

**Speech by RCC Secretary General Majlinda Bregu  
at the opening panel of  
OECD High-Level Conference on South East Europe  
-DRIVING COMPETITIVENESS, ACHIEVING CONVERGENCE-**

**26 June 2024, Paris**

**Dear Mr. Vestergaard Knudsen,  
Your Excellencies,  
Ladies and Gentlemen,**

The Western Balkans has faced numerous challenges, from political instability to economic transitions. Despite these hurdles, our region has demonstrated resilience and a remarkable capacity for growth.

In the last decade, the region has been gradually moving towards establishing close economic ties and bonds with each other based on EU standards and models, while preparing for joining EU Single Market.

***That is our big stake in the region's stability, empowering and thriving societies!***

Since I joined RCC, the most frequent question addressed to me by media, citizens, think tanks was: what is the added value of regional cooperation for my country. Well:

- WB is a ***markedly different region*** from 10 years ago when this intensive political and economic cooperation started, and ***it proved to be a safe vessel in a storm - 80% of the citizens fully support it.***
- ***Regional integration through concrete achievements alongside European integration*** is the best and most credible way forward. The ***pace of regional development influences the pace of our European integration.***
- Regional cooperation is ***not harnessed up to its full potential*** in a region still riddled with tensions. ***Full implementation*** of the commitments, such as those on freedom of movement, ***is a must! Credibility is at stake***, and persistent stalemates and blockages are no longer affordable.

Reading the preview of the new OECD Competitiveness report, **it is striking that over the last 20 years, the GDP convergence gap between the EU and the Western Balkans has improved by only 11 percentage points.** And what is more important is that this coincides with two key

**instruments for our economies: the SAA and regional economic integration such as CRM or previous MAP REA.**

Clearly, this progress is insufficient *and there is a need to boost and mainstream these instruments towards the same directions! The Growth Plan precisely tackles this gap. There are yet untapped economic integration potentials* that can still add 10% growth to our economies. Given the various convergence scenarios that put our region on a *24 to 72 year convergence approximation journey – not even a single growth % prospect must be wasted.*

We at the RCC are *working at full speed on a boosted Action Plan for a functional CRM, as an important pillar of the Growth Plan, to be endorsed at the BP Summit.* The work we have started for the next CRM phase is conceived as an *“access gateway” for progressive integration into the Single Market and socio-economic convergence.*

This new phase may not change the whole situation in the region, but it is going to bring the region closer together, fast-tracking its much-needed convergence.

1. Unfortunately, only 12% of the citizens report that economic and trade links in WB are strong.
2. The last still unpublished Business Barometer reveals that two main obstacles are related to the availability of workers, namely labour force shortages and brain drain. **70% of the businesses** call for government policies to retain labour force, one fourth of the businesses are seeking to hire workforce from other economy from WB.

**Only by encouraging the free movement of labour across WB is there a potential to add a substantial 1.3% to our GDP by 2025.**

3. The digital skills shortages and limited support mechanisms for the workforce. Our region ranks low on the **skills performance**, with most indicators not exceeding half of EU and OECD averages. **While 85% of people in the WB region used the internet in 2021, only 35% possessed at least basic digital skills. 80% of citizens consider crucial improving digital skilling to reflect workforce needs.**

A general shortage of the ICT specialists in WB is evident. Only 2.6% of employed persons in the WB region were ICT specialists in 2021.

4. Nurturing an environment that is both favourable and competitive is also essential. This supportive atmosphere can spur annual growth by 2%, attract up to 6.5% more investment, increase the job growth rate by up to 1% per year, and boost SME productivity by 5% to 10%.

Together, these elements form the cornerstone of a vibrant, thriving economy.

The success of regional integration through the Common Regional Market hinges on *smooth operation, free from regional disputes, as it serves as a conduit to the EU Single Market and EU membership.*

Our zoomed-in lens on the *key challenges faced by businesses* highlight that *workforce availability issues, particularly labour shortages and brain drain*, are the most pressing challenges for businesses in the Western Balkans. Regulatory and administrative burdens, political instability, access to finance, weak demand, and informal economy practices also pose significant hurdles.

Against this, the *proposed measures within the new CRM* relate to more comprehensive *human capital and skills development focus*, accelerated *digital transformation agenda, business enabling and competitiveness agenda*, along with a comprehensive set of *trade measures*, as well as measures underpinning *free movement of goods and services*.

As we try to *look ahead with somewhat shaken hopes*, as also evidenced by 8% drop in the citizens' support for EU membership, *it is crystal clear that we need:*

- Bolder and faster *integration in EU's Single Market* and *fully operationalised accelerated integration*;
- An *Enlargement Commission* and a *Strategic Agenda* that will make our region visible;
- Concrete *policy reviews* on the enlargement policy implications in early 2025;
- More *predictability about the next multi-annual financial perspective* and more *streamlined instruments and funds* to support new sources of dynamism and transformation to attain better living standards and convergence.

Ultimately, *it's not just about money and market, it's about values* and also about our commitment to the hard work of reform, to fighting corruption and building a common future.

The Competitiveness Outlook of OECD perfectly gives the region a baseline of the progress on main areas of the CRM. *Let me join the other speakers on applauding OECD for this flagship report* as a *crucial reference and signpost* for all of us in the region.

We look forward to the rich discussions at today's *high-level launch conference*, which is a *great dialogue and "call for actions" platform*. It is essential that our initiatives aim to not only respond to immediate challenges but *to anticipate the road ahead*, ensuring that *our region is not left behind* as the world leaps towards new norms of economic and environmental sustainability in uncertain and volatile contexts.