

Article by Larry Butler, Principal Deputy High Representative: “CEFTA Means Jobs”

A major plank in the effort to bring prosperity to Bosnia and Herzegovina may or may not be set in place this week.

In Brussels on Thursday and Friday, a negotiating team from Bosnia and Herzegovina, comprising the Ministry of Foreign Affairs and the Ministry for Foreign Trade and Economic Relations, will try to complete negotiations that will allow BiH to accede to the Central European Free Trade Agreement (CEFTA). If the negotiations are successful, BiH will formally accede to CEFTA at a summit of CEFTA Prime Ministers scheduled for Bucharest in December.

CEFTA was established by Poland, Hungary and the former Czechoslovakia in 1992. In the last decade, Slovenia, Romania, Bulgaria, Croatia and Macedonia have all become members.

The CEFTA countries work together to develop free trade among themselves and with the rest of the global economy. Fully compatible with and complementary to the Stabilisation and Association Process, the regional trade cooperation fostered by CEFTA will replace the system of bilateral Free Trade Agreements negotiated by SEE countries under the auspices of the Stability Pact. The Pact's activities are oriented towards economic, social, legal and political integration in the European Union.

The founding CEFTA members have already joined the EU. Bulgaria and Rumania will join in January.

So what happens this week in Brussels is of very great strategic importance. Acceding to CEFTA will take Bosnia and Herzegovina into what has been for other countries a kind of anteroom to the European Union.

This week's discussions will also reveal whether or not Bosnia and Herzegovina has the kind of realistic and determined outlook that is needed to bring complex and demanding negotiations of this sort to a positive conclusion – and that, clearly, will have a bearing on the country's prospects for negotiating accession to the EU.

There is a sticking point, however, involving Bosnia and Herzegovina's Free Trade Agreements with Serbia and Croatia.

In a nutshell, producers in Serbia and Croatia receive more help from their governments than producers in Bosnia and Herzegovina. Provision has *not* been made, for example, to certify BiH farm products so that they can be sold in neighbouring countries, while the neighbouring countries have set in place certification regimes that allow their products to be sold in Bosnia and Herzegovina.

The BIH side has sought to make a complete renegotiation of its Free Trade Agreements with neighbouring countries part of its CEFTA accession requirement.

At this stage, it appears that real progress can be made on addressing some of BiH's concerns (for example, agreement is possible on an interim arrangement that would give BiH producers temporary relief while the government sets long-term certification arrangements in place) but full renegotiation is not on the table.

A deal *is* possible. The Stability Pact has offered its good offices in this respect, as has the EU Special Representative.

A maximalist position, however, will deliver nothing. A pragmatic approach will deliver a great deal.

If a deal is struck, the new BiH Council of Ministers when it is formed must endeavour to set in place as quickly as possible the kind of inspection regimes that will allow BiH exporters to compete effectively with exporters in neighbouring countries.

I am convinced that much of the criticism of the Free Trade Agreements signed under the auspices of the Stability Pact has been a knee-jerk response arising from a stubborn belief that protection is better than free trade.

It isn't.

Free trade means jobs – that has been the lesson of CEFTA's founding members, all of whom are now in the EU and all of whom enjoy standards of living that are incomparably higher than they were a decade ago.

BiH *can* finalise negotiations on a new CEFTA in Brussels this Friday. To do so, however, the Council of Ministers will have to pull out all the stops; it will have to engage in practical, detailed, sustained and disciplined negotiation. The International Community wants BiH to succeed. But success does not depend on others – it depends on a shrewd and realistic approach by the BiH authorities.