

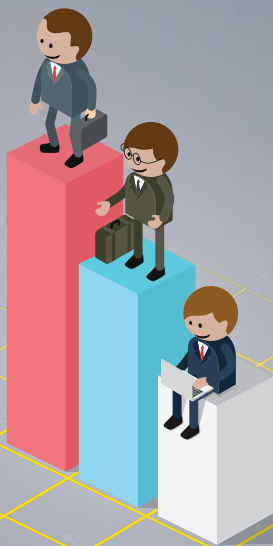


Regional Cooperation Council



SEE2020
SOUTH EAST EUROPE 2020

COMPETITIVENESS



This project has been
financed by the European Union

PROGRESS TOWARDS MEETING THE SEE 2020 TARGETS

SEE 2020 HEADLINE INDICATOR	2010 (BASELINE)	PROGRESS TOWARDS THE TARGET	2020 (TARGET)
GDP per capita relative to the EU average (in PPS), %	32	17%	40
Total trade in goods and services (EUR million)	54,686	32%	129,500
Trade balance, trade in goods (% of GDP)*	-22.1	192%	-20.8
Intra-regional trade in goods (% of GDP)	10,6	-15%	14.3
Overall FDI Inflows (EUR million)	3,587	27%	7,300
GDP per person employed (EUR)	26,597	24%	36,300
No of highly qualified persons in the workforce (mil)	1,09	146%	1,44
Net enterprise creation (no. of companies)	29,633	N / A	26,790
Share of Renewables in Gross Final Energy Consumption*	27.1	62%	31.2
Employment rate - age group 20-64, %*	48.7%	57%	55%
Government's effectiveness, WGI (scale 0-5)	2.21	52%	52%

* Targets 3, 4, 9 and 10 are new indicators as per decision of the SEE 2020 Governing Board. The 2020 values for targets 3, 4 and 10 have been proposed by the RCC to the SEE 2020 Governing Board, based on the forecasting exercise done during the reporting period.

COMPETITIVENESS

The Regional Cooperation Council is working towards

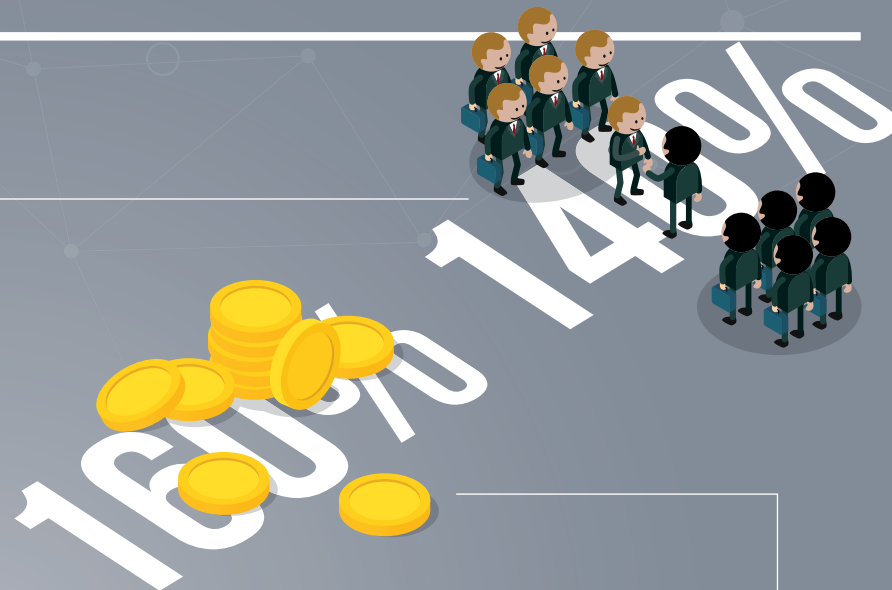
Integration of the **South East Europe markets**, making them more **competitive** on the global business scene, and generating **more revenues and jobs**

WHERE DO WE WANT TO BE?

Our goals are:

STEADY ECONOMIC GROWTH OF THE REGION

- **Reduce** the region's trade deficit
- **Increase** the rate of creation of new **businesses** and create **more jobs**
- Help **further trade integration**



BOOSTED INVESTMENTS

- **Increase** Foreign Direct Investments (**FDI**) in SEE by 160%
- Manufacture and construct new **production plants**, as a share of total FDI in SEE
- Facilitate introduction of a dynamic **regional investment space**
- Increase opportunities for **access to finance**, by integrating the region's **capital markets**

INCREASED REGION'S INDUSTRY POTENTIAL

- **Internationalisation** of region's value chains in priority sectors such as tourism, food and beverages, etc.
- Introducing **smart specialization** to the region's industrial development
- **Triple** the value of **export** of goods and services per capita from the region, from EUR 1,780 to EUR 4,250

WHAT DID THE RCC DO SO FAR TO GET THERE?

- Within the Multiannual Action Plan (MAP) for Regional Economic Area (**REA**), supported by Western Balkans' six leaders, we developed a set of actions to **enable further WB trade integration and introduction of a dynamic regional investment space**
- We put the idea of integrating SEE into a unique **investment space** in the global business environment at the SEE decision-makers' table
- We raised awareness on **importance** of regional market integration and initiated regional dialogue on how to **improve** business and **investment climate**, to **attract** more **investments** and business
- We established a regional dialogue on capital markets integration and improving possibilities for access to finance for business
- We **started assisting** local authorities in **improving services to businesses** and creating relevant **one-stop shops for investors**
- We initiated pursuing **reindustrialisation** of SEE region through analysing, designing and coordinating national industrial policies
- We commenced preparation of **joint** regional **products** and value chains in priority sectors
- We collected the priorities of public and private sectors by integrating the **voice of businesses** in competitiveness-related activities at the regional level
- We developed and found funds for implementation of the Regional Tourism Project that is to start in 2018



WHERE DOES THE REGION STAND NOW?

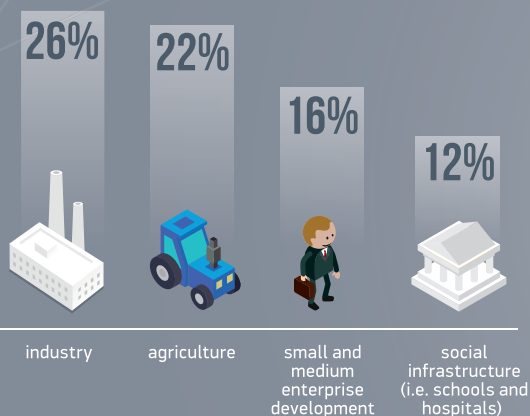
South East Europe

- **Investments** have **increased**, with some of the region's economies well on track to meet or exceed the SEE 2020 target
- **Intra-regional** trade has been mostly **stagnant**, demonstrating persistently low levels of market integration
- Economic structure and lower level of regional demand continue to **negatively** affect **regional trade** and investment integration
- Strengthened business links are needed to **stimulate** intra-regional economic activity and generate **increased trade**
- **Foreign direct investment** remain the most **effective** channel for integration of region's economies into the European and global markets



WHAT THE PEOPLE/BUSINESS THINK?

SEE CITIZENS THINK THAT THEIR GOVERNMENT SHOULD SET INVESTMENT PRIORITIES AS FOLLOWS:



Science and technology are prioritized for investment by

7%

of the youngest cohort (18-29), those university educated and individuals who rate their social status as above average.



SEE BUSINESSES positively assessed both the present situation and prospects, which is significant improvement compared to 2015. **ON A SCALE FROM 1 TO 100 THEY RATED IT**

62

in 2016 vs. 56 in 2015



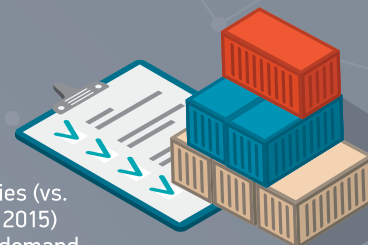
41%

of business leaders see their economy as a good place to invest, **30%** are unsure, while **28%** would not recommend investing there

Demand for products and services continued to record significant growth over the past year, as

42%

companies (vs. 36% in 2015) report demand increase



The vast majority of **SOUTH EAST EUROPEAN POPULATION**

90%

are confident that their products and goods

CAN COMPETE WELL

with those from other SEE economies, as well as those from the EU - **82%**



62%

of SEE businesses said it is difficult to start a private business in their respective economy

Obstacles to doing business by the region's corporations:

- Taxes (yet again come out on top)
- Macroeconomic instability
- Contract violations
- Corruption

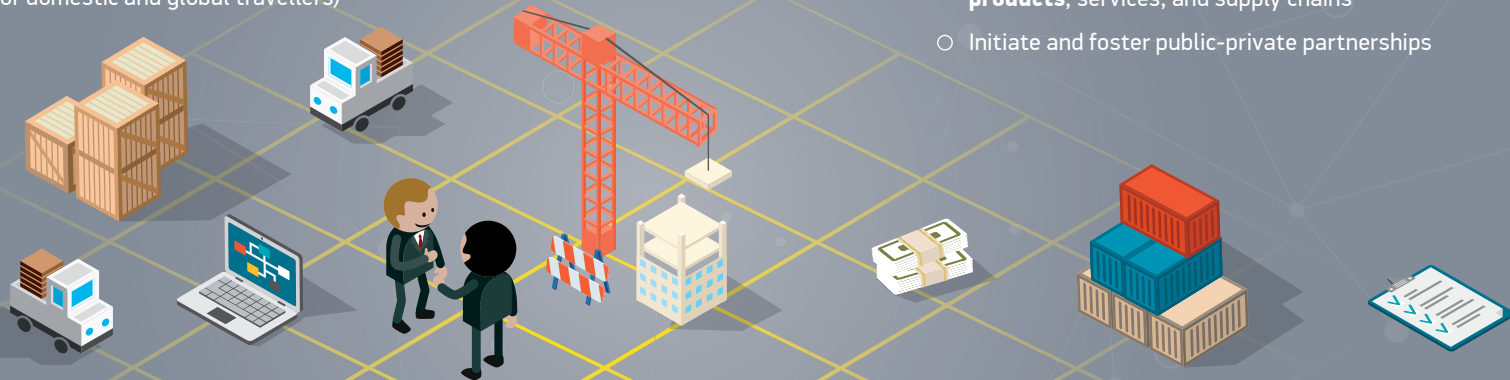
WHAT THE RCC WILL DO NEXT TO CHANGE THIS?

- Enable **consensus** on **regional** investment reform agenda, in order to enhance further market integration
- **Assist** the region in **promoting** itself as a single **investment destination** and a reliable partner to the global business community
- Support creating more opportunities **for access to finance and capital**
- **Help improve** local services to **business** and create one-stop-shops for investors
- **Assist** the region to address barriers and challenges to **industrial development**
- Support **reindustrialisation** of the region and **smart specialization** of our industries
- **Work on developing** joint products/**offers** and supply networks, and **promoting** them internationally (i.e. regional tourism routes for domestic and global travellers)

HOW?

We will:

- Ensure **regional ownership** through regional platforms of SEE Investment Committee, both in decision-making on priority areas and expert analytical work
- Coordinate regional activities with the individual **Economic Reform Programmes**
- Assist SEE economies in fulfilling particular obligations related to **investments** and **industry**, stemming from the EU pre-accession process
- Identify and prioritise common issues and challenges hindering investments and industries
- Implement direct interventions on the ground to address specific and immediate gaps identified by the region
- Facilitate concrete and tangible projects related to **promoting investments** and **strengthening exports**
- Assist the region in developing and promoting **joint products**, services, and supply chains
- Initiate and foster public-private partnerships



THE RCC TEAM IN CHARGE FOR COMPETITIVENESS FLAGSHIP



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The Regional Cooperation Council serves regional cooperation and European and Euro-Atlantic integration of South East Europe in order to spark development in the region to the benefit of its people

INVESTMENTS

INDUSTRY

TRADE

BUSINESS

Good. Better. Regional.



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