

BUSINESS

YOUR BUSINESS NETWORK

LINK



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Ivan Gros



SEEBDN

Southeast Europe Business Development Network

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NEW WAYS OF BUSINESS NETWORKING

ALEKSANDAR GROS

Secretary General, SEEBDN-Southeast Europe Business Development Network

When the idea came up to establish in Vienna an organization with the aim to network entrepreneurs and managers from the countries of Southeastern Europe, Germany and Austria and to act as an up-to-date and concrete platform, I immediately agreed to be a Secretary General of SEEBDN.

As a second managing director of a family-run consulting company, advising medium and large enterprises on investment projects from the German-speaking countries in the countries of Southeastern Europe, I strongly believe that such an organization as SEEBDN is, represents a positive economic hub for interested companies. Likewise, our own company, Grimex Consult, has recently noticed a constantly rising interest of fast growing manufacturing companies from the countries of Southeastern Europe that are considered as hidden champions for the EU markets. This is also an important factor where SEEBDN can act as a link. Globalization, digitization and the internet have linked companies around the world. Nevertheless, I am convinced that personal con-

tacts, interpersonal relationships and thus a future basis of trust are essential for a successful and long-term partnership. This is the key to successful economic cooperation and SEEBDN offers this to its members.

SEEBDN acts as an independent business association based on quality rather than quantity of its members. The SEEBDN governing bodies look in detail for appropriate managers and entrepreneurs as contributors to mutual aims. Our goal is to take time for each individual member, to act efficiently, quickly and with focus on their needs and link them with new potential partners and markets. Likewise, we would like to accompany and support appointed programs in close co-operation with each individual member.

The Vienna-based Southeast Europe Business Development Network "SEEBDN" was officially founded in June 2018 by distinguished business figures and diplomats as an independent business association.

SEEBDN includes Slovenia, Croatia, Hungary, Western Balkan countries, as well as Germany and Austria as traditional partners of

"SEEBDN acts as an independent business association based on quality rather than quantity of its members."

this region. We have received a lot of support and interest from the private sector in SEE in this short period of time.

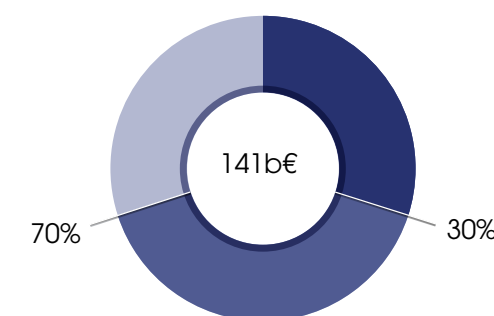
SEEBDN is a business network focused on small, medium and large companies, in order to promote mutual regional cooperation among companies of Southeastern Europe as well as with the EU markets, to initiate partnerships and new business opportunities. We want to intensify the economic exchange and support our members from EU candidate countries of Southeastern Europe on their way to the European Union.

The Managing Board and the Advisory Committee are the bodies to the organization.

The idea is to delegate to the SEEBDN Managing Board at least one business figure from each country listed above, and thus provide direct access to the market for our members in each of the above-mentioned countries.

The Advisory Committee is an advisory body consisting of distinguished political, diplomatic and business personalities.

SEEBDN focuses mainly on the SEE region as well as on the German-speaking areas, as traditional partners. We believe that trade and economic relations, despite globalization and the importance of third markets, are most strongly anchored in the region and its neighborhood, and this essentially contributes to sustainable growth.



In 2017, Austria had a total world export volume of approximately EUR 141 billion. Around 70% of it was achieved in EU countries (EU 27) and around 30% with Germany. This shows us the importance of the EU neighborhood and the European Community for economic development.

SEEBDN focuses on manufacturing and service-based companies from SEE, Austria and Germany. We also focus on the energy and environment, industry, tourism and ICT sectors.

Our plan or program for 2019 includes partnerships with like-minded business organizations from each of the countries listed above to provide our members with even broader network connections through SEEBDN.

SEEBDN is planning, together with reputable media company, a certain number of concrete business events in Vienna as well as in some SEE countries. Our members will contribute with the choice of topics, involvement in the organization of the events with suggestions and active participation in these events.

Furthermore, it is especially important for me as the Secretary General to support and follow up the programs and projects of each of our members.

We are on an intensive, positive growth path and we expect a high level of support and interest in the Southeast Europe Business Development Network- SEEBDN, in the year 2019.

WE ARE AIMING TO PROMOTE ECONOMY ABOVE POLITICS

FRITZ KALTENEGGER

Chairman of the Board SEEBDN, CEO Cafe + Co International



Connecting people is always a solid basis for future business opportunities. That is why organizations which are motivated in that spirit can be a significant factor in promoting and expanding business operations of private companies. On the other hand, such organizations are also a significant social factor, because, by promoting business co-operation, at the same time they promote economy above politics, and contribute to establishing stability in the regions where it is needed.

Guided by that idea, I joined the South East Europe Business Development Network (SEEBDN). As a successful businessman, I was aiming to improve my business links in that region and meet new people. That is only one side of this. All of us in SEEBDN share a vision that, through connecting those who are interested in increasing economic growth, especially the SEE region, we can, all together, improve mutual cultural understanding, as well. We are convinced that economic growth boosted by mutual cooperation with the private sec-

I would like to seize this opportunity to invite all others to join us and help us build business bridges between all European countries.

tor, is one of the most important factors for the stability and prosperity of any country or region. SEEBDN's mission is to contribute with its involvement and activities in Southeastern Europe to faster development of regional economies and faster growth of the SEE region. We are committed to providing full support to our members, and to backing up EU candidate countries in Southeastern Europe on their path to the European Union family. Since I am fully in agreement with these goals, I accepted to be appointed to the position of Chairman of the Board within SEEBDN. As a CEO at Café +Co, the leading coffee service provider in Central and Eastern Europe, with current subsidiaries in Austria and nine



other countries, I am in a position to spread our idea with my colleagues. More than 40,000 companies and public organizations value our services. Our service network extends from Lake Constance to Moscow and includes 10 countries in CEE. The group employs a total of more than 1,900 people.

I would like to seize this opportunity to invite all others to join us and help us build business bridges between all European countries. Because, only together, through cooperation, mutual help and understanding, can we count on further growth and prosperity in all European countries.



MY POINT OF VIEW

EUROPEANIZATION OF THE BALKANS NOW



WOLFGANG PETRITSCH
European diplomat, President
of the Austrian Marshall Plan
Foundation

For more than a century, the Balkan region has been a flashpoint of European history. Now it is once more at the center of competing geopolitical interests. While Bulgaria, Croatia, Greece, Romania and Slovenia are members of the EU, the so-called Western Balkan Six (WB 6) – Albania, Bosnia and Herzegovina, Kosovo, Montenegro, the (soon to be called) Republic of North-Macedonia and Serbia – are yet to join.

GEOPOLITICAL CONTEST

These aspiring EU-candidates are the focus of a geopolitical struggle for political, economic and cultural influence. Admittedly, the interests of the different external actors – China, Turkey, Russia, the Arab Gulf States – differ substantially. For quite some time and to varying degrees, the traditional partners – the United States and the European Union – have been pursuing the transatlantic integration of the entire region. The goal is to complete the liberal-democratic transformation processes toward NATO and EU membership. This is a matter of overcoming structural political, economic and security challenges and ensuring the stability of this region often misunderstood as Europe's periphery.

The EU leans on the promise of membership to induce reforms and has built a dense network of regional agencies to support the process. Brussels thus acts mainly via conditionalities and financial inducements while the United States, in contrast, prefers to use tougher means to put pressure on local leaders.

This carrot-and-stick method was successful in Macedonia, where the resignation of the corrupt former Prime Minister, who had been involved in a wiretapping scandal of unprecedented proportions, would probably not have happened without the EU's leveraged consistency and Washington's hands-on approach.

U.S. sanctions against the President of the Bosnian Republika Srpska, however, have thus far not

shown the desired result. This is perhaps also a consequence of Europe's disunity on how to handle the Moscow-backed secessionist leader, who only recently won the elections to become the Serb member of Bosnia and Herzegovina's Tri-Presidency.

If the newly elected Serb Presidency member is going to represent and defend the state or continue to divide the country remains to be seen. Let us hope for the best.

The United States, as the key player in ending the wars in Yugoslavia, still carries considerable military, economic, and diplomatic clout in the region. Contrary to predictions, Washington has so far somehow retained parts of this influence during the first year of the Trump presidency. However, as a consequence of the evisceration

of the State Department's funding and staff, the current American approach to the region seems to be driven mostly by past achievements and institutional continuity rather than by an active Balkans policy.

In line with the overall militarization of its foreign policy, funding for diplomatic engagement has dropped sharply. Under the Fiscal Year 2018 appropriations and budget request, foreign assistance funding levels for Europe and Eurasia have dropped 60% over 2017. At the same time, US spending on military-to-military cooperation is set to rise under the National Defense Authorization Act for the fiscal year of 2019.

This seems to open opportunities for the European Union.

The EU has retained the largest influence by far amongst external actors in the Western Balkans – be it in the economic, political or regulatory and legal spheres.



Centre for Contemporary Politics



Peter Strain for POLITICO

THE EUROPEAN UNION'S ENGAGEMENT

Concerns over growing Russian, Chinese, Turkish, and Arab influence notwithstanding, the EU remains by far the most important player in the Western Balkans, even though it has lost some of its appeal in recent years.

Europe's dominant position becomes most obvious when looking at trade: The EU is responsible for 67% of imports to and 84% of exports from the Western Balkans in 2017, according to the European Commission Directorate-General for Trade, 2018.

The picture is similar when it comes to foreign direct investments in the region, where EU Member States are leading by far.

The Western Balkans is furthermore closely linked to the EU via instruments such as the CEFTA free trade agreement and the Energy Union; these continually deepen the economic integration within the region and between the region and the EU while ensuring adherence to European rules and norms.

The so-called Berlin Process, started by Germany's Chancellor Angela Merkel in 2014, aims to promote judicial and public service reforms,

connectivity, and the settlement of bilateral and internal conflicts in the region with the involvement of governments as well as civil society – albeit with admittedly mixed results so far.

European financial institutions such as the EIB and the EBRD as well as the important Instrument for Pre-Accession Assistance (IPA) contribute much-needed funds to support reform efforts. However, the disbursement of these funds is consistently conditioned upon the adherence to European rules and regulations, not always in line with local elites' vested interests. Still, the EU has retained the largest influence by far amongst external actors in the Western Balkans – be it in the economic, political or regulatory and legal spheres.

THE WEST BALKAN SIX – STATE OF AFFAIRS

This influence is important as the WB 6 are at various stages of Europeanization.

Serbia, the most populous state in this region – and arguably crucial for its stability – is well underway on its path to EU-membership (provided the Kosovo issue will be resolved in a timely fashion); so is Montenegro.

Albania and Macedonia will in all likelihood receive the Green Light to open accession negotiations in the course of 2019.

It is to be hoped that multi-ethnic Bosnia and Herzegovina's politicians will finally come to their senses and start state-level cooperation in order to fast-forward to Brussels.

The region's new business partners from China to Turkey and to the Gulf States are welcome as long as they play by European rules. EU-leadership and closer cooperation between Brussels and the capitals of the WB 6 is thus warranted.

Two concluding remarks:

Undoubtedly, a more equitable relationship between the new business actors from faraway and the West Balkan countries is in the interest of the Union.

Therefore, the new EU-West Balkan Strategy is a good re-start for faster and closer cooperation with the clear goal of membership of all WB-countries.

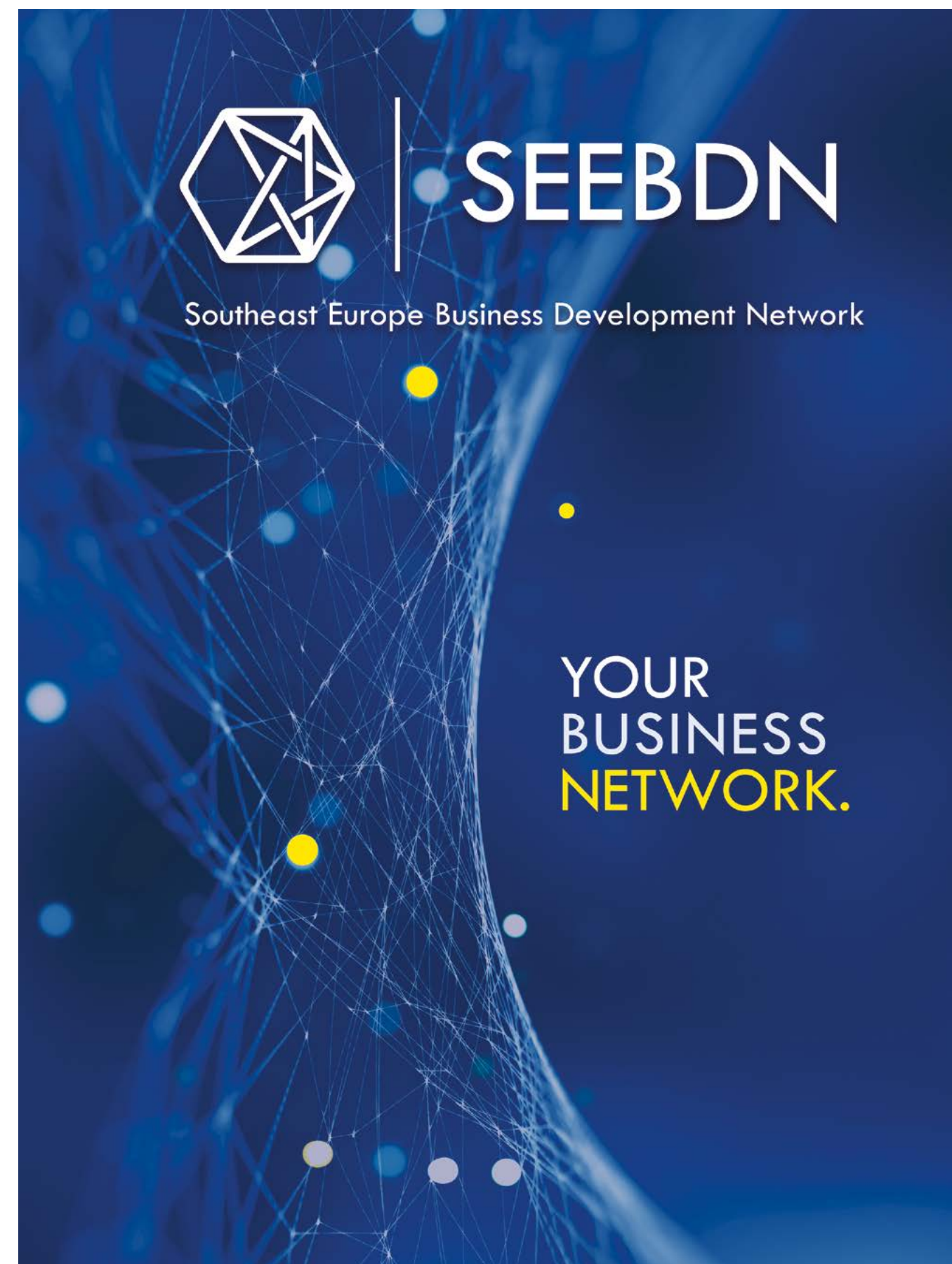


Photo: Diplomacy and Commerce

THE CHALLENGE OF INSTITUTIONAL AND PRODUCTIVITY CONVERGENCE

DUSAN VUJOVIC, PhD

Economy professor and former Minister of Finance of the Republic of Serbia

Western Balkans¹ is one of the least developed regions of geographical Europe. Based on 2017 Eurostat data, WB region lags more than seven times behind core European countries (EU-15) in GDP per capita. In purchasing power parity (PPP) terms, the gap is smaller but still large (over three times). More importantly, both nominal and PPP income gaps have been quite persistent in the past decades. Based on actual growth rates recorded since the beginning of global crisis, it will take about 220 years for the WB region to converge to nominal and PPP incomes of EU-15. By contrast, the Central and SEE countries which recently joined the EU, will close the income gap with EU-15 in less than 38 years. We will try to shed more light at four main factors that could enable the WB region to converge faster to EU income and standard of living: first, the enabling European and global economic context; second, the status of key institutional reforms; third, the availability of infrastructure; and fourth, the quality of human capital and innovations for increased productivity.

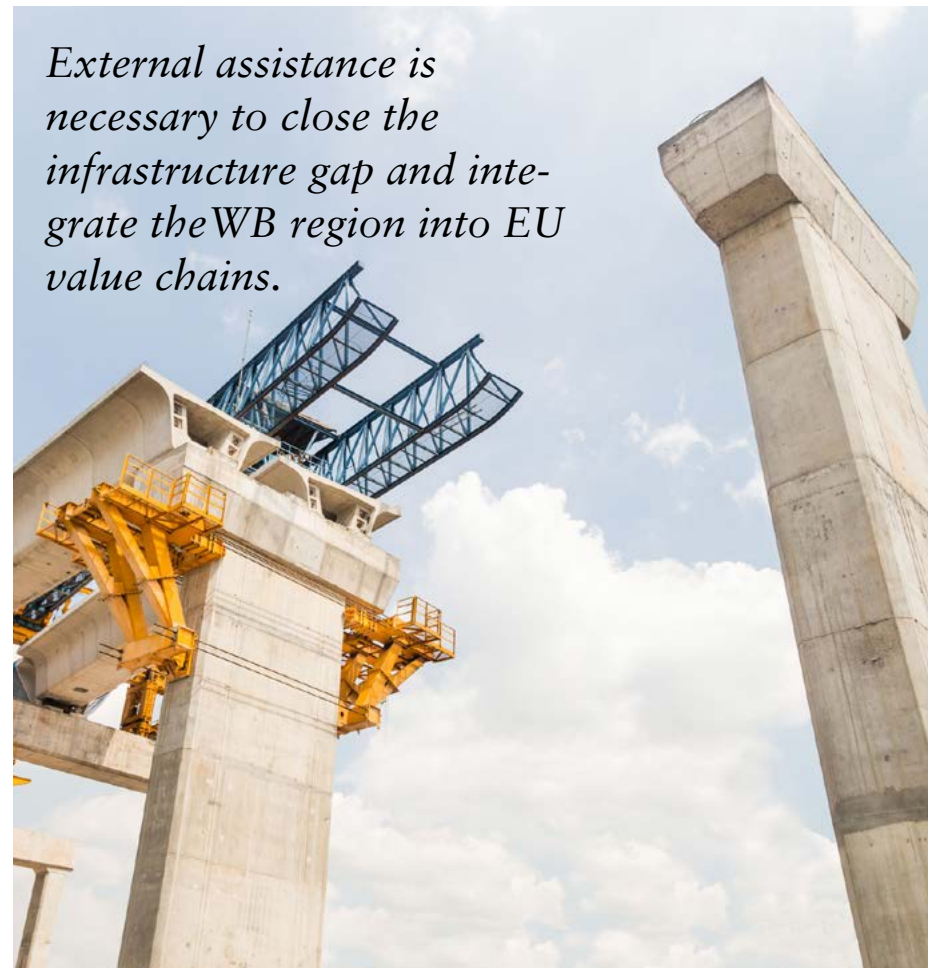
THE EUROPEAN AND GLOBAL CONTEXT:

During 2018-2019 the global economy will continue the steady expansion started in mid-2016, albeit at slightly lower 3.7% annual

growth rates due to higher oil prices and restrictive trade measures between the US and China. In the medium run, output gaps in the EU and other advanced economies will gradually close and bring down growth dynamics in line with prime drivers: slower expansion in working-age populations and modest productivity gains possibly caused by challenges of the ensuing fourth industrial revolution. In addition, US growth will be adversely affected by fading fiscal stimulus and expected tighter monetary policy. China will continue to grow at high but declining rates.

As a result, in the absence of substantial institutional reforms and policy changes, WB region is likely to experience limited scope for faster per capita growth over the next five years and, thus, fall further behind in living standards. The risks of trade barriers and reverse capital outflows in response to weaker macro fundamentals and (actual and perceived) political instability are of critical importance. The availability of otherwise ample financial resources for WB growth and development will be progressively limited for countries that do not meet the highest financial regulatory and taxation standards. This includes macro- and micro-prudential policies critical for financial stability and increased resilience, cybersecurity, safeguards against excessive risk taking and application of AML-CFT measures. Given the legacies of the past, the WB region will also need to monitor very carefully contingent liabilities and balance sheet mismatches.

¹ Western Balkans (WB) is a new name for non-EU Southeast Europe region. It includes former Yugoslavia and Albania, less Slovenia and Croatia.



External assistance is necessary to close the infrastructure gap and integrate the WB region into EU value chains.

gaps which effectively constrain economic growth, private sector development, and continued integration into European supply chains. This conclusion equally applies to inadequate transportation networks (both in coverage and quality), insufficient and unreliable provision of utilities (water, power, district heating etc.), underdeveloped communication networks, and underinvestment in human capital and innovation capacity for sustained long term growth. Expectedly, WEF 2018 ranks WB region poorly (96th out of 140 countries) in critical aspects of physical infrastructure (transport and utilities). Closing the infrastructure financing gap may indeed prove challenging under limited fiscal space, constrained access to external financing, and weak domestic private sources. The routine recommendations (to mobilize additional domestic revenues, contain domestic spending, and improve the quality of public investment management, especially in selection and implementation of public and PPP projects) are welcome, but fall significantly short of the infrastructure needs. This is clearly one area where a concerted EU-WB region effort along with substantial private sector participation will be needed to overcome this overriding obstacle to growth and EU integration process.

QUALITY OF HUMAN CAPITAL AND INNOVATIONS FOR PRODUCTIVITY GROWTH.

The investment in human capital and innovations to close the gap with comparator countries may

MISSING INSTITUTIONAL REFORMS:

Unfortunately, the status of most institutional reforms necessary for the efficient operation of market democracy and free flow of goods, people, and capital is not satisfactory in the WB region. Institutional weaknesses go beyond the already mentioned financial sector and include the general rule of law (including judicial independence and legal efficiency), protection of property and creditor rights, the quality of public and public sector governance systems, the presence of non-transparent and corrupt practices, etc. Based on 2018

World Economic Forum (WEF) report, the combined rank of WB countries across these critical institutional dimensions (107th out of 140 countries) will continue to be a strong deterrent for large investors to enter and comfortably operate in the region. And FDI are a sine-qua-non for convergence that hinges on efficient infrastructure and sustained productivity growth anchored in innovations.

AVAILABILITY OF INFRASTRUCTURE:

A recent IMF staff assessment concluded that the WB region faces significant public infrastructure



Photo: Diplomacy and Commerce

appear more modest, but the actual task may be even more difficult to design and implement as it requires a change in the value system, work ethic, and corporate culture. Presently (based on 2018 WEF report), WB region ranks 92nd in labor skills, and worse in labor market performance (100th position) and innovation capacity (103rd position). Tangible improvements in educational achievements, labor-employer relations, and reliance on professional management will be needed to convince foreign investors and managers that productivity gains in the WB region can be had and sustained for large investments to

be profitable in the longer run.

In short, convergence prospects for WB countries are of paramount importance. They critically depend on their own capacity to mobilize domestic and attract foreign resources, efficiently spend them on priority infrastructure and pro-growth human capital and innovation projects, while targeting expenditures on quality social services and poverty reduction within a sustainable fiscal position. External assistance is necessary to close the infrastructure gap and integrate the WB region into EU value chains.

WB countries critically depend on their own capacity to mobilize domestic and attract foreign resources, efficiently spend them on priority infrastructure and pro-growth human capital and innovation projects, while targeting expenditures on quality social services and poverty reduction within a sustainable fiscal position.

SMES CAN BECOME MORE ATTRACTIVE ON EU MARKETS

BILJANA SCEKIC

EBRD, Regional Head for Western Balkans for Advisory Program



We help SMEs become more competitive by further enhancing their business performance and bankability, as well as by improving their own capacities to innovate and grow.

A long-term economic growth can be achieved with a strong private sector and the creation of entrepreneurial class. Supporting small businesses is at the heart of the EBRD's mandate, as these companies create jobs and wealth, building the foundations of a prosperous and democratic society.

As the countries in the Western Balkans move closer to the European Union (EU), the private sector is encountering new opportunities, but also challenges. Small and medium-sized enterprises (SMEs) are particularly affected as they face a number of obstacles that prevent them from reaching their full potential and thus competing on the EU export markets.

EBRD provides support to develop the export capacity of the economies through advice for small businesses and dedicated programmes. In Serbia, for example, together with the EU and Luxembourg, we have just launched the Trade Ready Initiative that aims to help SMEs access trade finance, stimulate local banks, as well as provide complementary business advice, networking, and training opportunities.

Another example is the SME Competitiveness Programme in the WB that aims at improving production capacity and processes, as well as quality of their products, and thus their competitiveness in the EU markets. This is possible because of the dedicated SME credit lines combined with donor support.

EBRD'S SUPPORT TOOLKIT FOR SMEs

The EBRD offers a wide range of instruments for SMEs, from loans through financial institutions and risk-sharing facilities, to direct financing. We provide also business advice and we work with policy-makers to create an environment where they can succeed.

We help SMEs become more competitive by further enhancing their business performance and bankability, as well as by improving their own capacities to innovate and grow.

EBRD partners with donors and pool resources together to achieve even greater impact, for example, with the EU under the WB Enterprise Development and Innovation Framework.



EBRD'S IMPACT IN WESTERN BALKANS

According to a recent OECD-led study, SMEs make up about 99 per cent of businesses in the WB. On average, SMEs provide jobs for around three-quarters of the total number of employed, and contribute an estimated two-thirds of the countries' total annual value added.

The EBRD is a leading institutional investor in the Western Balkans, with direct and indirect finance to SMEs reaching around €100 million and €1.3 billion respectively, and up to date has supported more than 5000 advisory projects.

We bring local and international expertise on board helping to introduce new products, develop an export strategy and reach new markets, improve financial management and business processes. Thirty-five per cent of our SME clients in the Western Balkans are export-oriented, and more than 50

per cent of our clients have noted an increase in exports.

WESTERN BALKANS' CONTEXT

The region has made substantial progress in SME development. Various measures have been implemented by the governments, which resulted in improved ranking of World Bank Doing Business. In recent years, the need to develop a knowledge-based economy has also emerged as being significant for the region, and efforts have been made vis-à-vis an innovation-supporting infrastructure and increase skill development and entrepreneurship.

Aiming to build competitive and well-integrated economies across the Western Balkans through our work, the EBRD is committed to supporting the regions' development and promoting it as an attractive investment destination, working closely with all the stakeholders.

SMEs PROVIDE:



of the total number of employed





EU SHOULD STRENGTHEN THE REGIONAL APPROACH

INTERVIEW: CHRISTOPH LEIDL,
PRESIDENT OF EUROCHAMBRES

The Western Balkan countries depends on improved regional cooperation, said Christoph Leidl, president of EUROCHAMBRES in an interview for Business Link Magazine, where he also spoke about upcoming European elections in May, about possibility of penetration of right wing parties into the European Parliament, Brexit and US-led trade wars.

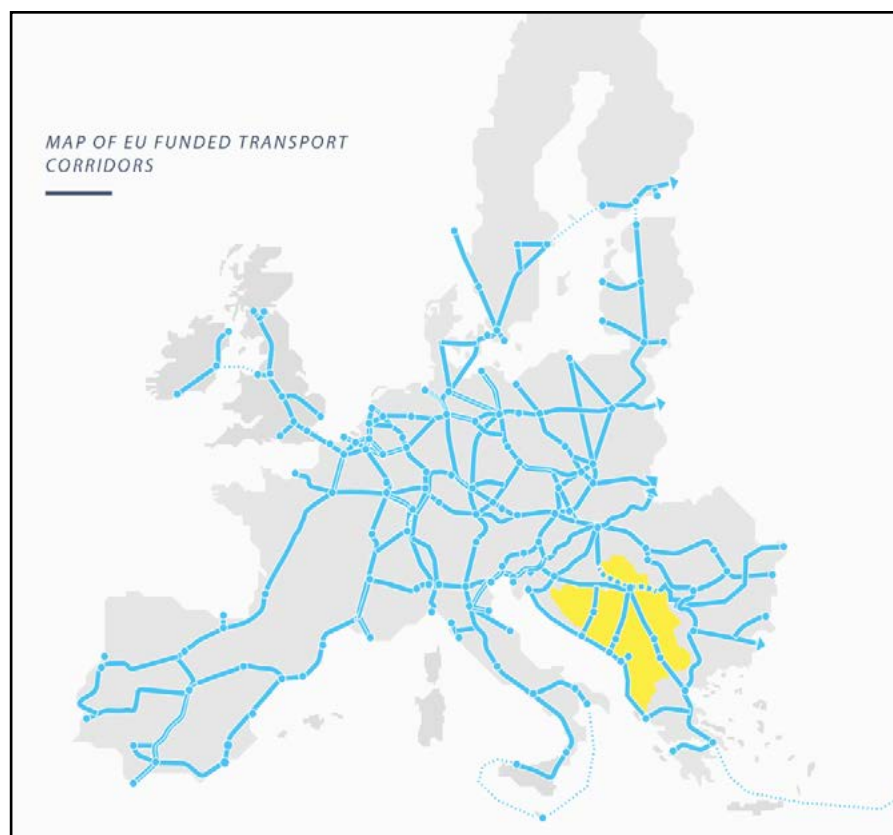
Let's start with Western Balkans. What is needed, in your opinion, for improving regional and economic relations in the Western Balkans?

- The Western Balkan countries all together are a small market in the region that depends on improved regional cooperation, on the EU integration process and on developments in the world markets. The regional integration of the Western Balkans represents an important aspect of European Integration for the countries of the region. Therefore, the EU should strengthen the regional approach by giving all countries of the region tangible European commitment.

In the spirit of reforms, how can economic cooperation in that region be "reformed"?

- At the EU-Western Balkans Summit the leaders of the European Union and the Western Balkans set out a number of concrete actions to strengthen cooperation in the areas of connectivity, security and the rule of law ("Sofia Declaration"). The implementation of these actions is essential for a reformed economic cooperation and should be support-

The EU will provide grants for additional 11 high-priority transport projects (road, rail, ports) worth €190 million.



ed with appropriate EU funding: to support the implementation of this actions, President Juncker already announced a new package of measures which will boost connectivity within the region and with the EU, notably through the Western Balkans Investment Framework. The EU will provide grants for additional 11 high-priority transport projects (road, rail, ports) worth €190 million. In order to develop the new Digital Agenda for the Western Balkans, the EU has earmarked €30 million for investments in broadband rollouts across the region.

Can other countries participate or take advantage of the free trade agreements which Serbia concluded with Russia, China, Turkey, USA, not individually, but regionally?

- Free Trade Agreements with those countries makes Serbia particularly attractive for foreign investors and manufacturers.

What do you think about the idea of forming an economic community in the Western Balkans?

- I support the idea of an economic community in the Western Balkans. It would scale up the market available to potential investors in the region.

Which is the significance of the Western Balkan Chamber Investment Forum in that context?

- On the margins of the Vienna summit, on 27 August 2015, the six chambers of commerce and industry of the Western Balkans under the auspices of the EUROCHAMBRES and with the support of the Austrian Federal Economic Chamber (WKO) and the Association of German Chambers of Commerce and Industry (DIHK), have established the Western Balkan Chamber Investment Forum (CIF). This forum is a regional platform that aims at facilitating



closer cooperation among business communities in the region in order to promote economic development and regional cooperation.

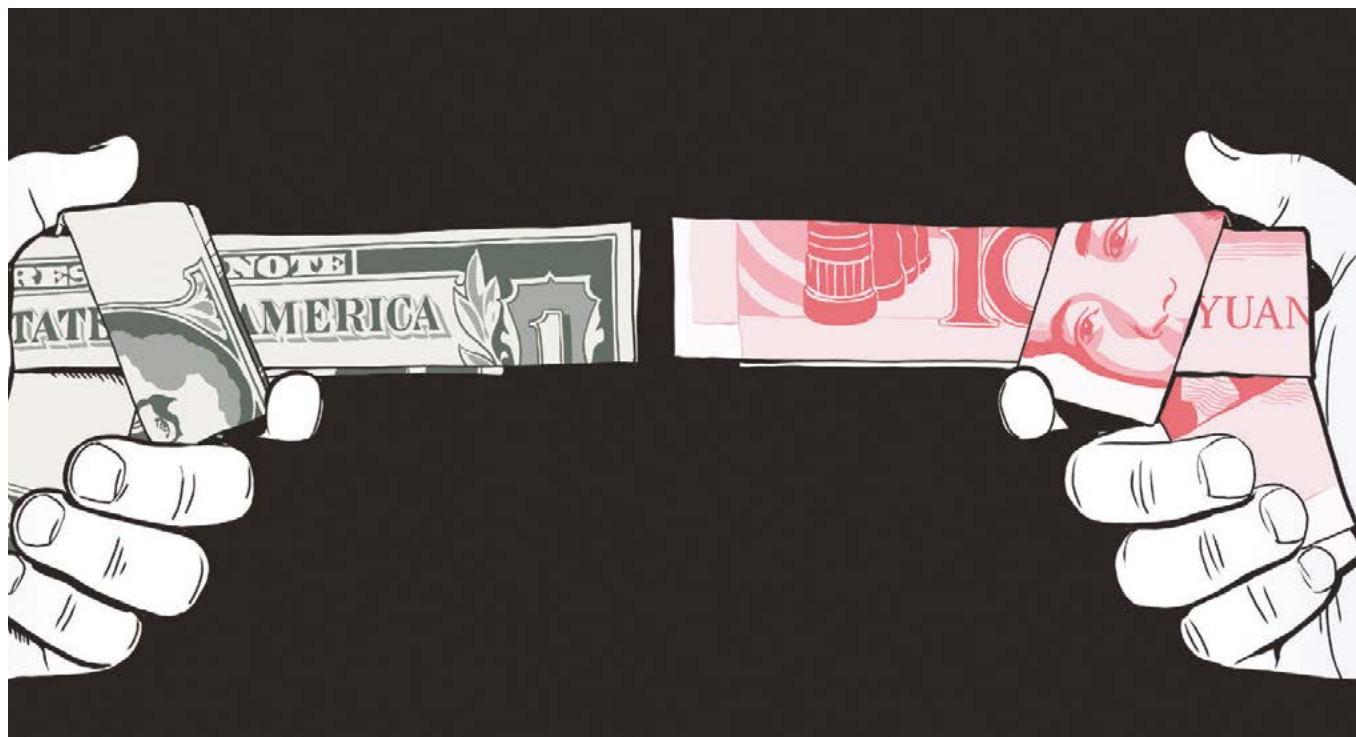
What about EU? Do you expect changes in the EU's economic and financial policy, after the European elections in May, considering that everything is suggesting that the right-wing political parties and the nationalist parties will grow stronger?

- Our common aim is to make the Economic and Monetary union more stable, competitive and resilient to crises. Although a lot has been achieved, we need further steps to strengthen and reinforce rules and institutions. Hence, I am clearly in favour of deepening Economic and Monetary Union where it is appropriate. The result of the upcoming European elections will influence the representation of political parties in the European Parliament. In my opinion, nationalist and right wing political parties will not get a majority. The Commission, with its exclusive power to initiate legislation, will

stay an important and indispensable institution within European law making. We should also not forget that - despite of the increased importance of the European Parliament due to the Lisbon Treaty - the Member States are co-deciders within the law making process. Therefore, I do not expect major changes but a continued effort to stabilise the Eurozone and the EU as a whole.

What consequences are to be expected of Brexit for the European economy?

- Brexit will come at a cost and I fail to see any advantage of it. It is lose-lose situation with adverse effects for the British economy and for the EU 27 economies. At present, it is still not possible to quantify the negative impact, because we don't know whether there will be a deal or not. In case of a no-deal-Brexit the economic damage will be enormous, costing billions of Euro and impacting widely in terms of jobs and business closures. However, the harm and cost of Brexit will be higher for the UK than for the



I am firmly convinced, that trade conflicts and obstacles can only be solved, and maybe even prevented, by dialogue and cooperation at bilateral level and at supranational level via the WTO.

EU. The reason is that trade dependency is far higher on the UK side with around half of its exports going to and half of its imports coming from the EU. In order to limit this damage, a close future cooperation agreement is indispensable. The business community needs guarantees that future cooperation will be based on trade oriented, business friendly conditions that will allow commercial relations between the UK and the EU to remain strong.

... and US-led trade wars?

- With regard to the trade conflict with the US, I would like to stress that this conflict, triggered by US additional tariffs on steel, aluminum, washing machines, solar panels might become a fully fledged trade war, affecting major US trading partners, including the EU. Internationally trading enterprises need predictable economic framework conditions and legal certainty. Today, we do not know on what product additional duties might be imposed next. It puts business relation at risk and tears apart well-established Global value chains. I do not believe in unilateral, protectionist trade measures. They only provoke resistance and counter-measures and have a negative impact on international trade, jobs and economic wealth. I am firmly convinced, that trade conflicts and obstacles can only be solved, and maybe even prevented, by dialogue and cooperation at bilateral level and at supranational level via the WTO.



As the president of Euro Chamber, what advice would you give to the countries of South Eastern Europe and the Western Balkans, how to prevent possible negative consequences?

In my opinion, no negative consequences are to be expected: The UK's involvement in the region will continue both in its national interest and as part of its continued commitment to European security and close cooperation with other EU member states.

The UK is considered to be an enlargement-friendly country. Despite Brexit, on July 9th-10th 2018 the UK government hosted the fifth annual western Balkans summit in London. The summit brought together the leaders of the six western Balkan states and those of the UK, Germany, Italy, France and Austria, as well as representatives of the EU and the international financial institutions. Paradoxically, a country that is preparing to leave the EU was advocating the benefits of EU accession. In order to minimize negative consequences resulting from Brexit the conclusion of bilateral free trade agreements could be envisaged.

The UK's involvement in the region will continue both in its national interest and as part of its continued commitment to European security and close cooperation with other EU member states.


IVAN GROS , M.A.

Managing Director Grimex Consult GmbH & SEEBDN Member of the Board

The vision of creating a better life of the citizens of the Western Balkans, a vision of a promising future for the state and people, should be a signpost and aspiration of the state, the politicians and the economy as a whole.

REGIONAL ECONOMIC COMMUNITY – A CHALLENGE FOR A BETTER FUTURE

The basis for the European integrations in Europe was Schuman's plan, strategically prepared by Jean Monnet in 1950, and it was presented by Robert Schuman, the Minister of Foreign Affairs of France at the time. The plan was offering to unify French and German production and distribution of steel. Presidents De Gaulle and Adenauer confirmed it with their signatures in 1951.

The European Economic Community was established in Rome in 1958, creating the concept of a common market for all commodity trade. This created realistic conditions for a fully integrated economy based on a free will of the Member States. After the establishment of EEC by Germany, France, Italy and Benelux countries, the new intensive development of the EEC countries has started. Later it was renamed from EEC into the EU.

It was a vision for the future of Europe, for a better life, for tolerance among people and for economic prosperity.

This historical fact gives a realistic example and an incentive for the regional economic area of the Western Balkans, that today it is, more than ever, necessary for economic integration and for the countries, to form their economic community.

Creating the economic community of that regional space is a "win-win" situation for everyone.



The vision of creating a better life of the citizens of the Western Balkans, a vision of a promising future for the state and people, should be a signpost and aspiration of the state, the politicians and the economy as a whole.

Joel A. Barter said: "A vision without action is only a dream. Action without a vision is a waste of time. Action with a vision can change the world." This is the reason why the countries of the Western Balkans must initiate essential actions to create an economic community and secure a common market that will connect countries and economies as a whole. At that time, one can also agree on the strategic and long-term development of the entire region. The so-called regional economic community would be a respectable factor for EU members. In this case, this region would be more seriously treated and respected in international standards.

Some countries that solely tend to their own partial interests will not be able to achieve intensive economic development, because today, parts of this region, that is, the entire region is becoming increasingly involved in the social and economic crisis.

In such crisis situations, no country can think, in a long-term and peacefully about development. This should be clear to the statesmen and

politicians of those countries. If there are permanent tensions and confrontations, which for potential domestic and foreign investors pose a constant latent risk to invested capital, one can hardly count on economic growth or development.

The Vienna Institute for International Economic Relations (WIIW) has conducted a study and provided the following information:

- In CESEE countries in 2017 direct investments decreased by 25% compared to 2016 data.
- At the same time, in WB countries there was an increase of direct investments of 18%, with the note that Serbia accounts for almost 50% of the total direct investments in the WB countries.
- The economy as a whole, and thus the foreign trade of the region, is primarily oriented towards the EU market: foreign trade of the WB countries is 73% with the EU, 5% with China, 4.8% with Russia, and 17.2% with everyone else.

Creating the economic community of that regional space is a “win-win” situation for everyone.



It is evident that the economy of WB countries is inextricably linked to the EU market. WB countries in 2017 achieved EUR 49.6 billion in trade with the EU, and Serbia accounted for 44% of that turnover. There are about 18 million inhabitants living in the WB region. According to the World Bank data, every fourth inhabitant of this region lives outside their country of origin.

It is a sad fact that the total gross domestic product of this region accounts for only 1% of EU gross domestic product (GDP). At the same time, the region's GDP amounts to only 1/3 of the EU average.

This data further proves that it is necessary to create a regional economic community in order to energize the economies of those countries and create “regional players”, which would, on the one hand, increase the quality and quantity of presence on the demanding EU market and the world market. On the other hand, preconditions for

development will be created, not only with respect to production capacities, but also for entrepreneurship, innovation, use of new technologies, and in particular it would create a positive atmosphere for affirmation and optimism among young people, young professionals.

The Western Balkan countries should launch new energies and set goals that will mean a step forward towards higher forms of cooperation and development, primarily through use of new technologies, innovation and IT sector development.

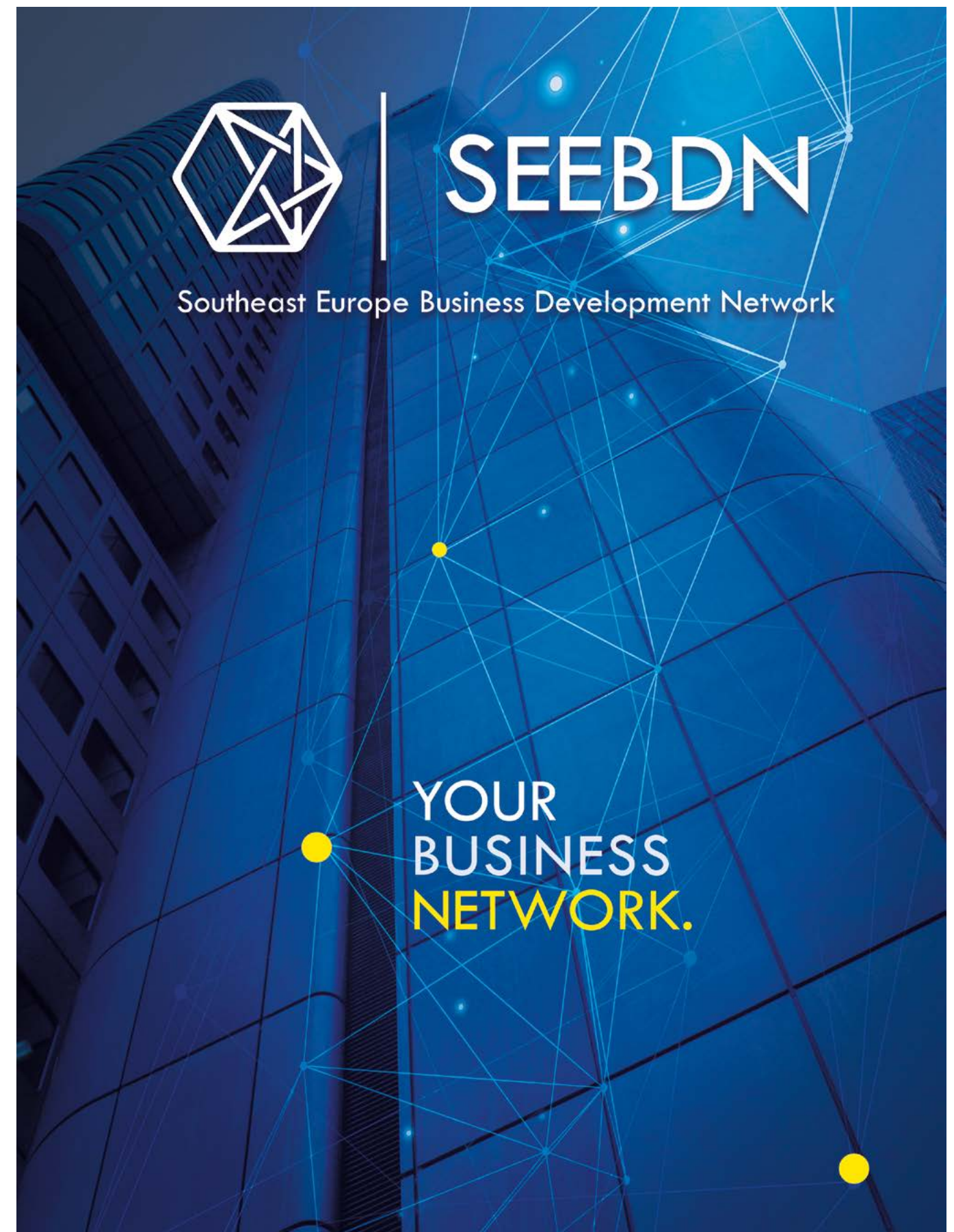
Economic growth will increasingly be based on knowledge and the goal is to enable young experts in the WB countries to maximize the conditions for creating added value, both for their country and for themselves.

Many young professionals in these countries show new energy, enviable level of knowledge and ambition to intensively engage in export

programs from their fields of activity. That's why IT industry can give a boost of significant development and transform the IT-based economy and development of the innovative entrepreneurship.

The newly formed association SEEBDN in its program concept has outlined the goal of focusing its activity on stronger regional cooperation, improving the business and development activities of companies in the countries of the WB, on networking of interested parties, to stimulate a strategic partnership with developed markets, in particular traditional markets, such as Germany and Austria, but also the entire EU market. We want to initiate the formation of joint, interest-related companies in order to act on third markets.

We are convinced that, with this program and goals, SEEBDN will give a significant contribution to the launch and, ultimately, the formation of the Economic Community of the Western Balkans.



WORLD BANK GROUP SURVEY

HOW TO ATTRACT MORE FDI IN WESTERN BALKANS

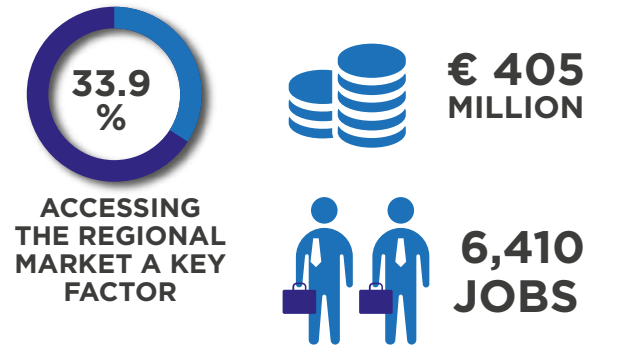
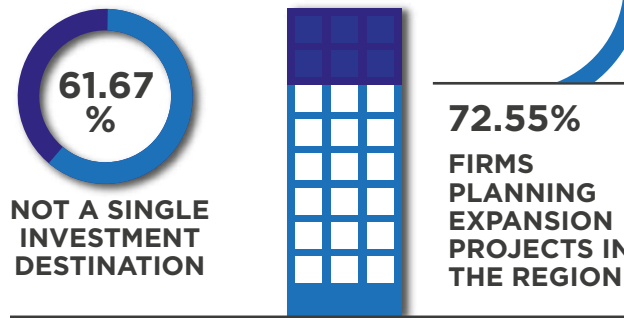
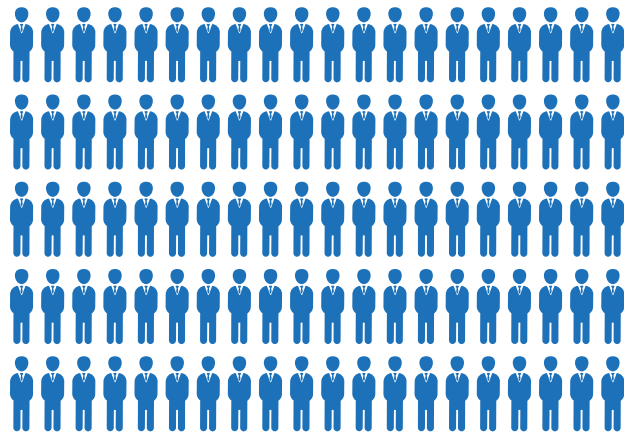


International Finance Corporation (IFC), a member of the World Bank Group, in cooperation with the Regional Cooperation Council (RCC), and supported by the European Commission, implemented an investor survey to help identify key policy barriers to regional investment in the six economies of the Western Balkans.

The objective for this survey was to obtain a sample size of 100 investors with a focus on medium to large sized companies, and a preference for firms with a presence in more than one economy in the region and/or high potential for regional investment. Here are some of the results of this survey.

If we look at the perspectives on the region as investment destination, survey results show that most firms, 61.67 percent, do not view the WB6 region (Serbia, Montenegro, Albania, Bosnia and Herzegovina, FYR Macedonia, Kosovo*) as a single investment destination. However, 33.9 percent of investors did indicate that accessing the regional market of the WB6 was a key factor in their decision to invest, and another 28.81 percent indicated it was important, while other factors were more important. Thus, a significant share of investors already today seeks to leverage the combined competitive advantages of the region and to access the regional market despite of the perceived lack of market integration.

100 INVESTORS



Significant result is that the majority (79.1 percent) of interviewed firms are planning expansion projects in the region, with estimated amounts totaling around EUR 405 million, and total job creation estimates of 6,410. Most firms (72.55 percent) indicated their expansions were motivated by economic factors, with examples of this including strong sales, and increased demand for firm goods. Approximately 82 percent of companies planning additional investments stated the expansions would lead to upgrading in the companies' production capacity, through new research and development, addition of services and know how.

Investment entry and establishment showed the best performance overall, because an average of 45.9 percent of firms provided good/very good ratings across all factors in this category. In addition, the survey found little variance across the six economies of the Western Balkans in the different factors making up this category. Firms rated Serbia's performance as largely good/very good across the board. Kosovo* , FYR Macedonia and Montenegro received performance ratings of good/very good for four out of the six factors rated, while Albania and Bosnia and Herzegovina lagged behind slightly.

Firms gave mixed feedback across economies regarding the ease of hiring and bringing in expatriate staff and the process of obtaining work permits for expatriate staff. Firms operating in FYR Macedonia and Bosnia and Herzegovina indicated that performance was poor/very poor, while Albania, Kosovo*, and Serbia all received good/very good performance ratings. What needs to be done is in the area of stability and predictability of laws. Firms interviewed for this survey rated the stability and predictability of laws as well as the conduct of public agencies poorly across the region, while at the same time indicating that these represented key factor for their investment decisions.

Another important issue that has been identified by investors in the survey is the ability of host governments to respond in a timely and effective manner to investor grievances. Firms in Albania, Bosnia and Herzegovina, and Kosovo* identified poor/very poor performance

regarding the government’s coordination with the private sector.

The area of investment attraction and promotion received mixed ratings by the interviewed investors, with slightly over a third of all responses across economies averaging as poor/very poor, and only 23 percent as good/very good. Firms operating in Albania, Bosnia and Herzegovina, and Kosovo* provided the largest number of poor/very poor ratings for performance in attraction and promotion. Unclear national investment strategies and in some cases insufficient clarity and predictability on tax and incentives policies were key problem areas, as described in more detail below. Incentives proved to be an area of particular interest to firms surveyed, who largely provided poor performance ratings for the economies of the region on factors related to incentives.

The interviewed firms identified the following three factors as the most important ones for their investment or site selection decisions within the investment attraction and promotion category:

- **Clear national investment strategy**
- **Predictability of tax and incentives policies**
- **Availability of incentives on customs duties or import VAT**

In FYR Macedonia and Serbia, most firms rated the availability of incentives as good/very good (apart from non-tax or financial incentives in FYR Macedonia). Most other economies were rated as either average or poor/very poor in their performance on incentives availability. In both FYR Macedonia and Serbia, firms provided mixed ratings regarding the ease of accessing incentives. Apart from FYR Macedonia and Serbia, firms in most economies provided poor ratings on the quality of facilitation services received by investment promotion agencies (IPAs) or other government providers of such services. The majority



of interviewed firms indicated that they did not use the services provided by the region’s IPAs and had very limited interactions with them throughout the investment process as well as post establishment. Those firms that did use the services of an IPA frequently highlighted the lack of sufficient capacity and the relative ineffectiveness of promotion and facilitation services provided.

Investors interviewed for this survey identified the following policy factors as key / main drivers of their investment decisions:

1. **The government’s coordination with the private sector;**
2. **Stability and predictability of laws;**
3. **A low risk of the occurrence of non-transparent or arbitrary government conduct;**
4. **The ability to easily repatriate profits, dividends, management fees, and other foreign exchange transactions;**
5. **The ease of obtaining investment approvals and permits to start a business.**

Understanding the different strengths and weakness of individual economies will be important to ensuring a tailored approach for reform strategies. The challenges identified by firms in their performance ratings show the differences that exist across the WB6 economies. Reforms, which will be targeted at the economy level as well as the regional level, need to take into consideration the different levels of development and differing areas that require improvement going forward. In terms of the different policy areas along the investment lifecycle, investors provided largely good performance ratings in investment entry and establishment, though performance on a few factors in certain economies are outliers. Bosnia and Herzegovina and Albania are the two economies with notably poor performance in the key areas of restrictions on the ability of foreign-owned companies to operate in their sector and processes of obtaining investment approvals.

In the policy area of investment protection and retention, firms indicate significant amounts of poor performance on some of the most important factors, with “arbitrary” government ac-

tion and unstable or unpredictable laws as key problem areas.

Incentives were a key focus of investors’ interest within the investment attraction and promotion area, but clarity of national investment strategies was also identified as an important factor for investors.

Source: World Bank Group

Understanding the different strengths and weakness of individual economies will be important to ensuring a tailored approach for reform strategies.

About firms

The majority of firms surveyed are headquartered in Europe (48.4 percent), and 100 percent foreign-owned (66 percent). Slightly over a third (37.5 percent) of them are headquartered in a WB6 economy, and the rest are divided between North America and other locations. The average firm employs 483 people, but this average varies from economy to economy, with Serbia averaging 1,121 employees per firm surveyed and Montenegro 138. The average age of firms surveyed in the region was 14 years.

LETTER FROM BRUSSELS

SEE REQUIRES ZERO-PRICED CAPITAL TO BOOST GROWTH


DUSAN RELJIC *

German Institute for International and Security Affairs (SWP), Berlin Head of Brussels Office

More than 70.000 citizens of the so-called Western Balkans have left their homelands since 2015 and settled, legally, in Germany alone. The migrant track from the region has also reached other EU countries, mostly in the central parts of the continent. This exodus has significantly contributed to the on-going sharp depopulation of the territo-

ry. By 2050, Serbia and Croatia will have, according to UN projections, 15 percent less inhabitants than now and the rest of the regions will also experience significant drops. About one quarter of the residents has already left this part of southeast Europe in the past three decades.

Arguably, the most important reason for the mass departure is the absence of increase of presently

poor middle class incomes, rising inequality and the concentration of political and economic power in the hands of the few privileged. Most of the employed in the region earn monthly 300€ or so. Nationalistic populism is rampant again, recycled by the powers-to-be to conceal their governance failures and blatant democracy deficits. Consequently: Why would anyone with education and skills accept

The EU has retained the largest influence by far amongst external actors in the Western Balkans – be it in the economic, political or regulatory and legal spheres.



earning forever ten of fifteen times less than in Austria or Germany and being politically side-lined at home?

In the future, fewer tax-payers in the region will have to shoulder significant foreign debts which the government incurred after the end of the wars for Yugoslavia's succession and in the initial phase of the transition to capitalism. The external debt of the six Western Balkans economies in this year amounts, according to the World Bank, to 81.2% of their GDP. Currently, after many miserable years, GDP growth in the region has accelerated to 4.3%. However, even if the rise of the national output would reach six percent, the region would need about thirty years to converge with the EU average. As

the International Monetary Fund recently warned, the region continues to depend heavily on financial incentives and low wages to attract external investors. Nevertheless, the domestic value-added content did not increase much over time reflecting the largely assembly role of foreign subsidiaries and the concentration in labour-intensive phases of production.

A glance at the map of the continent reveals that the EU geographically surrounds this region with a population which constitutes 3.5% of the number of EU citizens. Measured in trade, investments, market dominance of banks from the EU and the human networks through migrants, the region of former Yugoslavia and Albania has long ago been swallowed up

by the EU. Yet, it is doomed to permanent marginalisation unless the EU does not open its structural and cohesion funds, or provide other source of zero-priced capital, for the development of infrastructure, re-industrialisation and improvement of public goods such as education and the health system. Everything else, especially the incessant praise in Brussels and in the member states of the "European perspective" of the region, which will open up once the reforms are implemented, amounts to ludicrous spin.

* The opinions expressed in this article are the author's own



GORAN NOVKOVIC
Executive Director of the Slovenian Business Club

LETTER FROM LJUBLJANA

5 REASONS FOR BETTER INTEGRATION OF SEE WITH THE EU

Since 1945, Slovenia and Austria have probably been the most sensitive to how important cooperation is in the region. There are several reasons for this:

1. THE ECONOMIES ARE NATURALLY CONNECTED

Let us take Slovenia as an example: In terms of size, Slovenia is only 153rd in the world, but it is the 39th largest economic partner of Germany. Other similar data could be found to show the region’s exceptional integration. In a modern world full of geo-strategic uncertainty, this is an advantage.

2. ENTREPRENEURSHIP IN THE REGION IS A FUNDAMENTAL VALUE OF PROGRESS

The economic power of Austria and Germany is undoubtedly derived from fostering entrepreneurship as an engine of economic progress. Even before 1990, a number of individuals from SE Europe recognized the value of entrepreneurship, and realized business opportunities in Austria and Germany. After 1990, many of those who nurtured entrepreneurship, as craftsmen in former Yugoslavia, despite obstacles and limitations, developed strong family companies. Among the 500 largest Slovenian exporters, for example, almost 10 % are family-owned modern companies.



3. ORDER AND IMPROVISATION IN SYMBIOSIS

At first glance, the region’s business culture appears to be in conflict. Austria and Germany are famous for their orderliness, SE Europe for improvisation. But after my experiences in journalism, I see there is no better combination. The editorial board that I led was inspired by the orderliness of the Austrian media, by the dynamism and improvisation of Croatia, as well as a handful of Scandinavian and Anglo-Saxon liberal principles. These apparent cultural contradictions have proven to be a great advantage on the market. This recipe obviously works, as there are many successful entrepreneurs from SE Europe in Germany and Austria, and many successful Austrian and German companies operate in SE Europe.

4. THE EU AS A MEANS OF PROGRESS AND PROSPERITY

SE Europe has been in the EU since 1991. Slovenia and Croatia have already succeeded, as has the Hungarian Danube region, but other countries have not. Consequently, a paradox that was not expected in 1990 has resulted. The transition to democracy was accompanied by high expectations among the population. The war overwhelmed this expectation, on one hand, and incited it even more on the other. For many, the EU remains an incomplete ambition. Despite democracy, many SE European countries are lagging behind the EU even more now than in the past. Romania, for example, is overtaking Serbia. Entrepreneurs and business people are therefore obliged to contribute to the approximation of these countries to the EU. However, the inhabitants of SE Europe are losing hope and emigrating. This cannot bring progress.

5. COOPERATION AS A GUARANTEE OF PEACE

Because of this, it is a pleasure to strengthen entrepreneurial and economic cooperation. Not only between countries but also among people. For over a quarter of a century, Slovenia and Croatia have attempted to resolve their border dispute, but their mutual economic cooperation has never been stronger. For years, Slovenes have taken holidays in Croatia and Croatsians have skied in Slovenia.

The more connected the region becomes, the more people will be mobile, the more politicians will have to care for peace and integration, so as not to cause additional conflicts between countries and people.

LETTER FROM ZAGREB

CROATIAN EXPERIENCE - EU IS A GOOD PLACE TO LIVE IN



VESNA TRNOKOP-TANTA

CEO, Sigma Business Consulting –
Public Procurement & Public Sector
Advisory

Our companies recognize the benefits of EU internal market and have increased exports to the EU by 70% in the last 5 years.

After more than eight years of applying for membership, and six years of negotiations, the Republic of Croatia became the 28th member of the EU on 1 July 2013. Now after five years of membership, the foundations for a better future have been laid.

It is however imperative that Croatia continue with structural reforms that will make it easier to do business, stimulate innovation and increase competitiveness. Compared to 2013 Croatia is economically stronger. Croatia recorded growth of GDP and exports, deficit reduction, public debt and unemployment reduction, and membership of the EU has inevitably contributed to that development.

At the same time the gap between the other Member States and Croatia has not been closing and Croatian economy has not been converging with the other Member States. One of the reasons for this is that we joined the EU in the period of recession, with slow recovery in Member States. Because of that Croatia did not have immediate positive effects of joining the EU (as did countries of the previous enlargements).

While the population has felt the immediate benefits of joining the EU due to free movement goods and services within the borders of the EU countries, study opportunities, training and part of employment in other countries, and some price reductions related to liberalization especially in the food, distribution of electricity and telecommunications, by contrast, most of the effects for economic operators are of a longer-term nature and should ultimately result in increased competitiveness, production and exports. Our companies recognize the benefits of EU internal market and have increased exports to the EU by 70% in the last 5 years.



Membership in the EU is not a goal in itself, but the improvement of lives of people that is important for any country or any society. And for that reforms need to happen. The EU is not an ideal place, it has its own pile of problems, it needs to reform also, but no other destination is as good as the EU. We share the same history and culture and I hope the same future.

In a recent interview Commissioner Hahn has said that citizens of Western Balkan countries “have the right to become (EU) members” and the EU faces a choice between exporting stability to the region and having instability imported into the bloc. The fact that these countries have 75% of trade with the EU, 75% of FDI is from the EU, the countries of South East Europe have a mutual interest in expanding the cooperation.

Europe is a good place to live in, and to preserve this, but also to matter on a world stage today and tackle the challenges that we all face, we need to be more united, competitive and much stronger.

The fact that these countries have 75% of trade with the EU, 75% of FDI is from the EU, the countries of South East Europe have a mutual interest in expanding the cooperation.



Dr. **VLADIMIR DIMITRIESKI**
Assistant Professor University of
Novi Sad, Faculty of Technical
Sciences

ICT is currently a rising star in the economy of Serbia and one of the main political and economic goals for the near future in Serbia is ubiquitous digitalization and improvements of the ICT segment.

CORNER FOR FUTURE BE SMART OR BE GONE

The fourth industrial revolution has already begun and it aims to significantly upgrade industry by leveraging on new, “smart” software and hardware components. Like all the previous industrial revolutions, it tends to change the way we work, live and communicate. Unlike previous revolutions, all of us now have an opportunity to affect the future due to the connected nature of the world today.

There are two core aspects of the new industrial revolution: application and development. The application of newly developed technologies is synonymous with the world’s leading economies.

They recognized the potential of “smart” industry early and set up their high-priority plans for the future such as “Industry 4.0”, “China 2025” and “Advanced manufacturing”. On the other hand, the development of required software and hardware driving the revolution is something that is not geographically bound to industrial powerhouse regions. Everybody is allowed to contend for the same prize: produce “smart” software and hardware and install it in “smart” factories of the future regardless of their location.

Due to the accelerated technological development, Serbia has the historical opportunity to use the strong, existing know-how



and powerful human potential to achieve significant results in the development aspect of the fourth industrial revolution. ICT is currently a rising star in the economy of Serbia and one of the main political and economic goals for the near future in Serbia is ubiquitous digitalization and improvements of the ICT segment.

We, as witnesses and participants of such a digital revolution in Serbia, are aware of the currently prevailing outsourcing business model where most of the products are just being developed in Serbia but owned elsewhere. In order to move from outsourcing to product-based business model, we need our own, revolutionary products that are competitive at the global market. And we can be assured that there is no better time

to start thinking about revolutionary products than at the dawn of a new industrial revolution.

Few companies from Serbia have already shown that it is possible to have revolutionary and “smart” software, produced by smart Serbian people, running in “smart” factories all over the world. Although the application aspect in Serbia is still significantly behind the development one, except of the agricultural domain, we have found our way to offer our products to global customers and are continuously searching for new partners and application domains. So now it is time for all of us to be smart and jump on the fourth industrial revolution bandwagon while there are still some seats available!

There is no better time to start thinking about revolutionary products than at the dawn of a new industrial revolution.

CORNER FOR FUTURE

BLOCKCHAIN AND THE POTENTIAL OF THE PROGRAMMABLE ECONOMY

A programmable economy is predicted to appear in the coming decade and it will represent a massive technology-enabled transformation of traditional concepts of value exchange



DUSAN B. GAJIC, PhD

Assistant Professor, University of Novi Sad,
Faculty of Technical Sciences

While the Internet revolutionized the exchange of information during the last decade of the 20th century, most of the countries in the Balkans were preoccupied re-addressing 19th-century topics. As a result, it became hard for them to stay competitive in a 21st-century economy which is changing at a tremendous pace mainly dictated by the development of new technologies.

In the last 25 years, the Internet has created a globally interconnected and open environment. Blockchain appeared in 2008 as a novel digital distributed ledger technology which proved to be a promising tool to effectively harness the possibilities offered by the global Internet domain. In fact,

blockchain engineered correctly has the potential to do the same for the exchange of value what the Internet did for the exchange of information.

In the last two years, cryptocurrencies, such as Bitcoin and Ethereum, have been a subject of tremendous public interest, mostly due to their sharp increase in value. Cryptocurrencies are based on public blockchains and support digital value exchange without a central authority, eliminate the need for intermediaries, and prevent the double-spending problem in the digital domain. However, this interest also created a common misconception that cryptocurrencies and blockchain are one and the same. In fact, cryptocurrencies are only the first use case of



CRYPTOCURRENCY

A medium of exchange, created and stored electronically in the blockchain, using encryption techniques to control the creation of monetary units and to verify the transfer of funds



IT IS NOT REDEEMABLE
FOR A NOTHER
COMMODITY, SUCH AS GOLD



HAS NO PHYSICAL FORM
AND EXISTS ONLY IN THE
NETWORK



ITS SUPPLY IS NOT
DETERMINED BY
A CENTRAL BANK



the blockchain's distributed ledger, which is more fundamental and has its roots in theoretical computer science. Furthermore, the application of distributed ledgers, especially in the form of private blockchains, has more to offer in domains other than cryptocurrencies, such as trade, supply chains, finance, healthcare, and administration. This is since blockchain provides algorithmically built-in trust and smart contracts, which allow transparent, traceable, and trustworthy exchange of value. World's leading advisory company Gartner predicts that blockchain will be the key technology allowing the creation of a programmable economy. A programmable economy is predicted to appear in the coming decade and it will represent a massive technology-enabled transformation of traditional concepts of value exchange, empowering individuals and smart machines to both define value and determine how it is exchanged.

This allows for true automation in the field of exchange of value and the entry of artificial intelligence into the financial sphere as first-class participants, ushering forth the first fundamental change in the organization of finance since the introduction of double-entry bookkeeping five hundred years ago.

Countries of Southeast Europe should not miss the opportunity to be on the forefront of this new technology revolution.

Countries of Southeast Europe should not miss the opportunity to be on the forefront of this new technology revolution. Since the Internet has created a single digital world domain and the region has settled into peace, blockchain

startups are now appearing not only in places like Silicon Valley, as it was the case during the Internet boom, but also in smaller countries like Serbia and Slovenia. Academic institutions are also starting to notice this opportunity. Here, at the University of Novi Sad, Serbia, we find that it is necessary to prepare future generations of software engineers to effectively harness the potential of the blockchain. Therefore, this autumn we launched the first academic course in Europe which covers both fundamental computer science topics underlying blockchain technology and the development of private blockchains for enterprise applications using the Hyperledger open-source technology stack. By trying to be at the forefront of the blockchain revolution, there is hope for the region to recover from missed opportunities and even lead the way in the worldwide adoption of the programmable economy.

MY BUSINESS CORNER

STARTED AS A WAITER AND CONQUERED THE TOP OF MCDONALD'S



BUSINESS STORY OF
BANE KNEZEVIC,
GOLDDRAHT AUSTRIA

Bane Knezevic, is currently a private investor, after a very rich and extensive career in the past. This is a short story about his interesting business journey.

„I have over 30 years of professional experience, with eight years as the CEO of McDonald's Germany. I did work and live in eight different countries, and I did enjoy very much learning countries' specifics and cultures. This was, one of my best achievements in life, to work, adapt and live in different countries”, said Knezevic.

During this time, he said that he has specialized in food and retail, the development of sustainable ag-

riculture as well as franchises, and real estate business.

“In the course of my duties, I was responsible for managing the German market, overseeing more than 64,000 employees, working with approximately 1,440 restaurants, and coaching to develop better results”, Knezevic said.

He was Chief Executive Officer of McDonald's Germany and President of the Western Division of McDonald's Europe, between 2005 and 2013 and has been recognized by Worldwide Who's Who for showing dedication, leadership and excellence in executive management.



Knezevic attributes his success to his family, education, persistence, and a great team surrounding him. “I have chosen this profession because I used to work as a chef and a waiter when I was a student. I developed a passion for food and saw an opportunity to work with the company, so I seized it”, he said.

And then, going from restaurant manager to Managing Director for several markets, to VP Europe operations and to CEO of Germany and President of Western Division in Europe.

“We know that we need to constantly be on the move. I know that something that customers yesterday though it was extraordinary, today becomes ordinary and tomorrow unacceptable. And because of that, we know that innovation and race for quality has no finish line”, he said.

Knezevic is a polyglot who has received a degree in law from the University of Belgrade. He started his career in London as a manager trainee. As Division President and CEO of McDonald's Germany he

During his term of office, McDonald Germany has registered an increase in sales by more than 50 percent and an increase in profit by more than 120 percent.

“But none of this would have been possible if I hadn't worked with customers in the field and listened to their feedback. Thanks to this, I was able to create with my management team a strategic approach to business development”, he said.

As for executing plans, he knew that strategy without executions is just imagination.

During his term of office, McDonald Germany has registered an increase in sales by more than 50 percent and an increase in profit by more than 120 percent.

Above all, goal was to enhance the customer experience and to re-engineer the brand. This involved innovation in product category, re-imaging and re-modeling of restaurants and integrating McCafé within companies concept, which has made company more sociologically relevant.

ran a business worth over six billion USD.

“It is always very exciting and inspiring with my background to run an American company in different countries with different consumer and employee habits. And at the same time being able to blend different social and corporate cultures with the decision making process. This is unique in my leadership role, and I really enjoy it.

Focus, dedication, positivity, creativity, responsibility and trust are the key attributes of success in my career”, Knezevic said.

In 2012, Knezevic was selected in Germany as the Best Entrepreneur of the Year. He also received the famous HORIZONT Award, and a Best CEO Award.



MY BUSINESS CORNER

BUSINESS BEFORE POLITICS

“RECIPE” FOR GROWTH IN THE BALKANS

DARDAN SHALA

Member of the Managing Board of Devolli Corporation

Devolli Corporation (DCO) is one of the leading private companies in SEE. Incorporated in 1989, today DCO has more than 2.000 employees and diversified production and service activities. We are a market leader in Kosovo with a wide range of its products and services. We are present and competitive not only in the regional countries but also in EU and US markets.

DCO “recipe” for a success is good quality, export orientation and cooperation between countries. Cooperation of many businesses in the region will be necessary to carry this part of Europe into a stable and prosperous future.

Balkan companies especially, need

to be more present in developed markets. In order to increase its presence, one of the strategic goals is to break the boundaries between States of the Balkan region. Business must come before politics, not inversely.

Following that idea, we are also supporting idea of Economic union of the Balkan countries. We are generation that has lived in old Yugoslavia, and that had been unique market of 20 million people.

That is what we need now in business - joined forces. It is up to businessmen to increase level of cooperation up to the level when we were all one State. Old Yugoslavia was good model, and that similar system has been used when European Union was formed.

One of the strategic goals is to break the boundaries between States of the Balkan region. Business must come before politics, not inversely.



ESTABLISHED
IN 1989.



MORE THAN
2.000
EMPLOYEES



EXPORT TO
OVER 20
COUNTRIES



Speaking only about Devolli Corporation, our goal within the next 10 years is to be widely present with our products in all EU countries and in particular in SEE countries.

We export our products in over 20 countries. Our facilities, capacity and know-how are also available for private label businesses. So far we have agreements for private label products for JYSK Group, KFC, Domino Pizza, etc.

We had a different strategy of entering market in different countries. For example, in Albania we operate in cooperation with local distributing company, in Macedonia we approached the coffee market by purchasing local brand, so we are producing our coffee under that brand. In Serbia, we export our brand only, cooperating with big retail chains.

DCO, owns a chain of 16 coffee shops named Prince Coffee House, 13 of them in different cities of Kosovo, two in Albania and one in New York.



DCO also owns shops which offer commodities for household. At the moment, beside 26 shops in Kosovo, we are operating with 10 shops in different cities in Albania. We are in the stage of implementation

of opening 15 shops of that kind in Macedonia, which will be opened at the same time.

With our continuous growth, dedicated and experienced staff we combine professional human resources with modern technology to create sustainable and competitive products on global market.

Geographical location, young working force and tax environment give us an advantage in offering high quality products with very competitive prices. DCO believes that a successful Corporation cannot be maintained without motivated employees, and that's why we as a corporation are very dedicated and close to our staff. Our motivated employees are a source and guaranty of our growth, innovation and continuous success.



WHO WE ARE AND WHAT WE DO?

The Southeast European Business Development Network (SEEBDN) is an independent business association of prominent managers, entrepreneurs and diplomats from the countries of Southeast Europe, Germany and Austria. We are a not-for-profit association (eingetragener Verein) based in Vienna.

The SEEBDN aims to enhance international business operations of SEE economies, particularly with the EU market, focusing particularly on developing new business networks and stimulating business operations of small and medium-sized enterprises (SMEs) on external markets, but we are not neglecting large companies either.

In this process, the SEEBDN will seek to support inclusion of SEE economies in European Commission's development projects, as well as in national projects of EU members states, aimed at boosting foreign economic ties.

For the benefit of its members, the SEEBDN will use different resources. The SEEBDN shall seek to link business people, scientists, politicians and other stakeholders in European and regional processes of importance for the SEE economies. We shall also strengthen the flow of reliable, topical, economic, financial, business and political information and analyses of importance for the SEE region.

We are offering advertising opportunities in the region, as well as in the EU and the international market, mainly through the Business Link magazine, and organization of occasional meetings for business people from the SEE and the EU in order to connect them with companies interested in business partnerships.

Our organization would mainly focus on business activities of small and medium-sized enterprises, modern technology transfer, know-how, and would also stimulate the use of digitalization and enhanced activities towards developing a business network aimed at linking SEE countries with interested companies in the EU.

The SEEBDN shall provide additional financial resources from EU funds, funds of EU member states and other sources. Provision of regular online access to programs of support to SMEs, which are offered by the EU or state and business agencies from the region and the EU (tenders, other calls for proposals).

If you wish to join our association and use all business opportunities that we can offer to our members, for more information please visit our official website: www.seebdn.eu.

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LOVČEN BANKA^{AD}

Lovćen Bank initially started out life as a microfinance provider under the name of MFI Kontakt A need for more diverse banking services in Montenegro, as well as a desire by Kontakt itself to engage in more complex banking operations, led to its evolution into an official bank.

In June 2014, the bank was founded by Montenegrin businessmen and professionals in cooperation with DEG (KfW group) – a German development and financing institution owned by the German Government.

Lovćen bank is the second banking project in Montenegro supported by German DEG and the mentioned Montenegrin banking group. As a result, the institution has experienced accelerated organic growth, which has allowed it to create range of services to offer and provide its clients with opportunities to conduct banking in a fresh and innovative manner – private individuals, small and family-business oriented and fast-growing microenterprises and particular through providing support to small and medium companies

The mission of Lovćen Bank is to contribute to the development of Montenegrin companies, support citizens' initiatives and growth of national economy and to create new economic opportunities at the market.

Lovćen Bank aims to become the recognized financial institution with the strong position on the Montenegrin market by continually expanding its products and services in supporting its clients. Especially offering individual solutions for the specific needs of its clients, offering local expertise, quick decision-making and fostering an internal culture of excellence. The combination of having the most advanced banking technology and best local knowledge is the key recipe for Lovćen's long-term success.

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