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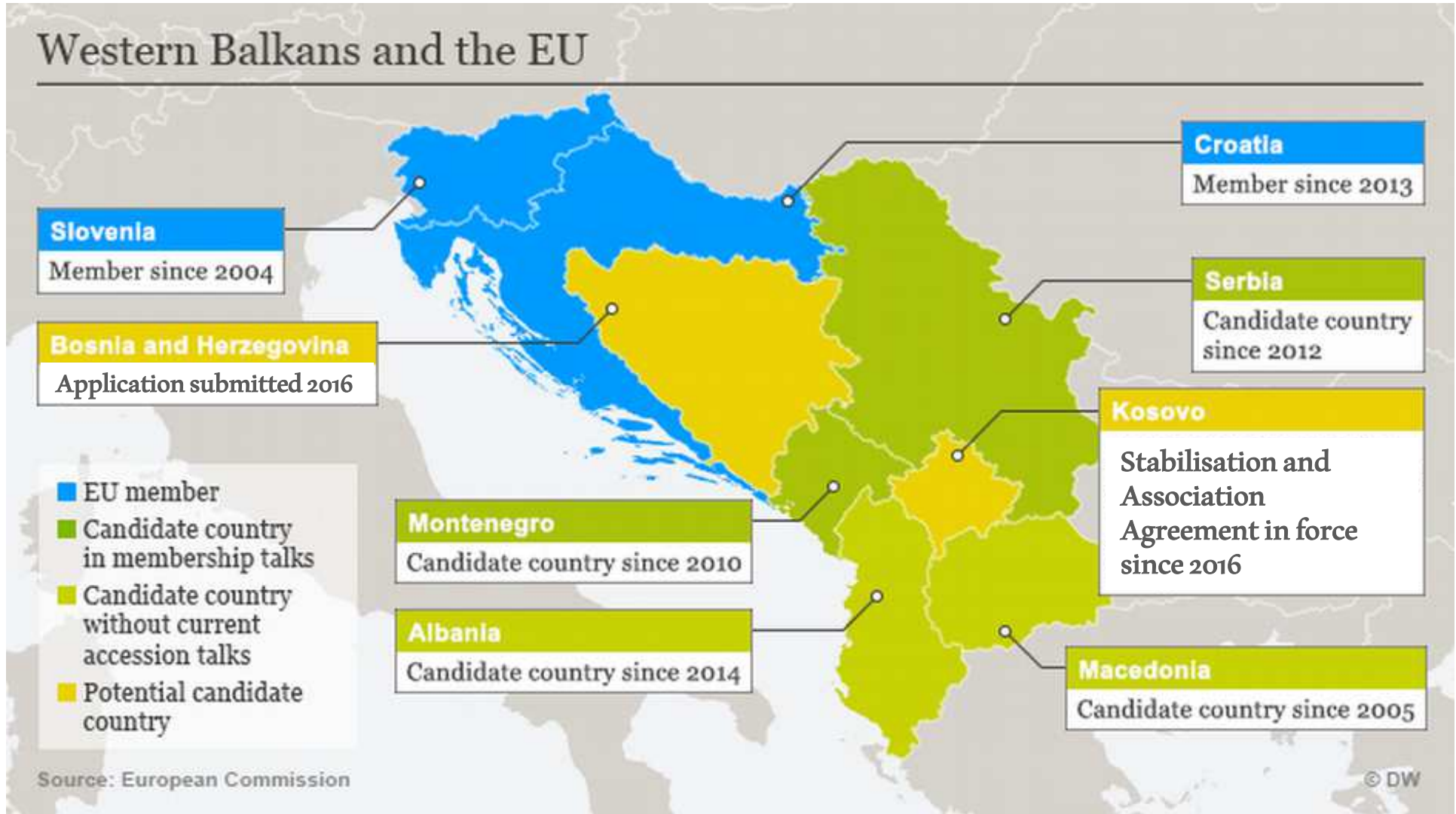
wiiw Spring Seminar, 12 April 2018

Western Balkan Accession Perspectives

Mario Holzner

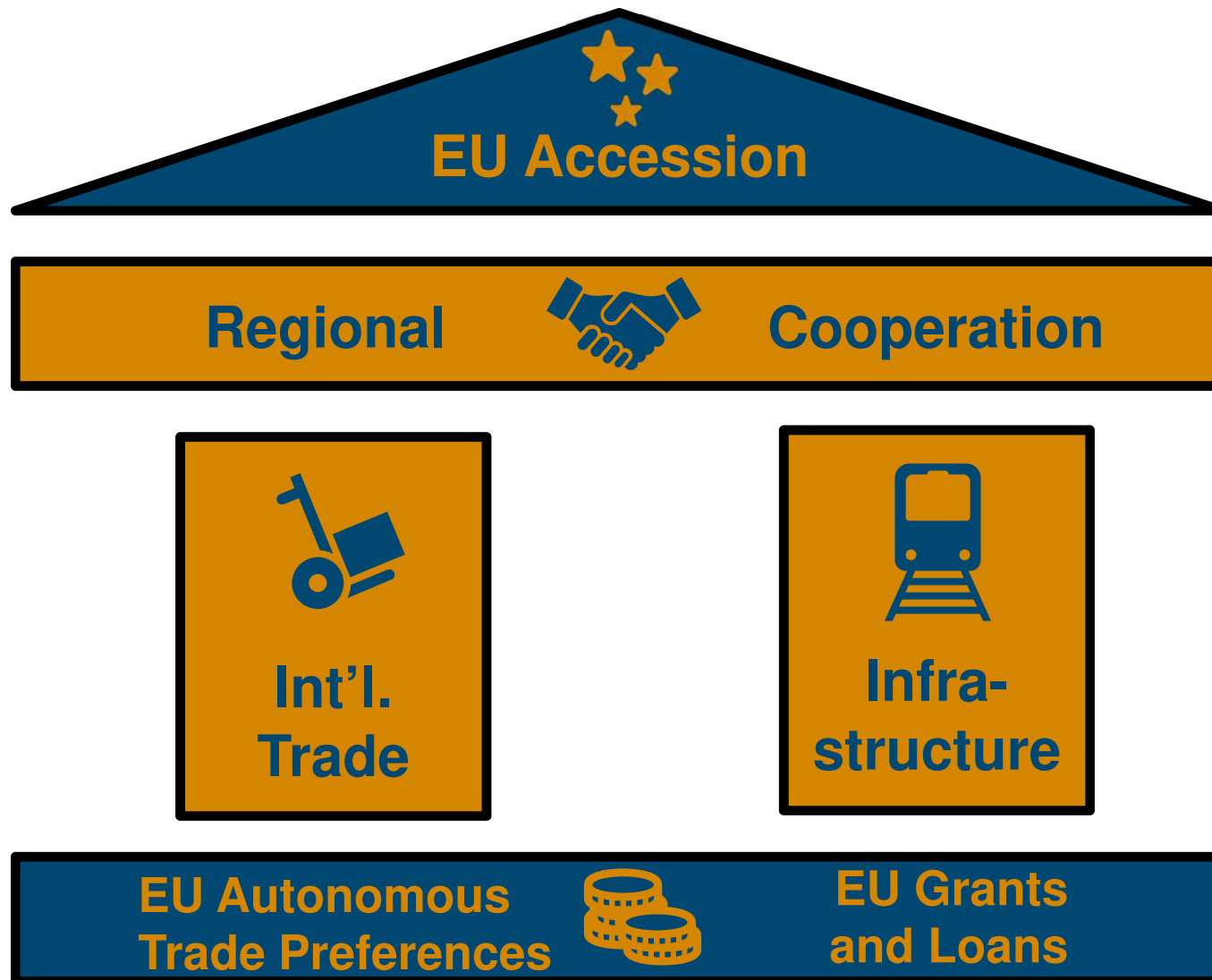
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Status quo: 15 years after the Thessaloniki promise



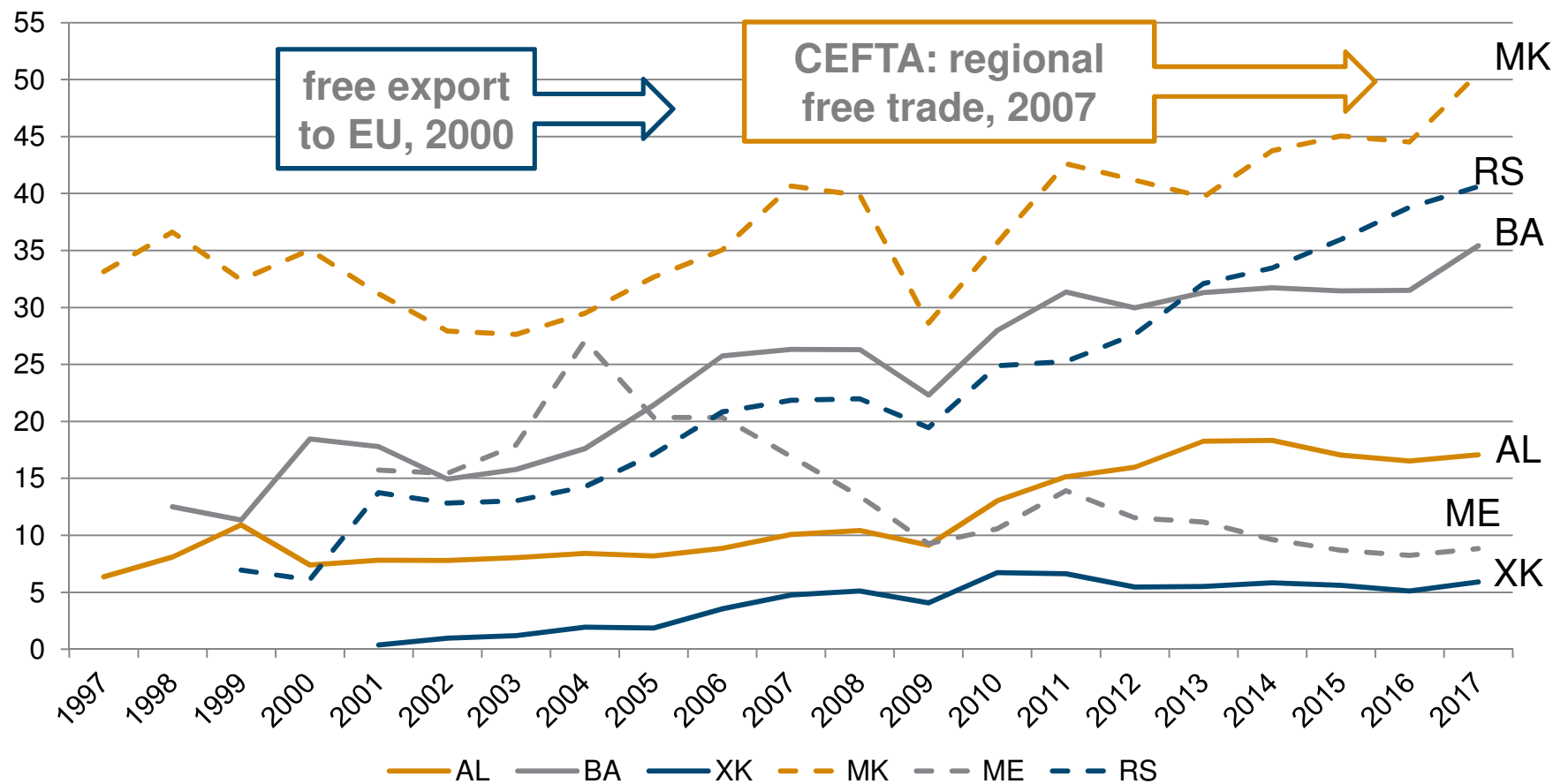
Note: As of December 2017 - Serbia: 12 chapters out of 35 opened, of which 2 preliminarily closed, Montenegro: 30 chapters opened, of which 3 preliminarily closed.

The EU strategy so far: Stability via connectivity



Successful free trade: export shares doubled since 2001

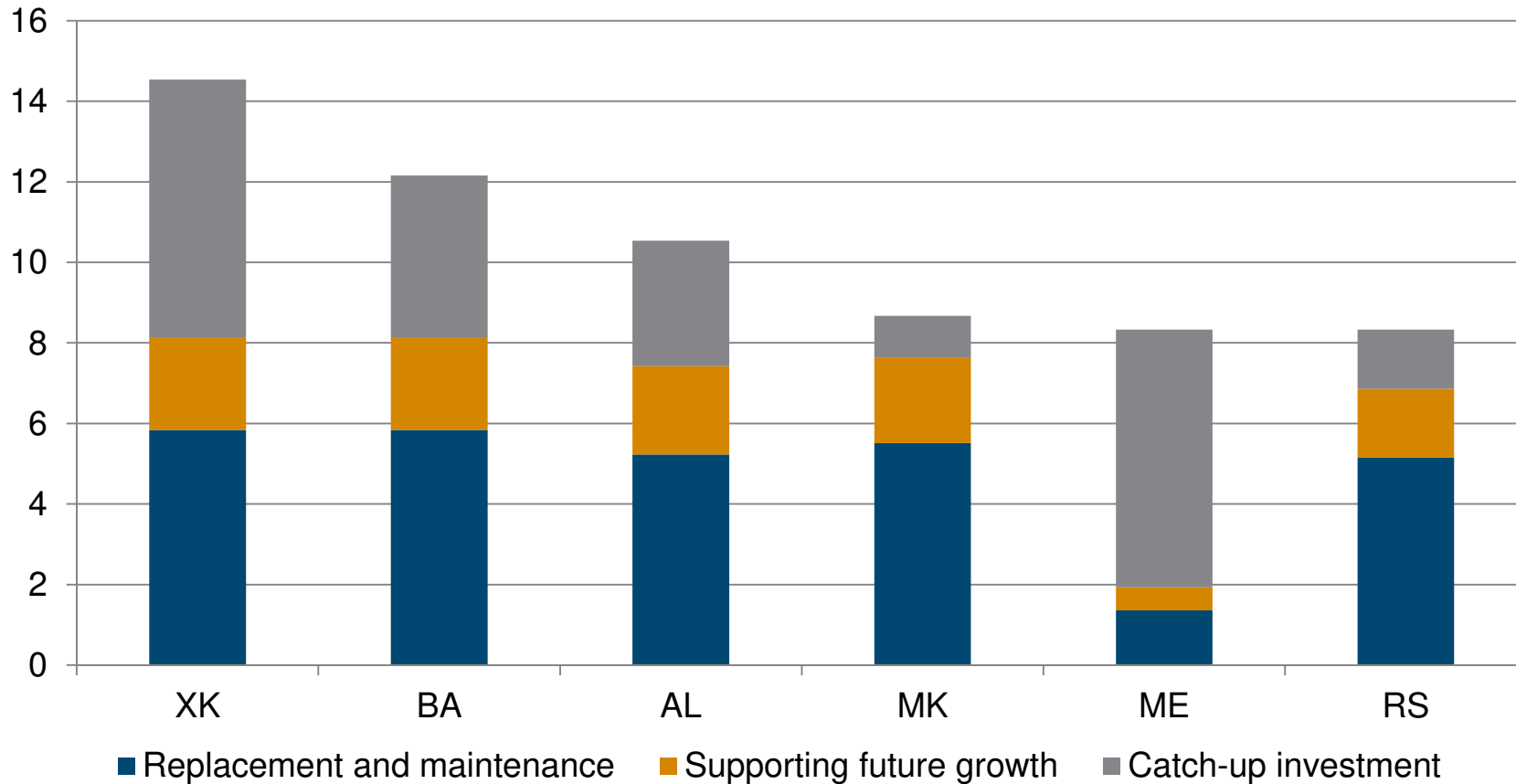
Goods exports in % of GDP



Source: wiiw Annual Database, wiiw calculations.

The overall infrastructural deficit is still massive

Infrastructure investment needs 2018-2022 in % of GDP per year

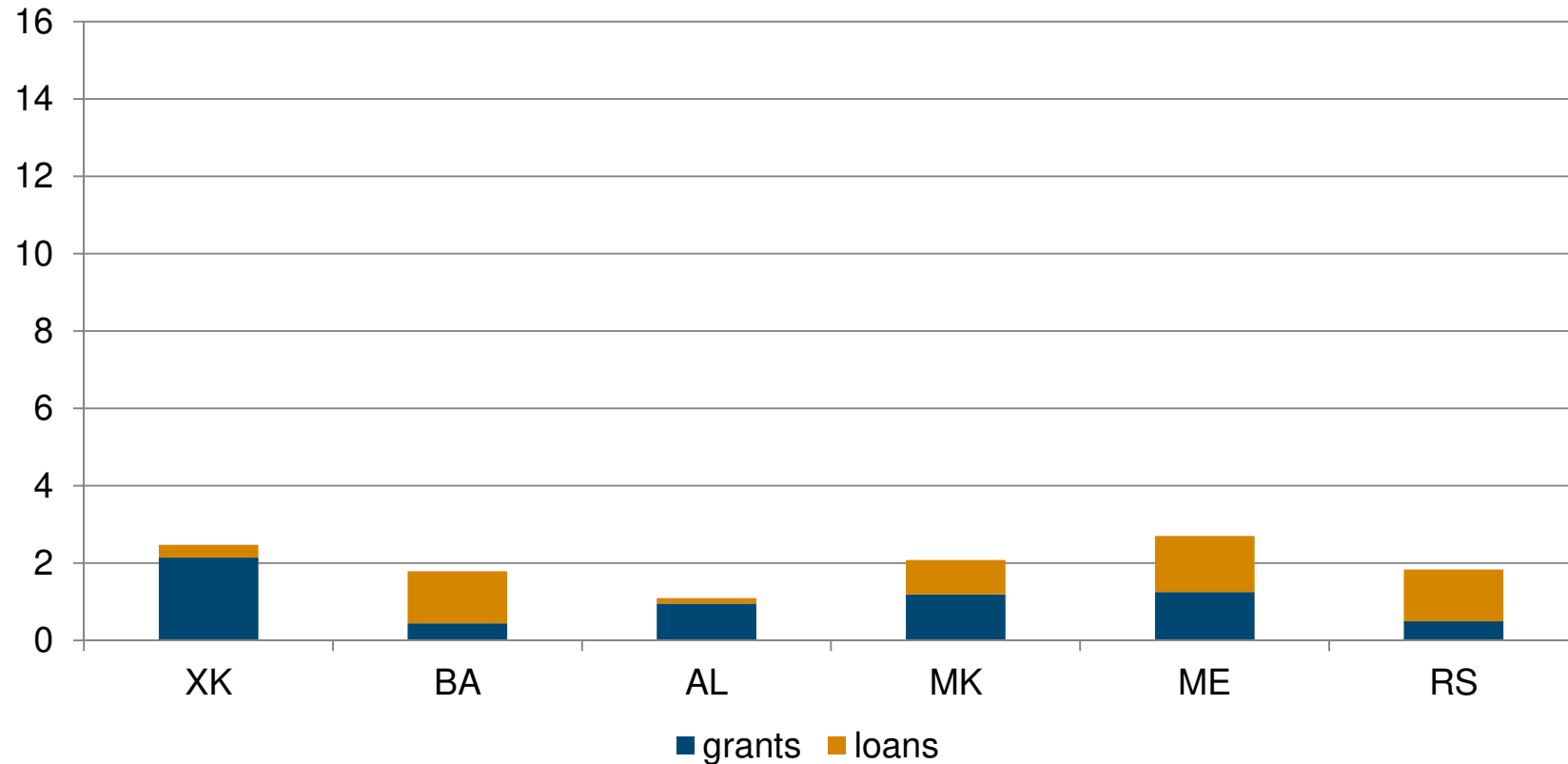


Note: All data in % of 2015 GDP at 2010 prices; Kosovo: own estimates (based on the respectively highest regional shares of the sub-indicators) as it is not included in the original source owing to insufficient data.

Source: EBRD Transition Report 2017-2018, own estimates.

The EU's financial support is modest in per annum terms

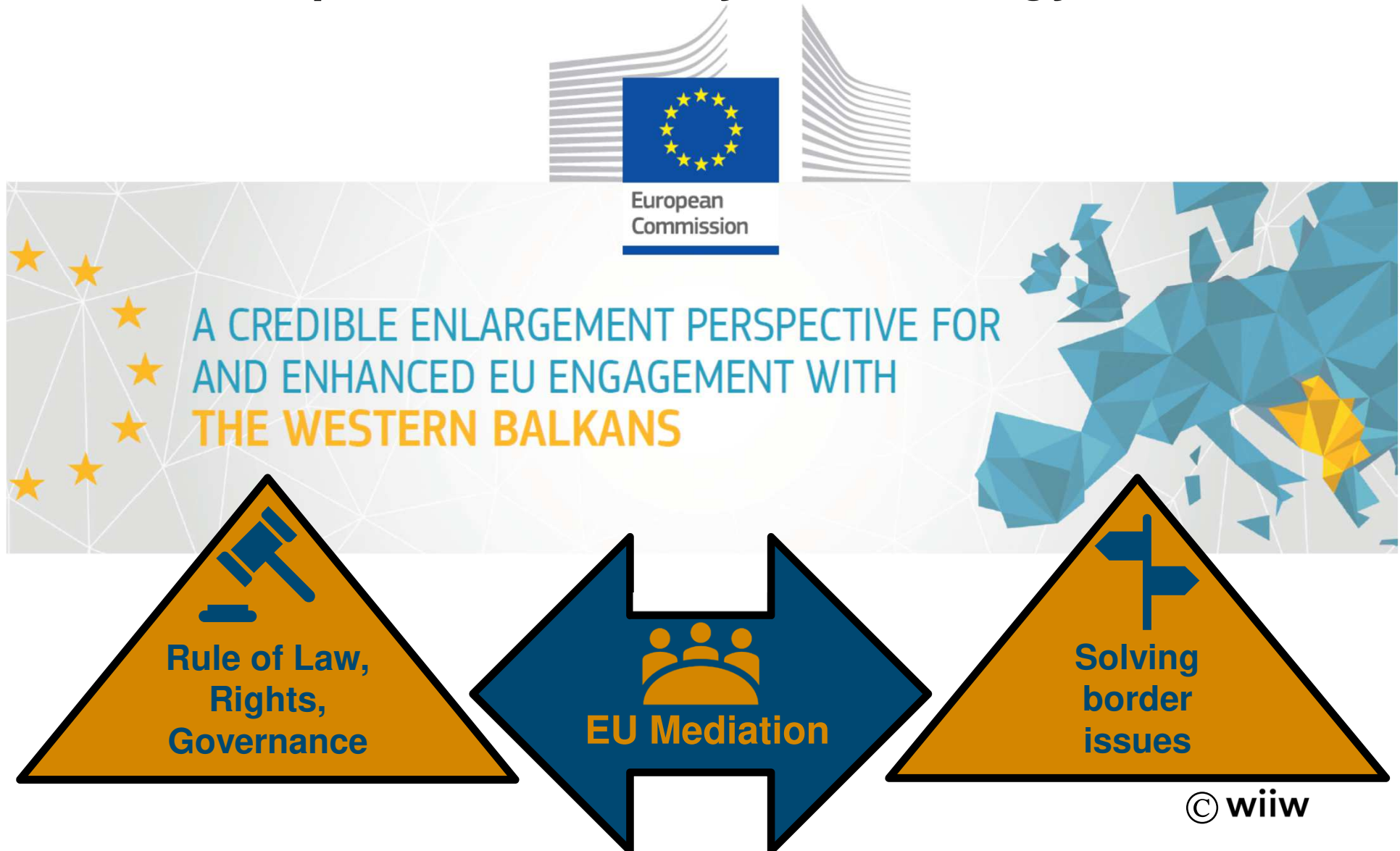
IPA and WBIF grants and EIB loans, in % of GDP per annum



Note: IPA pre-accession funds are earmarked for the period 2007-2020. WBIF (Western Balkans Investment Framework) data is for the period 2009-2017. This is also the observation period for the loans of the European Investment Bank (EIB).

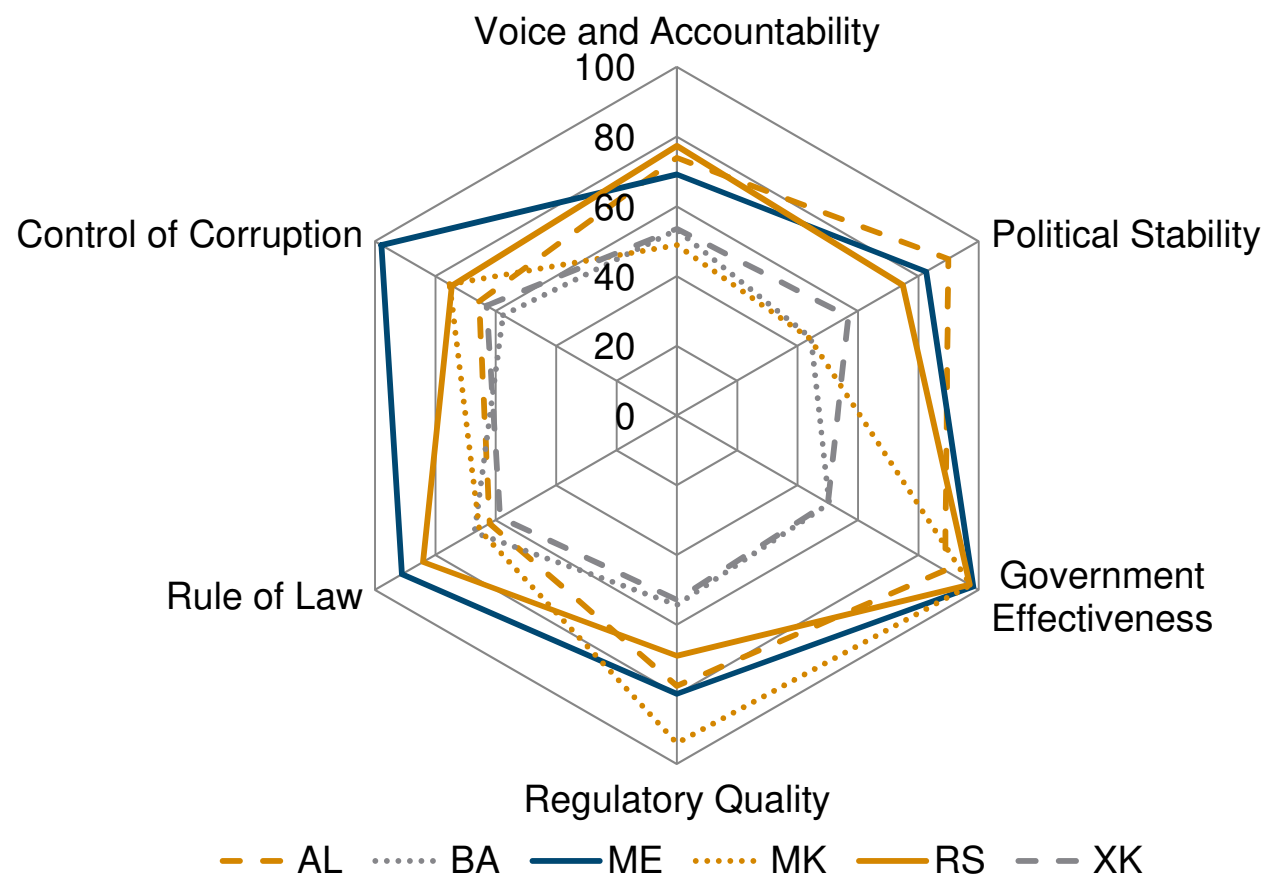
Source: EC, wiiw Annual Database, wiiw calculations.

The new ‘politics & security first’ strategy of the EU



Large governance deficits – a third of the way still to go

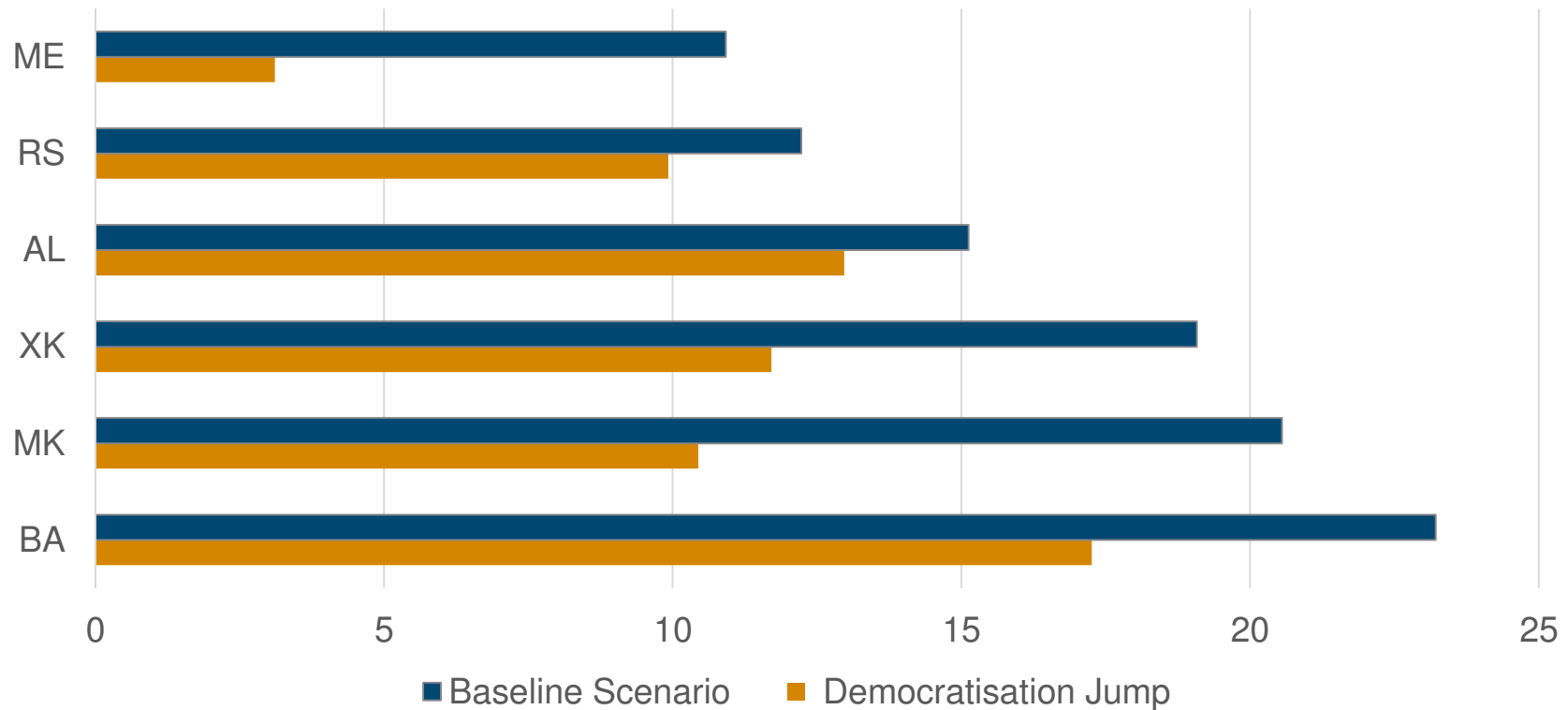
2016 governance indicators in % of average for BG, RO, HR upon EU accession



Note: The Worldwide Governance Indicators (WGI) combine the views of a large number of enterprise, citizen and expert survey respondents. Percentages were calculated after adding a standard deviation of 1 to the original values.
 Source: WGI, wiiw calculations.

Bridging the governance gap within 8 years is unrealistic

Years necessary to reach the governance level of BG, RO, HR upon EU accession



Note: The average governance reform speed of Bulgaria, Romania and Croatia in the 8 years prior to their accession was assumed. In case the countries experienced a faster speed between 2010 and 2016 (last data point) their own speed was applied to the difference of the 2016 level and the average level of the benchmark countries upon their accession. One year was subtracted in order to make it comparable with the announced 2018-2025 target accession period of eight years. The 'Democratisation Jump' excludes the sub-indicators: Voice and Accountability as well as Political Stability.

Source: WGI, wiiw calculations.

EU actively supports reconciliation (e.g. ‘Brussels Process’)

More connectivity increasingly seen as benefit rather than normalisation instrument

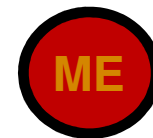
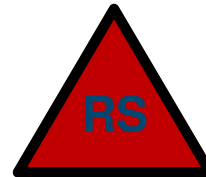


Note: Left map shows (potential) political crisis hotspots in the Western Balkans.
Source: BBC, EC.

The way forward: Balkan Regatta vs Balkan Express



*Legally binding
RS-XK agreement
needed*



*No intra-
regional
problems*

Alternatively: two-speed Western Balkans

Thank you for your attention!

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