The importance and benefits of economic integration of South East Europe

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Regional Cooperation Council
Good. Better. Regional.
Economic development and job-creation, stability and rule of law have been at the heart of RCC and shaped the agenda of the organization.

Common concerns
- Connectivity
- Competitiveness
- Economic integration
- Governance
- Security

Regional cooperation
- Inspired socio-economic development
- Increased economic attractiveness of the region
- Preserved the momentum of the European integration process
- Renewed focus on improving the quality of governance and nurturing an atmosphere of security

Some of the results
- Steady growth
- Return to employment growth
- Deeper economic cooperation
- Stronger dialogue
RCC’s Strategic Goal 2017-2019

- Greater economic integration through easier flow of capital, people, goods *and* services within the SEE and between the SEE and the EU

- with better governance, improved functioning of the rule of law, and enhanced security in South East Europe.
### SEE2020 Strategy Implementation Status

<table>
<thead>
<tr>
<th>SEE 2020 Headline Indicator</th>
<th>2010 (baseline)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2020 (target)</th>
<th>Progress from baseline towards target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Strategic Goals</strong></td>
<td></td>
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<tr>
<td>1. GDP per capita relative to the EU-27 avg (in PPS), %</td>
<td>31</td>
<td>32</td>
<td>32</td>
<td>33</td>
<td>33</td>
<td>34</td>
<td>n/a</td>
<td>40</td>
<td>28%</td>
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<tr>
<td>2. Total trade in goods and services (EUR million)</td>
<td>54,686</td>
<td>62,972</td>
<td>63,638</td>
<td>67,032</td>
<td>69,965</td>
<td>73,004</td>
<td>78,261</td>
<td>129,500</td>
<td>32%</td>
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<tr>
<td>3. Trade balance, trade in goods (% of GDP)*</td>
<td>-22.0</td>
<td>-23.3</td>
<td>-23.6</td>
<td>-19.6</td>
<td>-20.5</td>
<td>-19.6</td>
<td>n/a</td>
<td>-20.8</td>
<td>201%</td>
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<td><strong>Integrated Growth</strong></td>
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<tr>
<td>4. Intra-regional trade in goods (% of GDP)*</td>
<td>9.8</td>
<td>10.0</td>
<td>9.5</td>
<td>9.1</td>
<td>9.1</td>
<td>9.0</td>
<td>n/a</td>
<td>14.3</td>
<td>-17%</td>
</tr>
<tr>
<td>5. Overall FDI Inflows (EUR million)</td>
<td>3,587</td>
<td>5,879</td>
<td>3,023</td>
<td>3,689</td>
<td>3,614</td>
<td>4,517</td>
<td>4,578</td>
<td>7,300</td>
<td>27%</td>
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<td><strong>Smart Growth</strong></td>
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<td>6. GDP per person employed (EUR)</td>
<td>26,597</td>
<td>28,917</td>
<td>29,363</td>
<td>29,683</td>
<td>28,960</td>
<td>n/a</td>
<td>n/a</td>
<td>36,300</td>
<td>24%</td>
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<tr>
<td>7. No of highly qualified persons in the workforce (mil)</td>
<td>1.09</td>
<td>1.14</td>
<td>1.27</td>
<td>1.36</td>
<td>1.47</td>
<td>1.55</td>
<td>1.61</td>
<td>1.44</td>
<td>146%</td>
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<td><strong>Sustainable Growth</strong></td>
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<td>8. Net enterprise creation (no. of companies)</td>
<td>29,639</td>
<td>30,927</td>
<td>30,579</td>
<td>34,416</td>
<td>31,958</td>
<td>32,622</td>
<td>26,872</td>
<td>26,790</td>
<td>n/a</td>
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<tr>
<td>9. Share of Renewables in Gross Final Energy Consumption*</td>
<td>24.7</td>
<td>23.6</td>
<td>25.3</td>
<td>25.5</td>
<td>30.0</td>
<td>27.6</td>
<td>n/a</td>
<td>31.8</td>
<td>94%</td>
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<td><strong>Inclusive Growth</strong></td>
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<tr>
<td>10. Employment rate - age group 20-64, %*</td>
<td>48.7%</td>
<td>47.6%</td>
<td>47.0%</td>
<td>47.8%</td>
<td>48.8%</td>
<td>49.4%</td>
<td>51.4%</td>
<td>55%</td>
<td>57%</td>
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<tr>
<td><strong>Governance for Growth</strong></td>
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<tr>
<td>11. Government’s effectiveness, WGI (scale 0-5)</td>
<td>2.21</td>
<td>2.24</td>
<td>2.30</td>
<td>2.30</td>
<td>2.44</td>
<td>2.41</td>
<td>n/a</td>
<td>2.65</td>
<td>52%</td>
</tr>
</tbody>
</table>
What percentage of your company's sales are made domestically, exported to the SEE region, to the EU or to the third countries?

Balkan Business Barometer
http://www.rcc.int/seeds/results/3/balkan-business-barometer

[Bar chart showing sales distribution for Albania, Bosnia and Herzegovina, Croatia, The Former Yugoslav Republic of Macedonia, Kosovo*, Montenegro, Serbia, and SEE.]

- Albania: 86% sold domestically, 4% exported to SEE, 10% exported to the EU, 11% exported to third countries
- Bosnia and Herzegovina: 80% sold domestically, 8% exported to SEE, 11% exported to the EU, 13% exported to third countries
- Croatia: 84% sold domestically, 91% exported to SEE, 4% exported to the EU, 3% exported to third countries
- The Former Yugoslav Republic of Macedonia: 7% sold domestically, 97% exported to SEE, 1% exported to the EU, 2% exported to third countries
- Kosovo*: 3% sold domestically, 90% exported to SEE, 3% exported to the EU, 7% exported to third countries
- Montenegro: 3% sold domestically, 86% exported to SEE, 4% exported to the EU, 5% exported to third countries
- Serbia: 8% sold domestically, 85% exported to SEE, 5% exported to the EU, 8% exported to third countries
- SEE: 38% non-exporters, 62% exporters

Berlin Process

• **Berlin Summit (August 2014) - Connectivity**
  - Infrastructure (transport, energy)
  - Youth initiative
  - Resolution of bilateral disputes

• **Vienna Summit (July 2015) - Infrastructure**
  - Decision on the list of core projects

• **Trieste Summit (July 2017)**
  - Agreement to establish the WB6 Regional Economic Area
  - Endorsement of MAP - REA
Considerable growth potentials can be unleashed through closer economic integration
MAP REA: Benefits

1. Trade deficit reduction

2. Increase of investments (foreign, domestic and intra-regional) - higher industrial activity

3. Enabled flow of workers throughout the region

4. Reduced doing business costs, increased efficiency by lowering roaming charges, integration into the pan-European digital market
MAP: Investments Agenda

- **Regional investment reform agenda** *(development & implementation)*

- Harmonization of **regional investment policies** *(alignment with international/EU standards)*

- Joint promotion of Western Balkans as a **single investment destination**

- **Financial market integration**

- **Smart specialization** - industrial development strategies

- SEE2020: Creation of **regional value chains**, starting with tourism
MAP on Regional Economic area
Prerequisite for Success

Three C’s:
Commitment, Cooperation, Coordination

Key Players:
National Governments, Private Sector, Donor Community,
Regional/International Organizations, European Commission
Thank you!