

CONFERENCE

INVESTING IN THE WESTERN BALKANS FUTURE – People, Infrastructure, Reforms –

The Western Balkans today face important challenges. Completion of economic and institutional transition through structural reforms, adoption of the EU acquis, catching up process to higher per capita income levels, reduction of unemployment, poverty and inequalities, infrastructure modernization and future successful integration into the European Union are going to be a real test for the region, given the current circumstances and global instabilities. Addressing all these issues at once is almost impossible without sustained economic development.

The Western Balkans Six (WB6) comprise Albania, Bosnia and Herzegovina, FYR Macedonia, Kosovo, Montenegro and Serbia, with a total population of about 18 million and a GDP of approx. €80 billion. While the region had seen above EU average growth rates of 5.3% in the early 2000s, today these economies show volatile growth and high unemployment rates with high youth unemployment and significant brain drain.

There will be no substantial development and convergence without a major investment effort, both private and public. Investment needs are significant as the physical capital stock per capita in the Western Balkans is estimated to be below 30% of the EU average. The gap in living standards between the Western Balkans and the EU is also very high. At least some 20 years will be needed for the region to catch up EU15 income level per capita providing that the real growth rate is as high as 5-6% per year, and the EU core grows at 1% per year.

The EU companies are by far the biggest investors; the EU itself is the largest donor through grants and Pre-Accession Assistance funding. The EU is the Western Balkans' largest trading partner as well, with 73% of the total trade flows of the region. Russia, China, Turkey and the rest of the world are far behind, not exceeding a 5% share each, but perception often trumps reality. The citizens think China and Russia are in two of top three investors, according to some national surveys. A little goes a long way when it comes to winning the hearts and minds of a region which is lagging behind because of its recent turbulent history of wars and economic hardship.

Aspirant EU countries need to adopt strict rules and regulations as well as settle some (serious) political differences so as to become functioning market economies. There is a growing concern that the EU is losing its grip in the region primarily because of other non-EU actors. All this has some political consequences as it undermines the idea that the EU is the region's best and only hope. While EU is focusing on the rule of law, aid and business development, Russia has put a premium on energy and soft power, China on infrastructure and capital industrial projects, and Turkey on diversified commercial sectors. EU therefore should acknowledge a weakness in connecting to the people, increasing its visibility, since its money keeps flowing in to support many aspects of the region's life.



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November 8, 2018

Aeroklub, Uzun Mirkova 4/II, Belgrade

09.30-10.00 Registration of participants

10.00-10.15 Welcoming Remarks

Norbert Beckmann-Dierkes, Head of the KAS Office in Serbia and Montenegro
Mihailo Crnobrnja, President of the European Movement in Serbia

10.15-11.45 I PANEL: INVESTMENTS FROM THE EUROPEAN UNION

Panelists:

Vladimir Ateljević, Adviser to the Minister for European Integration
Steffen Hudolin, Head of Operations II of the Delegation of the EU to Serbia
Marko Kovačević, Director of the EU Integration Centre of the Chamber of Commerce and Industry of Serbia
Vladimir Međak, Vice-president of the European Movement in Serbia

Moderator: **Suzana Grubješić**, Secretary General of the European Movement in Serbia

11.45-12.00 Discussion

12.00-13.30 II PANEL: INVESTMENTS FROM OTHER ACTORS (China, Russia, Turkey...)

Panelists:

Mijat Lakičević, Journalist and Economic Analyst
Mahmut Bušatlija, Consultant and Economic Analyst
Boris Varga, Journalist and Economic Analyst
Mihailo Gajić, Program Director – Economic Research Department at Libertarian club Libek

Moderator: **Jelica Minić**, President of the Forum for International Relations of the European Movement in Serbia

13.30-13.45 Discussion

13.45 Cocktail