ECONOMIC TRENDS IN THE REGION OF SOUTHEAST EUROPE AND THE SPECIFICITY OF THE CEFTA AGREEMENT

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Summary

Economic collaboration among Southeast European countries and the establishment of free trade with the European Union are seen as potential drivers for regional development. However, given the region's intricate political landscape and historical challenges, achieving these objectives faces hurdles stemming from political and historical complexities. In an effort to fortify regional ties, the European Union has provided support through mechanisms such as Bilateral Free Trade Agreements, Generalized Trade Preferences, and the Central European Free Trade Agreement (CEFTA) of 2006. Since the inception of the CEFTA agreement in 2006, the Free Trade Agreement has emerged as a pivotal catalyst in enhancing international trade in Southeastern Europe. It has played a crucial role in fostering economic integration, streamlining trade processes, boosting regional trade volumes, and establishing a cohesive economic zone that appeals to foreign direct investors and facilitates the mobility of professional service providers. Over the past fifteen years, intra-regional trade has experienced significant growth, accompanied by a rising proportion of trade occurring within the region. The liberalization of trade within CEFTA has not only stimulated market competition but has also spurred integration across various sectors and industries in the region. Furthermore, it has acted as a catalyst for foreign direct investment, both from external sources and within the region itself.

***Keywords**: Economic Collaboration, Regional Cooperation, Southeast Europe, CEFTA, Trade Agreements, EU;*

INTRODUCTION

Southeast European economies exhibit a noticeable disparity when compared to their developed Western counterparts. The region grapples with lower living standards and incomes, as evidenced by an average per capita GDP standing at only 36 percent of the European Union average. The past two decades have posed considerable challenges for the inhabitants of Southeast Europe, particularly following the consequential events surrounding the fall of the Iron Curtain. This historic shift brought about substantial policy and economic transformations for former communist countries.

In the ongoing trajectory of transitioning from planned to market economies, Southeast European countries have indeed made commendable progress since the initiation of this process. A prevailing objective has been the integration into the European Union and active participation in the global economy. Despite the undeniable achievements recorded over the past two decades, the transition to efficient market economies remains incomplete, and the region continues to grapple with formidable challenges (Competitiveness in South East Europe - A Policy Outlook, 2018).

While a widespread consensus for change permeates society, Southeast Europe is confronted with a series of persistent issues. The obsolescence of its industrial base and the lack of comprehensive strategies for economic and societal reform by governments have been notable hindrances. Neo-liberal reforms and privatization efforts, often characterized by short-term perspectives, have proven ineffectual. These endeavors have tended to favor insiders and have been overshadowed by instances of corruption. Notably, these challenges have acted as deterrents, dissuading serious foreign investors from considering the region as a viable investment destination.

Regional conflicts, notably the wars of the 1990s, have posed significant impediments to governmental reform efforts, resulting in the erosion of industrial capacity and disruption of trade. These disruptions have contributed to a deterioration of the economic and welfare landscape. It wasn't until the 2000s that the region experienced a resurgence in economic growth, subsequently leading to an improvement in economic and social well-being.

Over the past decade, the average gross domestic product (GDP) growth in the Southeast European region reached 3.4 percent, with some countries achieving growth rates exceeding 7 percent. This robust economic expansion translated into a notable 40 percent increase in the aggregate regional GDP, fostering a narrowing of the income gap between the residents of the Balkans and their counterparts in the European Union (Culture of Regional Cooperation in Southeast Europe, 2015).

However, this decade of macroeconomic growth encountered an abrupt cessation in 2009. Southeast Europe found itself grappling with a delayed response to the economic crisis within the eurozone, resulting in a downturn across various economic facets, including trade, investment, finance, and remittances. This downturn posed considerable challenges to the economic resilience that had been gradually cultivated during the preceding years of growth (Uvalic, 2001, p. 8).

Profound contractions were evident in both consumer and investment markets, signaling a substantial downturn in Southeast Europe. The region bore the brunt of pronounced economic challenges, with one of the most impactful transmission channels being a staggering 30 percent decline in foreign direct investment (OECD Foreign Direct Investments Statistics, 2022).

This decline stands as the most severe contraction observed among emerging markets globally. Compounding the adverse effects, another significant negative spillover manifested in a decline in trade with the European Union, further exacerbating economic challenges within the region. The consequences of these economic shifts were particularly pronounced in the balance of payments, with repercussions echoing throughout Southeast Europe.

The reduction in remittances from European Union countries wielded severe repercussions on the modest economies of the region, intensifying social tensions and suppressing consumption. This effect bore heavily on individuals who heavily depended on the financial assistance provided by expatriate workers. The decline in remittances not only strained the economic framework but also fostered heightened social pressures, emphasizing the intricate interplay between economic and social dynamics in Southeast Europe. This underscores the delicate balance and mutual influence that economic conditions and social well-being maintain within the region (Handjiski, 2010, p.34).

The crisis has laid bare vulnerabilities specific to the region. Southeast Europe contends with challenges and opportunities that are shared across Europe as a whole, alongside issues unique to its distinct context. While the global crisis provides an important context for understanding the stagnation in Southeast European economies, this explanation has its limits. More crucially, the underperformance is intricately tied to structural issues within the Balkan economies.

These challenges are multifaceted, with some stemming from the enduring impact of decades-long conflicts, while others arise from an ongoing and unmet reform agenda. The intended transformation from planned economies to democratic market economies remains incomplete, contributing significantly to the existing economic challenges in Southeast Europe. Recognizing the complex interplay of historical legacies and ongoing reform efforts is pivotal in comprehending the intricacies of the economic landscape in the Balkans.

Numerous regional challenges persist over time, manifesting as chronic issues that mirror suboptimal patterns of growth. These challenges give rise to substantial imbalances, encompassing both macroeconomic and structural dimensions (Bechev, Ejdus, Taleski, 2015, p. 64).

The heightened growth observed in the past decade was facilitated by a demand primarily driven by domestic factors, sustained by substantial inflows of foreign capital.

The stagnation of GDP growth in the region raises concerns, particularly for these economically vulnerable emerging nations. Short bursts of growth followed by stagnation not only diminish the average growth trajectory but also protract the process of catching up with advanced economies. The established economic model in Southeast Europe is currently under challenge, as historical development has been predominantly fueled by the accumulation of physical and financial capital, resulting in the amplification of sovereign debt rather than the cultivation of human resources.

Given the global trend of shrinking liquidity, the imperative for the region is to recalibrate its economic approach. The task of revitalizing economic momentum becomes notably intricate when structural changes are necessitated during a period of financial austerity. In navigating these challenges, Southeast Europe is compelled to shift its focus toward a more sustainable and inclusive growth model, one that prioritizes human capital development over the traditional reliance on capital accumulation. This strategic realignment is crucial for fostering resilience in the face of economic uncertainties and advancing the long-term prosperity of the region (Competitiveness in South East Europe, 2018).

Ensuring fiscal and economic security hinges on the establishment of a clear, long-term strategy for growth and development, with a primary focus on societal well-being. A transformative growth model is imperative to expedite socioeconomic reform, fostering the modernization and reindustrialization of the economy. This shift is anticipated to generate increased employment opportunities and elevate living standards for the population.

The restructuring of the economy necessitates a shift in growth drivers, emphasizing enhanced exports and foreign investment. Central to this paradigm shift is a concerted effort to stimulate innovation, cultivate skills, and facilitate the integration of regional trade. This strategic direction aligns seamlessly with the objectives outlined in the EU 2020 growth strategy, emphasizing smart growth founded on knowledge, education, and innovation.

Emphasizing sustainable growth and wealth creation underscores the pivotal role of people, human capital, and knowledge in perpetuating continuous structural changes within an economy. Governance assumes critical importance in this context, recognizing that while open markets are essential, they alone are insufficient. The transformative potential of innovation and technological progress emerges as the primary catalysts for growth and job creation in the 21st century, enhancing overall productivity (Competitiveness in South East Europe, 2018, p. 31).

Looking ahead, the trajectory of economic development should be predicated on intensified regional cooperation and deeper integration with the European Union. This strategic approach represents the foremost and optimal choice for the small yet to-be-competitive economies of Southeast Europe. By aligning with broader regional initiatives and embracing the principles of the EU, these economies can position themselves for sustainable development and heightened competitiveness on the global stage.

4 ECONOMIC PROCESSES AND CRISIS TRENDS IN SOUTHEAST EUROPE

Southeast European countries find themselves positioned as non-innovation-driven economies, reflecting a notably low ranking in the World Economic Forum's Global Competitiveness Report 2022-2023, particularly in the domains of innovation and business sophistication. Addressing this deficit requires a strategic approach, and one of the most accessible avenues for fostering innovation and acquiring knowledge in the region is through active engagement with the global economy and the strategic attraction of Foreign Direct Investment.

However, realizing the full benefits of FDI necessitates a critical prerequisite—countries must possess the requisite absorptive capacity to capitalize on the positive spillovers generated by FDI. This absorptive capacity is integral for effectively assimilating and leveraging the knowledge, technologies, and best practices introduced by foreign investors. Establishing robust mechanisms to enhance absorptive capacity becomes imperative for Southeast European nations aspiring to propel themselves into innovation-driven economies and elevate their standing on the global competitiveness spectrum (More in: Competitiveness in South East Europe - A Policy Outlook, 2018).

Of particular concern to foreign investors are the suboptimal performance of government institutions and the prevalent high levels of corruption within the region. These factors contribute to a challenging investment environment, raising uncertainties and dampening investor confidence. The imperative for Southeast European nations lies in addressing these underlying concerns to instill investor trust, stimulate economic growth, and create an environment conducive to sustained foreign direct investment.

Foreign Direct Investment stands as a crucial barometer of economic well-being within a country, serving as a robust conduit for direct growth, employment generation, and increased income. As the principal source of pristine private capital, FDI emerges not only as a catalyst for modernization but also as a driving force propelling sustainable development. The establishment of a competitive economic environment across the entire region assumes paramount importance for attracting FDI. Recognizing the collective strength over individual capacities, it becomes evident that the region's nations, when viewed in isolation, are relatively small and lack the competitive edge necessary in the global market. The dearth of resources and a limited capacity to compete independently underscore the imperative for collaborative efforts aimed at generating the requisite scale to entice high-quality investments. Through regional cohesion and a shared commitment to fostering competitiveness, Southeast European nations can enhance their appeal to prospective investors and bolster their economic trajectories (Bechev, Ejdus, Taleski, 2015).

A prominent issue in the region revolves around a pronounced mismatch between individuals' aspirations to secure meaningful employment and the tangible realization of these aspirations. This disparity underscores a critical challenge, wherein the desire for decent jobs surpasses the region's current capacity to provide such opportunities. Addressing this disparity necessitates comprehensive strategies that not only enhance labor market opportunities but also align individual aspirations with the evolving dynamics of the regional job market, thereby fostering greater socioeconomic stability.

A pivotal strategy for mitigating unemployment lies in fostering more robust economic growth. To attain this objective, countries must persist in fiscal adjustments while concurrently enhancing their investment climate and competitiveness. The imperative for more aggressive policies becomes evident in the promotion of entrepreneurship and the development of small businesses, coupled with strategic investments in skills and the removal of mobility barriers.

These proactive measures are instrumental in breaking free from the detrimental cycle of low growth and high unemployment that currently plagues the region. International development institutions advocate for a comprehensive approach, emphasizing that policymakers should not solely prioritize economic growth but also center their focus on human development.

Recognizing the interdependence of human and economic dimensions, this approach underscores the government's responsibility in creating an enabling environment that not only promotes economic prosperity but also prioritizes the well-being and security of its citizens.

By fostering a symbiotic relationship between human and economic development, governments can lay the groundwork for enduring reconciliation and comprehensive regional advancement (Uvalic, 2001, p. 41.).

Recognizing the evolving landscape, the effectiveness of the public sector becomes paramount for achieving overall productivity gains. An efficient public sector not only safeguards economic security but also serves as a cornerstone for enhancing productivity across various sectors. Transparency and the eradication of corruption emerge as pivotal elements in creating an environment conducive to business and investment.

Establishing a transparent and effective framework not only bolsters the confidence of investors but also fosters a climate conducive to sustainable economic growth. In the not too distant past, a prevalent perspective in Southeast Europe regarded regional integration more as a potential risk than an opportunity. However, this provincial mentality has undergone a discernible shift. The current vision for regional reconstruction perceives underdevelopment and economic instability as primary sources of regional upheaval. The strategy to attain stability revolves around the transformation of economic conditions. This transformative approach aims to render disputes and conflicts prohibitively expensive for all parties involved. By addressing the root causes of regional instability through economic development, the vision underscores the interconnectedness of economic and geopolitical stability (Dehnert and Taleski, 2013).

To overcome impediments, South East Europe must enhance its competitiveness by implementing strategic reforms across pivotal areas that significantly influence economic development. These encompass essential sectors such as transport, education, and trade. By strategically addressing these key domains, the region can not only bolster its economic resilience but also align itself more closely with the positive developmental trajectories observed in neighboring transition economies.

5 SPECIFICITIES OF THE CEFTA AGREEMENT

The economic future of Southeast Europe hinges on regional cooperation and interoperability. To enhance competitiveness and achieve deeper integration into the global economy, it is imperative to pursue comprehensive measures. This includes the complete liberalization of trade and investment, alongside the harmonization of regulations, procedures, and institutions across the region. The development of a unified regional strategy is pivotal in fostering a conducive business environment, facilitating the collective attraction of Foreign Direct Investment (FDI). This strategic approach aims to channel investments towards sectors that not only boost domestic investment but also enhance overall productivity, thereby advancing regional integrated growth.

The Central European Free Trade Agreement (CEFTA) stands as a crucial regional cooperation accord with robust backing from the EU. It has played a pivotal role in cultivating transparent and accessible regional markets, culminating in comprehensive trade liberalization. While CEFTA provides a solid foundation for cooperation, the key challenge lies in ensuring its effective implementation and dismantling cumbersome non-tariff barriers (More at: https://cefta.int/projects, Accessed on: 25.112023). Enhancing the cooperative framework holds the potential to elevate intra-trade levels among members, fostering heightened productivity and contributing to a more prosperous economic landscape.

Ensuring economic security and prosperity emerges as a pivotal factor in dismantling barriers between states and alleviating mistrust among neighbors. Cooperation acts as a catalyst for economic prosperity, effectively diminishing the likelihood of conflict. Visionary leadership is imperative in recognizing the merits of economic collaboration, as interdependence in trade and investment possesses the potential to mitigate nationalistic tensions. Enhanced regional cooperation stands to diminish instability in Southeast Europe, addressing a primary concern for foreign investors. Meeting these challenges necessitates robust political will. The rebuilding of the region on a sturdy and sustainable foundation mandates, above all, strategic investment in education and knowledge as a gateway to economic development and regional integration.

The Central European Free Trade Agreement (CEFTA) was established in December 1992 by Hungary, Poland, and Czechoslovakia to integrate into Western European institutions and consolidate democratic governance and free-market reforms. Initially part of the Visegrád Group, CEFTA has seen membership changes, with original and later members leaving upon joining the EU. Current members include Albania, Bosnia-Herzegovina, Kosovo, Macedonia, Moldova, Montenegro, and Serbia. While facing the question of redundancy due to EU accession of former members, CEFTA adapted, expanding with new additions. CEFTA 2006, ratified in 2007, reaffirms its commitment to fostering economic development through trade expansion and investment encouragement, addressing contemporary challenges.

To fulfill CEFTA objectives, aspiring member states must adhere to criteria outlined in the Poznan Declaration of 1994. These include: 1) WTO membership; 2) an EU Association Agreement with potential full membership provisions; and 3) unanimous member state consent through bilateral free trade agreements. Over time, the criteria have become more adaptable, exemplified by Kosovo*'s accession without WTO membership to prevent economic isolation, and a relaxation of the EU Association Agreement requirement, no longer necessitating full membership (Bechev, Ejdus, Taleski, 2015).

The agreement holds significant potential in fostering increased economic collaboration in the tumultuous Balkans, where most of its current members reside. It upholds principles of free trade and the rule of law and incorporates subcommittees and working groups addressing various trade-related aspects. While some question its ongoing relevance, the attainment of EU accession by numerous former members serves as a testament to its continued importance. Future expansion, potentially including Georgia, is conceivable, with Ukraine also seen as a prospective member once internal issues are resolved. CEFTA's lifespan may be finite, but its endurance is likely linked to the completion of essential structural and economic reforms required for EU membership across all Central European countries. To overcome this challenge and expedite economic development in Southeast Europe (SEE), heightened regional cooperation becomes imperative. The prevailing institutional challenges within the EU, coupled with uncertain prospects for swift accession of current and potential candidates, necessitate the formulation of novel mechanisms to expedite economic development (Dehnert and Taleski, 2013). Coordinating national policies, particularly in priority areas, to jointly implement regional initiatives holds significant merit for smaller economies in the region, preparing them for future competitive pressures within the EU.

6 PERSPECTIVES OF REGIONAL COOPERATION

Initially driven by external factors, particularly security concerns in the 1990s, regional cooperation in Southeast Europe has transitioned to a more locally embraced initiative. Despite the dominance and expansion of governmental collaboration, yielding various local and top-down endeavors, the outcomes have not fully met the initially high expectations. Sustaining and deepening these initiatives necessitates greater political will and commitment. Simultaneously, local and bottom-up initiatives have gained momentum, contributing to the growth of a regional cooperation culture.

While governments remain the primary beneficiaries of regional cooperation, individual-level consumption of its benefits lags behind. Conversely, citizens exhibit strong support for regional cooperation, as indicated by the Regional Cooperation Council's Balkan Barometer 2015. The survey highlights that 60% of citizens in the region desire increased regional cooperation, with 76% believing that enhanced collaboration can positively impact the economy (Balkan Barometer 2015, Public Opinion Survey, Analytical Report, available at http://rcc.int/pubs_archive, Accessed on: 25.11.2023).

In Southeast Europe (SEE), the policy priorities within regional cooperation have shifted from initial stability- and confidence-building efforts to headline initiatives like the SEE 2020 Strategy. Aligned with Brussels' economic revitalization policies, this strategy aims to “improve living conditions in the region and bring competitiveness and development back into focus” (Regional Cooperation Council (RCC), South East Europe 2020, Jobs and prosperity in a European perspective, November 2013).

The underlying premise is that SEE countries are deeply integrated into the EU, making them vulnerable to the ongoing socio-economic crisis. As such, regional economic integration is seen as embedded in larger schemes promoted by the European Commission and other EU-level bodies. The emphasis is on achieving integrated, smart (focused on education and digital opportunities), sustainable and inclusive growth, all of which require improved governance (Uvalic, 2001, p. 54.)

The “Balkans redux” approach presents both advantages and disadvantages. On the positive side, this approach brings together a cluster of countries that are more tightly knit and homogeneous than in the past, including the core of ex-Yugoslavia along with Albania, Kosovo*, Montenegro, and Macedonia. Additionally, all these countries are subject to EU pre-accession conditionality, which prioritizes regional cooperation. However, on the downside, many cross-cutting and functional issues requiring joint efforts do not neatly align with formal-institutional divisions. For example, the floods of 2014 affected both EU member Croatia and its neighbors, Bosnia and Herzegovina (BiH) and Serbia, without discrimination. Similarly, energy interdependence serves as a unifying factor across the divisions in Southeast Europe between those considered “ins” and “outs”. Grassroots regional cooperation draws strength from shared cultural ties, uniting the countries of the former Yugoslavia, and fostering closer ties among Albanian-speaking regions. Typically initiated by networks of civil society actors with shared goals or interests, local bottom-up regional cooperation initiatives, particularly those addressing common objectives like dealing with the past, hold the promise of more resilient regional cooperation (Dehnert and Taleski, 2013, p. 32).

Emphasizing goals requires effective communication and engagement with diverse stakeholders. Local bottom-up initiatives play a vital role in community building and promoting cross-border cooperation. These initiatives enhance people-to-people communication, fostering a closer connection between cultures and contributing to peacebuilding and reconciliation. The EXIT festival serves as a notable example. Originating in 2000 as a student movement advocating for democratic changes, it transformed into a festival and, over the years, has evolved into one of the premier music festivals in Europe.

Civil society organizations play a crucial role in sustaining regional cooperation by extending efforts beyond government mandates and addressing politically contested issues. Often serving as necessary initial steps to build confidence, these organizations have demonstrated a genuine commitment to advancing regional cooperation, even preceding political will. Their focus on common interests, rather than just common goals, proves to be a more fruitful avenue for genuine and results-oriented collaboration. However, managing regional coalitions involving various stakeholders and securing funding remains a persistent challenge for local bottom-up initiatives.

Local top-down initiatives, while possessing the resources to enhance regional cooperation, often exhibit reluctance to commit these resources. Although characterized by high local ownership, a notable absence of political will is observed in terms of deepening and substantiating regional cooperation. Instead, these initiatives appear to leverage cooperation primarily for political promotion and as a form of symbolic endorsement. Top-down approaches to regional cooperation that are externally driven are considered outdated.

While external impetus for increased regional cooperation still exists, it is now embraced by local actors. Structured and focused, external bottom-up initiatives, particularly when involving the EU, contribute to a sense of SEE countries being part of a broader European region. This positively influences the regional cooperation culture. However, when such initiatives are solely managed by local actors, their impact on improving regional cooperation is limited. It appears that, for local actors, advancing regional cooperation is often a lower priority compared to addressing domestic political needs and interests (Bechev, Ejdus, Taleski, 2015).

While the potential benefits of regional cooperation, especially in areas such as research and development (R&D), energy, transport, agriculture, and specific industries, have been acknowledged for some time, their realization has been limited. A more intensive focus on regional cooperation in these domains could serve as a catalyst for economic growth. Implementing industrial policies at the regional level, fostering trans-national networks and supply chains, may prove mutually beneficial. Multinational companies formed by enterprises from several SEE countries are likely to be more competitive in EU markets than smaller national firms. Initiatives like the Berlin process are seen as positive steps in this direction.

In summary, a growing culture of regional cooperation is emerging in Southeast Europe (SEE). Local bottom-up initiatives, emphasizing common interests, strongly contribute to fostering regional collaboration. External bottom-up initiatives, particularly those aligned with the EU agenda, also contribute to strengthening regional cooperation.

While externally driven top-down approaches are outdated, local top-down perspectives do not necessarily hinder cooperation (Handjiski, 2010, p.14). Regional collaboration in SEE remains predominantly inter-governmental, with political leaders displaying reluctance, often driven by EU integration as their primary motivation for supporting regional cooperation. EU conditionality plays a crucial role in promoting regional collaboration, as national leaders in SEE are frequently preoccupied with issues of national sovereignty and bilateral concerns when left to their own devices, hindering their commitment to regional initiatives.

CONCLUSION

In the landscape of Southeast Europe, marked by historical challenges and a tumultuous transition from communism, economic development has been both a journey and a struggle. The region's economies have faced setbacks, yet the past decade has witnessed notable growth, albeit interrupted by the 2009 economic crisis. The quest for stability and prosperity in SEE hinges on addressing structural issues, fostering innovation, and transforming economic models.

The Central European Free Trade Agreement (CEFTA) stands out as a linchpin in SEE's economic narrative. Since its inception in 2006, CEFTA has been a catalyst for fostering regional integration and trade liberalization. The agreement has not only stimulated intra-regional trade but has also attracted foreign direct investment (FDI), a crucial factor for economic health. CEFTA's evolution, adapting to challenges and expanding its membership, demonstrates its resilience and relevance. While its shelf life may be finite, CEFTA remains instrumental in aligning SEE economies with the rigorous demands of EU membership.

The SEE region, facing the aftermath of the 2019 crisis, recognizes the need for a paradigm shift. The traditional model of consumption-led growth, fueled by foreign capital, has proven unsustainable. To secure a sustainable and inclusive future, SEE must pivot towards a new growth model. This model emphasizes exports, foreign investment, and innovation—a departure from the reliance on sovereign debt. Aligning with the EU's 2020 growth strategy, SEE acknowledges the importance of smart growth built on knowledge, education, and innovation.

However, the path forward demands more than policy adjustments. It necessitates a concerted effort in regional cooperation. The challenges that SEE faces are not unique to individual nations but are shared across borders.

CEFTA's framework provides a foundation for this cooperation, with the potential to create a regional strategy that fosters a business-friendly environment and attracts FDI. The SEE region, recognizing its limitations in the global market, must unite to generate the scale needed to entice quality investment.

Furthermore, regional cooperation extends beyond trade agreements. It involves a multi-faceted approach, incorporating both top-down and bottom-up initiatives. Civil society organizations, driven by common interests, have proven crucial in building trust and advancing regional cooperation. While external impetus has waned, the local appropriation of cooperation initiatives indicates a growing awareness of the benefits derived from collaboration.

In the face of economic challenges and a shifting geopolitical landscape, SEE's future hinges on the vision of its leaders and their commitment to regional cooperation. The SEE 2020 Strategy reflects a shift from stability-building initiatives to a focus on competitiveness and development. Regional leaders must harness this momentum, recognizing that cooperation stimulates economic prosperity and diminishes the specter of conflict. As the SEE region navigates its economic trajectory, CEFTA remains a stalwart ally, adapting to the evolving needs of its member states.
Southeast Europe as a region stands at a crossroads—a juncture where historical challenges meet the promise of collaborative economic resurgence.

The path forward involves a dual commitment: leveraging the economic catalyst that CEFTA provides and intensifying regional cooperation. SEE's potential lies not only in overcoming shared challenges but in transforming them into opportunities for sustainable growth, innovation, and prosperity.

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