



Talking points by RCC SG Amer Kapetanovic

at Empower. Integrate. Grow. Conference panel titled “Moving Forward: Supporting Regional Integration and Integration with the EU” in Becici on 28 January 2025

Distinguished colleagues, partners, and friends,

It is a privilege to address you today as we reaffirm our shared commitment to a stronger, more competitive, and better-integrated Western Balkans.

Let me extend my gratitude to the organisers of this important gathering, which provides a platform to reflect on our achievements and set the course for the future.

Common Regional Market 2.0 (CRM 2.0), a key pillar of the Growth Plan for the Western Balkans, is designed to accelerate our region’s convergence with the European Union and deeper integration with the EU Single Market.

The guiding principle of our efforts were perfectly captured in the three simple yet powerful words that make up the motto of today’s conference: Empower. Integrate. Grow.

Each of these words reflects a crucial stage in our regional cooperation, and each embodies the RCC’s role in making the CRM 2.0 a success.

Empower – empower people, strengthen human capital, foster innovation and improve skills. Align the Western Balkans Six with EU standards by providing tailor-made support, technical assistance, coordination, and capacity-building. Integrate – remove barriers, align policies, and create an attractive investment climate. Grow – the result of our shared commitment: resilient human capital, stronger economies, greater investment, and a future-ready region.

Building on the success of CRM 2021-2024, CRM 2.0 focuses on deepening these achievements and tackling new challenges. Today, I want to highlight how this vision and role of RCC in driving the regional agenda forward translates into actions across the RCC’s three strategic pillars:

- Empowering the Region - Investing in Human Capital Development – Retaining and attracting talent, investing in skills, and fostering innovation.

- Integrating Economies – Business Enabling Environment and Competitiveness - Enhancing regional investment, supporting SMEs, and advancing the green and digital transformations.
- Growing Together - Accelerating Digital Transformation - Aligning the Western Balkans Six with the EU Digital Single Market.

1. Empowering the Region: Investing in Human Capital Development

A strong regional market starts with a skilled and mobile workforce. Yet, the Western Balkans is facing a demographic challenge, with 20% of its population living abroad (OECD 2022) and businesses struggling with labour shortages. According to our most recent Balkan Barometer survey, 70% of businesses are calling for urgent policies to retain workers, while 25% seek talent from neighbouring Western Balkans Six.

To empower the region, CRM 2.0 prioritises:

- Facilitating workforce mobility by recognising professional and academic qualifications;
- Enhancing vocational education and training (VET) to equip workers with skills for the digital and green transitions;
- Boosting regional innovation;
- Aligning social security systems, ensuring portability of pension and labour rights across the Western Balkans Six.

Currently, research and development spending in the region is just 20% of the EU and OECD averages, limiting our capacity for innovation. CRM 2.0 will increase R&D investments by 20%, foster academia-business collaboration, and create a regional innovation ecosystem.

A skilled, mobile, and well-supported workforce will be the foundation of our region’s growth—this is how we empower the Western Balkans. If we do not act now, these trends will further hinder our competitiveness.

With CRM 2.0, we can: Reduce the brain drain from the Western Balkans by offering better career

CRM 2.0 addresses these challenges through:

Education and Skills Development: Harmonising education standards to allow WB6 students easier access to EU public higher education institutions; recognition of academic qualifications across the EU, ensuring WB6 graduates can compete in the European labour market; unifying vocational education and training (VET) across the region, focusing on emerging green and digital industries;

Closing the Skills Gap, which means: Portability of social rights, ensuring workers maintain benefits even when moving within WB6; relaxed work permit procedures to allow skilled professionals to work seamlessly across the region; 10% participation of VET learners in mobility programmes, ensuring at least 25% come from disadvantaged backgrounds;

Labour Market Reforms and Social Security Alignment: Aligning Western Balkans Six’s social security systems with EU standards to ensure workers receive equal treatment; establishing a Regional Social Security Network, allowing professionals to move freely while maintaining pension rights; exploring portability of pension benefits, ensuring that workers can retire securely, regardless of their movement within the WB6;

Boosting Regional Innovation which implies: increasing research & innovation (R&I) spending by 20% to foster breakthrough technologies; 18 new initiatives focusing on knowledge transfer and commercialisation from academia to businesses; enhancing Digital Innovation Hubs to provide one-stop-shop services for industry and SMEs.

opportunities and mobility. Increase competitiveness by equipping our workforce with cutting-edge digital and green skills. Close the wage gap with the EU, as salaries in Western Balkans Six's manufacturing sector are already growing at 2-4% annually. The economic impact of investing in human capital goes beyond the econometrics and numbers. Regional integration is not just about markets—it is about people. A skilled and mobile workforce is the foundation of a strong economy.

2. Integrating Economies: Strengthening Business Enabling Environment and Competitiveness

To truly integrate, we must remove barriers, align policies, and create an attractive investment climate. Despite FDI inflows growing at 6.7% annually, the business environment in Western Balkans Six still faces major hurdles: financial markets are underdeveloped, SMEs struggle with access to credit, and sustainable investment remains insufficient.

A competitive business environment is more than just an economic necessity; it is a driver of prosperity. CRM 2.0 tackles these issues by:

- Developing a Common Regional Framework for Sustainable Finance and establishing Regional Green Bond Standards;
- Facilitating €300 million in sustainable investment to support green and digital transitions;
- Expanding SME access to finance, ensuring businesses have the resources to scale and compete.

Achieving carbon net-zero by 2050 will require \$90 billion in investment, equivalent to 1.9% of regional GDP annually. SMEs must be at the heart of this transformation, and CRM 2.0 will provide targeted support to ensure they are ready for the green industrial shift.

Meanwhile, tourism remains a key driver of competitiveness. With a 23.5% increase in arrivals in 2023, CRM 2.0 will support responsible, smart, and eco-friendly tourism, ensuring the sector contributes to sustainable economic growth.

By creating a stronger business environment, integrating markets, and aligning policies with the

CRM 2.0 addresses these challenges in Business Enabling Environment and Competitiveness by focusing on:

Sustainable and Digital Finance & Consumer Finance by expanding financial access crucial for both business and individuals by developing a Common Regional Framework for Sustainable Finance Taxonomy;

Establishing Regional Green Bond Standards to finance climate and sustainability projects; enabling cheaper and faster digital payments for businesses and individuals through SEPA integration; introducing new international Payment Service Providers (PSPs) to facilitate cross-border transactions; developing a Regional Financial Literacy Framework for youth, adults, and SMEs to improve financial awareness;

Attracting and Facilitating Investment to encourage sustainable investment, by: certifying at least 60 investors under a regional certification framework; attracting €300 million in sustainable investments across the WB6; developing voluntary Green Incentive Standards to encourage sustainable business practices; establishing a CEFTA-based framework for investment facilitation, modelled after the WTO Agreement on Investment Facilitation for Development;

Strengthening Regional Intelligence on Industrial Cooperation & Green Industry by conducting feasibility studies for key industrial sectors to identify green transition opportunities and establishing unified criteria for Green Public Procurement to promote environmentally responsible business practices;

Enhancing SME Access to Finance & Business Sector Competitiveness by providing targeted solutions such as: a comprehensive guidebook on angel investing to improve SME access to alternative financing; minimum regional eligibility criteria for digital nomads, attracting skilled professionals; a Regional Investment Readiness Programme for SMEs, equipping businesses with the tools to secure investment; a Regional Toolkit for Risk Management, strengthening due diligence and business security practices;

Tourism as a Driver of Sustainable Competitiveness - tourism is one of the fastest-growing sectors in the WB (in 2023, the region saw a 23.5% increase in tourist arrivals and a 27% rise in overnight stays). CRM 2.0 aims to capitalise on this momentum by: developing a Strategic Regional Approach to Sustainable Tourism, ensuring green and digital transition efforts benefit the sector; promoting Smart Tourism Destinations, incorporating eco-friendly solutions and digital services; developing new regional tourism products, strengthening the Western Balkans' global brand;

Women's Economic Empowerment - Key to Growth. Gender equality is not just a social issue—it is an economic imperative. Closing the gender gap in labour markets could boost GDP in emerging economies by up to 8% (IMF, 2024). CRM 2.0 prioritises women's economic empowerment by: strengthening the Women Economic Empowerment (WEE) Network; and developing regional guidelines to facilitate access to finance for women-led enterprises. Women-led businesses play a vital role in our economies. By ensuring equal access to finance, training, and investment, we can unlock the full economic potential of the Western Balkans;

Strengthening Regional Supply Chains and Market Access - to fully integrate WB6 businesses into the regional and EU economy, RCC will work on: establishing a WB6 Export Club, helping local companies enter European and global markets; developing digital tools to support industrial product placement; launching a Western Balkans Six regional brand, strengthening the region's global economic identity.

EU, we pave the way for a seamless transition into the EU Single Market—this is how we integrate the Western Balkans.

3. Growing Together: Accelerating Digital Transformation

No modern economy can grow without digital transformation. It enables businesses to scale, enhances government efficiency, and improves the quality of life for citizens. Yet, the Western Balkans Six still lag behind the EU standards: Very High Capacity Network (VHCN) coverage is

just 48%, compared to 70% in the EU; 5G deployment is slow, limiting digital access and business innovation.

RCC's actions under CRM 2.0 prioritise: reducing data roaming charges between the Western Balkans Six and the EU, making digital connectivity more affordable; expanding Very High Capacity Network (VHCN) coverage to 70% of households and 5G coverage to 80% of populated areas; developing a Digital Identity Wallet (DIW) to enhance interoperability and improve public and private e-services; enhancing cybersecurity through integration into the EU's Cybersecurity Certification Framework.

The future of growth lies in a trusted, connected, and innovative digital economy. By accelerating digital transformation, we ensure that Western Balkans Six businesses can compete, innovate, and scale—this is how we grow the Western Balkans.

CRM 2.0 Key Priorities for Digital Transformation in the Western Balkans are:

Expanding Digital Connectivity - to boost digital infrastructure and improve internet access across the region, RCC will work on: further reducing data roaming charges between the WB6 and the EU under the EU-WB6 Roaming Declaration; expanding the reduction of roaming fees to additional services, benefiting consumers, businesses, and trade; reducing intra-WB6 fixed and mobile call prices, improving affordability and business operations; streamlining administrative procedures (e.g. permit granting) to speed up the deployment of VHCN; increasing connectivity coverage to 70% of households with fixed VHCN and 80% of populated areas with 5G coverage.

By ensuring faster, more affordable, and more widespread digital connectivity, we empower businesses to innovate and individuals to access online services with ease.

Strengthening the Digital Economy and integration of WB6 into the **EU Digital Single Market** is essential for regional competitiveness. CRM 2.0 aims at: aligning WB6 with the EU Digital Compass, ensuring digital policies reflect best practices; developing a regional Artificial Intelligence (AI) policy roadmap, positioning the region for future tech advancements; facilitating regional recognition and use of e-signatures, making digital transactions easier and more secure; supporting development of a Digital Identity Wallet (DIW), improving interoperability and access to e-services; enabling WB6 participation in the European Data Innovation Board (with observer status), ensuring engagement in EU-wide digital governance.

These measures will accelerate e-governance, facilitate cross-border business, and drive investment in digital industries.

Enhancing Cybersecurity: as digitalisation accelerates, cybersecurity becomes a critical pillar of regional security and trust. Our support will go towards: extending the Digital Europe Programme for WB6 to cybersecurity, strengthening resilience; establishing a regional database on cybersecurity needs, improving incident response and risk management; integrating WB6 into the EU cybersecurity certification framework, enhancing business and consumer protection; supporting capacity-building for certification bodies and regulatory authorities; creating a network of WB6 universities for cybersecurity education and knowledge-sharing; establishing a regional alumni group for young professionals in cybersecurity, developing the next generation of digital security experts.

By prioritising cybersecurity, we safeguard digital infrastructure, build trust in online services, and ensure businesses can operate securely.

Governance & Implementation: A shared commitment to ensuring that CRM 2.0 delivers real results requires strong governance, transparent monitoring, and coordinated action.

The RCC will lead implementation, ensuring progress in skills development, business competitiveness, and digital transformation. To enhance accountability and visibility, the RCC will introduce: a real-time digital scorecard to track progress and a dynamic monitoring tool to ensure public engagement and feedback.

This collaborative approach ensures that all stakeholders—governments, businesses, and citizens will benefit from the CRM 2.0.

Ladies and gentlemen,

We stand at a turning point. The Growth Plan for the Western Balkans and the Common Regional Market 2.0 are not just strategies—they are commitments for a better future.

To make this vision a reality, we need to:

- ✓ Empower the region by investing in people, skills, innovation and opportunities;
- ✓ Integrate our economies by removing barriers and aligning with the EU;
- ✓ Grow together as a region that is competitive, sustainable, and future-ready.

The Western Balkans have immense potential. Now is the time to unlock it.