

## REGIONAL COOPERATION COUNCIL

# Western Balkans — in business we trust!



RegionalCooperationCouncil

By Majlinda Bregu, Secretary General of the Regional Cooperation Council (RCC)

**W**estern Balkans might be home to many problems, but business sentiment remains overwhelmingly positive, standing at 61 points. If one is interested in “a full screen image” of the region, one needs to grasp another figure: 63% of the Western Balkans’ citizens are unhappy with the economic situation. It is easy to spot signs of disarray: rule of law; commitment by public officials to understand and resolve business-related problems; disputes; internationalisation of the region’s private sectors to reach higher intra-regional and international investment levels and stimulate more intense trade; unemployment at two digits; and an increasing brain drain, just to mention some.

Yet among the hyperboles and truth, a basic point gets missed. More than half of Western Balkans citizens believe the European perspective will make their lives better; it will strengthen the economic ties between the six Western Balkans economies (WB6).

By most objective measures, over the past several years, the region has experienced uninterrupted economic growth (trend 3.5% in 2019 and 3.8% in 2020). Still GDP per capita in Western Balkans is less than a third of the richest EU member state — Germany. The average FDI stock per capita in the Western Balkans is less than half of the FDI stock per capita in Eastern European EU members, and just one seventh of the EU average.

Nevertheless, the region provides a welcoming environment to investments, with corporate profit tax rates ranging from 9% to 15%, being among the lowest in Europe. Monetary and financial systems in the region are strongly dependent on euro.

One of the strongest assets that the region holds is human resource base, given that over the last years we have added more than 1.6m<sup>1</sup> of highly qualified people to the overall workforce. Furthermore, the Western Balkans region is a demanding domestic market, whose internal free trade agreement provides open access to almost 20m consumers.

This region needs to undertake a joint proactive approach in improving its business environment and presenting it to the global business community.

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tus with third economies (EU, US, EFTA, Turkey, Russia and the CIS), the region can serve as a safe harbour for investments whilst enabling easy access to the global market.

Foreign investors have also recognised existing opportunities in the Western Balkans and as a result the region recorded the FDI inflow of €1bn in the past year.

However, the conventional wisdom speaks loudly: this is still modest and far below the true potentials of the Western Balkans.

### MAKING A CONNECTION

Connectivity is the name of the game. Connecting markets, people, integrating the WB6 into the EU single market. That is the reason standing behind the Western Balkans Regional Economic Area (REA). The REA aims at bringing goods, services, investments, business community, and skilled workers among the six economies.

Under this action, the Regional Cooperation Council (RCC) has brought the region’s governments and businesses together to work with us on enabling free flow of investments, human capital and communication, whose results will have direct implications on businesses and the quality of life of our citizens. Needless to mention, our work has horizontal implications on under-tapped potentials of

our region such as the SME base, industrial base, development of regional value chains and their inclusion in the global ones, increase of women and youth employment.

The businesses of the region support us in this thought, with almost 70%<sup>2</sup> of them stating that regional cooperation is important for their business operations.

So far, under the REA umbrella, and together with the region and the EU’s support along the way, we have:

- Achieved a historical regional agreement to eliminate roaming costs and paved the way for more substantial reductions of roaming costs between Western Balkans and the EU. For our businesses and citizens, this represents a milestone in the development of an open regional market.
- Initiated negotiations for a regional agreement that will enable the creation of a regional mobile expert pool and will facilitate free flow of human capital in the region, namely through mutual recognition of professional qualifications in the sectors of medicine and civil engineering, and recognition of academic qualifications attained at quality assured higher education institutions.
- Facilitated a first-ever common investment agenda for the region, leading to a shared investment space and reforms in the areas of investment entry and protection, along with promotion of the region as a good investment destination to the global business community. We are adding value to this work now by initiating the reforms in financial sectors so as to enable access to more funding opportunities for doing business.

### AMBITIOUS

It is a rather ambitious undertaking, and certainly not the only one on the RCC’s work-desk, but we are very much conscious that economic reconciliation of the region will enhance a shared prosperity. ●

*The Regional Cooperation Council ([www.rcc.int](http://www.rcc.int)) is an organisation that promotes regional cooperation with the purpose of European integration of South East Europe.*

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<sup>1</sup> RCC SEE 2020 Strategy Annual Report on Implementation

<sup>2</sup> RCC Balkan Business Barometer 2019