



ORGANIZATION OF THE BLACK SEA ECONOMIC COOPERATION

Permanent International Secretariat

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30 May 2014

BS/BF/WG/R(2014)1

**REPORT OF THE
MEETING OF THE BSEC
WORKING GROUP ON BANKING AND FINANCE**

BSEC Headquarters, 30 May 2014

1. The Meeting of the BSEC Working Group on Banking and Finance (WG) was held at the BSEC Headquarters on 30 May 2014.
2. The Meeting was chaired by Dr. Mete BUMİN, Head of Foreign Relations Department, Banking Regulation and Supervision Agency of the Republic of Turkey.
3. Mr. Branimir RADEV, Minister Plenipotentiary, Coordinator of the Bulgarian Chairmanship of the Organization of BSEC, Ministry of Foreign Affairs of the Republic of Bulgaria, welcomed the participants of the Meeting on behalf of the BSEC Chairmanship-in-Office.
4. The following BSEC Member States participated in the Meeting:

Republic of Armenia
Republic of Bulgaria
Romania
Russian Federation
Republic of Serbia
Republic of Turkey
Ukraine

5. The following BSEC Related Bodies also participated in the Meeting:

BSEC Business Council (BSEC BC)
Black Sea Trade and Development Bank (BSTDB)

6. The representative of the Global Forum on Transparency and Exchange of Information for Tax Purposes, OECD (Organisation for Economic Co-operation and Development) participated in the Meeting as a Guest.

7. The List of Participants of the Meeting is attached as **Annex I**.

8. The Draft Agenda of the Meeting was discussed and adopted. The Agenda, as adopted, is attached as **Annex II**.

STATUS OF IMPLEMENTATION OF RESOLUTIONS, DECISIONS AND RECOMMENDATIONS OF THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS RELATED TO BANKING AND FINANCE

9. The BSEC PERMIS representative informed on the state of implementation of the Resolutions, Decisions and Recommendations of the 16th BSEC Council (Belgrade, 19 April 2007), 27th BSEC Council (Istanbul, 15 December 2012) and 29th BSEC Council (Yerevan, 12 December 2013).

10. The Working Group took note of the information provided by BSEC PERMIS and expressed its commitment to take appropriate measures in order to secure proper implementation of the Resolutions, Decisions and Recommendations of the Council.

11. The Working Group invited the Hellenic Republic in its capacity of incoming BSEC Chairmanship-in-Office to undertake the necessary measures to organize the next BSEC Tax Forum during the second half of 2014, and to consider the possibility of holding the next Meeting of the Working Group on Banking and Finance back-to-back with this important event.

12. The Working Group also agreed to recommend including issues related to the tax evasion in the BSEC Member States as a main topic for discussion during the next BSEC Tax Forum.

13. The BSEC PERMIS representative informed on the state of ongoing cooperation among BSEC and World Health Organization (WHO) in the field of health and finance areas of tobacco control. It was mentioned that the MoU on cooperation between WHO and BSEC is in the process of developing and that the two organizations are discussing the possibility of holding joint seminars entitled “Tobacco Tax and the Role of Ministries of Health” and “Tobacco Tax and Illicit Trade: Evidence by BSEC Member States” in the second half of 2014.

14. The Working Group took note of reference made by the representative of Ukraine to the Plan of Action of the Working Group on Trade and Economic Development which contains the following provisions relevant for the activities of the Working Group on Banking and Finance:

- To consider the possibility to organize the Regional Meeting of Experts to discuss the issues of trade in financial services in the Black Sea region, support and protection of investment, risk insurance (October 2014, BSEC Headquarters or Kyiv - to be determined).
- To invite the experts from the Working Group on Trade and Economic Development and the Working Group on Banking and Finance to take part in the said Meeting.

THE “WAY FORWARD FOR AN ACTION PLAN ON THE IMPLEMENTATION OF THE “ECONOMIC AGENDA: TOWARDS AN ENHANCED BSEC PARTNERSHIP”

15. The Working Group considered, amended and adopted the Report on the activities of the Working Group on the implementation of the BSEC Economic Agenda and decided to forward it to the Council through the Committee of Senior Officials. The Report is attached as **Annex III**.

16. Following the discussions on the proposals made by the Republic of Armenia and the Republic of Turkey, the Working Group considered and amended the “List of Project Proposals under which the BSEC Working Group on Banking and Finance will focus its activities in 2013-2015”. The updated List of Project Proposals is attached as **Annex IV**.

17. The Member States are invited to present their considerations regarding ways and means of implementing the identified project proposals as well as to submit the project proposals within the framework of the relevant Template presented by the BSEC PERMIS. The Template is attached as **Annex V**.

IMPLEMENTATION OF THE BSEC PUBLIC COMMUNICATION STRATEGY

18. The Working Group considered, amended and approved the Draft Paper for the BSEC web-page on Banking and Finance, elaborated by the BSEC PERMIS. The Paper is attached as **Annex VI**.

ELABORATION OF THE PRIORITIES OF THE WORKING GROUP ON BANKING AND FINANCE FOR PDF FINANCING

19. The Working Group on Banking and Finance discussed and agreed on the following priorities for projects to be funded from the PDF:

- Regional cooperation and coordination in combating crime in banking and financial services;
- Training of personnel on good practices and evolving standards in the field of banking and finance, through thematic workshops and seminars.

20. The Working Group took note of the information provided by the BSEC PERMIS representative about the state of affairs with the issue of replenishment of the Project Development Fund and the decision by the PDF Steering Committee to temporarily postpone submission of the project applications.

EXCHANGE OF VIEWS ON THE OUTCOME OF THE BSEC WORKSHOP ON BASEL IMPLEMENTATION

21. This item was not considered due to cancellation of the Workshop.

ESTABLISHMENT OF A BSEC MECHANISM TO COMBAT TAX EVASION

22. The Delegation of Romania delivered a presentation with regard to combating tax evasion. The presentation is attached as **Annex VII**.

23. The Working Group discussed the issue and took note of the Concept Paper on elaborating a mechanism of interaction and cooperation among the BSEC Member States on combating fiscal evasion (attached as **Annex VIII**), submitted by Romania, and agreed:

a) to invite the Member States to communicate through the BSEC PERMIS their views and comments regarding the Concept Paper by 30 September 2014;

b) to invite Romania in cooperation with the BSEC PERMIS to further elaborate the proposal on interaction and cooperation among the BSEC Member States on combating fiscal evasion, taking into account the views and comments of the Member States.

24. The Working Group took note the presentation of the representative of the OECD Global Forum on the issue of the application of the Convention on Mutual Administrative Assistance to Customs Duties and the criteria for observership at the Global Forum.

25. The Global Forum's Steering Group considers all applications for observership and once a decision is taken, it is notified to the prospective observer by the Chair of the Global Forum.

26. The Global Forum expressed its readiness to organize a regional seminar for the BSEC Member States on exchange of information and share of good practices on tax issues at the beginning of 2015.

REVISION OF THE TERMS OF REFERENCE OF THE WORKING GROUP

27. The Working Group considered, amended and adopted the revised Terms of Reference of the Working Group on Banking and Finance, which are attached as **Annex IX**.

28. The Working Group adopted following draft Decision for the Council:

"The Council adopted the Terms of Reference of the Working Group on Banking and Finance".

HOW TO INCREASE THE EFFICIENCY OF THE WORK OF THE WORKING GROUP? – OBSERVATIONS AND SUGGESTIONS

29. The participants exchanged views on the ways and means of increasing the efficiency of the Working Group.

30. In this context the BSEC PERMIS highlighted the importance of the participation on a regular basis of all Member States to the meetings of the Working Group at the level of experts from the capitals, in order to ensure the effectiveness of discussions and to give dynamism to the activities of this Working Group.

31. The Member States are invited to update the List of Representatives to the Working Group. The List of Representatives, as of the present meeting, is attached as **Annex X**.

32. It was suggested to consider the possibility to organize meetings of the Working Group back to back with the Annual Meeting of the Board of Governors of the BSTDB.

REVISION OF THE MODALITIES FOR BSEC-BSTDB INTERACTION

33. The Working Group exchanged views on this issue, underlining the importance of updating the Modalities for BSEC-BSTDB Interaction. The Working Group will revert to the subject on the basis of consultations between the BSEC and the BSTDB.

CREATION OF AN APPROPRIATE MECHANISM OF INTERACTION BETWEEN BSEC AND BSTDB

34. The Working Group reaffirmed the importance attached to the creation of an appropriate mechanism of interaction between BSEC and BSTDB.

DISCUSSION ON THE POSSIBILITY TO ESTABLISH THE UNION/ASSOCIATION OF THE BANKS OF THE BSEC MEMBER STATES

35. The BSEC PERMIS representative suggested undertaking necessary measures aimed at implementing of the Decision of the 16th Council, according to which the Working Group is “...*instructed to continue the consideration of issues related to establishment of a union/association of banks of the BSEC Member States*”.

36. The Working Group invited the Member States to send their views on the position of national banking associations/unions on the establishment of a union/association of banks of the BSEC Member States and present it for consideration of the BSEC Member States not later than 30 September 2014.

THE NEED FOR COMPARATIVE STATISTICS

37. The participants exchanged views on the types of comparative statistical information and data which could be requested from the BSEC Coordination Center for the Exchange of Statistical Data and Economic Information and that could be useful for the purposes of the activity of the Working Group, *inter alia*, financial sector outlook of the BSEC Member States.

ANY OTHER BUSINESS

38. No issue was raised under this agenda item.

DATE AND VENUE OF THE NEXT MEETING

39. The date and venue of the next meeting of the Working Group will be communicated to the Member States through BSEC PERMIS.

ADOPTION OF THE REPORT OF THE MEETING

40. The Working Group adopted the Report of the Meeting for its submission to the Committee of Senior Officials and the Council of Ministers of Foreign Affairs for their consideration.
