

Hido Bišćević, Secretary General, Regional

INVESTMENT ECONOMIC AND

Bišćević believes that two encouraging facts are currently being
funded by European Commission and EU institutional bank

Zdravko Latal

Earlier this year at the RCC workshop in Sarajevo, Hido Bišćević, Secretary General of the Regional Cooperation Council and one of the most experienced Croatian diplomats, expressed his hopes that Balkan and South Eastern European countries could show a slight recovery from the global financial crisis only in the second half of 2010, although more optimistic trends were to be expected not before 2011. The question is whether Mr Bišćević still holds the same opinion after the first two quarters of 2010 have elapsed.

The global financial crisis has caused problems so deep that, unlike two months ago, I am much less optimistic when considering the possibility of even slight recovery in economic trends. The consequences of the global financial and economic crisis affected this particular region unlike any other part of Europe as these same consequences reflect in the structural economic problems of individual countries as well as revealing deep problems and disadvantages of post-transitional SE European economies. Individual governments have been forced to face up to their problems in reaching the most effective economic solutions, either by introducing savings measures or incentives.

They mostly opted for the first solution and budgetary restrictions and much less for encouraging production and individual consumption. Political circumstances have only contributed to an escalation of existing problems. It is impossible to neglect the fact that the global financial crisis affected SE Europe, especially the countries of former Yugoslavia, at the worst possible

moment when these countries started to show the first signs of economic growth.

Can it therefore be concluded that any growth was restrained from its inception?

Before the global financial crisis occurred, this had been one of the fastest growing economic markets with high rates of investment. Not only has economic growth been brought to a halt, but certain political problems have also re-emerged. Both politics and the economy had shown a slight resurgence, with a certain degree of probability of finding a solution in the not too distant future. Current trends raise complex questions on the circumstances and perspectives

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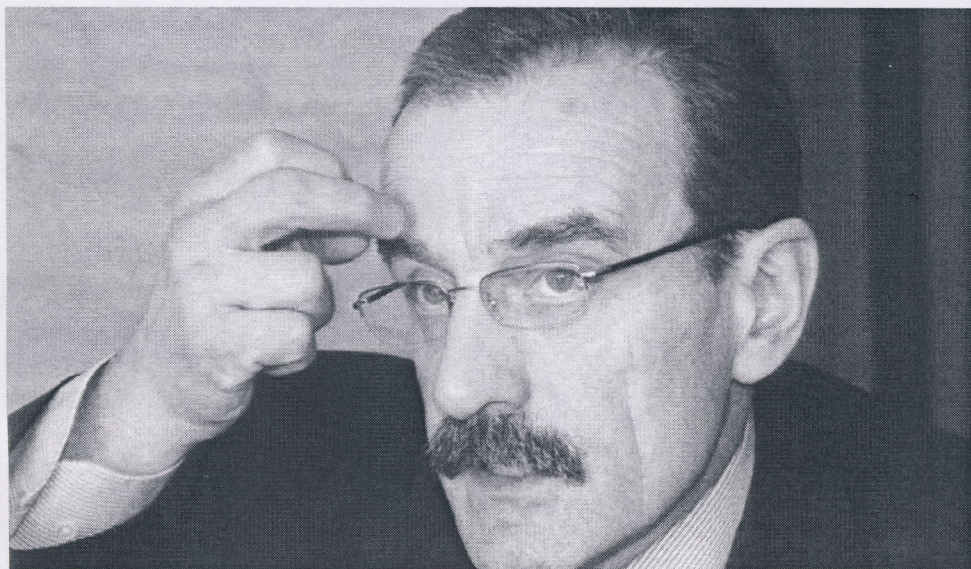
Regrettably it has vanished in a short period of time

in the wider region. The Regional Cooperation Council as well as 12 heads of states and governments, who attended the summit in Istanbul, expressed their awareness of the fact that increased mutual cooperation would be necessary if adequate solutions to the global financial crisis were to be found. Representatives of individual governments understood that they have to think globally if individual country problems are to be solved. I am deeply concerned by increasing political problems

Cooperation Council

AS A PRECONDITION FOR ND POLITICAL STABILITY

being developed: regional countries are trying to reach mutual agreement and negotiations on new projects, partially s, have already been launched



within the region as they significantly jeopardise any advantages that regional cooperation may offer in solving financial difficulties.

What steps are currently being undertaken at an international level in order to support the recovery of regional countries? Various experts believe that individual governments are too preoccupied with their own problems to help their neighbours. I do not think that the global financial crisis is currently being solved at an international level. Without further investment into the economy, political stability is unreachable. Unless this part of Europe solves its political disputes and boosts its economic activities, both economic and social lethargy is the only option. Some scenarios foresee alarming tendencies such as populism and a decrease in democratic capabilities. However, regional countries are trying to reach mutual agreement, with negotiations on new projects, partially funded by the European Commission

and EU institutional banks, have already been launched. Hopefully by this autumn, major regional infrastructural projects will be formalised, including the navigability of the Sava, the construction of a 400 kilovolt power-transmission line between Macedonia and Albania as well as various projects related to the power industry and transportation. Further investment into economic and social projects will ensure the stability of this part of Europe. I am convinced that European institutions and banks above all should be interested in providing funds for such projects. In addition, these and similar projects are considered as the most appropriate incentive for individual legislatures to adopt the necessary changes on their way to EU accession. On the other hand, the European Commission will implement its strategy for the following three years, relating to the power supply industry, infrastructure, transport, water supply system, environmental protection, education and many others.

How would you describe your cooperation with the "new" CEFTA, as some of its members have not given a positive opinion on its new programme? It has not ensured a more significant capital flow and joint entrance to third markets. On the contrary, trade wars, caused by non-tariff barriers among its



members, have become a commonality. The Regional Cooperation Council cannot directly influence CEFTA activities. However, the circulation of goods, capital and services in

SE Europe should reflect current political relations, which is one of the Council's responsibilities. Personally, I am not happy with CEFTA role in strengthening mutual economic relations, for which I can name several reasons. I believe that the potential of CEFTA was not fully used before the global financial crisis due to the differing political mentalities of individual governments. This particular region is still governed by political aversions not only amongst particular countries but also within particular borders. In addition, the financial crisis encouraged the introduction of protectionist measures and the closure of national markets. When speaking of specific cases, Pristina-Belgrade relations significantly aggravate CEFTA activities. A more disconcerting fact is that Pristina will take over the CEFTA presidency in the following year and if significant changes do not take place, only further complications can be expected. These topics were widely discussed at the Istanbul summit. CEFTA obviously needs a new incentive and

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a more resolute approach. This debate will be opened both by the European Commission and CEFTA Secretariat with the full support of the Regional Cooperation Council. ■