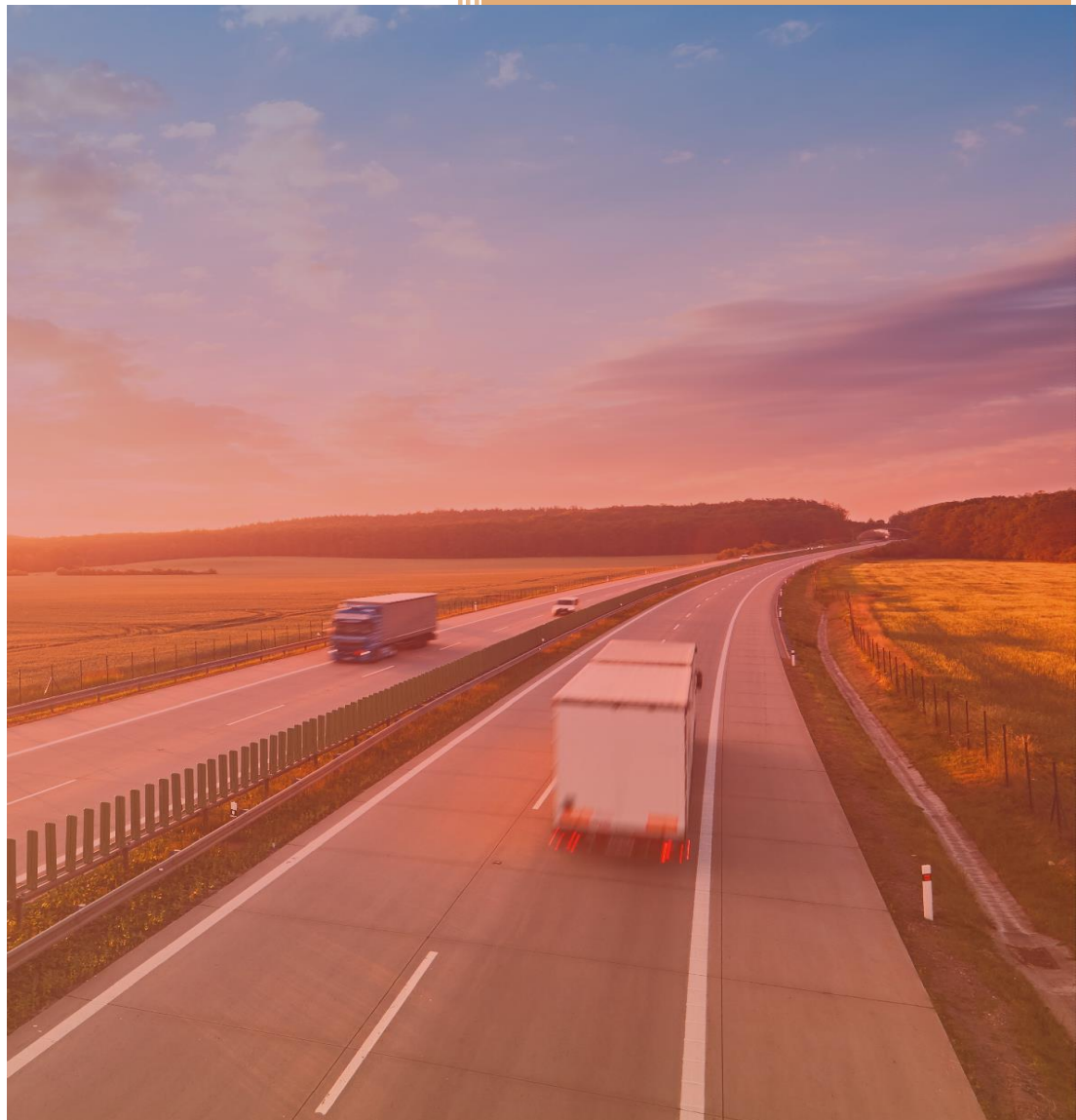


ECONOMIC ANALYSIS AND KEY PERFORMANCE INDICATORS



ECONOMIC ANALYSIS AND KEY PERFORMANCE INDICATORS

FIRST INTERIM REPORT ON THE MONITORING OF THE COMMON REGIONAL MARKET ACTION PLAN (2021-2024)

In order to contribute to the successful realization of the Action Plan 2021-2024 for the Common Regional Market (CRM AP), WB6 CIF and its Business Council commit to monitoring and documenting the tangible progress as felt by the business community of the region through annual progress reports. The reports will present an analysis of the state of implementation of the CRM AP and look at the way the common market functions in practice, in particular in key areas and for key market actors, from the viewpoint of the business community. This will help all stakeholders and policy makers – at regional and national level – to assess the effects of policy actions already undertaken, and to identify the right priorities and better respond to the needs of businesses.

KPI will be based on two available sources of data – economic analysis of key economic indicators and information gathered from the WB6 business community. The evaluation will be carried out as a two-level assessment, with level 1 assessing the status of the regulatory reform actions (adopted regulation, law, procedure, decision...) and level 2 whether, and to what degree, the new legislative framework (in the action points where regulatory actions have been implemented) is translated into benefits for business.

As part of the preparatory actions, ahead of the different regulatory reform actions set out in the Common Regional Market Action Plan and in anticipation of progress in implementing the set deliverables, WB6 CIF has prepared a short overview of the status of play in the Western Balkans 6 economies, in three aspects:

- I. Short analysis of the key economic indicators of WB6 economies, in the time frame 2014-2020, shedding light on the achieved progress/regress of the economic performances on the region during the implementation of the economic agenda set out in the framework of the Berlin Process;*
- II. Baseline Indicators for the Overall Key Performance Indicators for the Regional Trade Area Segment of the Common Regional Market Action Plan;*
- III. Results of the initial survey of the WB6 business community, offering main company insights in three KPI fields, related to the issues having the highest priority for the region's business community in the implementation of the four freedoms initiative (progress in elimination of barriers to trade, progress in harmonization of rules (requirements and standards) that applies to products traded within the region and making it easier for individuals to move, stay and work throughout the region).*

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SECTION I

THE WESTERN BALKANS 6
KEY ECONOMIC INDICATORS
2014 – 2020

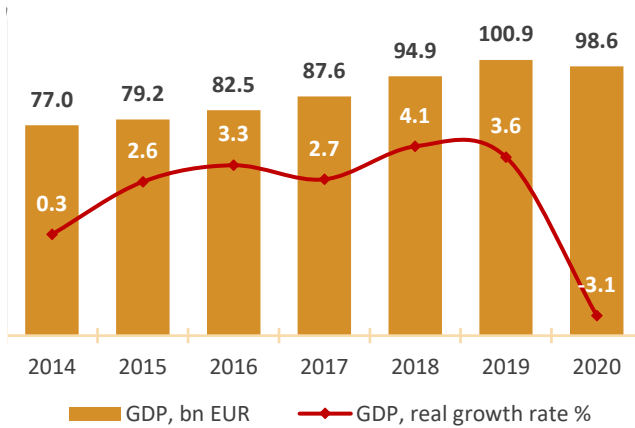
Synopsis

- The Berlin Process has succeeded in moving the Western Balkans 6 region into a good direction, especially concerning regional economic cooperation.
- However, according to estimates by international financial institutions, the Western Balkans is below its economic potential, while regional foreign trade is still not satisfactorily integrated into the global value chain.
- Actual GDP growth rate of WB6 economies and the region combined could be higher 1.5 to 2 percentage points if the Western Balkans was fully integrated in terms of free movement of people, goods, services and capital.
- In the period 2014 – 2020, total population in the Western Balkans decreased by 2.1%, while the average decline was 0.4%. The region has a total population of 17.7mn, while an informal estimate shows that up to 15mn live there, as a consequence of emigration.
- Total regional GDP increased by 28.0% (average annual growth of 4.2%) from 2014 to 2020, which includes the decrease in GDP in 2020 due to the COVID-19 pandemic. In absolute figures, the regional GDP amounted to EUR 98.6bn compared to EUR 77.0bn in 2014. However, the region's GDP peaked at EUR 100,9bn in 2019, prior to the pandemic.
- GDP per capita in 2020 amounted to EUR 5.583 which is a 30.8% increase compared to the beginning of the observed period (EUR 4.267 in 2014). Average growth of this indicator was 4.6%, which is slightly higher than the average growth of total GDP (4.2%). GDP per capita (PPP) in the Western Balkans makes 35.6% of the EU 27 average.
- Composition of the Gross Value Added (GVA) of the Western Balkans region is as follows: 68% of the total GVA is generated by services, 22% by industry and 10% by agriculture.
- Total inflow of FDI's to the region amounted to EUR 35.0bn, and the largest invested value was in 2018 and 2019 (6.3 EUR bn each). In 2020 FDI's inflow amounted to EUR 5.4bn, which was an increase of 53.4% compared to 2014. The FDI's structure was as follows: 59% in services, 40% in industry and a symbolic investment in agriculture.
- Investment (Gross Fixed Capital Formation) has increased by 8.9% annually in the observed period. Level of GFCF as % of GDP has increased from 19.5% of GDP in 2014 to 22.7% of GDP in 2019 which is an important signal of economic growth.
- Total number of employees in 2020 was 6.7mn (21.3% higher compared to 2014), while the unemployment rate was at its historical low at 13.1% (9.3 p.p. lower than in 2014), the average gross salary was around EUR 650 (EUR 505 in 2014).
- Total trade of goods and services increased by 34.0%. The share of total export of goods and services in the GDP was 44.5% in 2020, while the total import of goods and services was 59.1%. The Western Balkans region is an open region for international trade, as Trade Openness Index was above 100% of GDP from 2015.

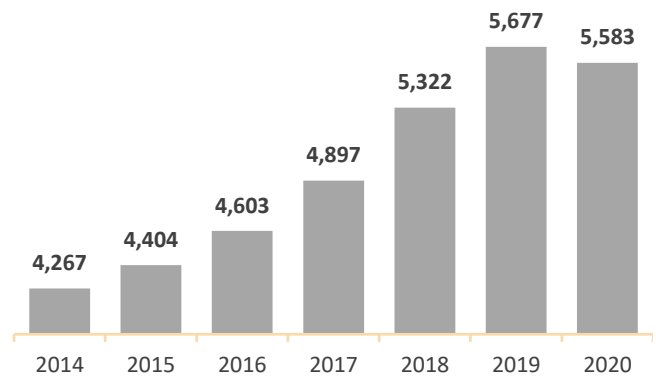
- In the period 2014-2020, export of goods recorded an average annual growth of 6.2%, while import of goods recorded a slightly lower growth, 3.9%. Export of services was growing 3.6% on average per year, while import of services was growing 3.9% on average per year.
- Since 2016, the deficit of trade in goods and services has recorded a slightly increasing trend.
- The main regional trading partner is the European Union (27), 60% of total trade in goods, while the intra-regional trade is about 12% (CEFTA). The trade in goods with the rest of the World was 28% of total trade.
- The main regional trading partner for export in goods is the European Union (27), where 68% of goods were exported. The structure of export products from the region to the EU was the same each year, and just with a little variation in value of export. In 2020, the main export products to the EU were manufactured products (39% of total export) and machinery and transport equipment (30%). These two categories of commodities were the most frequent in total import from EU(27), with a share of 32% and 30%, respectively. Import from EU(27) is about 55% of total Western Balkans import.
- Intra-regional trade in the Western Balkans was the highest in 2019 (EUR 5.8bn), but due to the pandemic, in 2020 recorded a decrease by 10.0% and amounted to EUR 5.2bn.
- Main risks for economic sustainability: highly negative demographic trend, unequal regional development, tensions between leading global economic power, increase of interest rates on the international capital market as well as the increase in commodity prices, political disputes and risks, uncertainty of the EU integration process etc.

Gross Domestic Product (GDP)

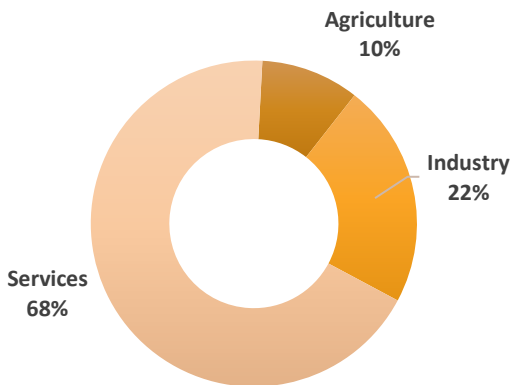
GDP
(bn EUR / real growth rate %)



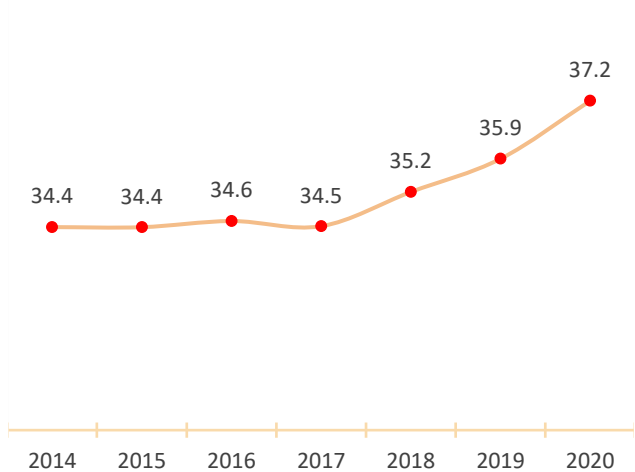
GDP per capita
(EUR)



Gross Value Added, structure
(%)

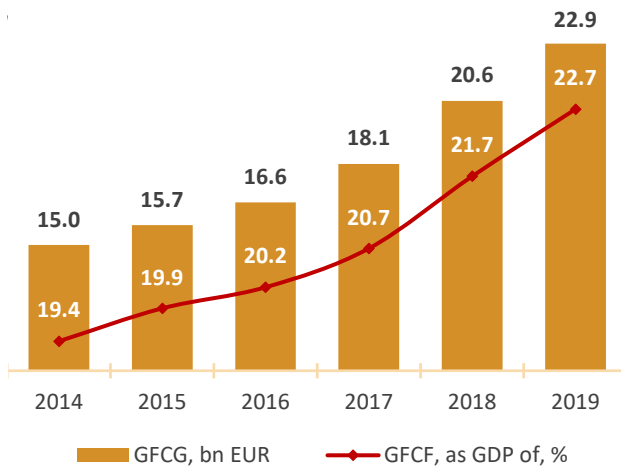


WB6 GDP per capita as a percentage of the EU(27)
(PPS EU(27))

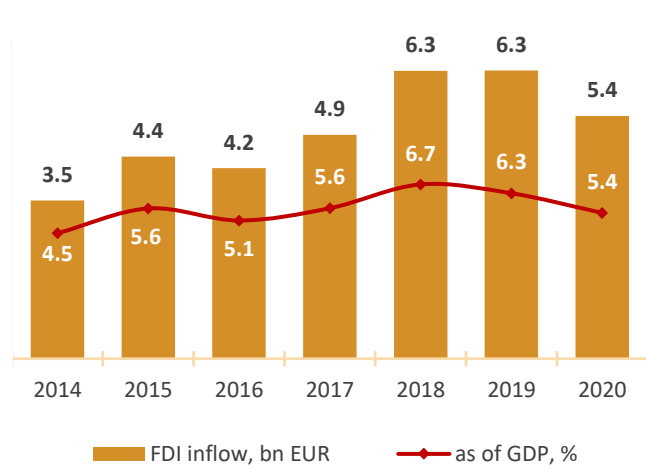


Investment (GFCF) and Foreign Direct Investment (FDI)

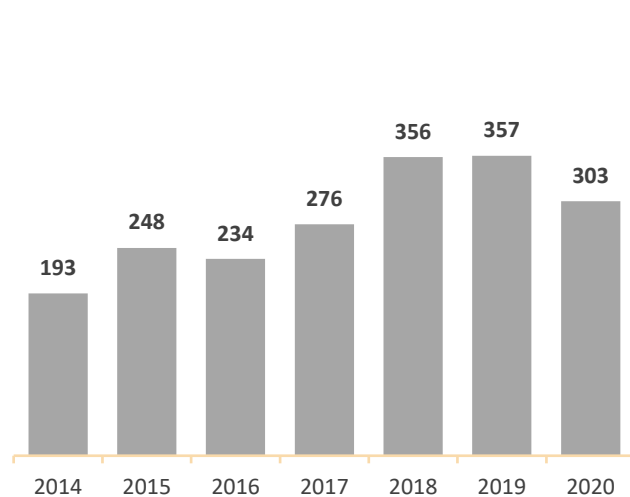
Gross Fixed Capital Formation (GFCF)
(bn EUR / as % of GDP)



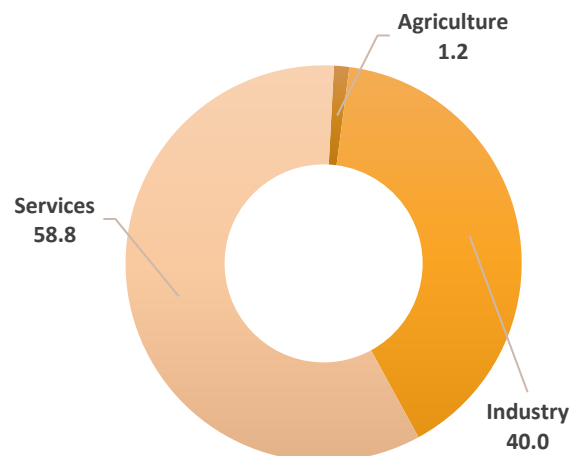
FDI
(bn EUR / real growth rate %)



FDI per capita
(EUR)

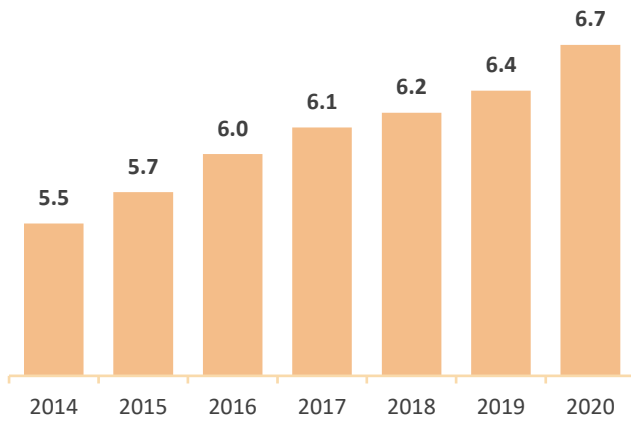


FDI, structure
(%)

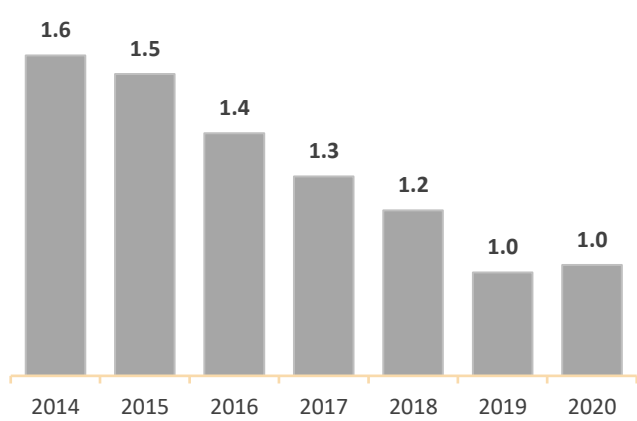


Labor market

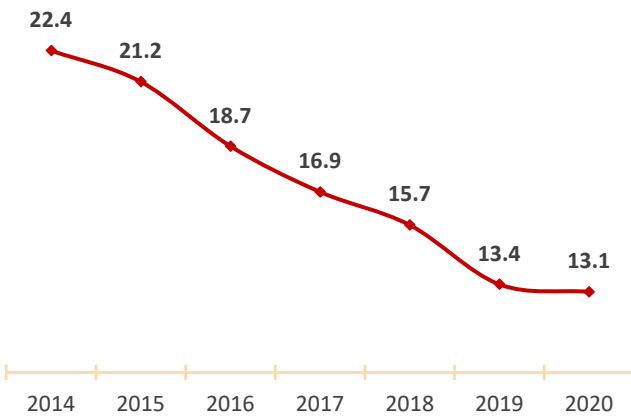
Employment (LFS)
(mn people)



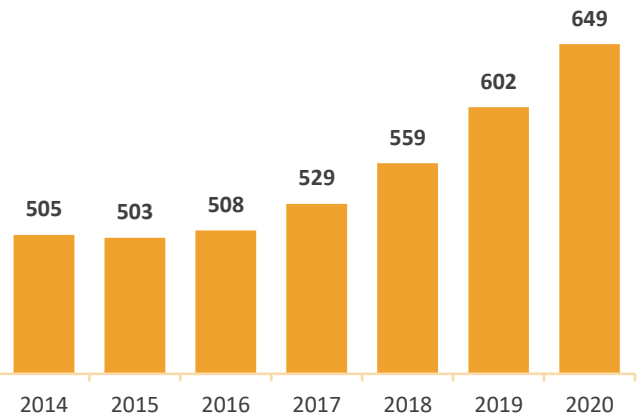
Unemployment (LFS)
(mn people)



Unemployment rate
(%)

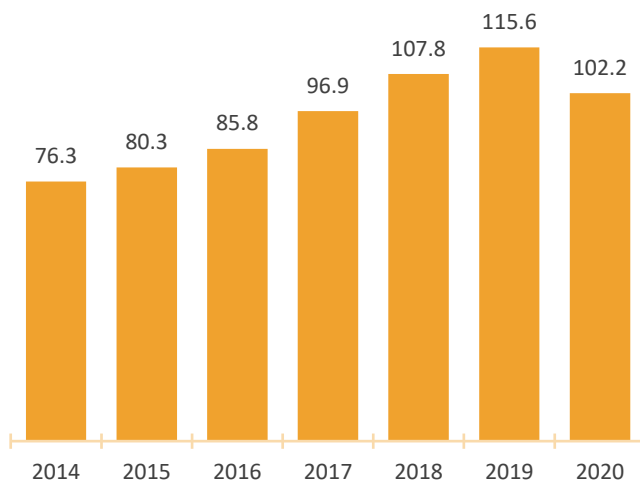


Average Gross Salary
(EUR)

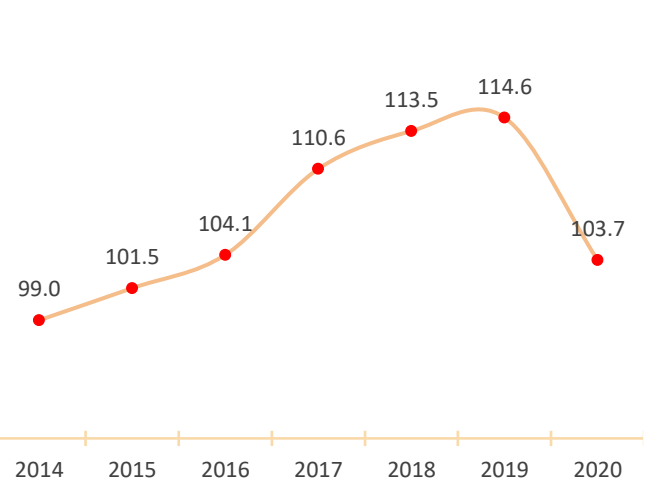


Foreign trade (flows and balance)

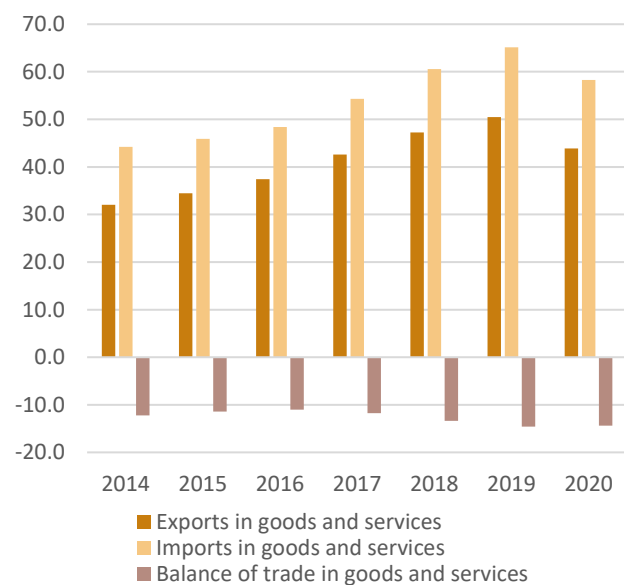
Total trade, goods and services
(bn EUR)



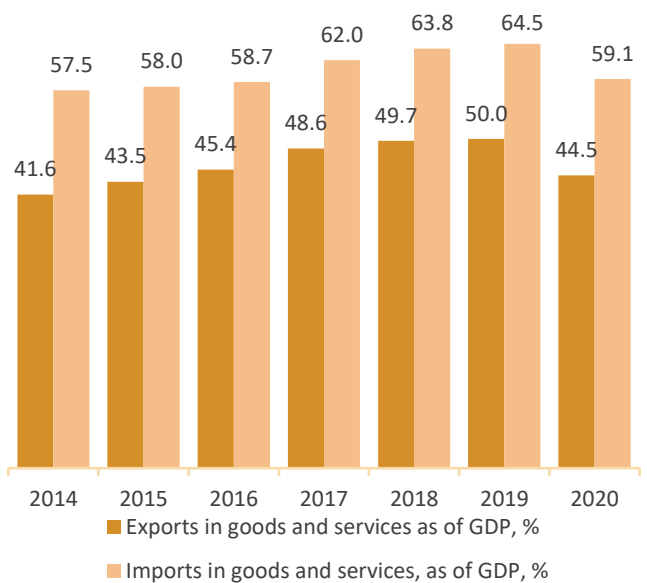
Openness index
(goods and services trade to GDP), %



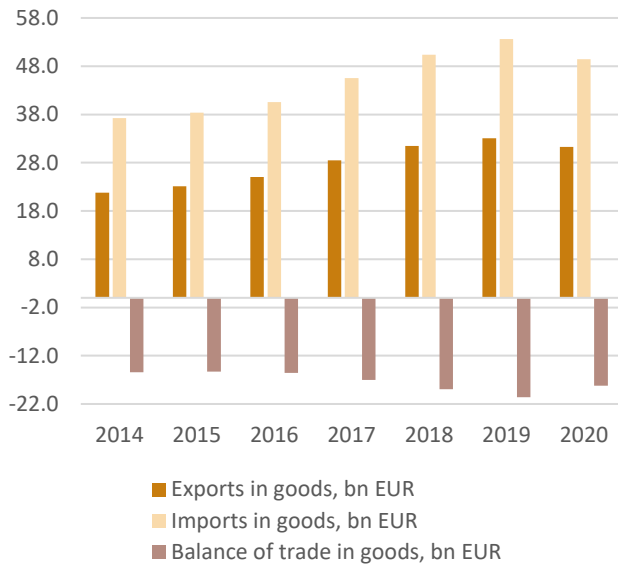
Export, import and balance of trade
bn EUR



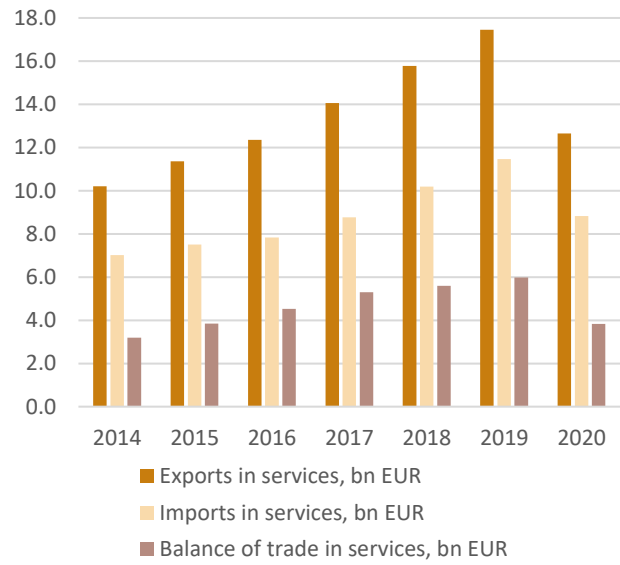
Export and import in GDP
(goods and services trade to GDP), %



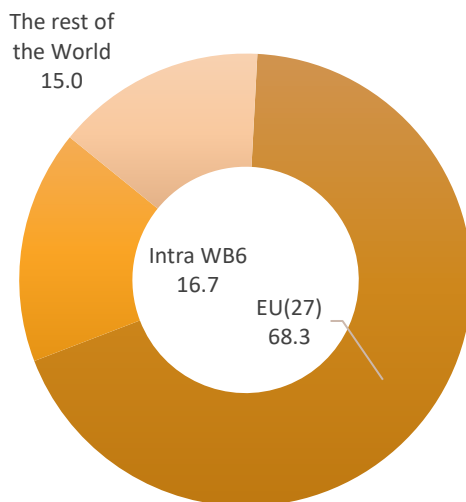
Trade of goods
bn EUR



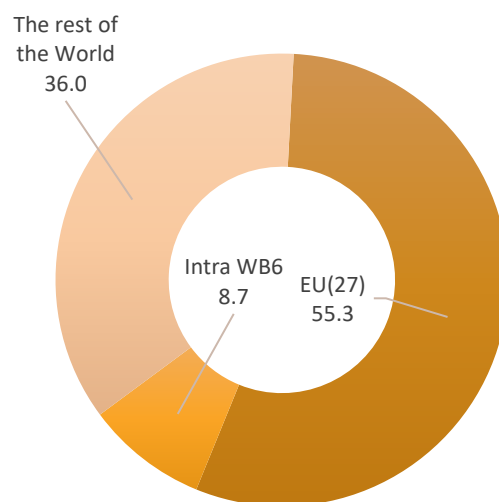
Trade of services
bn EUR



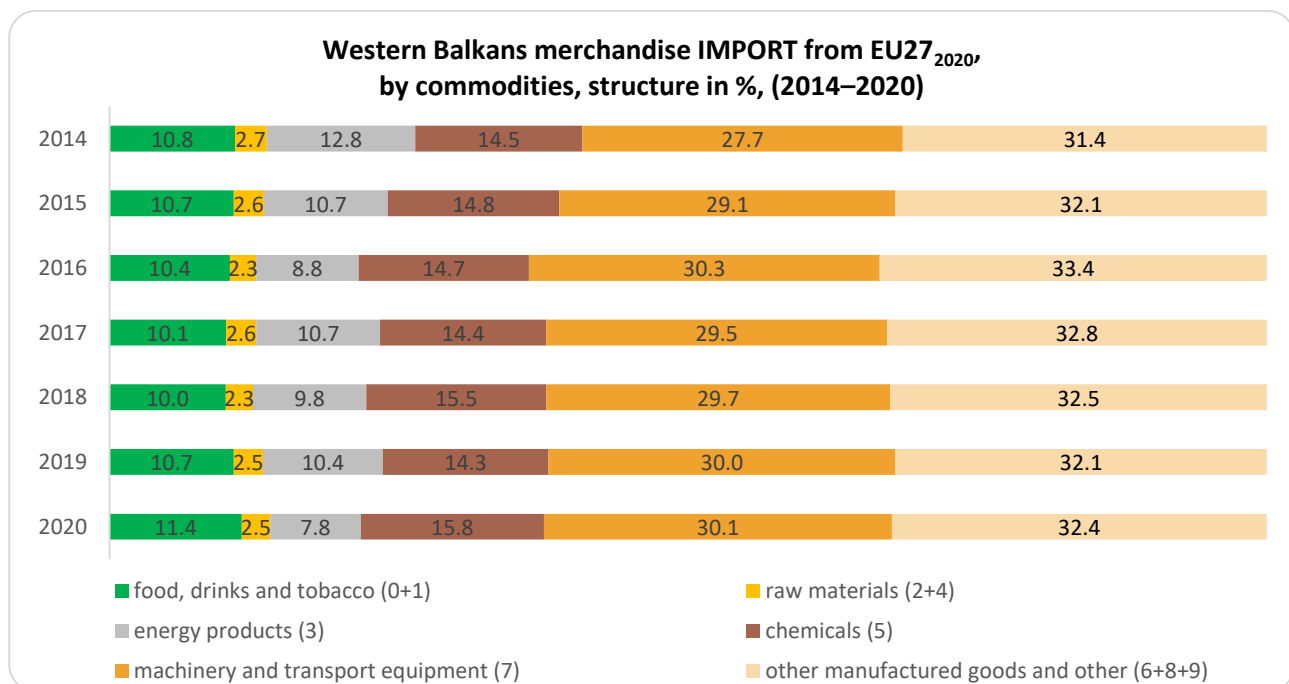
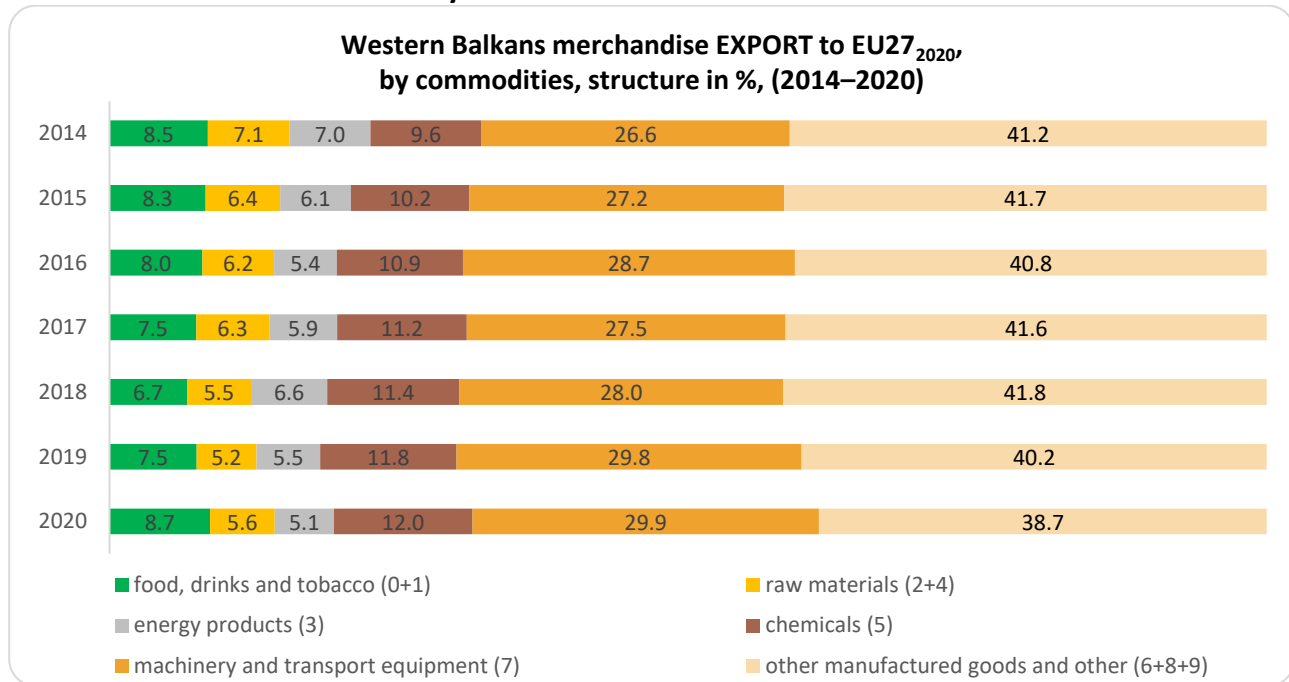
Top trading partners EXPORT
structure, %



Top trading partners IMPORT
structure, %



Trade flows WB6 with EU27₂₀₂₀ by SITIC section 2014-2020



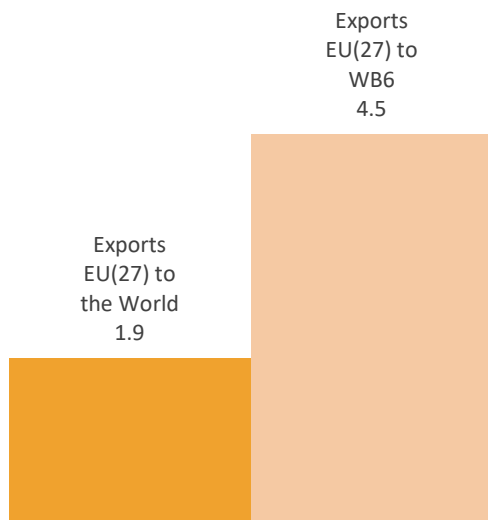
Methodological Notes:

SITC (Standard International Trade Classifications) Revision 3, Sections: 0 Food and live animals, 1 Beverages and tobacco 2 Crude materials, inedible, except fuels, 3 Mineral fuels, lubricants and related materials, 4 Animal and vegetable oils, fats and waxes, 5 Chemicals and related prod, n.e.s., 6 Manufactured goods classified chiefly by material, 7 Machinery and transport equipment, 8 Miscellaneous manufactured articles, 9 Commodities and transactions n.c.e.,

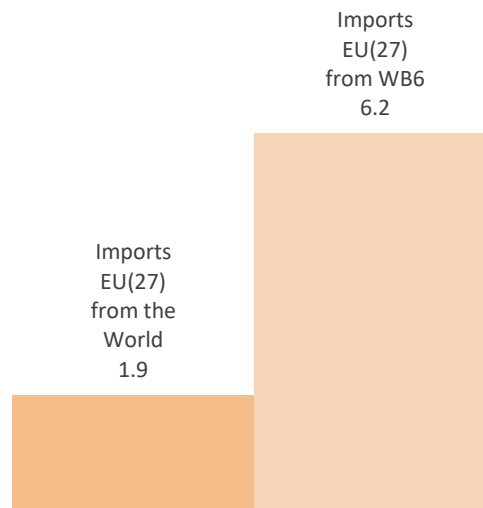
Average annual growth rate EU (27) trade flows for period 2014-2020

Annual growth rate in %

EU(27) Export to World and WB6

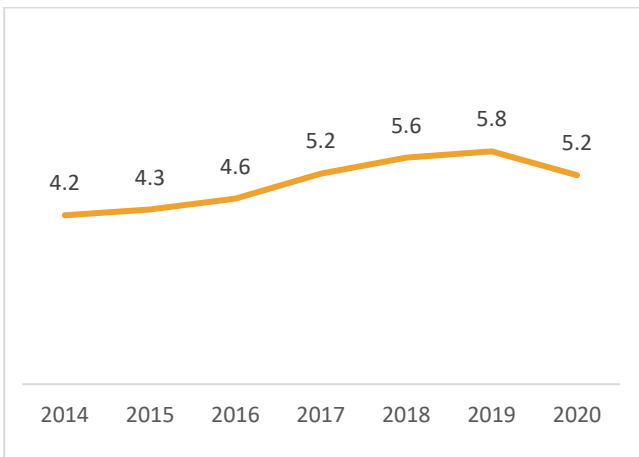


EU(27) Import from World and from the WB6



Western Balkans - intra trade

bn EUR



Sources: Eurostat, wiiw database, statistical offices, WB6 CIF Calculations.

Western Balkans, key changes 2014-2020

Western Balkans (Key figures)	Unit	Change in 2020 compared to 2014	Average annual change for period 2014-2020
Population	%	-2.1	-0.4
GDP	%	28.0	4.2
GDP per capita	%	30.8	4.6
Gross fixed capital formation	%	53.1	8.9
FDI inflow	%	53.4	7.4
FDI inflow per capita	%	56.8	7.8
Employment	%	21.3	3.3
Unemployment	%	-36.5	-7.3
Unemployment rate	percentage points	-9.3	
Average gross salary	%	28.5	4.3
Total trade in goods and services	%	34.0	5.0
Trade openness index	percentage points	4.6	
Exports in goods and services	%	37.1	5.4
Imports in goods and services	%	31.8	4.7
Exports in goods and services, as of GDP	percentage points	2.9	
Imports in goods and services, as of GDP	percentage points	1.7	
Exports in goods	%	43.2	6.2
Imports in goods	%	32.9	4.9
Exports in services	%	24.0	3.6
Imports in services	%	25.7	3.9

Source: wiiw database, Western Balkans statistical offices, Eurostat, WB6 CIF Calculations.

SECTION II

OVERALL KEY PERFORMANCE
INDICATORS FOR THE REGIONAL
TRADE AREA SEGMENT OF THE
COMMON REGIONAL MARKET
ACTION PLAN

OVERALL KEY PERFORMANCE INDICATORS FOR THE REGIONAL TRADE AREA SEGMENT OF THE COMMON REGIONAL MARKET ACTION PLAN1

KPI 1: Reduction (%) of average waiting times and formalities at the border crossings

Explanation: This indicator will show the effectiveness of reform processes associated with accelerating facilitation of cross-border trade. It will give an indication how well the trade facilitation measures are formulated and how they are implemented at the national level. In this context, any trade facilitation measure that helps in speeding up processes, such as green lanes, pre-arrival processing, common controls, harmonization of working hours, available technologies, is increasingly important for reducing trade costs essential to promote trade.

Interim milestone annually	Target (2024)
% decrease in the waiting times	Waiting times at borders need to be minimized and predictable

Baseline April 2021 – waiting times have been reported by WB6 CIF member, and the TCT Secretariat has conducted it's monitoring. The average waiting times per border crossings in the region in April are:

APRIL	AVERAGE WAITING TIME - in minutes	WB6 CIF	TCT SECRETARIAT
AL-ME	Han i Hotit (Bozaj)	60	25
ME-AL	Bozaj (Han i Hotit)	79	40
AL-KO	Morinë - Vërmicë	58	52
KO-AL	Vërmicë - Morinë	62	32
	Qafë		
AL-NM	Thanë (Kjafasan)	27	45
	Kjafasan (Qafë		
NM-AL	Thanë)	49	55
BH-RS	Rača (Sremska rača)	17	45
RS-BH	Sremska Rača (Rača)	12	30
KO-NM	Hani I Elezit (Blace)	53	60
NM-KO	Blace (Hani I Elezit)	25	30
NM-RS	Tabanovce (Preševo)	48	39
RS-NM	Preševo (Tabanovce)	32	57
ME-RS	Dobrakovo (Gostun)	16	65
RS-ME	Gostun (Dobrakovo)	79	50
ME-BH	Ilino Brdo (Klobuk)	17	68
BH-ME	Klobuk (Ilino Brdo)	27	38
ME-KO	Kula (Kulla)	24	25
KO-ME	Kulla (Kulla)	26	30

¹ Overall KPIs for the remaining areas are pending the yearly survey

RS-KO	Merdare	5	7
KO-RS	Merdare	25	38

Of particular concern are the waiting times registered at the WB6-EU border crossings:

- Horgoš border crossing from Serbia to Hungary – 496 minutes (almost 8 1/2 hours)
- Kelebija border crossing from Serbia to Hungary – 425 minute (7 hours).
- Batrovci border crossing from Serbia to Croatia – 371 minutes
- Šid border crossing from Serbia to Croatia – 270 minutes
- Gradiška border crossing from B&H to Croatia – 97 minutes

KPI2: Progress in elimination of barriers: Number of barriers resolved. Number of (new) barriers to trade reported

Explanation: This indicator will show the number of resolved and newly identified barriers in the region and help assessing the effectiveness of the implementation of the regional commitments. The regular reports will provide practical guides for the prioritisation and resolution of market access barriers and the improvement of the measures needed to better respond to real needs and concerns of businesses.

Interim milestone annually	Target (2024)
At least 50% of reported barriers resolved	At least 80% of reported barriers resolved

Baseline is established by the preliminary survey presented in this document.

KPI 3: Progress in harmonisation of rules (requirements and standards) that apply to products traded within the region

Explanation: This indicator will show the extent to which operators can benefit from harmonisation of rules within the region, specifically from the mutual recognition of test results and certificates for traded products (without any additional testing or certification).

Interim milestone	Target (2024)
Increase % of companies expressing satisfaction with the benefits of implemented MRAs and harmonised product requirements	Recognition of tests and certificates for traded products ensuring the free movement of goods within the region.

Baseline: There is no functioning regional MRA in effect; company sentiment is expressed in the preliminary survey presented in this document.

KPI 4: Progress in enabling companies to provide services across the region on equal terms without requirements for permanent establishment (e.g. forming and registering a local company)

Explanation: This indicator will help assess the effectiveness of the proposed measures in helping companies to reap economic opportunities provided by mutual recognition of national regulations in services (establishment requirement, professional qualifications, technical standards, licenses, insurance requirements, etc.) within the region.

Interim milestone	Target (2024)
Increased number of sectors covered by implemented MRA. Increase % of companies expressing satisfaction with conditions for the cross-border provision of services and the establishment of businesses	Service providers are able to provide services across the region on equal terms

Baseline: Decisions within the CEFTA framework laying conditions for the fulfillment of Protocol VI are pending. There is no functioning regional MRA nor legal provisions enabling companies to provide services on equal terms.

KPI 5: Making it easier for individuals to move, stay and work throughout the region

Explanation: This indicator will show the extent to which individuals in the region can benefit from simplification of formalities for entry, movement, stay and work in the region as well as from recognition of academic qualifications and portability of social rights.

Interim milestone	Target (2024)
Increased number of sectors covered by implemented MRA. Increase % of companies expressing satisfaction with the progress in simplification of formalities conducive to labor mobility within the region	Individuals can enjoy facilitated access to the labor market, including simplified procedures and exemptions from work permits

Baseline is established by the preliminary survey presented in this document.

KPI 6: Improvement in addressing key restrictions impeding the movement of capital across the region

Explanation: This indicator will demonstrate whether the proposed measures are conducive to cross-border capital transfers, cross-border investments and loans.

Interim milestone	Target (2024)
Increase % of companies expressing satisfaction with the progress in enabling cross-border movement of capital and payments	Companies are able to invest in and own other companies in the region and raise loans within the region without discrimination

SECTION III

INSIGHTS FROM BUSINESS
SURVEY WB6 CIF

Insights from Business Survey WB6 CIF²

The results of the first WB6 CIF Business Survey examine how primarily non-tariff measures (NTMs) applied by the Western Balkans trading partners affects companies in intra-regional trade. Results are based on a survey of 345 companies from across 27 economy branches, in sectors: Agriculture, Industry, Construction and Services in the WB6 chambers members (37% of companies come from the industry sector, 46 % from the services sector, 10 % are from the construction sector while 7% are from agriculture). It presents the results obtained in terms of impact on WB companies, by type of NTM, effects on companies of different sizes, particularly micro, small and medium-sized enterprises; draws conclusions on the importance of the role of the Western Balkans market and implementation work to facilitate internal trade.

Survey offers main company insights in three KPI fields:

KPI 2. Progress in elimination of barriers in terms of number of barriers resolved and number of (new) barriers to trade reported. Indicator shows the number of resolved and newly identified barriers in the region and help assessing the effectiveness of the implementation of the regional commitments. The regular reports should provide practical guides for the prioritization and resolution of market access barriers and the improvement of the measures needed to better respond to real needs and concerns of businesses.

KPI 3. Progress in harmonization of rules (requirements and standards) that applies to products traded within the region. Indicator shows the extent to which operators can benefit from harmonization of rules within the region, specifically from the mutual recognition of test results and certificates for traded products (without any additional testing or certification).

KPI 5. Making it easier for individuals to move, stay and work throughout the region. Indicator shows the extent to which individuals in the region can benefit from simplification of formalities for entry, movement, stay and work in the region as well as from recognition of academic qualifications and portability of social rights.

Key Survey results:

- 73% of interviewed companies face trading problems regarding non-tariff measures. Top 3 Non-tariff barriers are: Rules of Origin, Technical Barriers to trade, and Export related measures.
- 76% of interviewed companies face problems regarding administration and procedures. Majority of them report a lack of publicly available information, problems related to formalities connected with importation, exportation and transit, problems related to the release and clearance of goods and problems on fees and charges imposed on relation to trade, and penalties.
- 27% of interviewed companies do not face trading problems regarding non-tariff measures and 24% of them do not face problems regarding administration and procedures.

2

The survey was conducted in May 2021.

Report *The Business Survey Results* was prepared by WB6 CIF RCEA (Regional Center for Economic Analysis).

- Companies face complex certification procedures.
- Companies think that stronger connection between customs administrations and other border agencies in the WB6 is important.
- Companies think that unique standards are important for establishment of the regional market.
- Companies face problems in obtaining work permits for employees engaged on project realization in other countries of the region.
- 70% of interviewed companies are engaged in foreign trade and around 5% of companies are interested in trading, but report barriers to trade.

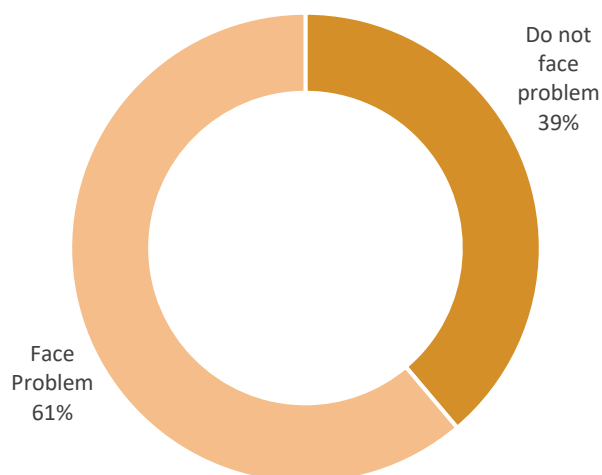
1. KPI 2 Insights: Progress in elimination of barriers in terms of number of barriers resolved and number of (new) barriers to trade reported

1.1 NTM (Non-tariff measures)

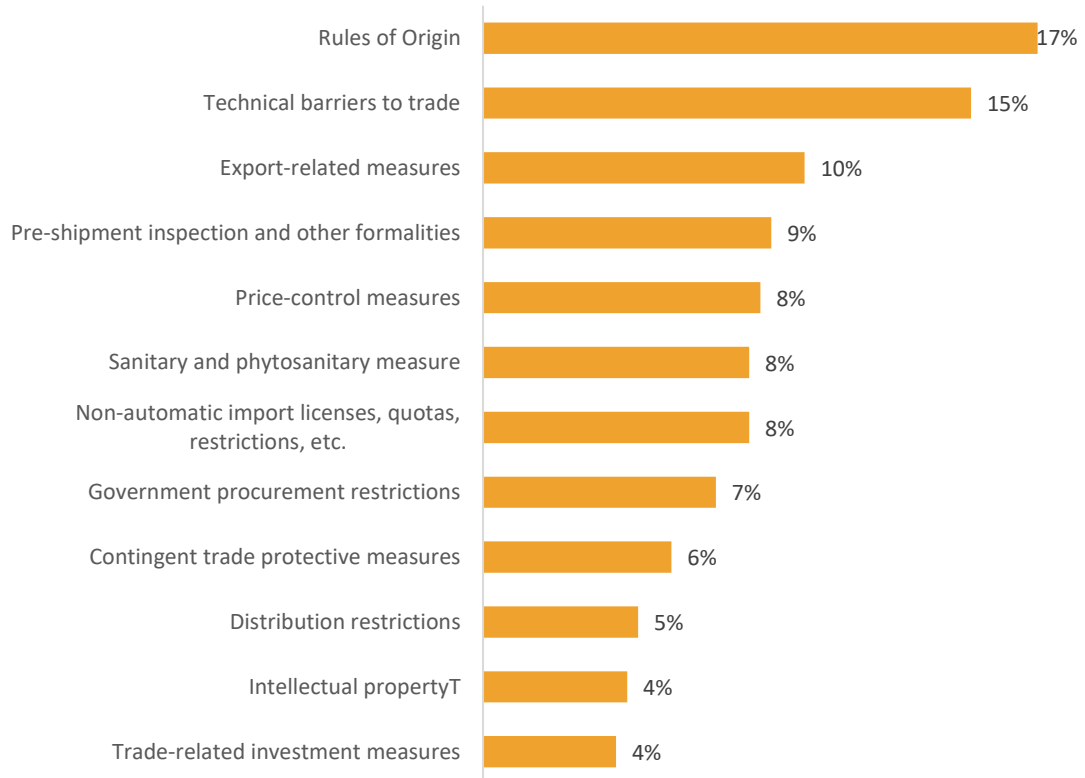
Key findings:

- Companies think that administrative processes are slow and take time.
- 39% of interviewed companies do not face trading problems regarding non-tariff measures and 61% of them face problems.
- Out of the 211 companies, facing problems regarding NTM, 17% reported facing restrictive regulations or obstacles to trade within the Rules of Origin. There are significant variations across sectors.
- Companies highlight that orking times of phytosanitary and veterinary inspections are not harmonized and often vary between the parties.
- Companies state that priority crossing for perishable goods exiting in the Green Lanes scheme does not function the same at all border crossings. Waiting times at border crossings is unreasonably long.
- Companies face requirements for excessive documentation (a lot of paper documents are needed which increases the time spent for administration proceedings).
- Companies declare that original documents have to be submitted in paper form, allowing scanned copies to be sent by e-mail would ease and fasten the procedure.
- Temporary regime application at the customs for Machineries and Equipments, Transport of equipments Etc.
- As other announced problems, companies mainly stated complex certification procedures.

Do you face any problem regarding non-tariff measures?

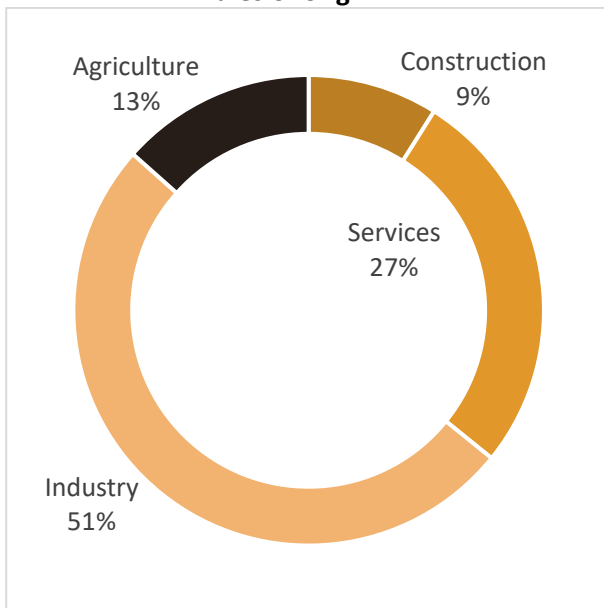


Type of NTM-obstacles for Western Balkan companies

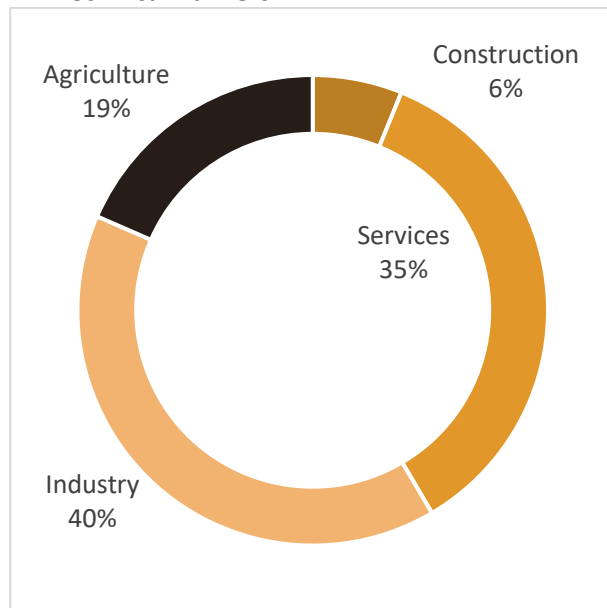


Rules of Origin. In comparison to the sector of industry (51% of companies), companies from the agriculture are relatively less affected by Rules of Origin (13% of companies). Surveyed companies in branches of metals, machinery and mechanical appliances industry (boilers, turbines, washing machines, agricultural machinery, etc.) and wood industry declare to be more affected. Companies of the optical and photographic equipment, watches, and musical instruments, footwear/headgear, mineral products well as stone/glass are relatively less affected by rules of origin. Within services sector (27% companies affected by RoO), wholesale and retail trade is the most affected sector according to the survey.

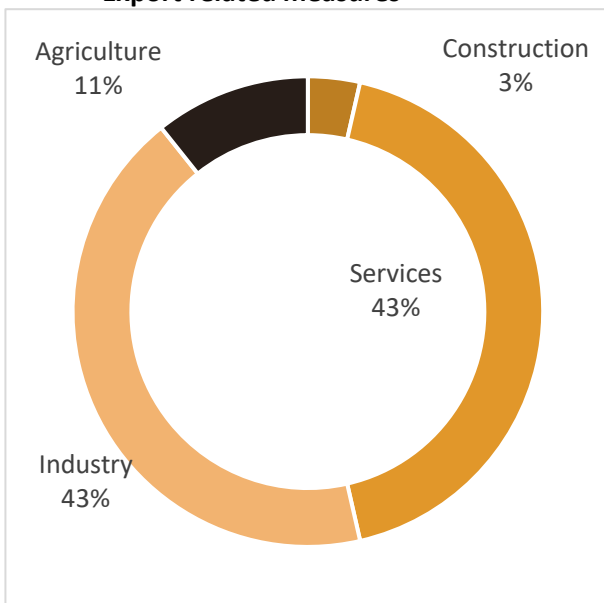
Rules of origin



Technical Barriers



Export related measures



Technical Barriers. In comparison to the sector of industry (40% of companies), companies from the agriculture sector are relatively less affected by Technical Barriers (19% of companies). Within the services sector, which is the second most affected sector (27% companies affected by Technical barriers), wholesale and retail trade is the most affected sector according the survey.

Export related measures. In comparison to the sector of industry (43% of companies), and services (43%) companies from the agriculture sector are relatively less affected export related measures (11% of companies).

Besides previously listed barriers, WB6 companies face additional problems:

- Non-compliance with signed bilateral agreements on the recognition of phytosanitary certificates and veterinary certificates (resulting in additional quality control by the importing country and additional unnecessary costs - approximately 200 Euros per truck).
- Barriers on transportation among neighboring countries (and further to the EU).
- Authorisation for export that is needed in some WB6 economies.
- Obligation to acquire a national conformity assessment certificate for products that were already tested in the EU.
- Obligation to acquire a national conformity assessment certificate even though the product has a certificate issued in another WB6 economy.
- Intellectual Property issues.
- The defined deadline for payment of customs duties (customs and VAT) is too short, especially for companies engaged in production.
- Content of the labels on the products only appear to be synchronised with EU directions but are unnecessarily more rigid (e.g. trade inspectors in some WB6 economies insist on putting the name of the producer on the label, EU legislation does not insist on this - only the exporter and the country of export are mandatory)
- High illiteracy rate concerning Electronic Data Interchange (EDI).
- The rate of re-sampling at the border is too high, in cases when the products have all necessary documents and testing results from the WB6 economy of import. High bank fees for online payments which bring up the already high costs for the import of goods
- EU quotas, especially the quotas established due to the steel safeguards mechanism.

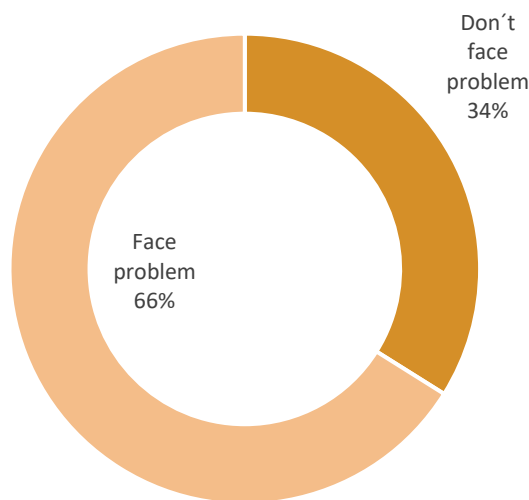
Some companies announced that obtaining certificates which can only be issued by specific certification bodies makes the procedure costly. Very often the time needed for receiving certificates and preparing trade procedures is lengthy making trade more difficult and costly.

1.2 Information and transparency (administrations and procedures)

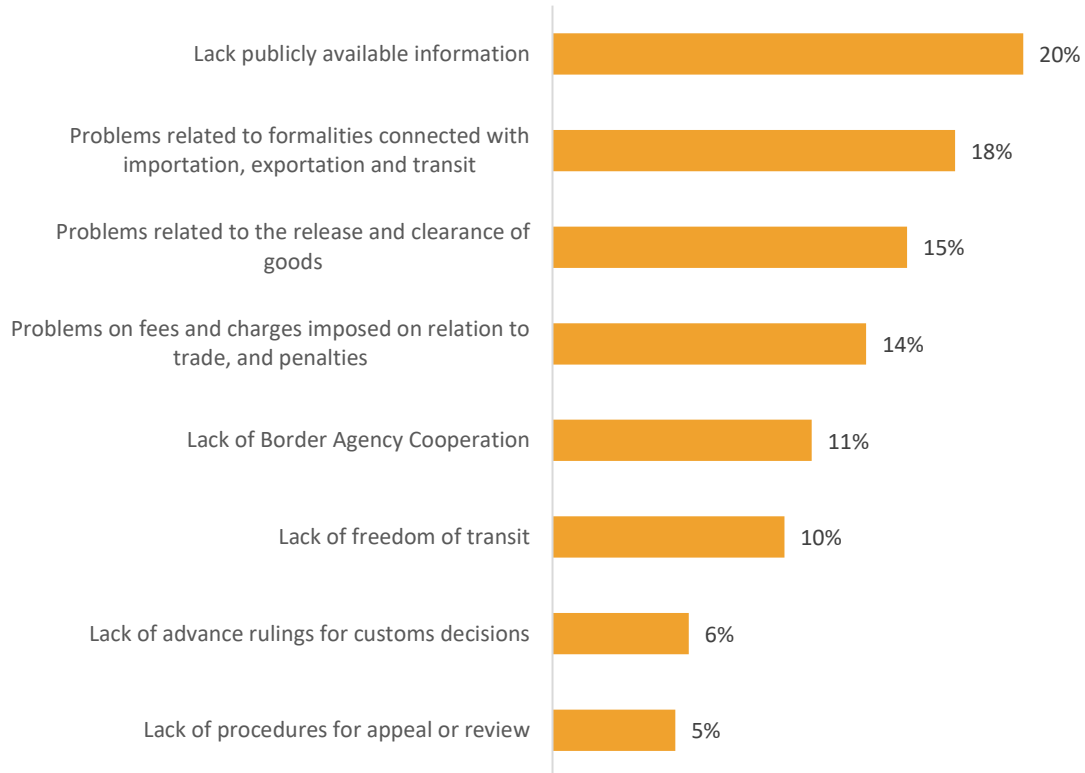
Key findings:

- Information and transparency represent large part of the issues highlighted. These issues include lack of publicly available information, problems related to formalities, not adequately publicized regulative information and related topics.
- These issues should be raised by authorities with increasing efforts to ensure jointly coordination and exchange information related to the trade policy measures.
- 34% of interviewed companies do not face trading problems regarding administrations and procedures and 66% of them face problems.
- Three main obstacles are: Lack publicly available information (20%), Problems related to formalities connected with importation, exportation and transit (Include lack of acceptance of copies, lack of single window, requirement of using a custom broker, etc.) (18%), and Problems related to the release and clearance of goods (Includes delays related to the release from customs of the goods, lack of pre-arrival processing, lack of electronic payment etc.) (15%).

Do you face any problem (regarding administration and procedures)?

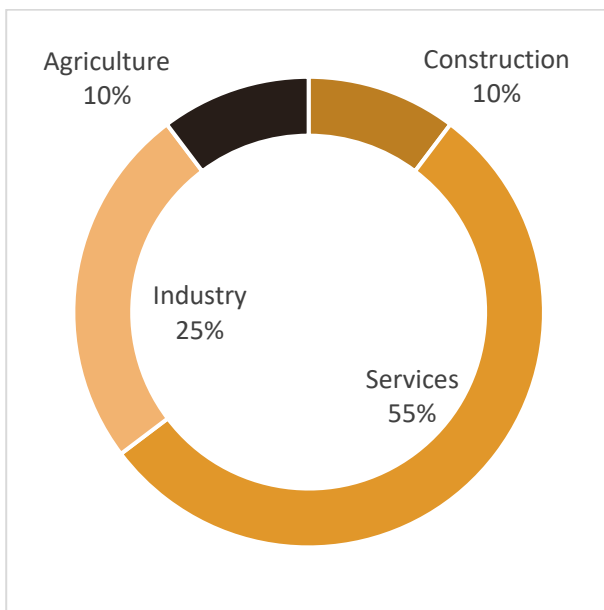


Types of administration and procedures obstacles for Western Balkan companies

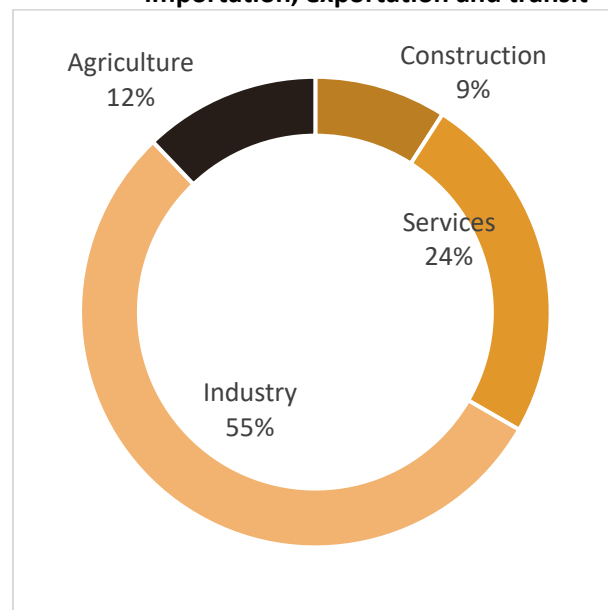


Lack of publicly available information. In comparison to the sector of services (55% of companies), and industry (25%), companies from the agriculture sector (10% of companies) and construction sector (10%) are relatively less affected by lack publicly available information. Surveyed companies (from the services sector) in branches of Wholesale and retail trade, Marketing/advertising/communications services and Software and programming declare to be more affected. Companies of the Financial/Banking/Insurance and Health Services are relatively less affected by lack publicly available information. Within the sector of industry, the branch of Metals is the most affected according the survey.

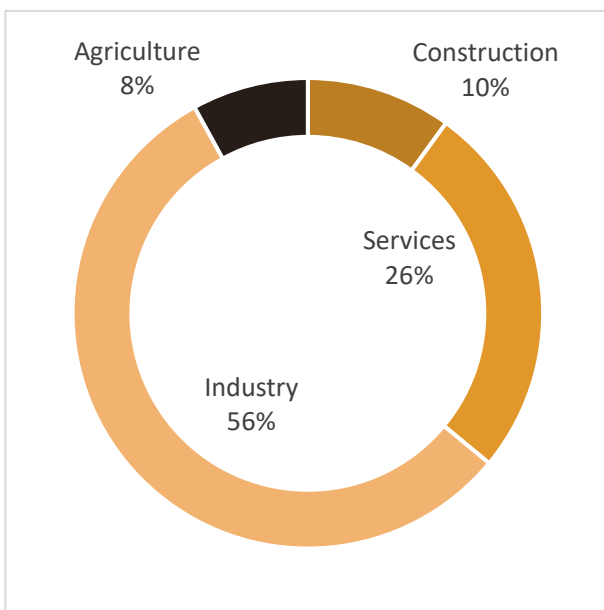
Lack publicly available information



Problems related to formalities connected with importation, exportation and transit



Problems related to the release and clearance of goods



Problems related to formalities connected with importation, exportation and transit. Within the sector of industry, the branches of Metals and Machinery and mechanical appliances (boilers, turbines, washing machines, agricultural machinery, etc.) are the most affected.

Problems related to the release and clearance of goods. Within the sector of industry, the branches of Metals and Electrical machinery (shavers, lamps, telephones, televisions, electronic integrated circuits, etc.) are the most affected.

KPI 3. Insights: Progress in harmonization of rules (requirements and standards) that applies to products traded within the region

- Companies face problems due to lack of controlling quality of equipment and related standards
- Companies face problems in controlling technical characteristics

KPI 5. Insights: Making it easier for individuals to move, stay and work

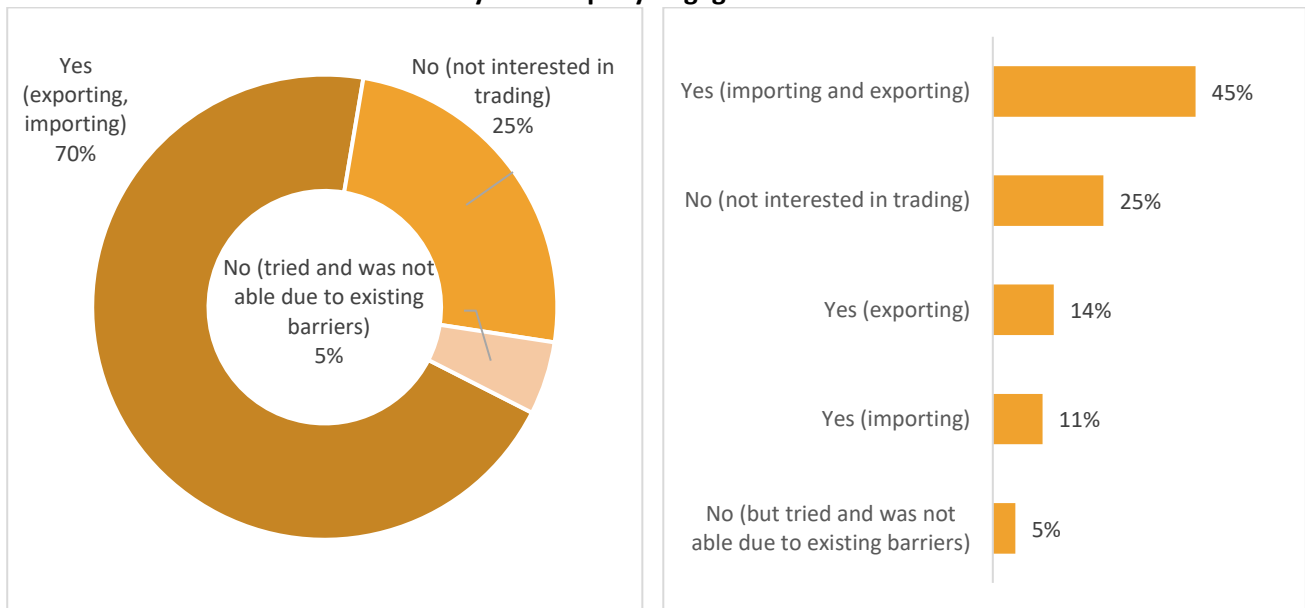
- Problems in obtaining work permits for employees engaged on project realization in other countries of the region.
- In the area of education there is suggestion as need decision for one institution if accredited in any of WB6 economies to have the accreditation in all WB6 economies.
- Problems of the recognition of Western Balkans diplomas due to lack of reciprocity (with EU countries).
- In the area of education there is suggestion for automatic recognition of diplomas issued by accredited institutions in all WB6 economies.
- Mutual recognition of education and professional qualifications of staff
- Brain drain to the west and the longterm result of the Bologna reform process (the quality of education is getting lower absolutely everywhere, not just here, but here you got Master-students that don't deserve the title student... not to mention a master-diploma).
- Poor quality education for technical occupations.
- Insufficiently qualified workforce.
- High tax burden – low minimum wage.

Statistical Annex

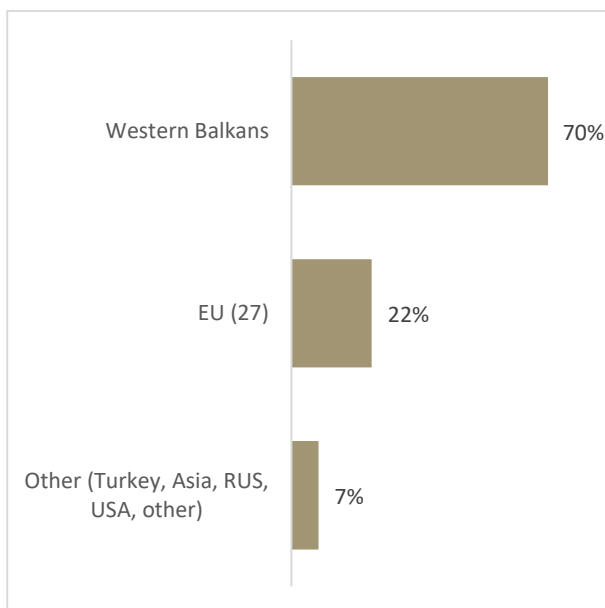
Trade

70% of interviewed companies are engaged in foreign trade and around 5% of companies are interested in trading, but find barriers to trade.

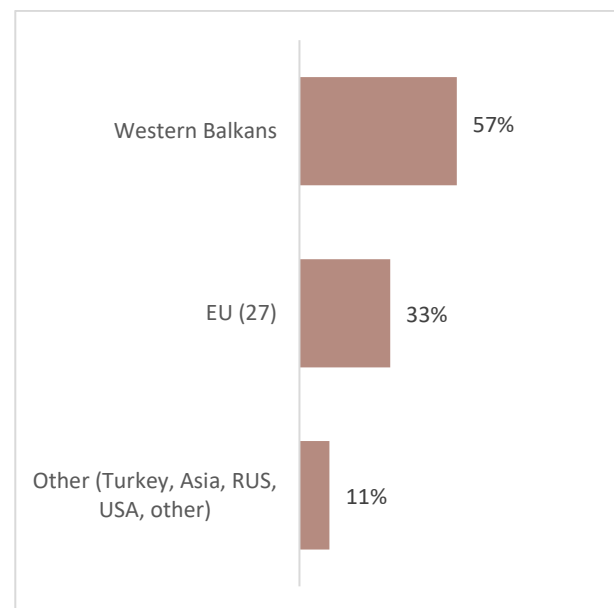
Is your company engaged in trade?



Where are your main clients located? (Exports)

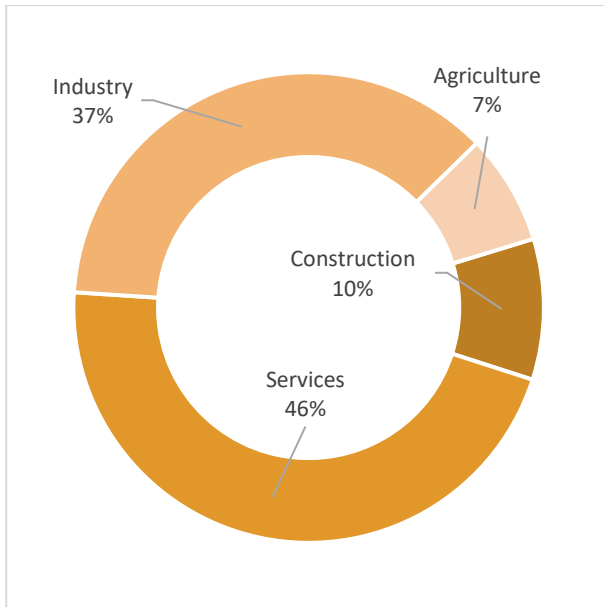


Where are your main suppliers located? (Imports)

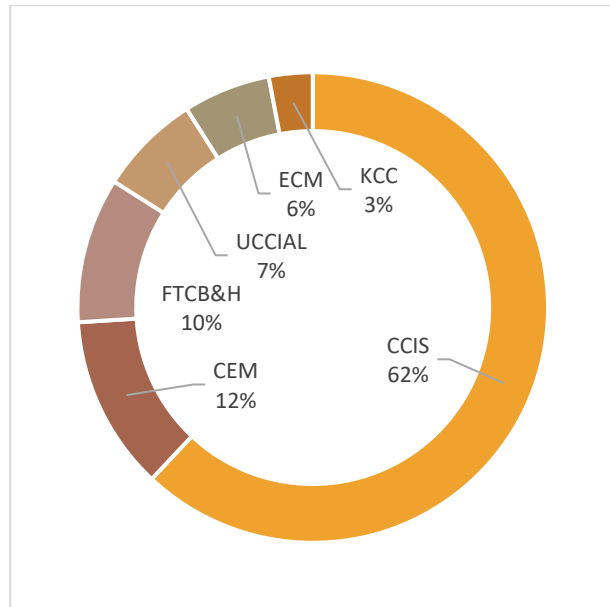


Sample structure

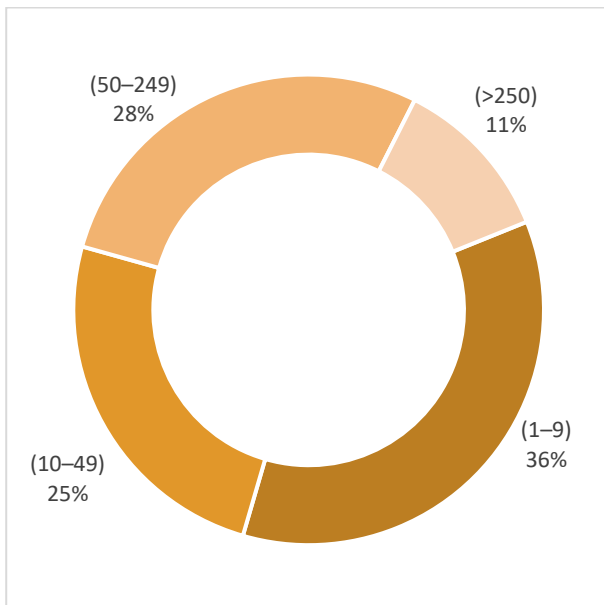
Companies by activity (sector level)



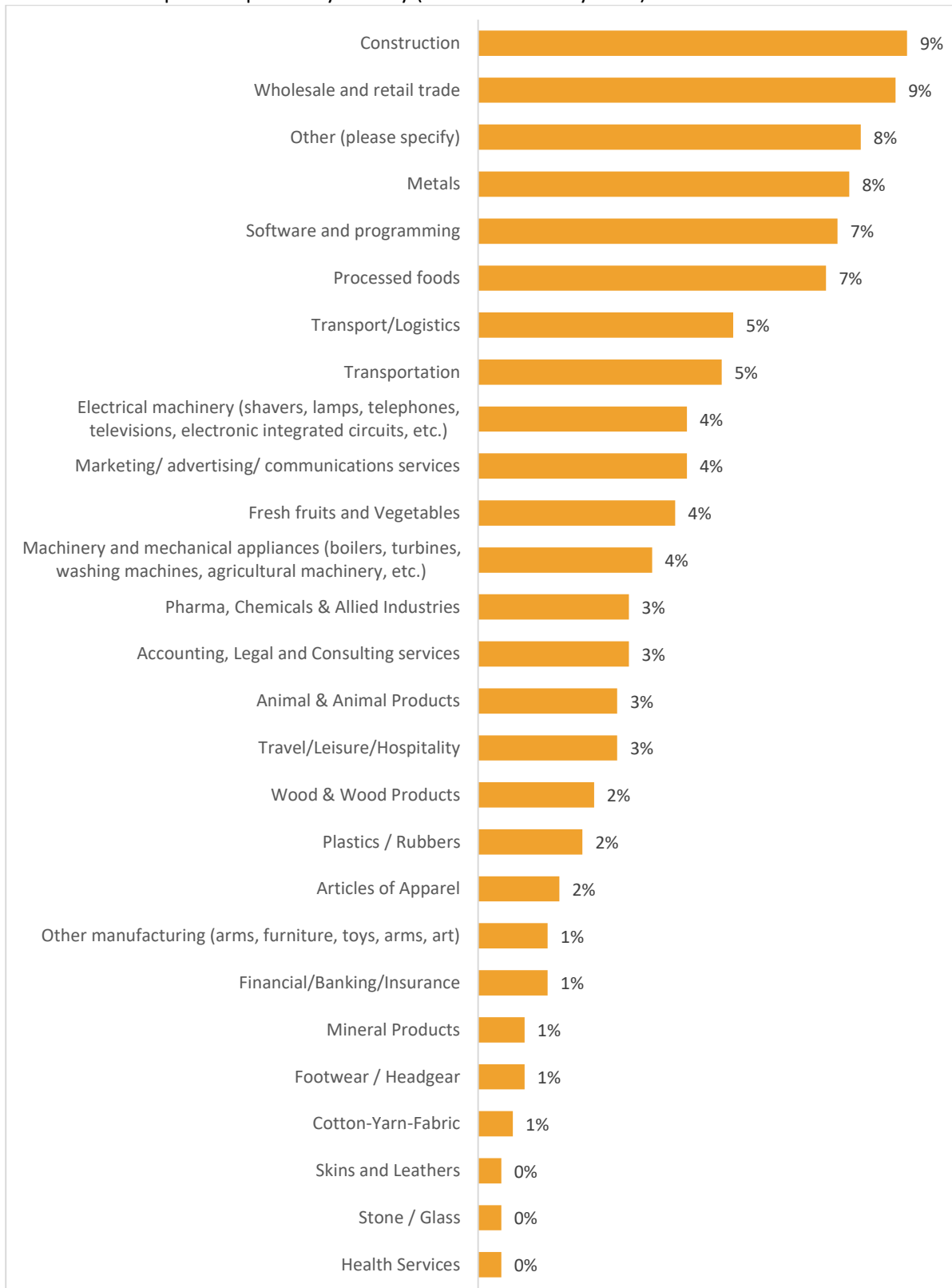
Companies according to chamber membership



Companies by number of employees



Structure of sample: companies by activity (economic activity level)



Note: Others are R&D in mechanical & electrical engineering, metal processing, laboratories, warehousing, Recycled paper production.

Methodology Notes:

Classification of non-tariff measures (NTM) by chapter ³

1. Imports:

1.1 Technical measures

- A Sanitary and phytosanitary measures
- B Technical barriers to trade
- C Pre-shipment inspection and other formalities

1.2 Non-technical measures

- D Contingent trade-protective measures
- E Non-automatic import licensing, quotas, prohibitions, quantity-control measures and other restrictions not including sanitary and phytosanitary measures or measures relating to technical barriers to trade
- F Price-control measures, including additional taxes and charges
- G Finance measures
- H Measures affecting competition
- I Trade-related investment measures
- J Distribution restrictions
- K Restrictions on post-sales services
- L Subsidies and other forms of support
- M Government procurement restrictions
- N Intellectual property
- O Rules of origin

2. Exports

- P Export-related measures

³ Classification in accordance with the International Classification of Non-tariff Measures prepared by UNCTAD (available at: [International Classification of Non-tariff Measures - 2019 edition \(unctad.org\)](https://unctad.org/publication/International-Classification-of-Non-tariff-Measures-2019-edition)).