

6TH VIENNA ECONOMIC FORUM

Regional Cooperation – Challenges and Changes 20 Years after the fall of the Iron Curtain

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Ladies and Gentleman,
Dear Friends,

It is my great pleasure being here today in Vienna and addressing distinguished guests at the Economic Forum. First, I would like to thank Dr. Erhard Buseck for his long serving leadership in his various capacities for regional cooperation and for the benefit of the South East Europe.

The fall of the Berlin wall rippled through the turbulent political events that took place across Europe and United States. 20 years later, today, it is time for re-focusing on the Balkan region in a new way, one with the economy and investments on our agenda.

Representing a region, that is geographically equally distant, or close, to Vienna, Athens, Rome and Istanbul, a region that has been on the receiving end of post-conflict security, political and economic management for the last 20 years. I am compelled to offer a view from the frontlines of a great international effort to remove totalitarian regimes and to welcome these countries within the institutions and interests of the Western community. This endeavor was enlightened, because it aimed not to exploit, but represented an investment in the stability, freedom and prosperity of the nations in question - making the World "safe for democracy" and market economy in return. The integration of the Balkan nations into the Western institutions, despite all pitfalls and the length of the process, the Euro-Atlantic integration is slowly progressing and it's creating better conditions for democracy and the economy. The rolling of the stone cannot be paused in this crucial moment, - on the steepest incline before the final peak of stability, prosperity and integration are reached. That peak today represents current socio-economic situation, challenging us even more to fight the last battle of unemployment, poverty and emigration outflows. Only then we can be on course for regional integration and regional nation-building, solidly and permanently connecting to the values and interest of the Western world.

What are the current issues that, in my view, need further attention?

- **Serious lack of infrastructure**, in particular roads and energy infrastructure. Investment in those sectors will not only create growth and new jobs, but will further improve regional cooperation and strengthen links between the states and people. Most of the regional state administrations are offering concessions in HPPs, highways, airports, harbors, railways, major tourist facilities etc.... That is an opportunity that should not be missed!!
- Continuous **environmental liabilities** from the period of Communism. The environment has been a “victim” not only to a lack of economic growth and deprivation over the years, but also to inadequate investment and governance strategies in the last two decades. However, with its regional water potentials, landscapes, forests, and sea coasts, investment in good environment policies will boost a growing tourism potentials and quality of life of the people.
- **The Educational shortages** are more apparent with the “explosion” of private educational sector in the region and it is more a sign for a rush for high profits in the “industry” of education, than the quality of teaching and learning itself. Fast technological changes have an increased demand for training and specialized skills and good managerial staff is still difficult to find. However, there is another problem: what to do in the very near future with the growing “army” of formally, highly educated youngsters with no job opportunities and no work experience whatsoever?
- The **lack of institutional capacity** is still in the center of regional problems concerning the economy, private sector development and foreign investments. Institutional reforms are two decades old, but sometimes it seems that they have started few years ago. Regional state administration is heavily influenced by the political parties endemically corrupt, combined with protracted legal and regulatory reforms represent one of the main obstacles for business development and more substantial regional and Euro-Atlantic integration. The traditions of responsible governing culture is yet to be earned in order to gain full respect of authorities as legitimized actors on behalf of common good.
- It is significantly easier for a government to pass regulatory reforms aimed at improving the underlying business environment than it is to make significant headway at **modernising an economy** which remains in a relatively nascent stage of development.

Ladies and Gentlemen,

After two decades of pacification and political stability, we have come to the point in the development of the region where economic factors play greater role than political ones in changing Balkan societies. The Region stood out as a clear outperformer in the World's Bank's Doing Business 2010 Report. In the World Economic Forum's Global Competitiveness Report for 2009-and 2010, Albania, Macedonia and Montenegro increased their global ranking paving the way for EU integration agenda, fully recognizing the importance of the policy anchor provided by the EU process for accession. Nevertheless, creating better living standards during the EU integration process will make the accession feasible, fast and realistic. This will bring "the big picture" of regional political visions closer to "the smaller picture" of the ordinary people's still difficult life.

Thank you.