

APRIL 2021.

BUSINESS

YOUR BUSINESS NETWORK

LINK

IVAN GROS

IN MEMORIAM

**THE POST-COVID
PATH OF GROWTH**

Zdravko Maric

**SAFELY TOWARDS
THE NEW START**

Elisabeth Köstinger

INNOVATION IS KEY

Branko Roglic

**ON CHANGES IN
ECONOMIC COOPERATION**

Martin Schoeller

**OPPORTUNITIES FOR
STRONG RECOVERY**

Dubravka Suica



SEEBDN

Southeast Europe Business Development Network



SEEBDN

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We would like to seize this opportunity to thank all of our members for believing in us, in our common goal, and to promise that we will continue to do our work in the best interest of all of you, so we can be one of the generators of economic growth.



FRITZ KALTENEGER
Chairman of the Board of the SEEBDN
CEO at café+co International Holding GmbH

ALEKSANDAR GROS
General Secretary of the SEEBDN
Executive Director at Grimex Consult



Dear friends,

As we are preparing our seventh issue of the Business Link Magazine, in sadness we have to say that this is the first issue without the founder of this magazine and South East Europe Business Development Network. Mr. Ivan Gros was a man with a vision to join together companies from the Western Balkans, South East Europe and the EU, first of all German and Austrian ones – and through this association he tried to meet that goal. He brought us all together, so now we are here to continue his work and follow his vision in this young, but strong organization.

As a strong believer in the European Union, he was also convinced that South East Europe, especially the Western Balkans, belongs to this family, and that business can be that key link that will bring us all together. Now it is up to us to try harder to prove that he was right.

We are proud to say that the coronavirus didn't have much of a negative effect on our work. We saw this crisis as an opportunity to bring new ideas, but still on the same wave, considering different circumstances. Since the last issue, we have fulfilled the plan and held an event in our form of networking, i.e. the

"Business Circle" in Vienna, in partnership with the Raiffeisen Bank International. We were glad to welcome Ms. Margarete Schramböck, the Austrian Federal Minister for Digital and Economic Affairs, as our keynote speaker. Our distinguished panelists were Michael Höllner, the CFO of the Raiffeisen Bank International, Ivana Bratanic, the CEO of the Euroherc Insurance, followed by Domagoj Dolinsek, the founder of the PlanRadar. More names on the list of inspiring panelists included Dardan Shala, the member of the Management Board of the Devolli Corporation, Johann Breiteneder, the CEO at the Best in Parking & Real EstateAG, Svetozar Janevski, the owner and President of the Management Board of the Tikves winery, Chateau de Gourdon in France and Managing Partner at M6 Investments, then Domagoj Milosevic member of the Croatian Parliament, and Andrija Vukovic, the CFO of the MK Group.

As we are preparing this issue of the magazine, we are working on a special event which will take place on September 30 - October 2 2021 at the Kempinski Adriatic Istria hotel in Croatia. This event is called "STRATEGIC ECONOMIC TALKS" and it is an annual business event with the goal to present to international

participants investment and market trends in South East Europe as well as to connect the participants and thus promote new investment, trade and business opportunities.

Our idea was that, in addition to the official part consisting of panel discussions and keynote speeches, we provide enough time for the participants to exchange personal opinions and for networking, since this part is often very useful for future business cooperation.

That will be the crown of our activities so far, especially if we have in mind our strategic goal - to further link the economy of South East Europe with the markets of Austria and Germany, primarily. We will continue, through these events and the Business Link Magazine, to promote our members' businesses. We are continuously inviting all ambitious companies and managers, who share our vision, goals and values, which have been implemented since the beginning of our work by Ivan Gros, to join us and help us grow business opportunities together.

Aleksandar Gros,
Secretary General, SEEBDN
Fritz Kaltenegger,
Chairman of the Board, SEEBDN

IVAN GROS

IN MEMORIAM



Text by **MARIJANA KRKIC**

With deep respect for IVAN GROS – a successful businessman, great mentor, friend, and devoted family man

Ivan Gros (1948-2020) was a man who always thought ahead of his time and outside the framework imposed by politics and, in some countries, political misunderstandings. That is why everyone who knew him knows that he was a man with a vision of keeping successful companies from every corner of Europe together, under one umbrella and with the goal to improve their business performances and boost investments. That umbrella was, and still is, an organization that he created with a group of distinguished businessmen, diplomats and professors – the Southeast Europe Business Development Network (SEEBDN). SEEBDN in its programming concept stated a goal of strengthening regional cooperation by improving business and activities of companies from the SEE and the Western Balkans, because Gros saw a big potential in that region. He believed that the size of a company is not important, but rather whether or not it has knowledge, organizational skills and ambition for further improving its performance. Thus, the SEEBDN has focused activities on stimulating strategic partnerships of those kinds of businesses with developed markets, especially the traditional ones, such as primarily Germany and Austria, but also with the EU as a whole. At the outset of the Covid-19 crisis, he was optimistic and he said: “This crisis will be a game changer. All countries will have to find different ways to stimulate growth. That is why we need to see this as an opportunity for good companies to follow

that wave, and instead of seeking investors, to become investors. We need to stimulate joint ventures between companies from the Western Balkans and the SEE region, with partners from developed countries, such as Germany or Austria.”

He believed in the Western Balkans. He thought that the region could have a bright future if it somehow managed to overcome its political differences. He also believed that the Western Balkans should be part of the European family as soon as possible. “Until that day, the Western Balkans should use the opportunity and try to create an economic union. The common market should become a strategic interest of the WB, as this will bring the economy and the countries as a whole, closer together. A regional economic community of a WB economy, which would be large enough and well-organized, could become a respectable factor. This would help avoid the various undesirable and imposed interests of others, which are not in direct interest of the region, and internationally, the region would be taken more seriously and be more respected,” Gros said.

The idea he promoted was the Western Balkans Regional Economic Area: “It is more necessary than ever for the economic integration and prosperity of the WB countries. Politicians and business people should be guided by this vision of the future for the citizens of the Western Balkans. Unfortunately, it is noticeable that some countries tend to favor their partial interests, and only short-term ones. It is particularly evident that there are constant tensions and confrontations, which present a latent investment risk to potential domestic and foreign investors. In such circumstances, they can hardly count on significant economic growth.”

Gros always believed that business is and should be stronger than any political disagreement, and that

business will eventually help in overcoming differences between countries. Cooperation within the private sector is one of the important factors for stability and prosperity in this part of Europe, and there Gros saw the role of SEEBDN – to contribute to faster development of the SEE, to ensure full support for its members, and to support SEE candidate countries on their path to the European Union.

“There are indeed many successful companies in the region, only more or less (un)exposed. They could simply be described as successful players. The focus of such companies is the continuous development of prosperous business practices. I am deeply convinced that their example is what others should follow”, he used to say.

Ivan Gros was also a believer in traditional family values, which he brought into his business as well. As the head of a family-owned company, Grimex

he started a family-owned company called “Grimex GmbH”. “Grimex“ was a very successful company that specialized in international trade. For more than 15 years, it traded with products from the field of agriculture and energy, mainly petroleum products. “Grimex” participated in product placement from Budapest, Zagreb, Novi Sad, Sarajevo and Banja Luka. After almost 20 years of successful presence in the markets of Central and Southeast Europe in the field of international trade, “Grimex” underwent a strategic restructuring process in 2012 and changed the name to GRIMEX CONSULT. The core business was and still is consulting, with a view to providing support, back up, market research as well as networking with many companies from developed European markets, and helping them to successfully invest and expand in Southeast Europe.

When people asked Ivan what the secret to his more

IVAN GROS ALWAYS BELIEVED THAT BUSINESS IS STRONGER THAN ANY POLITICAL DISAGREEMENT

Consult, he led a successful business for more than 25 years. Of course, he followed a similar goal as the SEEBDN – to do and promote business in the Western Balkans and attract investors in that part of Europe. And this is how his long and successful career began in the early 1970s.

After finishing his studies in economics, Ivan's first employment was at the Novi Sad International Agricultural Fair, in the former Yugoslavia. He was in charge of cooperating with economic government bodies and companies from the Middle East, Africa, Asia and Latin America. At the beginning of 1980s, he started a new role as a representative of the Vojvodjanska Bank in Frankfurt am Main. Later in the 1980s, he was leading the Zagreb office of the Centre for International Cooperation and Development, based in Ljubljana. When the 1990's came, Ivan Gros left the former Yugoslavia with his family and moved to Vienna. There, with his wife Jadranka, also an economist,

than 25 years long successful business life in his company, he used to say that capital was not the decisive factor built in the foundations of Grimex Consult, but rather knowledge and constant business activity. “It is also creativity, it's daring, it's a principled attitude, it's fair business relations, it's networking with development elements and the consistent building of its business reputation. A company's image, as a crucial segment of any successful operation, has always been on our mind.”

Ivan Gros was respected as a friend and as a successful company manager by ministers, prime ministers, diplomats, businesspeople, journalists, neighbors and friends. The best illustration of this happened a few years ago, when he met with a former prime minister of one of the countries where he had been doing business for a long time, and the prime minister told him: “I know who you were 20 years ago, who you were 10 years ago and who you are now. You and your company



could be trusted on your word in any business deal. That is where your business strength lies.”

Everything depends on individuals and the team you work with, he used to say. “Managers who can show the path ahead with their moves look to the future and believe in their company's development plans, surrounding themselves with a strong team. It is not easy to coordinate all that, but a chief executive must have a vision and, more often than not, the first and final say.

What they need between the first and the final say are creative people who can help achieve the set targets

with their diligent work. A true manager's strong suit is to be well aware that they cannot be always right and that they must consult others, not just their colleagues but also people in different spheres of business.” Ivan Gros was exactly one such manager, and there was a good result in any field he was active in.

For those who knew him, Ivan Gros will be remembered as a great manager, visionary in business, good organizer, helpful colleague and devoted family man. The family was his first priority in life, but also his most important support. Today, as he always hoped and wanted, his two sons ran the family business.

IVAN GROS WAS LOVED AND RESPECTED IN BUSINESS, BY HIS TEAM, BY FRIENDS AND FAMILY, AND THAT IS HOW HE WILL BE REMEMBERED.

NEW UPCOMING ANNUAL EVENT

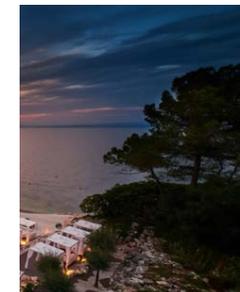
NEW UPCOMING ANNUAL EVENT



STRATEGIC ECONOMIC TALKS



WE EXPECT THAT THIS TYPE OF EVENTS WILL BE THE CROWN OF OUR ACTIVITIES, ESPECIALLY IF WE HAVE IN MIND OUR STRATEGIC GOAL, WHICH IS PRIMARILY TO FURTHER LINK THE ECONOMY OF SOUTHEAST EUROPE WITH THE MARKETS OF AUSTRIA AND GERMANY.



NETWORKING IS A KEY FOR DOING BUSINESS

Since the strategic goal of our organization - Southeast Europe Business Development Network (SEEBDN) - is to improve business contacts among our members, mostly those from Southeast Europe and the Western Balkans with developed countries such as Austria and Germany, we are continuously working on new ideas and new forms of networking.

Through our work so far, we have developed a form of gathering business people, political decision-makers, diplomats, academics, lawyers, etc., titled the "Business Circle". We have successfully held several of these events, and now we have a new type of event, created in order to present best business ideas, to be a place where the best constructive suggestions will be heard about what needs to change in the business climate and what the first necessary steps are to make that happen, etc.

This event is titled "STRATEGIC ECONOMIC TALKS" and it is an annual business event. The goal is also to present to international participants quality companies and investment opportunities and gain insight into the market trends in Southeast Europe, as well as to connect the participants and thus promote new investment, trade and business opportunities in Southeast Europe.



ISTRA WILL HOST THE FIRST "STRATEGIC ECONOMIC TALKS" EVENT

The first of many special events titled "STRATEGIC ECONOMIC TALKS" will take place from 30th September to 2nd October 2021 at the Kempinski Adriatic Istra hotel in Croatia.

This year's event will have a limited number of participants due to the epidemiological situation, and it will focus on the economic relationship between Southeast Europe and the German-speaking countries under the title "SEE & DACH Region Moving Closer Together".

As part of this event, current economic policy issues will be discussed with prominent decision-makers from business and politics, entrepreneurs,

executives, high-ranking representatives of selected interest groups from the industry and economic chambers, experts from various economic sectors and media representatives from Southeast Europe and German-speaking countries. In addition to the official part consisting of panel discussions and keynote speeches, the participants should have enough time for personal opinion exchange and networking in a relaxed atmosphere.

- We expect that this type of events will be the crown of our activities, especially if we have in mind our strategic goal, which is primarily to further link the

economy of Southeast Europe with the markets of Austria and Germany. We will also continue to pursue new ways of promoting our members' businesses, in addition to the "Business Circle", "STRATEGIC ECONOMIC TALKS" and presentation through the "Business Link" magazine. We are strongly committed to the idea that business knows no boundaries and will continue to create more opportunities for networking and business development of quality companies in the developed markets, says Aleksandar Gros, SEEBDN Secretary General.



HIGH-LEVEL EVENT

“STRATEGIC ECONOMIC TALKS” is designed as a high-level event. The first of many similar events, which will take place in Istria, Croatia, will start with welcoming remarks by *Aleksandar Gros*, Secretary General of the SEEBDN, *Aleksandra Stojanovic*, Corporate Affairs Director at MK

Group and Member of the SEEBDN Board, and *Thomas Haneder*, Partner at TPA Group. So far, it has been confirmed that a keynote speech will be given by *Tomislav Coric*, Minister of Economy and Sustainable Development of the Republic of Croatia.

The first panel is titled

“THE PROSPECTS FOR FOREIGN DIRECT INVESTMENTS AND MARKET TRENDS IN SOUTHEAST EUROPE”

Featuring *Zvonimir Mrcic*, Operating Partner at Spitzberg Partners LLC, *Medeja Loncar*, CEO at Siemens Slovenia and Croatia, *Aleksandar Vlahovic*, President of the Serbian Association of Economists, *Samir Mane*, Chairman of Balfin Group, and *Michael Höllerer*, CFO of the Raiffeisen Bank International. The moderator will be *Silvana Skocajic*, journalist at HRT Television Croatia.



The second panel is titled

“THE PROSPECTS FOR RENEWABLE ENERGY INVESTMENTS IN SOUTHEAST EUROPE AS A GAME CHANGER”

Featuring *Mitko Andreevski*, Energy Advisor to the Prime Minister of North Macedonia and entrepreneur, *Besnik Leskaj*, Board Member at Abkons and Member of the SEEBDN Board, *Wolfgang Anzengruber*, Member of the Assets Committee at ÖBAG, *Martin Graf*, Member of the Board (CFO | CHRO) at Energie Steiermark AG. The moderator will be *Hrvoje Kresic*, journalist at N1 Television Croatia.



We have also planned to hold a panel titled

“THE PROSPECTS FOR FOREIGN DIRECT INVESTMENTS AND MARKET TRENDS IN SOUTHEAST EUROPE”

Featuring *Adrija Vukovic*, CFO at MK Group, *Branko Roglic*, Owner and President of the Supervisory Board at Orbico d.o.o., *Fritz Kaltenegger*, CEO at Café + Co International and Chairman of the SEEBDN Board, *Dardan Shala*, Member of the Managing Board of Devolli Corporation and Member of the SEEBDN Board, and *Gabriel Lansky*, Managing Partner at Lansky, Ganzger & Partner. The moderator will be *Nevena Krsteva*, Editor-in-Chief at SeeNews.



We have also planned to hold a panel that will focus on real estate issues, titled

“HOSPITALITY AND REAL ESTATE: THE IMPLICATIONS OF THE PANDEMIC”

Featuring *Philipp Hain*, Managing Director of Reval Group, *Thomas Haneder*, Partner at TPA Group, *Predrag Lekovic*, Director of Government Affairs and Member of the Board of Directors at Porto Montenegro, and *Manfred Wiltshchmigg*, Managing Partner at GalCap Europe. The moderator will be *Silvana Skocajic*, journalist at HRT Television Croatia, *Zeljko Stasevic* General Manager at Kempinski Hotel Adriatic



Having in mind that there are more interesting topics to talk about, we have planned to have two sets of Open Talk interviews, hosted by *Hrvoje Kresic*.

The first set of interviews is titled

“NORTH MACEDONIAN ECONOMIC STRATEGY AFTER THE PANDEMIC AND THE ADVANCE OF THE EU ACCESSION NEGOTIATIONS PROCESS”

Featuring *Karoline Edtstadler*, Federal Minister for the EU and Constitution of the Republic of Austria, and *Fatmir Bytyqi*, Deputy Prime Minister of North Macedonia in charge of Economic Affairs, Coordination of Economic Sectors and Investments.

The second set of interviews is titled

“THE AGE OF (RE) BUILDING: SHAPING EUROPE AMIDST COVID 19”

Featuring *Martin Schoeller*, Co-Chairman at Schoeller Group, *Martin Engelberg*, Member of the Austrian Parliament, and *Igor Luksic*, PwC Southeast Europe Public Sector Director and former Prime Minister of Montenegro from 2010 to 2012. *Dubravka Suica* EU Commission, Vice-President for Democracy and Demography

THE ORGANIZERS AND KEY PARTNERS

The organizers of the “STRATEGIC ECONOMIC TALKS” are the non-governmental business association SEEBDN - Southeast Europe Business Development Network, based in Vienna, together with the TPA Group, one of Austria’s leading tax advisory companies. MK Group, a holding company from Serbia, which is active in the fields of agriculture, banking and tourism, is the main strategic partner of this event. Premium partners of this event are Reval Group, Devolli Corporation, Abkons, SeeNews, and media partners are Die Presse and SeeNews.



IT’S NOT TOO LATE TO PARTICIPATE!

If you wish to take part in this event, all necessary information is available on the website: www.strategiceconomicstalks.eu.

For more information and applications, please contact Aleksandar Gros, Secretary General at SEEBDN - Southeast Europe Business Development Network, by email: a.gros@seebdn.eu or by phone: +43 664 3909788

MAIN GOAL IS TO PUT THE ECONOMY ON THE POST-COVID PATH OF GROWTH



ZDRAVKO MARIC

Vice-Prime minister of the Croatian Government and minister of finance

Croatia was characterized by exceptional performance of the construction sector, with its solid and almost uninterrupted growth throughout the year, as well as an unexpectedly favorable industrial production dynamic, inducing only a negligible decrease in goods exports in the 2020

With a GDP decline of 8.4% in 2020, Croatia clearly outperformed European countries with comparable structure of the economy characterized by a similar degree of tourism-dependence i.e. mostly other Mediterranean tourist destinations.

This result reflected comparatively favorable epidemiological developments in the first half of 2020 facilitated by an early lockdown with relatively stringent initial measures and their timely relaxation targeting the summer tourist season, on account of marked seasonality displayed by the Croatian tourist sector. Advantageous geographical location, enabling Croatia to enjoy a status of car destination for summer vacations in Central and Eastern Europe, reinforced such an outcome.

Comparing the collection of tourism revenues with volume indicators, it transpires that even the apparent unfavorable shift in tourist structure towards the lower income end of the spectrum (as witnessed by the decomposition according to mode of transport, country of origin and type of accommodation) had only a minor negative influence on average tourist consumption. Compared with the peers, the structure of 2020 economic contraction in Croatia was also characterized by exceptional performance of the construction sector, with its solid and almost uninterrupted growth throughout the year, as well as an unexpectedly favorable industrial production dynamic, inducing only a negligible decrease in goods exports in the 2020 as a whole, with a marked upswing in the last quarter.

As a result of forceful and timely measures taken by the Government of the Republic of Croatia primarily aimed at avoiding an excessive number of layoffs, as well as an erosion of purchasing power of workers, labor market



adjustment to the crises so far involved only a small reduction in employment, mostly in contact-intensive activities, and slightly weakened wage dynamics. This was reflected in a lesser decline of household consumption compared to the EU average, in spite of a negative divergence in confidence indicators with respect to the rest of the EU. In addition, Croatia overcame the soft patch in the recovery visible in the last quarter of 2020 in quite a satisfactory manner. In particular, a rebound of investment in machinery and equipment further accelerated in the last quarter of 2020, considerably more than previously anticipated. In the EU, the subdued growth dynamics is set to extend from end-2020 somewhat into the first quarter of 2021, while the forecasts for Croatia, according to the available indicators, again seem slightly more promising.

The baseline scenario for the global economy of every forecaster today envisages the recovery gaining mo-

mentum in the second quarter of 2021 as vaccines rollout further intensifies (and therapy availability and efficiency potentially increases as well), gradually allowing services output dynamics to strengthen. As it is, economic activity to a large extent adapted to restrained contact-intensive activity as well as to telework. Although the disrupted supply chains are causing a lengthening in raw materials delivery times and costs of inputs are rising, manufactured goods producers' cash flows and profits are already benefiting from a pick-up in demand and the restocking of inventories is in progress.

However, there is only a relatively short time period of pent-up demand ahead, whereas the longer-term need to repair balance sheets weakened by the crisis will undermine growth prospects for much longer time.

Global debt (in relative terms) exploded in 2020 and the deleveraging needs extend across all the sectors as there

are hard hit households, firms but also governments. There is ever more pressing need for an operative and effective global green-investment agenda and the consequences of the old-standing problem of aging population in advanced economies are becoming more palpable. On top of everything outlined, the medium term risk of inflation is becoming an increasingly justified cause for concern as escalating global processes of fragmentation and protectionism, coupled with emerging supply side bottlenecks, potentially carry significant pressures, putting the combined fiscal and monetary stimulus on extremely shaky ground, both regarding its size and its duration.

In such an external environment with whirlwind technological changes, the supreme task of raising potential output in a small and open economy requires not only reforms directed towards enhancing competitiveness and facilitating investment-friendly environment, but also finding new and feasible strategic opportunities with a view of amassing the human capital and addressing demographic challenges in parallel with widening of the export base and rising its value added generating potential. In the short term, in the context of current crisis, those long-term goals compel the Government to extend its support until the pandemic unfolds and a firm recovery is under way in an effort to minimize scarring (permanent/persistent destruction of supply potential), as regards both disadvantaged workers and viable businesses. But main goal and focus of the Croatian Government in the upcoming period is to put the Croatian economy on the post-COVID path of converging productivity dynamics in conjunction with further reduction in external imbalances integrating adequately our economy in the global value chains.

Croatia overcame the soft patch in the recovery visible in the last quarter of 2020 in quite a satisfactory manner



Main goal and focus of the Croatian Government is to put the Croatian economy on the post-COVID path of converging productivity dynamics in conjunction with further reduction in external imbalances integrating adequately our economy in the global value chains

PARADIGM CHANGE FOR INTERNATIONAL ECONOMIC COOPERATION

MARTIN SCHOELLER, Co-Chairman at Schoeller Group

The post-war success of Europe until today that created peace and prosperity long-term is based on the prevention of power abuse and social market economy. This term is not yet commonly understood so we can also call it the European Economic Model.

The definition what we mean by this, is: Private initiative and competition is the engine of wealth creation and solidarity, based on income related taxation, which protects against extreme poverty and environmental decline.

It sounds obvious but if we look to the Southern hemisphere, especially Africa, it is not obvious and it is not yet part of our international contracts.

The result of the European Economic Model is protection in case of retirement age, unemployment and disease, education of children independent of the parents' income and, last but not least, that a worker can sustain a family. None of these social protections exist for the larger part of Africa and other areas of the world and millions of people would like to escape to Europe while right wing policies abuse our population's fear and erode human rights and democratic values.

The pure liberal market does not abolish the extreme poverty. We need market



plus rules for prosperity and peace. European football is the proof that enthusiasm and competition is possible applying fair play rules and it is not possible without such rules. Total liberal markets are like playing "catch as catch can" without these rules. The four core rules of the European Economic Model are: no cartels, no corruption, but therefore social and ecologic standards. It is absolutely logical that these four basic rules need to be part of our future international contracts and it will lead to an abolishment of extreme poverty, to more growth (because the consumer will have

European football is the proof that enthusiasm and competition is possible applying fair play rules and it is not possible without such rules. Total liberal markets are like playing "catch as catch can" without these rules

more purchase power) and to an environmentally reasonable globalization. As obvious as this logical conclusion is as little it is currently applied in international relations. The WTO was preventing standards as they were misunderstood as hidden barriers to trade.

Three new developments show light at the end of the tunnel:

-1-

The nomination of Ngozi Okonjo-Iweala as the first African to lead the WTO and to understand better what is needed.

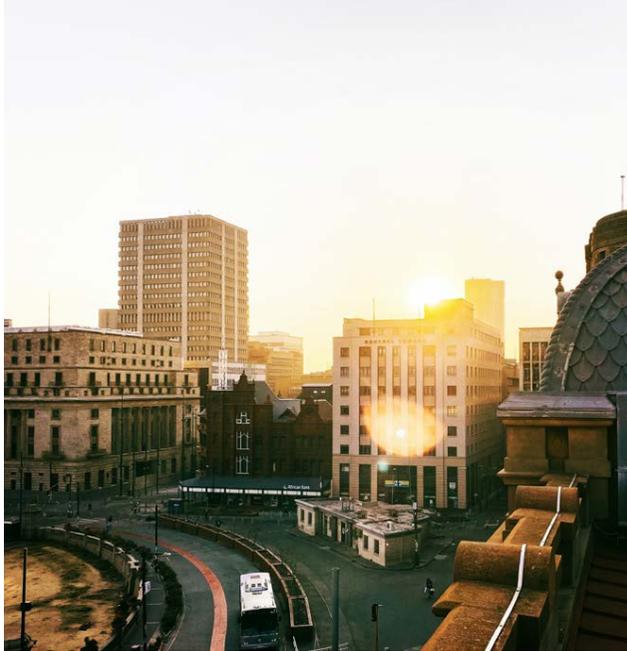
-2-

The European discussion about supply chain legislation demanding a co-responsibility of European businesses for the social and ecologic standards in the countries of origin.

-3-

The Corona-Crisis has shown that social security systems are extremely important and that only private sector and governments together we can master global challenges.

Europe cannot transfer the political responsibility of building a social market economy / the European economic model based on the four basic rules to the private sector alone



However, Europe cannot transfer the political responsibility of building a social market economy / the European economic model based on the four basic rules to the private sector alone. This is a conceptual mistake. This is to put the fox in charge of the henhouse. A company alone cannot change the salaries and the standards, they need to stay competitive. It will enforce a cartel of all importing companies to set common rules for a whole country. This does not work because cartels are forbidden and there remains a conflict of interest to buy cheaply in favor of the

European consumer. The law even asks for fair wages, but does not define what fair wages are. Politics need to come to conclusions about fair wages and it will have to do with the minimum cost of living in the region. Looking at Africa it is for sure more than 30-40 dollars per month, which is the prevailing salary in Africa. A practical way how to get there through European political standards being embedded in international contracts and also political sanctions such as border tax is indispensable. So the supply chain law shows that Europe starts to think about it, but is

not yet suitable for this important goal of humanity. For any deeper interest I recommend our book "Afrika First!" that proposes a practical approach and is also available in English.

<https://www.amazon.de/Afrika-First-Agenda-gemeinsame-Zukunft/dp/3948272085>



AUSTRIAN HOSPITALITY: Safely towards the new start

ELISABETH KÖSTINGER

Federal Minister for Agriculture, Regions and Tourism of the Republic of Austria



International rankings confirm that hardly any other country has set up economic support as speedily, as effectively as Austria!

The year 2020 was a disastrous for tourism. No other industry worldwide has been that massively affected by the Corona pandemic. The year 2021 will continue to be extremely challenging for domestic entrepreneurs and for their employees. Tens of thousands of companies and hundreds of thousands of jobs are at stake.

Who ever thought a year ago that Austria's tourism would have to take an emergency stop? Especially since the Austrian tourism and leisure industry

has been able to post one record after another in recent years! Corona-related closure of restaurants and hotels, of leisure and cultural establishments, the cancellation of meetings, trade fairs and events and, last but not least, international travel restrictions and quarantine regulations have caused dramatic loss. For example, the number of overnight stays dropped from the record of 150 million to slightly below 98 million in the Corona year 2020 - the level of the early 1970s.

The objective is and will be that the tourism and the leisure-time industries will soon be able to reopen, subject to most stringent safety measures

OUR OBJECTIVE IS TO REOPEN TOURISM SOON

None of this is easy for our companies: When I see how eagerly our enterprises are waiting for steps to open again, my heart - the heart of the Tourism Minister - bleeds. Unfortunately, due to high infection rates there is no alternative to another lockdown. The coronavirus mutations exacerbate the situation. However, the objective is and will be that the tourism and the leisure-time industries will soon be able to reopen, subject to most stringent safety measures.

Our hoteliers and innkeepers are willing to take all necessary steps to get back to what they do best: Hosting guests and living Austria's famous hospitality. Last summer our enterprises already proved that safe hospitality is possible. I am convinced that a safe and successful summer season will be possible this year as well.

WE OFFER HIGH-QUALITY PRODUCT AND SERVICES

Austria is a very popular holiday destination; quality and regionality are increasingly gaining importance. Over the past few years people's awareness for high-quality products and services has developed. Domestic agriculture provides the perfect basis for a joint position in tourism; it is a typical feature of rural areas and has huge potential. The intensified cooperation of tourism and agriculture is therefore also a priority issue of our "Plan T - Master Plan for Tourism", which we have prepared jointly with the sector already before the Corona crisis. Our goal is to strengthen the development of economic areas and areas for living in the regions.

AUSTRIA GAVE SUPPORT MOST EFFECTIVELY



**130,000 JOBS
ACCOMMODATION
& CATERING SECTOR**

Through our principle of "short-time work instead of layoff" we have saved around 130,000 jobs in the accommodation and catering sector alone

As the Minister of Tourism, it is important to me to stand by the industry's side in these difficult times and to provide support to it in the best possible way. From the beginning of the pandemic, we have been working out aid packages together with the Federal Provinces and the affected industries that are being continuously developed and are also well received. What is particularly important in this context: Unbureaucratic procedures and swift processing. International rankings confirm that hardly any other country has set up economic support as speedily, as effectively as Austria! The revenue compensation was on the account of companies within but a few days, as did the fixed cost grant. Applications for government liabilities or bridge loans are being approved faster than ever before, and tax cuts on food and beverages are having an immediate impact on consumption.

We are in first place in terms of support, which is particularly important for the survival of tourism. Through our principle of "short-time work instead of layoff" we have saved around 130,000 jobs in the accommodation and catering sector alone. The platform www.sichere-gastfreundschaft.at has become a model of fast and immediate information for businesses affected. By means of newsletters, the sector is promptly provided with first-hand information on current changes and news.

Austria is a very popular holiday destination; quality and regionality are increasingly gaining importance

WAITING FOR "RE-START"

One thing is for certain: The time after crisis, when we will be able to travel and make holidays again, will come! Guests and hosts are looking forward to this time. As soon as the time has come and infection rates so permit, we can implement the "re-start" in domestic tourism. Austria is famous for its hospitality, the culinary delicacies, its breath-taking nature, culture and history. That was the case before the crisis, and that will be the case again after the crisis!

The path towards normality and a successful comeback will depend on three factors:

1. Each individual's personal responsibility
2. Regular testing
3. Speedy vaccinations



INNOVATION - KEY TO A LONG-TERM DEVELOPMENT



BRANKO ROGLIC
Owner and Chairman of the Supervisory Board at Orbico d.o.o.

New investments in logistics in Bulgaria and Poland will enable expense reduction and increase the company's competitiveness and profitability

The global crisis caused by the COVID-19 pandemic is a reason for worry in our region as well. It has touched all the functioning pores of the society and will certainly leave a deep mark on the long-term development of the economy and respectively on future businesses.

Entrepreneurs are faced with the question how to resist the crisis, reduce damages, and get out of it as quick as possible. In resolving it, solidarity of the EU countries which is evident at every step, will help, as well as the solidarity of the world in general.

In the short-term, we reacted to the pandemic with epidemiological measures, primary by reducing contacts in the companies, working from home offices, and communicating via Internet. It resulted in reduced spreading of the virus, but it will not help us in the long-term development of our businesses and economy. Long-term development must be found in innovation and new technologies, based on digitalization and artificial intelligence.

Orbico, Europe's largest distributor that is operating in 20 countries with

turnover of 2.5 billion euros, has already stepped deep into digitization. New investments in logistics in Bulgaria and Poland will enable expense reduction and increase the company's competitiveness and profitability. Our plans to expand the company network are still present.

In addition to all these measures, the most important thing is to take care of the people. They should feel like an important factor in the company's development and consider themselves as co-responsible ones.

Entrepreneurship is not a luxury, but a concern for the people, because only a satisfied employee gives good results and creates competitiveness.

As for the response to the COVID-19 crisis, countries around the globe have reacted to protect the economy.

They did it according to their abilities. It is logical that they borrow the money to keep the economy alive, because only the recovered economy can repay the loans, those taken for recovery of the economy as well as those taken for various investments.





JOHANNES HAHN
EU Commissioner for Budget
and Administration

Existing and innovative tools were put in place in order to respond to the socio-economic and sanitary crisis as well as to boost EU recovery and resilience. The European Union came up with a wide range of measures

TOWARDS A POST-COVID-19 RECOVERY UNDERPINNED BY THE EU BUDGET

Over 50% of the funds will go for modernisation through policies that include research and innovation, fair climate and digital transitions; preparedness, recovery and resilience

The 2020 was an extraordinarily challenging year for Europe and the world. We were all hit by an unprecedented crisis. Politicians and policy-makers across the EU and the world had to react in a quick and comprehensive manner to alleviate the tough situation and support citizens, companies, regions, and healthcare systems in these unprecedented times. Existing and innovative tools were put in place in order to respond to the socio-economic and sanitary crisis as well as to boost EU recovery and resilience. The European Union came up with a wide range of measures. Among them, a €1.8 trillion financial response underpinned by the EU budget – the largest stimulus package ever financed through the EU budget. It consists of two parts - €1.074 trillion under the multiannual financial framework (MFF) for 2021-2027 and a new recovery instrument, NextGenerationEU, of €750 billion to specifically address the rapid recovery now and in the post-pandemic

years. To fund the recovery instrument Next Generation EU, the Commission will borrow from the capital markets. With this package at hand, the EU will be able to support citizens, companies and regions, particularly those most affected by the corona crisis.

To make sure the massive investments do not take us back where we were, but help us build a better future, over 50% of the funds will go for modernisation through policies that include research and innovation; fair climate and digital transitions; preparedness, recovery and resilience. At least 30% of the €1.8 trillion amount will be spent to fight climate change. In this way, we will rebuild a post COVID-19 Europe, which will be greener, more digital, more resilient and better fit for the challenges of today and tomorrow.

The immediate challenge ahead of us is directing the funds to where the needs are, as quickly as possible. For the over €1 trillion under the long-term budget, this is already the case. Thousands of



At least 30% of the €1.8 trillion amount will be spent to fight climate change

students, farmers and researchers can already make use of millions of Euros which will make a tangible difference in their lives. In the case of NextGenerationEU, some more legislative work is needed before the Commission is able to start borrowing. Once this is done, the Commission will go to the markets, start raising funds and channelling them to Member States for recovery measures.

Of course, support will not stop at the Union's borders. If I have to single out one lesson that this crisis has taught us, it is the following: no country in the world can address a global crisis such as the current Corona pandemic, on its own. In line with its long-standing policy to support neighbouring and third countries, and in a spirit of solidarity, the EU is one of the strongest supporters of the COVAX initiative. "Team Europe" (EU and Member States) have so far contributed more than 2.2 billion EUR, including 1 billion EUR from the EU-budget, to the COVAX Facility. This will be a key contribution to achieve

the goal of COVAX to secure 1.3 billion doses of vaccines for 92 low and middle-income countries by the end of 2021. The first COVAX deliveries of vaccines to the Western Balkans and the European Neighbourhood arrived mid March and much more will follow! Already last year, to help the region face the immediate consequences of the pandemic, the European Union mobilised a financial package of €3.3 billion for the Western Balkans. It was designed to support the health sector, address social and economic recovery needs and reactivate the economy, by working in close cooperation with the International Financial Institutions. The Commission also set aside €70 million to help the Western Balkans cover the costs of early access to vaccines and of vaccination equipment. In addition, in October 2020, the European Commission put forward a comprehensive Economic and Investment Plan for the Western Balkans. It seeks to mobilise up to €9 billion of funding, and will help narrow the economic development

gap between the region and the EU. The investment priorities of the plan are similar to those of NextGenerationEU: boost the long-term economic recovery of the region, support a green and digital transition, as well as foster regional integration and convergence with the European Union. The message is clear – we are in this crisis together and we can only get out of it together, by supporting each other and mobilising all possible resources towards a shared objective: a better life for our citizens. The European Union is now focused on getting the final elements of its NextGenerationEU recovery instrument in place so it can start raising funds on the capital markets and channelling them towards the recovery. And we will continue engaging at global level, with a special focus to our immediate Neighbourhood. We owe this to our close relations and partnership, but also to the awareness that in the face of a pandemic no country or continent is safe unless we are all safe.

SEE BUSINESS CIRCLE IN VIENNA - OCTOBER 2020



“BOOSTING INVESTMENTS AND PARTNERSHIPS between Austria and SEE”

Immunitization process is finally giving the world hope that Covid19 virus will be defeated. At the same time, businesses must think fast, because it is time to think about new ways to grow and to develop. New, changed circumstances are in need of a new strategy, and investments and partnerships are more important than ever.

That was exactly in focus in a business meeting that was held in Vienna on 20th October 2020, at SEEBDN's latest SEE Business Circle, titled “Boosting Investments and Partnerships between Austria and SEE”. The SEEBDN organized this format of event in cooperation with the Raiffeisen Bank International. All epidemiological

measures were observed at the event. The main goal was exchange of opinions among distinguished business people and decision-makers about the best ways of attracting investments in post-COVID times, and also how to build a firm partnership between Austria and the whole regions of Southeast Europe, especially the Western Balkans.

SEE BUSINESS CIRCLE IN VIENNA - OCTOBER 2020

The keynote speaker was Ms. Margarete Schramböck, Austrian Federal Minister for Digital and Economic Affairs.



NEW, CHANGED CIRCUMSTANCES ARE IN NEED OF A NEW STRATEGY, AND INVESTMENTS AND PARTNERSHIPS ARE MORE IMPORTANT THAN EVER



Participants in these constructive talks were Michael Höllerer, CFO of the Raiffeisen Bank International, Ivana Bratanic, CEO of Euroherc Insurance, Domagoj Dolinsek, Founder of PlanRadar, Dardan Shala, Member of the Management Board of the Devolli Corporation, Johann Breiteneder, CEO at BEST IN PARKING & REAL ESTATE AG, as well as Svetozar Janevski, Owner and President of the Management Board of Tikves winery, Chateau de Gourdon in France and Managing Partner at M6 Investments, Domagoj Milosevic, Member of the Croatian Parliament, and Andrija Vukovic, CFO of the MK Group.



Southeast Europe Business Development Network

As soon as the situation with the vaccination process moves forward, SEEBDN will continue to pursue the way of bringing successful people closer together and create a positive atmosphere where they can exchange their opinions and where new ideas and partnerships can be born. This is the only way we can show that the virus will not have a bad impact on quality and fast thinking companies. We will face the post-COVID period prepared, stronger and equipped with a good strategy.

A NEW CHAPTER: WORK AND LIVE IN PORTO MONTENEGRO



With studies showing that remote workers are 40% more productive than people working from corporate offices, it is a fact that can't be ignored

PREDRAG LEKOVIC
Asset Management &
Government Affairs Director
at Porto Montenegro

The pandemic has been a game-changer in the way we work. While the tech-boom had already enabled the #wfh revolution, Covid-19 accelerated the shift at scale.

After years of trying to keep the traditional office structure alive, many companies have now accepted that employees working from home do more for business efficiency and performance overall. With studies showing that remote workers are 40% more productive than people working from corporate offices, it is a fact that can't be ignored. Removing commute time, cutting out office gossip and harnessing the power of SaaS have all had their part to play. Now, over 200 million of us use Zoom every single day to simply get stuff done. It's no big surprise that

corporations have started to reduce office space, making the conscious decision to continue remote working in the new post-pandemic world. Mark Zuckerberg has said he expects half of Facebook's workforce to be remote within the decade and staff at Twitter have been told they can work from home permanently. Even Google, the people who spent millions on creating exciting office spaces, especially for their staff, announced that more than 200,000 employees will not need to come back until at least the summer of 2021.

Once travel restrictions ease and borders reopen, now that your company has digitized and everything is online, what's stopping you from 'setting up a shop' wherever you please? The world is



out there waiting. New places to travel to and work from can help rejuvenate you after months and months of claustrophobia and on-going frustration. Foreign cultures and beautiful landscapes can replace the 'same-old' and conjure fresh motivation to succeed. I have had the incredible opportunity of living and working with my family and our dog at Porto Montenegro through varying degrees of lockdown and, like everywhere, it has presented its challenges but I would not want to be anywhere else in the world.

Here is a home, an office, a playground and a sanctuary. When faced with inspiring views and endless possibility around you, I doubt those feelings ever leave. Each week, a different set of opportunities arises. I have met some

incredible people at Porto Montenegro, I continue to do so all the time. It really is a hub for those seeking a life of more – those that share in my hunger for adventure and unexpected discovery. The entrepreneurs, the tycoons, the artists, the digital nomads. Whether they work from the plush interiors of the Ozana Business Club or a co-working space in the Innovation Centre, they are all connected, united in their pursuit for creative fulfilment. In finding the extraordinary.

I find myself very lucky to have been a part of this waterfront network of people and continue to live my life in such an enviable way. To be located on these spectacular shores. To be a Portonian. Aimed at those seeking a premium office experience, the Ozana Business Club,

our latest office development, offers high-end finishes, designer furniture and contemporary art throughout. Facilities include a conference room, lounge area and a landscaped terrace overlooking the marina. Combining comfortable, elegant interiors with the functionality of a fully serviced business club, these nine offices are the pearl in Porto Montenegro's expanding collection of new workspaces.

To enquire about our remote working spaces and residences or to learn more about our special 'digital nomad' low-season rental deal, please contact

retail@portomontenegro.com.

DEMOGRAPHIC CHALLENGES AND OPPORTUNITIES FOR A STRONG RECOVERY

DUBRAVKA SUICA

EU Commission, Vice-President for Democracy and Demography



Just like the virus knows no borders, so too our measures must reach beyond the EU. If we are to comprehensively overcome COVID-19, our efforts must extend to our closest neighbours in Southeast Europe

It is now one year since the COVID-19 pandemic took hold of Europe and the world. This health crisis has affected every aspect of our lives, the economy certainly, but also the way we live together. While the situation continues to be challenging for all of us at the individual, societal and economic level, the past year has provided us with many lessons and insights that can enable us to emerge stronger to build a prosperous and better future for our citizens and businesses.

Chief among those is an understanding of the links between demographic developments and the recovery, and how to harness the potential while addressing the impact of demographic change. While it is still too early to draw conclusions, we know that the virus has not hit every country in the same way. It has not hit men and women in the same way. It has not affected young and older people in the same way. Likewise, we could observe how population density or household composition affected the spread of the virus.



QUICK RESPONSE

In the face of this situation, the European Commission has needed to respond quickly and in many different ways: We remedied initial shortages and coordinated joint procurement for protective personal equipment, ventilators and supplies; we are doing the same with rapid antigen tests. We insisted on lifting national export restrictions for critical supplies and set up the “green lanes” to allow the proper functioning of the Single Market and much-needed transportation of goods between member states. We designed a European gateway to enable interoperability of COVID-19 tracing apps across Europe.

Just like the virus knows no borders, so too our measures must reach beyond the European Union (EU) if we are to comprehensively overcome COVID-19. Our efforts must extend to our closest neighbors in Southeast Europe. As part of this solidarity in action, we have been able to deliver protective facemasks from the rescEU medical reserve to EU Member States including Croatia, as well as to Montenegro, North Macedonia and Serbia. Additional deliveries included gloves, protective gowns, PCR test kits, beds, blankets and disinfectants.



WHAT IS NEXT GENERATION EU?

But this is a multi-faceted crisis requiring a variety of solutions. Our main response to the severe economic impacts on lives and livelihoods is Next Generation EU. It is a EUR 750 billion temporary recovery instrument that has as its centerpiece the Recovery and Resilience Facility, with which we provide loans and grants to support reforms and investments in the EU. Again, a strong recovery must involve our neighbours and so we proposed a EUR 3 billion macro-financial assistance package to support ten neighbouring countries, including Albania, Bosnia and Herzegovina, Kosovo, Montenegro and the Republic of North Macedonia. This comes on top of our ‘Team Europe’ approach, which provides quick and targeted support to our partners to tackle this pandemic.

Next Generation EU is a EUR 750 billion temporary recovery instrument that has as its centerpiece the Recovery and Resilience Facility, with which we provide loans and grants to support reforms and investments in the EU



SOCIAL IMPACT

With these unprecedented measures, we have set ourselves on the path to a strong and lasting recovery. To successfully emerge from this crisis, it is not enough to put mechanisms in place to support the economy or health systems. We must also acknowledge that the COVID-19 pandemic has had enormous social and societal impacts. Although we have managed to protect many jobs and workers, unemployment rates have increased and certain sectors have been hit particularly hard. In addition, the uncertainty of the situation has affected the well-being and mental health of many Europeans – both young and old. Social isolation measures have meant that vulnerable persons, and in particular older people in care homes, have had limited social contact, leading to deteriorating health and loneliness.



YOUTH EMPLOYMENT AND WESTERN BALKANS

On the other hand, for many young people it has become increasingly difficult to continue their education or to enter the job market. In some countries of the Western Balkans, this has meant a significant increase in youth unemployment between 2019 and 2020, reaching for instance 38.1% in Montenegro. Also, the proportion of young people not in employment, education or training grew, for instance in North Macedonia, Serbia and Montenegro. While data is still scarce, it seems that young people are likely to suffer disproportionately from business closures. This adds to the challenge of 'brain drain' which was already a key demographic challenge for countries in Southeast Europe. If we want a sustainable revival from this crisis and enable the young to build their own future, we will need to address 'brain drain', depopulation and our ageing population in our recovery plans. This means facing up to difficult issues: the lack of economic opportunities, dissatisfaction with governments, public services, and infrastructure and the socio-cultural environment, or the lack of adequate education and training opportunities.



At the EU level, we support efforts towards the youth in the Member States and in the Western Balkans, for instance with the Youth Guarantee Scheme

YOUTH GUARANTEE SCHEME

At the EU level, we support efforts towards the youth in the Member States and in the Western Balkans, for instance with the Youth Guarantee Scheme or in cooperation with the European Training Foundation. In addition, as Vice-President for Democracy and Demography I have recently launched a wide debate on the issue of ageing, we will soon present a Strategy on the Rights of the Child and follow that with a long-term vision on rural areas later this year. All of this work is underpinned by the fact that we will only succeed and thrive as an economy and a society, if we ensure intergenerational solidarity and responsibility and leave no one behind.

AUSTRIA'S WAY: COMBINING ECONOMY AND ECOLOGY



MAGNUS BRUNNER
State Secretary

Ministry for Climate Action,
Environment, Energy, Mobility,
Innovation and Technology of
the Republic of Austria

In Austria, we strive to reach climate neutrality a decade earlier than the EU as a whole – by 2040

The European Union aims to achieve climate neutrality by 2050, striving to become the first continent in the world to reach this ambitious target in line with the Paris Agreement. To this end, Commission President Von der Leyen proposed the Green Deal, which will assist all sectors to transition from fossil fuels to renewable energy.

In Austria, we strive to reach climate neutrality a decade earlier than the EU as a whole – by 2040. This will require a massive effort by everyone in Austria, our entire economy and society must be transformed - business as usual will not be an option. This will affect every sector, from industry and energy production to transport and agriculture. At the same time, Europe and Austria must remain competitive on the global market. We will need to ensure prosperity, economic growth and jobs. Our intention is to show that an ambitious climate policy and economic success can go hand in hand.

SO HOW DO WE DO IT?

How can we reduce our greenhouse gas emissions significantly, while ensuring growth and prosperity? I believe there are three main factors that will determine whether we achieve our ambitions goals: investments, innovation and cooperation.



INCREASE INVESTMENTS IN CLEAN TECHNOLOGIES

First, we must increase our investments in clean technologies, renewable energy and other sustainable solutions. The energy transition is a strong driver for new infrastructure investment and therefore also a job creator. These investments will of course only materialize, if we create the right legal framework and provide the necessary incentives.

In Austria, we recently presented a new and comprehensive set of bills to incentivize investments in renewable energy technologies, such as hydropower, solar power, biomass and wind energy. We want to increase the available funds, but also ensure that these subsidies are cost-efficient, market-based and tailored to the specific needs of investors. We will introduce competitive tenders, if appropriate, to ensure competition has a positive effect on the price. The new legal framework is expected to trigger investments of up to 30 billion euros within the next ten years in Austria. It is therefore a perfect example of how to combine economy and ecology.

FOCUS ON INNOVATION

Secondly, we need to focus on innovation. Today we are only aware of roughly 30 percent of the technologies we will need to achieve our ambitious climate targets. Therefore, innovation is the key to success! New clean technologies are necessary and we must create the right environment for innovation in this field. I believe that there is no silver bullet, many clean technologies will exist side-by-side. Our approach must be technology-neutral, because we will need all of them.

However, all experts agree that one technology in particular will play a crucial role in the energy system of the future: renewable hydrogen. Due to its manifold applications, it can help decarbonize heavy industries, such as steel or cement, and the transport and mobility sector, where hydrogen will complement electric vehicles. Equally important, hydrogen can help storing volatile renewable energy for longer periods.



New clean technologies are necessary and we must create the right environment for innovation in this field

COOPERATION IS KEY

Finally, and perhaps most importantly, we all must work together in order to achieve climate neutrality. We need policy makers and regulators at all levels to be a role model and to set the right legal and regulatory framework. We need the business and financial community to invest and become the driver of the energy transition. We need the civil society and as many citizens as possible to get involved. A successful climate and energy policy requires broad public support and cannot be a partisan issue.

The current COVID crisis is a massive challenge not just in terms of public health, but also economically and socially. However, I believe every crisis is also an opportunity.

We cannot afford to “waste” this moment. Rather we must stimulate the economy and create new jobs, while fighting climate change. That is what we are doing in Austria and Europe – and what I believe the rest of world should think about as well.



VISION AND POLICIES

MITKO ANDREEVSKI, Energy Advisor to the Prime Minister of North Macedonia



To follow the European Green Agreement should be our plan for the sustainability of our economy

The region of Western Balkans is part of Europe, thus we must strive to practice European values, since we have no other option. Our goal is a sustainable economy and a clean energy sector. The energy transition and the European Green Deal is the path to which we should all move together, the countries of the Western Balkans - as a region. Through regional cooperation we need to achieve our goals as well as the EU goals, which means to create a modern,

efficient and competitive economy, wherein there will be no emissions of harmful gases until 2050, economic development should not depend on the use of fossil fuels and a just transition. To follow the European Green Agreement should be our plan for the sustainability of our economy. We can achieve this if we see the challenges of climate change and environmental protection as opportunities, and make the energy transition just and inclusive for all. We work to increase the efficient use

of resources while reducing pollution. We have to use the European opportunities in order to realize the necessary investments. In order to achieve the set goals, it is necessary to have action in all sectors of our economies through investments in technologies that are not dangerous for the environment, support for innovation in the industrial sector, use of “green” and cheaper private and public transport, decarbonization of the energy sector, construction of energy efficient buildings and structures.

STRATEGY FOR THE ENERGY SECTOR

We have adopted a Strategy for development of the energy sector in accordance with the EU energy and climate policy, we have prepared a first plan for energy and climate in accordance with the requirement of the EU Directives and together with the EU Office in Skopje we start with the preparation of the Energy Transition diagnostics for the Republic of North Macedonia.

The process of implementation of the Just Transition in the energy sector must be carried out by all countries in the Western Balkans, there is no successful transition if it is done only in some countries and not in others.

We expect support from our neighbours - EU members, Austria, Croatia, Bulgaria, Greece and others, to lead us in the process of Just Transition, since they have access to EU funds and can lobby within the European Union, for promotion of Just Transition in the Western Balkans, EU candidate countries.

In the past almost four years we have made serious decisions, by taking efficient and effective steps towards energy transition, a process that involves replacing fossil fuels for power generation with production from renewable sources, energy system stability, and diversification of all types of energy supply sources.

The new Energy Law and the Strategic Investments Law, both fully harmonized with European directives and regulations, today, allow us to make serious investments to significantly increase power generation through renewable energy sources.



RENEWABLE ENERGY SOURCES

The largest project we plan to implement has already started, and that is the construction of the hydropower plant "Chebren". This is a project worth about 600 million EUR, with an installed capacity of 330 MW and an annual production of electricity of 1,000 GWh, and through its realization we will enable power generation as much as one thermal power plant produces, which emits 913,000 tons of carbon dioxide in the air. This means that we expect to receive electricity coming from environmentally friendly and renewable source of energy.

The sun is our symbol and inexhaustible resource, and therefore we want to use the momentum for investments expressed by many companies and from the current 18 megawatts, to increase to over 800 megawatts installed capacity of solar power plants.

We have already conducted public procedures for photovoltaic power plants of 62 megawatts on state and private land, having the realization of 20 megawatts on the site of the old coal power plant in Oslomej on-going and are planning construction of large photovoltaic power plants of 80 megawatts on the same site, and up to 200 megawatts near the coal power plants in Bitola, 100 megawatts in the

We have prepared a first plan for energy and climate in accordance with the requirement of the EU Directives and together with the EU Office in Skopje we start with the preparation of the Energy Transition diagnostics

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central part of our country and about 300 megawatts in the eastern region of the republic. This is a huge step towards the goal of a green and clean environment.

We want to use all the available natural resources, so we will triple the capacity of power generation from wind energy. In addition to the current 36 megawatts, an additional 114 megawatts will be built, which means that we will have a total installed capacity of 150 megawatts.

The Republic of North Macedonia - more energy independent, energy stable and oriented towards a healthy and clean environment. That is our imperative.

NATURAL GAS - ENERGY SECURITY 2050

After 23 years, we managed to solve the long-standing dispute between Makpetrol and the state regarding the purchase of shares and 100% participation of the Republic in the gas company for transmission of natural gas - GAMA. This will open new opportunities for the development of the gas pipeline system. We expect the finalization of many distribution systems in several cities. This year, 2021 will be a turning point in the use of gas, its capabilities, reduced price. First of all, I would like to mention that until now it was impos-

sible to use gas from another supplier. There are activities that will mean the release of part of the capacity for other suppliers. This means liberalization and lower prices.

During the past three years, many efforts, contacts and projects were made that will make our country a transit for natural gas, which means that a certain amount of gas will pass through our territory and end up with our neighbors. This was not planned in the past, because we have always been connected with one supplier, Gazprom and South Stream as a branch of that pipeline. One political establishment has been saying for 15 years that we should participate in the South Stream pipeline. You have seen that South Stream is not even realized. A Turkish Stream gas pipeline is being realized.

Then and now I claim that our interest is to join our southern neighbor, Greece. Why? A hub is created there from several different pipelines, whether it is the existing TAP (Trans Adriatic pipeline) pipeline system or LNG terminals ... all this means that there will be huge amounts of natural gas that will be available to us and will create a natural gas stock market.

This means that we will be able to buy cheaper gas for a longer period of time and thirdly - the security of supply. Remember that in the past this part of Europe twice had a problem with



RENEWABLE ENERGY SOURCES

During the past three years, many efforts, contacts and projects have been made that will make our country a transit for natural gas, which means that a certain amount of gas will pass through our territory and end up with our neighbors

the supply of natural gas, during the first 20 days after the New Year, as a dispute between Ukraine and Russia. That cannot happen to us now. Why? Because we have a large amount of natural gas and new corridors. One of those routes is the Interconnector with Greece. This is a serious capacity, our strategic interest, not only because of its four times larger capacity than the existing gas pipeline we have with Bulgaria, but also, as I have mentioned previously, because we will have the opportunity to choose between different suppliers.

COOPERATION IN THE ENERGY SECTOR

Last September, the US State Secretary, Pompeo, visited the region and he indicated that they were here to offer security. They do not tell us to cut off contacts with Russia, but that they are here so that there are options for these countries not to be completely dependent. The price of natural gas for these countries in the past was really high. We did not get the same price as Germany did. It is true that we are smaller countries, but this difference

in price has made our economy much less competitive. If you have the same product produced in our country and in Germany and if their input of energy in the final product is \$150, and in our country \$250 per cubic meter, you cannot be competitive, and you must reduce the cost of labor - salaries etc. Beside the interconnector with Greece, we are working on three other projects - regional and supported by the United States. It is the liquid natural gas (LNG) terminal in Alexandroupolis, the negotiations are in the final stage, the second project is for the supply of gas in a 15-year period of the same capacity and the third project is the construction of a gas power plant on the coast of Alexandroupolis. The value of all three projects together, with all partners inside, is estimated at over 800-900 million EUR, with strong EU support through a grant.

We want to be part of those projects and we want to develop regionally. It is a fact that we are small countries, but in an alliance as partners in regional projects, a new perspective can be created for us. The gas interconnector creates conditions for the transit of natural gas to Kosovo or Montenegro, as well as

connection to the gas pipeline system of Serbia. For the first time we have a project for a vertical gas pipeline, until now the connection was always horizontal (East - West).

A grant for the interconnector has already been approved by the EU, its construction will start this year and it is planned to become operational in 2023-2024. The other three projects are in their final stages, all approvals have been issued and they should also be operational in 2023. It is impossible to imagine something in the energy sector and manage to realize it in one mandate.

These are projects that have existed since 2014 and 2015, but then the political establishment in the country did not make a decision, since the focus was on another eastern project.

It has never been openly said that certain countries use their political doctrine or goals through their resources, energetically. Twice we have had a case of a delivery stop due to political changes in Ukraine. This was a moment when it was explicitly shown to us how this resource is used for political purposes.

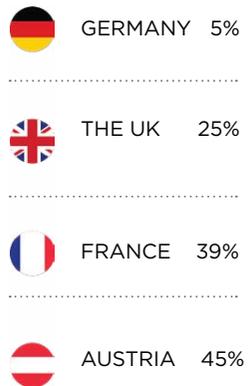
RE-INVESTMENTS IN SEE - THE SLEEPING BEAUTY

MANFRED WILTSCHNIGG, MANAGING PARTNER AT GALCAP EUROPE



Pan-European real estate investment market has suffered from the effects of the Corona crisis. The investment share reached approximately € 275 billion, a decrease of about 17%

THE DECLINE OF THE INVESTMENT SHARE



Real estate markets across Europe have been hit hard by the Covid19 pandemic. Unsettled investors are striving to minimize risk and are retreating to core Central European markets such as Germany. Is this a mistake? Here is a look at why the countries of the South-Eastern European region are far more attractive than generally known.

With regard to the Pan-European real estate investment market, almost every country has suffered from the effects of the Corona crisis that began last year: the investment share reached approximately € 275 billion, a decrease of about 17%. The highest turnover in Europe was recorded in Germany, where around € 80 billion were invested, a decline of just 5%. In the UK (€ 48 billion), the decrease was about 25%; in France (€ 29 billion) just under 39%; and in Austria, € 3.3 billion was invested, nearly 45% less investment capital compared with 2019. The CEE investment market - Poland, Czech Republic, Hungary, Slovakia, and Romania - together reached a total volume of approximately €10 billion in 2020, a decrease of around 30% compared to the previous year, with Poland accounting for approximately half. In a Pan-European context, however, the CEE represents only about 3.6% of the total transaction volume. And only € 800 million, or just under 0.3%, was contributed by Serbia, Croatia, Slovenia, Albania, Montenegro, and Bulgaria to the overall European investment volume.

“CATCHING UP” WAS ABRUPTLY INTERRUPTED

There are reminders of the subprime mortgage crisis, which, about 15 years ago, abruptly halted further expansion of the European institutional real estate market towards the Adriatic and Black Sea. Even now, the Covid19 pandemic has presented another global crisis which is, once again, hitting the entire region and has interrupted the achievements reached in lower-level public debt, stable inflation rates and low unemployment. This required, and shall again require, rapid “catching-up” efforts.

So many exciting achievements have occurred in this region: Belgrade, Bucharest and Sofia have transformed into exciting office markets. Bulgaria, Croatia, and Slovenia are highly sought-after retail and logistics locations. The Adriatic and Black Sea coasts, with their pioneering hotel developments, attract millions of guests every year. The freely financed rental housing construction sector has grown in volume in practically all countries, with noticeable achievements in quality.

This remarkable development is now undergoing a disruption. In times of crisis, investors mainly prioritize decisions based on risk minimization, safety, and reliability with a renewed focus on country selection and the selection of asset classes. In an investment climate affected by both low interest rates, and by lockdowns and massive travel restrictions, many investors consider diversification and security, choosing to make investments in the private rental sector (PRS) and logistics in established Central European markets.

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HUGE PROGRESS IN THE SEE SPEAKS FOR FUTURE MARKETS

It is precisely the countries of the South-Eastern European region that have most recently made progress implementing reform programs to improve local market conditions.

Transportation and technology infrastructure has been expanded and improved, real estate marketplace partners and participants operate professionally and reliably, wages and purchasing power of populations have increased, several countries are already members or are candidate countries of the EU, and general transparency in business transactions has been significantly improved.

As has been widely reported, it can be generally assumed the pandemic can be brought under some control through extensive vaccination campaigns. If this can be accomplished soon, we can expect a normalization of the fundamentally

healthy real estate market throughout the whole of Europe in the long term, with continued major investment in areas where all the prerequisites are already met, such as Belgrade, Bucharest, Zagreb, Sofia, and Ljubljana. And while in Western, Northern and Central Europe, real estate prices of the housing and logistics asset classes reach highs, it can be expected that the East and Southeast European real estate markets, with their attractive returns, will soon catch the attention of European investors from Austria and Germany.



It can be assumed the pandemic can be brought under some control through extensive vaccination campaigns. If this can be accomplished soon, we can expect a normalization of the fundamentally healthy real estate market throughout the whole of Europe in the long term

EUROPE'S FUTURE IS DIGITAL

MATTHIAS UNGER,
CEO of Unger Steel Group, Federal Chairman of Young Industry



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The Covid19 pandemic and its economic consequences will remain an issue for Europe for some time to come – which is precisely why a proactive strategy for the future is more important than ever before. Covid19 has already damaged Europe severely – not only in terms of health, but also economically. The fact that vaccines are now available means that there is light at the end of the tunnel, but we are not out of the woods yet. What

we need now in Europe is a proactive, forward-looking strategy to overcome this crisis and secure our future. Even before the current crisis, many people warned that Europe was losing ground to its competitors from the US and China in almost all areas of the future. There is some truth in that, but we also should not underestimate Europe's strengths. We are the largest connected economic area in the world, and European companies are world

market leaders in many fields. 'Made in Europe' is and remains a benchmark for quality. And Europe's diversity in particular is an opportunity for the future.

However, it is also clear that we will have to work hard in order not to lose our (still) very good position. What we need now is a joint effort throughout Europe towards digitisation.



**60 YEARS
OF COMPETENCE**



**70,000 TONNES
ANNUALLY**



20 SUBSIDIARIES

THE FUTURE IS ALSO IN GREEN TECH

This is the future – for example, in the much-vaunted field of green technology, which we will have to address decisively in light of climate change, an even greater challenge than Covid19. Currently, for example, only about 10 percent of the data generated by machines, such as in a manufacturing company, is systematically recorded and processed – the potential in this area alone is enormous. Thus, I am committed to making these potentials available to us, not only as an entrepreneur, but also as part of my function in the Young Industry. Because one thing is clear: the future is digital. Making all of that possible, could be my important role, as the CEO of Unger Steel Group, the number one company in steel construction throughout Europe.

'Made in Europe' is and remains a benchmark for quality. And Europe's diversity in particular is an opportunity for the future

THE USG IS A ONE-STOP-SHOP

The Unger Steel Group is one of the leading and internationally most successful industrial companies in Europe. Its core competences lie in the fields of structural and architectural steel, as well as project development and the delivery of complete projects as a general contractor; certified to ISO 9001:2008. As a one-stop shop, the Unger Group offers comprehensive and customer-oriented solutions and demonstrates over 60 years of competence in high-quality steel construction as well as comprehensive project management. In addition to the headquarters in Austria, about 20 subsidiaries throughout Central and Eastern Europe as well as the Middle East provide local access to all services of the corporate group. Two production sites – in Austria and Sharjah (UAE) – with an overall annual capacity of 70,000 tonnes, ensure a wide range of projects, starting from small projects to complex construction projects. Unger is well-known for its comprehensive product range, know-how in each industry, on-time delivery and customer-oriented full-service. More information about the Unger Group is available at: www.ungersteel.com.



The Unger Group offers comprehensive and customer-oriented solutions and demonstrates over 60 years of competence in high-quality steel construction as well as comprehensive project management



WORLD BANK REPORT

FIGHTING WITH COVID-19 FOR THE GROWTH OF 4.4%

When it comes to Western Balkans Economies, the World Bank reports that this region suffered from one of the sharpest hits of the Covid-19 virus in the past year. The economies declined by 3.6 percent in total. Growth is expected to rebound to 4.4 percent in 2021 and to moderate to 3.7 percent in 2022, assuming that consumer and business confidence is restored as COVID-19 is brought under control and that political instability eases.

The World Bank reports that, heading into 2021, three Western Balkan economies, Bosnia and Herzegovina, Montenegro, and North Macedonia, have the highest numbers of COVID-19 deaths per capita in that region—putting

further strain on the health care systems. For most economies in the Western Balkans, widespread vaccine rollout is not anticipated to begin until the second quarter of 2021, which is slower than initially anticipated. Vaccine delivery has been roiled by manufacturing and import delays.

Serbia is an exception and began vaccinating in late December, administering 24 doses per 100 people as of mid-March, far outpacing the regional and global averages.

In regard to expected growth, the leading country for this year, according to World Bank expectations, is Montenegro, with estimated growth of 7.1 percent. Serbia is following close, with estimated growth for 2021 of 5.0 percent.

In regard to expected growth, the leading country for this year is Montenegro, with estimated growth of 7.1 percent, followed by Serbia with estimated growth of 5.0 percent.

EUROPE AND CENTRAL ASIA REGION

Economic activity in the emerging and developing economies of Europe and Central Asia is estimated to have contracted by 2 percent in 2020, in the wake of disruptions related to COVID-19, it is written in the latest World Bank report. The pandemic is expected to erase at least five years of per capita income gains in about one-sixth of the region's economies and raise the poverty headcount.

Economies with strong trade or financial linkages to the euro area and those heavily dependent on services and tourism were the hardest hit. The pace of recovery in 2021 is projected to be faster than originally anticipated, at 3.6 percent, as firming external demand and stabilizing industrial commodity prices partly offset a recent flare-up in new COVID-19 cases. Growth is then expected to rise to 3.8

percent in 2022, as the effects of the pandemic gradually wane and the recovery in trade and investment gathers momentum. The outlook remains highly uncertain and growth could be weaker than envisioned if the pandemic takes longer than expected to fade, external financing conditions tighten, policy uncertainty spikes, or geopolitical tensions escalate again.

The pace of recovery in 2021 is projected to be faster than originally anticipated, at 3.6 percent, in Europe and Central Asia region.

Country	2020	2021	2022
Serbia	-1.0	5.0	3.7
Montenegro	-14.9	7.1	4.5
North Macedonia	-4.5	3.6	3.5
Croatia	-8.4	4.7	4.9
Albania	-4.7	4.4	3.7
Bosnia and Herzegovina	-4.0	2.8	3.5
Kosovo*	-6.9	4.0	4.5
Western Balkans	-3.6	4.4	3.7



MORE THAN 15 MILLION PEOPLE INFECTED

The COVID-19 pandemic has generated a major health and economic crisis in the Europe and Central Asia region, infecting 15.5 million people. The pandemic has also underscored the critical role of clear communication, transparent operations, ample resources, and well-developed plans for an effective crisis response. The World Bank warns that extraordinary circumstances and rapid pace of the pandemic require a focused and decisive response from government leaders. The scope and size of the government's role in the economy increased to unprecedented levels. The need for an efficient system of information collection and use is more relevant than ever, particularly as the private sector has transformed itself through its use

of information to improve the quality of its services. Data systems could be precisely the tool to build citizens' trust in government and create greater citizen's pressure for effective, data-driven governance. During the pandemic, data management has been critical to governments' responses. Citizens have been both dependent on and critically supportive of the public sector response—in tracing COVID cases, understanding frontline readiness, and data sharing within the administration, for example. Because citizen's needs were immediate and homogeneous, and because the state played an important role in the response, the link between governments and citizens was strengthened—in no small part because of data.

Digitization is a necessity for improving governance. Across the world, the quality of government is increasingly informed by the extent to which governments harness digital tools and technologies to optimize management, service delivery, and overall state capacity. Digital technology offers the potential to increase efficiency, transparency, responsiveness, and citizen's trust, directly affecting the quality of government. The COVID-19 pandemic has made particularly salient the opportunities for fostering digitization and highlighted the costs associated with delaying the public sector modernization.

Source: The World Bank



SEEBDN

WHO WE ARE AND WHAT WE DO?

The Southeast European Business Development Network (SEEBDN) is an independent business association of prominent managers, entrepreneurs and diplomats from the countries of Southeast Europe, Germany and Austria. We are a not-for-profit association (eingetragener Verein) based in Vienna.

The SEEBDN aims to enhance international business operations of SEE economies, particularly with the EU market, focusing particularly on developing new business networks and stimulating business operations of small and medium-sized enterprises (SMEs) on external markets, but we are not neglecting large companies either.

In this process, the SEEBDN will seek to support inclusion of SEE economies in European Commission's development projects, as well as in national projects of EU members states, aimed at boosting foreign economic ties.

For the benefit of its members, the SEEBDN will use different resources. The SEEBDN shall seek to link business people, scientists, politicians and other stakeholders in European and regional processes of importance for the SEE economies. We shall also strengthen the flow of reliable, topical, economic, financial, business and political information and analyses of importance for the SEE region.

We are offering advertising opportunities in the region, as well as in the EU and the international market, mainly through the Business Link magazine, and organization of occasional meetings for business people from the SEE and the EU in order to connect them with companies interested in business partnerships.

Our organization would mainly focus on business activities of small and medium-sized enterprises, modern technology transfer, know-how, and would also stimulate the use of digitalization and enhanced activities towards developing a business network aimed at linking SEE countries with interested companies in the EU.

The SEEBDN shall provide additional financial resources from EU funds, funds of EU member states and other sources. Provision of regular online access to programs of support to SMEs, which are offered by the EU or state and business agencies from the region and the EU (tenders, other calls for proposals).

If you wish to join our association and use all business opportunities that we can offer to our members, for more information please visit our official website:

www.seebdn.eu

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SEEBDN

Southeast Europe Business Development Network



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