

THE FUTURE OF THE WESTERN BALKANS IN THE EUROPEAN UNION: BENEFITS FOR THE BUSINESS

ECONOMIC COOPERATION: EXPECTATIONS OF THE WESTERN BALKANS

The western Balkans stands at an important juncture. Reform efforts are underway in most of the economies in the region to address internal structural weaknesses, but considerable growth potential can be unleashed through closer economic integration. Growth strategies have more chance of success if they are embedded in a consolidated system of regional cooperation in all relevant areas.

Recent IMF and World Bank study has shown that, with measures of regional integration, growth would be above 4% per year in the period 2018-2022, which would result in 15-17 billion euro more in nominal GDP regionally (with a further growth tendency even after 2022).

If the WB authorities are keen to enhance trade and integration of their tradable sectors, the next step would be to review in detail domestic regulation of the sectors of interest. Then, regulations that are more trade-restrictive than necessary should be removed.

There is a growing number of regional platforms and forums all aimed at improving relationships within the region and using synergies existing. The key issue is how we can be stronger and more efficient in joining efforts and capacities while all aiming for a more connected, more competitive and more growth oriented region.

Upon Trieste WB Summit in July last year, WB governments committed themselves to implement the actions under Multiannual Action Plan for Regional Economic Area (MAP REA) to reach the objective to create Regional Economic Area in CEFTA, on the basis of the EU compliance, to support efforts to decrease the cost of trade and eliminate market access barriers in order to optimize the cost of production.

The aim is to transform our region in which goods, services, investments, and skilled people move freely without tariffs, quotas or other unnecessary barriers, where trade is facilitated higher than WTO Rules. It means the recognition of all border documents, procedures, and programs related to trade (as specified in Additional Protocol 5 to CEFTA Agreement).

Monitoring and removing the main impediments to trade put forward by MAP REA will require a strong partnership between the WB authorities, the private sector, the international organizations and donors, and the European Union. The Chamber system of the region

(embodied in the WB Chamber Investment Forum) will be helping respective governments to structure the systemic monitoring of non-tariff measures in trade in goods and barriers in trade in services.

WB CIF as one of the key stakeholders for the refining of the implementation measures of the MAP REA. A positive signal is that the WB authorities are committed to partner with the private sector in the region to ensure that the activities implemented by MAP have the full backing of the region's business to ensure that half a million companies operating in the WB have a better environment in which they can grow, invest, employ and use the REA as a launch pad to external markets.

Through the direct dialog with the government representatives, enabled by the WB CIF, the private sector is involved in development, monitoring and promotion of the regional integration agenda, in all four pillars of agenda. The first B2G meeting was held in Brussels on 31 October and the second one on 30 January 2018 in Trieste, at the headquarters of the WB CIF Permanent Secretariat.

In order to enable more efficient between the WB CIF and MAP REA stakeholders on various economic issues, on 12 July 2017, the WB chambers established the WB CIF Permanent Secretariat as a full-fledged organization with legal personality, seated in Trieste. It represents a response of the business community to the political developments in the region, which are carried out within the framework of the Berlin Process.

The Secretariat is a kind of "one-stop shop" for all business entities from the region and their current and future partners and, with the support of Italian hosts and international donors, it will address the main economic challenges of the region, which have a direct impact on the competitiveness and attractiveness of the economic area of the WB. It will act as a key contact, information and development point for all activities, projects and initiatives within the Berlin Process with a pronounced developmental dimension for the economies of the region. In this way, a concrete contribution has been made to improving the economic dimension of the Berlin Process.

The Trieste Secretariat wants to contribute to this process by offering recommendations to the governments in the region reflecting our joint needs and interests - in close cooperation with CEFTA Secretariat and Regional Cooperation Council.

The WB business community strongly supports initiative that the WB becomes more economically integrated. The WB CIF as the representative of the business community is actively advocating for free movement of goods/ services throughout the region to cut costs and make our goods and services more competitive on the global market. It recommends putting a system – B2G ("Business to Government") working groups - in place in every country

to monitor, detect and eliminate non-tariff barriers with the obligation to react within 15 days from the claim from the business operators.

With the support of EBRD and RCC, WB CIF is currently creating a professional and sustainable hands-on tool called Online Investment Platform, which shall serve as a one-stop window for investors looking to invest in the WB region. The Platform will be designed to, on one hand, promote the region as a unique business destination, inform potential investors about the region and lead them to the investment decision and, on other hand, make it easier for SMEs to invest as well. Moreover, the OIP shall help governments in removing barriers and fostering transparent business environment to future growth in the region. The Platform will include overview of the present market with a detailed database of each country including countries' USPs, Legal Tool Box, FDI Track record, suppliers database....etc. This regional product will be launched at the upcoming Western Balkans Investment Summit, to be held on 26 February at the EBRD headquarters in London.

In conclusion, from the 4th WB Summit in Trieste of last July to London WB Summit this year, we shall use the progress in European integration to both create additional space for cooperation in the region and unlock potential dwelling in the unnecessary impediments to trade and investments in the region.

We are aware that the regional cooperation and EU support are essential for dynamic economic growth and development in the region, which will provide a sustainable and secure future for the western Balkans.

In that context, we expect further strong EU support in the framework of the Berlin process and Connectivity Agenda, especially in the field of transportation and energy, cross-border cooperation and digital society, as well as support to the overall economic integration of the WB region.

Having in mind the economic history of the WB, the overall economic integration would contribute to its return and presence in more significant way in the economic flows of the EU, as well as to genuine integration of the region into the EU.