

ROUND TABLE DISCUSSION GLOBAL COMPETITION CHALLENGES FACING THE SINGLE MARKET AND ITS IMPLICATIONS FOR THE WESTERN BALKANS

Organized by Faculty of Economics, University of Montenegro

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Speakers: Mojmir Mrak, Srđan Redžepagić, Nikoleta Đukanović, Danijela Jaćimović, Stevan Đurić

Moderator: Nikola Milović

Participants: government officials, representatives of political parties, NVOs and diplomats

Venue: Faculty of Economics, Podgorica

The ongoing COVID-19 crisis, with its prolonged effects associated with the Global Financial Crisis (GFC) have affected the economic and political environment globally. The combined crisis effects have caused immeasurable damage, and it will take years to rebuild macroeconomic stability even in the short to medium term, particularly in terms of restoring jobs. Faced with this tremendous economic damage, there is evidence of substantial democratic backsliding at the same time.

The Western Balkan countries have implemented numerous economic and institutional reforms since 2000, searching for the ideal model of a market economy in the region. Over time the region achieved a measure of macroeconomic stability, including through fast growth rates based on large inflows of the international capital, and the introduction of price and trade liberalization, as well as the privatization of state companies and banks. However, despite the evident progress, regional companies still face damaging corporate governance practices, where competition policy is often ineffective. The positive developments in the region have been associated with the implementation of the EU Stabilization and Association Process (SAP), that offered trade preference status to the regional economies, as well as quite generous financial assistance from EU member states.

The GFC hit the Western Balkans economies hard in 2008, by reducing inflows of foreign capital (notably bank credits, foreign investment, workers' remittances and donor assistance) and the demand for the region's exports. The weakened economic and political situation of the region have been additionally challenged by the COVID-19 crisis and the evident geopolitical tensions in the region. It has become more than evident that the region cannot overcome the current situation alone, and that a joint, strong and dedicate economic and political approach is needed.

In the new economic, social and geopolitical reality, the Western Balkan region could offer tempting regional and national comparative advantages to the Single Market, most notably related to its proximity to that market, its skilled and affordable labour force, and its agricultural and natural resources. When discussing new development opportunities in the region, it is important to keep in mind the existing problems. These include the evident external trade imbalances, social

problems regarding inadequate labour market structure, and the strong dominance of service sector over industrial production.

The pandemic could be a stepping stone for the region to finally address a *new* model of development that will balance economic, social, political, geopolitical and green goals. This new development strategy should focus on specific sectors, in order to strengthen the pre-existing national comparative advantages.

The aim of the round table discussion is to start debate and examine potential solutions and policies which can support the region in achieving these goals. At the same time, the event should also start a debate about how to turn the consequences and disruptions of Covid-19 into potential opportunities for the business sector in the Western Balkans. Would it result in a *new* positioning of the region's companies in the EU's *new* supply chains, that could be mutually beneficial for the region and the EU? On the other hand, the region's economic involvement and engagement could also reduce the EU's dependence on suppliers from Asia, and provide a stable supply chain that would reduce the damaging effects of any future crisis.

The round table event will try to address the following questions:

- How might the economic criteria, as an integral part of the "fundamentals' cluster", speed up the EU accession negotiations in the region?
- The challenges and opportunities for the Western Balkans that have emerged from the crisis (GFC, Covid-19, war)
- Is it true that foreign investors and capital are still the main drivers of the changes and growth in the region in the post Covid landscape?
- Are political reforms essential for the further (economic) development of the region?
- How can we deal with unemployment in the post Covid world, particularly in relation to youth unemployment?

Participants and contributions

Mojmir Mrak is a full professor at School of Economic and Business, University of Ljubljana who has been teaching on a regular basis also as a visiting professor at universities in Vienna (Austria), Siena (Italy), Dijon (France) and Podgorica (Montenegro). Mojmir Mrak has been a member of Slovenian EU accession negotiation team as well as of the country's team negotiating EU multi-annual financial frameworks 2007-2013, 2014-2020 and 2021-2027. Field of interest is EU governance and Euro area governance.



Abstract: Under the 2020 Enlargement Methodology, the concept of the EU accession negotiations was changed from the »chapter-by-chapter« logic to the clusters«. The overall objective of this contribution is to discuss how to effectively integrate economic criteria, becoming a part of the »fundamentals' cluster« into these negotiations. The contribution will start with a brief introduction of the concept of economic criteria and its specifics at the EU / euro level. The text will continue with an overview how economic criteria have evolved from being in practical terms a "non-issue" in the Eastern enlargement accession negotiations to the current situation with the economic criteria becoming one of the most important and politically sensitive segments of the negotiations process. The final part of the contribution will discuss what economic criteria, being a component of the "fundamentals' cluster" actually mean for a candidate country under the 2020 Enlargement Methodology.

Srdjan Redžepagić Director of Balkan Institute of Science and Innovation (BISI), Université Côte d'Azur, Nice, France is professor and researcher in economic sciences. He is Editor of Balkan Economic Review. He has strong experience in the field of management of EU and international projects, as the responsible and coordinator of several European and international projects. He leads many international research projects. Managerial and leadership are his main skills. Field of interest is European integrations and Balkan studies.



Abstract: This analysis aims to show how the Covid-19 pandemic has negatively affected the economies of the entire Western Balkans. A recent studies find that improvements in the education, health and housing sectors in the Western Balkans could contribute to economic resilience and halt the outflow of human capital from the region. It is clear that Western Balkans countries results show that the Covid-19 pandemic had a negative impact on the entire Western Balkan region, which entered the recession with a real GDP decline of about four percent on average. It is visible, in Western Balkan countries, that each wave of pandemics combined with a slower vaccination campaign could put health systems in the region at risk, with the effects of the pandemic likely to last longer in the Western Balkans compared to the EU.

Danijela Jaćimović is a professor at the Faculty of Economics of the University of Montenegro. Affiliated Scholar at the Bentley University's DART (Data Analytics Research Team) and a member of LSEE-CEFTA Academic Network. The holder of a Jean Monnet Module 2012-2015 and Jean Monnet Centre of Excellence 2020-2023: The Challenges of the Enlargement Policy: EU versus China's diplomacy in Western Balkans. Field of interest is International Economics and European Integration.



Abstract: The pandemic and the conflict in Ukraine may serve as stepping stones for the region to finally adopt a new development model that balances economic, social, political, geopolitical, and environmental interests. The new model of development should be targeted at specific industries, that could create a new and mutually beneficial connection between the EU and the Western Balkan nations, particularly in the area of energy, but also in other areas such as food supplies. The Balkans have the potential to lessen the EU's reliance on third-country suppliers and create a reliable supply chain, reducing the negative consequences of any future crises. These would raise European business interest in the region, which is now low, and attract foreign direct investments. Investment inflows to the WBs cannot be emphasized, but however the major FDI flows from the EU are still missing.

Nikoleta Đukanović is a teaching fellow and researcher at the Humanistic Studies, University of Donja Gorica in Podgorica, Montenegro. She holds a PhD from the Faculty of Political Science, University of Belgrade. She completed master's program at the University of Bologna, as well as master's studies at the Faculty of Political Science of the University of Montenegro, in the field of European Studies. She carried out research stays at the Institute of European Law in Graz in 2016, Humboldt University in Berlin in 2018, Diplomatic Academy in Vienna in 2009 and Charles University in Prague 2007. Field of interest is Foreign Policy and European Integration.



Abstract:

Nikola Milović is an associate professor and current dean of the Faculty of Economics, University of Montenegro. He teaches Economics of the European Union, Common Market and EU Competition Policy and National Economy. He is a member of the working group for the preparation of negotiations on the accession of Montenegro to the European Union in the field of the *acquis communautaire*, which relates to the negotiation chapter 1 - Free movement of goods; Chapter 8 - Competition Policy and Chapter 29 - Customs Union. The Parliament of Montenegro appointed him a member of the Council of the Central Bank of Montenegro in June 2018. Field of interest is economic analysis and policy.



Stevan Đurić is a third year student at Faculty of Economics at University of Montenegro. Within the Jean Monnet project, at the second year of his studies he completed the course International Economics. He won a student contest organized by TEPSA under the 'EP4U – European Policies for You' project, with his paper "Improving Youth Employment Opportunities in the Western Balkans in the Post-Pandemic World" in the "Employment & Social Policies" policy area in 2021. Stevan won first prize in student contest "New ideas for sustainable regional development of Montenegro" organized by the Ministry of Development in April 2022.



Abstract: After more than two years of going through a tremendous crisis at all levels, it seems that in 2022, thanks to the global distribution of the COVID-19 vaccine, the end of health crisis appears to be on the way. However, the real battle has just begun. The focus will be on unemployment, particularly youth employment and the relevant supporting social policies in the Western Balkans, and it argues that improvement is mainly needed in three spheres: education, digitalization, and government support.

Dženana Đurković is a third year student at the Faculty of Economics of the University of Montenegro. In 2021 she attended the course International Economics, as part of the Jean Monnet project.

She was awarded as the best student of the Faculty of Economics by the University of Montenegro in 2021/2022 and she also received a Student award by the Capital City.

