes for key services sectors on the EU *acquis* and the WTO General Agreement on Trade in Services. We welcome the assistance provided to this end and commit our competent authorities to participate fully in the harmonisation process of services regimes.

RECOGNISE that the ability to meet international sanitary, phytosanitary and veterinary standards is crucial for a country's ability to export agricultural products to the region and to third countries. We commit ourselves to take necessary measures to ensure that the assistance provided in meeting such standards is effectively utilised.

AGREE to support the process of accession to the World Trade Organisation for those countries that are not yet members.

RECOGNISE the need for Signatories to the bilateral agreements to maintain their credibility and increase the confidence of the business community by strictly following



all rules and procedures contained therein, in particular those concerning dispute resolution.

RECOGNISE the necessity for each government to engage the business community in a dialogue on the formulation of trade and trade-related policies with a view to fostering the expansion of a competitive and entrepreneurial private sector.

REQUEST the Trade Working Group and all partners to intensify their efforts to promote the current network of bilateral free trade agreements and to inform the international and domestic business communities of the new opportunities for foreign trade and investment; to this end we warmly welcome the enhanced co-operation between the Trade Working Group and the Investment Compact.

The Ministerial Statement issued in Rome on 14 November 2003 requested that the Trade Working Group recommend additional steps to liberalise and facilitate trade in accordance with the Memorandum of Understanding and with a view to ensuring an economically efficient free trade area in South Eastern Europe.

Following receipt of these recommendations in December 2004 and the additional preparatory work undertaken by the Group in 2005, we agree that a single free trade agreement by furthering harmonisation, transparency and consistent application of rules would enhance regional co-operation, increase regional ownership of the trade liberalisation process, improve efficiency and stimulate trade and direct investment in the region. Therefore, we specifically charge the Trade Working Group with the following tasks:

- to intensify its exploratory talks concerning a single free trade agreement, based on the text of the Central European Free Trade Agreement and characterised by modern and comprehensive provisions, a high level of liberalisation and open to all parties in the region under conditions to be mutually agreed.
- to report to Ministers by the end of 2005 on the outcome of its talks, including definition of the principles that would underpin the functioning of a single free trade agreement, provision of illustrative texts and recommendations on the launch of negotiations, under the auspices of the Trade Working Group, on a single agreement that could be concluded in the course of 2006.

We acknowledge the assistance received to date from the international community, in particular from the European Commission, the OECD, the World Bank, the World Trade Organisation, Germany, Norway, Sweden, Switzerland, the UK and the USA. We recognise that political, technical and financial support from the international community for trade liberalisation and facilitation is evolving and look forward to discussing how future support can best ensure increased regional ownership of the process.



Ministers will meet again in 2006.



ADOPTED in Sofia, on the 10th day of June in the year two thousand and five:

Albania

Anastas Angjeli
Minister of Economy of Albania

Bosnia and Herzegovina

Hamdo Tinjak
State Secretary
Ministry of Foreign Trade and Economic Relations

Bulgaria

Milko Kovachev
Minister of Economy

Croatia

Vladimir Vrankovic
State Secretary
Ministry of Economy, Labour and Entrepreneurship

Macedonia

Sasa Andonovski
Vice-Minister of Economy

Moldova

Igor Dodon
Vice-Minister of Economy and Trade

Romania

Iuliu Winkler
Minister for Trade

Serbia and Montenegro

Danilo Vucetic
Ambassador
Embassy of Serbia and Montenegro in Sofia

Serbia

Vlatko Sekulovic
Vice Minister
Ministry of International Economic Relations

Montenegro

Gordana Djurovic
Minister for International Economic Relations and European Integration

United Nations Interim Administration Mission in Kosovo

Andreas Wittkowsky
Head of Economic Policy Office

