

## **One million new jobs could be created in Western Balkans**

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A prerequisite for attaining this goal is to abolish customs duties in agriculture and eliminate impediments to movement of workers with mutual recognition of diplomas

One million new jobs of which 300,000 for highly qualified experts could be created in Western Balkans region by 2020, if governments adhere to the strategy which foresees abolishing customs duties in agriculture, gradually eliminating impediments to free movement of workers and mutual recognition of diplomas.

South East Europe (SEE) 2020 strategy was developed by the Sarajevo-based Regional Cooperation Council (RCC) with experts from Vienna Institute for International Economic Studies, including Vladimir Gligorov, engaged as external consultants, and was presented in Zagreb this week.

The strategy is region's response – along with Croatia, it includes BiH, Montenegro, Kosovo, Serbia, [The Former Yugoslav Republic of] Macedonia and Albania – to Europe 2020 strategy with which the EU aspires to create smart, sustainable, inclusive and clean energy economy with employment rate of 75%, 3% of GDP being invested in research and development, 20% of energy coming from renewable sources, and 20 million people less living in poverty.

During this time, SEE would try to increase its employment from 39% to 44%, and accelerate development so that the average GDP per capita would increase from current 36% to 44% of the EU average by 2020. Regional trade and investments would be incited and the region would try to compete in global market with innovations and competent workforce, instead of cheap labour. Competitiveness of private sector would also see an increase and investments would be made into green energy.

### **Political moves**

- The goals are ambitious and we stand behind the fact that if all strategy goals are attained, the result would be around one million jobs. Whether this will be possible depends on many things, primarily on political support to strategy implementation, resources available for its implementation, and capacities we have. We have no doubt that, if measures are implemented, they will have positive impact on economic development. Whether it will be 1 million or 900,000 jobs let's not to put too fine a point on it – said Sanjin Arifagić of RCC, Project Coordinator.

How this could look like, he explained on the example of automotive industry which, along with tourism and agribusiness, appears to be one of the three sectors most countries in the region believe should become the priority.

Customs duties could be abolished in the region as well as other impediments to trade in automotive industry inputs, semi-finished and end products, the automotive industry service market could be liberalized and integrated, with deficient professions in automotive sector being identified, educational programmers adjusted and recognition of qualifications in relevant professions facilitated at the regional level.

### **Deputy Prime Ministers meetings**

A free trade area going beyond CEFTA would be created along the Eastern border of Croatia. Trade in agricultural products would be fully liberalised with quotes and customs duties eliminated along with additional eliminating of technical, sanitary and phytosanitary impediments to trade. Restrictions to trading in services would be reduced and single market for public procurement should finally start functioning in the region.

Through their educational systems, countries of the region would encourage development of competences the economy needs, in particular learning by doing, and qualifications would be standardised with impediments to their recognition eliminated throughout the region.

It also foresees increased investments in innovations and creative industry at all levels with the mention of establishing regional film fund that would facilitate disbursement of resources from EU funds. Entrepreneurship would be incited at all educational levels and universities encouraged to embark on commercially applied researches, especially in the area of clean and smart technology.

The strategy implementation, which should commence on 1 January 2014, will be coordinated by the Management Board to be consisted of deputy prime ministers and meet annually. The strategy foresees coordination of economic policies with the review of what has been and what remains to be implemented.

However, it is still not clear to what extent will Croatia be able to participate in this, given that some measures are in collision with its EU membership. Ministry of Economy is collecting comments of line ministries to identify the areas in which Croatia could participate.

- The key for Croatia is the strategic framework of Europe 2020; but given that we are one of the main stakeholders in the region, we are also actively supporting development of the region. Croatia can take active part in implementation of this strategy in those areas where there is full alignment with the goals the country undertook as the EU member within the Europe 2020 strategy, and these areas related to innovation, research, development and sustainability – said Sabina Škrtić, Assistant Minister of Economy.

### **Are the numbers realistic?**

How realistic it is that the strategy will take roots and truly generate one million new jobs?

- I am a person of numbers and like to see how a million has been calculated. Take into consideration that we have several countries here, the long timeline and that perhaps, if viewed

in cross-section and divided by countries, it would not be fascinating. However, one thing is inevitable: each country has to take notice of the employment level. Hence, it has to be around 64% - 65%. Europe defined the targeted employment of 70% ; however, these are mathematical macroeconomic parameters which cannot be escaped from. It is fine to set goals; however, it is more important to define the accompanying action plans - Škrtić said.

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