



# MONITORING THE IMPLEMENTATION OF THE COMMON REGIONAL MARKET ACTION PLAN (2021–2024) KEY BUSINESS INSIGHTS

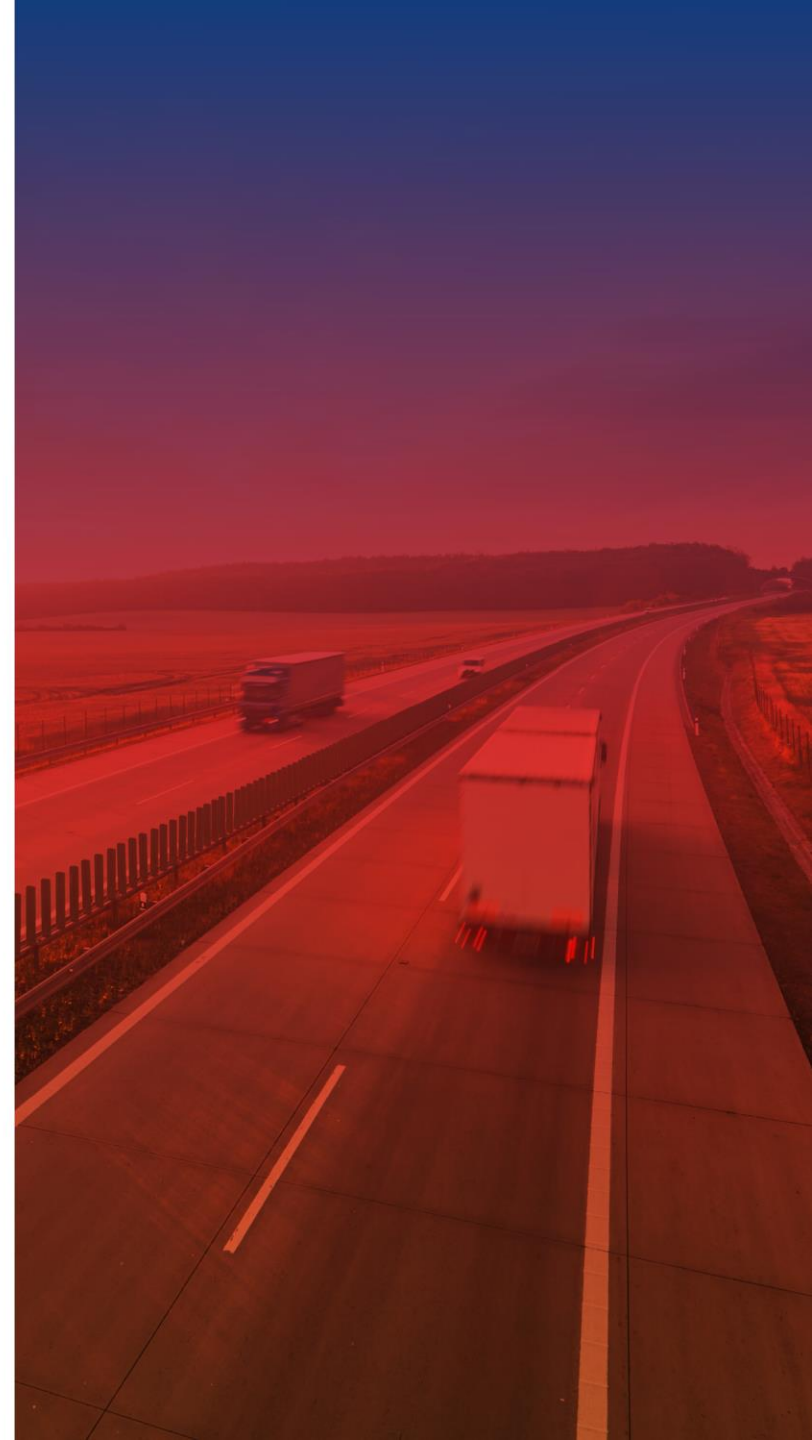
WESTERN BALKANS 6 CHAMBERS INVESTMENT FORUM  
REGIONAL CENTER FOR ECONOMIC ANALYSIS

DECEMBER 7, 2022



## Statistical Overview

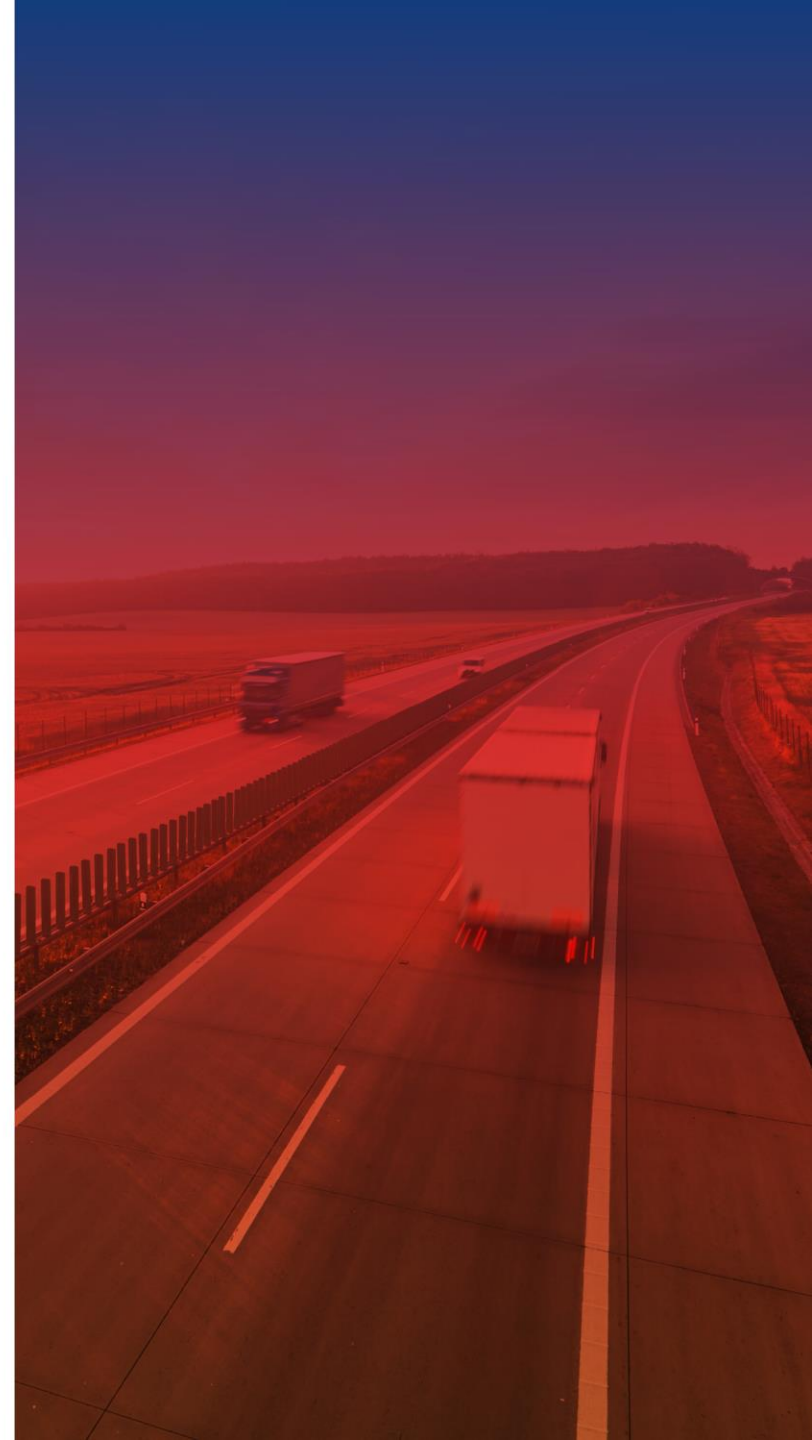
- ✓ Significant growth of Western Balkans economy in 2021 (7.6%) created 227,300 new jobs in the region (unemployment rate 13.9%).
- ✓ The export from Western Balkans in 2021 reached EUR 40.0 billion, which completely exceeded the volume of exports from the pre-pandemic year 2019 (EUR 33.1 billion).
- ✓ The export of services reached EUR 18.5 billion, slightly above the level of pre-pandemic exports.
- ✓ The total FDI inflows in this region, during 2021, amounted to EUR 6.8 billion which represents a substantial increase.
- ✓ The economies of the Western Balkans now face an unusually uncertain outlook, the baseline projection for GDP growth in 2022 in the Western Balkans is now 3.1%, a downward revision by almost one percentage point.





## General Business Uncertainties and Risks

- ✓ Actual inflation and energy crisis in Europe, deepened by the war in Ukraine, is pushing the European economy to a slowdown and potential recession in 2023.
- ✓ If the political crisis in the Eastern Europe continues to escalate, bearing in mind other negative trends in the global economy the economic impact could be much more negative.
- ✓ The longer crisis or stagnation could erode the economic potential of many European countries, especially in the Western Balkans.
- ✓ Negative demographic trend is the main risk to the sustainability of the Western Balkans economy, since there is no sustainable growth in the countries in which the population declines.



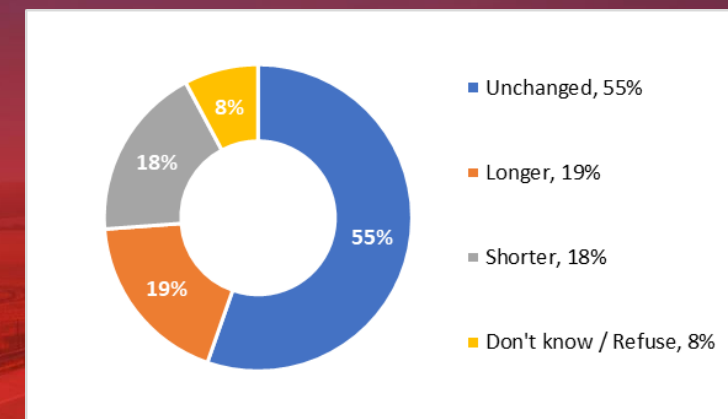




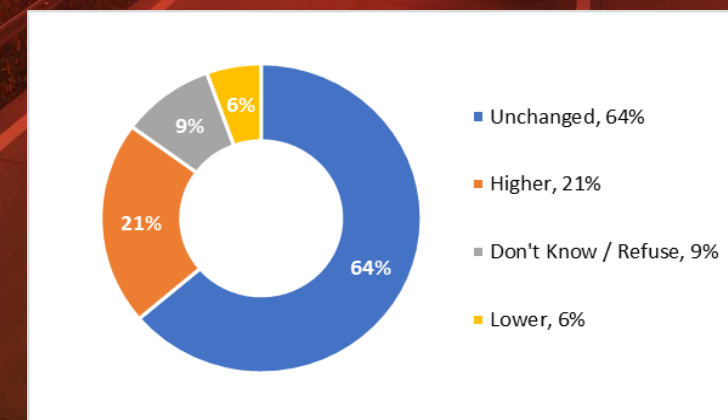
## Results of Regional Survey (1,126 Regional Companies) Border Crossing

- ✓ The average waiting time at the borders within the Western Balkans region in 2022 unchanged for majority of companies (55%).
- ✓ 21% of the respondents believe that the level of efficiency of cross-border controls is higher in 2022 compared to the previous year (64% unchanged).
- ✓ 43% of the respondents consider the current situation at the border crossings to be normal, while 26% of companies consider the situation satisfactory.

Average waiting time at the borders within the Western Balkans region in 2022



Level of efficiency of cross-border controls in 2022

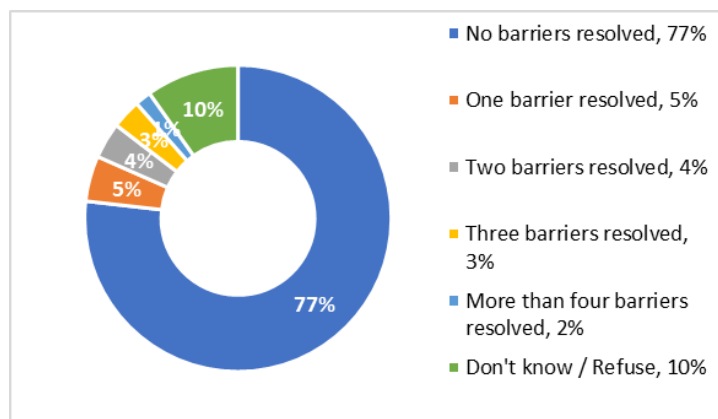




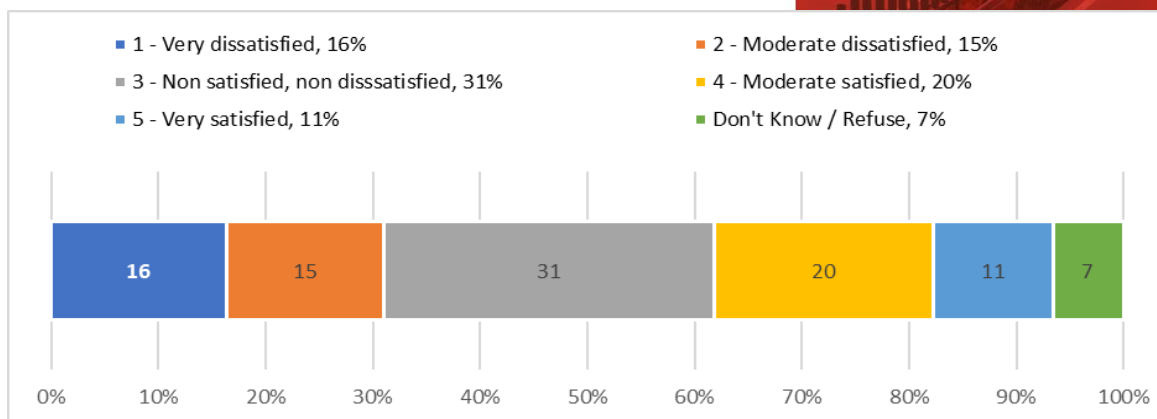
## Trade Barriers (Goods)

- ✓ 77% of the respondents estimate that none of their customs barriers has been resolved in 2022.
- ✓ Almost a third of the companies are satisfied with the efforts made, regarding the government's efforts to remove the trade barriers between the regional economies.

Number of trade barriers resolved in 2022



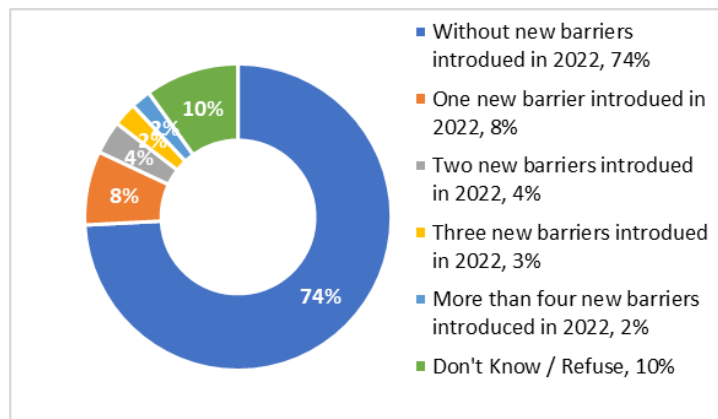
Satisfaction regarding the governmental efforts to reduce trade barriers in the region



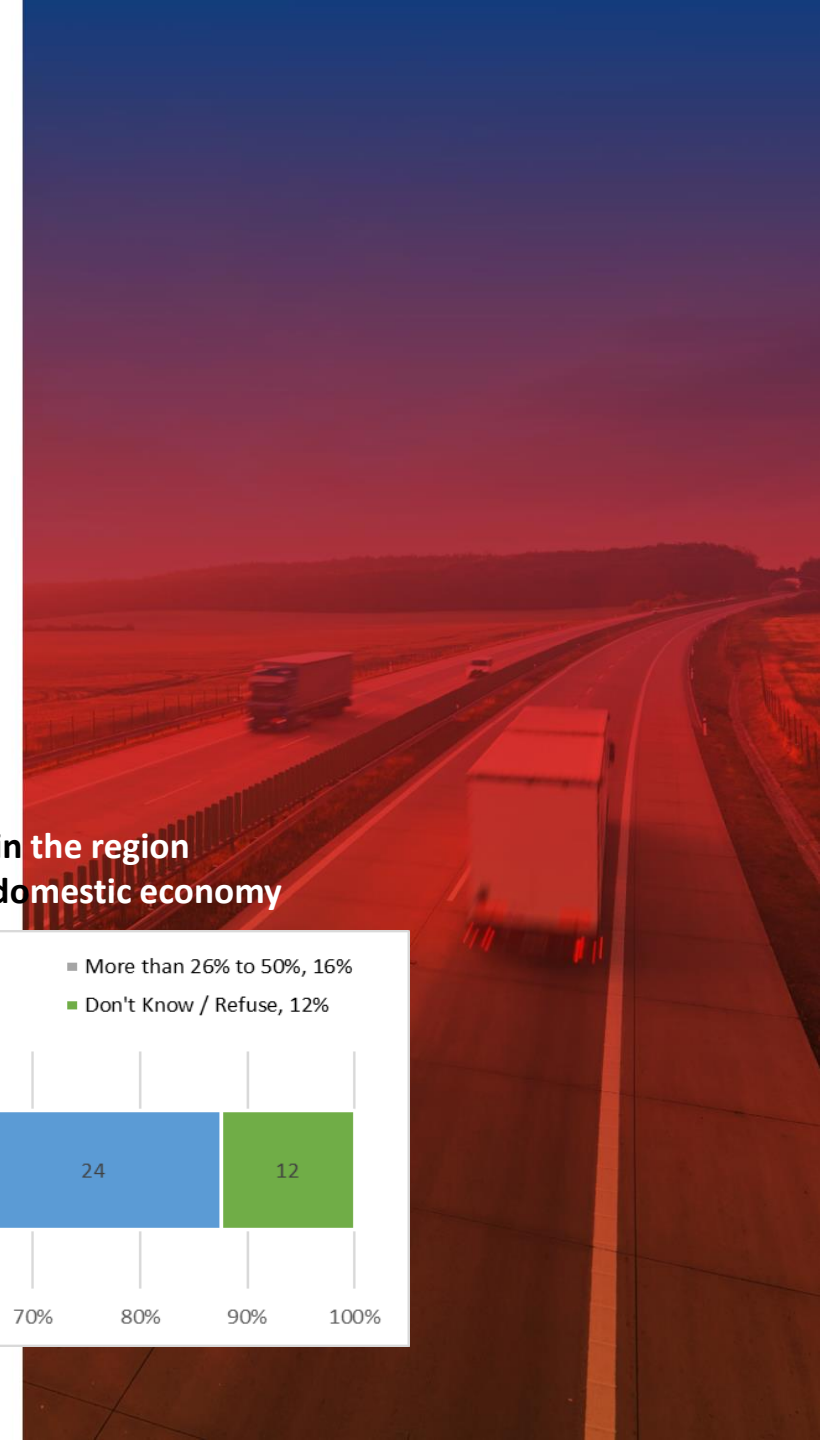
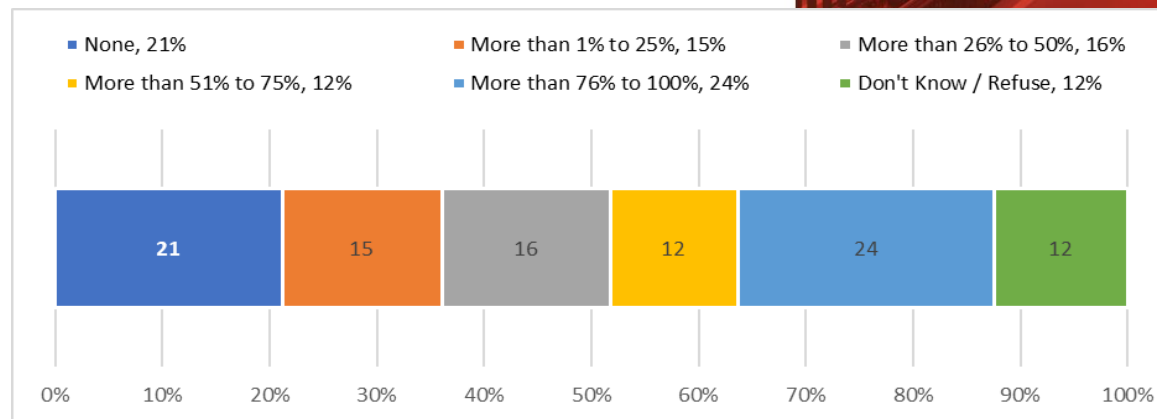
## Trade Barriers (Goods)

- ✓ 74% of companies from the Western Balkan region believe that there have been no new, unusual customs barriers in 2022.
- ✓ A fifth of the respondents believe that more than 75% of their product portfolios are properly certified in their home economy and that as such they have a simpler and easier reception among other economies of the Western Balkans.

**New trade barriers introduced in 2022**



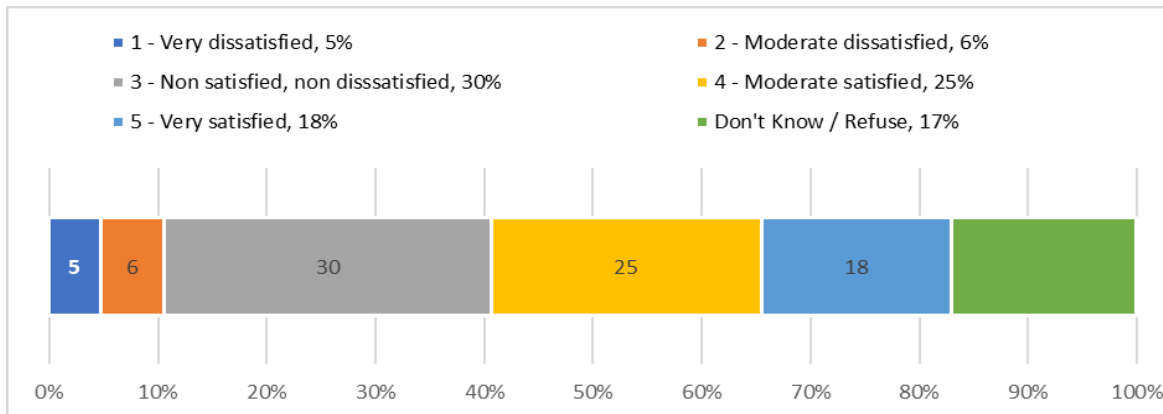
**Share of products that companies can trade within the region with test results and certificates obtained in the domestic economy**



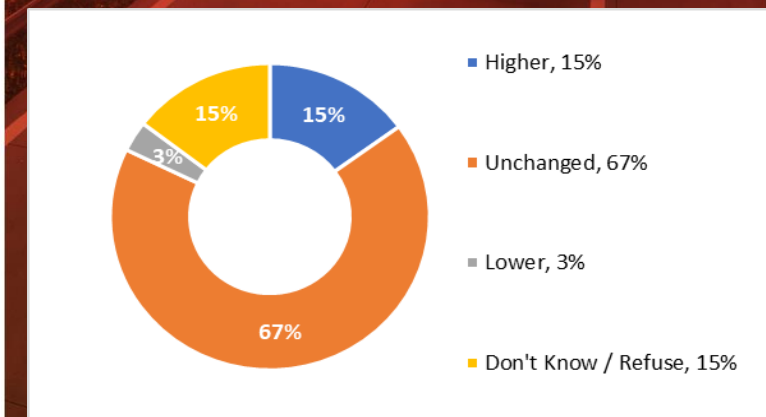
## Mutual Recognition of Test Results and Certificates for Traded Products

- ✓ The benefits that companies have had in 2022 from the mutual recognition of test results and certificates for products traded in the Western Balkans, compared to 2021, are unchanged for 67% of the respondents.
- ✓ About 40% of companies point out that, they are satisfied with mutual agreements for the traded products in the region, while one third believe that the situation is unchanged in 2022.

Satisfaction regarding the mutual recognition of test results and certificates for traded products



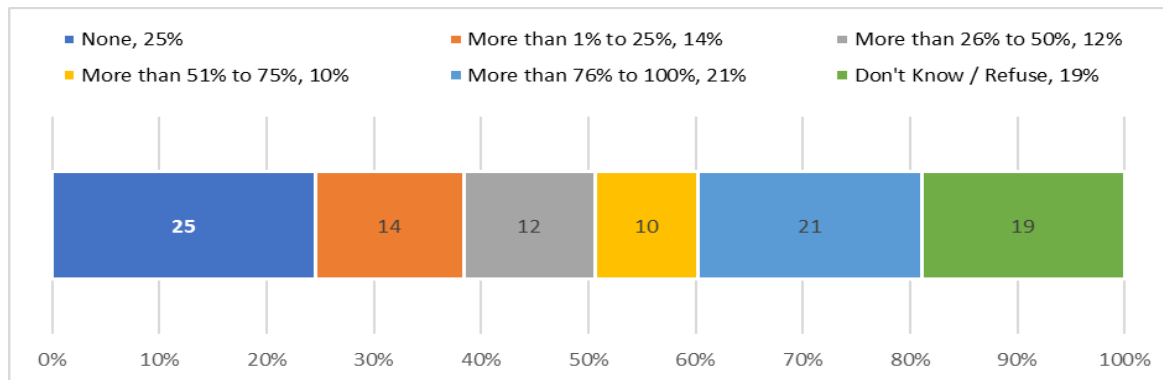
Company benefit from the mutual recognition of test results and certificates for traded products



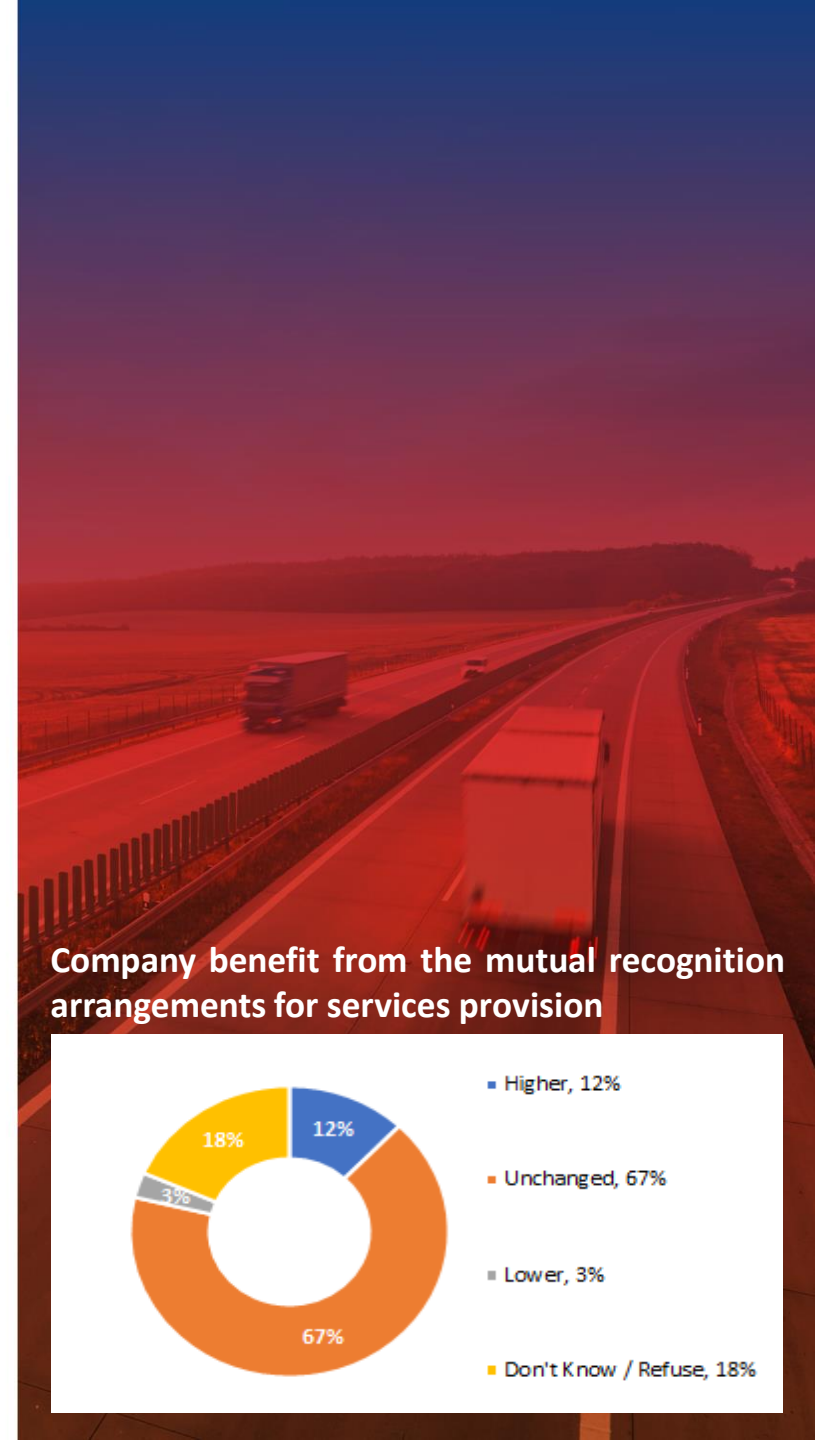
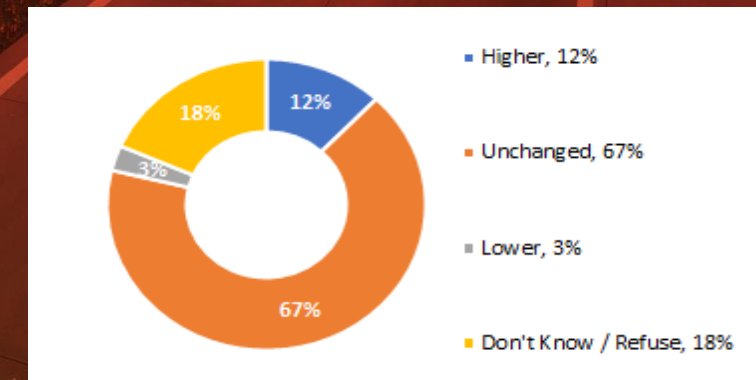
## Trade of Services

- ✓ Almost a quarter of the respondents (26%) have stated they are allowed to provide less than half of their services in the region without authorisation from the local authorities. One third of the respondents (31%) have stated they can provide more than 50% of their services without authorisation.
- ✓ Two thirds of the respondents (67%) have stated their benefits from the mutual recognition arrangements for services provision in WB6 in 2022, as compared to 2021, remain unchanged.

**The share of services that companies are allowed to provide across the region without authorisation from the local authorities**



**Company benefit from the mutual recognition arrangements for services provision**

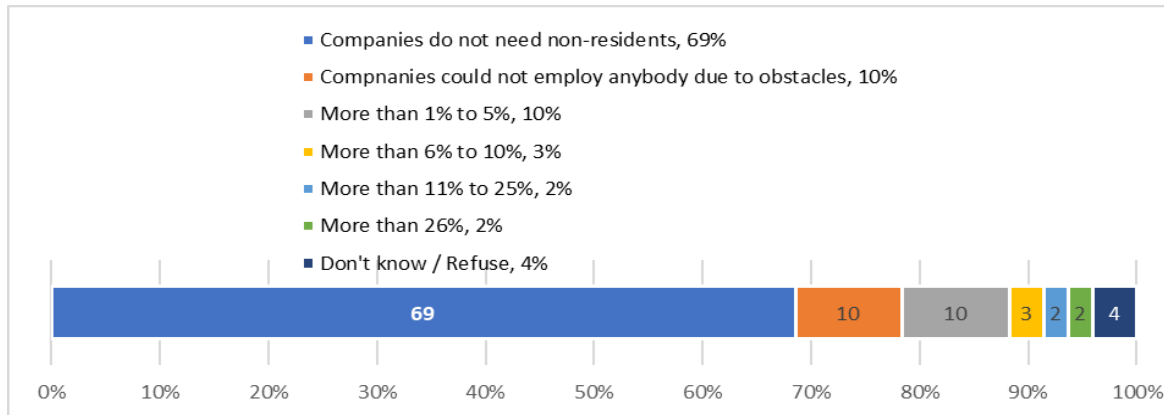




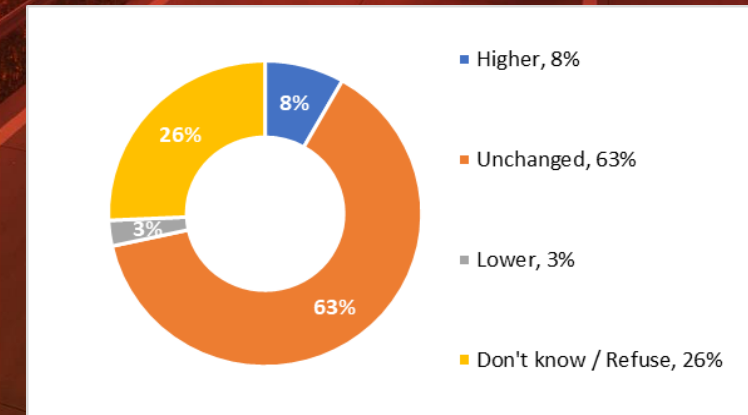
## Labor Force

- ✓ Two thirds of the respondents have stated that they do not need to employ residents from other regional economies (non-residents).
- ✓ Two thirds of the respondents have stated that their benefits from the mutual recognition arrangements regarding employment of residents from other regional economies in 2022, as compared to 2021, is unchanged.

Share of residents from other regional economies (non-residents) as a total number of employees



Company benefit from the mutual recognition arrangements regarding employment of non-residents

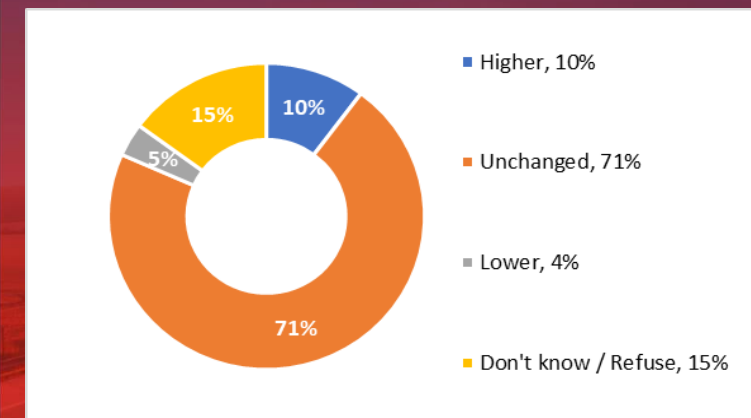




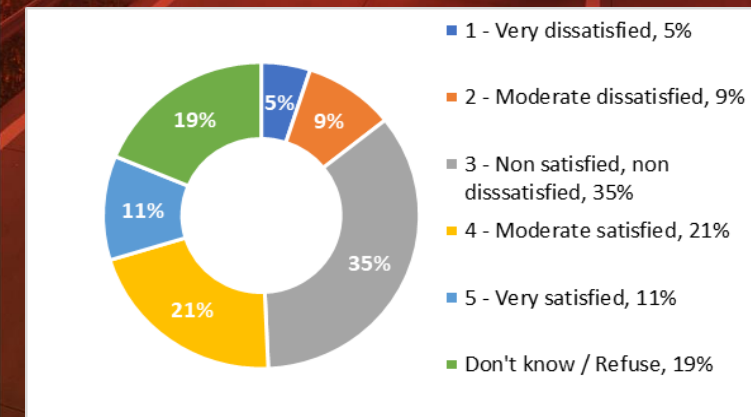
## Cross-Border Capital Transfers

- ✓ More than two thirds of the respondents (71%) have stated that their benefits from the measures facilitating cross-border capital transfers in the region in 2022, as compared to 2021, are unchanged.
- ✓ One third of the respondents (35%) in the survey have stated that their satisfaction with the actual situation regarding the cross-border capital transfers in the region is neutral and another one third of them have stated that they are satisfied (21%) or very satisfied (11%).

### Companies benefits from the measures facilitating cross-border capital transfers in WB6



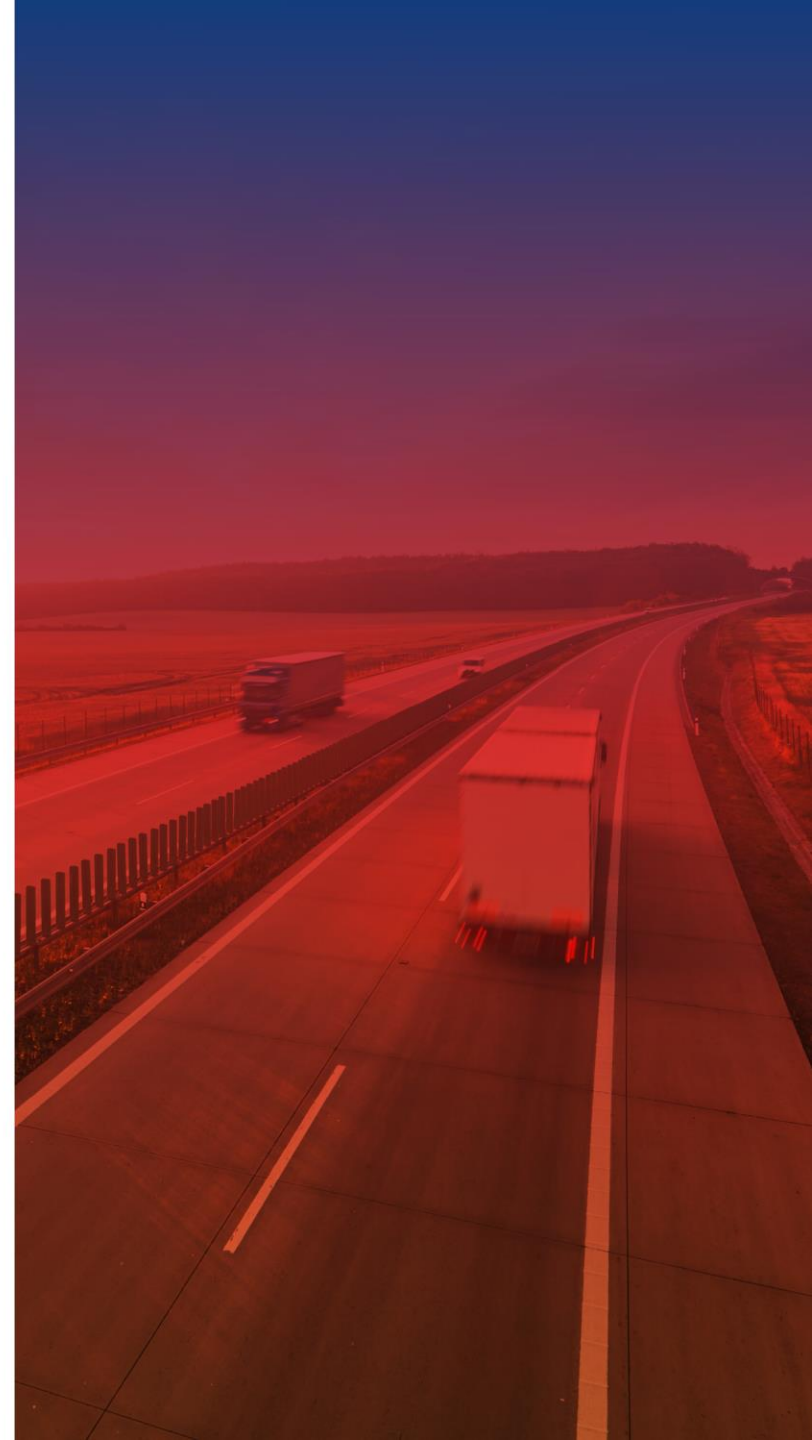
### Satisfaction regarding the actual situation regarding the cross-border capital transfers in the region





## Main Conclusions from the Survey

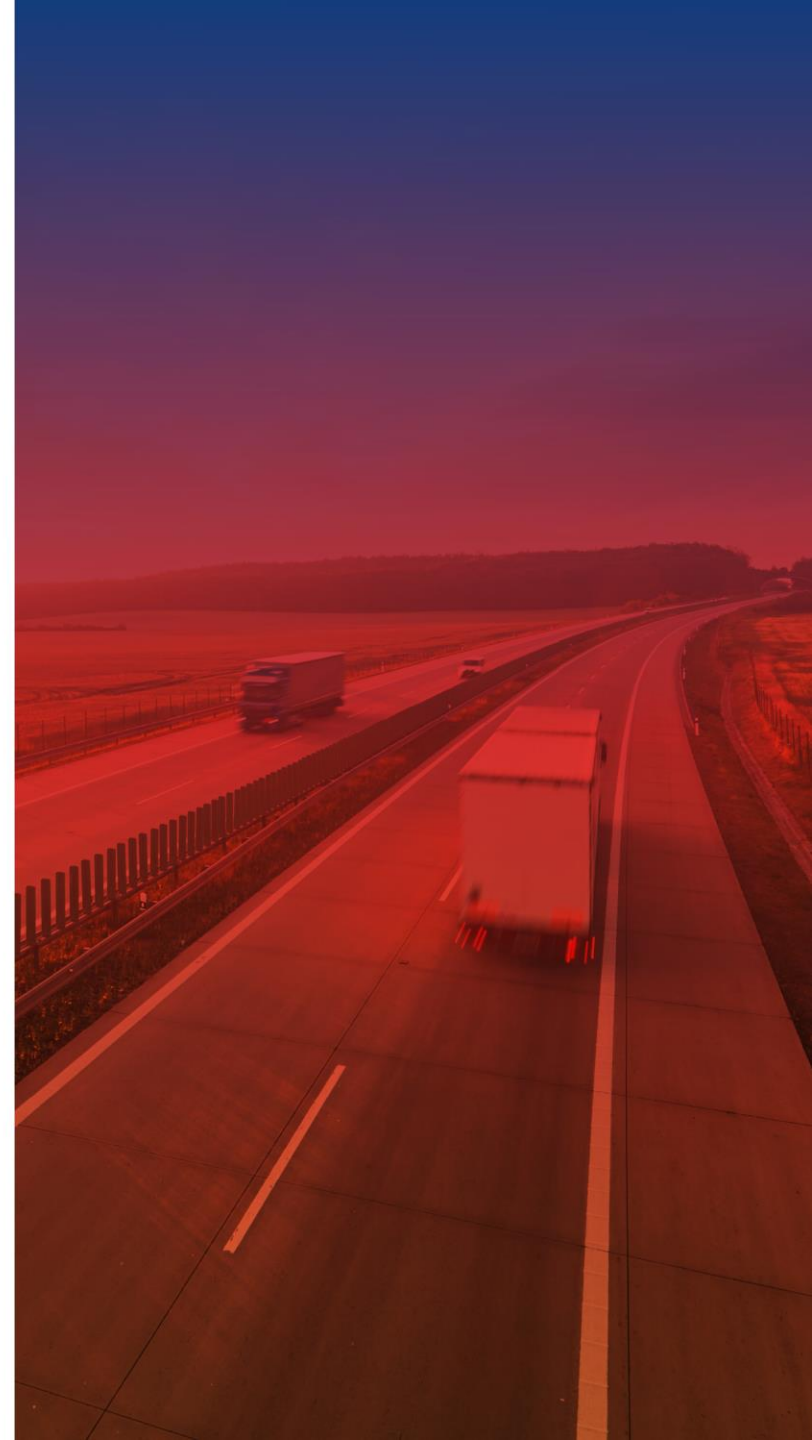
- ✓ There is a certain progress in implementation of the Common Region Market Action Plan, but the goal to create a single market by the end of 2024 will hardly be achieved.
- ✓ A relatively long waiting time at the borders within the Western Balkans still an issue.
- ✓ Trade barriers for goods are still obstacles for the regional companies oriented on the Western Balkans regional market.
- ✓ Close to 70% of surveyed companies do not see concrete progress in terms of free movement of goods and services.
- ✓ Significant number of companies do not use an opportunity to employ the workers from the regional economies.
- ✓ Significant number of companies do not see any progress in terms of cross-border capital transfers.





## Personal Views by Successful Business People in the Region

- ✓ The business people strongly believe that creating a regional single market would be significantly beneficial for the intra-regional economy and higher international competitiveness.
- ✓ The business community is very supportive to any viable option that makes regional business cooperation more efficient and helps every market be stronger and more sustainable.
- ✓ Some progress regarding the regional economic integration process has been made, however, most of the work lies ahead.
- ✓ The access to the finances in the region country has always been very limited, especially in terms of startups, micro and small companies.
- ✓ Many fast moving and modern technologies do not have access to the skilled workforce.

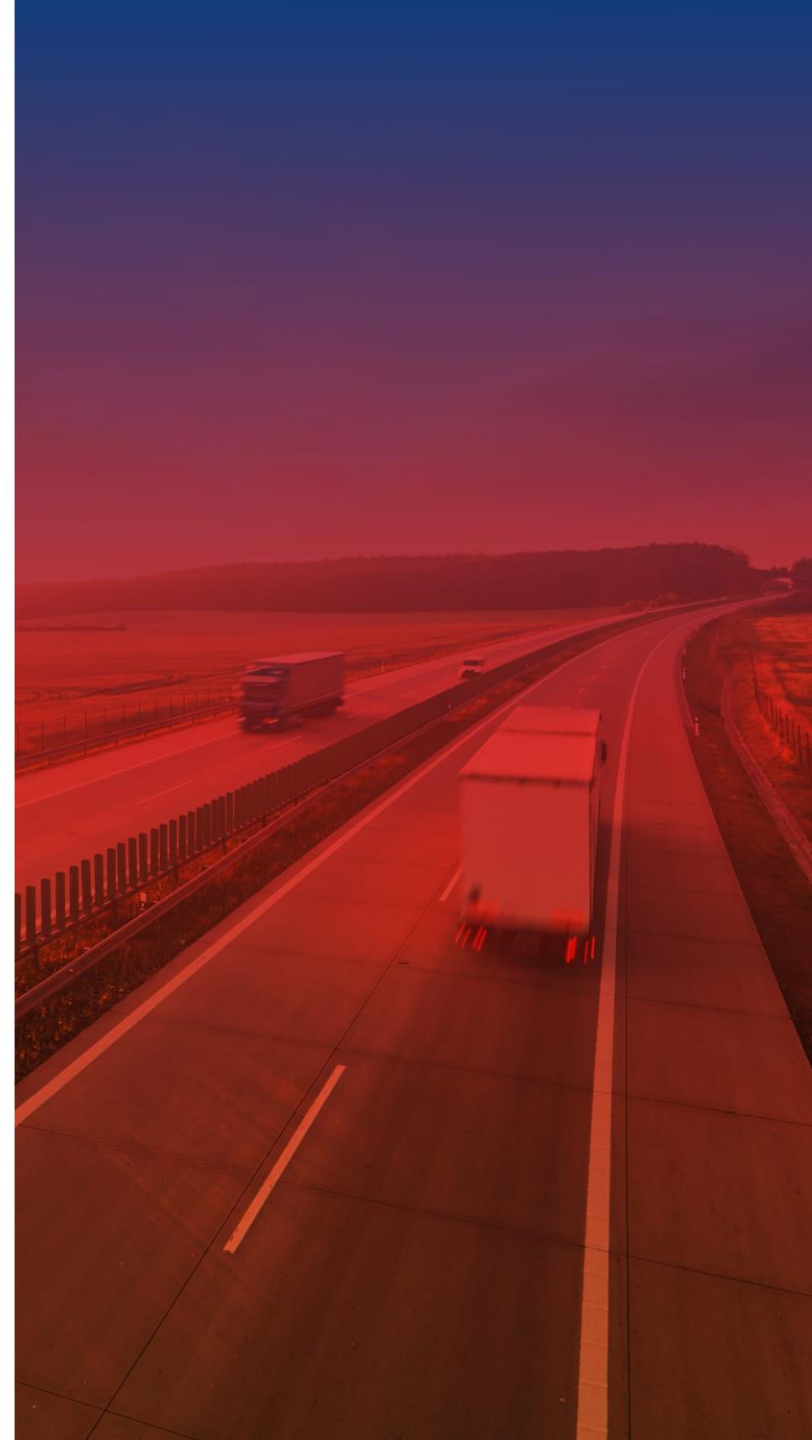






## Main Advices by the Business Community

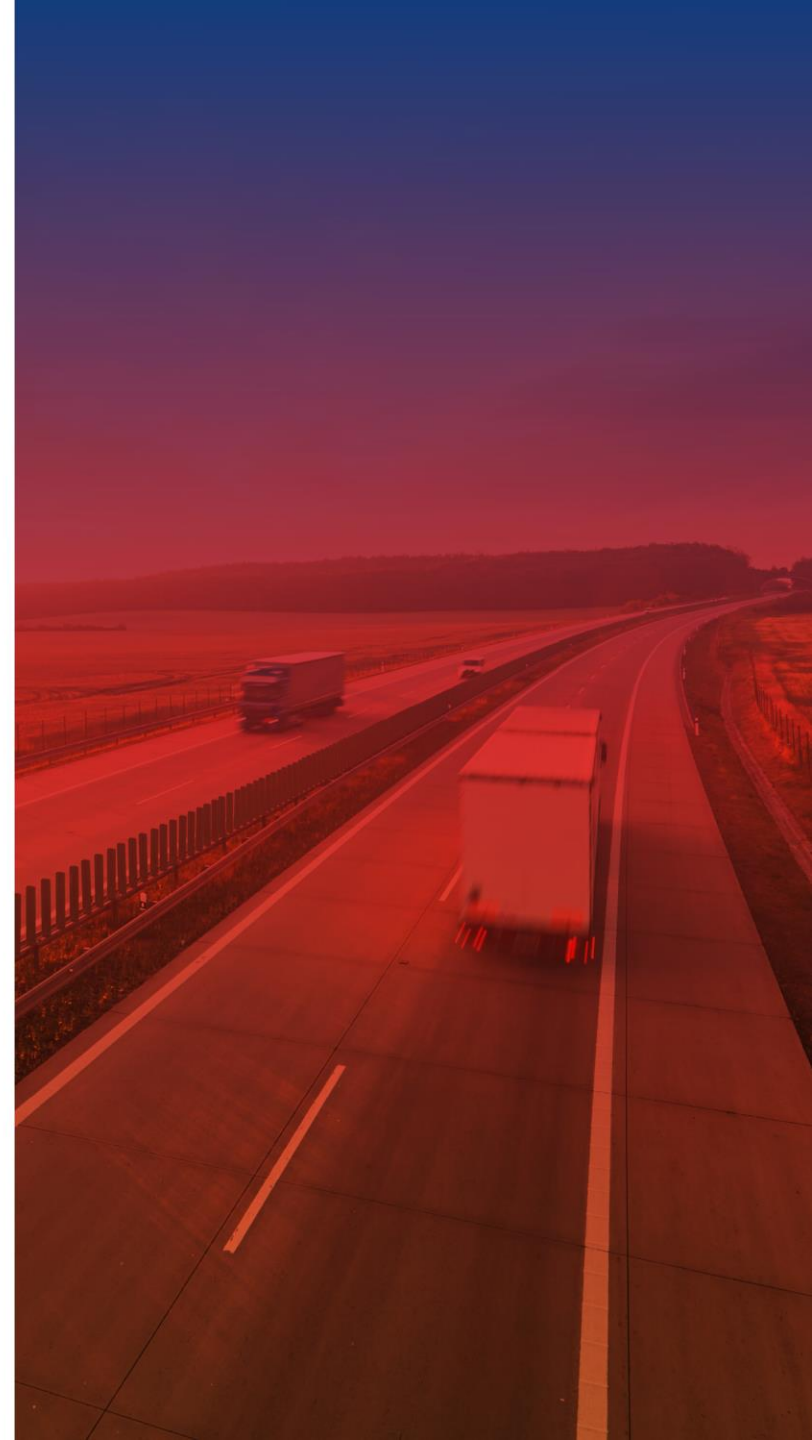
- ✓ The local governments should provide the tax reductions and improve legal environment, and more importantly, to speed up agreements with the rest of the Western Balkan countries to have free movement of products in the region.
- ✓ The local governments should start to build a regional strategy for agriculture and energy sector for the next ten years with proper experts from the business community.
- ✓ Companies should be very careful with their investments in the future period, and pay attention to costs due to a potential recession Europe is facing.





## Main Advices by the Business Community

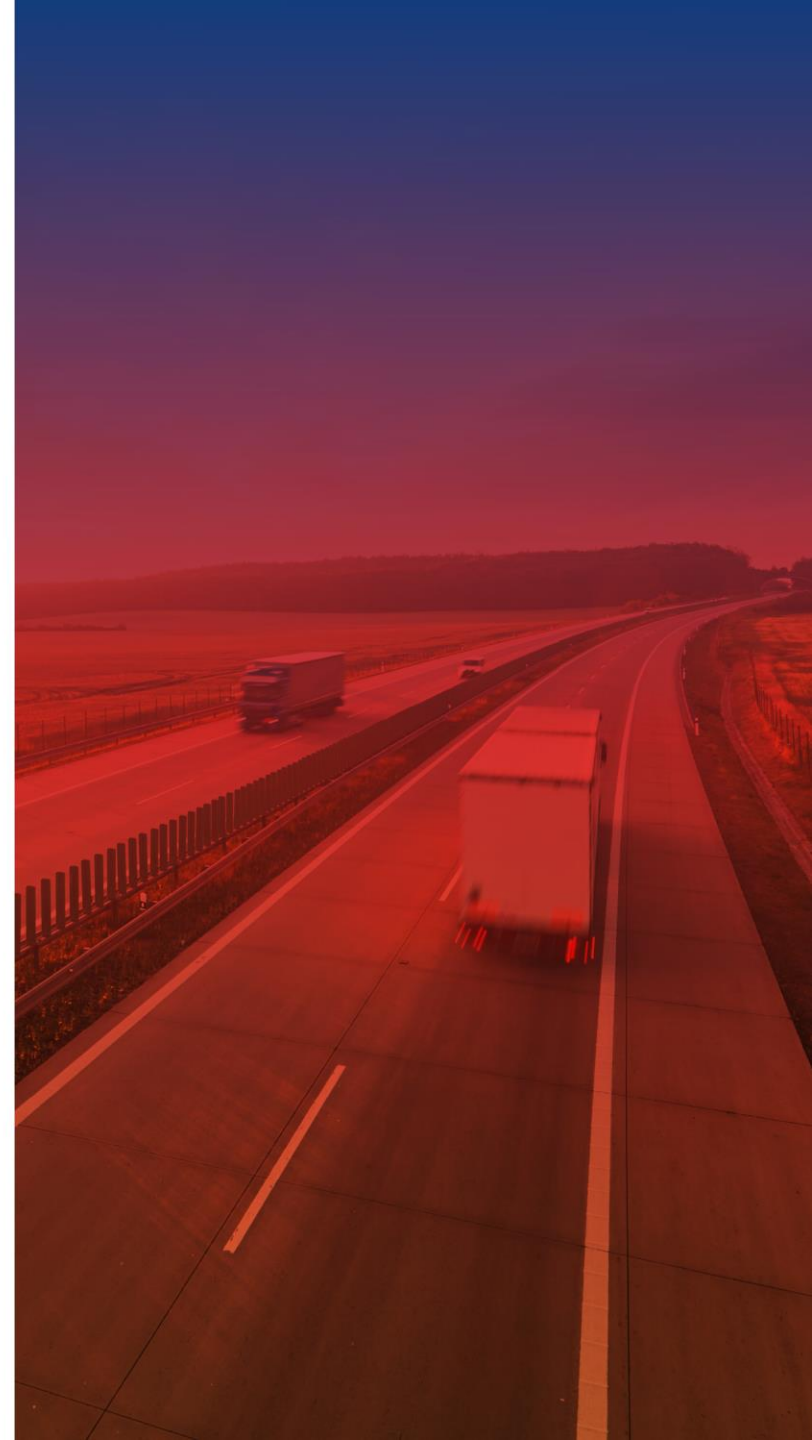
- ✓ Bigger economic activity inside the region is necessary, as well as finding partnerships and synergies, changing know-how, increasing the trust and confidence in order to make the region more competitive and suitable for future challenges.
- ✓ Companies should think of a broader picture and sustainable business based on a long-term business strategy in order to avoid chasing short-term profits.





## Credibility of Regional Governmental Policies

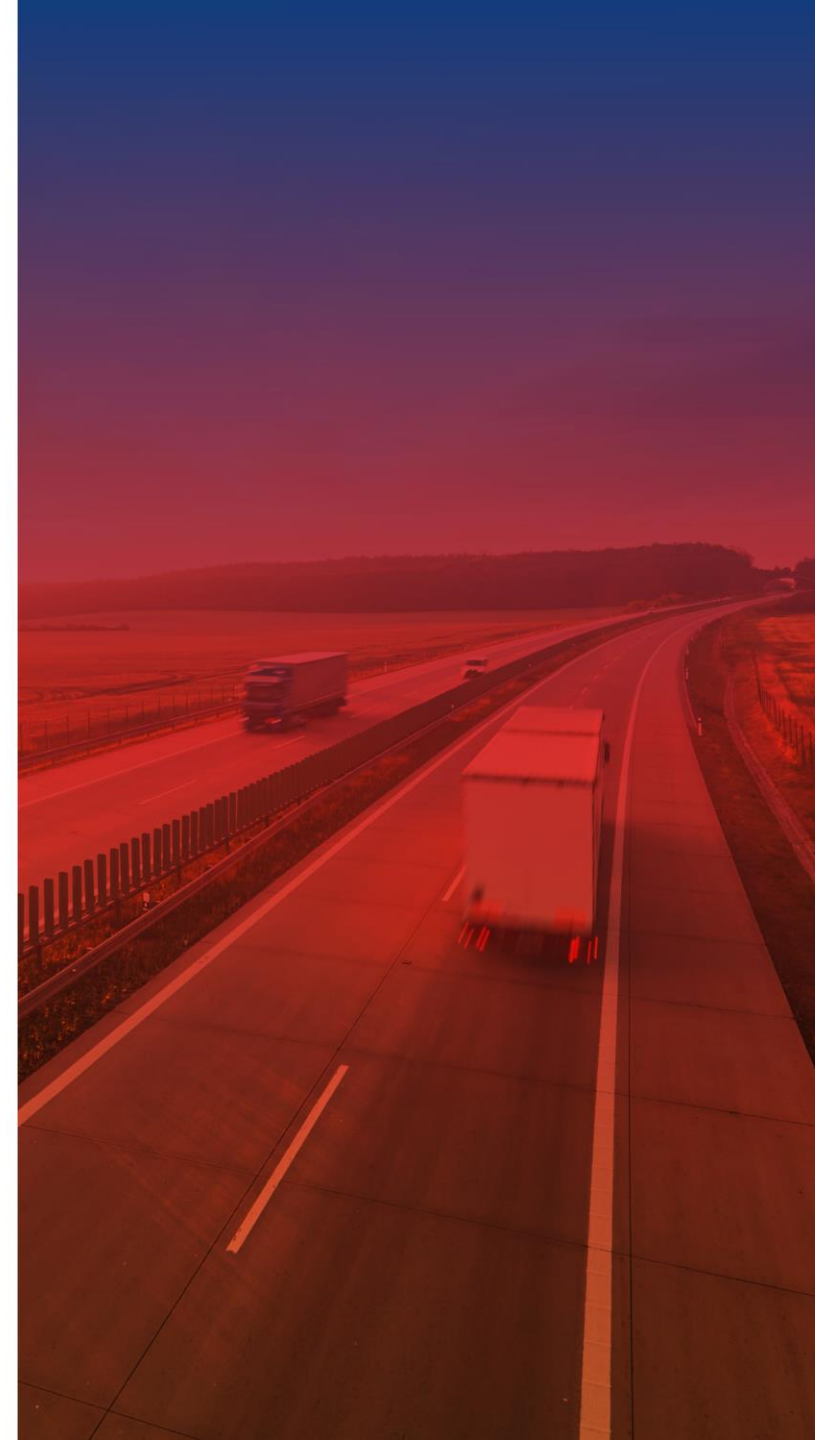
- ✓ Regional economic and social policies, as well as the diplomatic and political actions by the local governments, should be taken toward the stabilization of the demography.
- ✓ Delaying the necessary measures could be much more problematic for economic and social potential.
- ✓ In the time of crisis, the credibility of the governmental policies, from the citizens and business community point of view, is crucial for the implementation of reforms toward a more attractive and sustainable social and economic environment, as the fundamentals of human welfare.





## Credibility of Regional Governmental Policies

- ✓ The need of local governments to preserve credibility, supported by the EU institutions, could make the administrative decision-making system more efficient, leading to the implementation of already declared economic, social and integration measures toward a promising mutual future.
- ✓ Better economic opportunities and an increased standard of living have been proven many times as the best way forward towards a peaceful, healthy and prosperous environment.







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