

Comment on the Joint IFI Action Plan for Growth in Central and South Eastern Europe

- IFI lending under the JAIP over 2013-14 significant (1.5% of region's GDP, 6% of investment)
- Focus on alleviating banking crisis (support of local banks, guarantees, SME lending, NPLs)
- Focus on regional infrastructure: transport, energy, communications, floods
- Support in absorption of EU Funds

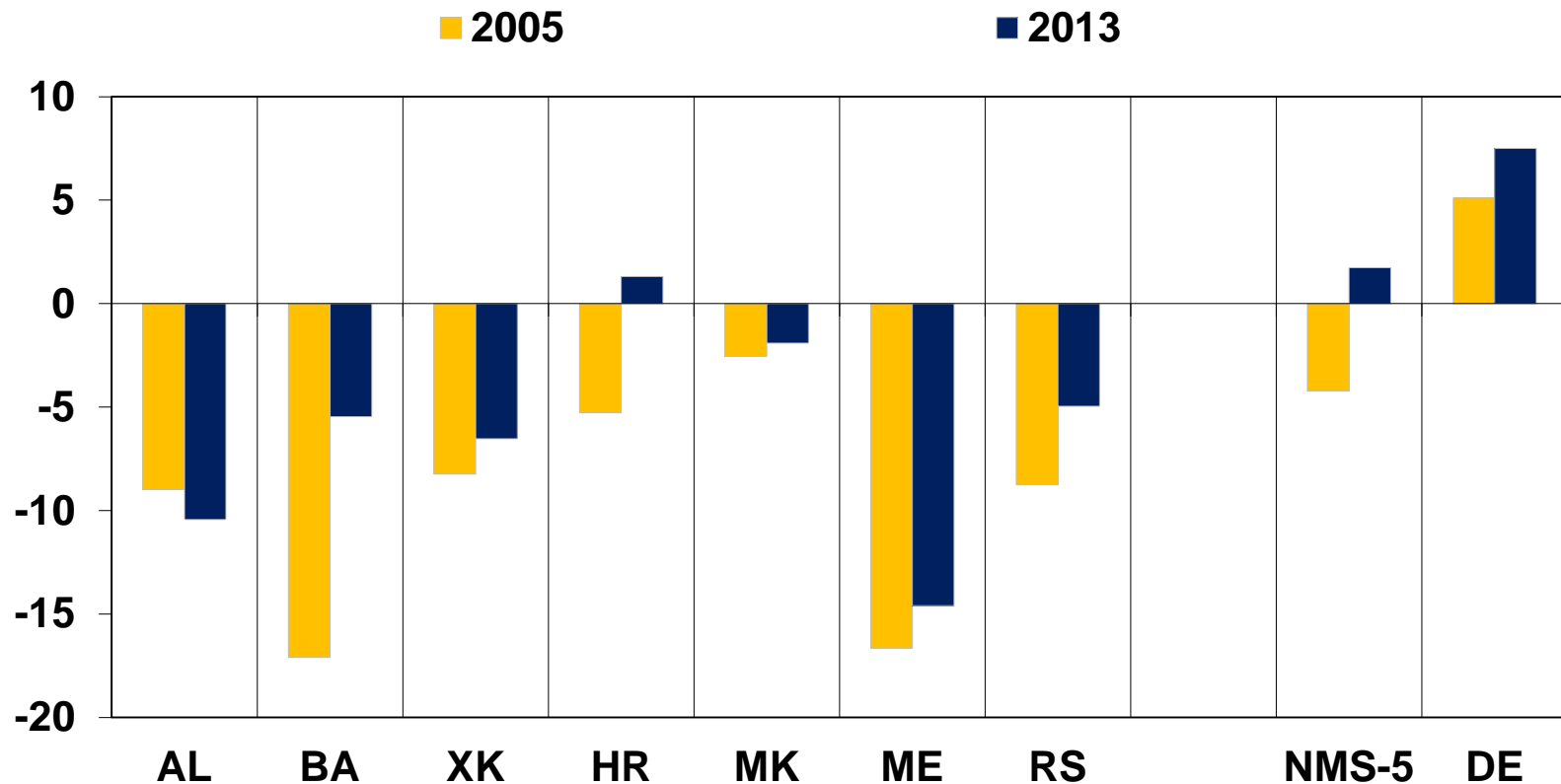
Comment on the Joint IFI Action Plan for Growth in Central and South Eastern Europe - suggestions for future focus

Focus on the basic disequilibria across the region:

- Convergence/divergence problems: SEE vs CE
- Focus on ‘structural’ external disequilibria: very low export capacity in SEE
- Readjust focus on infrastructure deficiencies: e.g. rail vs. road
- Focus on labour market disequilibria: training, labour market policies

External disequilibria: Balkans vs. NMS-5

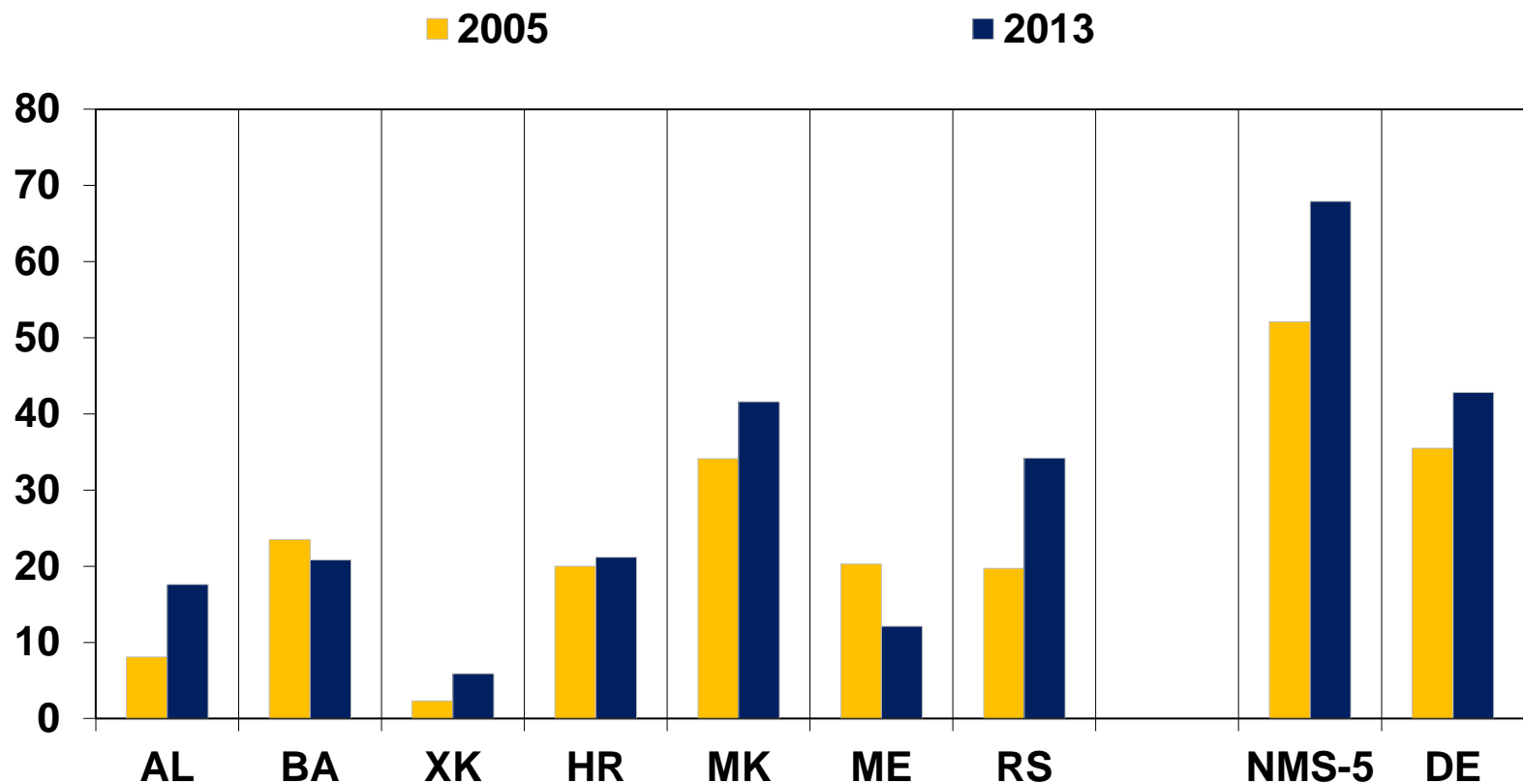
Current accounts balance, in % of GDP



Remark: BOP 5ed., BA 2013 refers to BOP 6ed.

Source: wiiw-database, Eurostat.

Exports of goods, in % of GDP

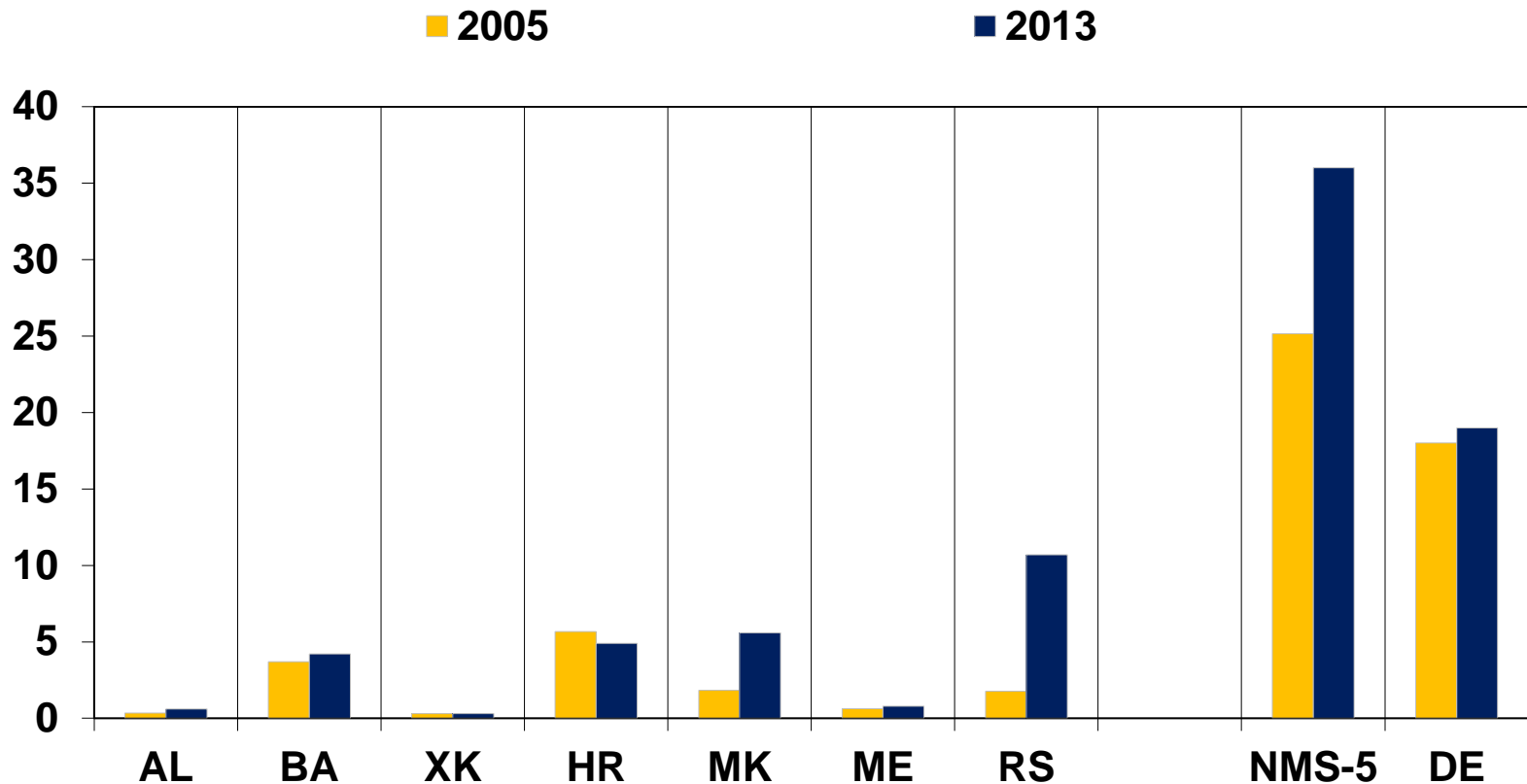


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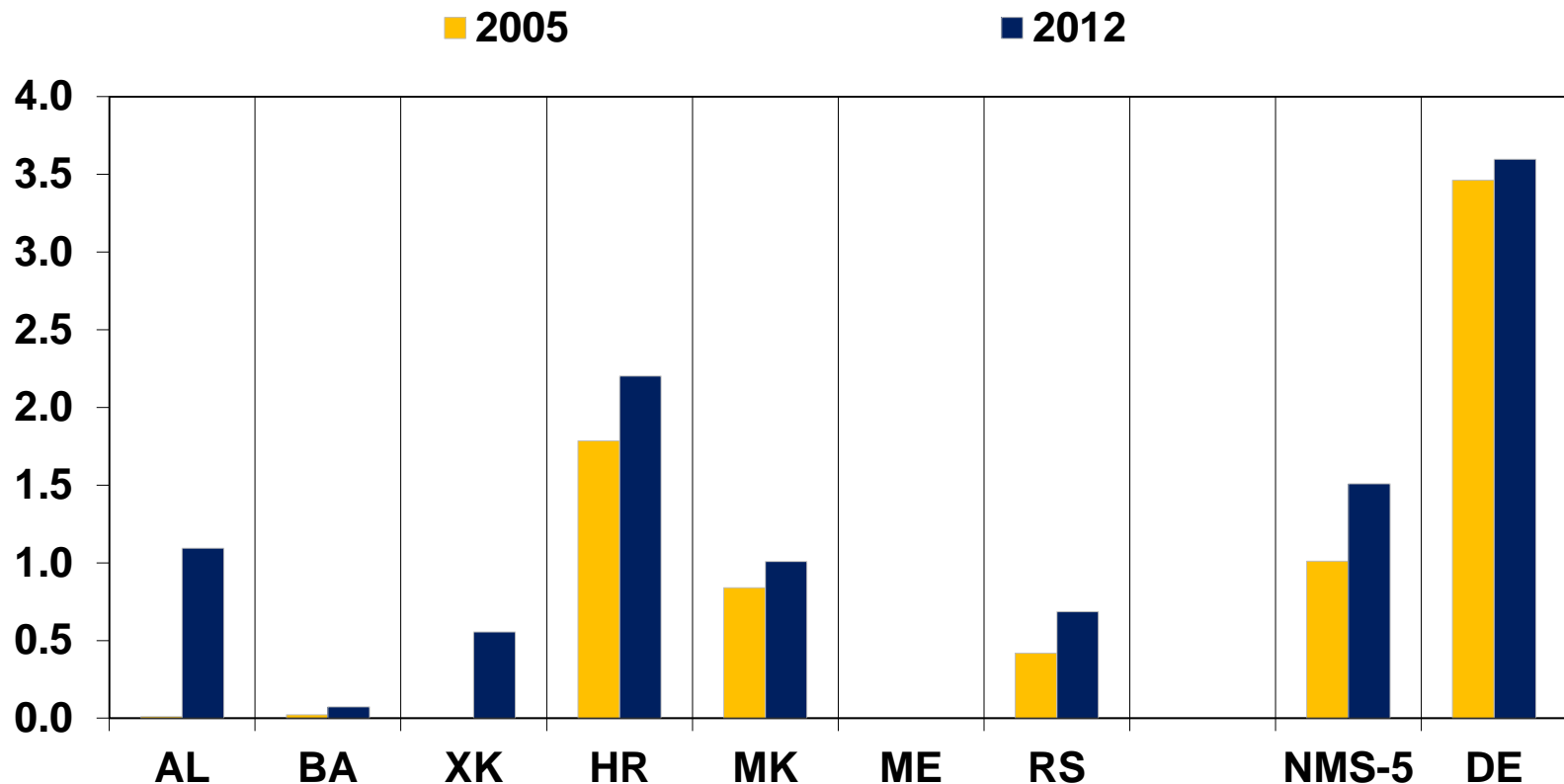
Western Balkans not part Central European mechanical engineering/automotive cluster

Exports of machinery and vehicles in % of GDP (SITC 7)



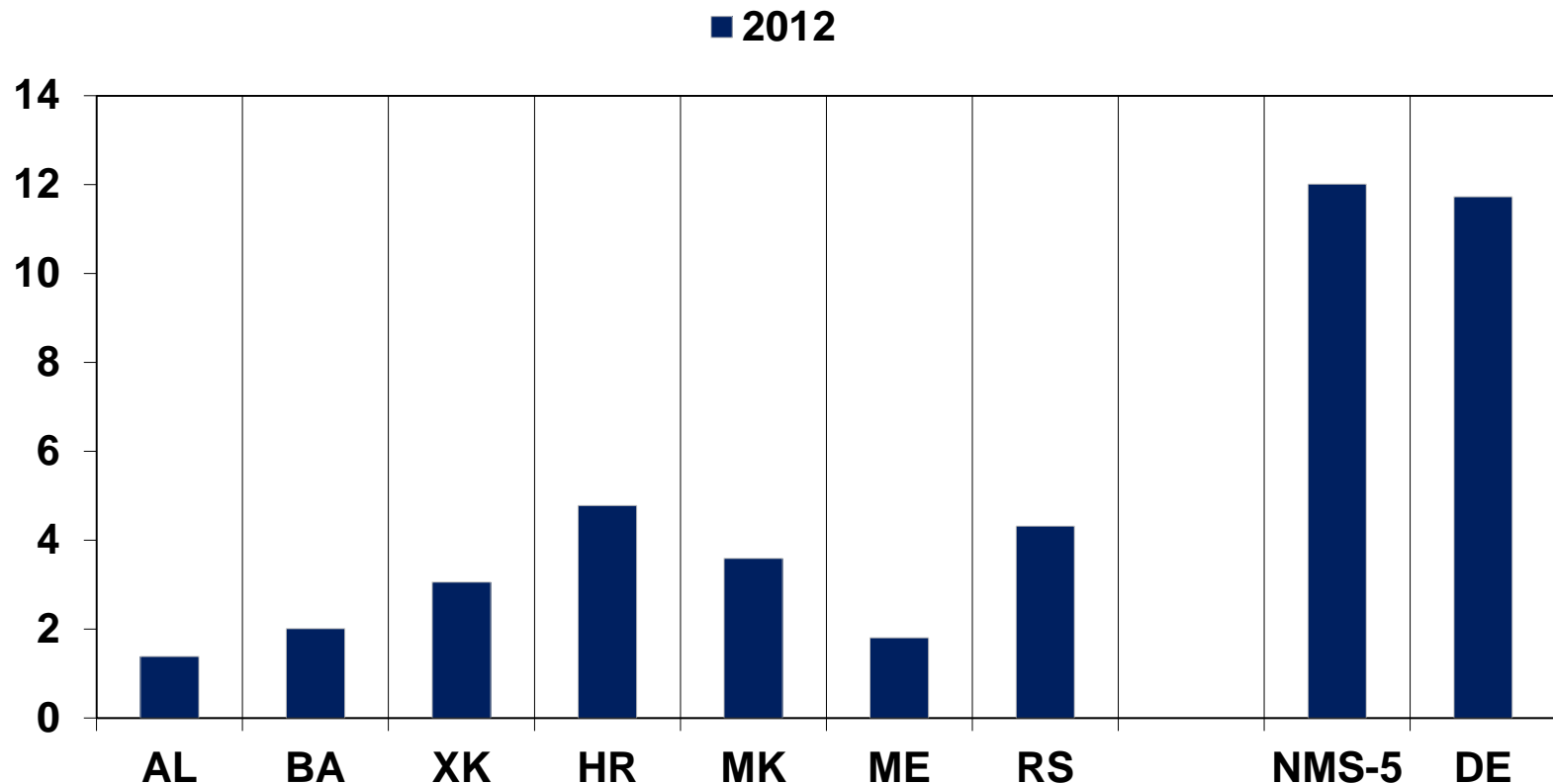
Infrastructure: Road transport infrastructure weak but improving

Motorways in km per 100 km² land area



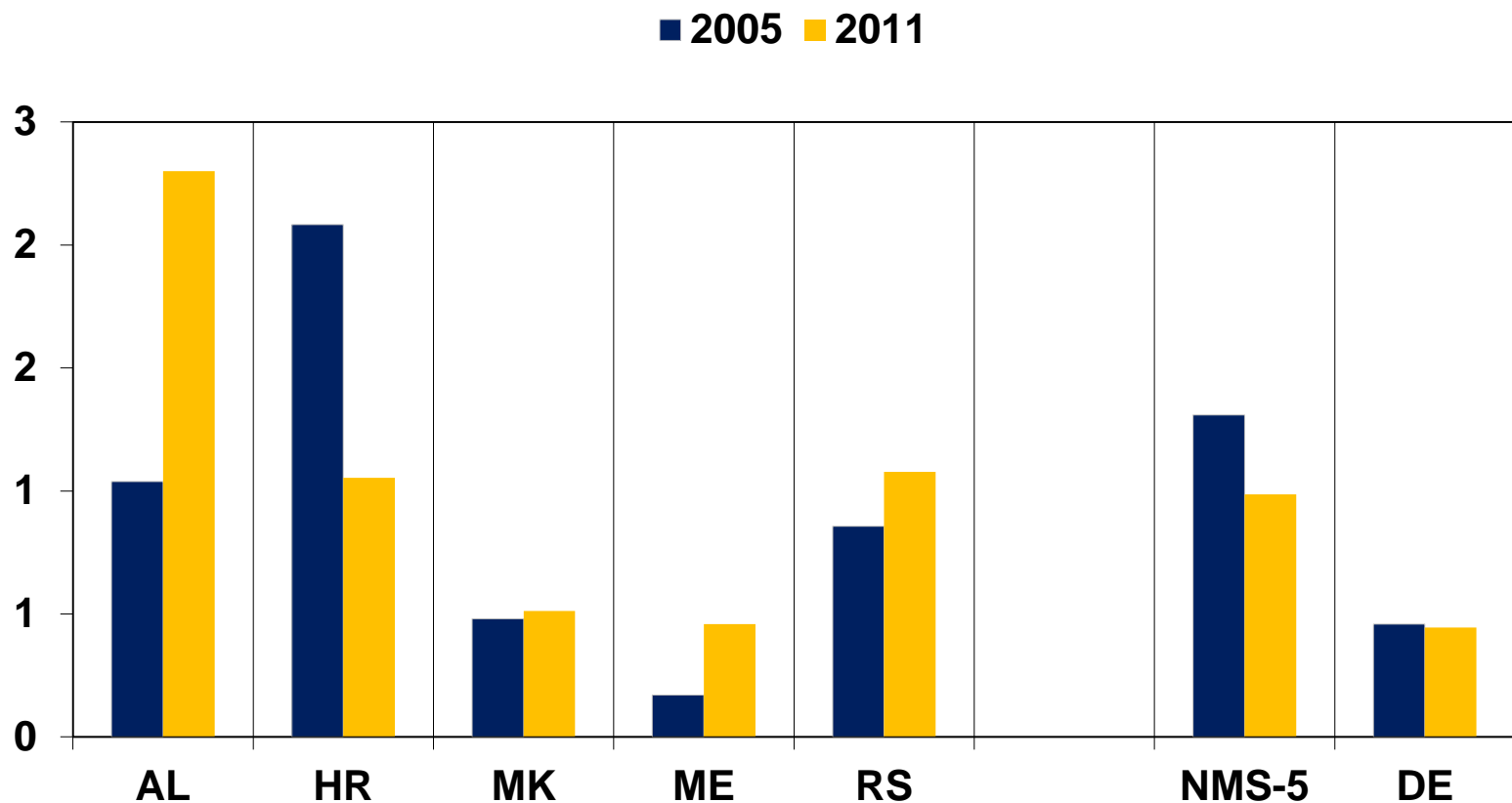
Infrastructure: Rail transport infrastructure neglected

Railway tracks in km per 100 km² land area



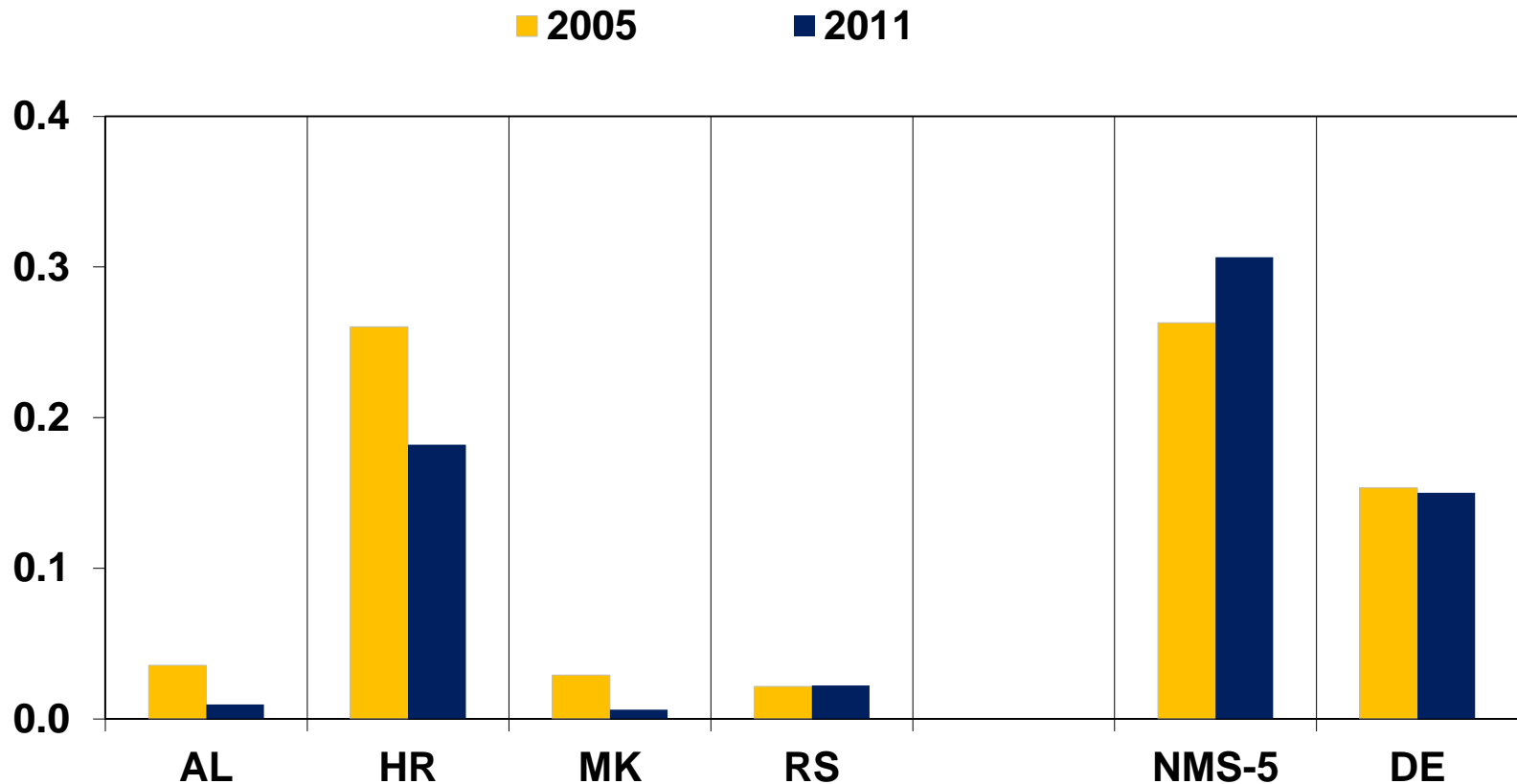
Strong investment in road infrastructure

Investment in road construction in % of GDP



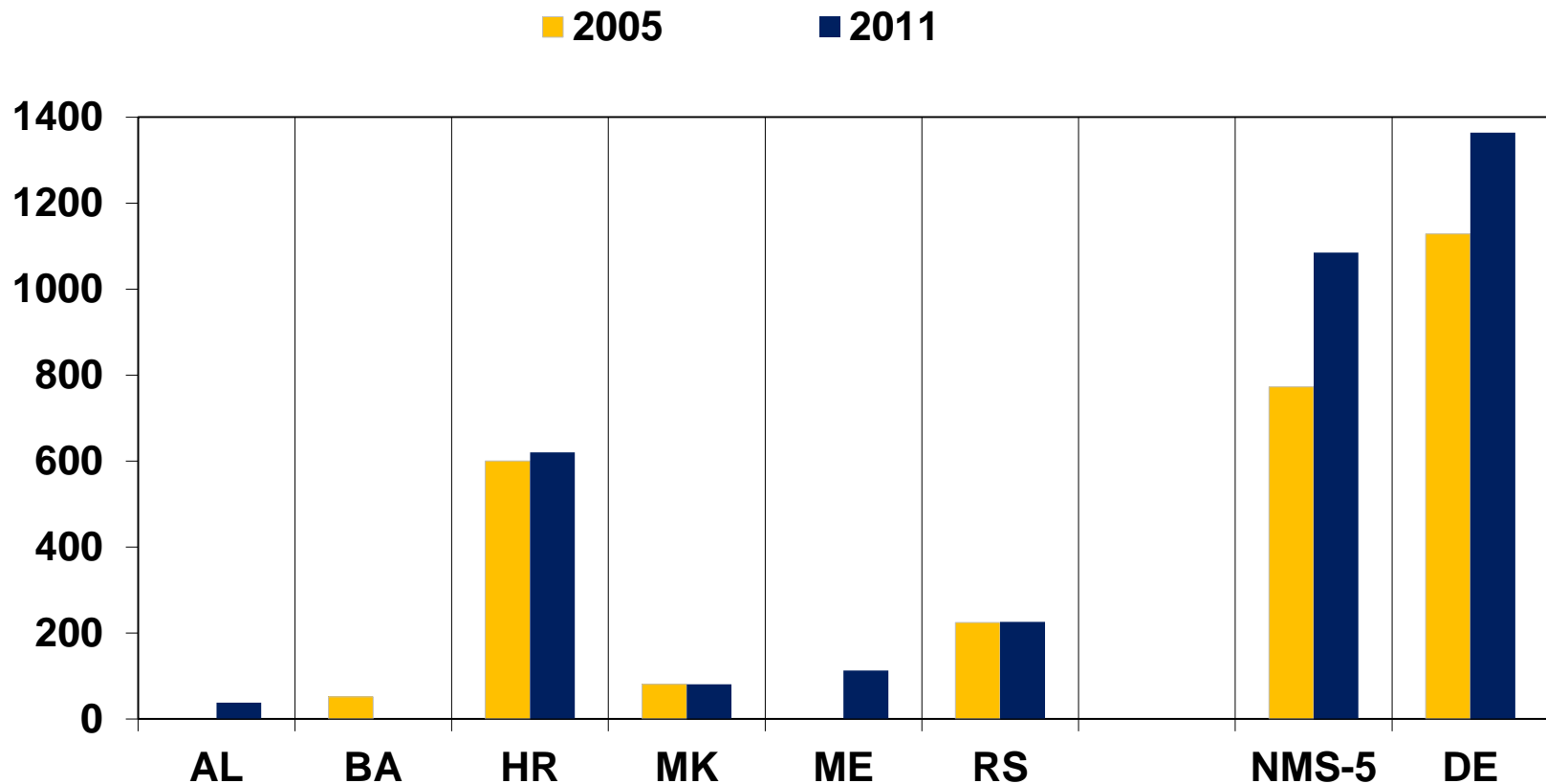
Hardly any investment in rail infrastructure

Investment in rail construction in % of GDP

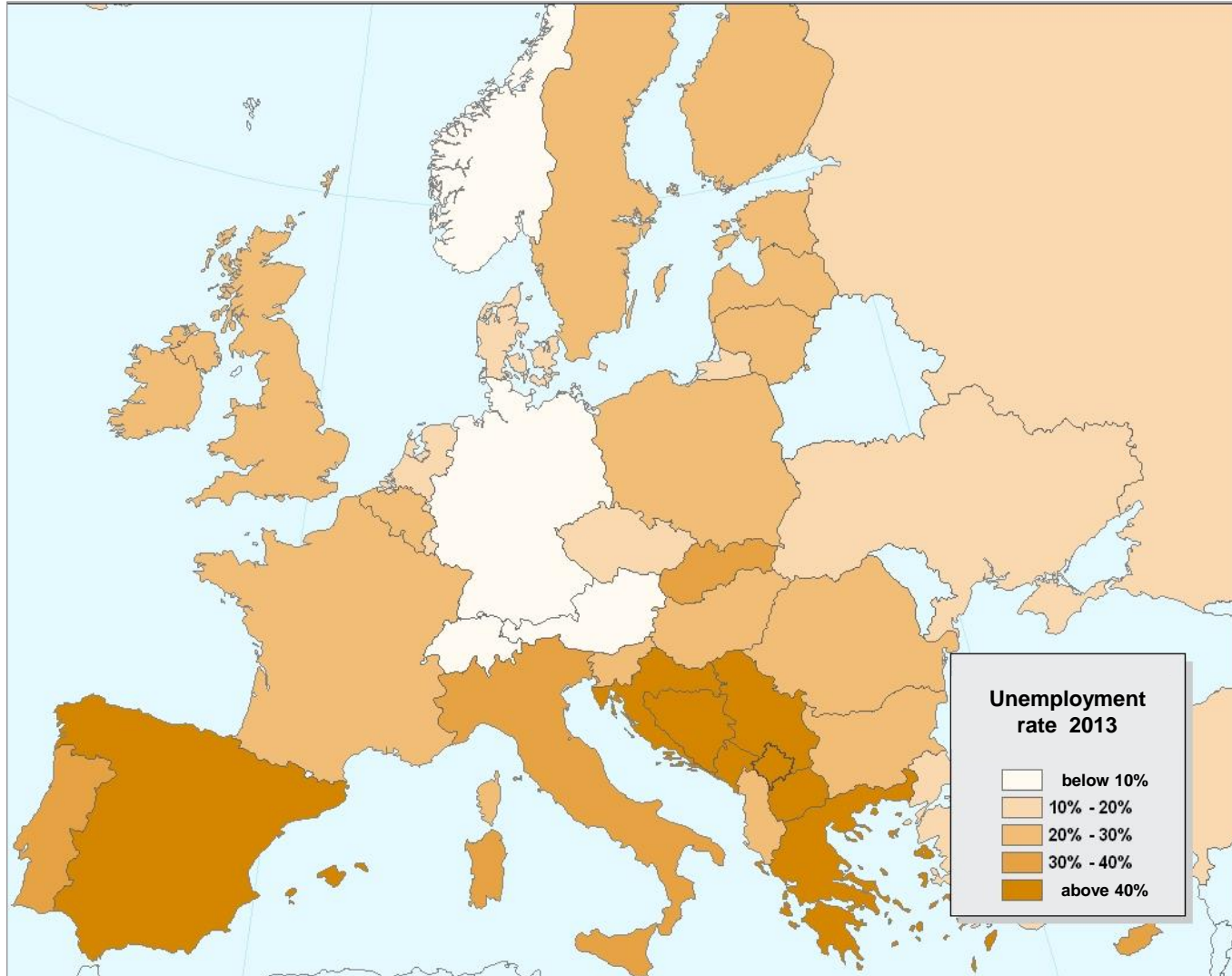


Labour markets: Low levels of technically educated human capital

Technicians in R&D per 1 mn population



Youth unemployment (age group 15-24) extremely high



Suggestions for labour market policies

- Vocational training existing but mostly outdated; needs upgrading
- Teacher training needs to be improved
- Support for dual education system by politics and business necessary
- Strengthening of active labour market policies

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Focus on the basic disequilibria across the region:

- Convergence/divergence problems: SEE vs CE; regional agglomeration; emphasis on 2nd tier cities/clusters
- Focus on ‘structural’ external disequilibria: very low export capacity in SEE: regional market integration; FDI policy
- Readjust focus on infrastructure deficiencies: e.g. rail vs. road; continue with energy supply/efficiency measures
- Focus on labour market disequilibria: training, labour market policies