



Talking Points by the RCC Secretary General *Majlinda Bregu*
at the
Digisustain Conference, Frankfurt

Ladies and Gentlemen,

Coming from the Western Balkans – a region that has yet to unlock the potential of sustainable mobility and the green transition, allow me, in particular, to emphasise the overall environmental impact. This includes the reduction of the carbon footprint, air pollution, and greenhouse gas emissions. It's also crucial to stress its welcomed contribution to meeting the European Green Deal's goal of reducing transport emissions by 90% and achieving climate neutrality by mid-century.

- These achievements are particularly close to RCC's heart as an organization that coordinates the Green Agenda for the Western Balkans, aligned with the EU's Green Deal.
- Reducing emissions in the transport sector is a vital pillar of the green transition. With oil and petroleum products as the dominant fuel types, transport typically ranks between the 2nd and 3rd largest contributors to air pollution in the region's cities.
- The automotive sector's value is approximately 0.8% of GDP, with the highest share in Serbia and North Macedonia, at around 1.5% of GDP. However,
 - o The automotive sector holds significant potential for technological advancement and growth.
 - o The sector continues to attract substantial foreign direct investment into the region.
 - o More than 2100 companies, including those in light manufacturing and the automotive industry, are operational in this sector.
- Sustainable transport is gradually gaining ground in the Western Balkans.
- The adoption of electric and hybrid road vehicles in our region is still limited compared to the EU's share of such vehicles, including battery and hybrid cars.
- Positive steps have been taken in terms of revising the region's transport strategies to include sustainable and smart mobility elements, incentivising the purchase of electric and hybrid vehicles, and expanding alternative recharging networks, mainly in urban areas.
- In the Western Balkans, 55.5% of the Comprehensive Rail Network and 74% of the Core are electrified.
- Positive examples in the region, such as the opening of an electric vehicle manufacturer's technological centre in Serbia, plans for the construction of a major new EV battery factory, and preparations for one



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automotive factory to switch to electric car production, are hopeful signs of the transition to smart and sustainable transport. These developments also put our region on the automotive industry map.

- What is crucial for us at RCC is that such developments and investments support the creation and retention of skilled jobs in the region and Europe. This is especially important as we embark on 2023 as the European Year of Skills.

The Western Balkans' unique potential lies in the diversity of entrepreneurial opportunities, including energy efficiency, renewable energies, software development, IT services, digitisation, metal processing, tourism, agri-food sector, and infrastructure development (especially transport and telecommunications). German companies are already active in all these sectors, and there are still untapped market opportunities.

An open discussion among panel participants: Why is the Western Balkans attractive for investment?

When I was invited to join this panel, I accepted without hesitation, as Germany is the Western Balkans' top investment and political partner. Continued collaboration with the German and EU markets is vital for our region, driving investments, enhancing competitiveness, and promoting sustainable economic development.

The EU remains our leading trade partner, representing almost 70% of our region's total trade. In 2021, EU companies accounted for 61% of the FDI stock in the Western Balkans, stimulating job creation, innovation, knowledge transfer, and the development of local industries.

Germany is the largest trade partner in the Western Balkans, accounting for 21.85% of the total trade share in exports and 11.2% in imports. Germany is also among the top 5 countries with the highest FDI inflows in the Western Balkans, contributing to the creation of 125,000 jobs in the region.

The Western Balkan countries are attractive due to their geographical location, competitive wage levels, educated workforce, cultural proximity, and a good reputation for their workforce. However, challenges related to political stability, the rule of law, and infrastructure are equally significant as labour cost advantages.

This panel is timely as our region aims to explore nearshoring opportunities and leverage its favourable geographical location, cultural proximity, skilled workforce, competitive wage levels, and EU integration perspective. This aligns with our determination to contribute to and join the EU family based on shared values, beliefs, and interests.

I am addressing this distinguished panel from the perspective of the leading regional intergovernmental organization driving regional cooperation and EU integration in Southeast Europe, with a focus on the Western Balkans.

Three core agendas we pursue at RCC are shaping the potential for sustainable investments in our region:



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Firstly: We diligently pursue the establishment of a common regional market, similar to the EU Single Market, based on EU standards. This regional economic integration agenda has already delivered tangible results for our citizens, including green lanes for unobstructed flows, transit, and trade at intra-regional borders, the elimination of regional roaming costs, mutual recognition of academic and professional qualifications, ID-card only freedom of movement, and more. We have worked on joint investment promotion, lead generation campaigns for investors, and a shared regional investment space. Positive developments, such as those captured in the latest 2022 Greenfield FDI Performance Index, inspire future progress.

Secondly: Our work on the regional digital agenda aims to boost digital connectivity, coordinate 5G deployment, and leverage emerging technologies for smart transport and energy systems, innovation, and competitiveness. It also focuses on digital skills, enhanced cyber-resilience, and interoperability.

Thirdly: Through the Green Agenda for the Western Balkans, we promote the use of digital solutions in sectors such as transportation, agriculture, and manufacturing to improve efficiency and minimize environmental impacts. This is crucial for our region's transition to sustainable, green energy sources and the reduction of health risks associated with air pollution from coal-dependent facilities.

Finances and digitalisation offer new employment opportunities, helping to address brain drain and high unemployment rates. Green investments create more jobs, offsetting the losses associated with educated youth leaving the region. New technological advancements and innovative solutions to existing challenges are constantly emerging, and how we use them depends on our willingness, efforts, and collective endeavors.

Thank you for your attention and valuable insights during this panel discussion.