

What hinder the free movement of goods, service, people and capital in the Black Sea region?

International conference on the topic of “Cost of borders” held

Although Eastern neighbors of European Union possess huge economic potential, they have not yet achieved the complete removal of barriers that hinder the free movement of goods and services, capital and humans and reforms in this regard are rather slow. These are the views raised at the international conference of “Cost of borders in the Black Sea region” held by Public Association for Assistance to Free Economy (PAAFE) and Friedrich Naumann Foundation (FNF) on May 30, 2013 in Baku.

There were 4 panels, more than 70 participants from government bodies, MPs, representatives of the EU, US, German, Ukrainian, Georgian, Romanian diplomatic missions and OSCE in attendance along with experts, representatives of international and financial organizations, local think tanks, researchers from universities and civil society. The conference was broadcasted live through Bambuser.

Greeting the guests at the opening of the conference, Chairman of Board of PAAFE, Zohrab Ismayil, stated that the event was organized within the framework of the project under the same title. He also said that the project implemented with partners Ukrainian Institute for Economic Research and Policy Consulting (IERPC) and Georgian Foundation for Strategic and International Studies (GFSIS). “Cost of borders in the Black Sea region” was financed by German Marshall Fund, Atlas Economic Research Foundation and FNF.

The Project Director of FNF in the Southern Caucasus, Yasemin Pamuk, stated that the key purposes of these discussions were to inform the public about the joint studies of research centers from Azerbaijan, Georgia and Ukraine, and raise the public awareness of the factors hindering the free movement of goods, services, capital and humans in the Black Sea region, and principles of free market and liberal economy.

Taking the floor in the first panel, member of parliament and chairman of the Institute for Economic and Social Innovations, PhD in economics, Ali Masimli said that the majority of sociological surveys in Azerbaijan point out the public’s interest in European integration: “European integration is also reflected in the economic relations and trade turnover of Azerbaijan”, - said the MP, who also added that bigger roles in the implementation of the largest projects in the region are played by Azerbaijan, Turkey and Georgia. “Azerbaijan is making huge investments in Georgia and Turkey, as well as, in other Black Sea countries. There are 300 Azerbaijani enterprises in Georgia and 150 Georgian enterprises in Azerbaijan. The capital investment made by Turkey in Azerbaijan is estimated to amount of 6.5 billion dollars and Azerbaijan has made an investment of 4 billion dollars in Turkey. The investment projects from Azerbaijan to Turkey are expected to increase up to 15 billion dollars. I would also like to add that European Union cares about deeper democracy and protection of human rights in Azerbaijan and only at this stage economic reforms boost the integrated development of the society. It is my prediction that the future development of Azerbaijan will hinge on human capital, resources, as well as, on the efficient usage of opportunities of economic integration”.

Tom Palmer, Senior Fellow at the Cato Institute, Vice President of Atlas Economic Research Foundation and PhD in political science, stated that integration can be economic, social, legal and political and countries may have one form or another, but still miss the others. “Integration should, first of all, benefit the nations. There are a bunch of documents for European Integration, which creates bureaucracy obviously hindering the integration process”, - said T. Palmer.

Stanislav Secrieru, Senior researcher of Romanian Center for European Policies and PhD in political science made a speech about the level of preparation of countries under the Eastern Partnership Program and progress of negotiations. He also stated that the DCFTA, which is going to be signed, will facilitate diversification of Eastern Partnership countries. “Although Ukraine, Moldova, Georgia and Armenia were close to signing the agreement, unfortunately, Azerbaijan has not taken the required steps yet” – said S.Secrieru.

In the second panel, Director of EU Studies of GFSIS Kakha Gogolashvili,, senior researcher from IERPC, Kostyantyn Kravchuk and the senior researcher from PAAFE and visiting lecturer from Qafqaz University, Ilaha Samadova made presentations about the country’s experiences with free trade, migration and free movement of investments across Black Sea Region. The presentations were concerned about the statistics of foreign trade turnovers, foreign direct investments, migration and procedures, reforms and factors hindering the free movement of goods and services, capital and human resources in Georgia, Ukraine and Azerbaijan.

In the third panel, Associated Professor of Free University of Tbilisi, Board Member of Tbilisi Center of Policy Analysis, former chief negotiator for the EU-Georgia on DCFTA and PhD in economics, Tamara Kovziridze, Academician director of IERPC Veronika Movchan and Trade Team Leader of USAID Azerbaijan Competitiveness and Trade Project Elkhan Mikayilov took part. They talked about the benefits of WTO membership, in-depth and integrated Free Trade Agreement under European Union Eastern Partnership and Visa Facilitation Programs for more intensive international initiatives and reforms as well as for the stronger regional economic integration. Saying that Azerbaijan lags behind in this process, Elkhan Mikayilov mentioned that the inadequate political will in membership to WTO of the country is obvious. He also added that in fact Azerbaijan is capable of fulfilling all the required procedures and reforms necessary for the membership within one year.

In the last panel of the conference, guest speakers Kakha Gogolashvili, Kostiantin Kravchuk and Ilaha Samadova presented the comparative analysis of Azerbaijan, Georgia and Ukraine’s performances in economic reforms in relation to their performance in Doing Business, Economic Freedom, World Competitiveness, Bertelsmann Transformation and other indexes.

As the follow-up of the conference, there will be a publication in the following stage, which will cover 5 issues. These are (1) analysis of foreign trade turnover, factors hindering reforms and free trade expansion; (2) analysis of foreign direct investments, investment climate and barriers for the free movement of capital; (3) visa regime and procedures, data analysis on migration and barriers for the free movement of human resources; (4) comparative analyses of Azerbaijan, Georgia and Ukraine’s performances in economic reforms; and (5) opportunities created by (Doing Business, Economic Freedom, World Competitiveness, Bertelsmann Transformation and other indexes) and WTO membership, DCFTA, Visa Facilitation Program and other international initiatives for the more intensive reform initiatives and regional economic integration.

*PAAFE
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