

ECONOMIC AND POLITICAL DIALOGUE IN THE BALKANS: NECESSITY, OBSTACLES AND PERSPECTIVES

UDC 339.923:061.1EU(497)

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Abstract. *The aim of this paper is to point to the fact that economic dialogue in the Balkans is a condition of survival of the Balkan counties in the process of globalization. The meaning of an economic dialogue is to improve inter-regional cooperation in production and trade and to research the possibilities of strategy creation for joint presentation on the European and world market. Since Balkan countries are completely turned to the European Union, some as members and some as pretenders to membership, the mutual dialogue may benefit and improve their European positions. As the greatest and most powerful political and economic integration in Europe and the world, the European Union in its politics of expansion gives advantage to those countries which are able to develop with their surroundings quality good neighborly and economic relations. The ability of the countries to mutually cooperate is the guarantee that they will manage in wider and more complex surroundings such as the European Union. This fact especially has to be taken into consideration by the Balkan countries in transition, who see their future within the European Union, whereas at the same time in the improvement in mutual cooperation and cooperation with the rest of the Balkan counties, the initiatives prevail over achieved results.*

Key words: *the Balkans, the European Union, economic dialogue, foreign trade, cooperation.*

INTRODUCTION

Throughout its history and former circumstances in the Balkans, several independent national countries have been formed. The process of their formation was mostly completed by the end of the 19th and beginning of the 20th century, but recently induced by the breakup of Yugoslavia, has again become current. That last changes in the Balkan Peninsula influenced the deterioration of political relations with unforeseeable consequences on the partner economic relations of the Balkan countries which led to stagnation, even a significant decrease in the social, and economic dialogue between the countries. The Balkan Region is recognizable in the world for its fusion of strong different ethnic, cultural

and regional influences, that is, as a region where the tradition of the East and the powerful influence of the West meet and permeate in a special way. This "Balkan mosaic" has over the centuries been a sort of inspiration to social science researchers, who with great enthusiasm spread the art of living ideas and experience on such a multi ethnic area. On the other hand, the confrontation and mixing of several religions and different ethnic groups on a small area was often the source of confrontation and political instability, which put the Balkan region, in an economic sense, on the margins of the economically developed and prosperous Europe.

Regardless of the traditional multiethnic heterogeneousness and present differences in their political orientation and the level achieved of economic development, all of the Balkan countries have something in common - all of them are turned to the European Union and their future is seen as its members. Some of the Balkan countries succeeded in achieving this ambition. The oldest Balkan European Union member is Greece, and in the last two rounds of expansion this status was granted to Slovenia, Romania and Bulgaria. Croatia, which will for sure become the 28th European Union member state in 2013, should be added to this group. Separate groups of Balkan countries make up the "Western Balkan" countries: Albania, Bosnia and Herzegovina, Serbia, Montenegro and Macedonia. In these countries, the transition process has not been completed yet, they are burdened by numerous unsolved internal and mutual political problems, and in terms of economic parameters and the population living standards they are at the very bottom of European economic list. Turkey also belongs to the Balkan Peninsula as the economically-geographically biggest country with which other Balkan countries have developed economic relations and like the other Balkan countries, has the ambition to become a full member of the European Union. Considering the Balkans as a whole, it may be said that in a geographical and political sense, they represent a part of modern Europe, whereas in a socio-economic sense they represent its least developed part. This has its historic dimension, and also it may be seen through the context of modern inter-regional political and economic relations.

THE BALKANS AT THE TURN OF THE CENTURY

The Balkan region has been inhabited since ancient times by ancient human communities. The turbulent Balkan history has also been the history of civilization, especially that of old Greece and Byzantium, the appearance and schisms in Christianity and the spreading of the Muslim faith through the expansion of the Ottoman Empire in its region. Historical events and turmoil stipulated great demographic trends and the involvement of the people within the Balkans and migrations from the Balkan region towards surrounding countries. The result of these continuous and mass demographic fusions, assimilation processes of smaller Balkan nations, conflicts, wars and historic turmoil, is the complete inability to create completely pure national states, but instead to form a unique mixture of peoples and religions in the Balkan region. For centuries the created ethnic mosaic in the Balkans often dictated the quality of the political, social and economic relations of the countries from the region. The juxtaposing and blending of dozens of ethnic groups and

three great religions: the Orthodox, Catholic and Islamic, on a relatively small area, have led to numerous tensions, causing political and other forms of region instability.¹ It is a fact that there is not much opportunity for a simple dialogue and compromise solutions in complex relations in a *multiethnic* region such as the Balkans. This fact has been known and present throughout Balkan history, but it may be said that by the end of the last century, with the coming of the globalization processes and regional connections, it has become the real "breaking force". It will, for most of the countries in this region, complicate, even stop further development and most of them will stay on the margins of modern European and world global flows. The conflict and wars which led to territorial Balkan fragmentation, turned new countries into opposing sides and conditioned the lack of dialogue which would move the focus from joint intolerance to some constructive forms of political and economic cooperation.

The 1990s, for all the Balkan countries was the lost decade. Apart from Turkey and Greece, where the capitalist way of business is a tradition, the rest of the countries found themselves in, for them, a completely new political and social world order which imposed new challenges and demands appropriate for the new era. Then, the rather weak political position of the newly created Balkan countries in the European context, was additionally disintegrated by the leading political powers of Western Europe and the USA. The fact that the Balkans have an advantageous geographical position, and are the "main buckle" between the east and west, that they are strategically open on all four sides of the world and are in themselves a big market, focused the attention of the leading actors in the globalization process on this region. The Western European tendency to take control over the Balkans started to develop. At the same time, the politically disintegrated and economically disoriented Balkans did not oppose this whatsoever, but turned themselves toward the west, clearly expressing their decision to join the Euro-integration process. The enforcing of this philosophy was contributed to by constant mutual conflicts and wars waged during the 1990's, and resulted from the attempt of some Balkan countries to achieve the ambitious plans for ethnically pure state, thus, in a social-political sense, freeing themselves of the degrading "Balkanization" connections which pulled them to the bottom of the developing European scale.² That is why this decade is represented by "idle" in inter-

¹ The ethnic picture of some of the Balkan countries by the end of 1990's was: Bosnia and Herzegovina: Bosnians 43,7%, Serbs 31,4%, Croatians 17,3% and Yugoslavs 5,5%. Bulgaria: Bulgarians 85,3%, Turks 8,5% and Roma 2,6%. Croatia: Croatians 89,6%, Serbs 4,5%, others 5,9%. Macedonia: Macedonians 64,2%. Albanians 25,2%, Turks 3,9%, Roma 2,7%, Serbs 2,2%. Romania: Romanians 89,5%, Hungarians 6,6%, Roma 2,5% and others. Yugoslavia (SRY): Serbs 62,3%, Albanians 16,6% Montenegrins 5%, Bosnians 3,3%, Hungarians 3,1%. Source: Golubovic, Petar and Markovic-Krstic Suzana (2006): Demographic and Ethnic Structures of Balkan Societies, in: Cultural and ethnic relations in the Balkans- regional opportunities and European integrations, editor: Ljubisa Mitrovic, Faculty of Philosophy, Nis, pg.77.

² The Balkanization phenomenon was the research topic of many social and political science authors, and often a part of the modern politicians' rhetoric. In the analysis of Balkanization, it was given a different meaning, but generally it all boiled down to the same result – that in Balkanization the main reason for the fact that economic and political processes in the Balkans are not developing in the desired dynamics and are not in accordance with global processes. The fact that the Balkans represent a unique conflict arena of the two basic forms of Christianity and Islam, also follows the development of the specific social and cultural phenomenon which is presented in the term Balkanization and which completely describes the philosophy of life in such a region. The Balkans are an area where there is an intersection of civilization areas; the area which illustrates the Huntington thesis that on the rims and edges, where different religions, cultural circles meet and where there are imperfect

regional relations in the Balkans and is a major milestone upon which the re-normalization of relations and cooperation will demand a lot of time and mutual compromise.

During the first decade of the 21st century there has been a certain progress in the political dialogue development which is the basis of economic cooperation restoration between Balkan countries. The Balkan countries initiative for mutual connection and cooperation was conditioned, on the one side by the European union initiative for such connections, and on the other the Balkan countries (especially those in transition) awareness of the fact that we are all "in the same boat", that is, with all the existing differences and historical scars, a zone of mutual interest has to be found for any progress in their economic and social development. However, bilateral relations between the Balkan countries are, still, even after more than a decade, after the ending of war in the region, burdened by historical heritage. This is especially true of the countries in the area of former Yugoslavia. Although there has been a certain improvement in their political relations, although the multilateral commitment in economic cooperation has given certain results, the end of 2012 has brought in new tensions in the bilateral relations of Serbia and Croatia and in the relations of Serbia and Kosovo.³ New destabilization of the political relations in this part of the Balkans will significantly diminish the potentials for the continuation of constructive economic dialogue between them, which will have negative consequences for the image of the Balkans and Europe in the world.

ECONOMIC CONSEQUENCES OF THE ABSENCE OF POLITICAL DIALOGUE

In the political fight and political conflicts in the Balkans, often the economy, that is foreign trade was used as an instrument of mutual conflict between the opposing countries and sides. Thus, for example, during the 1980's, at the very beginning of the Yugoslav crisis, Serbia introduced a boycott of Slovenian goods on its market and at the same time used measures to limit export of goods to the Slovenian market. An example that confirms this fact is the introduction of economic sanctions on SR Yugoslavia by the USA and EU, at the beginning of the 1990's. All of the Balkan countries had an active role in the sanction implementation, and some of the former Yugoslav republics were outstanding in their persistence. During the first half of the 1990's, by the introduction of the economic blockade on the Drina, Serbia stopped its economic relations with Bosnia and Herzegovina. Recently, since the proclamation of Kosovo's proclamation of independence, the opinion has been, as the Serbian response to the unilateral proclamation, that all economic rela-

and torn borders, the phenomenon of the clash and conflict of culture is most often and most intensely achieved, leading to wider social conflicts or are often a part of wider conflicts connected to political and economic interests and group hegemony." Strojko, M. (1992): *The Secrets of the Balkans*, collected works Geopolitical Factors balkanization, in: *Secrets of Balkan-* monograph on geopolitics, Student Cultural Center Belgrade, pg. 204-205.

³ The Hague Tribunal decision to free two Croatian generals accused of war crimes in the military-police operation "Storm" and the decision which liberated the former Kosovo prime minister will for sure have negative consequences on the process of reconciliation in the region which is the condition for all other kinds of cooperation. Also, the problems concerning the procedures on the administrative borders between Serbia and Kosovo, slowing down the flow of goods, and the political tension concerning the investigation of illegal human organs trade, have once again led to all of the Balkans being referred to by their almost forgotten attribute "the powder keg".

tions with Kosovo should be stopped. Although, at first it seems that the use of foreign trade as an instrument of political dispute between countries is characteristic only of the Balkans, at the level of global political relations there are numerous examples of economic sanctions application and limitations in foreign trade for the achievement of political objectives. And still today there are cases that after some of the "incidents" in political relations between countries in the world, economic sanctions as a measure of political conflict resolution are proposed or implemented. On the other hand, the improvement in the political relations between countries often is positively reflected on the quality of their economic relations and cooperation.

Despite the fact that during the first decade of the 21st century there was a positive change in political relations between the Balkan countries and that, as a consequence, the economic dialogue and trade cooperation between them was intensified, the volume of their mutual trade remained low. It is a fact that their proximity and neighboring markets in the Balkans does not mean much in terms of mutual trade. The exception in this sense are Greece, Romania, Bulgaria and Turkey which are not burdened by their past, at least not at the level at which the rest of the Balkan countries are. The mutual trade of these countries is more conditioned by the size of their markets and the level of their economic development, but less so by the reasons referring to foreign trade policy of each Balkan country individually. On the other hand, it is obvious that there is also a certain level of trade cooperation between the states which developed after the disintegration of the former Yugoslavia. It is understandable if it is considered that many companies from the former SFRY did business under the same conditions and within a single market, and that after the year 2000 many of these business connections were renewed. The data show that foreign trade activities are specially emphasized in Bosnia and Herzegovina, Macedonia, Serbia and Montenegro. However, the achieved scope of foreign trade is not even close to the one shortly before the disintegration of the former Yugoslavia. If we take into account that in 1987, more than 50% of total production of the federal units was sold on the markets of the other republics and that in 2000 the export to former republics was drastically reduced to 26%, one is to conclude that foreign trade exchange is on a descending trend in this part of the Balkans. (EBRD, 2004: 40)

The export potentials of Balkan countries are oriented towards the European Union market and each of the Balkan countries distributes more than 50% of its export on this market. This is logical if we take into account the low level of production development and unfavorable (mostly homogeneous) export structure of all the Balkan countries where prime products and products with a lower degree of finalization dominate. Similar export goods offered to the Balkan countries does not allow a lot of room for maneuvering, for mutual trade communication, but it is a fact that developed countries of the Western European markets have a great demand for prime products and half products, and this demand is successfully achieved by the import from Balkan countries. For example, in 2010 in Albania 75,4% of the total export was meant for the EU market, Bosnia and Herzegovina 72,6%, Croatia 61,7%, Macedonia 61,4%, Serbia 60,2%, Montenegro 89,4% whereas Turkey participated with only 46,3% (<http://trade.ec.europa.eu>). The Balkan countries, EU members, also give an advantage to the EU market while other markets are secondary. For example, in 2011 Romania directed 71,1% of its production to the EU market (Romania info business). The markets of the neighboring Balkan countries are of secondary importance, right behind the EU while an insignificant amount of export goods

are aimed at Russia and some African countries. In the same year, Bulgaria, as an EU member, placed 78% of its export goods on this market, almost 20% on the neighboring markets and the rest on third markets (the daily paper *Politika*, 03.12.2011.). Greece pays less attention to the EU, and exports to this market only 51% of its total export goods, and the rest of the export revenue comes from the USA, Russia and Switzerland (<http://www.investingreece.gov.gr>). The Slovenian export into the EU in 2011 was 65,5% of its total export, and the majority of the remaining part was directed to the Western Balkan region and big markets such as the USA and Russia (<http://www.makroekonomija.org/slovenija>).

When it comes to import, the situation is similar. The data confirm that in the Balkans, a very low percentage of import demand is completed by inter-regional trade, and a greater part of the imported products come from the European Union, Russia, China and other countries. Data from 2010 confirm that the Balkan countries mostly imported from the EU: Albania 68,6%, Bosnia and Herzegovina 64,8%, Croatia 60,7%, Macedonia 53,4%, Serbia 65,3%, Montenegro 69,2% and Turkey much less than from the others, only 46,3% (<http://trade.ec.europa.eu>). Also, imported products purchased by Balkan EU members mostly originate from this integration. As much as 72,6% of the total value of Romanian import is from the EU (Romania infobusiness). Up to 58,1% of the overall Bulgarian import comes from the EU market (the daily paper *Politika*, 03.12.2011.), while for Greece it is a little less and is 54% (<http://www.investingreece.gov.gr>). Slovenia, as a country from this group, purchases most of its import needs from the EU, up to 74,7% (<http://www.makroekonomija.org/slovenija>). The rest of the import demand of the Balkan countries is purchased from China, the USA, Russia, Switzerland and other countries.

Investment cooperation between countries of a certain region, together with foreign trade, is the indicator of an economic dialogue existing within the region. Already known and described problems which burden the Balkan countries are obstructions for foreign trade development relations, and are equally unfavorable for investment activities among these countries. This is especially true of Western Balkan countries, where, due to long lasting deindustrialization and the collapse of the economy systems, economic activity is far below the level for pursuing a positive investment policy. Today, these markets are permanently opened for the inflow of foreign investment, while they themselves are unable to make a significant move in foreign investments. The exception are Serbian investments in Bosnia and Herzegovina (that is, the Republic of Srpska) and Croatian investments in Bosnia and Herzegovina, Serbia and Montenegro. However, the volume and quality of these investments is far from what is possible and desirable. The leading investors in the Balkans are Turkey and Greece. The impressive fact is that in the countries of the region at the moment there are 1.075 Turkish companies that are operating, with a 4,7 billion dollar investment (the daily paper *Danas*, 19.12.2012., pg. 6). Turks invested the most in Romania and Bulgaria, but besides numerous bilateral agreements, among which is the one of free trade, and numerous meetings between business people, the investment in Serbia (and other countries in transition) is still very modest. The second important investor in the Balkans is Greece. As it is written in the daily paper *Blic*, in the text entitled: "Greece Crisis Affected the European Perspective of the Balkans" as of 10.11.2012. pg. 4, until the appearance of the first economic world crisis wave in the Balkans in 2009, Greek investment in its neighboring Balkan countries was approximately 12 billion EUR, 4.000 Greek companies were opened thus providing 200.000 new jobs. The greatest part of the Greek investments were directed to: Albania, Serbia, Montenegro,

Macedonia and Bulgaria, and mostly were invested in the financial sector. Unfortunately, the heating up, and then escalation of the Greek debt and economic crisis conditioned the "melting away" of these investments and the Greek withdrawal as the most important investment actor in the Balkans. Slovenia is also one of the important investors in the Balkans. The retail chain store "Merkator" can be found in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Serbia and Montenegro. Companies such as "Gorenje" and "Tiko" have also developed networks of offices widespread throughout the Balkans. However, the world economic crisis and problems in Slovenian economy have influenced and continue influence the radical reduction of the Slovenian presence in investment activities in the Balkans.

Investment in the Balkans of Romania and Bulgaria are also not in accordance with the investment potentials that these two countries have. Considering that both countries are EU members, numerous agreements exist on mutual cooperation and investments. However, such a means of communication with the rest of the Balkans is not on a significant level. Bulgaria, as a neighbor, is present as an investor on the Serbian market, but the data that the volume of these investments has been reduced from 29 million EUR in 2007 to 377.000 EUR as of 2008 indicate that there are also negative consequences of the world economic crisis in Bulgaria. (Serbian Chamber of Commerce). That the Bulgarian economy is deeply in crisis is shown by this country's public offer to grant Bulgarian citizenship to investors who invest at least 500.000 EUR.

The analysis of the total foreign trade flows of the Balkan countries shows that the economic dialogue between the Balkan countries is not as represented as it should be to provide more intensive foreign trade and investment cooperation between them. Unlike other regions in the world, where the economic cooperation is developing intensively under the influence of globalization and regionalization, this is not the case in the Balkans. It is expected that new conditions and new circumstances brought by these processes will contribute to the reform of the existing relations in the Balkans in the sense that they will establish mutual political and economic relations more easily and more efficiently. The intense approaching of the Balkan countries to the European Union and measures that are taken by Balkan countries to finally become member states are in favor of this. EU membership should eliminate the remaining administrative and economic barriers in joint trade between the Balkan countries and standardize trade conditions to principles within policies pursued by the EU. The process of this standardization has already been intense, but many things depend on the Balkan countries themselves, their will and readiness to accept decisions dictated by new power relations on the world political and economic scene. In the Balkan region, especially in countries in transition, there still exist numerous political tensions which prevent constructive economic dialogue. The European Union helps and offers initiatives and help for solving the strained relations. However, the responsibility still lies with the Balkan countries. The readiness to find adequate political solutions and acceptance of the fact that they cannot be satisfactory for all parties will direct the route of their economic development in the future.

THE INITIATIVE FOR INTER-REGIONAL COOPERATION AND THE ACHIEVED RESULTS

The newest stage of the globalization process whose beginning is connected to the last decade of the 20th century and the end of the Cold War between the East and West caused the acceleration in the cooperation between all the regional parts of the world. Concerning the content, aims and the ways they are achievement, regional agreements offered by the process of globalization are substantially different from those in the past. Today, instead of the stimulation of a group of countries or regions in isolation, the insistence is on a wider opening of countries to each other, the removal of barriers in mutual cooperation and uniting of economic and other potentials aiming to improve the positions in international political and economic relations. Although the above mentioned period in the Balkans was characterized by political conflicts, the demolition of a political and economic order without a clear vision of how to create a better and more efficient one, the Balkan countries could not stay out of the globalization process and the rules according to which new power relations in the world are tailored. The nineties, according to the essence of the events, lacked any initiative for inter-regional connections. New independent countries perceived their political and economic future as European Union members and all their powers have been directed toward joining this integration. The European Union has also showed interest for expanding to the East and in this mission recognized the Balkans as an extremely favorable area from the aspect of their geopolitical location and market size. However, the EU pre-accessing applications to the Balkan countries referred to (and still do) mutual reconciliation, the development of good neighborly relations and improvement in their mutual cooperation. EU numerous initiatives had the aim to strengthen the connection between Southeast Europe countries, and also within the Balkan countries and Turkey, thus preparing them for life in one complex integration such as the EU.

It seems that a great number of regional initiatives, which include the Balkan countries, for long time have been in inverse proportion to the real level and readiness of these countries for regional cooperation. A certain number of these initiatives were not primarily focused on the Balkans, but Balkan countries participated in them as a part of a wider European area. For example, Central European initiatives (seventeen member countries, from Italy to Belarus) and the Black Sea Economic Cooperation (eleven countries along the Black Sea coast but also Greece and Albania). Among the newer initiatives of this type are, for example the Adriatic- Ionic Initiative as well as the Cooperation process on the Danube started by Austria and Romania (D. Lopandic, 2007: 66-70).

As for the other initiatives which are primarily focused on inter-Balkan regional cooperation and which aim to open the way for the Balkans toward Euro integrations, the Stability Pack for South East Europe (PS) might be mentioned first of all. The forerunner of this organization is the Stability Pact in Europe which originated in 1993 and referred to cooperation between East and West European countries. The basic motive was to establish the political dialogue in the Balkans and stop the spilling of conflicts from Yugoslavia into other parts of Europe. The Stability Pact in South East Europe was founded in June 1999, on the same day when the NATO bombing of SR Yugoslavia stopped. The Pact mission lasted until 2008, when the formal successor was named – the Regional Council for Cooperation with headquarters in Sarajevo. The sense of the change was in giving greater importance to initiatives coming from the Balkan countries themselves, and the EU and other international organizations to withdraw from the position of the initiator

of cooperation on the Balkan position. This change should be understood as a new phase which brings a higher degree of region responsibility, but at the same time is an acknowledgement to the region itself that it is able to, with its own strength, define its priorities and create the ways of achieving them.

The other two initiatives, which are compatible with the Regional Council for Cooperation, are the Cooperation Process in South East Europe and Stabilization and Association Process. Both initiatives were, like previous the one, initiated by the EU, and cover all areas which should contribute establishing firm foundations for the development of interregional cooperation in the Balkans: the development of democracy and human and minority rights, strengthening cooperation in terms of economy, sustainable development, environmental protection, culture, education, safety and the fight against organized crime. However, with all the help of the international community and the EU itself, the majority of these questions have not been solved yet at the above mentioned level, which confirms the absence of a political dialogue on the Balkans and the desire for a firm mutual connection between the countries in this area.

The idea of creating a free trade zone in the region of South East Europe and the Balkans is the one of those most trusted ideas for strengthening the connections between countries from this area and bringing them the expected benefit. In the beginning, as the background for creating a free trade zone, there were bilateral agreements between South East Europe countries. A great number of these agreements were signed, although between the signatory countries there was often no political will for these moves. But, through great EU pressure and other international organizations, a complex network of bilateral agreements on foreign trade was created whose application objectively could neither be consistent nor simple. The solution was found in uniting the mass of bilateral agreements in one unique CEFTA Agreement with provisions valid for all signatory countries. Membership of the CEFTA Agreement represented, and still do some kind of "lesson" to member countries for joining the EU. That is why this Agreement, when some of the south East Europe and Balkan countries joined the EU, changed its structure concerning the number of members, but the essence of the Agreement has remained the same and includes:

- The consolidation of the existing level of trade liberalization achieved by the network of bilateral agreements on free trade;
- The improvement of conditions for further refining of investing, including foreign direct investments;
- The definition of clear, stable and predictable rules which should encourage trade, services and investments;
- Eliminating the barriers and irregularities in trade and the movement of goods and services between territories, parties;
- The creation of equal conditions of competition which impact foreign trade and investments and gradual opening of the market for public procurement of parties in this agreement;
- Providing the appropriate protection of intellectual property rights in accordance with international and other standards (S. Golubovic, 2008:105)

The newest CEFTA Agreement version was signed in Bucharest in 2006 and includes countries of the West Balkans and Moldova (the text of the declaration was published in the magazine *International Politics*, No. 1122, pgs XXV-XXVI, the Institute for Interna-

tional Politics and Economy, Belgrade, 2006). Apparently in 2013 there will be a new restructuring of the Agreement considering that Croatia will become an EU member and then a new version of the CEFTA Agreement will come into force bringing something new to the economy dialogue improvement between signatory countries, but unfortunately some old problems will persist. These problems have roots in the historic heritage of Balkan countries and refer to complicated administrative proceedings at border crossings, the discrepancy of work between customs and inspection services and the mutual repudiation of national certificates on the origin of goods. Also, lowering and eliminating tariffs and non-tariff barriers are in a great number of cases inconsistently carried out. The CEFTA Agreement signatory countries play that role, not by their will, but upon the EU initiative, and this is not the right way to regional cooperation.

Although not a signatory of the CEFTA Agreement, it is obvious that there is a greater Turkish economic presence in the Balkans. As of 2000 up to now numerous agreements on free trade and other ways of cooperation have been signed between Turkey and the rest of the Balkan countries. The presence of Turkey is more intense in Balkan countries with a majority of the Muslim population. For example, Turkey with Albania has greatly developed foreign trade relations and financially supported the construction of infrastructure in this country. As of 2010, it signed a foreign trade agreement with Serbia. Turkey is the most present in Romania and Bulgaria in terms of investments, though this activity is spreading out into Bosnia and Herzegovina and Macedonia. Turkish investments in culture and education are significant for the south of Serbia and Montenegro. The cooperation of Turkey with other Balkan countries has a progressive flow is backed by the data that as of 2009 every year economic forums of business people from Turkey and the Balkan countries are held. The results of such a cooperation include a supranational committee whose activities include: the transit of goods to Europe via the Balkans, energy cooperation with Turkey and other Balkan countries and joint conquest of natural resources.

Although the regional cooperation in the Balkans is considered in a very narrow context of joining Euro-integrations, it has to be taken into consideration that it, for the Balkan region itself, in the long run may have a number of positive effects. These effects are most often in making good neighbor relations and the remaking of joining trust between countries in the region. Considering the present results in regional cooperation one can have the impression that it functions better when it is accepted as an EU request than when the initiative comes from one of the Balkan countries. The initiative for regional connecting is not a formal precondition for joining the EU, but a real indicator of our ability to successfully finish the transition period. Regional cooperation may not be conducted from the outside, but from the region itself (D. Uljarevic, 2007: 9). The future of the Balkan region is in EU, no matter how unlikely it may sound. It is up to Balkan countries to express in the process of mutual cooperation that they have achieved a certain level of maturity and ability to come to a compromise solutions in their dialogues which will help them become a part of Europe not only geographically but in all other aspects.

THE INCREASE IN EURO SCEPTICISM AS A CHANCE FOR A NEW INTER BALKAN DIALOGUE

It may be said that there is disappointment in the Balkans for the European Union and its foreign politics towards member countries and those which pretend to be. Riots in

Greece and Slovenia caused by the social and economic problems of these two countries send a clear message to the European Union leaders that the policy of austerity cannot be a stimulus and support to sound economic development. The decrease of production and an increase in unemployment after 2009, as the youngest EU members, Romania and Bulgaria, influenced "EUphoria" to calm down in these countries and enhance the defense mechanisms against the possible "Greek script". It is a fact that all Balkan countries, whether members of the EU or not, have a problem with high public spending, a foreign trade deficit and high external debt and their fear of a crisis in their economies is justifiable. Countries in transition (countries of the Western Balkans) and Turkey are disappointed by the achieved step toward EU membership and express certain resistance to the new requests by the EU which are popularly named the "carrot and stick policy". The acceptance of EU requests in these countries is like an uncertain assumption for the continuation of the expansion process, and it does not offer a guarantee for the process to go predictably and that it will really come to an end through membership. All of the Balkan countries in transition are, regardless of the status they achieved in their negotiations with the EU, today somewhere at the half-way mark to membership. The world economic crisis, which really disturbed the economic, and then political foundations of the European Union, impacted the change of viewing and experiencing this integration from the aspect of the Balkans, that is, the increased Euro skepticism between them. In the years after the crisis it became obvious that neither the old nor the new EU members are able to find a solution for the upcoming economic problems. In the middle of the last decade there was a public talk on inter-EU poverty. According to EU criteria, poor citizens are those who have an income of less than 60% of the average national income.

According to a study from 2007, 60 million Europeans or about 16% of them may be considered poor (A. Giddens, 2007: 74). Today, five years later, 120 million inhabitants of the EU are at risk of poverty, that is 24, 2% (Eurostat).

The afore mentioned data substantially diminished the great optimism which in the previous decade was found among the pretenders for membership and increased euro skepticism, to be precise, doubt that the benefits from membership would be as great as they used to be.

Table 1. Public opinion of the Balkan countries in transition on EU membership 2011 (in %)

	Good thing	Bad thing	Neutral	Do not know
Albania	87	1	8	3
B and H	56	19	22	3
Croatia	24	37	35	4
Macedonia	60	8	23	3
Serbia	36	20	36	8
Montenegro	58	6	23	13
Turkey	45	26	19	10

Source: Data for Turkey: Euro barometer; http://ec.europa.eu/public_opinion; data for all other countries: Gallup Balkan Monitor, <http://www.balkan-monitor.eu/index.php> all available: December 2012

The afore mentioned data undoubtedly show that the interest in EU membership among the Western Balkan countries and Turkey is less than expected. The newest Turk-

ish government foreign policy moves are obviously of a wider orientation to South East Europe and a certain distance to the EU which is the result of having had candidate status too long without announcing any certain concrete moves towards membership. It is obvious that, of the other Balkan pretender for membership countries, the citizens of Croatia express the greatest doubt of the EU although it is evident that Croatia will become the 28th member of this integration. Euro skepticism is increasing in Serbia as well, as a result of increasing international community pressure concerning the Kosovo and Metohija status. In these three countries less than half of those questioned were for joining the EU while in the rest of the countries enthusiasm concerning the EU is still present and the hope that the benefit of membership will exceed all the effort. It is interesting that Euro enthusiasm is the strongest in Albania which has not made great progress concerning the contracting relations with the EU and which even still does not have candidate status.

There is the question of the EU citizens' opinion on its expansion into the Western Balkans and Turkey. In 2004 the penultimate circle of enlargement which included 10 countries of south East Europe, and the last circle of expansion in 2007 were perceived as rushed and badly prepared. There is the opinion that these circles of enlargement additionally complicated some economic and political problems in which modern European Union has been. Today in the EU, further enlargement is not only not a priority, but the majority of the citizens are against further expansion into the Western Balkans and Turkey. Even when the EU consisted of 25 member countries, less than half of its citizens (46%) supported its further expansion, dominated by Germans (64%, European Commission). Today, expansion is not on the list of priorities any more, but the number of opponents is not decreasing. Talking about the Western Balkan countries, the greatest affection is paid to future Croatia membership in the EU, while the greatest resistance is expressed towards the poorest and politically most unstable members of the European outskirts: Albania and Serbia. This relation is often justified by "enlargement fatigue", but there are more complex political, economic and cultural reasons and parameters upon which the "degree of desirability" is defined for future members.

Table 2. EU attitude on enlargement (in %)

	For	Against	Neutral
2007 (spring)	49	39	12
2007 (autumn)	46	40	14
2008 (spring)	47	39	14
2008 (autumn)	44	43	13
2009 (spring)	43	46	11
2009 (autumn)	46	43	11
2010 (spring)	40	48	12
2010 (autumn)	43	45	12

Source: Euro barometer http://ec.europa.eu/public_opinion/index_en.htm

It is a fact that the Western Balkans and Turkey not even after more than twenty years of pro-Europe policy, are not welcome in the EU. Further engagement in this direction is the further acceptance of the "stick and carrot policy". It is obvious that this policy does not give firm guarantees that the complete reforming of political and economic ambience

of Western Europe and Turkey really will result in their final fitting in the great puzzle of the European Union. On the other hand, the citizens of the Western Balkans are expected to feel further enthusiasm concerning Euro integrations, despite the Slovenian, Romanian and Bulgarian experience of not having the expected (Stratfor, 2006). There is a very small number of initiatives which would allow any level of Balkan countries mutual connection and ambitions for the EU, which have for some time, been put *ad acta*. Turkey is the exception, protesting against many decades of uncertain EU policy, and it has lately extended its foreign policy wider to South East Europe. A study conducted in 2005 showed that more than 50% (more precisely 56,6%) of those interviewed agreed with the claim that the Balkans would benefit more if they achieved mutual cooperation than if they oriented their aspirations to the EU and USA (Lj. Mitrovic, 2005: 27). The Balkans are a great market with a population of more than 60 million. The economic joining of the Balkans may be the way to some higher forms of cooperation in the future. Uniting of existing resources and production potentials with a good mutual production strategy for export may open the door of some big markets such as China or Russia to the Balkans. The EU is a striking example of how much the initial small mutual economic interest may develop, that is, the desire for economic dialogue. The same recipe may be tried out on the Balkans. Turning to concrete jobs which give benefit to all, would render Euro skepticism and euro Enthusiasm unimportant, and the "fatigue" of enlargement and fear of new conditions and tasks would be replaced by new energy with much less "idle work" and much more creativity, new ideas and mutual respect.

CONCLUSION

The actual situation and problems in the economic relations in the Balkan countries are stipulated by many decades of absence of intensive and constructive economic dialogue between them. It was, for sure, influenced by history and political and economic flows and changes happening from the 1990's up to now. The low economic development of the Balkan countries and low achievement of economic cooperation between them are, undoubtedly a consequence of the past. However, the actual globalization processes and regional connecting of the countries points to the fact that, for the purpose of a prosperous future of all Balkan countries, it is necessary to overcome the existing obstacles and find motives for economic (primarily foreign trade) cooperation. It is a fact that the consequent implementation of the requests and postulates of the transition process, in a way, degraded the economic system of the Balkan countries. As a result, there has been a change in the production structure and export of these countries in terms of prime products greater participation, raw materials and half products. At the same time the participation of industrial and technology intensive products in processing and export significantly decreased. In the world modern market, the production of most of the Balkan countries is graded as insufficiently competitive, resulting in their further weakening and decline. Balkan competitiveness and their position in international economic relations will improve through the economic dialogue itself, which would, first of all, include the models of mutual cooperation and then concrete measures and means of this cooperation. There are certain initiatives to take a step forward concerning mutual foreign trade cooperation and they are concretized by the CEFTA Agreement referring to the group of Balkan countries

in transition (as the most problematic group of Balkan countries). Apart from CEFTA, there are numerous bilateral and multilateral trade agreements, between all the Balkan countries, including EU members, countries in transition and Turkey, to make one functional matrix of foreign trade flows which will have a positive effect on each and every economy and will repair the image of the Balkans in international economic relations. However, there are obstacles and problems in the consistent implementation of these agreement provisions and they are the results, on the one hand of the historic legacy and political problems in international relations of the signatory countries, and on the other the result of their identical unfavorable export structure in which, with almost all the countries, the primary products are the strongest trump. So here is the vicious circle where the Balkan countries, in foreign trade exchange, do not have much to offer each other, and that is why they do not recognize serious foreign trade partners in each other. Their separate interests are directed towards the European Union market with more than 50% of foreign trade exchange. But, the low competitiveness of Balkan products on the European market prevents the exchange from having concrete results and a positive effect on the quality of individual Balkan country economies. The solution of the problem may be in economic dialogue, that is, in finding the mutual interest of the Balkan countries to unite production forces and find ways to respond to the complex Western European and world market requests. However, in the area of mutual engagement, the initiatives are often not completed or are inconsistently completed thus leading to no concrete results.

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EKONOMSKI I POLITIČKI DIJALOG NA BALKANU: NUŽNOST, PREPREKE I PERSPEKTIVE

Ivana Božić - Miljković

Cilj ovog rada je da ukaže na činjenicu da je ekonomski dijalog na Balkanu uslov opstanka balkanskih zemalja u procesu globalizacije. Smisao ekonomskog dijaloga je da se njime pospeši unutarregionalna saradnja u proizvodnji i trgovini i da se istraže mogućnosti kreiranja strategije zajedničkog nastupa na evropskom i svetskom tržištu. S obzirom da su balkanske zemlje u potpunosti okrenute ka Evropskoj uniji, neke kao članice, a neke kao pretendenti na članstvo, od međusobnog dijaloga mogu imati koristi i poboljšati svoju evropsku poziciju. Kao najveća i najjača politička i ekonomska integracija u Evropi i svetu, Evropska unija u svojoj politici proširenja daje prednost onim zemljama koje su u stanju da sa svojim okruženjem razviju kvalitetne dobrosusedske i ekonomske odnose. Sposobnost zemalja da sarađuju međusobno, garancija je da će se dobro snaći i u jednom širem i složenijem okruženju kao što je Evropska unija. Tu činjenicu posebno moraju imati u vidu balkanske zemlje u tranziciji, koje svoju budućnost vide pod okriljem Evropske unije, dok istovremeno, na planu unapređenja međusobne saradnje i saradnje sa ostalim zemljama Balkana, pokrenute inicijative imaju prevagu nad ostvarenim rezultatima.

Ključne reči: *Balkan, Evropska unija, ekonomski dijalog, spoljna trgovina, saradnja.*