

Doc. GA19/EC18/REC59/02

**THE NINETEENTH PLENARY SESSION OF THE PABSEC GENERAL ASSEMBLY**  
**RECOMMENDATION 59/2002\***  
**ON "ECONOMIC INTEGRATION IN THE BSEC REGION: CURRENT STATE AND FUTURE PROSPECTS"**

**I. The Parliamentary Assembly of the Black Sea Economic Cooperation:**

**a. celebrating** ten years since the establishment of the BSEC, acknowledges that integration within the BSEC region and with the rest of the world has made significant strides and there is a clear momentum for continued cooperation to serve as the foundation of lasting prosperity and security in the Black Sea region;

**b. convinced** that the path towards BSEC integration is challenging for all countries involved but the potential long term -economic, political and security- benefits are substantial and that multilateral trade and investment initiatives among BSEC states which run parallel to "open" regional integration with the European Union can generate higher economic growth;

**c. reiterating** its commitment to the common strategy of the BSEC integration streamlined in the *BSEC Economic Agenda for the Future* adopted in April 2001 and to the long-term ambition of the progressive establishment of a Free Trade Area as envisaged in the *Declaration of Intent for the Establishment of the BSEC Free Trade Area* of 7 February 1997;

**d. recalling** the Recommendations 16/1996 on 'Development and Cooperation in the Field of Trade and Business Among the BSEC Member Countries', 20/1997 on 'Improvement of Customs Regulations of the BSEC Participating States', 22/1997 on 'The BSEC Free Trade Area: Part of the New European Architecture', 37/1999 on 'Trade Development in the Black Sea Region' and 38/1999 on 'Promotion and Protection of Investments in the Black Sea region';

**e. aware of** the existence of major deficiencies in regional economic integration which are not only due to institutional, regulatory/legislative and economic barriers but also due to inadequate infrastructure, persisting political risk, underdeveloped private sector and unfavourable business practices;

**f. supporting** the commitment of the BSEC states to the liberalisation of their foreign economic affairs stemming from the acceptance of relevant international agreements and declarations, their membership in the WTO or their ongoing accession negotiations with the WTO and the EU;

**g. conscious of** the need of the BSEC countries to assess the impact of the ongoing changes in the world political economy resulting from two major forces; globalisation and the creation of powerful regional economic blocks;

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\* Rapporteur: **Mr. Dan Nicolae RAHAU** (Chairman of the Economic, Commercial, Technological & Environmental Affairs Committee, Romania)

Assembly debate on 13 June 2002 (see Doc.GA19/EC18/REP/02, Report of the Economic, Commercial, Technological and Environmental Affairs Committee on "ECONOMIC INTEGRATION IN THE BSEC REGION: CURRENT STATE AND FUTURE PROSPECTS", discussed in Yerevan on 14 March 2002; Rapporteur: Mrs. Marianna ASSENOVA, (Bulgaria).

*Text adopted by the 19<sup>th</sup> General Assembly in Tbilisi, on 12 June 2002*

**h. sharing** the view that deeper economic integration in the BSEC region is a long term process that will enhance the global competitiveness of the economies of the region, facilitate the accession process of some BSEC countries to the EU and improve cohesion in Europe as a whole;

**i. recognising** that although political stability will be furthered by economic integration, the latter can only materialise within a context of overall peace, rule of law and democratic institutions.

**II. The Parliamentary Assembly therefore recommends** the National Parliaments and the Governments of the BSEC Member States:

1) *to take* decisive steps for the implementation of the **common strategy** of regional integration and to abide by the policy priorities outlined to this aim in the *BSEC Economic Agenda* that cover all aspects of economic cooperation;

2) *to improve* the overall **political environment** thus rectifying the business climate and making the region more secure for and attractive to international business;

3) *to speed up* **structural reforms** aiming at strengthening market economy while pursuing sound macroeconomic policies that stimulate economic growth and undertake profound reforms of their banking and finance systems;

4) *to ensure* that **sustainability** is fully integrated into economic activities and encourage business practices that safeguard environment;

5) *to coordinate* actions among parliaments, governments, business and NGOs in the **fight against corruption** and to evaluate progress as well as problems encountered in the implementation of anti-corruption programs; to this end to make effective use of the BSEC Agreement on 'Cooperation in Combating Crime in Particular in its Organised Forms';

6) *to enact and implement legislation* (particularly on property rights, privatisation, labour market etc.) facilitating economic activities and progressively to *approximate* their regulative regimes at a regional level abiding by international and EU standards;

7) *to create* a stable, predictable, transparent and non-discriminatory environment for **private sector development** and *encourage* Regional Private Sector Initiatives in the following priority areas: promotion of cross-border trade and investment and regional coverage of SMEs support, in close cooperation with the BSTDB and other International Financial Institutions (IFIs);

8) *to faithfully implement* Recommendation 37/1999 on 'Trade Development in the Black Sea Region' and 38/1999 on 'Promotion and Protection of Investments in the Black Sea region' which include a comprehensive set of measures and policies for trade and investment led integration;

9) *to pursue* **trade liberalisation** on both bilateral and multilateral levels by joining the WTO –for those who are not members- and concluding Free Trade Agreements involving as many countries in the region as possible with a view to establishing a free trade area in the entire Black Sea region; to this end *to consider initiating* a Memorandum of Understanding on Trade Liberalisation and Facilitation that calls for a network of such FTAs to be reached duly observing the obligations resulting from the WTO, the EU or other international arrangements;

10) *to reduce* with a view to eventually *eliminate* tariffs and non-tariff barriers by:

- *revising* national legal provisions which currently constitute barriers to efficient trade;
- *promoting* the selective reduction of such barriers inter alia through the conclusion and follow up of the BSEC 'Exemplary List of Quantitative Restrictions and Measures with Equivalent Effect on Trade';

- progressively *harmonising* existing standards and certification systems of the member states, promoting the application of International Standards Organisation (ISO) whenever possible;
- 11) *to provide* incentives to key **export sectors** so as to enable them to become competitive in the absence of protective measures;
- 12) *to encourage* **cross-border investment** and **joint ventures** among the BSEC states and to promote a package of effective joint measures attracting productive investments from the EU and other major investors;
- 13) *to facilitate* foreign investment realisation process, dismantling legislative, regulatory and administrative disincentives regarding: entry, licensing, profit relocation, expropriation and compensation, disputes settlement;
- 14) due to the extreme importance and urgency of addressing the issues of economic integration in the BSEC region, *to propose* to the Council of Ministers of Foreign Affairs of the Organisation of the BSEC that Ministers of Economy and Ministers of Finance of the member countries should be included in the Council of Ministers of Foreign Affairs;
- 15) *to support* the 'Black Sea Investment Initiative' of the BSEC Business Council in order to consolidate a regional framework for the elimination of disincentives for doing business particularly for the SMEs;
- 16) *to extend* full support to the establishment of the 'BSEC Project Development Fund' for the purpose of facilitating the elaboration and promotion of projects with high regional development and cooperation impact in the BSEC area;
- 17) *to invest* in **infrastructure services** - energy, transport, communications- to integrate the region physically with the rest of Europe and within itself emphasising on projects having a marked regional character (either because they have a direct effect on more than one country or for their demonstration value which will benefit all the countries in the region);
- 18) *to devote* particular attention to simplifying and harmonising the existing **cross-border and customs regulations and procedures** (including visa facilities for businessmen) with the aim to facilitate efficient bilateral and transit transport of goods and people in the region complying with international standards;
- 19) *to establish* a **regional information system** to monitor border crossing facilities so as to alleviate technical, legal and administrative barriers and allow for the timely flow of accurate information essential to the liberalization and development of trade;
- 20) *to cooperate* on continuing **training** of border control personnel regarding: the effective use of modern infrastructure and documentary procedures; unified implementation of international treaties on border crossings; risk assessment procedures; management of border control authorities;
- 21) *to progressively liberalise* international road, rail and combined transport in the BSEC region and improve its operational conditions;
- 22) *to make better use* of the capabilities and resources of the established regional bodies particularly the PABSEC, the BSEC BC, the BSTDB, the ICBSS and to foster cooperation with other regional groups established within the framework of an undivided Europe;
- 23) *to call on* the EU, the EBRD, the EIB as well as other IFIs to expand their activities related to economic and financial cooperation in particular the development of SMEs and of links between companies in different BSEC countries

**III. The Parliamentary Assembly invites** the Council of Ministers of Foreign Affairs of the Organisation of the BSEC to consider this Recommendation.