



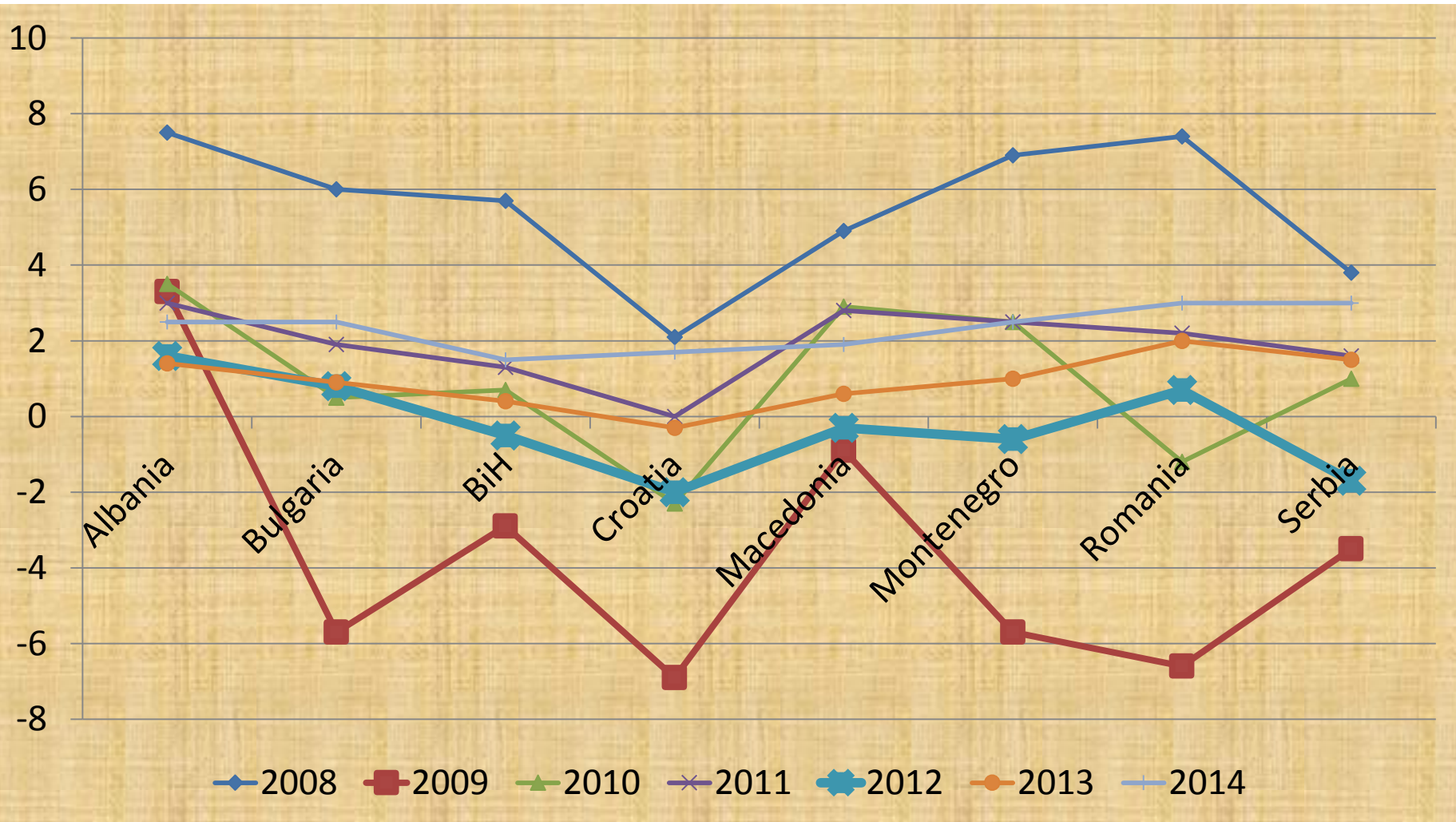
“ECONOMIC SECURITY IN SOUTHEAST EUROPE”

NATO and the Regional Stability of Western Balkans- Smart Power Approach”

28 August- 1 September 2013
Struga, Macedonia

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Growth rates in SEE





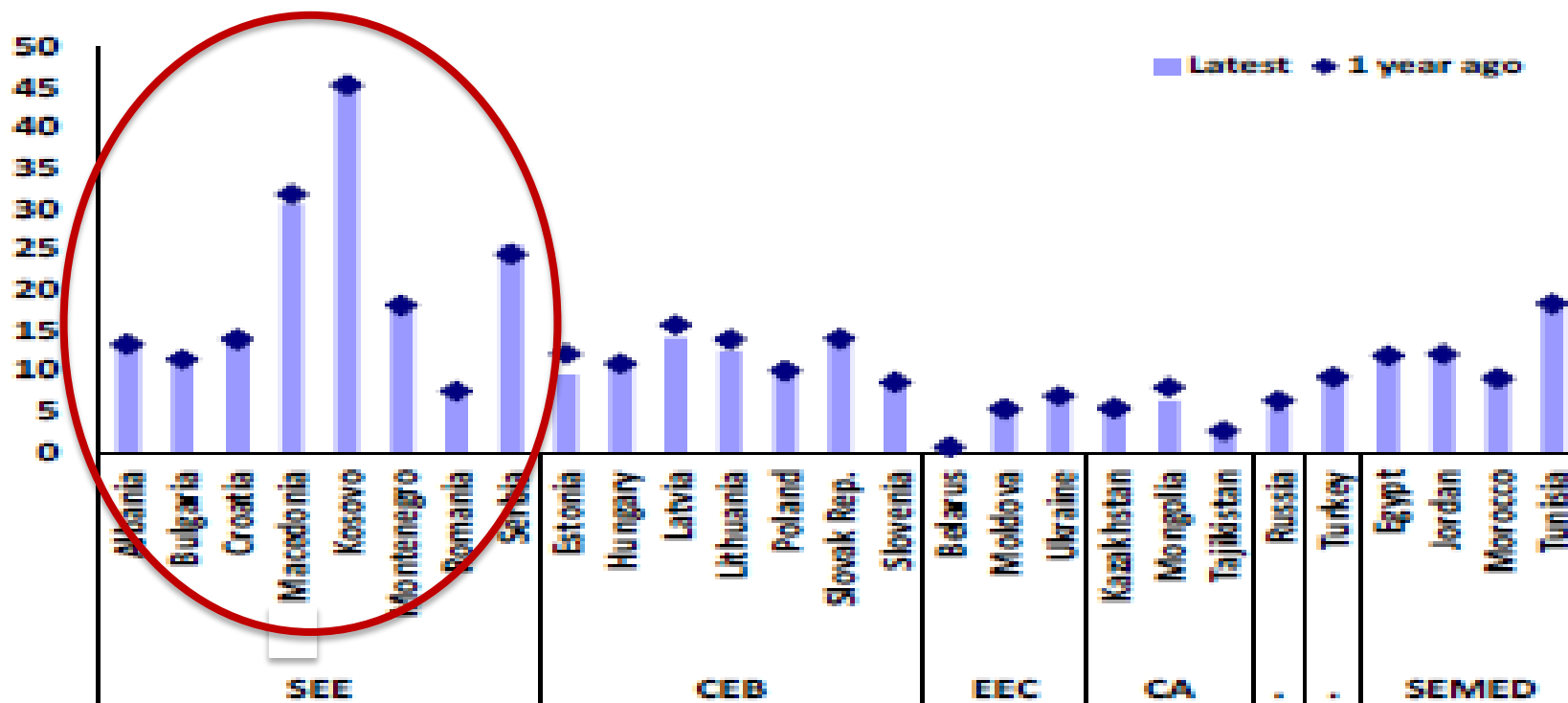
Growth rates in SEE

	2008	2009	2010	2011	2012	2013	2014
Albania	7.5	3.3	3.5	3	1.6	1.4	2.5
Bulgaria	6	-5.7	0.5	1.9	0.8	0.9	2.5
BiH	5.7	-2.9	0.7	1.3	-0.5	0.4	1.5
Croatia	2.1	-6.9	-2.3	0	-2	-0.3	1.7
Macedonia	4.9	-0.9	2.9	2.8	-0.3	0.6	1.9
Montenegro	6.9	-5.7	2.5	2.5	-0.6	1	2.5
Romania	7.4	-6.6	-1.2	2.2	0.7	2	3
Serbia	3.8	-3.5	1	1.6	-1.7	1.5	3

Source: World Bank Database and EIU. 2013 and 2014 are projections of Economist Intelligence Unit

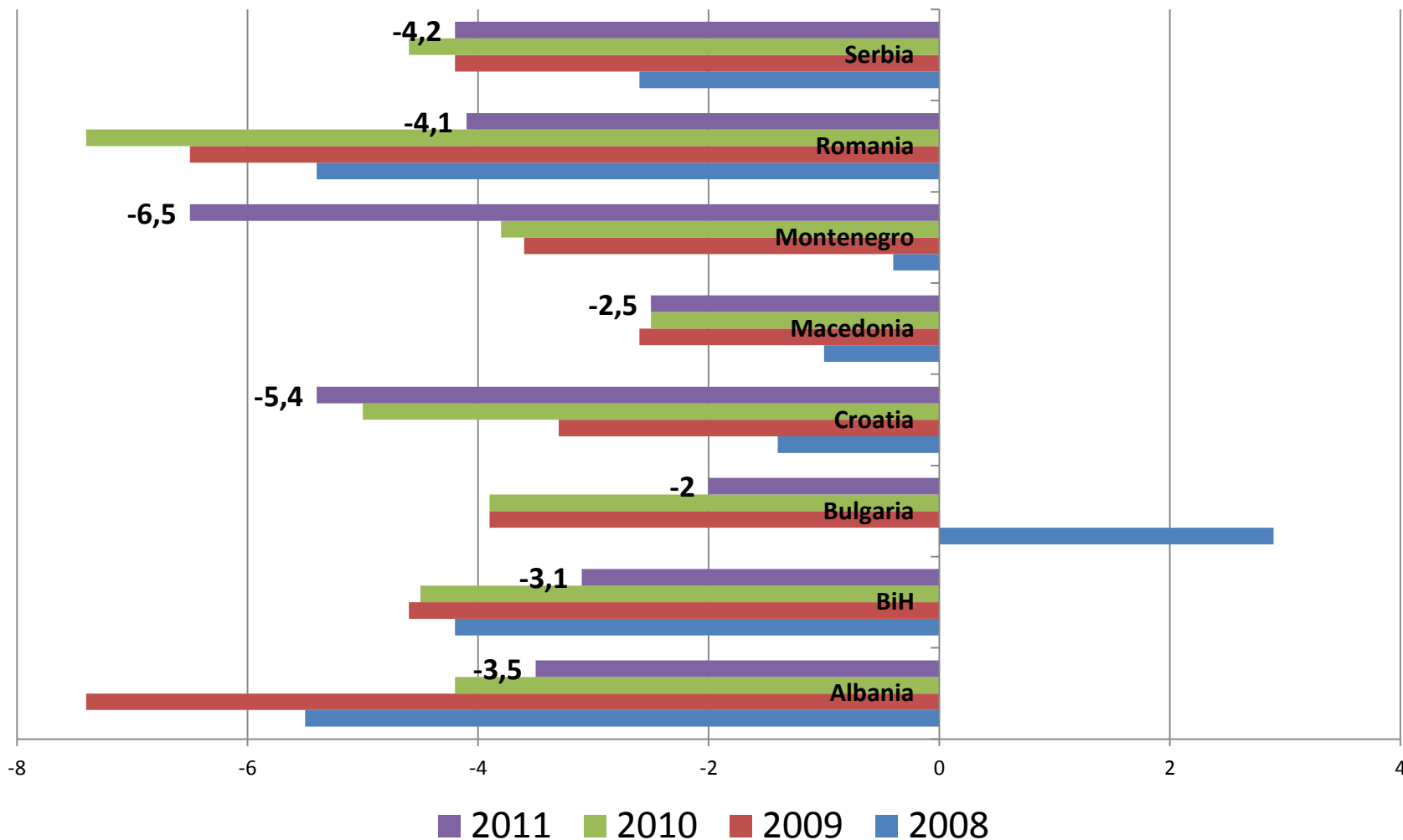
Unemployment in 2012

Unemployment rate, %





Government Budget Balance (%GDP)



Source: EBRD online database



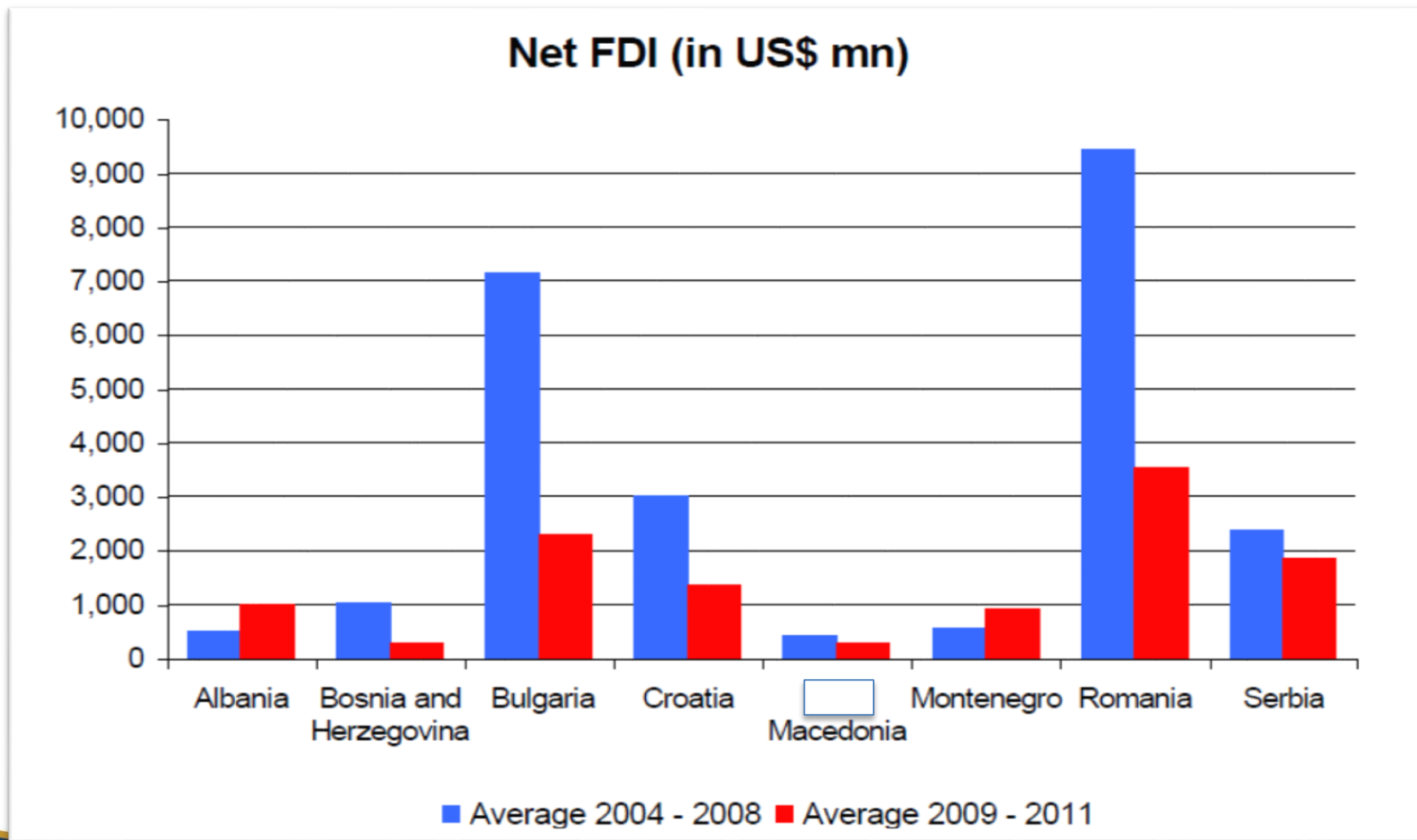
Impact of the Global Crisis



- Fall of Foreign Direct Investments
- Trade reduction
- Collapse of credit growth
- Decline of Remittances
- Serious impact from the Greek crisis



Fall of FDI in SEE

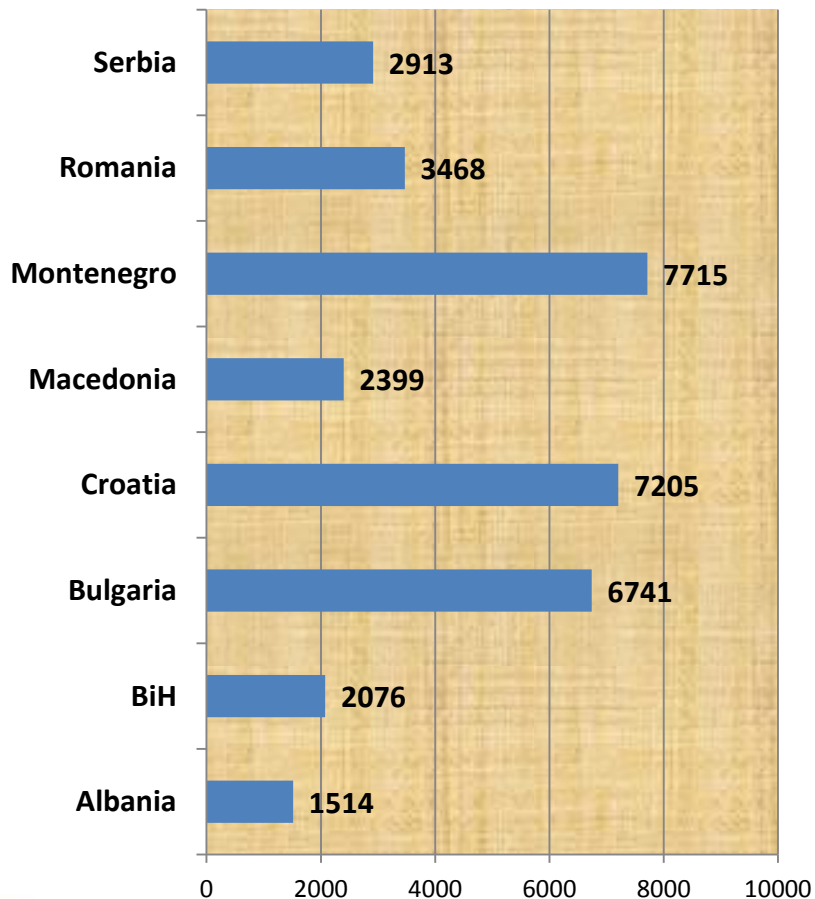


Source: EBRD

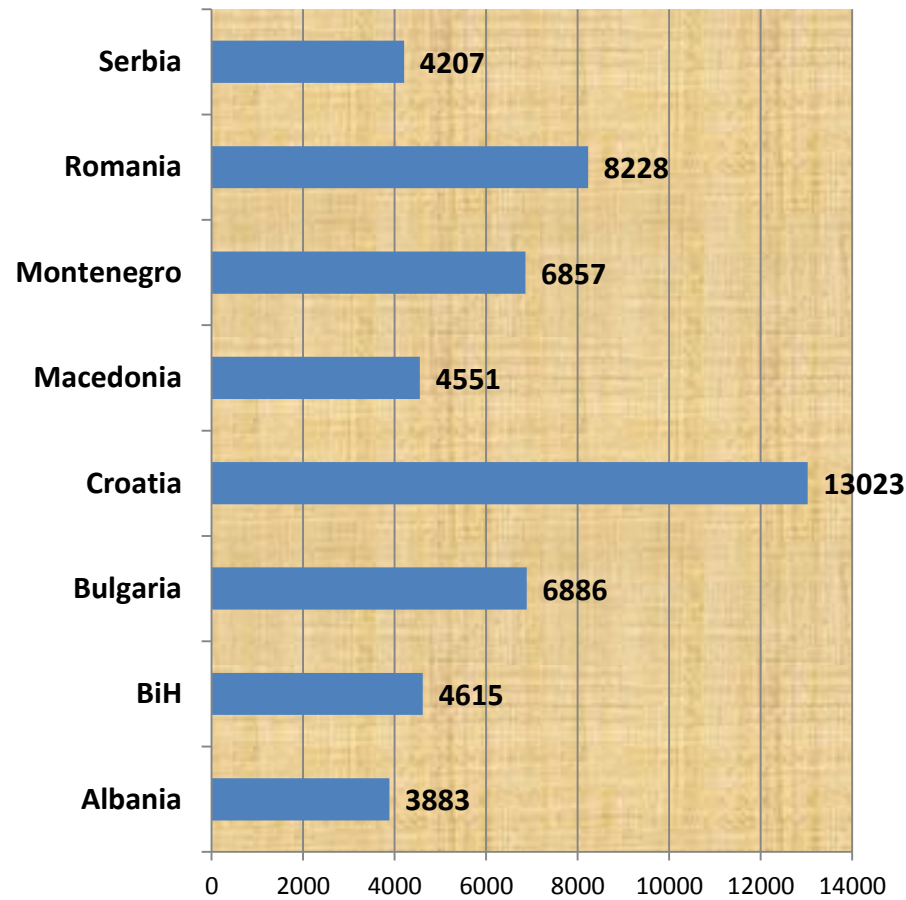


FDI and Growth Relationship

Stock of FDI per capita, 2012 in \$



GDP per capita in 2012 in \$



Data source: UNCTAD



International Trade



- Involvement of SEE countries in the international trade limited.
- Degree of openness is low compared to Western countries.
- Intra-regional trade very much below potentials.
- CEFTA agreement under-utilized.
- Non-tariff barriers significantly undermining trade.
 - Time tax
 - Bribe tax

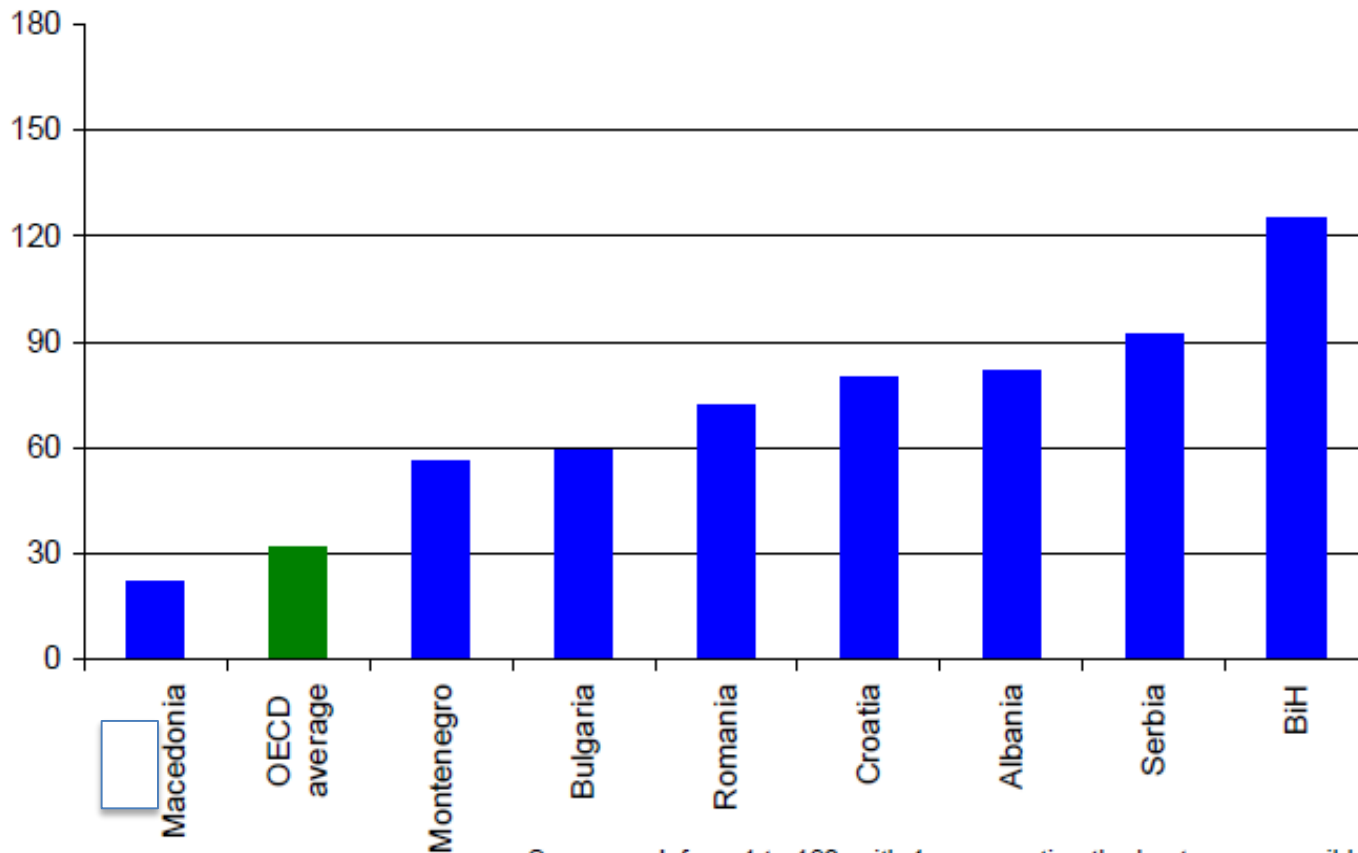


Is only the global crisis ?

- Institutional and administrative weaknesses
- Political instability
- Long transition
- Organized crime and corruption
- Poor infrastructure
- Informal economies
- Non-transparent privatization process
- Problems with property rights
- Quality of education



Ease of doing Business 2012

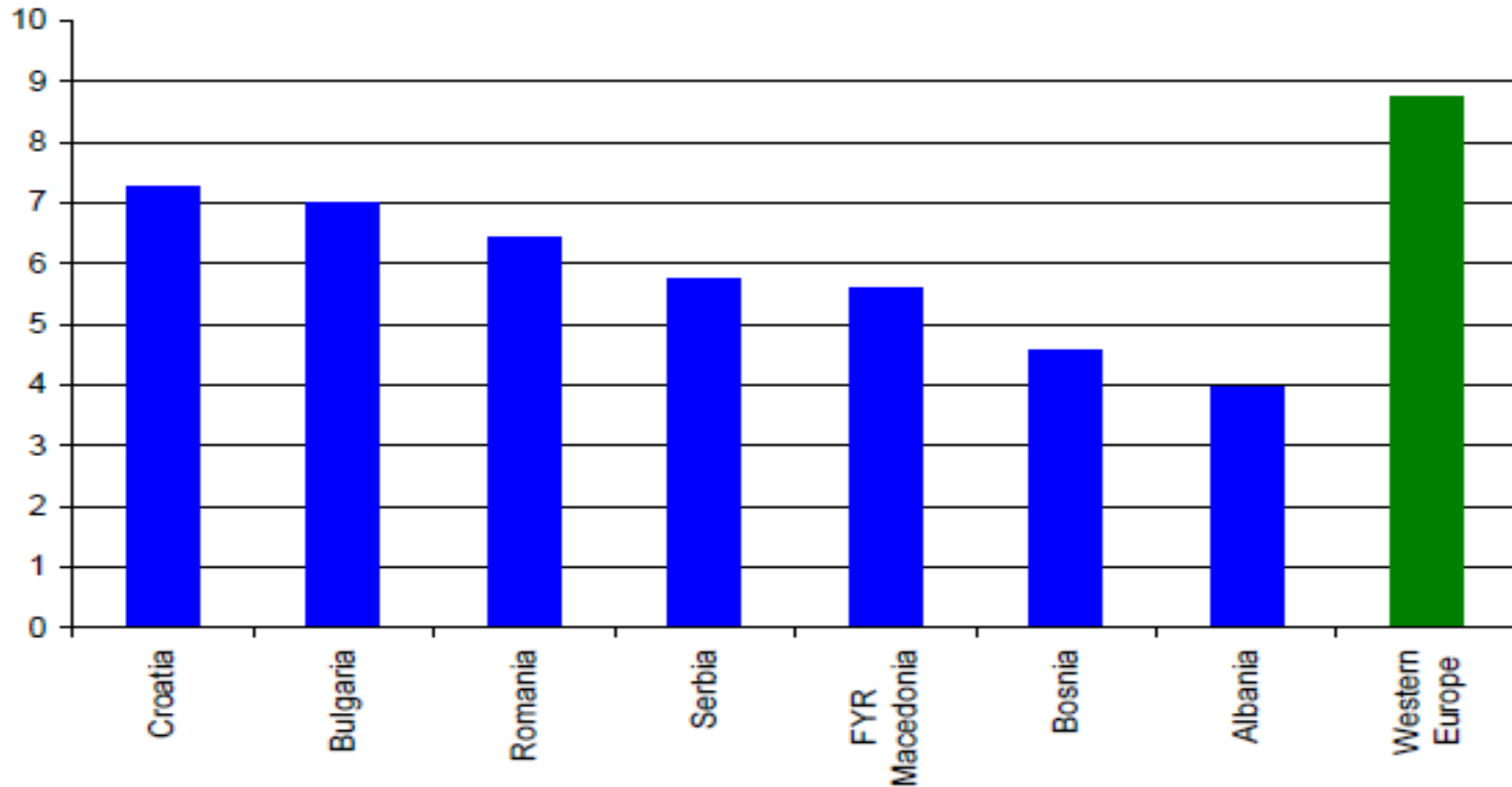


Scores rank from 1 to 183, with 1 representing the best score possible.

Source: EBRD and World Bank



Knowledge Economy Index 2011

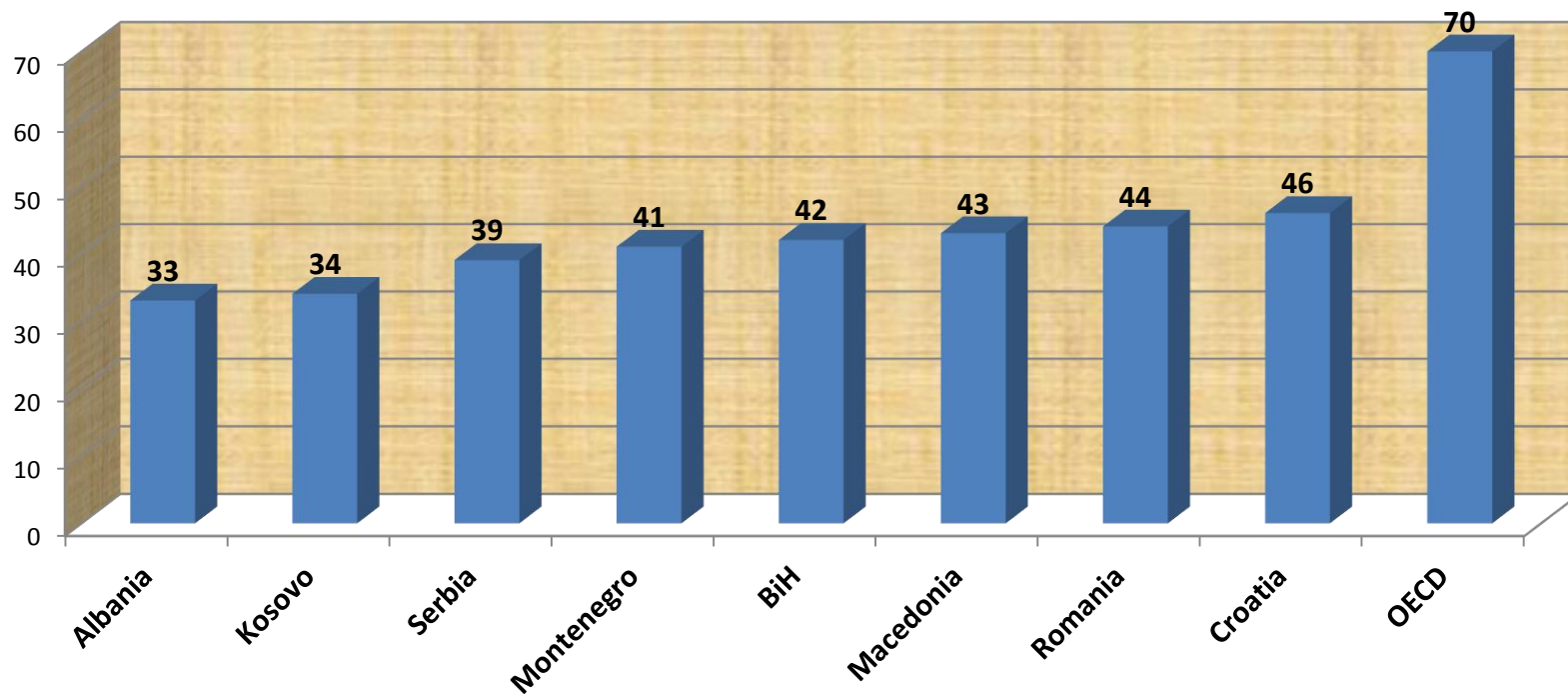


Source: EBRD and World Bank



Corruption in SEE

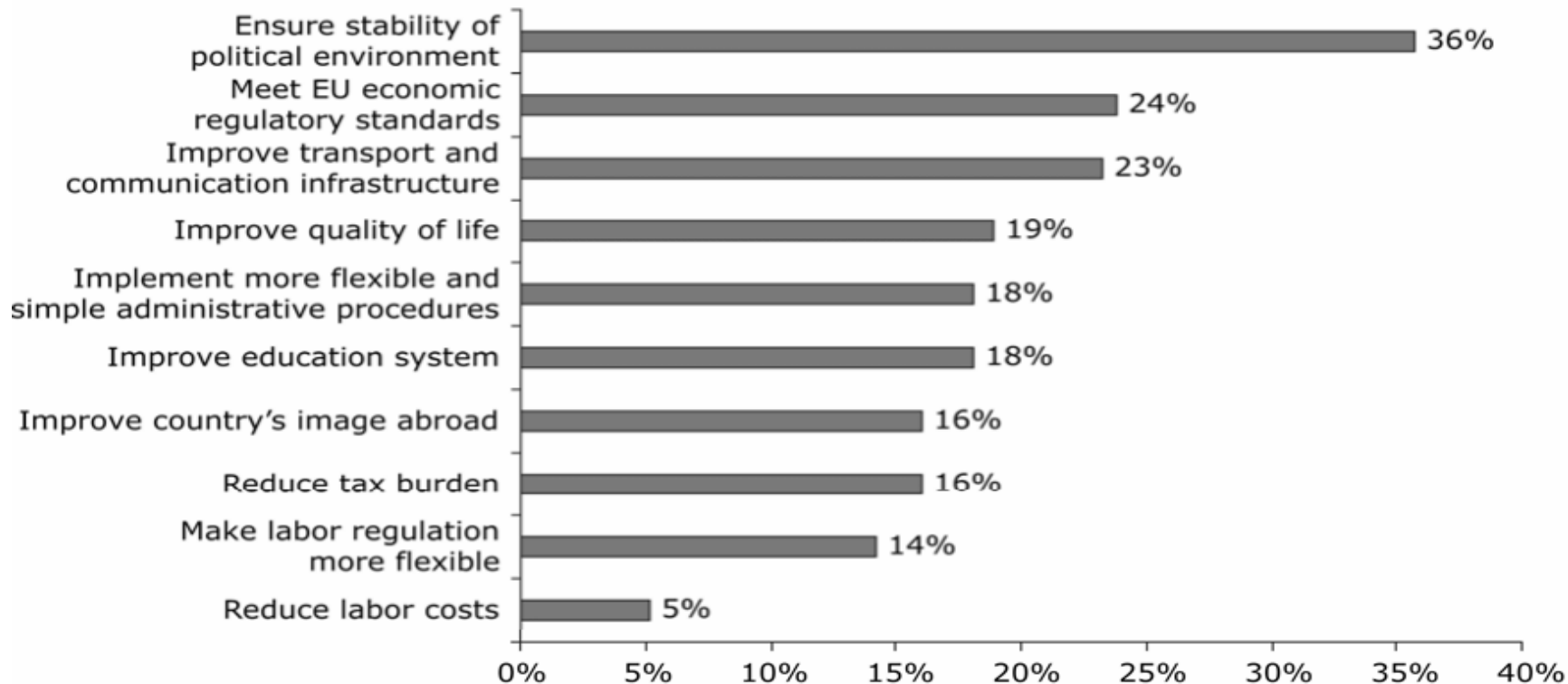
CPI 2012



Perceived level of public corruption on a scale 0-100, 0 means the country is perceived highly corrupt and 100 very clean. 176 countries surveyed. Source: Transparency International

Priorities for SEE's markets

Investors rank political stability, EU integration and infrastructure improvements as top SEE priorities.



Percentage of respondents who selected the given policy area as a top three priority for the region's improvement in investment attractiveness



Economic Security of SEE



- Transition to market economy
- Lack of financial/economic/knowhow resources
- Dependence on energy sources
- Non competitive economies/ business environment
- Weak FDI attraction
- Informal/ shadow economies
- Underdeveloped civil society
- Financial/ Economic crises



Regional Development Network



- Political platform with a long term economic-security framework
- SEE and neighboring countries
- Common framework of institutional/ infrastructure reforms
- A new trade zone to be established
- Interoperable new economic reality



Regional Economic integration



- Strengthening regional economic cooperation
- Regional friendly environment for “desirable” FDI
- Regional cooperation for good governance
 - Transparency and accountability
- Productive capacity building
 - Human resources
 - Infrastructure
 - Technology
 - SME development



THANK YOU!

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