PARLIAMENTARY ASSEMBLY OF THE BLACK SEA ECONOMIC COOPERATION PABSEC

DOC: GA 3456/97 Chisinau, 22 December 1997

THE TENTH PLENARY SESSION OF THE PABSEC GENERAL ASSEMBLY

RECOMMENDATION 22/1997 ¹

on

"THE BSEC FREE TRADE AREA: PART OF THE NEW EUROPEAN ARCHITECTURE"

- 1. The Parliamentary Assembly of the Black Sea Economic Cooperation states once again its full support to the DECLARATION OF INTENT FOR THE ESTABLISHMENT OF THE BSEC FREE TRADE AREA, as part of the New European Architecture, adopted on 7 February 1997 by the Special Meeting of the Ministers of Foreign Affairs and the Ministers Responsible for Economic Affairs of the BSEC Participating States.
- **2.** The Assembly is confident that the BSEC Free Trade Area, realised through joint efforts of all the Member Countries, will be instrumental for the establishment of peace, prosperity, democracy, the rule of law and respect for human rights in the Black Sea region.
- **3.** The PABSEC therefore emphasises the need to promote, facilitate and create the preconditions for the effective operation of the Free Trade Area by adopting the proper policies and measures that will liberalise and integrate the Members Countries' economies in accordance with their respective needs and level of development.
- **4.** The Parliamentary Assembly restates the importance of the general principles of the WTO that govern international trade and expresses its belief that in the near future all BSEC members will become WTO signatories states. In this framework it underlines the necessity of the measures leading to the creation of a BSEC Free Trade Area to be compatible with the WTO multilateral agreements.
- **5.** The Assembly stresses the major role of the BSEC in promoting closer cooperation with the institutions of the European Union, as well as other organisations and the OECD, in the process towards further integration of the Black Sea region into the wider European economic space. The Assembly acknowledges the contractual commitments of some of its Member States with the EU and in the CIS and different

Text adopted by the Assembly in Chisinau 10 December 1997

¹Assembly debate on 10 December 1997 (see DOC GA 3455/97, Report of the Economic, Commercial, Technological and Environmental Affairs Committee on "THE BSEC FREE TRADE AREA: PART OF THE NEW EUROPEAN ARCHITECTURE", discussed in Athens on 23-24 September 1997; Rapporteur Mr. Ion Dediu from Moldova).

BSEC countries which shall be taken into consideration in any future agreements between the BSEC Member Countries.

6. The Assembly therefore:

A. Calls on the National Parliaments and Governments of the BSEC Participating States:

- i. To put particular emphasis on policies and measures aiming at strengthening the market economy, conducive to the prosperity of the people of the Black Sea, and facilitating the establishment of the BSEC Free Trade Area as a step towards full integration into the New European Architecture.
- ii. To adopt proper actions aiming at further liberalisation of their economies, and especially their foreign trade regimes and to take measures on prohibiting any kind of economic sanctions among the BSEC Participating States.
- iii. To step up economic cooperation among the BSEC Participating States by conclusion of new bilateral and multilateral agreements, including regulations on the terms and ways of payment within BSEC, capitalising upon the expertise of Greece, in her capacity as the one and only full-fledged member of the European Union in the area, as well as upon the expertise of Turkey, who is benefiting by a special status as to the European Union.
- iv. To provide full support to the elaboration and implementation of the BSEC Plan of Action to be adopted by the Meeting of the Ministers of Foreign Affairs, highlighting the general guidelines and priorities towards the establishment of the Free Trade Area, including relevant national and international research.
- v. To agree upon in the framework of BSEC on a timetable for the initiation of the process towards the BSEC Free Trade Area, taking into consideration the results of the expert studying of the question towards the BSEC FTA in the framework of the BSEC Plan of Action.
- vi. To examine the possibility of establishing new free-trade zones in the BSEC member countries and euroregions between several BSEC member countries, which could play a positive role in the establishment of the BSEC FTA.
- vii. To speed up the conclusion of free trade agreements with each of BSEC member countries, as a first step towards a BSEC free trade area.
- viii. To promote International Fairs of products (agricultural, industrial, and services) in the framework of PABSEC; the Chambers of Commerce and Industry of the PABSEC countries should be coordinated on this aspect.
- ix. To give priority to the harmonisation of the Participating States' respective legal frameworks, especially in the spheres of:

a. customs regulations

- by gradually reducing and eliminating, on a bilateral and multilateral basis, customs duties, taxes and fees, as well as quantitative and other non-tariff barriers in trade in manufactured and agricultural products and services.
- by accelerating the harmonisation and simplification of their national customs legislation in compliance to international standards, particularly the provisions

- of the WTO Agreements and the EU procedures relevant to customs regulations.
- by making use of the BSEC specialised bodies in order to ensure the flow of information, facilitating relevant studies and creating a databank on international and regional standards, as well as on national legislation of the BSEC member states governing customs regulations.
- by simplifying customs clearance procedures, formalities and customs documentation.

b. transport and telecommunications

- by intensifying their joint efforts to promote the BSEC priorities and projects in the negotiations for the Pan-European Transport Network considering the principles and objectives adopted at the Helsinki Declaration of the Third Pan-European Transport Conference.
- by achieving a gradual convergence of tariffs for freight and passenger transportation, and transit tariffs, adhering at the same time to the free transit principle.
- by continuing efforts for privatisation and liberalisation of their telecommunications markets.
- by implementing projects and programmes offering improved telecom services to the people of the Black Sea region.

c. financial markets

- by gradually taking measures to liberalise the financial sectors of the member countries in order to improve the quality of services, to remove foreign exchange controls, to expand the range of financial products currently offered, in order to secure adequate funding to viable private enterprises, and ensure swift transfer of funds between the countries of the region and the international financial markets.

d. foreign investment

- by creating an environment conducive to investment through the progressive elimination of obstacles to foreign investment which will lead to the transfer of funds, technology, know-how and increase production and trade.
- by striving for transparency, predictability and consistency in the enactment and enforcement of laws and regulations pertaining foreign investment.
- by simplifying business registration and licensing procedures.
- by clearly defining the sectors barred to foreign investment.
- by creating transparent harmonised criteria for eligibility of tax incentives.
- by continuing their efforts to fully liberalise the regimes concerning repatriation of invested capital, profits and other payments.

e. visa formalities

- by undertaking measures for the gradual improvement of visa regimes between the BSEC countries, starting with the establishment of favourable conditions for free movement of certain categories of individuals actively involved in the Black Sea cooperation process (MPs, government officials, members of the BSEC Business Council and other businessmen, accredited journalists, and members of the Secretariats of the BSEC bodies).

- x. To fully involve the BSEC Business Council, the BSEC Centre for Small and Medium Enterprises and the private sector of the member countries in the whole process leading to the FTA.
- xi. To include in the new BSEC Statute relevant provisions outlining a mechanism of interaction between the BSEC, PABSEC, BSEC Business Council, BSTDB and the BSEC subsidiary bodies, as a statutory framework ensuring the smooth implementation of the BSEC goals, including the BSEC FTA.
- xii. To spare no efforts to build a climate of understanding and cooperation in the region as the major prerequisite of turning the Black Sea area into a zone of peace, stability and prosperity.
- **B. Invites** the BSEC Meeting of the Ministers of Foreign Affairs to consider this Recommendation.