

# **Regional Cooperation Council Presents Competitiveness Study**

**The name Regional Cooperation Council (RCC) bears the aim of this organization which is to incite regional cooperation in the region comprised of former Yugoslav countries apart from Slovenia, plus Albania, Greece, Turkey, Romania, Bulgaria and the Republic of Moldova.**

The RCC believes the regional cooperation is important as opportunities for cooperation are numerous and all efforts are aimed at accelerated pace of Euro-Atlantic integration of all those countries which are still not EU or NATO members. RCC supports countries in the region on their way to integration through concrete projects. In doing so, RCC tries to change the region's image as the Balkans does not have a positive image in the world due to its recent history. Thus, RCC wishes to stress the positive side of countries in the region, their contribution thus far as well as what these countries can contribute to Europe.

## **RCC links interests, aspirations and wishes of countries in the region**

RCC could be perhaps understood as an agency supporting, linking, promoting and through new projects inciting and developing new ideas; linking interests, aspirations and wishes of countries in the region with where these countries wish to be one day – for example in the European Union. In doing so, the aim is to accelerate the pace using as less time as possible on their way to Euro-Atlantic integration.

## **Wide scope of work – from economy to parliamentary cooperation**

The RCC operates in and focuses on several areas: from economic and social development of the region, energy, security and building human capital to parliamentary cooperation in the region.

In times of crises on world's financial markets, the RCC, through its activities, seeks to examine investment climate in the region. Through its projects, RCC strives to create a positive environment for investors and thus generate new jobs. Specifically, the RCC cooperates with the OECD with which it launched the 2009 investment reform project. The first study addressing investments in the region was prepared by the OECD in 2006.

## **Presentation of the study on competitiveness of the countries in the region**

A Competitiveness study prepared in cooperation with the OECD and the European Commission was presented in Sarajevo (10 October). The study primarily indicates the level of each country's preparedness for market competition. The study should serve as an indicator to investors as to the investment opportunities in the countries of the region, and also to the countries of this part of Europe to identify areas where bigger efforts are needed.

The study represents the first step in a three-phase project aimed at examining the potential sources of, and obstacles to, competitiveness in the Western Balkans. The analysis reveals that the countries of the Western Balkans are increasingly relying on their cost competitiveness to differentiate themselves in the global economy. Their cost of labour in services is up to five times lower than in Hungary or Poland and up to five times lower than in Western Europe when it comes to manufacturing. Inevitable labour cost increases, however, as well as the availability of low cost alternatives such as India and China, make this an unsustainable strategy.

The analysis covers four sectors in detail: information and communication technology, business process outsourcing, automotive components, and apparel manufacturing. It suggests that the region's policy makers must better leverage their advantage in these sectors, advancing reforms so as to increase the region's capacity to compete for markets.

According to the study lead author, Fadi Farra, the region must address four priority weaknesses: its significant gaps in human capital; the limited focus on value-added services and innovation; insufficient links between the research and businesses communities; and the absence of long-term sector-specific strategies and institutional methods for continuously identifying and removing sector specific barriers to competitiveness.

### **RCC implements all its projects in cooperation with countries in the region**

Infrastructure and energy are among the RCC's priority areas. One of the priorities is also sustainable development with reference to which RCC will advocate for better usage of regional water resources. According to many statistics, Southeast Europe is ranked at the very top in Europe by the number of its waterways which do not only lessen the pressure on road transport, but are also more environmental friendly transport ways. In addition to this, there are also opportunities for better utilization of waterpower. In long-term, the RCC hopes that there will be a transport community in the region on the model of Energy Community.

### **Security area**

The RCC does not address status or bilateral issues, but in the area of justice, Regional Cooperation Council has a coordinating role for all the organizations addressing security issues in the region, with the aim to ensure better cooperation among authorities of the countries in the region in the area of, for example, justice.

The RCC is still in the phase of analysing the current situation, and it will develop projects based on the obtained results. However, the Regional Cooperation Council primarily addresses the issues of soft security; for example, together with the World Bank, the RCC works on decreasing natural disaster related risks. The first regional conference, organized by the World Bank, The International Strategy for Disaster Reduction and the RCC, will be held on 23-24 October in Zürich. The aim is preparedness and insurance in case of natural disasters. Specifically, it means assisting ordinary citizens and small enterprises in providing insurance against floods and earthquakes. This is interesting for Croatia as well, as farmers often have weak or no insurance thus leaving them with the only hope that in case their crops are lost due to natural disaster the County will proclaim the disaster area and thus they will get at least partial compensation for the damage. It is a case of public-private partnership where countries would enter this partnership as shareholders at the beginning but should sell their share in 5-7 year period. The World Bank would assist with the initial share, while it would enable investment refund to insurance companies.

### **Partnerships at regional level**

The aim is to create partnerships at regional level – Southeast Europe, followed by Central Europe in the future, because a similar thing exists nowhere else in Southeast European region other than in Greece and Turkey. Such partnership would be too expensive for each country individually, but jointly and with support provided by the World Bank this project will directly improve the lives of citizens' and small entrepreneurs. RCC wishes to see establishment of a Regional Fire-fighting Centre the preparations for which are underway.

### **Human capital**

The region cannot progress unless citizens have adequate knowledge and skills to survive in today's competitive world and globalization. The RCC refers to knowledge based society, use of new technologies and exchange of information. This requires improvement in educational systems and research work. Functional civil society and gender equality are also of importance here and in this respect the RCC coordinates several Task Forces. The RCC includes parliamentary cooperation the Secretariat of which is seated in Sofia.

### **Anti-corruption**

Anti-corruption is an important aspect of activities of the Regional Cooperation Council. Through its projects, the RCC will try to increase awareness on unacceptability of corruption and need for its elimination.

### **RCC does not think in terms of closing down the office**

The Regional Cooperation Council believes that talking in terms of establishing and closing down the office is out of place. The people are often used that an international organization, having its relevant mission, closes down its office after winding up its activities. The RCC is the only international organization seated in the region, in Sarajevo, Bosnia and Herzegovina, employing around thirty people solely from the region, with an office in Brussels with additional five to seven officials. The aim of the RCC is not to bring the crises under control or resolve it and leave; its employees believe that as long as member states believe that the Regional Cooperation Council is useful, it will become and remain reality. There are some similar organizations being pointed at such are Organization for the Black Sea Economic Cooperation and the Nordic Council. Such organizations are not time-limited and, for example, in case of the Nordic countries, which are very advanced, where there is a prevailing opinion that the Council is very much useful.

The RCC hopes that the Southeast European countries will, through the Regional Cooperation Council, recognize opportunities for cooperation and joint projects to the benefit of their countries and advantage of their citizens.

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