ABSTRACT

A key factor for countries in transition is improving their export competitiveness in order to improve the economic performance of the country. The aim of this chapter is an insight into the influence of trade liberalisation within CEFTA 2006 to the member countries. Correlation analysis was used, and bilateral flows between member countries were analysed. The results show a significant influence of trade liberalisation to GDP growth, unemployment rate, public debt, and budget deficit. The results of correlation analysis are not the same for all the member countries. Greater participation in an exchange with other member countries surely would improve poor economic performances of the countries from South-East Europe. Possibilities are present for improving CEFTA 2006 through the further elimination of trade barriers and increase of total trade. The process of the accession to the EU and access to the single market is also determined by the success of CEFTA 2006.

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INTRODUCTION

Globalisation of world economy and internationalisation of economy life have been on the scene already for a significant period. The rate of interdependence of certain countries of the world in conditions of a complex, international, competitive and global market has been constantly increasing. Wide international market is more and more the condition for placing goods and technical innovations, which stimulates mutual connecting of regions and the world in the economical, but also in the political sense (Kragulj, 2016). Globalization, but also the process of transition, implementation of reforms and various crises have contributed to conclusion of various integrations (Hillman, 2015). The aim of these processes is enlargement of foreign trade flows and reduction of expenses between regions, countries and markets by reduction or elimination of trade bans and barriers, as well as through harmonisation of economic policies (Investopedia, 2017).

Trade integration and liberalisation is the initial step towards the higher levels of integration. Trade liberalisation is elimination and reduction of tariff and non-tariff restrictions that enables free flow of goods and services, i.e. import and export between countries (Lee, 2005). Foreign trade exchange and economic growth, as well as development of the common market are increasing with the establishment of the agreement on trade liberalisation. Different studies show positive effects between the trade liberalisation and the accomplishment of economic growth and increase of export (Haririson, 1996; Kneller et al., 2008; Wacziarg & Welch, 2008, Baldwin & Gu, 2004), while other studies contest the connection (Rodriguez & Rodrik, 2000; Yanikkaya, 2003; Jenkins, 1996). The World Bank and the IMF are proponents of the trade liberalisation due to its positive effects. These organisations perceive the beginning of transition in the SEE countries as implementation of the liberalisation of prices and trade. In order to increase the level of economic and political integration and regional trade, the SEE countries are obliged to be the members of the CEFTA (The Central European Free Trade Agreement) until they become the members of the European Union. CEFTA 2006 is today a unique free trade zone between the SEE countries.

The aim of the paper is to present the effects of trade liberalisation in the SEE countries. The paper will research the volume and structure of export and import between the SEE countries before the accession to CEFTA, as well as the influence of the economic crisis to trade flows between the observed countries. Statistically significant correlation between trade flows and the rate of GDP growth, unemployment rate, public debt and budget deficits will be analysed. Correlation analysis will be used. The results show that export and import between the analysed countries are increased with the accession to CEFTA 2006. The structure of export of the SEE countries is such that raw materials, semifinished products, agricultural products
Australia-China and Stern Hu: A Dint in Relations or “Business as Usual”?
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