



Institute of International Politics and Economics (IIPE), Belgrade  
Institute for Development and International Relations (IRMO), Zagreb  
with the support of  
Hanns Seidel Foundation

**BILATERAL ACADEMIC MEETINGS**  
**SERBIA AND CROATIA IN CONTEMPORARY INTERNATIONAL RELATIONS**

22 October 2019, Hotel "Zira", Belgrade



## **ON THE BILATERAL ACADEMIC MEETINGS**

Bilateral Academic Meetings of the Institute of International Politics and Economics from Belgrade are designed as a forum for discussion between representatives of the scientific and academic community of the Republic of Serbia and representatives of other countries and their academic and scientific institutions on the topics and issues of mutual interest and importance.

This year, having in mind the importance of the regional cooperation and good neighborly relations, the forthcoming presidency of the Republic of Croatia of the Council of the European Union, as well as possibilities for enhancing cooperation with the Republic of Croatia, the Institute of International Politics and Economics organizes the Bilateral Academic Meetings with the Institute for Development and International Relations from Zagreb, with the support of the Hanns Seidel Foundation – Office for South-East Europe. The Meetings are held under the title “Serbia and Croatia in contemporary international relations”.

Primarily, participants of the Conference are scientists and academics from two institutes, but they also include professors from the Faculty of Political Sciences, University of Belgrade and representatives of diplomatic missions in Serbia.

Besides exchanging the experience and knowledge on the most prominent topics of contemporary international political and economic relations, this Conference aims at better connectivity, strengthening trust and mutual understanding, as well as further cooperation of the Institute of International Politics and Economics and the Institute for Development and International Relations on various issues and joint projects of mutual and wider public interest.

In this endeavour two institutes are not and will not be alone, as it is proved by the generous and permanent support of the mutual friends of the institutes such as Hanns Seidel Foundation.

In Belgrade, 22 October 2019

## AGENDA

22 October 2019

### 10:00–10:30 OPENING ADDRESSES

Prof. Branislav Đorđević, PhD, Director of the Institute of International Politics and Economics

Nemanja Stevanović, State Secretary at the Ministry of Foreign Affairs of the Republic of Serbia

H.E. Gordan Bakota, Ambassador of the Republic of Croatia in the Republic of Serbia

Sanja Tišma, PhD, Director of the Institute for Development and International Relations

Klaus Fiesinger, PhD, Director of the South-East Europe Regional Office of the Hanns Seidel Foundation

### 10:30–10:45 JOINT PHOTO SESSION AND COFFEE BREAK

### 10:45–12:15 FIRST PANEL: CHALLENGES OF THE EU ENLARGEMENT POLICY AND CROATIAN PRESIDENCY OF THE COUNCIL OF THE EU

*Moderator: Dušan Proroković, PhD, Research Fellow, IPE*

10:45–11:00 Sandro Knezović, PhD, Senior Research Associate, IRMO  
*European Parliament and European Commission after EU elections: continuity or change of the EU enlargement policy to the Western Balkans and challenges of the Croatian presidency of the Council of the EU*

11:00–11:15 Dragan Đukanović, PhD, Associate Professor, Faculty of Political Science, University of Belgrade  
*EU Connectivity Agenda and relations between Serbia and Croatia: Can Serbia and Croatia become more connected in the next decade?*

11:15–11:30 Senada Šelo Šabić, PhD, Senior Research Associate, IRMO  
*Long-term migration trends in Southeast Europe*

11:30–11:45 Ana Jović-Lazić, PhD, Research Fellow, IPE  
*Challenges of the Serbian position on the Negotiating Chapter 31 - CFSP/CSDP*

11:45–12:15 *Discussion*

### 12:15–12:30 COFFEE BREAK

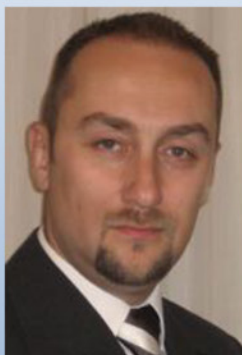
**12:30–14:00 SECOND PANEL: OPPORTUNITIES AND MODALITIES OF THE IMPROVEMENT OF THE ECONOMIC POSITION AND COOPERATION BETWEEN SERBIA AND CROATIA**

*Moderator: Stevan Rapačić, PhD, Research Fellow, IIPE*

- 12:30–12:45 Ana-Maria Boromisa, PhD, Scientific Adviser, IRMO  
*Infrastructure and investments in Croatia and Serbia – role of China*
- 12:45–13:00 Katarina Zakić, PhD, Associate Professor, IIPE  
*Potential of regional cooperation within the Initiative 17+1 and experiences from Serbia*
- 13:00–13:15 Sanja Maleković, PhD, Senior Scientific Adviser in permanent position, IRMO  
*Croatian Experience with EU Funds and Possibilities for Joint Cooperation of IMPP and IRMO on EU projects*
- 13:15–13:30 Sanja Jelisavac Trošić, PhD, Research Fellow, IIPE  
*Serbian Experience with EU Funds and Possibilities for Joint Cooperation of IIPE and IRMO on EU projects*
- 13:30–13:45 Jakša Puljiz, PhD, Research Associate, IRMO  
*How to survive opening of the market: Croatian experiences in dealing with competition pressures and market forces inside the EU market*
- 13:45–14:00 Prof. Vladimir Grečić, PhD, Scientific Advisor, IIPE  
*Problem of youth unemployment and “brain drain”: Is there a solution?*
- 14.00–14.30 DISCUSSION AND CLOSING ADDRESS**
- 14.30 LUNCH**

## SUMMARIES OF THE CONFERENCE PRESENTATIONS

### **A View from Zagreb: The new European Parliament and European Commission – A continuity or a shift in the enlargement policy towards the Western Balkans and challenges of the Croatian presidency of the Council of the EU**



**Sandro Knezović, PhD**  
Senior Research  
Associate, IRMO

The 2019 EU elections have been conducted in a very complicated political, economic and strategic environment. A deteriorated context of transatlantic relations, Brexit, assertiveness of Russian and Chinese policies, security dysfunctions in the Middle East that generated an unprecedented migration wave into the EU, straining the EU internal capacity to uphold solidarity and reach viable joint policy options. If we add to that the trends of rising populism, upcoming economic recession and burdened functionality of EU institutions, it becomes evident that we are witnessing a period that requires functional and effective governance. One of remaining challenges, of particular importance for the Western Balkans, is the continuation of EU accession perspective for this part of Europe, burdened with significant problems in post-socialist and post-conflict transformation. What is the realistic perspective for further enlargement in the period when the compromise on this issue is barely visible in the EU that is occupied with aforementioned challenges? What are the real capacities of countries in the region to undertake necessary reforms? This presentation will try to tackle these issues, presenting a view of the country that has successfully managed to meet the criteria of both the EU and NATO membership and is about to preside over the EU Council in the first half of 2020 for the first time in its history.

### **EU Connectivity Agenda and relations between Serbia and Croatia: Can Serbia and Croatia become more connected in the next decade?**



**Dragan Đukanović,**  
PhD  
Associate Professor,  
Faculty of Political  
Sciences in Belgrade

After Croatia's accession to the European Union in July 2013, it has nevertheless maintained its interest in the "Eastern Neighborhood." Although it has achieved its foreign policy priorities, which also included a shift towards Central Europe and the Mediterranean countries, Croatia has maintained significantly strong economic relations with the rest of the Western Balkans countries. On the other hand, although searching for alternatives, Serbia will accomplish the EU accession process only with the support of Croatia. This implies resolving outstanding bilateral issues identified in the Subotica Declaration as early as mid-2016.

Serbia and Croatia are well connected in terms of infrastructure, but it is necessary to strengthen the rail network, and also to potentially increase the number of flights between the cities of the two countries. Moreover, the Regional Cooperation Council has been working for a long time to improve the connectivity of the Western Balkan countries, but also of the broader area in the fields of transport, market, energy and digital networks. Better connectivity is realized through a special Connectivity Agenda, which started with RCCs South East Europe 2020 Strategy.

## Long-term migration trends in Southeast Europe



**Senada Šelo Šabić, PhD**  
**Senior Research Associate, IRMO**

Seven countries in the region (Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Macedonia, Kosovo and Albania) experience emigration of its citizens and, at the same time, transit migration from people outside Europe.

Citizens of countries in Southeast Europe, in particular young and educated, are leaving in significant numbers primarily as a result of weak economies. At the same time, immigrants from outside Europe cross this region in search of better life elsewhere in Europe. The EU expects Southeast European countries to cooperate in migration management, i.e. stem down irregular migration and break criminal networks of people smugglers. Set between emigration of its citizens, depopulation, and transit migration of non-Europeans, what options Southeast European countries have to tackle economic, social, political, security and cultural challenges that current migration trends pose?

The paper will present data on demographic decline in Southeast Europe in the last decade as a result of emigration and low birth rates and explain how these are already affecting economies. It will also discuss projections of long-term migration to Europe, primarily from Africa. Taking into account these dynamics, the paper will analyze options that Southeast European countries have in designing their long-term migration strategies.

## Challenges of the Serbian position on the Negotiating Chapter 31 - CFSP/CSDP



**Ana Jović-Lazić, PhD**  
**Research Fellow, IIPE**

As a candidate country, Serbia will need to demonstrate that it will coordinate its foreign policy positions with other EU member states and follow a specific EU CFSP/CSDP direction. The explanatory screening meeting for Chapter 31 was held in July 2014. However, five years later, the Chapter 31 Screening Report for Serbia has not yet been adopted by the EU Council. Nevertheless, Serbia has established an institutional framework to facilitate its participation in the CFSP and the CSDP. Serbia has also signed an Administrative Cooperation Agreement with the European Defense Agency. Participation in EU crisis management missions is a very important issue in Chapter 31. Serbia is actively participating in several EU crisis management missions and in the EU HELBROC battle group led by Greece. Also, Serbia is preparing a national framework for participation in EU-led civilian crisis missions. However, in its report EU criticizes Serbia for failing to join the EU's restrictive measures and declarations, mostly regarding Russia and China. The National Program for Adoption of the *acquis communautaire* notes that the generally lower percentage of accession to EU declarations is due to the fact that it is in Serbia's political and economic interests to maintain traditionally good historical and cultural ties and relations with those countries, as well as with the countries that support territorial Serbia's integrity and in line with such an attitude appears in international forums. With this in mind, it can be expected that the adaptation of Chapter 31 will be very demanding and with specific challenges due to Serbia's national interests and its complex place in contemporary international relations.

## Infrastructure and investments in Croatia and Serbia – role of China



**Ana-Maria Boromisa, PhD**  
**Research Advisor,**  
**IRMO**

China has moved from being the biggest FDI recipient, to one of the biggest FDI investors globally since 2000. The Chinese government has been supporting opening strategy, which made China the outstanding exporter and also the biggest investor.

In 2012 China and 11 EU countries from Central and Southern Europe and 5 non-EU members from the Western Balkans created “16+1” initiative to deepen economic cooperation in the areas of infrastructure, information and green technological development. Since then, the China’s economic presence in the region increased significantly, initiative has grown to “17+1” format, China sponsored flagship projects in the transport and energy sector and in 2019 a number of bilateral deals have been announced, including the opening of credit lines between the China Development Bank and Croatia worth €300 million and Serbia worth €25 million.

On the one hand, Chinese investments could be regarded as tools to bridge financing gap and facilitate access to finance and technological development. On the other hand, China’s involvement might become an alternative to EU and IFI financing, and as such enable projects that do not comply with their standards (in terms of environmental and financial sustainability). This presentation aims to highlight drivers of Chinese investments in Croatia and Serbia and common challenges relating to tackling reasons for weak investment climate, weak governance, economic stagnation, and corruption.

## Potential of regional cooperation within the Initiative 17+1 and experiences from Serbia



**Katarina Zakić, PhD**  
**Associate Professor,**  
**IIPE**

Relations between China and Central and Eastern countries (CEEC) are developing rapidly in the last seven years, due to the Initiative 17+1. Since its establishment, trade and investment relations were especially improved, showing that this initiative can be successful and prosperous. At the same time, the main flow of Chinese trade and investments are within the EU, mainly with Western Europe countries, not with CEEC.

CEE countries that are using funds from the Initiative 17+1 are using them to mainly solve individual problems that are bothering their economies. Besides those, we still have regional projects such as railway Belgrade - Budapest (with potential of joining Macedonia, Greece, and Slovakia) and highway Albania – Montenegro (Blue corridor). However, in the recent period, there are changes in usual patterns and projects that are nominated by CEEC, and many of them have regional component (Three seas project, Three rivers project or railway Rijeka-Zagreb-Budapest).

So far, Serbia utilized this platform to mainly finance infrastructural projects that are for its purposes, but some of its projects had regional components such as Belgrade - Budapest highway and Corridor 11 (Serbia - Montenegro).

Initiatives regarding regional projects involving China and CEEC are facing negative opinions and reactions from the EU. That kind of negativity could potentially affect regional development and projects in negative ways and thus stop regional initiatives.



## **Croatian Experience with EU Funds and Possibilities for Joint Cooperation of IPE and IRMO on EU projects**



**Sanja Maleković, PhD**  
**Research Advisor,**  
**IRMO**

EU membership and participation of Croatia in the EU Cohesion policy had relevant impact on Croatia's overall socio-economic development. The benefits could be seen already in the course of Croatia's preparation for participation in Cohesion policy, i.e. in the pre accession period. They are reflected in numerous segments, from institutional building, administrative capacity building, public policy development and other fields. The preparation for membership as well as participation in Cohesion policy have also provided opportunities for raising awareness and knowledge related to relevant new development concepts, approaches and themes. Upon gaining membership status, with the new abundant financial opportunities, the benefits of using EU funds were by far larger and more relevant for Croatia's overall development, enabling investments into key segments important for Croatia's development. Albeit the pivotal importance of EU funds for Croatia's development and public investments, there were numerous constraints and Croatia is currently faced with numerous challenges related to more efficient and effective participation in Cohesion policy. The presentation will provide a reflection on the main benefits of EU funds as well as the pertaining challenges. It will also point to possible opportunities for mutual cooperation of IMPP and IRMO on EU funded projects.

## **Serbian Experience with EU Funds and Possibilities for Joint Cooperation of IPE and IRMO on EU projects**



**Sanja Jelisavac Trošić,**  
**PhD**  
**Research Fellow, IPE**

The EU has provided, through various funds and instruments, since 2001, more than EUR 3 billion in grants to the Republic of Serbia in order to support the legal, institutional, administrative, economic and social reforms. It is the largest Serbian donor. Serbia has been a beneficiary of the Instrument for Pre-Accession Assistance (IPA) since 2007 on the basis of the Framework Agreement on assistance. It is currently the beneficiary of the Instrument for Pre-Accession Assistance 2014-2020 (IPA II). By providing this support, the EU seeks to encourage the implementation of the necessary reforms that are a prerequisite for accession and for economic and social development. The Republic of Serbia is a beneficiary of funds available through the Multi-beneficiary IPA, part of INTERREG, using financial assistance under the IPARD II and participates in several EU Programmes. The Republic of Serbia will be able to use assets from the Cohesion policy (also known as Regional Policy) Funds when it becomes a member of the EU. EU with its funds and instruments is currently helping Serbia in various areas, from the judiciary, public administration, and public finances to education, employment, transport, agriculture, and environmental protection. EU support is also focused to contribute to the more balanced regional development, local development and solving key challenges in society. The focus in the presentation will be on the opportunities offered by EU funds, in particular IPA, as well as on the successes and weaknesses of the withdrawal of funds by Serbia. The possibilities of cooperation between the IPE and IRMO on withdrawal of funds from EU funds will also be considered.

## **How to survive opening of the market: Croatian experiences in dealing with competition pressures and market forces inside the EU market**



**Jakša Puljiz, PhD**  
**Research Associate,**  
**IRMO**

Accession to EU and opening of common market resulted in Croatia's dynamic growth of foreign trade with other member states, both in terms of the export and import. The result has been further increase of integration with EU market with EU share in foreign trade in goods rising from 61,8% in 2013 to 68,7% in 2018. After strong initial increase in goods export in period 2014-2017, results from 2018 show a considerable slowdown, suggesting a fading positive effect of the accession on the export, partly also due to decreasing demand from the main EU foreign partners. On the other hand, goods import remained very strong and robust, further reducing net contribution of exports to growth. A notable change since the accession is the increasing number of firms exporting, indicating rising orientation of small and medium sized company towards export. Positive trends also include improving technology intensity of exports, but it is still not clear whether and is this related with accession to EU. Regardless of the positive trends, Croatia is still lagging much behind its peers in central in eastern Europe with regards to the level of export (and import), technology sophistication and participation in global value chains. In order to improve this, Croatia would need to attract much more (foreign direct) investments into tradable sectors than in the past.

### **Problem of youth unemployment and "brain drain": Is there a solution?**



**Vladimir Grečić, PhD**  
**Scientific Advisor,**  
**IIPE**

Presentation discusses the phenomenon of "brain drain", with a focus on recent developments in the Western Balkans and Serbia. Today, this phenomenon is most often associated with economic loss for those countries losing their highly skilled workforce and social loss, since it refers to the exodus of highly specialized professionals, scientists, researchers, academics and students. An alternative approach is the brain circulation model. Although young people seem to be migrating to other countries exclusively due to unemployment, low wages or, for example, corruption, the analysts point out that there is a number of other reasons. The main causes of the "brain drain" are related to: lack of employment opportunities, economic underdevelopment and desire for better economic prospects, specialists' under-utilization, lack of research facilities, desire for a higher qualification and recognition, a better educational system and better opportunities for professionals. Access to advanced technology and more stable political conditions in the developed countries attract also talent from less developed areas. More detailed studies have identified two types of causes (so called push-pull factors): home factors - which push people to emigrate, and host country factors - which attract immigrants. The Western Balkans' emigration seems to be ongoing for a long time permanent, with only limited numbers of return migration. Accordingly, Balkan countries should be more oriented to the skills and experiences of returnees, worker remittances from expatriates, the value of transfer and exchange of knowledge and technology. Scientists who have emigrated for several reasons are recoverable assets who can play a part in developing opportunities at home. However, recovery requires the opening of diverse and creative conduits.





## CONTACTS

### **Institute of International Politics and Economics**

Makedonska 25, 11103  
Belgrade, Serbia  
Switchboard Telephone  
Number: +381 11 3373.633  
e-mail:  
[iipe@diplomacy.bg.ac.rs](mailto:iipe@diplomacy.bg.ac.rs)  
site: [www.diplomacy.bg.ac.rs](http://www.diplomacy.bg.ac.rs)

### **Hanns-Seidel-Stiftung (office in Serbia)**

Djure Jaksica 4a  
11000 Belgrade, Serbia  
Phone: +381 11 26 35 971  
Fax: +381 11 26 35 971  
e-mail: [serbien@hss.de](mailto:serbien@hss.de)  
web: <https://serbia.hss.de/>

### **Institute for Development and International Relations**

Street Ljudevita Farkaša  
Vukotinovića 2  
P.O. Box 303, 10000 Zagreb,  
Croatia  
T +385 1 48 77 460  
F +385 1 48 28 361  
E [ured@irmo.hr](mailto:ured@irmo.hr)  
W [www.irmo.hr](http://www.irmo.hr)