

**“Free Trade Zone in Southeast Europe?
The Harmonization of Tax and Customs Legislation”**

ACTIVITY REPORT

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The work on the project during the fellowship year had several major aspects. Each of the following four major type of activities outlined below proved to be an effective strategy.

1. Research Work

1.1. Interim results

In the period 1 January 2001 till 30 June 2001, I undertook the following steps to complete the proposed research objectives relevant to the analysis of the harmonization of tax and customs legislation of the countries in Southeast Europe with the requirements of the European Union:

- 1 During the first half of the fellowship year the first part of my research was finalized according to the time schedule. I carried out a complete review of the European Union primary and secondary legislation on direct and indirect taxes. In addition, a review of the European Union legislation on customs duties was completed as well.
- 2 The prospects of integration of the countries of Southeast Europe in the European Union were analyzed. The relevant reports of the European Commission and other documents relevant to the accession process were reviewed.
- 3 A detailed analysis of the tax and customs legislation of Albania, Bulgaria, Bosnia and Herzegovina, Croatia, Macedonia, Romania and Yugoslavia was performed. In addition, a review of the tax and customs legislation of Slovenia was carried out as well.
- 4 The rate of tax and customs harmonization of the 7 Southeast Europe countries was evaluated according to specific criteria. The results of the analysis were summarized and the 7 countries were ranked in three major categories: harmonized, advanced and beginners.
- 5 The intermediate results of the research work were summarized in a research paper which was published on the Internet. Please, follow this link to view the executive version of the research paper (www.policy.hu/ranchev).
- 6 The results of the research were discussed with representatives of the Ministry of Finance of Bulgaria and mentors as valuable feedback was obtained.

1.2. Final results

In the period 1 July 2001 till 15 March 2001, I undertook the following steps to complete the proposed research objectives relevant to the analysis of the Free Trade Zone in Southeast Europe:

- 1 I studied and collected information on the major economic indicators of the economies in the region and analyzed their trade relations among each other and the European Union.
- 2 I analyzed recent theoretical and empirical studies on regional integration agreements, especially with regard to trade integration between developing countries.
- 3 Based on the above analysis, I made conclusions on the economic and non-economic effects of the establishment of the Free Trade Zone in Southeast Europe.
- 4 I identified the major advantages and disadvantages of the Free Trade Zone. In addition, I made clear recommendations and conclusions for the next steps that must be undertaken by the countries in the region and the Stability Pact.
- 5 The final research paper was published on the Internet together with the policy paper. Please, follow this link to view the executive version of the research paper (www.policy.hu/ranchev).
- 6 The results of the research were discussed with mentors and a broad range of specialists as valuable feedback was obtained.

2. Seminar participation

2.1. Bulgarian Easter Initiative

During the first period of the fellowship year I attended the second edition of Bulgarian Easter Forum (called Bulgarski Velikden). The initiative is a forum providing exchange of ideas between the governmental institutions and pro-active Bulgarians residing both in Bulgaria and abroad with regard to the successful EU accession process of Bulgaria. The aim of the annual meetings is the creation of an informal think tank between the participants and the Government. The problems of the creation of the Free Trade Zone in Southeast Europe were discussed with the relevant government officials and valuable feedback was obtained during the discussions.

2.2.Roundtable

On 26 February 2002, I organized together with Delova Sedmica weekly, a round table on the Economy of Bulgaria in the Balkan context held in Sofia. The roundtable attracted participants of very high caliber: Mr. Vladimir Karolev – economic expert of NDSV (ruling party); Assoc. Prof. Stoyan Alexandrov - a former Minister of Finance, Assoc. Prof. Bisser Slavkov - a former Deputy Minister of Finance; Mr. Georgi Ganev – Program Director at Center for Liberal Strategies; Martin Dimitrov – economic expert at the Institute of Market Economy and Valentin Roussev – legal expert on customs legislation. The roundtable matched the launch of my book based on my research findings. The event was well covered by the media - a number of radio stations, televisions and the specialized newspapers.

2.3.Lecture at CEU

On 14 March 2002, I gave a lecture: “The Free Trade Zone in Southeast Europe?” at the Central European University based on my research findings.

3.Woodrow Wilson Scholarship

In the period September - December 2001, I was awarded a Woodrow Wilson International Policy Fellowship at the Woodrow Wilson Center, Washington D.C. This residential scholarship helped me a lot in finding the most up-to-date information in my research area. The discussions with other fellows were an invaluable experience that really added value to my research. The unique atmosphere of the Center and the possibility to attend lectures of politicians, academicians and businessmen of highest caliber were an extraordinary opportunity to formulate my research conclusions.

4.Publications

During the first half of the fellowship year I published several articles. Most of them were related to the prospects of the establishment of the Free Trade Zone in Southeast Europe and the harmonization of tax and customs legislation. Please, follow this link to view the articles (www.policy.hu/ranchev).

In February 2002, I published a book based on my research findings called: “The Balkans: Free Trade Zone. Harmonization of the tax and customs legislation.” The initial reaction of the interested specialists and the media was quite encouraging.

Delova Sedmica weekly will publish series of articles in the local press in the following months disseminating the final results of the research as well as accents from the roundtable.