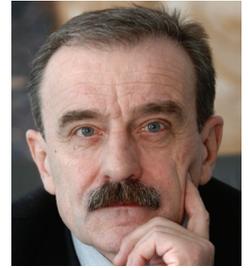


The Western Balkan's new choice – joint development or individual depression



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Several weeks ago, at the peak of the summer tourist season, I learned that the air control service at the Zagreb Airport Pleso managed to handle nothing less than 10 percent of the entire European air traffic routes network over one single weekend – 10 percent of the entire European air routes network is certainly no small portion by any standard, for any country.

This small piece of statistics is more than indicative, not only for Croatia, but for the entire region of South East Europe (SEE) and its core area of the Western Balkans because it indicates huge potentials, abilities and achievements. But, unfortunately, it also indicates enormous disparities and unused opportunities.

“EU instruments should be further engaged in elaborating a regional strategic approach to economic recovery and development”

By way of illustration, to counter the highlighted Zagreb Airport achievement, one may turn to the fact that the region of South East Europe is home to no less than 24.5 percent of all registered airfields in Europe, an enormous value in itself – but, lack of cooperation and common strategic focus leads to the fact that, in the entire Western Balkans area, the air traffic statistics are falling, the number of passengers is no more than 3 million per year, as compared to the 15 million at the Vienna airport only.

Huge common regional asset, huge individual national loss. One could only imagine the benefits of regional cooperation in lifting the air transport infrastructure and standards to a competitive level with all these 570 airfields from Slovenia to Turkey and from Moldova to Montenegro, not to mention the huge value of international over-flight routes.

Statistics points to the biggest asset of the region – its geo-economic position on the map of Europe and the wider area. But, in the Western Balkans it is still more about politics and geopolitics than economy.

Every indicator of the current state of affairs of economic and social life in the Western Balkans and wider SEE region dramatically rings the alarm bell, but the lack of a clear strategic vision, within the region and among its outside partners, still feeds the ‘laggard mentality’ and policy of denial of the harshest possible effects of the current economic and financial crisis in Europe. Huge potentials in such priority areas as infrastructure, waterways, transportation, forestry, agriculture and many others still remain ‘dead capital’ despite prolonged economic crisis, fearful economic collapses or depression.

Indeed, potentials are obvious but largely neglected, fragmented and unused. Airports and over-flight routes are just one of the indicators how the region’s geo-economic position must be a starting point for any strategic and ‘out of the national box’ approach to development, in particular at the time of crisis.

Take the asset of maritime ports in the region - from Kopar, Rijeka, Zadar, Split, Ploče to Thessaloniki and Istanbul: by developing a shared concept of cooperation to serve and access the European and global markets they could provide a higher level of contribution to each individual national budget then by mutual competition.

Or the enormous hydropower potentials of the region, which is a home to comparatively the highest number of usable rivers in Europe – yet, only less than a half of the hydro potential of the region is being utilized, whilst this summer’s effects and costs of the draughts are already a burden to every national budget, in particular in a socially sensitive agricultural sector.

Yet, the ‘laggard mentality’ at the administrative level, plus the political environment and the remaining stigmas towards a genuine functional regional cooperation, still holds back the implementation of many existing projects in this sector; from using rivers in Bosnia and Herzegovina for electricity production to a slow rehabilitation of the Zagreb-Belgrade waterway route to benefit transport, irrigation, agriculture and, last but not least, addressing the alarming issue of unemployment in the region, with 30 percent the average, and close to 50 percent in some of the countries.

Take then the assets in the transport sector, due to the geo-economic position again – set between the EU markets, the Russian Federation, Mediterranean area and, further to the east, Turkey, the Middle East and China - the region should engage in a genuine strategic partnership to develop infrastructure that will ensure that the huge potential is transferred into sustained benefits.

By way of illustration, the region should immediately engage in the strategic project of rehabilitation and modernization of the railway axis from Ljubljana across Croatia, Serbia and Bulgaria to Turkey, so as to be ready to benefit from the future Bosphorus Europe Railway Corridor, once it starts using the under-Bosphorus tunnels and allows for the fast freight trains to connect the EU market with China.

Or look at the energy transportation sector – electricity, gas and oil transport networks across the region could provide for further functional cooperation among European, Russian and Asian energy partners, to the direct benefit of the region and, more than that, with a strategic effect on the geopolitical and political position of the region and its member states at the international level.

Should, for example, Croatia be ready to position itself on the railway axis between the EU and Turkey and beyond whilst, at the same time, providing a central crossroad point to the Russia–Mediterranean railway axis (port of Rijeka), it would definitely upgrade the relevance and strategic ‘value’ of the country, not to mention the economic benefits.

In another example, should Croatia initiate the building of an underwater pipeline connecting its northern Adriatic port of Omisalj and its refinery with the refinery in Trieste (only

60 kilometres long!), it would link the entire AdriaDruzba pipeline system from Russia through Central Europe and Croatia with the EU pipeline and refineries network.

Certainly a different kind of asset than the fruitless, unproductive and even harmful debates about the AdriaDruzba pipeline and its future, whilst northern, central and even southern European energy transportation systems from Russia to EU are being developed.

And it is not only about the large-scale infrastructure projects. It is about dozens of conceivable projects in different, potentially plausible sectors. Take, again, the forestry potential of South East Europe. Unfortunately, more often than being focused on developing a common approach to forestry management and industrial use, the region is regularly, summer and summer again, confronted with devastating forest fires that, together with illegal logging, are reducing the huge potential of this sector.

Droughts in the area with huge hydro potential, forest fires in the area that is third in Europe in terms of forestry potential only after the Alps and Scandinavia!? Again, an alarm bell to elaborate a regional strategic recovery and development partnership, adopt a common approach and avoid individual depression and stagnation.

The current economic and financial state of affairs in most of the countries in the region additionally calls for a strategic approach to recovery and development in order to make the most of the region’s potential and geo-economic position. Economic depression, contracting GDP and shrinking economies, scary unemployment rates, foreign debt, lack of capital investment, poverty rates and other

The region would benefit from the modernization of the railway network © RCC/Dado Ruvic



alarming indicators, against the background of the still existing political issues with destabilizing potentials, weak state administrations or even dysfunctional or 'failing states syndromes', together with challenges of corruption and organized crime or negative demographic dynamics across the region, certainly call for urgent rethinking of the overall approach to the Western Balkans, by both the regional leaders and by their EU and international partners.

There is an obvious goal of such a new approach – avoidance of a protracted stagnation in terms of a strategic positioning of the entire South East Europe within the European and Euro-Atlantic integration structures, in particular against the background of a dramatically changing international agenda, current EU inwardness and weaknesses, rising Western–Russia and Western–Sino competition or even resurfacing of the Cold War patterns, as evident with the Syria crisis.

There are also obvious instruments to attain this goal.

The EU and NATO enlargement policy must preserve, but also accelerate its transformation power and its security and stability role in the region. As a number of open bilateral issues throughout the region continue to hamper the EU and NATO enlargement, more than sometimes stalling reforms – sometime sluggish precisely because of the lack of strategic resoluteness of the EU, thus allowing other players to step in – it would be advisable for the EU to elaborate and

develop a methodology and a strong mechanism to address and resolve all open issues in the region in an amicable and mutually appeasing spirit, but also in a definitive manner.

Last but not least, the EU instruments should be further engaged in elaborating a regional strategic approach to economic recovery and development, in particular in the priority areas where the vast natural and human potential of the region could be turned into profitable assets, thus responding to the social consequences of the current crisis, but also with stabilizing social effects. A good example would be to include the Western Balkans into the Connecting Europe Facility, where only a small portion of almost €50 billion may provide effective and competitive transportation system in South East Europe, to the benefit of the EU members also.

Political issues must be urgently resolved and 'unfinished peace' must be completed, whilst a common strategic partnership for recovery and development must be established to build upon the vast potentials and resources of the region.

Indeed, it is about common development and mapping of the entire region into the European and Euro-Atlantic structures, or about the dangerous individual economic and social depression and prolonged strategic vacuum in this part of Europe. ■