

# EU's Trade Policy with Western Balkans

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## **Abstract**

One of the many policies that EU has adopted is trade policy. This means that the European Union and its 28 Member States are acting as a single jurisdiction in every trade-related matters. Every international agreement that the EU concludes is binding the institutions of the EU and its Member. In trade relations with non EU countries, EU acts as a single one, meaning that the EU Member States share a single trade policy, a single market and a single external border. Europe is considered to be the world's largest exporter of goods and services of the world. By speaking with one voice, the EU has the weight both to shape an open global trading system based on fair rules and to ensure that those rules are respected. Trade policy, as mentioned below, sets the rules and regulations for trade to take place.

This paper analyzes the trade policy. What is trade policy, for what purpose is this policy implemented. After analyzing trade policy in overall this paper specifically focuses on the trade relation of European Union with the Western Balkans.

***Keywords: EU, Trade policy, Western Balkans.***

## **Introduction**

*Trade is more than just the contents of shipping containers. I see it as creating the conditions by which investment, skills, experience and opportunity can spread around the world, and into the places where they are often needed most. The goal of trade policy is not trade for trade's sake: it is a more prosperous, stable and equitable world.*

Catherine Ashton, European Commissioner for Trade

Trade can be said to be the most important contact of Europe with the world beyond its borders. Day by day Europe imports goods worth hundreds of millions but also exports goods worthy the same amount of money. The motor for the prosperity of Europe is considered to be the trade. Europe is the largest exporter of the world of goods and services as well as more than one hundred countries largest export market because very efficient means of transport, new technologies and faster communications made it possible for Europe to produce, to buy and to sell goods all around the world thus establishing Europe's place in the world.

European Union has 28 Member States and all of them share a single trade policy, a single external border and a single market. This means that there is only one negotiation and also only one negotiator which is the European Commission and in the end just one agreement sets the rules with the trading partners instead of 27 agreements. On the other hand the European Commission is also the representative of the EU Member States in the World Trade Organization (WTO).

### ***What is Trade Policy?***

The European trade policy arranges the directions for investments and trade in and out of the EU. For the development and implementation of EU trade and investment policy the Directorate-General for Trade in the European Commission helps. Cecilia Malmstrom is the EU's Trade Commissioner, and their aim is to shape a good investment environment and trade for business and people. In the Communication "Trade, Growth & World Affairs" are set out the overall directions for the EU trade policy with the aim to revitalize Europe's economy. Playing an important role in keeping markets open worldwide and helping Europe to surpass the economic crisis is EU's aim and objective.

The EU trade policy is working to:

1. Create a fair and open trade global system

The World Trade Organisation helps to shape a global trade rules system for the purpose of keeping the global economy open for trade and that respects and reflects the concerns and needs of developing countries. The agreements and obligations network is overseen by the World Trade Organisation and it helps in ensuring that the trade is open, fair and predictable. Maintaining the global trading system and ensuring it adapts to a fast-changing world is EU trade policy's central priority and what it works for.

2. Opening of markets with key partner countries

What EU trade policy seeks is to create jobs as well as investment opportunities and growth for European companies and also for wider economy, by maximizing their chances to trade with the rest of the world which is particularly important for the current economic conditions. Thanks to new transport and communications now even the smallest European companies have the chance to trade outside Europe. An important way to open the markets is through negotiations for better access and conditions for trade and investments through free trade agreements. A number of Free Trade Agreement has concluded and the EU is continuing negotiations with others.

### 3. Ensuring that the others play by the rules

What EU trade policy aims is to open new markets for European exporters, investors and workers through lifting barriers to the markets of EU's trading partners. The EU works with countries outside it in order to:

- Clear away persistent problems for exporters
- Maximize opportunities for EU businesses to get equal access to procurement markets which are outside the EU
- Lessen duplication/imitation and piracy of EU goods
- Create new chances for European investments

The rules of international trade are ideated to make sure that trade among different countries, is fair, for that reason it is essential that those rules are respected. The EU trade policy defends and represents the European interests in the court system of the World Trade Organisation by making sure that the obligations of WTO are met.

Also it is their duty to make sure that the imports entering the EU are traded with adequate or acceptable prices. Moreover the imports must not cause any unfair injury or damage to European companies and their workers.

### 4. Guaranteeing that trade is a force for sustainable development

The European Union is devoted for creating new jobs in Europe as well as helping to boost the economic growth. Still the EU trade policy aims to help aid different people and different countries all over the world for using trade as a development tool but also to help the trade their way out of the poverty. Europe's markets are fully opened to the world poorest countries and also actively working to help for the development of those countries gradually by building their capacity for taking advantage of trade.

In the world scale the EU is the larger/biggest provider of "Aid for Trade" to the developing countries with a number of more than €7 billion a year. This assistance is intended to help the developing partners to advance the needed skills and infrastructure to successfully trade. Europe's trade policy on the other hand is also used to promote:

- Support in the fight for the protection of our environment and reversing global warming
- Actively working to improve the working conditions for the workers of the developing countries

- Assuring the highest standards of safety and health for the products that people buy and sell.

## **EU relations and trade with Western Balkans**

### EU-Western Balkans relations

Western Balkans: Serbia, Bosnia-Herzegovina, Montenegro, Kosovo, Albania, the former Yugoslav Republic of Macedonia.

The European Union has close connections with Western Balkans countries. The EU is striving to achieve and help fostering prosperous and well-functioning democratic societies for further steps toward the integration in the EU.

The terms for establishing contractual relations with the countries of the Western Balkans were first laid down in the Council Conclusions of April 1997. The Council in 1999 established the Stabilisation and Association Process (SAP). It was concluded that if the countries of the Western Balkans met the criteria set up in the Copenhagen European Council in June 1993, they would be eligible for the EU membership.

The Thessaloniki European Council of 19-20 June 2003 that endorsed the “Thessaloniki Declaration” and the “Thessaloniki Agenda for the Western Balkans: moving toward European integration” showed the determination of the European’s Council to support fully and effectively the path of the Western Balkans in the European integration. The documents of the above mentioned were adopted at the Summit of EU-Western Balkans which was held in Thessaloniki 21 June 2003.

The need for fair and more accurate conditions was reaffirmed in the European Council of 14-15 December 2006, in line with the Copenhagen political criteria, stabilization and association process and the renewed consensus on admitting new countries to the EU.

The EU’s approach is a form of a comprehensive set of policy instruments based on:

- The Stabilisation and Association Process
- The Common Foreign and Security Policy (CFSP)
- The Common Security and Defense Policy (CSPD)

The enlargement policy of the European Union can also include financial support or assistance conveyed through the Instrument for Pre-Accession Assistance (IPA). The annual Enlargement

Strategy is adopted by the European Commission each autumn and Progress Reports are written for each country.

Albania and The former Yugoslav Republic of Macedonia are granted the candidate country status, Serbia and Montenegro have started the talks for the membership while Bosnia-Herzegovina and Kosovo are potential candidates for the EU membership.

With the Common Security and Defense Policy (CSDP), the EU holds a supporting key role in the stabilization the Bosnia-Herzegovina, through the military-led mission of EUFOR/Althea. Also the EU deployed a police mission (EUPM) in Bosnia-Herzegovina between 2003 and 2012. Common Security and Defense Policy missions have been deployed also in the former Yugoslav Republic of Macedonia. In Kosovo the EU has deployed a mission with the intent of supporting the Kosovo authorities to uphold the rule of law.

Good neighbor relations and regional cooperation within the Stabilisation and Association Process, are crucial the region's stability and ongoing reconciliation process.

EU strives to promote stability, peace, economic prosperity and freedom in the Western Balkans, thus trade plays an important role in these efforts.

Trade picture:

Calculating for over two thirds of the region's total trade, EU is the largest partner of the Western Balkans. The region in 2013 as a whole had a share of 1% of EU's overall trade but still individual countries' shares were even lower, Bosnia-Herzegovina 0.25%, Serbia 0.50%, Albania 0.10%, the former Yugoslav Republic of Macedonia 0.15%, Kosovo 0.0% and Montenegro 0.0%.

The main imports of EU from the Western Balkans in 2013 were 24.1% transport and machinery equipment, 21.1% manufactured goods classified cheaply by materials and 20.3% miscellaneous manufactured articles. While the exports of EU to the Western Balkans were 26.9 % transport and machinery equipment, 22.3% manufactured goods classified chiefly by material, 15.2% chemicals and lastly 12.3% mineral fuels.

## **EU and the Western Balkans**

-Accessing the EU market

To all Western Balkans countries in 2000 was granted by the EU autonomous trade preferences, later in 2005 these preferences were renewed and afterwards in 2011 until 2015 by allowing

almost all exports entering the EU without limits on quantities and without custom duties. Still wine, certain fisheries and baby beef products enter the EU under preferential tariff quotas. Through this regime of preferences is seen a contribution in increasing exports of Western Balkans in the EU. The EU was the Western Balkans largest trading partner for exports with 81.8 % and imports with 72.7%.

With a clear EU perspective the Western Balkans countries have all been offered the Stabilisation and Association Agreements (SAAs). Massive financial assistance is included in EU's strategy thus becoming the largest donor so far in the region.

The membership of the Western Balkans in the World Trade Organization (WTO) has strongly been supported by the EU.

Albania became a member in 2000; the former Yugoslav Republic of Macedonia became a member in 2003; and Montenegro became a member in 2011. On the other hand negotiations for the WTO accession of Serbia and Bosnia-Herzegovina are ongoing.

The Stabilisation and Association process governs the relations between the EU and the Western Balkans.

-There are in force three Stabilisation and Association Agreements (SAAs), with Albania (2009), Montenegro (2010) and with the former Yugoslav Republic of Macedonia.

-Through an Interim Agreement the trade part of the SAAs came into force, Serbia (2010) and Bosnia-Herzegovina (2008).

- Establishing a free trade area between the Western Balkans and the EU is mainly what these agreements aim.

- Where trade is concerned they focus on protecting intellectual rights, liberalizing trade in goods and aligning rules on EU practice.

A system of diagonal cumulation of origin has been set up between Western Balkans participating to the Stabilisation and Association Process, the EU and Turkey with the intention of developing regional trade and offering new opportunities for economic operators. The system helps by allowing the partners which are participating to use the originated materials in other countries zone under conditions which are advantageous in the final goods manufacture that are exported to the Western Balkans, the European Union or Turkey.

### **-Trading with the Western Balkans**

The European Union in the Western Balkans is present in the ground. There are EU Delegations in Kosovo, Serbia, The Former Yugoslav Republic of Macedonia, Bosnia-Herzegovina, Albania and Montenegro.

In the overall relations of political and economic matters of the EU with the Western Balkans, trade relations are considered to be part of.

### **-Stabilisation and Association Agreement**

The Stabilisation and Association Agreement is the framework of relations between the Western Balkans and the EU for the implementing the Stabilisation and Association Process. The agreements made with each country are adapted to each country and their specific situation and while working for the establishment of a trade area between the European Union and the countries of the Western Balkans, common political and economic objective are identified by them with the intention of encouraging regional cooperation. These agreements serve as basis for implementation of the accession process toward the path of accession in the European Union.

### **-Stabilisation and Association Process**

The Stabilisation and Association Process (SAP) is an adopted policy by the European Union forward the Western Balkans to help them to eventually become EU membership. The involvement of the Western Balkans refers to the aim of a stabilized region and an established free area trade. The Stabilisation and Association Process helps in setting common economic and political goals while the progress evaluation is actually based on the merits of the countries. In 1999 the Stabilisation and Association Process was launched but also enhanced in June 2003 in the Thessaloniki Summit. The SAP relies on:

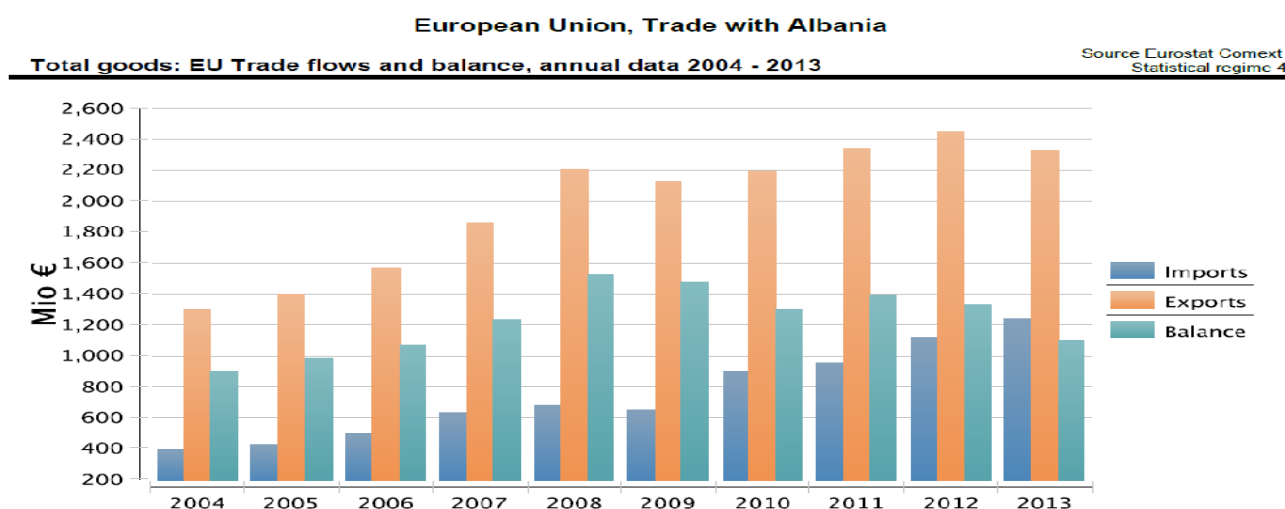
- Contractual relationships (bilateral Stabilisation and Association agreements);
- Relations for trade (autonomous trade measures);
- Assistance in finances (the Instrument for Pre-accession Assistance – IPA);
- Good neighbour relations and regional cooperation.

### **-Central European Free Trade Agreement (CEFTA)**

The CEFTA which originally got signed on December 21 1992 by the Visegrad group countries, like Hungary, the Slovak Republic and Czech Republic and it was effective since July 1994. The

CEFTA was then joined by Romania (1997), Croatia (2003), Bulgaria (1999) and Slovenia (1996) but subsequently they left the CEFTA once they joined the European Union. The CEFTA 2006 is the coming agreement replacing all the previous ones which until then had been in force between the signatory countries, Albania, Montenegro, Bosnia-Herzegovina, Croatia, Serbia, Moldova and [United Nations Interim Administration Mission in Kosovo](#)(UNMIK) on behalf of Kosovo. The provisions that the trade contains are related to trade in agricultural and industrial products, customs cooperation, investment, new trade issues, public procurement, technical barriers to trade, intellectual property rights, etc.

### European Union's trade with Albania



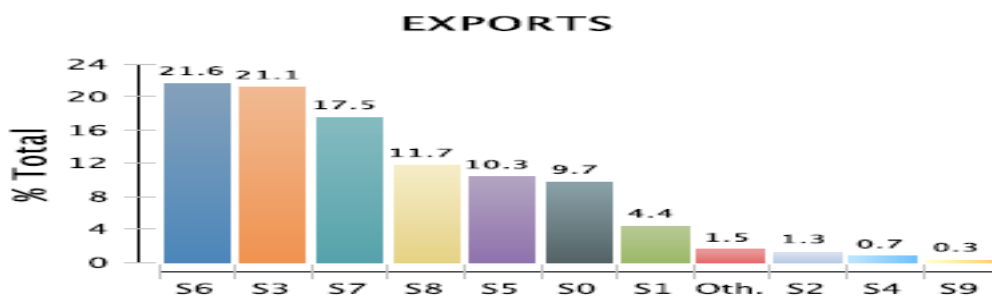
In the above table we can see the total goods of European Union in trade relations with Albania. It is clearly understood that the European Union is exporting more in Albania than it is importing and the exports have increased from 2004 until 2013, even though the highest exports are shown to be in 2012. European Union's imports from Albania on the other hand are lower nevertheless until 2008 these imports have been increasing but after 2008 they have been decreasing.

#### **-Goods in total: Flows of EU Trade, annual data of 2013-SITC section**





From the imports, the products that European Union imports most from Albania are: miscellaneous manufactured articles with a percentage of 40.2%; minerals fuels, lubricants and related materials with 34.3%; and manufactured goods classified chiefly by material with 11.3% so the above listed are the three main imported goods.



From the exports we can see that exports are much more than imports. The three highest exports are: manufactured goods classified chiefly by materials with a percentage of 21.6%; mineral fuels, lubricants and related materials with 21.1%; machinery and transport equipment with 17.5%.

### SITC Sections

| Section | label   |
|---------|---|
|         | Total   |
| S0      | Food and live animals                           |
| S1      | Beverages and tobacco                           |
| S2      | Crude materials, inedible, except fuels         |
| S3      | Mineral fuels, lubricants and related materials |
| S4      | Animal and vegetable oils, fats and waxes       |

| Section | label   |
|---------|---|
| S5      | Chemicals and related prod, n.e.s.                |
| S6      | Manufactured goods classified chiefly by material |
| S7      | Machinery and transport equipment                 |
| S8      | Miscellaneous manufactured articles               |
| S9      | Commodities and transactions n.e.e.               |
| Oth.    | Other   |

## -Albania's trade relations with the world

### Total Goods: Top trading partners 2013

| Imports              |                  |                          | Exports              |                  |                          |
|----------------------|------------------|--------------------------|----------------------|------------------|--------------------------|
| Partner              | Value<br>(Mio €) | Share in<br>World<br>(%) | Partner              | Value<br>(Mio €) | Share in<br>World<br>(%) |
| World                | 3,772            | 100.0                    | World                | 1,743            | 100.0                    |
| 1 European Union ... | 2,552            | 67.7                     | 1 European Union ... | 1,140            | 65.4                     |
| 2 China              | 273              | 7.2                      | 2 China              | 169              | 9.7                      |
| 3 Turkey             | 225              | 6.0                      | 3 Kosovo             | 130              | 7.4                      |
| 4 Serbia             | 99               | 2.6                      | 4 India              | 106              | 6.1                      |
| 5 Russia             | 69               | 1.8                      | 5 Turkey             | 57               | 3.3                      |
| 6 USA                | 63               | 1.7                      | 6 For.JRep.Mac       | 31               | 1.8                      |
| 7 For.JRep.Mac       | 62               | 1.7                      | 7 USA                | 16               | 0.9                      |
| 8 Turkmenistan       | 60               | 1.6                      | 8 Montenegro         | 13               | 0.8                      |
| 9 Brazil             | 46               | 1.2                      | 9 Serbia             | 11               | 0.7                      |
| 10 Kosovo            | 38               | 1.0                      | 10 Switzerland       | 11               | 0.6                      |

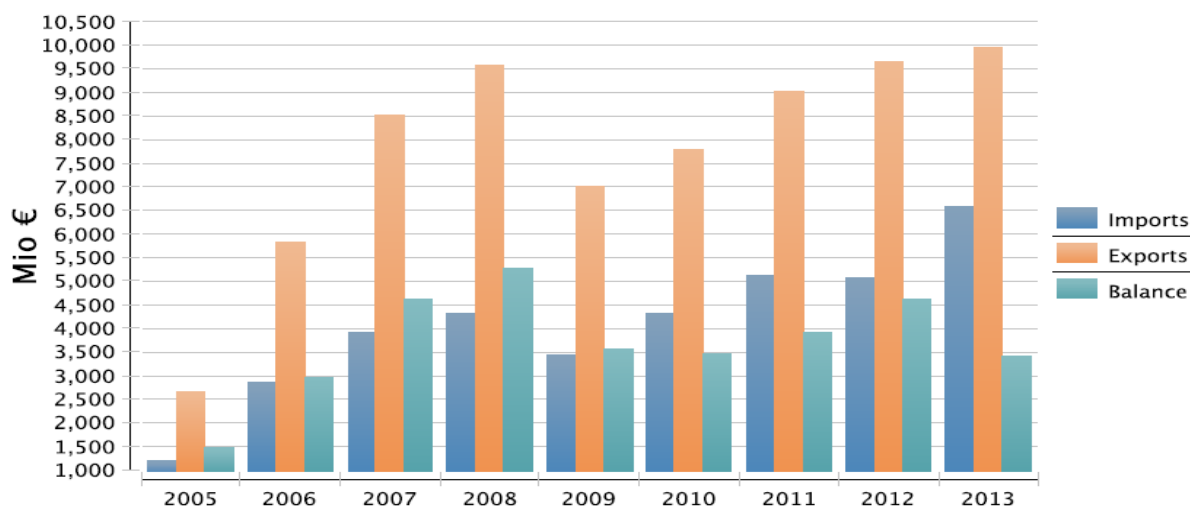
European Union is Albania's main (top) trading partner for both imports and exports. China is listed as the second trading partner for imports as well as for exports. In the imports chart the third main trading partner is listed Turkey while in the exports chart the third main trading partner is listed Kosovo.

## European Union's trade with Serbia

### European Union, Trade with Serbia

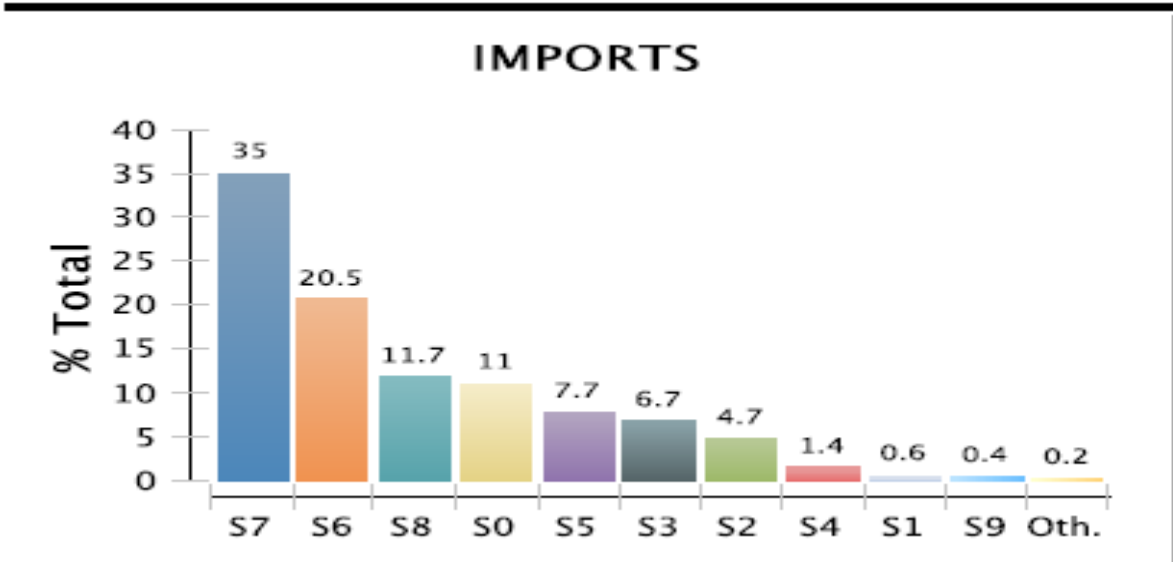
Total goods: EU Trade flows and balance, annual data 2004 - 2013

Source Eurostat Comext  
Statistical regime 4

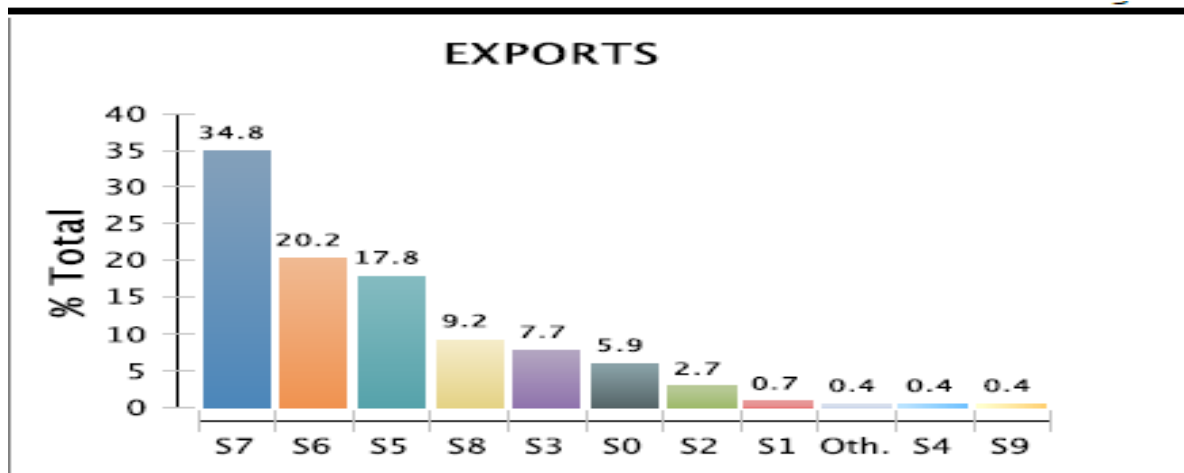


The chart shows the total amount of goods in the trade relation of EU with Serbia. Even here the exports rates are higher than the imports rates meaning that European Union in exporting more than it is importing. The exports have been increasing from 2004 until 2008 but then in 2009 they fall considerably but from then they have been increasing. The imports as well have been increasing from 2005 until 2009 after they fell in 2009 and 2010 after increased in 2012 and again fell in 2013.

**-Goods in total: Flows of EU Trade, annual data of 2013-SITC section**



Regarding trade relations of the European Union with Serbia, the most imported goods from Serbia are: machinery and transport equipment with a percentage of 35%; manufactured goods classified chiefly by material with 25%; and miscellaneous manufactured articles with 11.7%.



Continuing with the exports of the European Union to Serbia the three main exported goods are listed: machinery and transport equipment with a percentage of 34.8%; manufactured goods classified chiefly by material with 20.2%; and chemicals and related prod, n.e.s with 17.8%.

### SITC Sections

| Section | label   |
|---------|---|
|         | Total   |
| S0      | Food and live animals                           |
| S1      | Beverages and tobacco                           |
| S2      | Crude materials, inedible, except fuels         |
| S3      | Mineral fuels, lubricants and related materials |
| S4      | Animal and vegetable oils, fats and waxes       |

| Section | label   |
|---------|---|
| S5      | Chemicals and related prod, n.e.s.                |
| S6      | Manufactured goods classified chiefly by material |
| S7      | Machinery and transport equipment                 |
| S8      | Miscellaneous manufactured articles               |
| S9      | Commodities and transactions n.c.e.               |
| Oth.    | Other   |

-Serbia in trade relations with the world

## Total Goods: Top trading partners 2013

| Imports              |                  |                          |    | Exports              |                  |                          |    |
|----------------------|------------------|--------------------------|----|----------------------|------------------|--------------------------|----|
| Partner              | Value<br>(Mio €) | Share in<br>World<br>(%) |    | Partner              | Value<br>(Mio €) | Share in<br>World<br>(%) |    |
| World                | 15,767           | 100.0                    |    | World                | 11,284           | 100.0                    |    |
| 1 European Union ... | 9,768            | 62.0                     | 1  | European Union ...   | 7,105            | 63.0                     | 1  |
| 2 Russia             | 1,475            | 9.4                      | 2  | Bosnia-Herz.         | 908              | 8.0                      | 2  |
| 3 China              | 1,156            | 7.3                      | 3  | Russia               | 814              | 7.2                      | 3  |
| 4 Kazakhstan         | 675              | 4.3                      | 4  | Montenegro           | 647              | 5.7                      | 4  |
| 5 Turkey             | 405              | 2.6                      | 5  | For.JRep.Mac         | 438              | 3.9                      | 5  |
| 6 Bosnia-Herz.       | 377              | 2.4                      | 6  | USA                  | 377              | 3.3                      | 6  |
| 7 USA                | 237              | 1.5                      | 7  | Turkey               | 169              | 1.5                      | 7  |
| 8 For.JRep.Mac       | 202              | 1.3                      | 8  | Ukraine              | 132              | 1.2                      | 8  |
| 9 Switzerland        | 161              | 1.0                      | 9  | Albania              | 90               | 0.8                      | 9  |
| 10 India             | 133              | 0.8                      | 10 | Switzerland          | 80               | 0.7                      | 10 |
| 1 European Union ... | 9,768            | 62.0                     |    | 1 European Union ... | 7,105            | 63.0                     |    |

World trade: excluding intra-region trade

Top partners: excluding region member states

Growth: relative variation between current and previous period

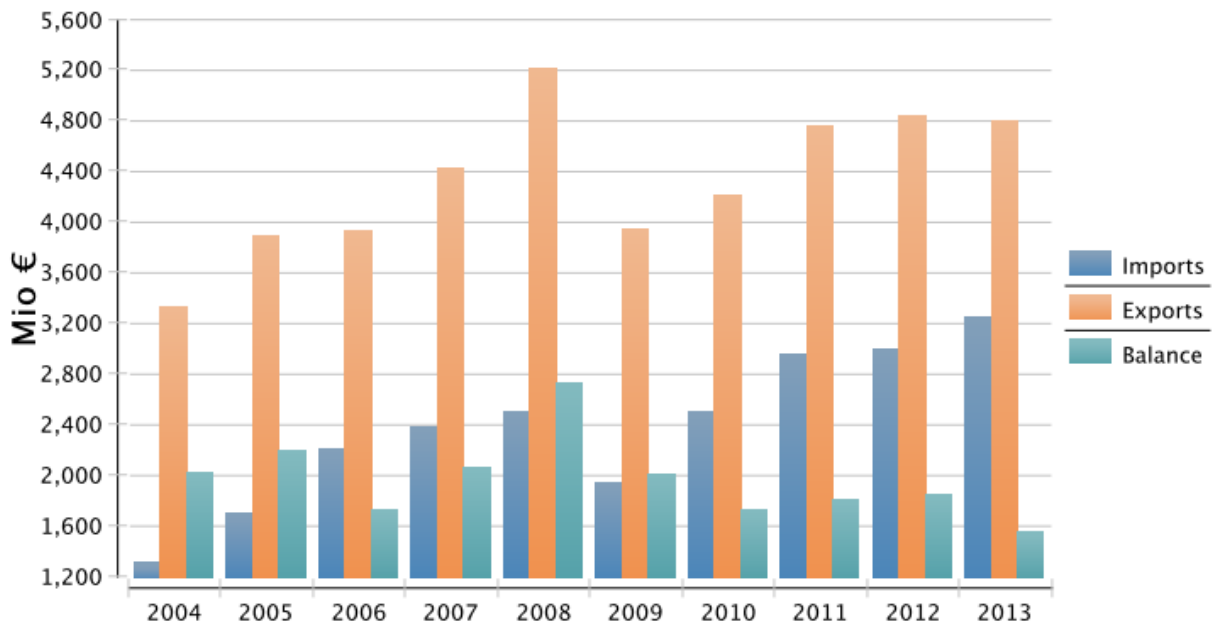
In 2013 Serbia most three important import partners are listed European Union as the first one, Russia the second one and China is listed as the third main partner for imports. For exports on the other hand the three main trade partners are listed European Union the first one again followed by Bosnia-Herzegovina in the second place and later Russia is listed as the third most important partner.

### European Union's trade with Bosnia-Herzegovina

## European Union, Trade with Bosnia-Herz.

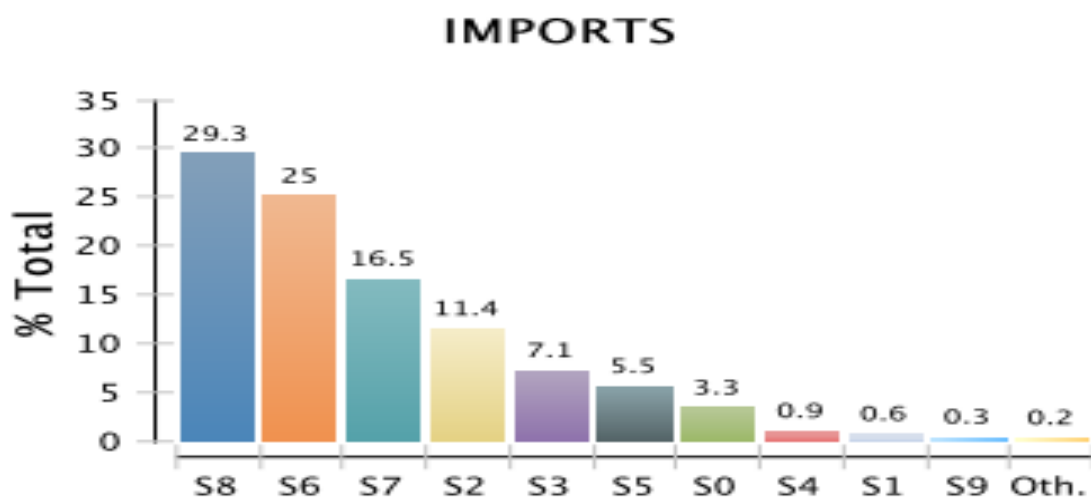
**Total goods: EU Trade flows and balance, annual data 2004 - 2013**

Source Eurostat Comext  
Statistical regime 4

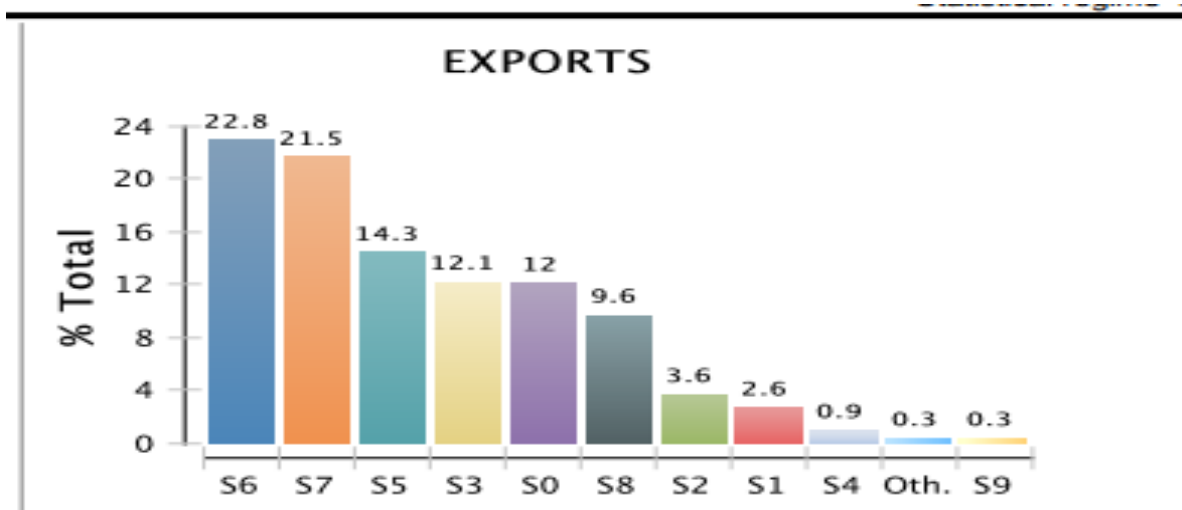


Following with Bosnia-Herzegovina, it is shown that exports of European Union to Bosnia-Herzegovina are much higher than the imports of European Union from Bosnia-Herzegovina. From 2004 until 2008 the export have been increasing also reaching the highest rate in 2008, after exports decreased in 2009, and after started increasing. The imports on the other hand haven't been very stable, have been fluctuating by increasing and decreasing, the highest rate seems to have been in 2008.

### -Goods in total: Flows of EU Trade, annual data of 2013-SITC section



As to trade relations of the European Union with Bosnia-Herzegovina, the most imported goods from Bosnia-Herzegovina are: miscellaneous manufactured articles with a percentage of 29.3%; manufactured goods classified chiefly by material with 25%; machinery and transport equipment with 16.5%.



Continuing with the exports of the European Union to Bosnia-Herzegovina the three main exported goods are listed: manufactured goods classified chiefly by material with a percentage of 22.8%; machinery and transport equipment with 21.5%; and chemicals and related prod, n.e.s with 14.3%.

### SITC Sections

| Section | label   |
|---------|---|
|         | Total   |
| S0      | Food and live animals                             |
| S1      | Beverages and tobacco                             |
| S2      | Crude materials, inedible, except fuels           |
| S3      | Mineral fuels, lubricants and related materials   |
| S4      | Animal and vegetable oils, fats and waxes         |
| S5      | Chemicals and related prod, n.e.s.                |
| S6      | Manufactured goods classified chiefly by material |
| S7      | Machinery and transport equipment                 |
| S8      | Miscellaneous manufactured articles               |
| S9      | Commodities and transactions n.e.e.               |
| Oth.    | Other   |

### -Bosnia-Herzegovina in trade relations with the world

## Total Goods: Top trading partners 2013

| Imports              |                  |                          |  | Exports              |                  |                          |  |
|----------------------|------------------|--------------------------|--|----------------------|------------------|--------------------------|--|
| Partner              | Value<br>(Mio €) | Share in<br>World<br>(%) |  | Partner              | Value<br>(Mio €) | Share in<br>World<br>(%) |  |
| World                | 6,416            | 100.0                    |  | World                | 3,384            | 100.0                    |  |
| 1 European Union ... | 5,337            | 83.2                     |  | 1 European Union ... | 2,975            | 87.9                     |  |
| 2 Russia             | 513              | 8.0                      |  | 2 Turkey             | 87               | 2.6                      |  |
| 3 Turkey             | 231              | 3.6                      |  | 3 Switzerland        | 56               | 1.7                      |  |
| 4 For.JRep.Mac       | 88               | 1.4                      |  | 4 Russia             | 47               | 1.4                      |  |
| 5 China              | 77               | 1.2                      |  | 5 For.JRep.Mac       | 42               | 1.2                      |  |
| 6 Switzerland        | 45               | 0.7                      |  | 6 USA                | 41               | 1.2                      |  |
| 7 USA                | 32               | 0.5                      |  | 7 Albania            | 25               | 0.7                      |  |
| 8 South Korea        | 13               | 0.2                      |  | 8 China              | 15               | 0.4                      |  |
| 9 Ukraine            | 13               | 0.2                      |  | 9 Ukraine            | 13               | 0.4                      |  |
| 10 Hong Kong         | 12               | 0.2                      |  | 10 Norway            | 12               | 0.4                      |  |
| 1 European Union ... | 5,337            | 83.2                     |  | 1 European Union ... | 2,975            | 87.9                     |  |

World trade: excluding intra-region trade

Top partners: excluding region member states

Growth: relative variation between current and previous period

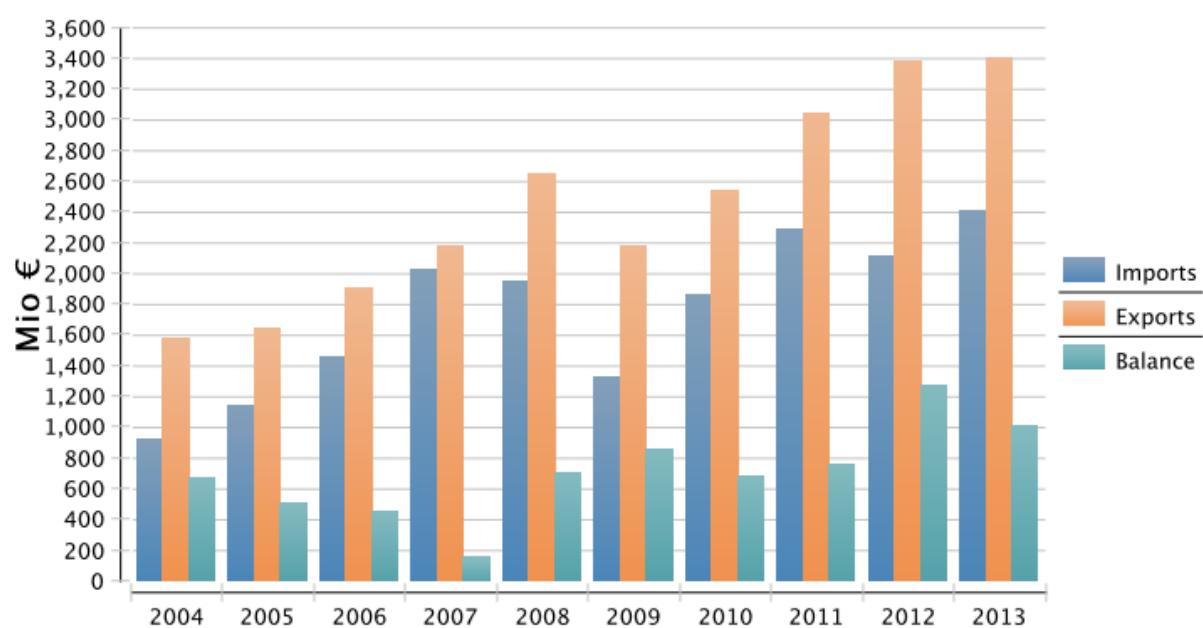
In trade relations with Bosnia-Herzegovina the most important partners for imports and exports are: European Union is the main important partner for imports as well as for exports. Russia is the second partner in imports followed after by Turkey. While in exports the second partner is Turkey and the third one is Switzerland.

## European Union's trade with Macedonia

### European Union, Trade with For.JRep.Mac

#### Total goods: EU Trade flows and balance, annual data 2004 - 2013

Source Eurostat Comext  
Statistical regime 4

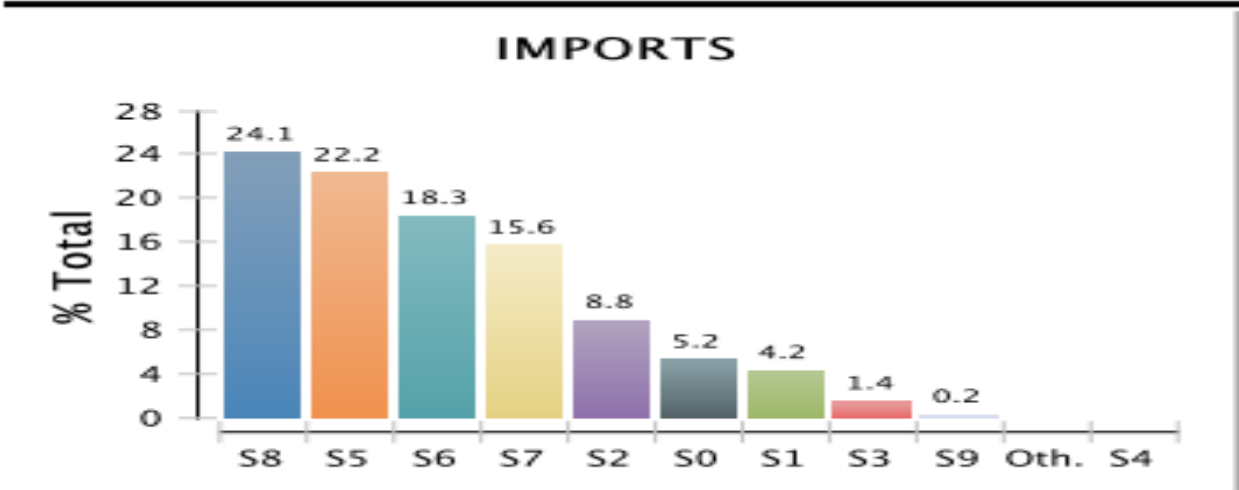


European Union trade relations charts with Macedonia show that exports are much higher than imports. The exports have been increasing but with a fall in 2009 and then again increasing,

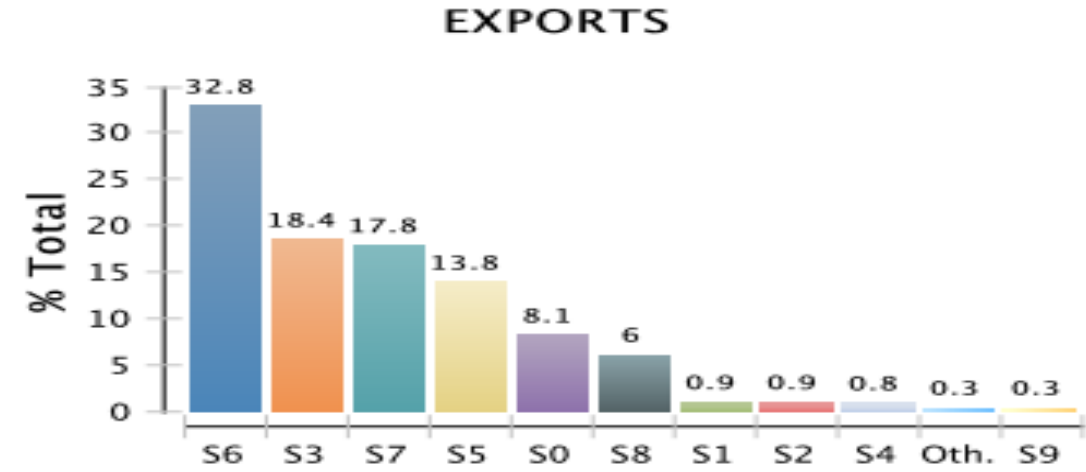


reaching the highest in 2012 and 2013. The imports have been fluctuating, they have been decreasing then seemed to be increasing and then again decreasing.

**- Goods in total: Flows of EU Trade, annual data of 2013-SITC section**



From the imports the three main imported goods are: miscellaneous manufactured articles with a percentage of 24.1%; chemicals and related prod, n.e.s with 22.2%; and manufactured goods classified chiefly by material with 18.3%.



From exports the main exported goods are listed: manufactured goods classified chiefly by material with a percentage of 32.8%; mineral fuels, lubricants and related materials with 18.4%; and machinery and transport equipment with 17.8%.

## SITC Sections

| Section | label   |
|---------|---|
|         | <b>Total</b>                                    |
| S0      | Food and live animals                           |
| S1      | Beverages and tobacco                           |
| S2      | Crude materials, inedible, except fuels         |
| S3      | Mineral fuels, lubricants and related materials |
| S4      | Animal and vegetable oils, fats and waxes       |

| Section | label   |
|---------|---|
| S5      | Chemicals and related prod, n.e.s.                |
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| S7      | Machinery and transport equipment                 |
| S8      | Miscellaneous manufactured articles               |
| S9      | Commodities and transactions n.e.e.               |
| Oth.    | Other   |

### -Macedonia in trade relations with the world

#### Total Goods: Top trading partners 2013

| Partner              | Imports          |                          | Partner              | Exports          |                          |
|----------------------|------------------|--------------------------|----------------------|------------------|--------------------------|
|                      | Value<br>(Mio €) | Share in<br>World<br>(%) |                      | Value<br>(Mio €) | Share in<br>World<br>(%) |
| World                | 4,946            | 100.0                    | World                | 3,305            | 100.0                    |
| 1 European Union ... | 3,777            | 76.4                     | 1 European Union ... | 2,148            | 65.0                     |
| 2 Serbia             | 482              | 9.7                      | 2 Kosovo             | 413              | 12.5                     |
| 3 Turkey             | 248              | 5.0                      | 3 Serbia             | 184              | 5.6                      |
| 4 China              | 54               | 1.1                      | 4 Bosnia-Herz.       | 80               | 2.4                      |
| 5 USA                | 48               | 1.0                      | 5 China              | 75               | 2.3                      |
| 6 Switzerland        | 47               | 0.9                      | 6 Turkey             | 57               | 1.7                      |
| 7 Bosnia-Herz.       | 46               | 0.9                      | 7 Albania            | 57               | 1.7                      |
| 8 Albania            | 34               | 0.7                      | 8 Switzerland        | 56               | 1.7                      |
| 9 Brazil             | 27               | 0.5                      | 9 Russia             | 51               | 1.5                      |
| 10 Kosovo            | 21               | 0.4                      | 10 USA               | 44               | 1.3                      |
| 1 European Union ... | 3,777            | 76.4                     | 1 European Union ... | 2,148            | 65.0                     |

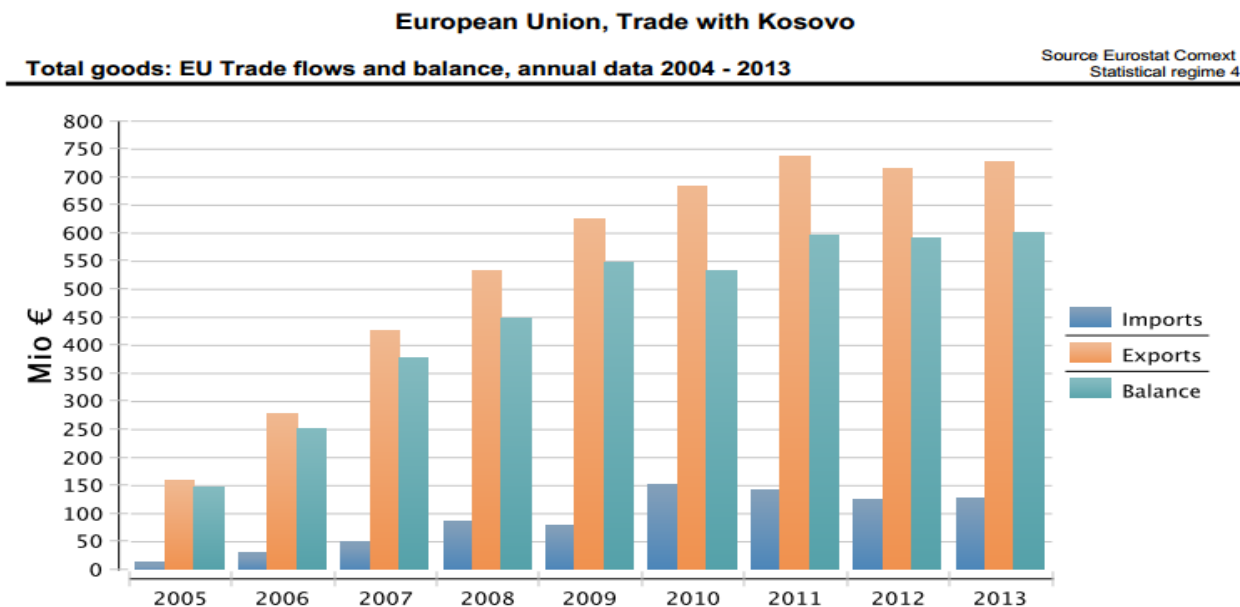
World trade: excluding intra-region trade

Top partners: excluding region member states

Growth: relative variation between current and previous period

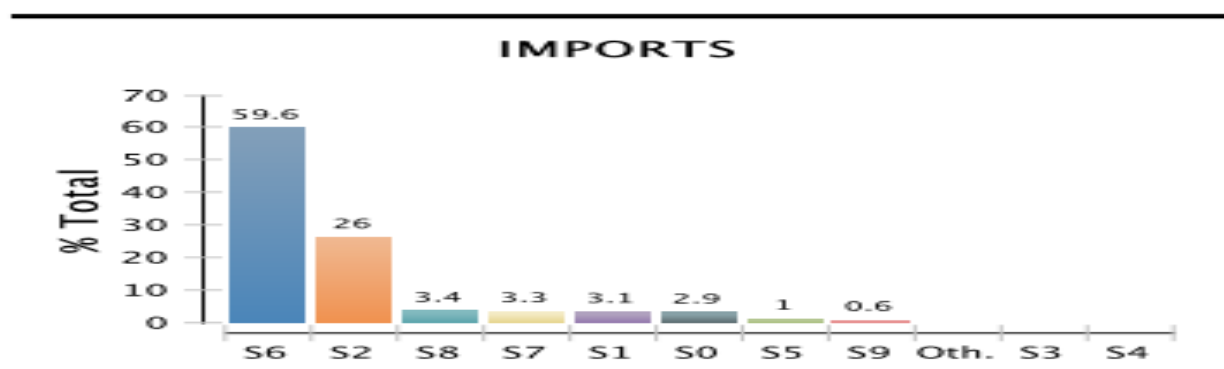
For the imports Macedonia's main trading partners are European Union, which is the first for the exports as well, the second is Serbia and the third is Turkey. While for the exports the second is Kosovo and the third is Serbia.

## European Union's trade with Kosovo

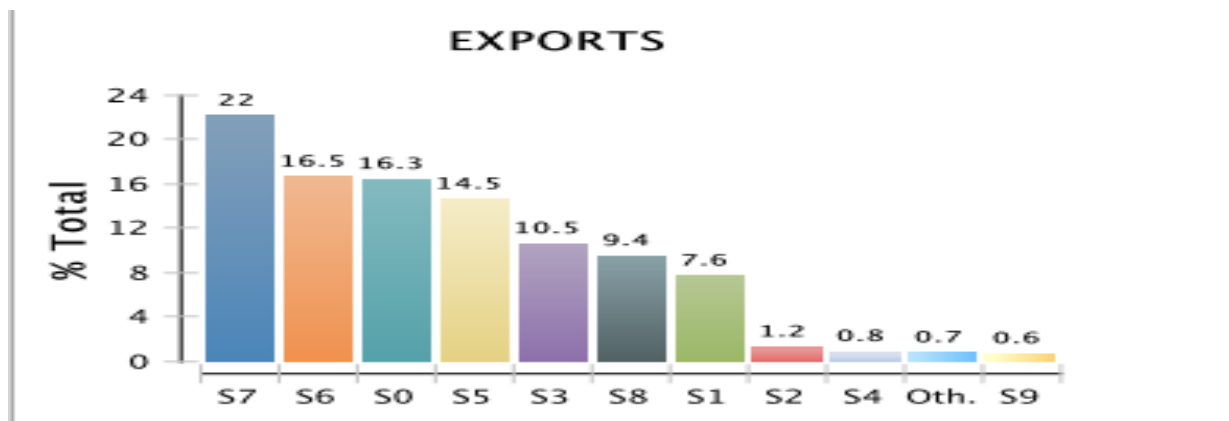


Regarding Kosovo it is clearly shown that exports are considerably much higher than the imports which are very low compared to exports. The exports have been increasing, reaching the highest in 2011 following a small decrease. The imports on the other side are very low, but still they have been increasing little by little and the highest one is shown to be in 2010.

### -Goods in total: Flows of EU Trade, annual data of 2013-SITC section



From the imports the main imported products are: manufactured goods classified chiefly by material with a percentage of 59.6%; and crude materials, inedible, except fuels with 26%.



From the exports the main exported goods are: machinery and transport equipment with a percentage of 22%; manufactured goods classified chiefly by material with 16.5%; and food and live animals with 16.3%.

### SITC Sections

| Section | label   |
|---------|---|
|         | <b>Total</b>                                    |
| S0      | Food and live animals                           |
| S1      | Beverages and tobacco                           |
| S2      | Crude materials, inedible, except fuels         |
| S3      | Mineral fuels, lubricants and related materials |
| S4      | Animal and vegetable oils, fats and waxes       |

| Section | label   |
|---------|---|
| S5      | Chemicals and related prod, n.e.s.                |
| S6      | Manufactured goods classified chiefly by material |
| S7      | Machinery and transport equipment                 |
| S8      | Miscellaneous manufactured articles               |
| S9      | Commodities and transactions n.e.e.               |
| Oth.    | Other   |

...

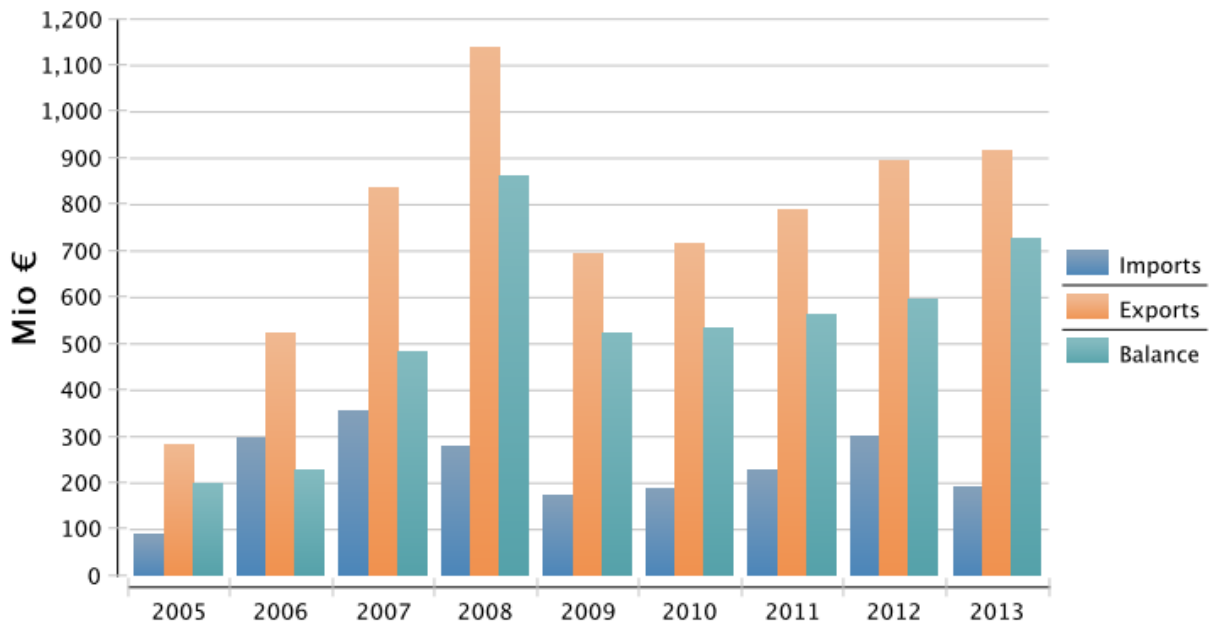
There is not data regarding Kosovo's world trading partners.

### European Union's trade with Montenegro

## European Union, Trade with Montenegro

**Total goods: EU Trade flows and balance, annual data 2004 - 2013**

Source Eurostat Comext  
Statistical regime 4

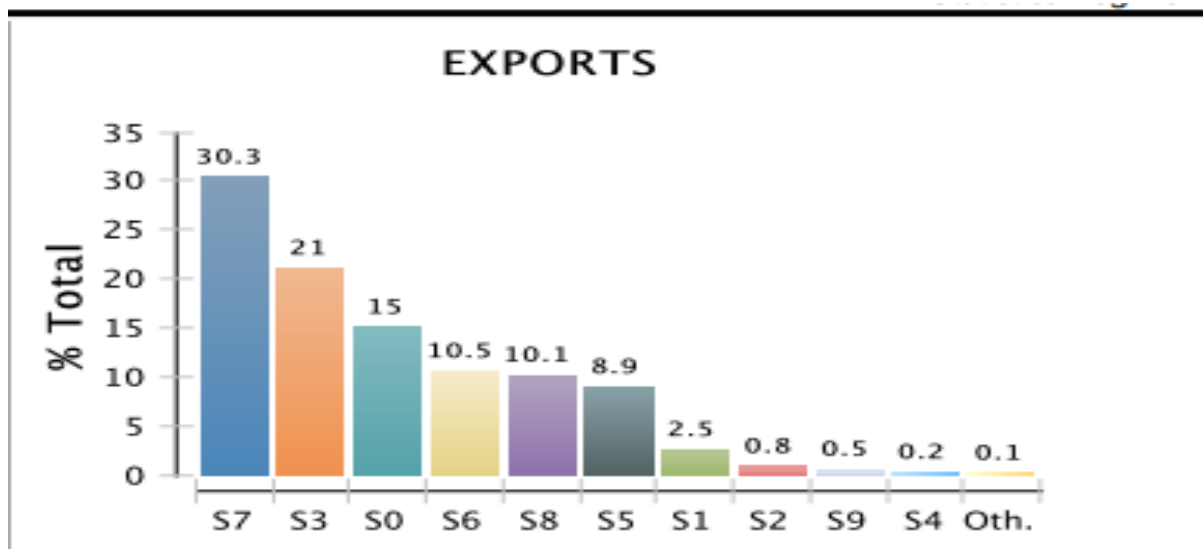


As to Montenegro, exports are as well much higher than the imports, reaching the highest exports rate in 2008. Imports have been increasing and after decreasing, the highest import rate was recorded in 2007.

### **-Goods in total: Flows of EU Trade, annual data of 2013-SITC section**



The main imported goods are: manufactured goods classified chiefly by material with a percentage of 51.3%; machinery and transport equipment with 26.5%; and crude materials, inedible, except fuels with 14.4%.



The main exported goods include: machinery and transport equipments with a percentage of 30.3%; mineral fuels, lubricants and related materials with 21%; and food and live animals with 15%.

### SITC Sections

| Section | label   |
|---------|---|
|         | <b>Total</b>                                    |
| S0      | Food and live animals                           |
| S1      | Beverages and tobacco                           |
| S2      | Crude materials, inedible, except fuels         |
| S3      | Mineral fuels, lubricants and related materials |
| S4      | Animal and vegetable oils, fats and waxes       |

| Section | label   |
|---------|---|
| S5      | Chemicals and related prod, n.e.s.                |
| S6      | Manufactured goods classified chiefly by material |
| S7      | Machinery and transport equipment                 |
| S8      | Miscellaneous manufactured articles               |
| S9      | Commodities and transactions n.e.e.               |
| Oth.    | Other   |

**-Montenegro in trade relations with the world**

## Total Goods: Top trading partners 2013

| Imports              |         |                |    | Exports            |         |                |    |
|----------------------|---------|----------------|----|--------------------|---------|----------------|----|
| Partner              | Value   | Share in World |    | Partner            | Value   | Share in World |    |
|                      | (Mio €) | (%)            |    |                    | (Mio €) | (%)            |    |
| World                | 2,108   | 100.0          |    | World              | 394     | 100.0          |    |
| 1 European Union ... | 989     | 46.9           | 1  | European Union ... | 169     | 43.0           | 1  |
| 2 Serbia             | 712     | 33.8           | 2  | Serbia             | 111     | 28.1           | 2  |
| 3 Bosnia-Herz.       | 128     | 6.1            | 3  | Bosnia-Herz.       | 28      | 7.2            | 3  |
| 4 China              | 73      | 3.5            | 4  | Kosovo             | 24      | 6.0            | 4  |
| 5 For.JRep.Mac       | 29      | 1.4            | 5  | China              | 11      | 2.9            | 5  |
| 6 Turkey             | 25      | 1.2            | 6  | Philippines        | 8       | 2.1            | 6  |
| 7 India              | 24      | 1.1            | 7  | Turkey             | 8       | 2.0            | 7  |
| 8 Brazil             | 23      | 1.1            | 8  | Albania            | 8       | 2.0            | 8  |
| 9 USA                | 18      | 0.9            | 9  | Russia             | 7       | 1.8            | 9  |
| 10 Albania           | 14      | 0.7            | 10 | Hong Kong          | 6       | 1.5            | 10 |
| 1 European Union ... | 989     | 46.9           | 1  | European Union ... | 169     | 43.0           | 1  |

World trade: excluding intra-region trade

Top partners: excluding region member states

Growth: relative variation between current and previous period

As all the other countries listed above, Montenegro's main trading partner for both imports and exports is European Union. For imports as well as for exports the second main trading partner is Serbia followed by the third one which is Bosnia-Herzegovina.

### Conclusion

Trade policy is a necessity for the countries of the Western Balkans; it helps them in trading their goods by importing and exporting. Trade policy also arranges the directions for investments and trade in and out of the EU. However in the recent years the Western Balkans countries have made considerable progress in order to bring their rules and standards closer European Union internal market requirements. Nevertheless, the road toward full integration in the European Union and its internal market is yet far from completed. The Western Balkans is in their first steps toward the process of integration in the European Union and in order for them to fully access the EU they have to meet the required standards and undertaking the needed reforms. Even in the trade area further changes and recommendations can take place in order further develop the trade of goods among these countries.

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