



BS/TED/WG/R(2001)1

**REPORT OF THE
MEETING OF THE WORKING GROUP ON
TRADE AND ECONOMIC DEVELOPMENT**

Istanbul, 28-29 June 2001

1. The Meeting of the Working Group on Trade and Economic Development was held in Istanbul, Turkey on 28-29 June 2001.
2. The opening address was made by Mr. Hüsnu DİLEMRE, Chairperson of the Working Group.
3. The Meeting was chaired by Mr. Hüsnu DİLEMRE, Deputy Director General, Office of Prime Minister, Undersecretariat of Foreign Trade of the Republic of Turkey.
4. The Meeting was attended by the following Member States :
 - Republic of Armenia
 - Republic of Azerbaijan
 - Republic of Bulgaria
 - Georgia
 - Republic of Moldova
 - Romania
 - Russian Federation
 - Republic of Turkey
 - Ukraine
5. The Meeting was attended by the representatives of the Republic of Poland, the Slovak Republic and Tunisia as Observers.
6. The representatives of BSEC Business Council (BSEC BC), Black Sea Trade and Development Bank (BSTDB) and International Center for Black Sea Studies (ICBSS) participated in the Meeting.
7. The Meeting was also attended by the representative of the World Trade Organization as a Guest.

The list of participants of the Meeting is attached as Annex I.

8. The draft agenda of the Meeting was discussed and adopted. The agenda, as adopted, is attached as Annex II.

EVALUATION REPORT OF THE PREVIOUS INITIATIVES OF THE WG

9. The PERMIS presented the Evaluation Report in which the main issues were reflected directly affecting the enhancing of the intra-regional trade and economic relations and were discussed within the WG at its previous meetings.

It was noted that in the Meeting of the Ministers of Foreign Affairs held in Tbilisi on 30 April 1999, the Ministers were of the opinion to further develop the Plan of Action elaborated at the previous meetings of the Working Group. Within this framework the participants of the WG were invited to thoroughly examine the aforementioned issues and to define the priorities of the activities of the WG at the present stage in accordance with the existing realities.

10. The prevailing view expressed by the delegations was that the main field of the future activities of the WG should comprise the problems related to the liberalization of the intra-regional trade within BSEC, paying special attention to the existing non-tariff barriers and border-crossing procedures.

11. It was noted that the completion of the process of accession to the WTO for those BSEC Member States who had not done so far would help the process of trade liberalization in the BSEC region.

PRESENTATION ON MEMBER STATES' FOREIGN TRADE REGIMES ALONG WITH THE LATEST DEVELOPMENTS

12. The delegations presented detail written information on their national legislation that regulates the export/import regime, including tariff and non-tariff trade policy measures which are applied in the respective countries.

13. In some of the reports it was noted that a definite tariff and non-tariff barriers that are generally related to the institutional, economic, infrastructure and informational conditions impede the trade and economic relations within BSEC region. Such barriers were identified by Turkey and Bulgaria.

14. The Business Council stated that it is strongly advocating the establishment, within the BSEC countries, of an initiative similar in scope to the Investment Compact under the Stability Pact for Southeast Europe.

This initiative will consist of a series of commitments by governments to carry out reforms toward a level playing field for business and toward an environment attractive to foreign investors: More transparency and legislative stability, lifting off of bureaucracy. It will also include implementation and monitoring systems and mechanisms.

The Business Council stated its readiness to collaborate, in this respect, with the rest of the BSEC Organization and with OECD and other international bodies to establish the proper guidelines.

PRESENTATION OF THE REPRESENTATIVE OF THE WTO ON TRADE LIBERALIZATION IN THE REGION

15. The WTO representative made a detailed presentation of the regional dimensions of world trade, Regional Trade Agreements (RTAs) and the WTO rules and procedures related to RTAs.

16. At the present stage setting the objective of trade facilitation is a more realistic goal for the BSEC Member countries. To make easier and faster the procedures related to trade facilitation it would be useful to make an inventory on the items which constitute obstacles to trade and traders.

The successful outcome of this ongoing effort can be achieved by developing a common approach of the BSEC Member States towards harmonization of their national standards and procedures, as well as their foreign trade regimes in general.

DISCUSSION ON BUILDING A MODEL TOWARDS DEVELOPING A SET OF ACTIONS FOR LIBERALIZATION OF TRADE IN BSEC REGION

17. The delegations discussed in detail the issues adversely affecting intra-regional trade. They agreed that at the present stage non-tariff barriers constitute the real problems for the free trade flows in the BSEC region. The WG agreed to give priority to work on the issues related to the non-tariff barriers.

18. The Turkish delegation presented a draft paper, titled "Recommendation for the procedure to eliminate quantitative restrictions and measures with equivalent effect on trade in BSEC region". The draft is attached as Annex III.

It was agreed that the Member States are expected to submit to the PERMIS their comments on the content of the afore-mentioned draft by 15 July 2001.

19. As a next step the Member States will provide to the PERMIS until the end of September 2001 information on the non-tariff measures which are applied in other Member countries in the framework of "An exemplary list of quantitative restrictions and measures with equivalent effect on trade", annex to the afore-mentioned draft.

20. Draft paper which will be elaborated on the basis of information received from the Member States, will be submitted to the forthcoming Meeting of the Council of Ministers for approval.

DEVELOPMENTS ON THE ESTABLISHMENT OF EXPORT PROMOTION CENTERS AND EXPORT CREDIT AGENCIES IN THE MEMBER STATES AND INFORMATION ABOUT THE INTERNET BSEC PORTAL

21. The delegation of the Republic of Turkey informed the WG on the structure and activities of the Balkan Regional Center for Trade Promotion (BCTP), located in Ankara and invited BSEC Member States which are not members of the BCTP to cooperate with the Center. It was noted that the BCTP has established relations with the Stability Pact for promotion of several joint projects within the frame of the Stability Pact.

22. The Turkish Delegation offered to provide information and on-the-job training to Member States where export promotion centers are in a process of establishing. So far such assistance was provided to the Republic of Moldova.

23. A presentation of Turk Eximbank was made. The Bank offered to provide technical assistance and on-the-job training to respective financial institutions in the BSEC Member States, as well as for establishing direct cooperation with such Export Promotion Financial Institutions.

24. BSTDB presented a pilot project provided to Georgia by the Bank for the creation of Export Promotion System of that country.

25. The representative of the BSEC BC informed about the recent developments on the creation of a BSEC Internet Portal. An essential factor for the success of this portal is the willingness of all countries to submit statistical data and other relevant information. Furthermore, adequate financial resources need to be secured for such an endeavour.

26. The Russian delegation proposed to examine, with the assistance of the BSTDB representatives, the possibility of the creation of the specialized insurance company of export credits and investments for the purpose of the further promotion of trade and economic development in the BSEC region.

RECENT SITUATION ON TRADE FINANCE PROGRAMS OF THE BSTDB

27. The representative of the BSTDB presented the activity of the Bank in the field of its Trade Finance Programs and the implementation of new products:

- Short Term Multiple Buyer Credit which provides post-shipment import financing to companies in Member States through Financial Intermediaries when they purchase goods from other Member States.

- Supplier/Buyer Credit Refinancing – Financial Intermediary is not involved and the Bank extends credit facility directly to Supplier of Buyer.

28. The participants noted in a positive manner the concrete steps of the Bank aiming to improve the user-friendliness of its products, which are met with substantial interest by the financial intermediaries and traders in the Member countries. It was noted also that the new products constitute a concrete step in the field of trade facilitation and will help the growth of the business activities in the next period.

ANY OTHER BUSINESS

29. With regard to the working paper by the PERMIS “Implementation of the BSEC Economic Agenda” the Russian delegation made the following comment:

“The Working paper prepared by the PERMIS on the implementation of the BSEC Economic Agenda can be regarded as a chart of actions to be carried out in order to ensure the attainment of the BSEC objectives. In our opinion, the Working paper comprises a well balanced package of short- and long term measures relating to the BSEC activities that are stipulated in the Agenda. In

this context it would be advisable that at the nearest Meeting of the Ministers of Foreign Affairs the Member States adopt a decision on establishing a “Seed Money Fund” with a view to provide the primary financial resources for starting up and implementing common projects and, in particular, those concerning trade facilitation in the BSEC region”.

30. The Business Council announced that it is organising, together with OECD and the Konrad Adenauer Foundation, a workshop on Tourism Development in September. Government officials and representatives of the private sector are being invited to attend. The outcome will be a set of guidelines that will be submitted to the Ministers for their consideration.

DATE AND VENUE OF THE NEXT MEETING

31. The venue and the exact date of the next WG meeting will be communicated to the Member States in due course through the PERMIS.

EXPRESSION OF THANKS

32. The delegations expressed thanks to the PERMIS for hospitality and excellent preparation and to the Chairman for his able and constructive chairing of the Meeting.

ADOPTION OF THE REPORT

33. The WG adopted the present report for the submission to the Fifth Meeting of Council of Ministers of Foreign Affairs.
