

## TOPIC

Balkan Economic Summit in Istanbul

### ***Joint Cooperation a Prerequisite of Economic Growth in South East Europe***

Economic summit “New Investment Environment on the Balkans” was held in Istanbul, on 26 November. The summit, attended by ministers of Balkans countries, representatives of governments, presidents of chambers of commerce and ambassadors, was implemented under the auspices of the Turkish Union of Chambers of Industry, Commerce and Stock Exchanges. One of the main messages coming out of this summit was related to decreasing the impact of financial crises and extending the economic cooperation among the countries members of the Association of Balkan Chambers. Specially for *Infokom* from Istanbul, Hido Biscevic, Secretary General of the Regional Cooperation Council.

Balkan Economic Summit, held in Istanbul upon the incentive of the Turkish Government, gathering high level officials and business people from South East Europe, was organized at exceptionally favourable and necessary moment. Favourable in so far that there is a need to initiate a dialogue on further improvement of economic cooperation at times when economies of this part of Europe record quite good and positive trends. Necessary in so far that timely dialogue needs to be carried out on ways to avoid the spillover of the current global financial crisis and indication of global, and even European, recession onto the South East Europe.

This gathering confirmed the exceptional dynamism of economies of this part of Europe. Such macroeconomic indicators are even more valuable when considered from the aspect of their political and even the wider social meaning. After two long decades of stagnation and legging behind, the time of economic impetus, which necessarily has to have positive political and social consequences, has finally come to the post Yugoslav region. It is precisely due to this that it is of utmost importance to maintain those positive trends even in conditions of strained economic and financial situation. In other words, reflecting the growth rates as the mirror of economic activities in so-called real economic sector has to remain as the aim of political leaderships of all countries of this region – it is clear that in the forthcoming period these rates will not be reaching 8 percents as in some examples over the past years, but the achievement will be to maintain them between three and four percents, especially taking into account the foreseen zero or even negative rates of growth in many European markets. However, even if they would go slower than thus far, the flagships of national economies of this part of Europe will be moving, there will be no need to set them in motion all over again.

## **Western Balkans a Strategic Commitment**

As many have underlined at the event, this will need maintaining a high level of cooperation with the international financial institutions. It is a positive sign that, for example, the President of EBRD has recently sent letters to all leading European banks inviting them to continue supporting development policy and markets of the South East Europe as economically the most dynamic European region. I personally had the opportunity to convey to the event participants that EBRD has recently, through the Regional Cooperation Council, expressed its firm and strategic commitment to have Western Balkans remain in the focus of its agenda. In this sense, it is positive that EBRD and other European financial institutions, such is the European Investment Bank, are ready to, for example, join a common mechanism of permanent cooperation which the Regional Cooperation Council will soon establish in Sarajevo and which will gather representatives of governments of this part of Europe, representatives of European Commission and representatives of international financial institutions so as to jointly deal with the issues of development of South East Europe through intrastate development projects.

## **Stronger Regional Cooperation – a Response to Crisis**

The gathering was also an opportunity to stress that, in new conditions of financial crisis, one of the responses of the countries of this part of Europe could precisely be the strengthening of regional cooperation. Less access to big and obviously for some period inaccessible European markets may be substituted with greater mutual openness. Many have underlined that small economies of South East Europe can find the least protection in protectionism and that now it is the opportunity to fully use the possibilities offered by CEFTA, but also to open talks about similar forms of cooperation in energy sector, transport, labour force market, etc. In other words, to strengthen national economies through strengthening global regional competitiveness, and also, among other things, through potential creation of regional production clusters, development of joint products for global market, development of knowledge-based economy as a model of accelerated growth.

By the nature of things, such strategic orientation – which is obviously offered as an irreplaceable response to challenges of potential extension of economic crisis and recession in Europe – represents greater openness of the countries from this region. This openness, as stressed in many discussions at the Balkan Economic Summit, presumes that political relations, i.e. resolving open issues, continuation with the needed reforms; as well as still existing mutual aversions and stereotypes which prevent cooperation are overcome and suppressed as soon as possible. Without a new type of social relations in the region, it will be difficult to shape a new model of economic cooperation without which, and this is obvious, each individual country and each individual society will not be able to find answers to challenges of the times ahead of us. If

anything else, the financial crises showed that we live in a world where no one, not even those with the most power, can respond to the depth of challenges and crises alone; and that acting under the same standards and in an integrated context is the only way of facing crisis challenges which have long before surpassed national frames, whether talking about financial crisis or global warming.

As the successor of the Stability Pact for South Eastern Europe, the Regional Cooperation Council (RCC) is intended to foster regional cooperation and support European and Euro-Atlantic integration in South East Europe. Its work focuses on six priority areas: economic and social development, energy and infrastructure, justice and home affairs, security cooperation, building human capital, and parliamentary cooperation as an overarching theme. The RCC is based in Sarajevo, Bosnia and Herzegovina.