

European Balkan 2020

Time for Economic and Political Freedom and fast track Integration of the Balkan 6 into the EU by 2020



Open Europe Now!

Since 2008 the West has neglected the Balkans. We are in a deep crisis again and enlargement is the only option to focus minds, hearts and leaders. Conditionality has failed. Now it is time for Europe.

The new President of the EU Commission has sent shockwaves to the Balkans with his statements that enlargement is not on the agenda during his terms. 6 still young and fragile states and economies just in recovery from the turmoil of the 90ies need the European future and framework and pressure based on credible EU perspective in reasonable time frame to bring all society towards the reform track and as well give the society and the civil, media and

business leaders a tool to monitor progress and keep their leaders as well on track. The lack of such a credible way forwards has led to the current status quo of slow growth, if any, export of people, dependency on government and donor support, Yugonostalgia and even tragic violence used to deflect from corruption and failed policies. But there is an alternative. Political freedom, real economic reform and real EU accession. Open Europe and integrate the Balkans now.



Barbara Kolm, President of Austrian Economics Center



Gunther Fehlinger

Europeans for Tax Reform
Receiving the 2016 Life Time Award
Golden Arrow at ComSult Vienna

**Including Special Reports
Road to Growth for Kosovo**

Game Changers for the Balkans

**Taxpayers perspectives for the
Berlin Process and Vienna Summit**

**Property Reform in Kosovo
Rethinking FDI Promotion**

TIME FOR CHANGE IN EUROPE

A journey across Europe and the Caucasus with the message Freedom and Sound Economy



A spectre is haunting Europe – the spectre of secular stagnation. Since the 2008 financial crisis most of Europe's economies have not fully recovered and their economic forecasts are appalling. As a matter of fact, in 2013 28 EU countries registered a dismal 0.1% real GDP growth rate. Twin deficits are to be found in some of the Europe's largest economies. The welfare state not only burdens future generations but it even seems to be on the brink of total collapse.

Meanwhile, political elites seem aloof and detached and Brussels continues to carry on its agenda of centralization and overregulation of Europe's economy. Not surprisingly, our strangled national economies struggle to even produce anemic growth.

What recipe does Europe need to change the declining trend? Can more centralization produce different results? Or should Europe instead reverse course, liberalize the economy,

lower tariffs and subsidies, and stop paying lip service to austerity, and really balance budgets and lower taxes?

Economic growth will bring higher standards of living, a cleaner environment, and the elimination of the remaining pockets of poverty. But do Europeans – and their political elites in particular – have what



Entrepreneurs wanted

In connection with the lack of growth there is always the issue of entrepreneurship. One of Europe's jewels is the 'startup nation' of Estonia, but the Baltic country is more likely the exception than the rule as contemporary Europe suffers from pandemic youth unemployment, and many of its brightest and most entrepreneurial leave the continent in search of better opportunities.

How can Europe unleash the creative forces of its youth? Some believe that the European Union should create startup zones that foster entrepreneurship.

Others, on the contrary, say that the EU and its regulations must be as far away as possible from entrepreneurs so that the free market can provide the trial and error environment that startups need to thrive.

- See more at:
<http://freemarket-rs.com/tour/#sthash.iRoH98Rb>.

Join the discussion

The 2016 Free Market Road Show's Panel will focus on these important questions:

To grow or not to grow? From secular stagnation to robust recovery. Entrepreneurship and its enemies. How to set our creative energy free. Furthermore, each FMRS event will present a local panel which will deal with the most pressing issues of the respective country. International top speakers, renowned economists, leading politicians and prominent business leaders will join the Road Show to discuss these crucial topics.

- See more at:
<http://freemarket-rs.com/tour/#sthash.iRoH98Rb>.



Editorial



The right answer for the current escalating crisis on the Balkans is clear. Faster EU integration of the Balkan 6 and a new economic reform approach for all countries based on Austrian economics and free markets. The Balkans need to be firmly based inside the European Union for geo-strategic and investment security reason and as well to allow legal market integration based on European standards and the rule of Law. We can not wait until some for better times and until the Balkans have fulfilled some unrealistic expectation which are the basis of the conditionality approach and the West can not afford another Balkan crisis and allowing Russia or Islamist influence get a stronger hold here in the most sensitive area between East and West. Another Ukrainian scenario is much more costly than fast track integration. We did it for the Eastern Balkan countries and we have to do the same for the Western Balkans as well. The lack of reform

pressure has allowed the political leaders of the Balkans to ease the reform pressure of fast track reforms and many have focused on exploiting the spoils of power instead of driving forwards painful structural and European integration reforms. A negative dynamic has developed of who is getting the richest leaders here in the region and no consistent economic reform agenda was developed based on European principle and the rule of law. The lack of real European attention and a credible integration deadline is as much to blame as political elites exploiting this vacuum post 2008 European crisis. Clearly the Balkans has to do its part in terms of adoption of EU legislation, imposing implementation and as first of all creating a better economic environment to allow people to prosper and benefit from a open and free economic system. The small countries here have been too easy to control by small political and economic elites and so a new approach based on EU Integration and all its competition and anti collusion controls and anti subsidies legislation combined with clear focus on economic reform based on Austrian economic is the right answer. Today a considerable part of economic decision makers here in the Balkans have answered the crisis with economic protectionism and a new form of Yugo-

Free Markets!
FIGHT CORRUPTION

nostalgia which is the contrary of what is needed. A new approach based on economic and political freedom and opening the economies to Europe and the world and first of all to the immediate neighbors and cooperate in concrete terms here in the region. Lower tax, regional market integration and a new approach of economic openness are the right answer which have produced concrete results everywhere in the world and will work as well here in the Balkans. In this edition ETR has focused on 10 pillars for the Road to growth for Kosovo as concrete and easy to implement measure of economic reform to ensure Kosovo is working and moving faster towards EU integration. As well we have included the results of the Free Market Road Show 2015 which was another great FMRS here in the region with the highlight of the opposition leader of Albania promising to reintroduce the flat tax of 10% in Albania and excellent events in Pristina and Skopje. Thanks to all who made it possible. The reason why the Balkans is not working is neglect from Europe and lack of political and economic freedom and it is time to change that. A European Balkans firmly based inside the EU and a clear free market economic strategy are the right solution for the current crisis.

Gunther Fehlinger
Europeans for Tax Reform
Receiving the 2016 Life Time Award
Golden Arrow at ComSult Vienna



Dr Erhard Busek, Laudator for the ETR President and ComSult Initiator David Ungar Klein

On the 19 of January 2016 ETR Gunther Fehlinger was honored to be invited to the 13th ComSult Vienna Congress at Vienna City Hall and the Ceremonial Hall of the Austrian Industry Federation. It was a major event - the topic was growth but the discussion were focused about the migration challenges and the future of Europe. The highlight of the Congress was the concluding Golden Arrow 2016 Award Ceremony with former Prime Minister Mario Monti, and Nobel Laureate Mohamed ElBaradei from Egypt and Dan Shechtman from Israel were awarded in the international category and former Olympic Champion Markus Rogan and Gunther Fehlinger in the Austrian Category.



ETR President thanking for the Award and calling for a new enlargement of the EU including the Balkans and Ukraine

13. Vienna Congress com.sult zur Zukunft

Wien. Im Haus der Industrie fand am vergangenen Montag und Dienstag der 13. Vienna Congress com.sult statt. Der Wirtschaftskongress beschäftigte sich mit der Zukunft des Wachstums. Montag Abend wurde die Ausstellung „Artistic Signature“ eröffnet, mit Kunstwerken von Persönlichkeiten wie Václav Havel (siehe Bild unten re.). Am Dienstag begrüßten Christoph Neumayer (IV-Generalsekretär) und Alfred Harl (Obmann Fachverband UBIT der WKÖ), David Ungar Klein (Initiator Vienna Congress com.sult) die Gäste im Haus der Industrie. Moderatorin Mirna Jukić führte durch das Programm, u. a. mit dabei: Friedensnobelpreisträger Mohamed ElBaradei und László Andor, ehem. EU Kommissar für Beschäftigung, Soziales und Integration, Gregor Gysi (Die Linke, dt. Bundestag), Ian Begg (London School of Economics), Jan Zielonka (University of Oxford) diskutierten am Podium. Auf der abendlichen Gala wurden die Golden Arrows an Persönlichkeiten verliehen: Mohamed ElBaradei erhielt den Award für seinen Einsatz für Transparenz (Laudator: Václav Klaus); der frühere EU-Kommissar Mario Monti für seine Wettbewerbspolitik (Laudator: Erhard Busek), Nobelpreisträger Dan Shechtman für sein Engagement in Sachen Entrepreneurship, Günter Fehlinger für sein Engagement in der Balkanregion und Schwimmer Markus Rogan für seine Vorbildfunktion.

Rechts: Václav Havel mit seinem Werk. Unten: Die Golden Arrows gehen an ElBaradei, Monti, Rogan, Shechtman, Fehlinger, Ungar-Klein (v. l.).



The Congress and the Award in Austrian newspaper KURIER

<http://comsult.create-connections.com/golden-arrow/>



The 2016 Golden Arrow Ceremony

Mohamed ElBaradei, Mario Monti, Markus Rogan, Dan Shechtman & Günther Fehlinger

Austrian Economics for Albania

Albania needs the Flat Tax of 10% again



The leader of the opposition Mr Lulzim Basha at the FMRS 2015 at EUT

The FMRS 2015 in Tirana was a major success and the cooperation with the European University Tirana has been very successful. Besart Kadia the Director of the Foundation for Economic Freedom of the EUT has organized a great conference. The leader of the opposition Lulzim Basha held the key note speech and shared a major policy announcement at the FMRS 2015. In case of victory the 10% flat tax will be reintroduced. Albania is still suffering from the sad fact that the 2013 socialist government has introduced the largest

tax increase in European history from 10 to 23 income and 10 to 15 % corporate with has led to the major decline of foreign investment and more informality and less tax revenues and is a key reason why the Albania economy is not moving despite the new EU candidate status and the enormous potential in about everything. it could be the Florida of Europe is better managed. But help is on the way and this great FMRS might be a turning point in economic policy. The presence of a direct relative of the Prof Hayek raised a lot of media attention as

well at a moment when Albania was facing a major wave of immigration was people vote with their feet and leave as they see no progress in terms of investment and economic growth in Albania under the current economic governance. Albania has deserved better and Albania needs a growth model based on Austrian economics. Openness, decent tax rates and a implementation based in proportionality and reason on based on respect for rights and property. No more informality and but clear rule based market economy.



Henri Cili, President of EUT



*HE Thomas Schnoell,
Austria Ambassador Tirana*



*Richard Zundritsch, AEC,
Great nephew of Prof Hayek*

The 2015 FMRS Tirana at EUT - A Major Success



We live in incredible great times....thanks to technology progress



At Morning news of TOP Channel talking about Migration



Besart Kadia of the Institute for Economic Freedom, Richard Zundritsch, AEC, Lulzim Basha, Mayor of Tirana



The second panel with Adrian Civi of EUT



The books of Liberty Fund, a wealth of knowledge



Richard Zundritsch at a media briefing, FMRS Tirana was national news this time, thanks to all who made it possible



The founders of EUT, united for liberty, again

A Open Macedonia - More Political Freedom Now



The FMRS 2015 has overshadowed by the ongoing major political confrontation between the government and the opposition in Macedonia and so it was decided not to invite leading political figures. The first panel was never the less very political and this was good and anyhow it is unavoidable in the current heated political climate of Macedonia. Indeed end of April was still before the escalation of violence in Kumanova and the mass protest of opposition and government Mid May when this ETR is published and it can be expected that the current political crisis is going to continue and further escalate due to the stake for all sides and the lack of leadership from EU and US. Macedonia

has been let 10 years in limbo of non opening of negotiations with EU and the US has the illusion Europe is in the lead now in the Balkans and the Balkans is still that way. The world is not like that. The vacuum was exploited by exploitative political elite using populism for popularity and ethnic division and the conflict about the name of Macedonia with Greece to keep a strong hold on their electorate and this leverage is exploited to the full. it is very regretful because in many way Macedonia economic and structural and investment and tax policy are the best in the region and as well have attracted global attention and respect. But as ETR has argued many times there is no economic freedom without political

freedom and if you want to exclude a considerable part of your society from decision making and the economic progress because you chase some self invented identity you will not be successful to get all the potential of citizens endorsing and working hard to the their and the common good. ETR has promoted the Balkan Benelux concept of regional market integration within its region for Macedonian stability but no positive feedback and in a climate of fear and control and supervision there will be no long term investment, no creativity and entrepreneurship and so the whole wonderful reform are not working.



Macedonia - Oh Macedonia -Almost perfect... The tale of a country which got so much right....



Macedonia is a show case of liberal market reforms and a lot has been achieved. It has a European Cadaster with transparent property rights online, a flat tax of 10%, reform of social security, pension and tax compliance, a online payment infrastructure and reality which is most modern in Balkans, a currency peg with the Euro despite the Serbian Dinar losing half its value since 2008. it has a FDI strategy and reality covering all sectors and investment and trade zone with the best incentive in region. it has a online agenda for a Digital Macedonia which is second to one here in region. it is the best reformer and best ranked by far in the doing business and all rankings for the region. it could be close to perfect. But the reality is that the leadership doing all this reforms has decided to employ

most of its voters itself because the growth of private sector employment has not developed and the reason for that are clear. The tight control attitude of the government in terms of keeping key assets for themselves, having a numerical approach to the Ohrid agreement with sharing power and influence just as minimal required and using economic populism against investors like the energy sector has not resulted in major new projects coming to Macedonia since 2006 and has not inspired confidence in the international investors community and as well has petrified the conviction of the Albanian minority that they are just residents but not really full citizens in the Macedonia that is constructed by its elites without including them. And despite the major

reforms the results are over seeable as since the 2008 crisis the focus of the government has been beautification of its capital instead of productive investment in railways, highways and energy infrastructure. it is a shameful how so much great reform effort was wasted and image what could be achieved with the same reforms and a more open approach towards its minorities and the neighbors as promoted in the Balkans Benelux concept of ETR. And now we are where we are. Good we have excellent entrepreneurs in Macedonia but the reality is a challenge. We hope until next year FMRS there will be considerable progress in Skopje, Brussels and Athens to get Macedonia on right track towards a European Macedonia based on Austrian Economics. Read Mises Mr Gruveski.



The 2015 FMRS Pristina at UBT

The Road to Growth for Kosovo



The key speakers at the 2015 FMRS in Pristina - this time first time in cooperation with UBT University for Business and Technology

The FMRS 2015 was a great success. It was only the 3rd time the FMRS was in Kosovo and always success in cooperation with the LIPR, the Liberal Policy research Institute of Adri Nurellari and Armend Kelemendi. This time the UBT was a new partner as the leading private university with strong links to Austria and a strong focus in business teaching and the venue and the audience were great and we hope for this cooperation to be very successful for many years. Thanks to Edmond Hajrizi, President of UBT for making it possible and thanks to all speakers and students for joining the FMRS 2015 Pristina.



*Henrique Schneider, Chief Economist of Federation of Swiss SMEs and great friend of Kosovo
Henrique is a well Board Member of the Swiss National Pension Trust.*

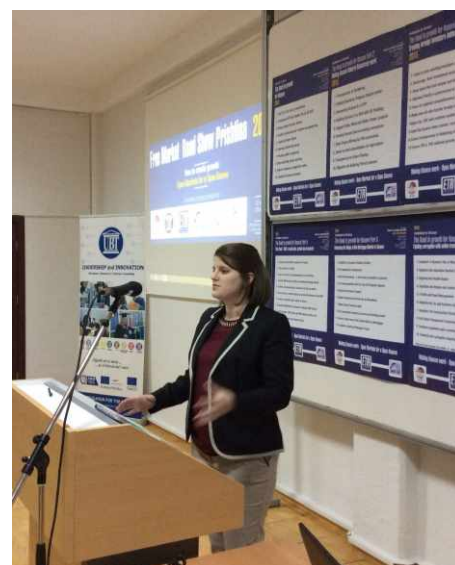
Switzerland and Kosovo have a special bond and Swiss Kosovo cooperation is very close but the economic link is still weak. it is time to change that. Thanks Henrique for your continuous support for Kosovo.



*Richard Zundrisch, Board Member
Austrian Economics Center*



The speakers of the FMRS 2015 in Kosovo at EUT, a great place for Austrian studies in Kosovo



*Kate Sheehan, Post-Doctoral Research Associate at the
Free Market Institute*

The 3rd Free Market Road Show in Pristina, Republic of Kosovo



The main speaker of the FMRS Road Show was Prof José Luis Cordeiro from the Google and NASA supported Singularity University who crystalized the students of UBT the leading technology and business university of Kosovo and winner of many awards for innovation which his perspectives on the future and technology as the materialization of the amazing combination of economic and political freedom and human curiosity and creativity. Quoting him we are living in incredible times as technology and innovation in computer and storage technology is driving us towards ever more opportunities and a better future. And the reason why this is possible and again mainly driven from US American innovation center because of economic and political freedom and the easy way to

combine land, capital and people based on decent treatment of these factors in Western system and ever more expansion of reason towards the whole world. Prof Jose showed a impressive and in a way tragic slide of the NASA foto of South Korea and North Korea from space at night and there is almost no light that the northern part of the Korean peninsula and the reason is clear. Political and economic control and dictatorship does not allow but a toke of development of the political few allowed access to resources and a cap on freedom and creativity a major limit to development. Prof Jose was certainly the star of the FMRS 2015 and it is hoped that a lot of cooperation will develop from his contribution to the FMRS 2015.



A great audience at FMRS 2015



Adri Nurellari, Chairman of LIPR at FMRS 2015



Prof José Luis Cordeiro from the Google and NASA supported Singularity University, the star of the FMRS 2015 fascinated the audience of the FMRS 2015.



The Road to Growth for Kosovo

Austrian Economics for Kosovo

The Road to growth for Kosovo has to be based on key principles based on Austrian economics. Of course we can continue on mainly public investments, donor support and export of labor and remittances but this is simple not enough for a European market economy and with the current growth rate we might need another half a century to recover to somewhere mid level standards of Europe. But there is a alternative and it is clear. A growth model based on Austrian economics, free market, political and economic freedom and decent economic principles like the ones enshrined in the internal market regulation of the European Union.

This is based on low taxation, liberalization, privatization and fiscal discipline and decent macroeconomics and microeconomic. Nothing of it is new or needs to be invented and nothing of it is easy because economic decision need to be made by political and international leaders mostly unaware about economics and basing them on their personal interest or their personal preferences but most of them never having been in charge of economic policy making of their own nations. So what principles we are talking about. First that there should be decent anti subsidies legislation and clear competition rules implementation so that some real market can develop. The market economy is not a jungle where the strongest rules based on force or power but a rule based process giving everybody the same rule set to be economically active. Nobody should be afraid or wanted to enter a business because there is already this or that political group active.

In Kosovo there is a culture of being careful not to touch somebodies interest and this is the contrary to entrepreneurship and freedom and this is the source of economic growth, people going on their business based on theirs skills, capital and risk taking ability and making something work for themselves and their families and their employees and their customers. For this to happen clear economic principles are needed. Kosovo has good tax rates and should keep all taxes at maximum for 10 percent and guarantee that best in the constitution. We need credible and avoid a public

The Road to growth for Kosovo 2015

1. Put 10 % Flat Tax in Constitution..... ☐
2. Transform VAT from Border Tax to EU VAT..... ☐
3. Keep Funded Pension System..... ☐
4. Health Contribution per resident not payroll tax..... ☐
5. Liberalize Water Sector..... ☐
6. Liberalize Electricity sector..... ☐
7. Privatize public companies..... ☐
8. Stop subsidizing public services..... ☐
9. Enforce European competition rules..... ☐
10. Establish European Kataster..... ☐

Making Kosovo work - Open Markets for a Open Kosovo



policy disaster like in Albania in 2013 with all the tragic consequences. Kosovo should be proud about its funded pension system and not add further unfunded pension obligations. As well the planned health contribution should be for all citizens and residents and not added to the already very small labor force because it makes legal employment expensive and the idea of copying a Western Social democrat model in the poorest state of Europe is for sure failing.

We have seen this with the 25 percent increase in public salaries one of the reasons for the crisis now. Kosovo needs to start to get serious with privatization and liberalization and stop to subsidies public companies and follow and best overtake Europe in liberalizing energy, water and other public services and transform its property rights system based on a European Kataster. These are the principles on which economic policy should be based to make Kosovo work.

The Road to Growth for Kosovo 2

Making Kosovo Natural Resources work

Kosovo has great natural resources to develop and for the country, its people, companies and international investors to prosper and develop. Natural resources include mining, energy potential, land in terms of agriculture, property and industrial development. Coal is abundant, major mining resources are there, proven and having been exploited until 1999. The inability to exploit them for political reasons based in the history of Kosovo, the lack of responsibility of the leadership, various international diverging interests and a lack of clarity of ownership rights is saddening and needs to be addressed. But again the lack of clear political will of accepting international capital and technology based on transparent rules and procedures is a key reason why the enormous potential of Kosovo is still lying unused underground and possible will for a long time. Foreign investors are officially welcome but soon seen as a funding source for political leaders and parties and Kosovo is not so attractive that international managers are ready for this kind of risks. Only the very high risk projects are offered on concession basis like Kosovo C and such major projects have been done in all European countries by the state and this should be done as well in Kosovo. The government and its state owned company should take the lead in the key infrastructure projects like the Kosovo C and not give that to high risk investors which will only do that on a high risk premium. But the state should allow transparent access to the HPP and mining opportunities divided in reasonable and digestible parts to gradually integrate the Kosovo economy into the world economy and allow for some success stories to develop to spread the news that Kosovo is a good place to invest in mining, energy, agriculture and property. And the political class to restrain themselves and restrain the new administration to ensure the rule of the law but not to harass the international investors first invited and than exploited themselves by a new and insecure political and administrative class which has not understood that the cake must be first finished before it can be divided. This is the reason why still

The Road to growth for Kosovo Part 2 Making Kosovo Natural Resources work 2015

1. Transparency in Tendering ☐
2. Publish Quarterly Progress Report online ☐
3. Renovating Kosovo A in PPP ☐
4. Building Kosovo C as KEK with EU Funding ☐
5. Support Solar, Wind and Water Power projects ☐
6. Develop Kosovo Coal on mining concession ☐
7. Open Trepca Mining for FDI concession ☐
8. Speed up land consolidation for Agriculture ☐
9. Transparency in Urban Planing ☐
10. Digitalize the Building Permit process ☐

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the level of foreign investment is so low despite the major opportunities present in Kosovo. And of course the technical incompetence of the preparation team of the political elites and their lack of decision making will if no direct financial gain can be developed. A lot of very good projects like the Kosovo C back in 2006 and the Kosovo A revitalization offered now the German companies are frozen because it and if just one of them would be happen that would be a major boost for the economy and a signal that there is real will to make Kosovo work. The same is true for the use of land as all projects , energy, mining, agriculture and property and industrial development need land the here the lack of a European Kataster is the major issue keeping the country back. This needs to change and Kosovo needs a new approach to develop its natural resources.

The Road to Growth for Kosovo 3

Treating foreign investors better

Kosovo has already a considerable number of reputable and great international companies active and present and successful here. The banks and insurances from Austria and Turkey, Slovenia and others are here as well as Greek, Turkish and Austrian energy and mining investors. The issues is that they find nobody to listen in terms of being effective. Compared to Montenegro and Albania this is astonishing and shameful. Any country needs foreign capital, investment capital and here it is and there are the issues and nobody cares and political are busy with the unresolved political; issues, otherwise you have to buy attention and if not their capacity to reign in a new and insecure administration and ensure there is project support to get things done is very limited despite great promises. And delays are costly and deadlines are deadlines and many project evaporated in administrative incompetence and instated of turning Kosovo into the pumping industrial heart of the Balkans with employment and property Kosovo is a graveyard of non completed project and full of opportunity for the next generation...The present situation is simple not good enough. Kosovo needs to be more ambitions and treat it existing investors better in order to convince them to extend their investment and operate successful and with profit and this is the only way to make them stay and ensure more are coming. Kosovo needs to listen to its investors and act on their recommendation and ensure that there is buzz of success here around and to develop a similar dynamic like in Albania before 2008 in order to grow at rates beyond 5% which are needed to show tangible results and develop a real private sector and generate employment. For this the VAT at the border has to be replaced with VAT at point of sales and the tax system has to be improved considerable. As well the transparency in access to land and mining opportunities needs to be considerable improve and a new focus on Anti corruption via modern e-government tools has to be taken very serious by the political leadership. A national council to consult with all the bilateral trade accusation

The Road to growth for Kosovo Part 3 Treating foreign investors better 2015

- 1 Listen to your existing investors-seriously..... ☐
2. Encourage their investment extension plans..... ☐
- 3 Keep taxes low and simple and flat at 10..... ☐
- 4 National Priority e-government to fight corruption..... ☐
- 5 Focus on regional competitiveness -be better than Macedonia ☐
- 6 Make sure all who harass foreign investors are afraid..... ☐
- 7 Adjust tax, VAT and customs system to foster manufacturing... ☐
- 8 Open the Kosovo labor market, residence permit, I tax status... ☐
- 9 Ensure transparency in tendering of natural resources..... ☐
- 10 Ensure FDI is THE national priority..... ☐

Making Kosovo work - Open Markets for a Open Kosovo



registered in Kosovo should be established and meet with the Government In regular consultation and ensure there is a decent follow up on all complaints. if you want more investment treat them better has to be the clear line and everybody who is harassing foreign investors by blackmail and extorting should be very much afraid by their political leaders anger that the development is blocked and that there will be very serious consequence for project failure., As well the way foreignness themselves are treated on the labor market is a key issue and FDI simple has to be the key priority to develop the country. In a small Balkan country FDI is the key benchmark for success of a government and it should be used as the key parameter to measure success or failure of the Kosovo leadership. FDI in 2007 was 440 Million Euro and in 2014 only 193 Million. This is simple not good enough.

The Road to Growth for Kosovo 4

Think Small - SMEs provide jobs, growth and prosperity

SMEs are the drivers of economic growth and employment so develop prosperity on broad scale. SMEs mean to leave space for all interested to try something and is the contrary of control of markets by political elites and their friends and business partners. SMEs means not to stay small and provide subsidies for the small to stay small but to all a level playing field for all who are interested and make the access to key resources like land, capital and people easy and allow the risk takers to take it and combine the resources with his management skill, market knowledge and sales experiences and technical and personal skills set into a manner to convince other to buy his or her goods and services. So key for good SMEs policy is to provide such easy access to resources and ensure market access is easy and cheap and nobody is blocking or dominating or cornering markets. There should be a general consensus within the public that entrepreneurs are these kind of key leaders and not businessmen oiling the political machinery in exchange for privileged government concession, tenders and monopolistic exploitation in from of enforcing services in semi obligatory manner to the public or excluding the competition by threats or unique access to government resources or licences. And in case something is not right or goes wrong fast and equal access to justice ready to implement the rules equal for all. And again the state has a key role in this and can make a big difference by not interfering and picking winners and looser based on voting preferences. And as well by making it easy to work by lowering the corporation tax to 0 percent for the first 5 years and until a certain threshold is reached on some contact basis. Tax for SMEs should be only the profit consumed by the owner based on personal income tax. Hiring and firing should be made most easy and simple. Imaging just one or two employees for be employed by many SMEs is it not much better than creatign a few highly proptected work places for the few elite people actually having access in Kosovo to such emplyment opportunities. it is again the socialist

2015

The Road to growth for Kosovo Part 4

Think Small - SMEs provide jobs, growth and prosperity

1. Develop a national SME consensus for Kosovo.....☐
2. Cancel profit tax for SMEs.....☐
3. Easy start up, Easy first employment, Easy First Firing.....☐
4. Improve SME Access to Finance via working Mortgage Market.....☐
5. Promote entrepreneurship, innovation and start up culture.....☐
6. Ensure access to growth funding for successful businesses and SME.....☐
7. Promote a new SME export culture for Kosovo.....☐
8. Consult with SME policy community in National SME Council.....☐
9. Create separeate SME agency and SME advocacy policy unit.....☐
- 10 Organize the Kosovo Small Business Days.....☐

Making Kosovo work - Open Markets for a Open Kosovo



Yugonostalgia, Social Democratic European dreaming and happy insider collusion of the political connected and powerful to create a employment system based on a labor code making employment inflexible and difficult which is hampering Kosovo road to growth. And again as always the access to capital via personal home montages in blocked and so the major scource of finance for SME everywhere in the world is not possible and interested like a fever curve of the noot working Kataster are beyond any reasonable returns and so informality is the only answer for many in Kosovo and informality is giving all power to the already powerful who control who will get the visit of the tax inspector and who not. There is a urgent needs for a new focus on real open and transparent market access and SME policy based on these principle to make Kosovo work.

The Road to Growth for Kosovo 5

Releasing the Magic of the Mortgage Market in Kosovo

The mortgage market is a major driver for economic growth and prosperity. A working mortgage market means that you can access your further own earning and access the pool of combined saving of a nation via a working banking and property sector and secure the risks with effective insurance system. Of course there must be checks and balances and mortgages have to be based on solid assessment of medium and long term income perspectives and on reasonable easement of the fundamental values of the property in question and based on serious regulation. But to deprive a nation and its population almost completely of the benefits of the working mortgage market despite all the ingredients being ready is a very painful sanction and a major limit to growth of a nation. A working mortgage market takes a whole nation up the ladder of economic development and with it the wealth of home owners, construction and construction material industry and as well the financial sector. Now in Kosovo there is a construction sector quite able to develop quality, the saving of the banking sector have reached billions and the interest for saving are very low and the interest for loans are very high and the mortgage market is still somewhere between 60 Million and 200 Million accumulated outstanding mortgages dipping who you speak to the financial industry or the Kataster official but the same market in Macedonia is beyond 5 billion accumulated outstanding mortgage loans. There is something fundamentally wrong in this sector in Kosovo and it holds everybody back. FDI investors complain about access to land and insecurity in property rights, the agriculture sector lacks size to create volumes and a lot of land is idle. The SME sector lacks access to collateral to access financing and the banks complain on access capital and once mortgage need to be recovered by lack of support by the courts to liquidate the assets as the courts are run by the same kind mentality of protecting property owners as the key voting group against the financial industry based on old socialist dogma or simple corruption and so the risk for banks stay high and with it the interest rate, land stay idle and agriculture stay based on small holding and land consolidation is starting only gradually and

2015

The Road to growth for Kosovo Part 5 Releasing the Magic of the Mortgage Market in Kosovo

1. Establish a European Kataster System ☐
2. Full ownership transparency ☐
3. Improving Accuracy - a new Focus on geodetic accuracy ☐
4. Full interoperability with Tax and Civil Register Agency ☐
5. Digitalize the Notary System ☐
6. Digital Construction Permits like in Macedonia ☐
7. Digital Urban Planning online ☐
8. Full cooperation between Insurance and Banking sector ☐
9. Ensure a new focus of the Central Bank on Mortgages ☐
10. Establish a National Mortgage Forum ☐

Making Kosovo work - Open Markets for a Open Kosovo



urbanization is based more on coincidence than on planning and so we are far beyond the potential in this sector. There is a major lack of cooperation between all stakeholders, the financial industry, the construction industry, the central bank and the Ministry of Finance as authorities and the planning authorities both for urbanism and for agriculture. Again the comparison with Macedonia is striking as there is already a fully digitalized construction permitting process and a fully transparent Kataster with online ownership and construction permit register. As well the cooperation and integration of all property service providers and their regulation from architects, property agents, surveyors, evaluators and mortgage brokers and lawyer and notary is far beyond its potential and needs to be urgently improved. Never forget, land is next to its people the key resources for any country and how you treat it decides on the wealth and progress of a nation and the Kataster is the national treasure and transparency and accuracy build the trust necessary to invest in land on a long term basis as every property related investment is.

The Road to Growth for Kosovo 6

Fighting corruption with online transparency

Everybody wants to fight corruption. And everybody complains about it. But everybody does it and nobody knows how to stop the cycle which is blocking development all over the world and especially in the Balkans and in Kosova. But we live in incredible times and technology provides an answer to many key issues and as well to the age-old issue of corruption. Transparency, traceability, documentation, and interoperability of key data collection agencies and the private sector can achieve major progress in the fight against corruption and jointly with a new approach in terms of creating incentives for good behavior and strict enforcement of procedures, standards and punishment can achieved unprecedented progress in terms of good governance. There are many successful examples and Georgia possible the best one with overtaking Italy in the Transparency index in a decade of resolute focus on progress in terms of online transparency and procedure reducing corruption. Again a rule based system and decent implementation and serious enforcement are the key. Start with reducing cash payment and promoting payment by bank and cards and how much progress in tax compliance and traceability and add to it supervision of money laundering, add a transparent ownership land kataster with a decent tax agency and simple ask for the progress on individual wealth and request at least income tax on the unaccounted wealth progress and considerable progress is easy to be achieved. As well the improvement in the key sectors of corruption meaning tax inspectors threaten fines or easily being bought off by non willing or intimidate tax payers and suddenly full online documentation requirements for both sides and this is quite a change of culture. As well the construction sector with the introduction of VAT for new sold apartment and suddenly the construction company has incentives to produced documental costs in building them. Image full online transparency in the permitting process and less contacts between all required authorities with the construction company owners and clear deadlines for the authorities but

2015

The Road to growth for Kosovo Part 6 Fighting corruption with online transparency

1. Establish E-Kataster like in Macedonia _____ ☐
2. Digitalize the Education System like in Austria _____ ☐
3. Digitalize the Health Sector _____ ☐
4. Digitalizes the Notary and Justice sector _____ ☐
5. e-Traffic and Road Management _____ ☐
6. Digitalize the Tax and Customs System _____ ☐
7. Digitalize the Construction Permits like in Macedonia _____ ☐
8. Full Online Transparent Procurement obligatory _____ ☐
9. Promote e-payment and e-commerce _____ ☐
10. Establish anti corruption reporting _____ ☐

Please see some regional role models at www.stopkorrupsionit.al www.katastar.gov.mk

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allowing them to buy off time with money to avoid costly delays. And all interconnected and interoperable with the notary and tax system to ensure clear prices, tax values and property evaluation and tax enforcement and suddenly all is working and revenues are there for the state and the whole sector is working and much less need for risveti, bakshish or greasy oil which is not making things not work indeed because the short cutting of few leads to the lack of progress of all and so the whole economy is tick in a low level of informal short cutting and insider preference and resulting in what we have here. A few a center and their friends getting filthy rich and the many watching them and no chance to develop decent middle class life and leaving the EU where at least the s mall and medium level corruption is massively reduced due to technology and decent standards.

The Road to Growth for Kosovo 7 Mobility on the Move to Europe

Mobility is a important sector of economic activities and to treat it better makes a major impact on the economy. Kosovo has made major progress in highway construction and the most ambitions program in Europe right now. Connect to Tirana is ready, to Skopje, Peja and Mitrovica are under construction and great but a major financial burden for the poorest state in Europe and surprisingly there is no tolling or payment for such superhighways. So all with their mainly border collection consumption tax subsidies the few who travel to Albania fast on the best highway their money can buy but mostly only a few have the budget and leisure to visit their holiday houses on the beautiful Albanian riviera which they built with being on top of politics or economy in the poorest nation of Europe every weekend. Why not add 10 Euro to the travel budget for the retour trip and avoid national bankruptcy. Same true for petrol which is the cheapest in the region and the Yugoslavian and EU Social Democrat assumption would be that is great so the poor can travel cheaply but the poor can not afford petrol anyhow and go by bus and again the subsidy goes mainly to the Porsche and Audi users which there are surprisingly many on the highways on weekends. The reason for that being that the border VAT between Albania and Kosovo is blocking trade and the lack of strategic planning is not allowing the small Ferizaj Bujanovac highway link to be a priority which indeed would turn the route 7 into the new Corridor 8 and transform Kosovo into the logistics hub of the future in the center of the Balkans 20 years before the Corridor 8 will be finished in Albania and Macedonia. Of course the end of the border insurance system would be helpful and the EU should take the lead on that and not allow Kosovo to be blocked as some of the transport agreement are under UN agencies. One option would be to adopt the Austrian ASFINAG financing model to sell a vignette at the border and incorporate the highways, maintenance and financing and future construction into a Kosovo Autostrade SA and give it some authorities by the state and so ration ale

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The Road to growth for Kosovo Part 7 Mobility on the Move to Europe

1. Introducing Road Tolling for Highways ☐
2. Increasing sale of new cars in Kosovo..... ☐
3. Encouraging the car leasing sector..... ☐
4. Increasing Quality and Price of Fuel..... ☐
5. Restricting private used car importing ☐
6. Introducing Austrian Licence Plate Concession for BKS..... ☐
7. Ending border insurance system ☐
8. Incorporation of Highway system in POE like in Austria..... ☐
9. Turning Kosovo in a logistic hub with Ferizaj - Bujanovac Highway..... ☐
10. Making road safety and enforcing it a national priority..... ☐

Making Kosovo work - Open Markets for a Open Kosovo



highway building progress according to revenues generated by international transit and as well the large Diaspora and not subsidizing the insurance sector with border insurance. A better business for insurance and bank is a new focus on the car leasing sector and the restriction of private import of old cars and a really car leasing sector like in EU to develop and have the benefit of safer, more environmental friendly cars and more revenues for the banking and insurance and as well the state instead of hoping for some customs gains from old cars with a lot of costs in terms of accidents and pollution and higher spending in operation but again the YU and Social democrat vision of providing poor cars for poor people as part of a social policy is keeping Kosovo and the poor people here back at this low level of economic development but no worry people are clever and moblie.

The Road to Growth for Kosovo 8

A new Approach to Migration - Open Kosovo to the World

Kosovo thinks migration is a one way street to Europe..and the US. And are very angry on us to be so restrictive and not allow visa free travel and work immigration to the EU and that we still do not open our labor market to the Balkans and Kosovo especially and indeed they are right so. it is a shame what we do and Europe is forgetting the fundamental truth that openness creates prosperity and as well that Europe send about 250 Million people to the Americas and this option to immigrate and not to starve in good old Europe is one of the key reasons the West is rich now. A it is a fact that in 1968 when Germany and YU signed the Gastarbeitervertrag back 46 years ago the German labor market was much more open , in deed very much more than it is since the Balkans wars and still at present. During and after the Kosovo war there was a open phase but than Germany has send many , many people back to Kosovo after having them educated, trained and integrate and so did Austria to our eternal shame. Did we build Europe of free movement of labor so that everybody stays, lives and work and dies where he was born? Is this the Europe of the 4 freedoms and the complaints of the lack of labor mobility? The Europe of declining birthrates and the Europe in need of well educated and hard working migrants of the Europe dominate by the fear of its own decline and demise and still stumbling from the shock of globalization and the economic crisis suddenly not living comfortable in the shadow of the American economic miracle and finding a world full of hard working risk taking global competition hungry to be as rich as we are and ready to work the extra hour and before to die in the Med or the Balkans on route to the blessed Europe escaping the horror of Syrian civil war which we were not able to stop and the poverty of some African states following some exported socialist failed policies or kept in dictatorship which we found convenient to support for to long and when it time came we were not ready to help with nation building because we are to busy with saving our system of reckless public mega-spending to finance a pension system and subsidies the key

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The Road to growth for Kosovo Part 8

A new Approach to Migration - Open Kosovo to the World

1. Offer all Kosovo citizens with legal residence in EU
a 10 years Tax free status upon return ☐
2. Allow permanent residence status to all citizens
of Albania, Macedonia and Montenegro..... ☐
3. Offer to EU residents Kosovo permanent residence
including recognized Tax residence ☐
4. Offer to everybody with no criminal record and a minimum
of 50.000 Property investment permanent residence status in Kosovo..... ☐
5. Propose the EU a new approach towards economic migration
based on the 1968 Gastarbeiter Treaty YU Germany..... ☐
6. Prepare the Kosovo population for migration with language
training in English and German, key skill development as required in EU ☐
7. Ensure effective government in terms of health, property, identify
and tax to allow the Kosovo Diaspora to stay in system when outside..... ☐
8. Create an e-Kosovo identify based on the e-Estonia project ☐
9. Ensure that all public administration is done as well in English and German..... ☐
10. Design Kosovo as immigration target country with a new welcoming
and integration culture and so prepare to be a EU member state ☐

Making Kosovo work - Open Markets for a Open Kosovo



voting segment of 50 plus in Europe afraid of change and the real world out there. But Kosovo is the same ex YU and Social Democrat model where nobody has the idea to invite some Syrians to live and work here and share some burden with Turkey but all happy to ask for asylum in EU and not giving it to people who themselves are now where Kosovo Albanians have been 15 years ago in makeshift tents out there in the open without cover and support. A new and more open approach would be right and the moral thing for Kosovo and why not offer residents and right rights for investors and accept that Kosovo is now a save and stable and good place to work and live and develop its own business no matter which ethnic background including Syrian, Chinese and Indian. This is the future anyhow look at the street of Vienna, London and Paris and benefit now from openness which comes along being a ethnically neutral EU member state.

The Road to Growth for Kosovo 9 Functional Financial Markets

Kosovo today has a stable and well developed banking and insurance sector and a decent supervision by the Kosovo Central Bank. But this is far from a working financial market and to make the economy work without it seems and is now proven very complicated and it is time for a real working financial market for Kosovo. Starting with a working mortgage and car leasing market to have the key sectors of housing and mobility accessible to the emerging middle class and a new form of accessibility of the large saving pool of Kosovo for its emerging entrepreneur via venture funds and a stock market. The almost complete reliance on bank finance to intermediate between the SMEs and the savings pool due to the lack of most other forms of company financing is a major issue why most capital which there is plenty in Kosovo goes into the housing sector often not productive and well invested and much to less reaches the productive sector of company growth financing and developing local manufacturing sector. There needs to be a new corporate reporting culture and a new compliance and tax reporting culture for company balance sheet to reflect reality and serving as basis for financing decision and the incentive has to be to start to float corporate bonds below the present banking interests at the Kosovo stock exchange which can be simple a trading window in Vienna London or Istanbul but has to focus on Kosovo in a substantial manner to allow easier access to finance for the Kosovo companies big enough and there are some in that category. For this to happen the tax system must be streamlined and such measures combined with the regulatory package will lead to the result that the large existing saving pools will be available to the entrepreneur via new form of financial intermediaries like venture funds and growth funds with competent team to assess opportunities. This is much better way than to have government official making such decision in credit guarantee schemes or donor official handing out grants based on application or acquaintances or kick backs offered. A real financial market requires first of all a new political consensus by the Kosovo and international

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The Road to growth for Kosovo Part 9 Functional Financial Markets

1. Making the Mortgage Market work ☐
2. A new corporate reporting culture - transparency and accountability. ☐
3. Establish the Kosovo Stock Market starting with a KS Treasury market. ☐
4. Abolish premium tax for insurances ☐
5. Allow insurances to invest reserves in Kosovo property ☐
6. Making the debt collection work with a Liability Register in Kataster ☐
7. EU Consumer protection for banks and insurances ☐
8. Join SEPA and Global Alliance for e-payment ☐
Please see www.europeanpaymentscouncil.eu & www.betterthancash.org
9. Making the Leasing Market work ☐
10. Establish the Kosovo Financial Market Forum ☐

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authorities that Kosovo is ready for it which it is and it has the be explained that Kosovo can not move because it lacks such an working cooperation between the financial and sector industry and the financial industry itself and the authorities. We have to be more ambitious. All together and the effect will be significant. Again a holistic approach is needed along the whole debt collection cycle to make the sector work as when you borrow funds or sell something you have to be sure that the state via the debt collection instrument and the courts is backing you up and will go to lengths to make sure debts are collected if necessary with force and the social system is something different than the debt collection system. yes people loose their house and go to jail in the EU if they do not pay their debts and so it is and has always been. To avoid such scenarios decent EU consumer protection and information requirements should be introduced as well.

The Road to Growth for Kosovo 10

A new Focus on Competitiveness - be better than Macedonia

Nobody in Kosovo considers it relevant to discuss about its competitiveness position towards its neighbors. Kosovo as an island without visa free travel main subsidies by its Diaspora, Donors and Dogana ...its customs and collection agency at the border is happy with it selves at least the elites and who is not happy is welcome to leave and send his money back from Switzerland or Germany Austria or where else he could some and most hard working establish himself and but a property in Pristina for his remaining relatives and his own retirement in the future. That is the Tito Consensus on which Kosovo and the rest of the EX YU is run since a many decades. Competitiveness is only relevant in the Doing Business Ranking to show off and major resources are focus on this regulatory issues and at same time the public salaries are increased by 25% at once and group by group is taking in public schemes and subsidies and off tax payment obligation because of claimed need. And even on the claimed ranking the comaprism with Macedonia pales everybody decent because it is so much advances on all levels despite being a quite comparable economic and have as well a very challenging political reality. Being better than Macedonia... but no please do not compare us, we are special and they are different and many excuses and explanation but for a manufacturing company from Germany of Austria wanted to outsourced some of its production to the logistical and linguistic close low tax and low labor cost Balkans difference matter mainly in costs and stability and skills and yes or no with illegal requirements of the political elite you encounter. And Macedonia is much better on these account and his is the challenge of Kosovo. Being better than Macedonia matters. And this is what should keep decision makers awake at night. Not redistribution via pension, public salaries increases or state subsidies but real progress in terms of lowering costs in terms of taxes and employment flexibility for the manufacturing and service location Kosovo. But no matter Kosovo leaders are too busy on the political issue than to consider this a priority and people are anyhow free to leave if they are having no opportunities here. There is plant of it in Germany as they have really done excellent progress in terms of

2015

The Road to growth for Kosovo Part 10

A new Focus on Competitiveness - be better than Macedonia

Towards a Competitive Kosovo - 10 percent better, cheaper and more flexible than Macedonia

	MK	KS
1. Doing Business <small>Please see www.doingbusiness.org</small>	30	75
2. Transparency Index <small>Please see www.transparency.org/country</small>	64	110
3. Competitiveness Ranking <small>Please see www.weforum.org/reports/global-competitiveness-report-2014-2015</small>	53	na <small>Serbia 97 Albania 96</small>
4. Economic Freedom Index <small>Please see www.heritage.org/index/</small>	53	na <small>Serbia 90 Albania 63</small>
5. SME policy Index of OECD <small>www.oecd.org/globalrelations/psd/smallandmedium-sizedenterprises/smeindex.htm</small>		Very useful only until 2012
6. Investment Compact of OECD <small>Please see www.oecd.org/investmentcompact/</small>		Very useful only until 2012
7. Mortgage Markets	200	5.000 <small>tbc</small>
8. New Cars per year	300	3000 <small>tbc</small>
9. FDI per year 2014 <small>in Million Euros</small>	278	150
10. GDP 2014 <small>in Billion Euros</small>	7.5	5.5

Making Kosovo work - Open Markets for a Open Kosovo

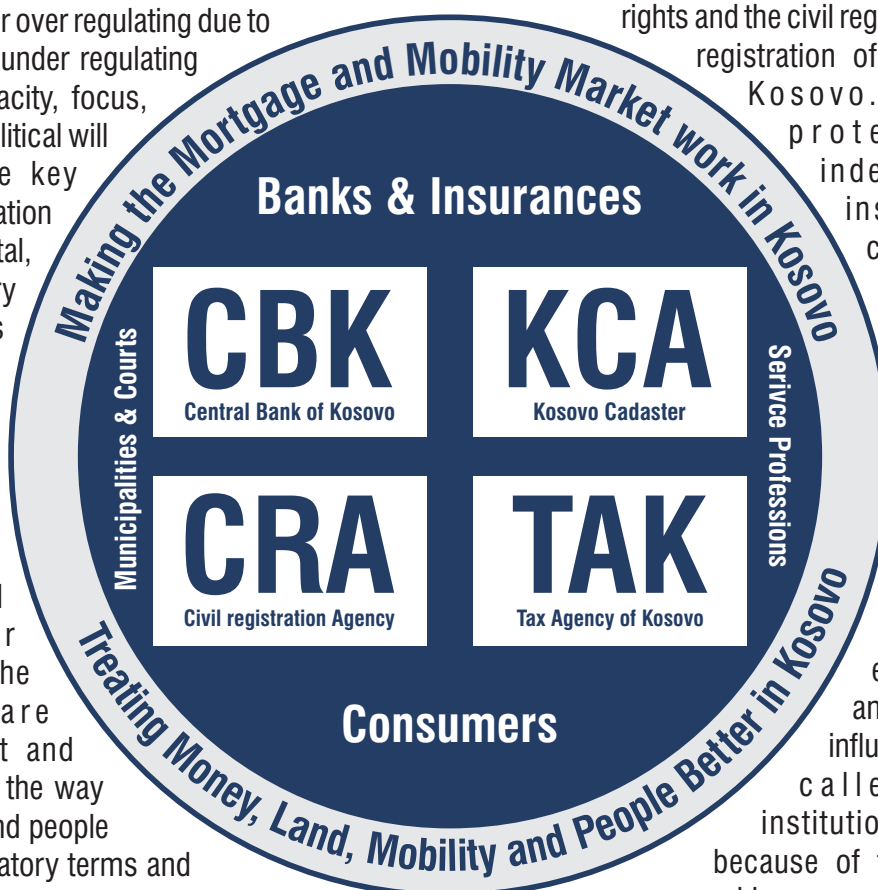


competitiveness and maybe interesting that German pensions were almost frozen for a decade and Greece has spent 250 Billion in additional pension in last 15 year and the result is own. it is time to wake up and focus on the same century old principle if you want to success you have to be better than your neighbors. And please be general benchmarks but clear and measurable. How much FDI per year. The volume of the mortgage sector. The number of new cars sold. How many new work permits given. How to treat property, mobility, people and capital in a nation and to treat it better than your neighbor and so to grow and to compete and to produce and not just to simple export your people to the EU. That has to be the future of the Kosovo that works and is on the road to growth and on the road to the European Union.

Implementing the Road to Growth

Coordinating policy between key players

To implement the reforms proposed in the road to growth for Kosovo the proposal is to establish a coordination council between the 4 key institutions to regulate people, land and money in Kosovo. The principle idea behind is that Kosovo like most countries in developed is either over regulating due to socialist history or under regulating due to lack of capacity, focus, understanding or political will the usage of the key resources of any nation and economy, capital, land and people. Very often donors and as well government officials with the wish and interest to develop a country focus on economic sectors like tourism and industry or agriculture. But the approach we are proposing is first and mainly to focus on the way how money, land and people are treating in regulatory terms and then let the people, the entrepreneurs, the risk takers the resources owners and coordinators themselves decided in which sector to invest and let them take the risk and as well the rewards. Very often countries are left in the so called informality as this allows the powerful to keep people in dependency on their will and support to protect property, investment and access to resources. Once the access of resources and the usage of capital, people and property is regulated, protected and secured a economy can develop no matter what its natural resources are and what kind of geography. This is the key to development. For this you need clear political will and a coordinate approach between the 4 key agencies and institutions and support from the and of e-government to ensure modern technology support the day to day cooperation and data exchange between these 4 agencies. In the case of Kosovo these 4 key



agencies are the central bank and the tax agency to manage the way money is used and the cost of money in terms of interest rates and tax and how much of the money you can keep and how much has to be for the general public and the Kataster agency for the property rights and the civil registration agency for the registration of people and cars in Kosovo. Of course data protection and the independence of key institutions like the central bank has the be safeguard but that is mostly a excuse for non cooperation and the perseveration of small even big empires by allowing the vast resources that the control of money land or people allows in any even the poorest nation and often a lot of political influence is inside such so called independent institutions anyhow exactly because of their control of land ownership, money flows and access to financial information of business and people.

That is exactly why they are so important and key to the development of a nation and a coordinated effort to ensure that they together treat people, money, land and mobility better is the central tool to make Kosovo work and implement the Road to growth Agenda. treating it better means to make the rules clear, ensure a level playing field on transparent decision and ensure that there is a way to complain for all concerned and access to justice and the highest level of transparency possible. Combine this with a policy forum including the 4 partners the financial sector, the consumers, the professional services professions like notary and layers and the municipalities and courts and a bit of political will from the PM office and suddenly the road to growth and property is open and easy to walk upwards for the whole nation.

Can it be done.... Yes it can....

Looks at the Georgian success model

Reforms based on the Austrian School of Economics, Reason and Freedom have been successfully implemented in many parts of the world. The most relevant role model for Kosovo is Georgia which is as well a post conflict country, similar size and as well a difficult northern neighbor with a post imperialist

trauma and ambitions. Georgia has developed astonishingly well in just a decade of committed reform based on reason and freedom and good governance. Currently there is now a different trajectory but that is part of democratic process and better time in terms of reform will come for Georgia in

the future again. But the amazing institutional progress and therefore economic progress is spectacular and irreversible and a role model for Kosovo. But Kosovo still needs to break with some of the left over Yugoslavian tradition and thinking which is still very much present in many of the key leaders despite them fighting Serbia still having positive attitudes towards the supposed good life of the Yugoslavia of their childhood and early years. This is a complete misperception as this so called prosperity was mainly for the selected few being compliant for the system of socialism and many had to leave and were victims of political suppression. As well the so called development was mainly financed by funds of the US and European government buying Tito off the Soviet Empire or being blackmailed by him into doing so whoever you might read history. But there was no underlying productivity basis of this so called prosperity especially no compare to what happened in the West or other parts of the Western world and for sure there was no freedom who was not complying with the YU system for political or ethnic reason and

yes there was the freedom to leave and hope to be not in the reach of UBA agents somewhere in the free world if you were lucky. There is no reason for Yugo-nostalgia and this myths have to be destroyed before Kosovo and the Balkans can start a real economic the off and use Georgia as role model and base real reforms and economic

Georgia's Doing Business Ranking

Topic	2015	2014	2005
Starting a Business	5	4	59
Construction Permits	3	3	152
Registering Property	1	1	18
Paying Taxes	38	22	160
Trade Across Borders	33	31	149
Overall Ranking	15	14	112

freedom and the proposals described in the Road to growth for Kosovo. Kosovo is now a stable and successful political entity and it is time to get the economy right as well and this is the way forwards. There are others but Georgia with its success in economic reform and with it over taking Italy in the Transparency International

Perception Index and being now more advanced than many EU countries is really showing that reality and perception of a nation of itself and as well the international perception of the nation and its people can change in a decade of committed and clear reforms. Georgia was not different than Kosovo in many perspectives and aspects and now is think tank leaders and ex politician travel the world and preach the gospel of reform and openness to the world surprised audience and image a world in the future where Kosovo think tank leaders travel the world to tell about the success of their home country and not about crisis conflicts and some success in reconciliation and state building but to preach to other countries in transition the way forwards and talk about the Kosovo miracle and change the perception of Kosovo inside the EU and this might be useful if Kosovo wants to become a full member of the European Union because to give Kosovo leaders a seat on the top table and Kosovo people the same right like all EU citizens European and Kosovo leaders need to convince not just the European leaders that this is the right thing to do but as well the European public that they are right.

But not in health care, education and social system ?

Yes and all would work better with better results for the poor

The common argument against reforms is that we have to protect the poor as with reform suddenly a lot of things and service might be more expensive and as well for sure the education and health care sector should be done by the state because of given access to the poor for such vital services. Well the reality is that the poor in Kosovo have access only to very poor public services as with the current now re-established public hospitals. In reality poor people encounter corruption everywhere and if not paid delays or non availability of services and often with very negative results on their health in case they lack the resources to pay like the Kosovo middle class does or has to do as there is often no other way to receive any service from doctors or nurses basically blackmailing you in times of needs. Contrary to the Kosovo upper class which anyhow goes to Vienna, Skopje, Istanbul, Tirana or the US depending on the medical need and the pocket. So how fair is this and how good is this for the general economy and welfare and how good for the poor is this? And are such systems not mainly driven by the employment protection concerns of the key staff and the unions which then basically blackmail the whole population towards paying for their skills and education and control of the hospitals twice once via tax money and second when they are referred to the very personal investment of the same doctor who is already a public employee and works half time and with best quality in the afternoon in his own investment with amazing technology? This is wrong and again where are the poor benefitting from it? The illusion of access allows the selected few to benefit from the sacred access to health care which is obviously very important for very human being no matter which age, health or wealth. The Kosovo system is like a show case how this is used to benefit the insiders on the cost of the general public all time and on the cost of the once in need because once you need it in case of illness and emergency you are ready for almost any sacrifice due to the situation and the lack of information and the resulting dependency towards the very insider which is there to help you. How fair is this? Where are the poor? The better way

for health care is that the solidarity is in the financing and in public support for health care insurance and making sure that as well the weak income group has a public backed insurance system allowing them to access health care in a well regulated and supervised manner so not to allow the doctor insider to profit from such insider advantages. And the provision of health care should be done from private sector foundations backed by charities or churches and not by the state. The state should regulate and supervision and enforce and in case needed punish wrong doers but not provide health care services. In case this is not popular talk to people in Kosovo about the general level of health care services and build your own opinion and more public funding first will be difficult to get and to spend more on a not working system has never been a good idea. The provision of services in health care should be not done by civil servants but by doctors and nurse and experts and all sides, the public, the doctors and the health personal and as well the tax payer and the patient will be much better off and as well the poor will have real access to real services. Part of the social assistance support should be to subsidize a health care insurance for everybody who is in the system due to lack of own resources or capabilities to earn them. Much better than to build houses for the poor to own which they can not afford to pay even the running costs and so will lose them in long term anyway which is the current focus of municipal welfare to the great benefit of the construction industry and the people running the contracting agencies for such tenders. So real support for the poor based a means tested support schemes and buying meaningful health care insurance from public or best private for them or poor access for poor service for the poor who will stay poor and will be receive decent support in case of medical needs as it is currently the reality in Kosovo. Your public choice.

Health Care For All Now!
Provided By Private Sector

Continue subsidizing poor services to support the poor? Stop subsidizing public service - Vouchers for Individual in need

Kosovo is full of inherited or new established subsidies for public services which are providing poor service to a unsatisfied public and draining the public purse until some of the public companies performing these poor services collapse under the double pressure of providing services on below market and cost reflective price and being staffed with political appointees or their relatives and party friends and being unable to collect often artificially low the services fees from a unwilling public which is not satisfied with the service and so not ready to pay and can hide behind the publicly shared belief that all people in Kosovo are poor and the poor should not pay for anything as they are too poor and so the whole Kosovo stays poor. We have already discussed the biggest such injustice and in fact redistribution which the largest and most ambitious highway construction program in the poorest of the European nations and there is new road pricing in place which means that the poor which rarely use highways support the mobile upper class holidays and weekend trip to beautiful Albania financed mainly by the border VAT collection revenues the biggest obstacle to real economic development based on manufacture outsourcing from Europe to benefit from cheap factor inputs here available. But this continues in waste collection and water and canalization connection fees and collection of property tax which are all too low it selves and often not collected and so the municipalities to not have the revenues to provide the services and often water is wasted, the waste companies subsidies or close to bankruptcy and the property owners as the key non mobile voter group for both the government parties obviously reluctant for higher services fee attached to their property when even this could be so easily attached to the property register once the liability side of the Kataster is working once the Kataster is working as a transparent property register. Try not to pay your property related charges by waste, water, canalization, common electricity or property tax or cleaning charges of the common pavement and you will see how fast the court will access and block your Kataster rights and for sure you will pay or loose ultimately the ownership rights and please no property

owner is poor. Poor people can not afford property and have to sale and live of state subsidies in rental support schemes here and everywhere in the Western World. Kosovo political is artificially supporting and subsidies the property owning class on the costs of the really poor people in Kosovo which there are many. And then there are major efforts to build house for the poor which they can not afford to maintain and this is mainly a subsidy for the construction industry and the politician controlling land, tenders to build and access to the units and it is wrong again because once you have no income who to pay the property related services and taxes and once you are exempt how to maintain a house. To really help the poor a means tested social welfare system based on rental support schemes and of course retraining and labor market integration for all capable to work is much better than buying property on the general tax payers costs and continuing to support it.

The same is true for high education support which in many countries like Sweden has been based on a Voucher system allowing for equal access to all and competition for the providers of services meaning schools and universities, Why to finance major public universities if the results are not good and everybody here who can afford it goes to the partly very successful private universities? Where is the merit and talent based access for all who deserve and where are the poor in that system when you than have to pay for exams and why to allow competition to drive down prices and improve services allows of course based on state regulation and quality control and many the voice and decision of consumer empower by public backed vouchers are a very good quality control for education decisions. Subsidies the individual in need and the support excellent but stop to subsidizes non competitive institutions controled by opolitical leaders.

**Stop Subsidizing Services
Fight Poverty Directly**

Informality is the enemy of Free Markets

Free Markets based on Rule of Law, property rights, and a working debt cycle

In the Albanian speaking world there is a major confusion in terms about free markets, over regulation and informality and about liberalism and freedom of market in general. Contrary to most post communist countries which have inherited a some how working administration and than as part of the anti communist revolution the have adopted a free market deregulation agenda to liberate economic forces and benefit of freedom and it worked very well. In Albania and Kosovo the state as it was know was basically evaporating and the ensuing lawless and enforcement free chaos was somehow perceived as free market, meaning everybody with the will and force to impose himself could for a certain period do what he or she wanted until being limited by the next more powerful or brutal and than some equilibrium of power and force settle the issue. Surely some left wing commentaries would anyhow describe the free market philosophy like that be to their great disappointment it is not. The Freedom and the free market following the Austrian economist is very much based on the rule of law and property rights and both can only exist if there is a central power to ensure their protection and ready to enforce such right and punish infringements of right holders. And part of this concept is as well the payment of debts. Debts are not for the debtor to decide if willing to pay or not and on his discretion to decide but somebodies else property which you choice to consume and promised to return. Property rights, a rule based economy and a working debt cycle are the keys for a working economy and once these are working it should be the freedom of the economic actors what to do with their ressources, ability, entrepreneurship, experience eductaion and market knowleage and other factors to combine to be successful on the market and once built on that precondition the state should be only in justified cases economically active and this included the key state actors like the political class and key civil servants. In Albania and Kosovo the political class with all its leverages of information, access to resources and permits is in fact the economic class as well and does not allow much room for private non politicised economic activies beyond there control. And then they call it free market. Yes you are free to leave the country if you are not part of the game. This is not the freedom called free market economics but the Tito concept of open doors in just one way. The freedom of a state garantueeing your rights and you can live in peace of the authorties based on such clear rights this is the freedom on which people can work, live and breave and be successful. The freedom that you

can be active in any legal market based on equal and level playing filed and nobody from the authorities will bother as long as you keep tax paying and keep the regulation covering your market and these are kept constant or changed only upon notice and consultation and them implemented in a fair, reasonable and non intrusive manner based on the proportionality principle. No tax inspector with performance targets, no weekly inspection of ever no inspectors ready to take attention, time and money for issues already inspected in the basically blackmailing and harassing method of inspecting until you are ready to pay them off. This has to end, and for sure this is not the free market. This is informality. For Albania and Kosovo to be successful for the second stage of economic development is more economic freedom and better regulation implemented based on the proportionality principle. Too long informality was tolerated in all aspects of economic and social life and it is wrong and keeping everybody back. As long as your competition can easily buy of the inspectors to avoid keeping regulation of hygenic standards than who will start with investment into upgrading facilities? The same issues in all areas. The one who is ready to keep rules will get all inspectors and the one who pays the inspectors off will get just one visit and the rest of the year he can work as he likes. Is it not better to design regulation from day one after the principle of easy to implement, common sense, keep the standards in line with capacities and supervise as well the inspectors and ensure consumers are protected and business not harrassed by incompetent visitors turing the inspections into their business caes? Informality is the need of real free market economics and it keeps the politcial class and not the judges the arbiters of economic life. And that is why it is attractive for the politcial class to keep it like that. If all depends on the PM so why to care to keep rules and regulation. Better to accumulate cash in order to ensure to be ready to exchange it for pretection in case the power of the land demands it. On this basis no further economic development can take place. Simple because there will be mainly one or two with the connection successufl in each market and competition is limited and serives and quality low and prices high to fiannced the corruption and all are worst of but the political elite and even them because they stay just thje politcial elite of another poor and very unsuccessful country kept down by the informality trap and downwards spiral.

Reduce Informality Now
Free Markets based on Rights

Arbitrary abuse of power is wrong -but debts have to be paid Better regulation, implemented based on proportionality

Over regulation is certainly an issue but given the high level of informality and non payment of public service fee, tax and energy bills in the southern Balkans and the protest against enforcement of such fee and then talk about hyper regulation is not the right target. It is not hyper regulation if people have to pay electricity invoice. It is normality to pay your bills. But is it necessary to put them into prison for not paying? Would it not be better to ensure the payment by lesser forms of enforcement for example that unpaid property related bills are added to the liability side of the Kataster and then executed against or installment plans agreed or hand it over to the bailiff and as last case to sell of the property concerned? Is this not better and more proportionate than putting debtors into prison and that way prisons are full and still invoice are not paid. Is that not the most effective sanction because sure all people want to keep their property? Most of the non payers are property owners and this is hard to accept that you own an asset and still do not want to pay for consumed services. For the poor without property a decent social assistance program is required but people with property ownership are by definition not poor but own a asset of considerable value.

it is not hyper regulation to make the debt collection cycle work. it is not hyper regulation to ensure people pay their bills. it is no hyper regulation to support the private sector with public backed debt enforcement mechanism but this is called the Rule of Law and try not paying your bills in Austria and you will be surprised to what level the Austrian state in the form of the court system goes to ensure every debtor pays his dues.

As well it is not hyper regulation to enforce building standards and remove building which are in infrastructure corridors or on pavements or standing against public interest. But is it right to explode informal settlements and legal building with out expropriation just because of other plans or not in line with aesthetic requirements of artist turned leaders? I understand this is very popular policy but what if it would be your house and place to live and life long investment?

The recent wave of moving - without an eye for proportionality - against so called illegal construction is very much against human rights in terms of that many of the informal settlers did not have a option to receive a building permits and just to take their investments away because you do not like it is not fair and even handed.

There has to be a proper legal process and as well compensation.

By the way Macedonia has a fully e-permitting process for construction permits in place with online and transparent process for about everything involving construction permits. Maybe it would be better to first work on getting such permits for everybody in simple and easy process instead of freely using dynamite in the probably biggest explosion campaign outside a war which Albania is currently undergoing without and due process and without the rule of law. Objects and their investors which in the 20 years of chaotic transformation have done a lot of harm indeed but then to ignore their rights and simple explode them into dust upon the will of the powerful this is not the rule of law and due process and should not happen in a democratic government on the way to the EU. it is very popular though with international on their way to the beautiful beaches of Albania and as always if you are not concerned by destruction of other people property you think that it is quite OK because it was not beautiful, aesthetic or useful and anyhow somebody else who you did not know and most likely he was rich and has deserved and so we look away. But it is not right to do it and as well property without building permits in a country where obtaining one is among the most difficult in the world according to doing business ranking and for sure you have to pay the politician to get one and if you did not pay they later say it is illegal and then send the dynamite? How fair is that?

Hyper regulation is not the issue in Albania and Kosovo. The issue is better consultation before regulation, better strategy before enacting regulation and better information and easier access to the regulation and then in implementation and enforcement to ensure the civil servant are trained not in corruption but in using the proportionality principle to ensure before an act all sides are listened to and the idea of the law is in balance with the administrative act performed. Better regulation and implemented based on proportionality.

**Better regulation and consultation
implemented proportionality principle**

Attracting Diaspora, International and Local Investors

Investment - requires security and profitability

There is a big debate in Kosovo why there is so much funds and so low level of investment. The number seem to be 2,5 Billion Euros of saving the Kosovo banks, 2 Billion of Kosovo Diaspora savings in European banks in EU. 1,5 Billion of accumulated reserves in Pension Trust and Privatization fund and reserve funds from the emerging Kosovo insurance sector and it all adds but to a potential very big pool of savings available for investments in Kosovo. But with out security and profitability who wants to invest? Again the issue of secure property rights and as well of long term profitability hinder the tapping of this large pool of potential investment funds. Of course a lot of structural changes in terms of legislation still have to be done to allow public trust funds to invest in Kosovo and as well the insurance reserve to be invested here and again the key is security and profitability. Already the despot interest in Kosovo are very low because banks are over liquid and still load rates are high because simple the whole system of security based on immovable property is not working, the bon market is just starting with government treasury bonds and no municipal bonds are allowed despite this being possible a very good tool to intermediate the saving pool with the investment needs of the municipalities. As well there is the mentality issue of making business owners pay a lot because they are rich and now recently the dividend tax was introduce to property equality and revenues and the results is only that investment which is already so low is becoming again more expensive and nobody here thinks about the investors. They are probably rich and so as much money should be taken from there by the state and the politicians in order to promote equality and build the state and so they prefer to keep low profile not to raise attention not to get visit and so everybody tries to stay small and secure on bank accounts to be safe and the whole economic circle does not move despite there is a large potential pool of Kosovo based or Kosovo owned saving with owners having all the intention and good will towards the nation and its developed but are just reasonable interested in security and profitability.

And the investment which is happening is into real estate but once you have done it and returns are most low and maybe a second for the relatives and nobody them pays rent but there is a limit and some project are stuck by regulatory concerns and so the situation is where it is with high saving and low investments. And in companies and entrepreneurship with the VAT at the border system and dividend tax introduced and no funding from bank and no stock exchange and a small market and a low rate but highly intrusive tax system looking for revenues to finance the highway construction we will not see a lot of investment into business and if you try to invest in sector already occupied by the one or the other political leader or group connected to him soon you will be told to be careful and maybe better you are. And this is the investment climate and never forget behind all savings there is a hard working Kosovo diaspora person working his back off in Swiss construction site of 15 hours shift in Austria ski resort in kitchen and he and she are very careful and reasonable as everybody is in the world and they want security and profitability for their money. If you want to attract this investment and as well convince the investment portfolio managers to invest in Kosovo property and business then you have to carefully design the economic, tax and investment system to ensure there is both security and profitability and for sure there is all the money int eh world for such system but do not expect a lot of investment in the current climate. But as argued many times by ETR a lot could be done to improve the situation. Allow private investors to buy Kosovo government bonds. Allow as well institutional investors and first of all the Kosovo Pension Trust Fund and the privatization fund to be invested in Kosovo Government Bonds. Allow them to be trade a simple e-exchange in Kosovo. Allow municipalities to issue infrastructure bonds for specific projects. Allow them to be traded as well. Privatize the PTK, Trepca, KEK and the Post and others up to 49% percent and sell the shares to the public and suddenly the Kosovo stock exchange is reality.

Working Financial Markets
49% IPO for KEK & TREPCA

Realizing strategic projects in Kosovo

Austrian model and Austrian and European Investments in projects of national strategic significance for Kosovo

Next to SMEs manufacturing and the Mortgage property cycle Kosovo needs to make its big projects and opportunities reality too. The current debate on the results of the 4 major projects of the last mandate, the highway to Tirana and the ongoing to Skopje for 1,5 Billion, the low price 26 Million for the electricity distribution KEDS, the airport concession and the failed PTK privatization shows that things must improve. First we to applause the results because it is a good result to have a first class highway, a first class airport and as well considerable improvement in collection of energy bills and better service for the consumers, second we have to see that in terms of investments meaning bringing new funds to Kosovo this has been far behind expectations the highway as a public investment and KEDS a large asset to go for 26 Million and the investments in the airport are below the promised level and the way all these were done and awarded is very questionable and that all 3 projects have major Turkish background or beneficiaries is as well clear and as well to be questioned given the clear European direction of Kosovo future. Many German and Austrian corporate players have been in Kosovo but old bonds of pre and post war support for liberation and reconstruction matter less than the concrete monetary beneficiation of decision makers and in today's compliance standards for US and EU based companies Turkish and Middle Eastern investors will have always an advantage and will be hard to beat. Today the Kosovo civil society is complaining about the lack of local content, low wages, low health and safety and low social responsibility of the large investors of these strategic projects but all investors basically bring with them the values and corporate culture from country of origin. Why not give one project to an Austrian company like STRABAG or Austrian Telekom of EVN like in Macedonia and Croatia and see and feel the difference. It would be about time to integrate and connect the Kosovo economic reality with allowing some big major European company to develop on of the big assets of Kosovo and with it bring the clout and interest of that countries economic and

political elite and interconnect Kosovo with that economy. Up to now the talk was European and the walk was Turkish here in Pristina. But to be fair the last decision of for the Bresovica Ski resort signed now with a French consortium might be a sign for more pro European direction of decision-making in the big issues. But it first remains to be seen if the financial closing will happen on that one. So to be fair to attract and implement successfully 3 major project in the difficult decision making environment of Kosovo and during the world economic crisis which started in 2008 the same year when Kosovo turned independent it is a serious achievement and needs to be applauded. The problem is that the Kosovo leadership and the population lack understanding of what is the market economy and how to successfully privatize further big assets with the help of the capital market. This would be the best way for the coming years. ETR is advocating the Austrian model of partly privatizing the large companies of Kosovo like PTK, and KEK and the Post and the Motorway system with a public offering of 49% of shares on a preferred price to all citizens of Kosovo in the first phase unit a certain individual limit and so start mass ownership of key assets based on shareholding and according rights and benefits. 51% should stay will the state for the next decade and later be reduced according to the political will or the good opportunity to float more once the Kosovo Stock Market is more liquid or a strategic opportunities represent itself. In the case of KEK the energy utility the revenue of the 49% should be used to build the Kosovo C project in-house. As already argued the high political and project risk of Kosovo C make it highly unlikely and difficult to attract a investor with own capital and financing and project risk on his own and if so it will be to expensive and the high level of corruption and the issue of expropriation and resettlement of the coal being below populated land and many more factor lead to the fact the Kosovo state energy company should build this power plant as an investor itself with the support of international companies and expert and this form of privatization will give it the resources.

Working Financial Markets
49% IPO for KEK & TREPCA

Public companies should belong to the public via shares and ownership Sell the public companies to the public...end YU public socialism

KEK is fully capable of doing that and where required it can contract international support. The shareholders would then as well have an asset with significant larger production facilities and Kosovo C and its extension are so complicated in terms of expropriation and local issues and expectations that only the Kosovo state and its utility can realize this project in a reasonable manner. On the other projects like PTK floating should be rather easy and less complicated and a potential interested party and offer above the IPO price and build his shareholding and so a stock market can develop step by step. And some concrete budget revenues will be useful to pay for the highway project. For the highway project ETR is proposing the Austrian model of incorporation of the existing and future highways into a Public Company and the argument that this will be abused by politics is not valid because there will be less political influence than in a Ministry as such a company will be under the joint stock company regulation of the corporate law. Of course there will be political influence but less than in a Ministry, and the proposal is to float 49% of that POE but here not to sell it but to exchange it with all the existing bond and loan obligation which the Kosovo Government in exile has undertaken towards the Diaspora during the war time financial regulations. Obviously this will be more a nominal exchange but it will result in revenues of the shareholders and it will have an effect in terms of credibility of the Kosovo leadership. Adenauer did the same with bond obligation and it helped a lot to reestablish German post war credibility with the financial markets. This would be the same in terms of trust with the Kosovo Diaspora and its significant resources parked in German, Austria and elsewhere. The same should be done for Trepca. Some might say why not 100% of privatization or leave the state at least not the majority. I will use the same argument that Mises uses in terms of why liberalism failed in terms of bringing reason to the national issues of Eastern Europe. Instead of loosing the public debate with a lost issue we have to concede that in fragile insecure small nations of the Balkans the state as the received defense instrument of the nation will not give up control of the economic assets easily so we have to gradually decrease, rationalize, improve the situation. The same was acceptable to the Austrian Social

democrats with Post, Verbund and EVN and other key Austrian assets and so it should work here as well. And it has a very positive effect in allowing the public to positively participate in the privatization process and results and profit from it and so turn Kosovo gradually into a shareholding and more pro market society. It was done with good results in most transformation countries in Central and Eastern Europe and why not here as well. No need to wait for an own stock market uses the London or Vienna market or the Istanbul one, which on American lines with US capital. Of course you have to transform some assets and corporate rules, guidelines and less political interferences would be helpful to gain the trust of the capital market but we have to see if Kosovo elite is ready for it but on the other hand the global capital markets have seen a lot already and low standards of Kosovo partly state owned companies will be nobodies surprise and so priced in based on the reasonable expectations. Some adoption of this model can be done for all Kosovo state owned so called public companies...turn them in real public floated and owned by the interested and invested public and transform them but as it seem necessary safeguard the public interest with majority ownership. Whereas to be clear the best way is full ownership and the public interest is safeguarded by laws and regulation, inspections and taxation but ok this is the best possible way which has a realistic chance to be realized and is the best way for all major and minor public companies. The idea that public companies belong to everybody via state ownership is a very YU socialist one. Yes they do but in reality they are the private yard of the political elite and parties controlling them and they have only the interest to exploit them for short term benefits and not for the long term benefit of the company or its consumer or the taxpayers and as well the trade union turn it into a employment provider mainly and soon as with PTK the value is half and half and half. See it to the public better than gradually destroy it. The best example is the Austrian Airlines. It was a valuable asset in the beginning of the 2000 and it was not privatized due to the interest of politics and trade unions and then we had to present it to Lufthansa 10 years later with a 500 Million subsidies for then to take it and what a loss in just a decade. Austria is rich enough for such crazy policies but that Kosovo is doing the same with PTK is a shame and can you afford it really. Time for better policy.

Direct contracting of key strategic assets of national value

Strategic Interest - stop fooling around with tenders

Here in Kosovo, as it should be everything is based on tenders. This is very good principal but is it as well the best way to ensure the best possible partner for some key major project of national significance is really found and committed to develop the asset in question. First does Kosovo have such assets? Yes there are 2 Hydropower assets of significance Ibar Lepenc next to Mitrovica, which is an existing asset but based partly in the north and so highly contentious and the Zhur power project close to Prizren with a difficult geography and hydrology. And as well of course the issue of connecting Kosovo with the international gas networks via Skopje with Russian gas and with the future TAP and the Azeri natural gas, which will require major pipeline investment and distribution facility and a complete new energy and heating network for Kosovo. And as well the coal mining potential which is a major potential for Kosovo given the environmental challenge, the resettlement and the political risk and as well the G7 and World Bank bias against carbon this is not an easy one. So we do a tender and the whole world is chasing the Kosovo opportunities? And there were here already invited several times and all market players were here and the closer the opportunities and once the tender was opened all interested parties were harassed with unsolicited offers by the political elite and their proxies until they finally decide to pass the buck and so no gas, major hydro or carbon investor has decided to enter the Kosovo market. What a difference to Albania where the whole world is there already. So given the specifics of the Kosovo political elite such a tender system is not working. So the better approach is to develop a law declaring that the Government can contract strategic assets of national significance which must be stated and clearly identified by GoK and pass Parliament on invitation to bid basis and on single direct negotiation basis. It is the much more honest and efficient system. There is a clear political will and anyhow there are not so many companies interested and able because all the mentioned projects are under the current political risk of Kosovo simply commercially not justified

and so it needs a state backed good will long term strategic investor with the technical and financial capacity. Otherwise a commercial investor with a market based calculation has to make the consumer prices of energy so high that it will not pass the regulator or will not find the political support to enact it or consumer protest will lead to a lack of political support and all these scenarios given the high technical complexity of the existing 3 areas Kosovo has potential will lead to the investors simply not realizing the project. So the better approach is to identify strategically what the Kosovo Government wants to directly negotiate with corporate giants potentially interested of countries whose governments are key supporters of Kosovo and directly contract these companies and provide all key governmental support in terms of land access, permits and regulatory issues and to firmly base this on a joint international contract backed by the Kosovo Government. One potential example is the Devolli HydroPower project between the Norwegian Statkraft and the Republic of Albania. And here come as well the proposal. The Kosovo Government should work with the Norwegian Government and directly negotiate the Zhur Power and the Ibar Lepenc project with Statkraft and gas connection and network with Statoil the leading Norwegian oil company. Both are state owned and backed and are major international players and have the capacity and credibility to do what they agree based on international standards. It is great for Albania to have them both and Kosovo should try what it can to get them. Of course such a manner of direct contracting would exclude tender mania and all the so-called greasy opportunities attached to the traditional process. This should be openly explained to the nation, go through parliament and praise the Lord to have somebody so serious to engage with such difficult major projects in the beautiful Republic of Kosovo. The same should be done with Kosovo A, B and C. It is hard to believe but the all the German energy giants were here in Kosovo and ready to seriously redevelop Kosovo A and B the ancient and partly operation coal power plants polluting Kosovo but as well the only source of energy here in which the international community and the Kosovo tax payers have roughly invested a billion Euro since the end of the war. Famous is the saying of the first UN chief here later French FM Kouchner he thought to lead the nation towards freedom and not to run an energy utility. But if you do not have enough you learn fast how hard life can be and how expensive it is not to have enough energy.

It is time for Strategic European Investment in Kosovo

Hydro, Gas and Coal -Energy For Kosovo on the road to EU

Th German Energy giants RWE, EON all were here in Kosovo and tried their best to get the project and were ready and famous the UN official to in the tender asked RWE to disclose if the have the financial capacity and after some discussion and wondering they should the multi Billion bank account statement. Good that was the good days of German energy giants and now they are shaking under the German reform of Germany but that is not the reason they left Kosovo. Irresponsible financial request of Kosovo leaders and the quagmire of Kosovo politics have chased them away and as ETR argues since a long time now European or US corporate leader will not risk his job for a project in Kosovo and their jobs is at risk with the SEC of the US or a European prosecutor stars a case for corruption in Kosovo. So good-bye German Energy Giants. But no just now a German construction giants is offering its services to renovate Kosovo A the most defunct of the former YU power plants best used a TV background for a 1950 Tito revival movie. The German giant Bilfinger Berger has offer to the Kosovo authorities with coordination or backing of the German Embassy to renovate Kosovo A and so to stabilize energy supply for the coming decade because so Kosovo would have to twin power station to supply once there is defect or some repairs which are quite often and based on this the Kosovo energy supply system would be much better. The details are not fully disclosed but Kosovo would need to secure such a project with a 200 Million state guarantee or in that direction. So is it happening already? No way because of the need of a tender. Mean that to open a long process with a political elite divided and all hope they will be the consultant of choice and once the German will choice all other will block because they are not the choice consultant and so this project will not happen and we are were we are. 16 years after the war and no single MW added in terms of new generation capacities. No that is not correct some Mini SHPP in Hydro were upgraded. So the tender is the right way in Kosovo? Of course for almost all issues the public procurement process should be obeyed on Europeans standards but for the key

national strategic assets it is better the Prime Minister in consultation with his political backers and the Embassies supporting Kosovo defines the national interest and finds the right partner for the project and the nation and carries the project forwards. In the way the 3 successful projects of the last mandate the highway, the airport and the KEDS privatization are more of less done anyhow as there were a only nominal competitive tender as all who observed the process can testify. So why to keep the smokescreen? For such level of projects and risk there will be always the issue of national strategy and cooperation with key international partner this was the US mainly and Turkey for the concrete projects and maybe it is time for Europe now? But the structure of the process has to be different because no European corporate giants no Statkraft, Statoil, no RWE and no Bilfinger Berger will play is like Calik or Enka which are owner operated Turkish giant playing their own game. Kosovo will have to grow up if it wants to reach the level of Albania where Statoil, Statkraft, Verbund EVN, and many more like Shell, Socar and other global players are already and this would be the way forwards for development meaning the next stage of economic development not just state infrastructure and private a bit chaotic property investment but real economic growth based on a Western economic framework and they once who might believe the West is weak because we are now in a crisis might take a look back at the last 200 years and maybe to be careful in dismissive statement and if you think that Turkey is strong now forever as in the last 15 years that I can just hoe for the Turkish nations and but would like to remind to read history. And as well maybe it is time to focus on the national interest and not only on the party and personal improvement but to run a nation with such investment and prosperity would be something really special and for sure a lot of opportunities, clear and clear attached to that for its leaders. And Europe can not just be a political project, a place to ask for visa liberalization and seek further donation but we have all the companies ready for serious business and it is time for Kosovo to get serious.

Working Financial Markets
49% IPO for KEK & TREPÇA

2015-2020

A NEW APPROACH TO PRIVATIZATION

The Road to Growth for Kosovo

**A new Focus Realizing Projects of national strategic significance
with capital markets and European strategic partners**

	2015 Reality	2020 Scenario
1. KEK and A,B C	No new generation, to less capacity, crisis	49% IPO public, KEK invites Bilfinger to develop A and C
2. PTK	losing value, failed privatization	49% with IPO to public 25% DT, 26% GoK
3. Kosovo Motorways	Great construction, high costs, no revenues	49% IPO, new Highways Tolling like Asfinag Austria
4. Gasification	No gas in KS	TAP and Statoil bring Gas to Kosovo
5. Major Hydro Zhur	Failed, technical challenge	Statkraft redevelops in concession
6. Ibar Lepenc	Political challenge, no investment	Statkraft concession BOT
7. Trepca	Political, social and environmental challenge	IPO 49 % Trepca Operates
8. Kosovo Coal	Only for current consumption, great potential	RWE Develops the coal field on concession
9. Kosovo Posta	Service challenge	IPO 49%
10. Termokos	A constant challenge	IPO 49%, TAP supplies

Making Kosovo work - Open Markets for a Open Kosovo

Concrete European Opportunities for a European Kosovo

All companies are operating already in region or are interested in the region

IPO selling 49% of share to the public via a public offering new capital, better corporate management

European Economic Integration Zone based on Austrian Law Use Austrian Law in Specific Development Zones

In Kosovo there has been a big debate on Free Economic Zone and 2 have been created in Gjakova and Mitrovica recently but are far from being active. Macedonia is as well in this area the leader with its technology development investment zones which are gradually delivering results and are very well designed and will improve in future and be center of outsourcing in the coming years. Albania has just adopted the law for such zones and it is quite entertaining that in that area similar advantages like having been in all over in Albanian under Berisha and the big policy change of Rama was to abolish them and now he introduces them but just in that few elements with the help of his Harvard guru. However all these 3 different models will not work as they have not a holistic approach to the concepts of free economic zones. They focus on tax and customs and land access which is good but not everything. The key of success is the law which governs such zones and once countries are ready to allow the law of one of the EU countries to govern such a zone and the courts of that country handle potential disputes these projects will fly. Of course customs and tax must be competitive and land access provided but it is the legal security that matters most. Yes logistics and infrastructure matter but these are anyhow essential. Who will come to invest without energy and water and road and rail access? All this 4 aspects are key and if one is not there the whole project is not taking off. Yes low tax and customs privileges and yes infrastructure and land and labor access but the key is on which legal bases to build such investments? ETR proposed a holistic approach to make such free economic development zone really successful with a lot of spillover effect for the whole society and economy and worth the public investment necessary. The concept of creating small new economic development zones based on freedom and rule of law. Internationally this follows the debate on free cities and but we would like to work on the Hong Kong model or better the historic Dubrovnik model to stay in the region. Look at Hong Kong, based on British law and administration it could develop into something big in just half a century, Legal security, enforcement of contract and clarity in ownership and openness to the world have allowed the creation of unprecedented levels of wealth. Is this unique just because of a rising China in the back? No, China has in fact copied the model and allowed for small Special economic development zones

close to Hong Kong, based on similar rights, liberties and security inside China but with all this extra rights and securities and now these places are richer than Austria and many parts of the so called so-called developed world.

Dubrovnik is a closer model or reference. It was a city state in the triangle of power between Venice, Istanbul and Vienna and has developed unprecedented wealth and developed in a sea of pirates and a hinterland of Balkan chaos exactly because it has clear city rules, provided security from the perils of the seas and Balkan travel and trade and had clarity of ownership and justice based on old roman law. It was enough to stay semi independent and rich for 5 centuries and its decline was the result of it being integrated into something bigger after WW1. Now it is just starting to be rich and developed again and it is an amazing place indeed. Dubrovnik was and is symbol for past and future prosperity based on freedom, free trade and secure right and rule of law. And now as this is written it just entered the European Union and it at last now secure in its liberty and rights for the centuries to come. This can serve as a model for the Southern Balkans coastal development zone like in the Albanian case Vlora, Porto Romano close to Durres, Port-of-Shëngjin close to Lezhe and Velipojë close to Shkoder in Albania. But the same concept works everywhere. We propose to carve out areas close to such ports, airport or highway crossings and allow them to adopt the legal system of the EU or as well in some cases a US state one by one. For the development zone in Mitrovica we propose Austrian law due the close political and economic ties and the interest in heavy industry and mining and the Austria background. British law might be another option for Gjakova or Italian law. The concept is called judicial outsourcing and it allows for specific area of a country like such an industrial or free trade zone or a certain sector or as well general economic issues involving foreign investment to be settled not front of Kosovo courts but in the assigned legal system of the investor or the legal system adopted for that zone. Dubai has selected British courts in commercial conflicts and it works very well. We propose to term these areas European Economic Integration zones based on Austrian or German Law and Administration. EEIZ -ALA in short. Such a term would set these areas on clear terms with EU objective of Albania, Kosovo, Macedonia

It is the jurisdiction, stupid!

Judicial outsourcing as key to making free trade zones work

and Montenegro and allow some kind of Mini EU economic laboratory inside this area based on EU law to test the market and set these places on the path for faster prosperity and for faster EU integration not held back by low standards, regional corrupt justice system and incapable administration and national politics firmly rooted in rampant corruption with no relieve in sight. Will the political leaders be ready to relieve some areas of their territory from the relentless demands and greedy pretension? This will be the key challenge but given the dire economic conditions and governments with clear EU objective and support it might be worth trying. At least it would be neglect of duty if we would not show options for faster development and outline such policy options to decision makers and at least to pinpoint the responsibility for staying on the traditional development path continuing a pattern of low growth and a model based on exporting of labor and living on remittance and export of natural resources. Will this zone be compatible with EU or WTO rules and regulation? Yes they will be fully comply with WTO rules and EU rules as there will be the same economic conditions in terms of fiscal and trade rules like in the rest of the region. EEIZ ALA will be no free trade zone or similar project often tried and often failed because of supposed or real incompatibility with WTO or EU rules. The main thing will be that Austrian or similar EU member state law will protect the investments and Austrian judges will be in charge of all conflicts and Austrian courts will guarantee the enforcement of contracts. Investors, - local, regional or International - will be offered full Austrian legal security and the advantageous of regional prices and taxation and trade access to Europe and the Balkans and beyond. A further key selling place making the EEIZ ALA very attractive is the assumption that these areas will be government by Austrian Administration meaning the authority of administration of such areas will be tendered out to management companies based under Austrian jurisdiction and law which proven capability to manage such economic development zones. The administration company will act as an intermediary authority between the investors and the Albanian or Kosovo or Macedonia authority and Austrian or similar law will handle all issues arising out of interpretation of the foundation act of such EEIZ ALA-s on the territory of the Republic of Albania or Kosovo or Macedonia. Certainly there will be a need for a

constitutional provision to allow for such a concession of rights up as it is Austrian law and Austria being perceived as a impartial friend with certainly no territorial pretensions towards Albanian or Kosovo soil it should be possible to avoid nationalist backlashes against such a concession. The potential rewards for all stakeholders are immense in terms of economic development, job creation and tax revenues given the fact that Albania is just opposite of Italy and Kosovo just 11 hours by truck from Vienna and close to Europe and has about 30% of its cost and GDP per capita and the potential for outsourcing is enormous and the demand for labor based on current pricing in a Austrian jurisdiction and beyond the grip of corrupted Albanian or Kosovo customs and tax officials is certainly big enough to employ all who want to work and as well a lot of the returning Diaspora and many more new arrivals as well. The overall combination of free trade and economic integration, a new approach of openness towards immigration and the European Economic Integration Zones based on Austria Law and Administration could be termed the Klugmann – Jandieri- Fehlinger plan for economic revival of the Southern Balkans. It combines the principle of regional competition to provide the best systems based on free market principles and the concept of judicial outsourcing firmly based on the success models of Georgia and Hong Kong and similar successful transformations like Dubai and combines them to a concrete model to follow for the southern Balkans speeding up EU accession for the entry region and given a new growth impetus to the entire region including Greece and the inner Balkans and maybe the whole of the European Union in medium term. Why not combine this concept with the Balkan Benelux concept and the openness parameter and turn the southern Balkans into the economic spring board of Chinese, Indian and Middle East investors towards Europe. Why does the Southern Balkans including Greece always have to be the back water economic periphery of Europe

Working Financial Markets
49% IPO for KEK & TREPCE

Fortune City of the Balkans Can the Las Vegas Miracle be realized in Southern Balkans?

when we are here directly between the most dynamic areas of the world and in the middle of all such potential trading routes and economic links. Concretely for Kosovo why not design such free economic zones and adopt Austrian law in the Mitrovica one and Italian in Gjakova and US Nevada law in Gjilan and German one in such a zone in Ferizaj and let us see how it work and what the result will be. Gjakova can focus on textile and leather, Mitrovica on light industry and Ferizaj on construction material and Gjilan maybe on something different but to that later. Will Kosovo be ready for such concession on judicial sovereignty in a area of 2km² or will it be so fully of pride and defending its judicial sovereignty will be of higher value than a lot of jobs for its population and citizens?

Fortune City - Can there be a Las Vegas in the Balkans?

Gambling and the related entertainment industry is a major business but with many moral and social issues attached. The American solution is to legalize, localize and regulate it as reasonable and tightly as possible and to bring it ever closer to reasonable pastime and leisure activity as possible. Here in the southern Balkans gambling is still a melange between money laundering of drug trading and growing at least in Albania and of life destroying loss and shady business far beyond regulation and buying all the influence that require to keep the industry loosely regulated and highly profitable and ensure that all who have money loose it soon with the questionable pleasure of gambling. Maybe it would be time for a new approach and try the American approach to each country here in the region to localize it and ensure it is regulated and supervised and as well like in Las Vegas turn it from a vice at the edge of society into a major entertainment industry and a tourism magnet and the pride of the nation? Like in the case of free trade zones the issue and the decisive issue is the regulation. Is any country here already to adopt Nevada style gambling regulation and so be ready for regulation sensitive investors of international standing or do all decision maker prefer to be bought by local gambling interest and continue like presently? But the vision of have a Fortune City, a Las Vegas of the Balkans here in Kosovo based on decent airport and highway access, a large piece of land 3km² ready for such a city

development in relative low populated area maybe with some natural beauty and good climate and remember Las Vegas was and is a desert and with adopt US Nevada style regulation or simple cede the regulatory authority in this area and declare Nevada law as lad of the zone and so to attract international investment and gradually crowed out the local bullies and clean up this sector and so to develop a Fortune City in Kosovo maybe somewhere where Route 6 and Corridor 10 meet close to Gjilan and so to have access medium term to Serbia, Bulgaria, Macedonia Greece and Albania and Hungary within 8 hours driving and the airports of Skopje, Pristina, Nis and Sofia close enough for driving and to develop a real international resort and from there to use Bresovica in winter and the access to the Adriatic and Aegean beaches in summer and so to develop this in a real center of tourism in the heart of the Balkans. Is maybe a vision but certainly worth trying.



Ownership of property obligatory public knowledge online Transparency in Property

The key for property sector reform is the online availability of property ownership data for all land and property ownership information and all bank and subsidy information in Kosovo and as well for property related rights like construction permits or business operation permits and as well property tax and property past transaction information. Macedonia is come a far way and has achieved excellent results with its online Kataster and no wonder it is now really working mortgage market. All ownership information is online available and in Kosovo the Kataster is hidden my incompetence and behind data protection consideration of so called human rights advocates. The same human rights advocates who are behind the argument that property tax collection via the liability Kataster and so enforcing property tax in the utmost case against the ownership of the property itself say this is against human rights. What human rights protects you from tax payment in the EU or US? And land ownership is a special right which goes along with very specific obligations and responsibilities and so it is not just simple ownership and no business for the state but on the contrary land ownership has by nature to be a special ownership and is restricted in case of public infrastructure, with obligation for the environment, in case of mining interest and may more and certainly in terms what you can construct there and that you have to pay obligations and towards your neighbors and many more. And that ultimately a property is a frozen kind of capital and you can use it as security, mortgage it and once you can not pay your obligation towards the public or private creditors like banks courts might order the enforced auction of your asset and satisfy your creditors. So it is of relevance who owns what and it has to be public and this was the idea behind a so called public book the Grundbuch the Land book or register and the Kataster and this is now with modern technology just the logical continuation of the old and essential European legal tool that the land register is held by the courts and they have direct access to it and they secure it as well and it is state backed and factually information and it is available for all interested. Good the there different traditions is Europe with that aspect some subsidies their notary and lawyer with only restricted access and some hide between privacy and data protection but in a country like Kosovo the transparency is essential and the more the better to allow that the open

issues come to the day and as well the process of restitution starts and the is clarity who owns what. So the public has to have access to this information. This is the essential start of getting property rights right in Kosovo and the model of Macedonia has shown that it is possible. Based on that as in Macedonia the second step is to put all contraction permits online and allow the public to know who got it and what will be build and it that building is legal and to get this information online. Macedonia has digitalize the whole e-permitting process and this is a great progress in terms of transparency and fight against corruption and we can just congratulate Macedonia and hope Albania and Kosovo will follow suit. Construction permits is the main issue and driver of corruption on the municipal level and once this is tackled real progress in terms of better governance can be made in Kosovo. This is of course depending on real planning measure both urban and rural in order to differentiate between building land and what can be build and in order to control and rationalize land use in Kosovo. A key element in this is land and property taxation in which Kosovo is excellent due to the SIDA property tax project and now the next stage is the introduction of property tax on land which hopefully will drive land consolidation and better usage of land and as well help to make the land market more transparent in Kosovo. There are several other issue concerning taxation and property which need to be tackled in Kosovo.



Follow the Greek way or clean up property and tax now!

Time for European property Taxation for Kosovo

You can wait and repeat the Greek scenario. You wait many decades, build a lot of property useless and unregulated and without internalizing the external costs any property development has -developed and once the big crisis comes you have to introduce European style property taxation to heavy transaction costs for the citizens and property owners not used to such costs and surprises and with a property market which has not priced in such costs. It is better for the Balkans to learn from the Greek tragedy and to adopt a decent property system now before being forced to by a troika and all the consequences or having to change under the context of a dramatic fiscal crisis. It is simple time for decent property taxation for the southern Balkans.

VAT for new flats

Decent property taxation includes VAT applicable on new sold flats and other first times sold real estate. Not on land transaction but on construction transaction. Despite decent revenues this results as well in positive registration effects as this incentivizes the construction company to register production costs like employees and material and so helps to reduce informality which is a considerable issue in Kosovo still today and the lack of VAT in flats is one of the key reason for it. Sold flats and VAT on them is as well rather easy to control because not so many transactions. The main argument is that it makes investment more expensive and is not popular with potential buyers. Well so investment should not be mixed up with social policies. Good it is good that citizens can buy flats for 850 but as well 950 would be reasonable for a European capital if it can be financed via 20 years for reasonable and competitive rates of 4 to 5 % assumption. What is the more important public good. Cheaper flats or a cleaned up property sector with employees being registered and less money laundering and more tax revenues all along the sector and as well part of it a full and well regulated property sector?

VAT for new flat is just the first step to reform property taxation. The second element is the introduction of the tax for land and there should be separate tax level depending on the status of the land, city construction land, agricultural land under cultivation and idle and prime residence or investment or commercial property. The idea and reason behind is to raise municipal revenues for the many task the municipalities do have and as well to rationalize land usage in Kosovo and incentivize reasonable usage of land and property and

punish land speculation and leaving good agricultural land idle and residential property empty. The tax should as well support the land consolidation and as well the establishment of property rights because the tax revenue is attached to the land owner and the property itself and all future owners or buyers will have to settle it before using it. And as well it will have the effect to identify the owners of the land and property or once the debt is accumulated and registered in the Kataster and accumulated a certain time or value limit the property in question is auctioned off by the court and the sales proceeds will be used to settle the remaining balance and settled in a reserve balance by the court for a certain period. This way land consolidation and better usage of land will be substantially improvised over time.

Property transfer tax

Kosovo is as well one of the few countries which does not have a property transfer tax which is as well a key element to raise revenues for the municipalities and with 3% it is a reasonable transfer tax and justifiable if you buy into a municipality with certain infrastructure, legal security and administration to ensure your property rights and local requirements.

Rental tax revenues for the municipalities

These are municipal taxes and the next step would be to decentralize rental taxation which is normally a part of the national income taxation. In the Kosovo context it would make a lot of sense to transfer the collection of rental revenue taxation to the municipalities. The capacities of the national tax office in country in development are overwhelmed with many other issues and complex undertakings and 10 % of the rental revenues of private and commercial property investors and families renting their second home out or diaspora Kosovars renting out their property back home is a simple task, it is not a lot of revenue on national level but a considerable revenue for a municipality. The proposal is to transfer the collection and the revenues directly to the Municipal tax office and the property tax office which is today already very well developed and perfectly capable to develop this task. And as the Municipal Tax office and the Municipal Kataster Office are both under the responsibility of the Mayor and the mayor is perfectly able to know who lives where and who owns what and as well interested to raise own source revenues.

The natural twins Tax and Kataster European Kataster - the tool to clean up Kosovos Economy

And as in Austria a system of having to register where to live and as in Montenegro to introduce the obligation to notarize rental agreement and attach them to the property list in the Kataster and suddenly a lot of ends meet and Kosovo is a much better administered country. It all depends how you regulate property....

And regulation of property is not just a geodetic measurement task. This is important but the Kataster and the Tax Office have to be twinned and indeed are the essential twins of the administration of a state both on local as on national level. No country can be effectively administered if the Kataster and Tax office are not working closely together. We have now discussed the various property related taxes and the positive regulatory effects of it. We have as well discussed the twinning of the property and financial markets in the form of a working mortgage market and so the allow the future earning of the Kosovo middle class to be invested in residential property with all its positive spill over effects for the whole economy.

Fighting Tax Evasion and Money Laundering

Now we have to discuss tax evasion, investment in property with untaxed funds and money laundering from untaxed or illegally obtained revenues. Property investment is not the only form of investing such funds but is a significant part of the investment direction of such funds in the Balkans and Kosovo and indeed anywhere. But a close cooperation between the tax office and the Kataster is normally very very effective to simply ask for documentation of the origin of funds and to assess if certain income levels can allow certain property investments and starting with the biggest differentials between declared and taxed income and property portfolio and then gradually refining the matrix and gradually a economy and society and property and financial market and the budget revenues will turn more rational and such funds will look for other jurisdiction less capable to protect themselves from such forms of investments. And beyond short term individual advantages neither a society nor economy nor a future EU candidate state really wants such forms of investments. It sounds attractive in the start under reconstruction but such funds have a lot of issues attached. Not at least that the opportunities to invest it unpunished and no question asked is incentivizing the political and administrative elite to take what they can because as nobody bothers they can clean it fast with property investment and suddenly they are legal rich

and the state stay poor as nobody stops these shenanigans. And as well a lot of such property investment often are quite happy not to be registered and so people start buying property that will not be registered for a long time. As well the flood of illegal money looking for safe investment and not for decent returns is crowding out reasonable investment obviously looking for reasonable return and business practice and as long as such interest dominates this will not happen. If you want a reasonable property market you simply can not allow it to mainly serve as money laundering machine. The way to manage is to integrate tax and Kataster and to ensure all such transaction registered and taxed and as well questioned if suspicious. Good nobody really likes that about this is the law and if the rule of law is the plan for the Balkans let us start with property. There is a reason why in Austria property register is held by the Courts and this since it started. Again we have discussed this already the Courts and the Kataster are the original twins. And the courts have a much bigger role in property issue than they are given here in Kosovo. Not just in disputes which is obvious but here we still lose a lot of people in property conflicts outside of the courts settled by guns. And the courts are key for the implementation of inheritance cases which the Kosovo courts are often not handling in time and as part of the debt collection cycle because property is nothing else than frozen capital so the ultimate part of the debt recovery system of any economy.

Tax System - key for a working property market

And the Government has many more options to twin the Kataster and the Tax system and use the tax system of Kosovo to support the development of a rational and EU standards property and mortgage market. Some countries allow mortgage payment to be tax deductible. Some have specific time lines to property investment income gains to be fully taxed with income tax or to receive incentives or punish short term property speculation. As well for Kosovo short term property speculation is not a positive result. Property investment should be for the medium to long term. Speculative capital is more for the financial market and is not beneficial to the property market and so selling before 5 to 10 years could be taxed higher than beyond this period. As the a clear regulation for the capital gains taxed would be one way to regulated the property market.

The Vienna House Administration Model for Kosovo

No Property without Waste, Water, Cleaning, Insurance, Tax...

As well the issue of the period and method of commercial property investment and the according depreciation rules are of a significant impact for the development of a commercial property investment sector. Currently most commercial property investment is about developing property and selling it as fast as the market is allowing and trading or bartering the future apartments with the land owner and the subcontractors and to sue the minimum of capital to finish the project and finance the next one. Or buying a small shop for family commercial retail or build large shopping centers. But commercial property investment allowing insurances and property funds or family trusts to invest long term into commercial property is still something different and this needs the tax rules to be based on European best practice and ensure there is a political will and strategy behind it to make this sector attractive for local and international investment. There are certainly more tax issue and indeed important issues to be discussed for this strategy debate it is enough to show the various fields of debates and political decision which have to be tackled and decided to make the property sector a viable sector of economic development. Which it is and will be but it can be much more and much better with the right economic strategy behind.

The Vienna Housing Administration System

In Vienna most building in the central district were developed in the golden growth years of 1880 to 1914 and still they are the core of the housing stock and very sought after residences and raising in value and return every year. There are many reason for it but the key one that is important for this debate about property reform in Kosovo is that Vienna has established a well working and successful system of administering such buildings and communities of flats and it is something to follow suit for the whole Balkans and all Balkans property owners in Vienna and there are many now can testify about its merits. Yes in the first phase it is a bit of surprise to many new owners that ownership is costing in Vienna but the medium terms and long term value and substance of such investment and the solution to share common cost in obligatory manner and to solve co owner issues in such a regulated manner is a successful one. How does it work? The key general costs of such a house like property tax, waste collection, house cleaning, common electricity, insurance, winter

cleaning and the repair reserve funds and the costs of past common repairs and the costs of such an administrator is shared according to the m2 owned by each property owner and are to be paid monthly on obligatory bases and if not the house administration which is a regulated and licensed profession in Austria is collecting all monthly fees from property owners and is paying all these fee to the state, the insurance and water and electricity company and as well the service provider and cleaners and all and what happens if somebody does not pay? Payment of fees and taxes is not a choice of the owner but is obligatory and what is somebody says he is poor or he does not agree? No matter the payment must be done and if not the house administrator will sue the property owner and if this is not paid then we are moving to court and then right into the Kataster and ultimately the court can auction the property off. Of course most people start to pay early as the costs add up and a loss of property value in auction might be high so this is very effective to be sure that all dues are paid and the obligation along side property are covered. As in all these public service fee debate the politicians here in the Balkans think this is not popular and people are poor and it is always easier to ask European donors to subsidies the public services than your own voters to pay the costs of the services which they consume. But how fair is this? How long will be European tax payers ready for such a complacency on behalf of the Balkan property owner and how nice is it to live in a building with not common electricity paid and so no light and no elevator, with no water paid, no cleaning done and how long can you delay necessary repairs of common parts like roofs and how much better would be the situation if all building would be insured for flooding, fire, earthquake and other natural disaster? And have your waste collected and handled in decent manner at well maintained landfills or waste disposal factories and not simple disposed in rivers and illegal dumps? Or not collected at all. The solution for all this property related public policy issues is similar. and ensure clarity and rights for all parties involved.

Cost reflective pricing for public services or no services?

100% collection of property related charge via Liability Kataster

Allow gradually increased higher service charges, ensure the debt collection is working with a working liability Kataster backing up the court debt recovery process and ensuring that there is enough funding for such service to effectively provide them and as discussed during the Road to Growth to gradually liberalize and improve services. But there is no alternative to higher prices and 100% collection as property owners are by definition not poor people because they are property owners and if they are poor than they have to ensure a different usage of their property but not simple stop paying public utilities and service and similar property related charges. Of course the political elite does not want this reform as the property owners are more or less identical with the voters that turn out to elections in the region because many of the non property owners have left or have sold and left or have lost interest in public life and no longer go to vote so the property owners are the key electorate and have massive electoral clout and all elites here are sensitive to their concerns and it is always easier to ask for international subsidies to waste, water and electricity and everybody will understand that is essential but the real reason it is not working is structural and the reason is the low price and the unwillingness to collect. In Vienna nobody can choose to pay such service fee but in Pristina you can simply say you do not have the income and water will stay be delivered and waste collected and houses remain uninsured and the public has to help in case of crisis. Maybe it is time for the Vienna House Administration and the European Liability Cadaster backed debt collection system as well in Kosovo and to be sure it is perfectly within the human rights to pay your debts and debts are not biased on ethnic and minority or gender issues. It is not your choice to pay your debts it is simple obligatory. And this system is as well very much encouraging reasonable property investment and incentivising to use the property reasonable. To have a property idle and not to rent it out can not be with close to zero costs as it is now. Having to pay the real costs and ensuring this is paid makes sure that the owner is trying to rent out or sell on and so the market is in action and there is less dead capital blocked in unused property. As the whole Balkans is getting more empty and more and more people are working in EU and mainly use their house in July and August and more and more

residential property is basically only used on summer and winter holidays and we see more and more house and flats which are basically only used 2 months a year and even less. It is a misallocation of capital and as not common costs are paid there is not enough incentive to rent and there is a high cultural distrust towards renting out and so a lot of investment stands at zero returns. Aside of possible in a later stage copied some of the models against second residence accumulation like we do it in touristic and natural sensitive areas in Austria the simple fact that you have to pay monthly fees and property tax would ensure a lot of property owners residing in the EU would be more interested in renting out which would help a more rational property market and better access to decent housing for a people interested in renting flats or house and the development of a more reasonable rental market. Again with the regulatory attention required to this sector and the need to notarize the rental agreement. Again and again the property system can not replace a serious effort to develop a social system and Kosovo actually has a decent budget for the social system but again is spending it for property construction in the wrong assumption that once people own property they are OK. No if they have no regular income to pay the property related services and tax they will lose their property again. It is an illusion that property is replacing a working social and skill and training program to ensure the lower qualified can enter the job market and the lower or no income strata of the society has regular income support with rental subsidies and living allowances on means tested basis. Just to build them a house which the from day one can not afford and as well not to have electricity, waste and water and then to exempt them from payment and so they often as well to not receive such services as the public company does not particular care for delivery them. Kosovo has to stop this wrong policy in property sector and ensure decent pricing for property related services and 100% collection within the liability side of the Kataster and courts ready for their job in debt collection as this is task of courts and not a kind of social protection against creditors and a working social system. Then suddenly Kosovo and its property sector and its economy will start to develop. It is time for reason and a European property, debt and mortgage system for Kosovo.

A new Approach to Investment Promotion and Nation Branding for Kosovo First the homework: Clean up Kosovo and Focus on Competitiveness

Making Kosovo Work

It is time for the 3rd Stage of economic development. After reconstruction efforts led the international community post war and pre independence 1999 to 2008 and the post independence effort from 2008 to now with a strategic focus on public investment in key infrastructure is now from 2015 onwards for the next decade to focus on private sector development, job creation and making the markets work for and in Kosovo. The 2015 wave of immigration towards the EU and the general lack of confidence and private investment require a new strategic approach towards economic development and in this chapter we would like to focus on Investment Promotion meaning to attract foreign investment both from International companies as well as from Kosovo Diaspora and on national branding and country marketing which is both very much connected and depending on each other. The General reputation and perception of a country and a nation is directly influencing investment decisions and the success of investment promotion as well as successful investments and the success of international and Diaspora investments in Kosovo results in positive feedback on the image of the country and so both can be mutual reinforcing or as present an accelerating downwards spiral. It very much depends on the perception and in the Kosovo context with significant counter activities from opponents of Kosovo liberation there is the need for a strategic approach to develop a positive narrative leading to a mutual reinforcing upward spiral of positive perception and reality and so supporting road of Kosovo towards the European Union which is the overriding objective of the nation and will be accelerate by good economic parameters in Kosovo and an improved public perception of Kosovo in the EU member states and within the European political elite. Like in all good marketing issues the key is to improve the product first. Kosovo is the product to promote and market towards the European audience of investors and elites and ultimately the voters and there is still a lot of homework still in terms of improving the business environment and the rule of Law, better governance, reducing corruption and improving the product and the image of Kosovo in the EU. Here we have discussed a lot of scenarios and recommendation in the Road to Growth Agenda in this publication. The second central consideration has to be

competitiveness and the lack of it should keep the leaders of Kosovo awake at night.

competitiveness, competitiveness, competitiveness

As a small Balkans nation on European periphery Kosovo has to work much harder and grow much faster to catch up with European standards of income and productivity and this has to be the objective of the nation. Kosovo has to ensure the necessary reforms in terms of investment climate to allow for reasonable high growth rate to ensure job growth keeps pace with population trends and so Kosovo can stop the loss of population in recent years which is a pity for Kosovo in terms of lost brains, creativity and work force. Kosovo should follow the recommendation of the 5 Presidents made in their report on the deepening of the Euro zone and establish a national competitiveness council headed by the Prime Minister and with the same powers like recommended by the 5 President report of June 2015. The Greek scenario should be the warning sign not to follow at all and decisions like the 2014 salary and pension increase have to be avoided at all costs in the future. The council should have considerable political weight and the authority to veto measures with negative effects on Kosovo competitiveness. This high level council on competitiveness should approve all policies concerning major fiscal issues, national debt, business environment, investment promotion and national branding. look we live in dramatic times and the current complacency in terms of spending and increase of public pension and redistribution has significant risks attached. As well we not only have to see the bad example but whatever is now happening in Greece it will have a negative impact for the whole Balkans in terms of investment climate, European expectations, potential contagion and political instability and in no way there is time to loose for the Balkans or Kosovo in terms of working very hard on improving its competitiveness position. All serious efforts in terms of national branding, investment promotion and country marketing have to start with the homework of improving Kosovo itself and its competitiveness position and the world will notice and it will notice as well if it is just the packaging which is improved or if the substantive core of Kosovo is seriously working on getting itself in order.

The vision 2020

Kosovo the Pumping Industrial, Manufacturing and Logistical Heart of the Balkans

Kosovo has to develop a powerful and realistic and generally shared vision statement on its future self-perception of term of economic development. This has to be developed in details and communicated and from this vision and mission statement all the over policies have to be developed. The proposal is that Kosovo will be the Pumping Industrial, Manufacturing and Logistical Heart of the Balkans and so to ensure that the European manufacturing industry come to Kosovo and not the Kosovo citizens to the manufacturing location inside the EU.

Kosovo - the vision 2020

This will need a common effort and it will require decisive leadership and reforms from Kosovo side and yes it will require considerable European investment both private and public from the European side. Kosovo has now first class highways and a first class airport but the budget does not allow to build the railway system such as the Kosovo manufacturing and outsourcing strategy requires as Kosovo has a lot in terms of industrial future to offer once we are connect to the harbors of Thessalonika, Bar and Durres and central Europe but modern railways. Yes Kosovo can serve as the pumping industrial heart and the logistic center of the Balkans and the best location to put European manufacturing industry in the region but it will require investment and substantial one. That is why Kosovo needs a strong focus on the Berlin process for the Balkans and as well hopefully that the Vienna summit of August 26 will be a substantial success in terms of real concrete and tangible outputs and financial commitments from the European partners. Kosovo does not need as much support as Greece has received but a fraction of support would help already to realize key projects, which are as well in the European transit and logistics interest. In the common European common interest.

Real tangible results of regional cooperation

Kosovo needs as well concrete tangible results with the region. Kosovo has built the highway Pristina to the Albanian border on first class level and we are close to the Serbian border. Kosovo is building the highway to Skopje and will be ready by 2017 for sure. It is major financial commitment for the still poorest country in Europe but we are ready, able and committed and it is

happening. But beyond talking of good neighborhood, which is great, Kosovo needs as well Serbia and Macedonia to build the connecting highway to our border, as this is vital to connect Kosovo to Corridor 10 and so to Austria and Central Europe. Peace must be translated in concrete results for the citizens of the Balkans and concrete realized major infrastructure links to Europe are the most visible and tangible results people can use and relate with.

Infrastructure is essential but in itself only with limited effect in terms of economic development and job creation. Kosovo needs and this is true for all 10 Balkan countries in and out of the EU a new approach to entrepreneurship, innovation competitiveness and manufacturing. The market access and the close distance to the main European markets are a opportunity for all of us here in south east as the central European reform countries like the Slovak republic and other have shown. And Kosovo has a lot to offer in terms of location, hard working people and comparative costs advantages and the readiness to develop in industrial terms. But again if the vision is to turn Kosovo into the pumping industrial, manufacturing and logistical hub of the Balkans all economic and infrastructure and institutional decision have to be taken from this perspective. Remove border VAT, fully EU compatible customs procedures, free trade manufacturing zones, a more flexible employment law, no costs for employment like social insurance, better skills training for the work force, specific attraction of such companies and not harassing them like in the past. As well the right level of land access for such projects, support for green field investment in such free trade zones like in Macedonia. Tax advantages worth the name. No harassing by inspectorate from various departments but a clear political will to support manufacturing investment and the right tax incentives for such investment and the exemption of VAT and Customs for such investments and a transport infrastructure supporting North South and East West communications with a new focus on connecting with Montenegro and Serbia in Gilan and Bujanovac. And a general political and social consensus that this is the vision. As well a inventory of old factories possible to rehabilitate and offer to international investors and ending the legal limbo about the Privatization Agencies and build an online inventory of such investment opportunities in Kosovo.

Open the European Labor Market And the Kosovo too....

Stable energy supply, good transport connection and a low rate rate, simple to use tax system is what is essential need to transform Kosovo into a manufacturing outsourcing center for Central Europe to successful exploit the potential of the wage and price differential between the Kosovo and the German and Austrian labor market. Additional most of Kosovo municipalities have industrial parks with reasonable prices and developed land accessible for the serious international investor. 10 Percent of corporate and income tax. Good access to land. And the planned merger of the tax and the customs agency are good news for investors and there are already a lot of success stories for investors in Kosovo and successful investments are the best Ambassadors for further investment in Kosovo. Nothing attracts money better than proven successful profitable investments with decent returns. But to turn Kosovo into the outsourcing and manufacturing hub of central Europe as well the labor markets of the German speaking countries and of Kosovo have to be more open. Kosovo has already a considerable Diaspora in Germany, Austria and Swiss and despite this being not popular there it will be more and our authorities as regulators on both side have to ensure that Kosovo Diaspora is better integrated in Austria and has easier access to the labor market and as well our education system is preparing the youth better for the requirement of the central European labor markets. It is the idea of Europe to have free movement of labor and the Balkan people should be included. We need more access to the central Europe labor markets, which indeed were open for Kosovo people since the late 60ies until the difficult and terrible 90ies shut us out. Now it is time to open up again. We want to be part of Europe. The faster the better. This will be very positive for the European labor market as the Kosovo immigrants are mainly hard working and law abiding family people with good education and a decent European value system. And as well such access will avoid them to mainly work in the grey market and possible glide from it into more shadowy activities due to the lack of legal employment and os integration opportunities. it will as well allow them to pay taxes and social contribution, to have all papers and start to settle and integrate and be part of the European success model as people from the western Balkans or EX YU always have been part of since the 1960 as gastarbeiter and now as citizens. The way to do that is to regulate all Western Balkans with a 5 years work and residence visa waiver system which allows them to work

and reside in EU for a maximum of 5 years depending they do not require social assistance and have a work and income.

A 5 years Work Permit for the Balkans Now!

This should be introduced by 2016. The Western Balkans should not just be a political commitment but the commitment has to be turned now in something tangible and clear for anybody. This would be to the tremendous benefit of European tax payers because the current carrousel of people leaving the Balkans and then to ask for asylum and to have to be forcefully repatriate to the Balkans at the cost of the European tax payer while they could already work and contribute is totally without sense and counterproductive. Anybody who has made up his mind to work in EU will just prepare himself better next time after he was send because he is sure he wants to do it and he had a reason for it. And the western Balkans is not Afrika! The Balkans is not the Middle East! Here is Europe and we need Europe now and the close distances and the already resident families in the EU and the great labor market prospects are so powerful pull factors that the existing push factors here like the permanent unemployment is fading compared to the powerful pull factors. The German and Swiss and partly Austrian success in reforming the labor markets is the reason why people really do not want to spend their most productive years sitting and waiting here just 10 hours from Vienna and its opportunities. Good you can build a wall like the post Hero Mr Orban a man who has his best times and is the victim of the wrong company and comradeship of funds and bad ideas. Yes you can build a wall Mr Orban but you could as well remember that is was you who contributed to break such a wall 25 years ago and as the Hungarians the Balkans people love freedom and want a decent life and it was Europe that promised a European future for the Balkans. Yes it is time to open the European labor market and now if the Greek and so the biggest economy here in the Balkans gets into deeper crisis this is the right counter measure for the Balkans. The Balkans needs to send people to Europe to train, get experience and networks and send money back but the Balkans as well has to open its labor market to be open and ensure that it can offer the skills required for turning it in the manufacturing hub of Europe. Openness and Immigration is a two way street and it is time for open labor markets in the Balkans as well.

Kosovo has a lot to offer to the World...

Kosovo, the best place to do business in the Balkans

Kosovo, Open to the World in both ways

Kosovo citizen need visa liberalization to be able to travel to Europe and so to promote Kosovo, extend their horizon and expand business and family links and as well more European tourist need to travel to Kosovo to learn and tell about the beauty of Kosovo, There is a lot to see and visit in Kosovo from Prizren and its old town to the Byzantine monasteries of Decan and Gracanica to Pristina itself a dynamic and growing town and we have rising number of tourists coming from all over the world and we are as well starting to receive tourist group touring the whole southern Balkans and group travel by bus and visiting several Balkans countries at once. Kosovo has come a long way from the war torn country of 1999 and Kosovo is proud to announce the large resort development for winter skiing in the Balkans with the French Bresovica project signed and with over 400 Million Euros committed for the northern side of the Sharr Mountain between Kosovo and Macedonia.

Kosovo Natural beauty - and full of resources

As well Kosovo has a lot to offer in terms of agriculture production with land and water and climate fitting for vegetable production. Kosovo has a very successful vegetable and wine production Kosovo has a lot of mining and minerals from coal to about everything but due to political challenges Kosovo has not been able to access it but Trepca is not just a myth and the coal underground is real. And even if Europe might be leaving the carbon age at the end of this century, Kosovo is going to fully develop the carbon potential of Kosovo and the major carbon reserves of Kosovo will be one of the key pillars of our development as they are one of the biggest in Europe. Kosovo needs European technology and capital to realize this and has invited the European energy industry to come to Kosovo to realise such projects. After the progress in the peace process with Serbia and the signing of SAA with Europe and with the new coalition government firmly in place it is now the time for these major projects to be realized.

Key to have the ear of the Prime Minister

For all this to happen such a strategy needs the ear and full support and commitment of the Prime Minister. Nation Branding, Country marketing and Investment promotion can not be delegated and relegated to the lower ranks of

government. Neither they will have the authority to decide anything or the impetus to drive an agenda or the power to sort things out for investors if they are not close enough to the PM to get things done and of this is not possible better postpone this drive until the PM or his successor is ready. Montenegro leads the trail and the results are magnificent. All global state backed sovereign funds are engaged in Montenegro. And all these efforts and indeed major investments have the backing and support of the PM and nobody considers it reasonable to play silly games with the pet project of Mr Djukanovic. The same was true for Mr Berisha in Albania. If you allow all mid level bureaucrats to prey on the opportunities there will be simple no opportunities left. Leadership is the key.

Keep it simple, and easy - Kosovo the best place for business in the Balkans

Kosovo today is already a much better place than the perception is in Europe and so you can not get it wrong. Anything which grabs attention and brings people here will have good results and things are improving on the ground, That is why it is good to be spectacular and grab attention. This is to be done with dramatic announcement and with promoting issues Kosovo is not famous up to now. To compare with other growth oriented parts of the world like the New York of the Balkans. Kosovo the new Singapore of Europe or welcome to Kosovo the most ambitious economic reformer of Europe, the country with the best and most modern highways of Europe. To be proud is not to be wrong and to boast and exaggerate is useful to attract some attention. People expect worst news and deference from Kosovo. Some hyperbole will help to attract some attention and let the Mother Theresa Pedestrian Zone and the 5 Star Swiss Diamond Hotel and the Resort like Hotel Gracanica do their magic and suddenly some better news and image might be in the making. The principle idea is to tell everybody that Kosovo will be the best place in the Balkans to do business for European companies and to gradually turn it and work with self fulfilling prophecy in the positive upwards spiral. Certainly it is a momentum task in reform effort and communication but is there an alternative? The status quo is certainly not acceptable.

The Capital, key to country marketing and Nation branding Pristina, the Brussels of the Balkans

A central part of a strategic development of country branding and investment promotion for Kosovo has to be Pristina, the capital of the Republic, the first place to visit for international guests and the place to do business and politics and the center of the nation and the visit card and entry point for the world. Pristina has developed a lot in the last decade but significantly more has to be done to ensure Pristina is supporting the relaunch of Kosovo as the launching pad for business and tourism and as the symbol for a European Kosovo. First we have to discuss what makes Pristina special and different from other Balkan capitals. The central differential feature is the international exposure of Pristina and in many ways it is a kind of a Brussels of the Balkans. No other city of the Balkans has so many foreigners, international diplomats and experts and police and justice experts and NGO staff living here and many have settled here permanently and some have married with children, settled and will operate from here for the future and this is changing Kosovo. Pristina is already much more English spoken, international and open minded than other Balkans cities and this is a key advantage to be further developed. Still there are lot of major employers like EULEX and UNMIK and KFOR around and despite the current nationalistic backlash here in Kosovo with the direction for them not to continue it is a unique advantage to have such a high international exposure and indeed the strategic recommendation would be to try to negotiate with the international community to have a permanent international institution based here. The most ambitious is to turn Kosovo into the 4th permanent seat of the UNO which might sound impossible for a nation that not even joined the UN but did Switzerland host the UNO before or after if joined the UN and as Austria not a neutral and divided country before the UN decided to put its 3rd base there? And Kosovo could be the training and command center for international peace keeping mission for the UNO. There will be a lot of need for that in many countries along the souther rim of the Med and the Middle East and Kosovo is based half way in between and labor costs are cheap and the bases are already there. The UN still has considerable bases and assets here in Kosovo and there is modern airport to reach the world and there are thousand of staff here who know UN procedures and regulations. There are other options as well to attract international institutions or to turn existing institutions already here into permanent based organization settled here in Kosovo. The Kosovo Security Academy in Vushtrri, based in a large Ex YU police training facility is

already operating 15 years in training police and security and emergency responders and has an excellent regional reputation for training police officers on multi lingual and multiethnic top standards and why not offer to turn it into a regional security academy based on the RESPA model, the Regional Civil Servant Academy based in Danilovgrad in Montenegro? Or try to convince the EU instead of closing EULEX turning it into a European Center for the Fight Against Organized Crime and Trafficking under EUROPOL and based their regional training and SEE command there in Pristina? Much better to include the major efforts for Kosovo into working European institutions and so to avoid the present birth mistake of such bodies and in principal great organization that they are supervised by diplomats and purpose made for Kosovo and so instead of focusing on rule of law and implementing of justice have to stay highly politicized purpose build bureaucracies with a limited time frame for their staff and so full of insecure justice official full of their own employment considerations. And justice staff should be by nature secure and long term like justice itself. This is not helpful and for the same budget and with much better results such a permanent base of EUROPOL can be developed and no matter how successful EULEX and the Kosovo justice system will be there will be always organized crimes inside and outside the EU and here in Balkans as well here along the transit corridors of European and the Middle east and Asia. There can be other international projects and organization which could be attracted to settle one base in Pristina. Why not try a Guggenheim Museum here or something similar. There is considerable Good Will for Kosovo in the US and why not try? The basic idea is to ensure that the internationalization is a key advantage and it needs some permanent symbols and institutions. It is a basic illusion of some in Kosovo that the future can or will be less international and it is time to go home for the internationals. In fact a European Kosovo and once as well a Kosovo with free movement and full rights for all Europeans will be a much more multinational and open place than some here might imagine. Please see how European Union membership and international trends have changed Vienna and Athens in the last 20 years and prepare for it. The international presence for Pristina is a key advantage and Pristina should use it more strategically.

Rethinking Pristina

Pristina, the Brussels of the Balkans II

The main attraction of Pristina and a great achievement of the last years is the pedestrian main street between the Parliament and the Swiss Diamond Hotel and the Grand Hotel Pristina. This is the heart of the city and for a city without river and natural attraction and possible one the most difficult place to turn into a European capital the pedestrianization of the Mother Theresa Street is an excellent milestone. Kosovo can be proud about it. But this is done and time does not stand still. Since the historic elections of 2013 there is new mayor and it is now time for the next major milestones in the coming year. There are some very good candidates. To renovate and revitalize the old Bazar with the old town and the Mosque and the Museum Quarter of Kosovo a Museum Quarter can be quite an attraction and yes there is the street to Germia in-between but that could be easily crossed with a nice stone arch and then we have the 2 great museums of Pristina and the two Mosques and the old Pazar in one zone and the street to Germia in that part could be turned into a Tempo 30 zone with Pedestrian priorities as this part is full of school and the lack of traffic education in Kosovo school turns it anyhow into something like that. And this is a very beautiful part of the town which has not received a lot of attention and is has deserved more and will be a major tourist attraction once reasonable well developed. The second part is to turn the Government Quarter into a joint Government and Party center. Government in the day and party in the night. The area is already developing in that direction. it should include the quarter from the Parliament and EU buildings to the UCK street and Restaurant Gagi and the street leading to the Swiss Diamond and the Ministry of Infrastructure there is not a lot of residential building and so there is the option to pedestrianize the area and remove the parking areas or restrict them only to zoned parking and remove the traffic and allow for longer outside opening hours and turn this into a kind of open bar within certain limits. This would be very attractive for the youth and is a key part of the any European city. As it is mainly administrative buildings and come commercial areas and less residential there would be a limit of conflicts with residents and property owner and this area would be very much suited for a Business Improvement District to follow the success model of Albania and the transformation of Korca and Shkoder by the Albanian authorities and the AADF the American Development Fund. The model includes the donors, property owners

and authorities and commercial retail of an area and develops an association to upgrade property, commercial and infrastructure to be more attractive for shopping, tourist and leisure and gradually move the area upwards. Works very well in Albania, Will be a great success here as well. The third key target area for a upgrade and revitalize which will turn Pristina into a European capital is the University Campus and to develop that Campus area around the University into a great place for learning and leisure and playing and to develop it into one piece and only allow further student and university buildings into that quarter of the city and gradually remove or redesign all other buildings or relocate them where possible. That would be the 3 medium transform projects to turn Pristina into a European capital and with it upgrade the whole city as a pleasant place to live and work and this will be essential to attract brains, managers and skills to Kosovo in the future. A place where even the own population wants not to work is must be very attractive commercially and Pristina is far from that and surrounded by much better located and better climate capitals ahead of it like Skopje, Tirana and Podgorcia and Belgrad. There is some competition out there and so better get going.

A Central Park for Pristina

The central project for the transformation of Pristina which ETR is proposing is the Central Park of Pristina. This should be located at the place to today stadium of Pristina. Stadium in city centers is a very communist and fascist idea and dictator like them to hold their manifestations, entertain their suppressed people and allow them to imprison a lot of people is they please to. Yes this is why stadiums are in city center. Certainly not to please the central city residents with a sport location. A National stadium should be outside at major parking and public transportation and highway access for the whole nation where the national can celebrate and the police can regulate the movements of the public and nobody is disturbed and only the people interested are concerned from noise and traffic. And this decision would open a wide area in teh city for the following features. A central Park, a new Parliament for Kosovo as a symbol for Kosovo new democracy and as well a Museum for Kosovo history very well positioned opposite of the PEN club where late President Rugova has resisted the Serb suppression and developed the nation.

Relocate the Stadium, Create the Pristina Central Park Pristina, the Brussels of the Balkans III

As well this area should include the Youth Place as a central place for congresses, events for cultural and political, conference and sport and in urgent need for redesigning and renovation. And all the public buildings around should be relocated towards the suburbs like the police, the prison and special prosecutor and the offices should be used for the Kosovo Parliament and its staff and as well this area should be developed more in an outside bar area very much in line with the mood of the cool Pristina and its trendy youth and as well pedestrianized. So in this area to have a Parliament and a central Museum of Kosovo History and a park for the families and youth to run, stroll and enjoy would serve very well the European capital idea and make Pristina a much better place to life, work and enjoy. And both the Museum and the Parliament would be powerful symbols of the new democracy of Kosovo, aware of its history and ready to discuss and present it and open to the world and a international architecture competition would bring amazing results and why not invite the world to share ideas what can be done in the possible most underdeveloped central piece of property in a European capital. As well the new congress and sport place please do not call it Youth palace and please stop using YU socialist terminology of supposedly focusing on certain group like the youth as part of the compensation for freedom and prosperity. better call it Congress, Conference and Sport Center and allow it to be build in PPP and one of your local construction companies will be able to do it quite well. And of course than commercially market it as any of such centers. As close to it Pristina is developing a amazing area of skyscraper in Lakrishte Manhattan of Pristina there will be a lot of people to use the Central Park and the Congress and Sport Place and Shopping areas around it once it is redeveloped and looks more decent. Of course this requires some kind of parking and traffic strategy and as good as it is that Pristina is now getting more serious in the fight against parking on pavements this was overdue and a decent underground parking strategy and a general parking payment strategy is overdue as well. That this process is blocked because the capital dn the government can not agree on a public company is a shame and please find another way and please look to Podgorica which is about the size and much further in about the same time in this sector. it is totally possible to building underground parking in Pristina and you private sector is totally able to do it just regulate it well and you will be surprised by the result. The present debacle is

simple not good enough. As well when it come to the management of the road system please allow to suggest some changes and propose a more effective one way system in the center there are many options for it and to ensure there is a reasonable ring road system and to ensure Tempo 30 in the inner city and to ensure that the Easter Ring Road is finalized with the EULEX to Hospital link which would help a lot and a tunnel below Velania to Luna Park in Tasliqe and from Tasliqe to the northern Exit road. And as well give up the illusion of waiting for rail road and use the Former tracks below Dragodan to extend the Western tangential road below Dragodan towards the northern exit where a similar decent round about to improve the northern exit of the town would as well help a lot. And the railroad should stay in Fushe Kosovo where there should be a multi modular mobility terminal including highway, bus station and railroad and close the airport and this would make a lot of sense to turn this Fushe Kosovo area in the logistic hub of the town and with a customs terminal and everything big there and no big trucks into Pristina beyond that point. and Put the national football stadium close there as well. And suddenly Pristina is a European capital, and a good place to work and live.

There will be of course considerable costs in such a transformation and they have to be shared between the city and the central government and the donor community and certainly this will be a long term project but once you allow municipal bonds and you stop subsidizing the public waste and water companies because you simile collect with liability Katsater and once you collect all parking fee and property tax and once you have decent urban planing and e permitting process for construction permits and once you start to auction off city construction land to the developers and once you open the underground parking market to the construction companies on tender basis you might receive a lot of additional revenues.

As well it would be good to centralize the public property ownership in a state agency for property management and to ensure a more reasonable policy for housing public institutions and as a considerable part fo teh civil servants and anyhow commute from within of 50 km of distance to Pristina why not relive the city and develop some more public buildings along the north west and south axis of the city and so relive the pressure from the city and so as well the parking and congestion situation.

Rethinking Investment Promotion I Transparency of Investment Opportunities- The FDI Council

Key is a clear vision which we have developed and now a segmented approach in terms of sectors and countries of origin of such investment capital. In terms of countries of origin the same applies like with all companies. First to focus on the existing companies who have already invested and ensure that their recommendation, feedback and request for support in order to facilitate further investment and complete or extend their portfolio is successfully handled and then ensure the same with the Embassies of the countries already leading the FDI statistics. And then to develop based on the vision for Kosovo and the existing defined investment opportunities which countries have funds, have potential positive existing exposure towards Kosovo and which have a existing investment best already in the region in a sector with is of interest for Kosovo. There are several tools for this which need to be established. First to develop a FDI consultation process with the major investors and their business groups like the EIC and the AMCHAM and the joint industrial committee of the Kosovo Chamber of Commerce. And systematically assess what additional investments could be facilitated and how to ensure they are happening. A lot of traveling costs can be saved and it can be very effective with very limited costs. Secondly is to promote investment in Kosovo towards the existing investors stock in Macedonia, Albania and Macedonia. Maybe there might be some interest in the region and in fact there are 10 times more Austrian companies in Macedonia than in Kosovo and there are most of the major European energy companies in Albania already and most of the world state sovereign funds are invested in Montenegro tourism and so why not invite them over or go there and show them what Kosovo has to offer. The second key tool is the development of bilateral chambers of commerce and the institutional honoring and consultation of them in order to establish more and encourage their activities and competition and ensure they are sending the message across to their members. Kosovo is a good place and open for German, Polish, British, Spanish and Italian and Chinese and all other business who come with good intentions and from countries no matter if they have recognized or not. Commercial links with China could be for example the first step to such recognition later and that would be a big step. And where such Chamber do not exist they should be encouraged or the Albanian Chinese Chamber or the

other Albanian bilateral chambers shall be invited. The FDI Consultation council should then meet 4 times a year always with the Minister or the PM honoring the occasion and show how important the network of the bilateral chambers is for the Kosovo Government and the results of listening and learning from them but as well from their communication back to their business communities will be very positive. The 3rd step is to define where and from where Kosovo wants investments in which projects. And yes this can be defined in a strategic manner. Big projects often do not meet with too much potential candidate world wide and before wasting time with illusions it is better to analyze what is here to do and who can do it on political, financial and technical matrix and then to offer and invite all the potential candidate and not to waste anybody's time and resources. And when it comes to smaller and medium companies to make call and publish them in transparent database of investment opportunities. Transparency is anyhow the key word for successful investment promotion and transparency should apply to the process from start one. But before we analyze these steps and why to take them first to the segmented approach as well in sectors. There are as many as the economy has sectors from energy, mining, manufacturing and service outsourcing, IT, Tourism, Property, Agriculture, Retail, Telecom, Banking and Insurance, Textiles and Leather, automotive, construction material, wood and wood processing and furniture, chemicals, medical and pharmaceutical, gambling, media, movies and music and medical herbs and maybe many others. Key is from the FDI perspective to show first online one or more success stories and show as well in clear ranking possible produced with one of business media ranking of the best companies in each such sector including local and international ones. Companies are more interested to invest in sectors and business models which are working and successful already and there is a market already and this transparency is missing here. Such sector profiles and ranking might exist already and need to be updated only but best is to develop a permanent ranking process of each sector and so to yearly update them with a commercial business newspaper like the Economist Kosovo and so to gradually allow a better access for consumers and investors on who is doing what and things will be improving fast.

Rethinking Investment promotion II

Politics, Power and Investment - Transparency and Leadership

Transparency helps and as well such transparency helps in terms of investment advice and business service provision for international investors. Investment promotion in the Balkans is today unfortunately highly politicized and a lot of politicians do free lance in it or let their proxies free lance and market their influence and decision making power. If it would be working it would be mainly an issue for the state prosecutor and the conflict of interest and compliance committee of the Parliament or for historians but as it is not working it might be not such a good system....and it is time to get some more transparency into the process. Starting from the investment opportunities itself which Kosovo consider relevant and open for investors please publish it online and then reaching to the issue who can call himself a investment consultant for international investment and maybe to very liberal not very necessary to be a member of BCC, the business consultant council and to be as well licensed from the Investment Promotion Agency. There should a open call and clear not complicated criteria and nobody should be blocked if within the rules but there should be some standards introduced with the industry of accountants, lawyer, consultants, PR companies and public affairs professional no what to do and how to do it. And all such expert for investment promotion shall be officially online on the website of the investment promotion agency. And can be removed in case international investors complain on compliance or incompetence. There will be certainly resistance but it is worth doing as it will be very beneficial because it will help to orient the international investor with whom to work and gradually drive up the standards of the industry. Further more all such experts from accounting, lawyer and consultants and government relation experts and all service providers of the FDI companies in Kosovo have to be included in a feedback and consultation exercise as they are the professional who are day to day on the front to solve issues with the investors and sort public policy conflicts out if they occur and there are always such conflicts of various reasons when bigger project want to be realized. You have to listen and learn and build a responsive system ready to listen, learn and powerful enough o improve in terms of legislation, implementation rules and practice and tax and customs issues and planning and construction and labor law issues which will the most important areas where investors encounter issues. So investment promotion must to be close to politics and the more Kosovo wants to attract investment

and the bigger the sums get the closer it has to high politics and so access to decision makers has be effective and swift. On the same time there should be no democratization of who has the access to the investor and with it who is sending demands and request on behalf of the Government to such investor who once they have invested are very much dependent on the good will of government official with often just limited public and parliamentary control and so high level of discretionary power and short term political perspective and high level of personal unsatisfied desires. Not a good combination to leave a investor alone with and not good for anybody and so there has to be the clear line to the top and a certain level of respect that not everybody can ask anytime what come to his mind and desire but to ensure that everybody is watched and there is clear support from the top politics for foreign investment in Kosovo and wrong doing will have consequences. There can be no other way. at least no one that is working. If a project is of strategic value for a nation there should be anyhow a one stop shop for handle all request in terms of permitting and licenses and expropriation and land access. If the country decided it need international capital, know how and expertise in management and technology it has to support the investment in an effective manner. if you look at the FDI statistics of Kosovo today in 2014 with 126 Million Euro you see in fact is property related Diaspora investment and a bit of retail and banking and there is a reason for this. This effective support is not happening and so all potential candidates are handed from one political to the next who is promising support in exchange for shares or funds for him or his party and all before a Euro turnover and so mostly these discussion are fanasty because and this is important not European top or medium executive will risk his job for any project in Kosovo. And the current European legislation is very clear. Wherever you commit active or passive corruption an investigation at home of waiting for you and once you made it up the corporate ladder on the top you are very careful to stay there. Somebody has to explain this to the Balkans politicians still but they are learning fast and running to Turkey. But guess things will turn sour soon as even there highest authorities are shacking under public and prosecutor pressure. These times are over indeed and good so and time for a new chapter based on real opportunities for development profitable and legal for all side. Transparency, Compliance, Leadership is required.

Reducing corruption in Investment Promotion Turning Kosovo into the best place to invest in the Balkans

The way to reduced such political corruption is transparency on tendering opportunities, improving the business service provision and the making the regulatory approval process as easy as possible and so gradually reduced the influence of politicians on such projects.

This is the main obstacle for investment promotion and the key factor is as well the role of the Prime Minister. In Montenegro and Albania and Macedonia the Prime Ministers are very much engaged in realizing such major projects it works. A look over the border would be very helpful to ensure gradually better standards in this sector. The second issue is the rule of law and the implementation of court decision and the property sector and here a lot has improved but still this is a key challenges to make investment reality and keep the investors investing. And of course it is the jurisdiction and its reality with lack of property rights, limits in intellectual property rights and trade mark protection, the factor of money laundering looking for low profit fast washing investment to the detriment of real investment capital and the lack of skilled medium level expertise and the small market size of a shrinking population to to immigration and lack of regulation and sub regulation for many small but important tax and customs issues which always turn out as big issue instead of being solved reasonable fast in favor of the investor and seeing the general interest in creating employment and not training the tax inspectors in European regulation and its bad translation in Albanian. Here the investor has to be listen and his complaints have to be addressed and it can not work until now with a warm welcome and the rest is your risk and we are on the road again to find the next one to be blocked inside a immobile investments in Kosovo suddenly facing a lot of issues. Investor talk as lot and Kosovo has to be on the good side or solving issue, supporting investors and being profitable and yes this is important the capital of investors is not donor money to be sent and forget but it is real private capital of owners and shareholders and investor who want to have return and that is good so. No returns no capital. So easy. And most investment up to now as state backed or on state concession with a business model with a state price guarantee like in energy and airport. if it is now time for the private sector and real risk and real return please ensure that this is reality as well and investors want and have to show returns.

This is essential but there are many other issues to address as well when it comes to FDI. Market

surveillance, competition law, anti subsidies and decent control of technical and product standards and many such similar possible boring but in reality very important issues to turn Kosovo into a successful and attractive place for international capital. The way to do that is again industry stakeholder forums starting for construction material forum with the key stakeholders to bring producers and consumer of a sector together and ensure the regulation is in a contact improvement process with the professionals. Such forums have to be held in all relevant sector and the financial sector and the business service providers active and present and the recommendation have to be developed into regulatory improvement of these sectors. FDI advocacy has to included in the main activities of any FDI agencies and the high level support of such an agency must result in real improvement and once this is clear than the agency starts as well to be a factor and be taken serious in the investors community and suddenly is not playing to the Kosovo based and international donor community interested to ensure a better investment climate but is dancing with the Kosovo based investors and the international investor community is coming in and wants to be part of the party. The you gradually becoming a relevant and than things are moving. And Kosovo with it.

Key is to understand Investment Promotion, Country Marketing and Nation Branding as a unit with is working on the top level of government and has the support required. Macedonia is doing a lot of things right with the road shows and the top level PM led promotion tours though European capitals. If supported by the Embassies and the political establishment of the host nations this can be very effective tool. Social media and Media campaigns might be useful as well but Macedonia has spent a lot for that and once the product is not right and people read in the news section bad news better to save the advertisement money for later when the nation is ready. Better to design smart policy and make Kosovo work first before a lot is spend on campaigns and travel costs. The decisions to invest or not in Kosovo are taken back home but the reason on which such decision are based are very much the one the Kosovo government can influence with its reform efforts, commitment to contracts, not changing track at each change of government, constant and stable and reasonable tax policy and help when required and no political interference and unreasonable request from politics or administration and things will start moving here very fast and to the surprise of all.

2015-2020

AGAINST THE STATUS QUO - THE BALKANS HAS DESERVED BETTER

10 Game Changers for the Balkans

Towards a new approach for a European Balkans based on better public policy

1. Fast Track EU Integration - same leadership as with Romania and Bulgaria
 2. A Internal Market for the Balkan 6 now
 3. The Berlin Process for the Balkans
 4. The Adriatic Highway
 5. New EU China Cooperation for the Balkans
 6. European Balkans Railroad Authority
 7. Major Economic Reform Drive
 8. Liberalization of Drugs
 9. Balkan 6 inside ESM Mechanism
 10. Open EU Labor Markets for Balkans 6
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10 Game Changers for the Balkans

Changing the Game

Time for major public policy shifts to counter the current crisis in the Balkans

The bad example of Greece shows what can do wrong with bad public policy. Several experts and personalities here in the southern Balkans brainstorm since 2012 what kind of major public policy shifts the EU and the Balkans could undertake to change the game, turning the tide and do something spectacular with positive impact. We have no doubt that other forces, possibly more powerful are doing the same and in fact some with good and some indeed with very bad intentions. There is no doubt that there is tremendous good will for the Balkans in the US and EU but if the attention is deflected and there is no doubt that there are serious interests east of the Balkans using their strategic arsenal to ensure no progress is happening here resulting in fact in steady decline and a loss of trust in the European future of the Balkans. Now as competition is good and political entrepreneurship and creativity is what we believe in please let us share these 10 Game Changers which are the results of these discussions since 2012. And being fully aware of their low probability of realization we would like to express that as well non action and refusal of possible scenarios is a form of public policy. There is a choice and good public policy is possible or not and like with Greece we have to face the consequences of our action.

1. Fast Track EU Integration for the Balkan 6 like for Romania and Bulgaria.

The misconception which is powerful is the decision to integrate Romania and Bulgaria back in 2007 was too fast and they were not ready and the EU has now a problem. Yes there are problems but that is why we have institutions and processes inside the EU to settle and handle them. If they are not good enough so let us improve them but the current crisis with Russia and in the Balkans shows how excellent it is that Europe took that step and the same can happen with the Balkan 6 countries and integrate them not when they are ready because this might take 30 years but make them ready by integrating them and lift the capacities in the process. Now Europe has the capacities and please let us use them. And the Western Balkans is not different from the Eastern and indeed was 25 years ago much more developed and yes there was war and destruction but now things are much better again and yes the Turkish tradition of Ottoman Kleptocracy are entrenched but so they are in Greece and these can only be settled by time and major effort inside. Small countries with greedy,

immature elites can only improve with a European legal framework above them which they can not influence and independent justice system above national courts which can not be bribed or threatened. So how could such fast tracking happen? Simple do the whole process of negotiations with all 6 countries and allow for massive transition times in all chapters with issues and close them and bring them in. We have 2015 now and with some good will and such a public policy change all Balkan 6 could be inside the EU by 2024 and their citizens vote for the European parliament then. And as it looks now not even Montenegro the best and most developed will be able to achieve this without such a public policy shift and what is gained but waiting another decade?

2. A Internal Market for the Balkan 6

Even fast a full internal market for the Balkan 6 countries could be established with freedom of movement of capital, goods, service, and people inside the 6 countries. Please it was one country with all such freedoms just 25 years ago not including Albania but all other 5 were part of it and it would be very beneficial to have such a bigger economic space again, this time build on freedom and not on force. A lot was discussed on this as part of the Balkan Benelux project already and as part of the FM Luksic project from 2013 presented in New York. It is easy to dismiss is a Yugonostalgia but it is far from it. It is preparing the region for the EU, based on the same laws and regulation and principles and the fast the region can show to Europe it is ready for such an internal market the fast the EU will be ready for the Balkans. As well please note that all the Balkan is surrounded by EU countries Croatia, Slovenia, Hungary, Romania, Bulgaria and Greece. And why not open the borders unilateral on behalf of the Balkan states to the EU? Everything which comes from EU is certified and controlled and inspected and taxed and regulated and so why not open the markets and let freedom reign. The only outside borders are the airports and the sea ports and why not focus the resources on that aspects and ask for EU support in the Adria and in the airspace if not able to inspect on EU standards. Be sure that regional crime networks are not hindered by the local dogana officials and many are certainly on their payroll anyhow. It is a terrible waste of time and funds to have these borders today operating in such a level.

We need the Adriatic Highway Now!

Concrete results for the Berlin Process for the Balkans

Will suddenly all Albanian criminals do their business in Belgrade and the Serbian mobster will be unemployed? Is the internal immigration to be expected really so big or do the people not prefer Switzerland, Germany and Austria with their efficient labor markets and high productivity and income opportunities. Will it happen yes anyhow after EU accession in 20 to 30 years and then 7 years of transition time for free movement at about 2050....or simple now....Good we understand you guy here simple hate each other and do not want Albanians, Serbs, Bosnian and vice versa and so better everybody stays where he was born. Great that you have fully understood what Europe is about and great that your youth has no future in the countries run along such bad public policy. Up we go to Canada, the last please close the lights.

3. The Berlin Process for the Balkans.

This is a real token of hope as now Germany and the Chancellor has understood that there is a real danger in having another Balkan crisis and in fact a 3rd front with Putin Neo Imperialist Russia via its proxies here in the Balkans. And the process is excellent, the meetings fabulous and the atmosphere excellent and as well the concrete cooperation seem to lead to coordinated infrastructure policy and all this is very good. But will there be real money and major visibility of flagship projects which symbolize Europe and bring the belief in the future back to the region. Which make the region vibrate with positive dynamics and a clear European tangible commitment towards such projects as we are totally able to develop inside the European Union with the last infrastructure package of the new commission and the Brenner Basis Tunnel, the tunnel between Germany and Denmark, the Channel for Paris to the coast and the Rail Baltica and so many others where there is major tax funding available and what will the Balkans get? It remains to be seen but the current information is not even the full funding for the Adriatic Highway and this is simple not good enough. Great process, but the results ...please where are the results.

4. The Adriatic Highway

This would be a great results. Croatia has it finished until Ploče south of Split and Greece has a the major East West Highway ready, thanks to Europe but the rest is now going through difficult terrain both from the

landscape and the fiscal space. Montenegro, Croatia and Albania have spent what they could with the highways finished or under construction and the landscape is the most beautiful in Europe and the most challenging mountain and coastal strip to build such a highway with the costs such terrain requires. But this would be a fantastic result for the region and Europe and really connect the Balkans with Europe and add a second transit route and would help with all economic development, European transits requirement and the better access for European tourists and Balkan Diaspora working inside the EU. If there is any project which could help the region and receive a lot of visibility than it is this one and let us hope on wisdom and funding in Vienna.

5. A new China - EU cooperation platform on Balkan infrastructure

China has developed considerable interest in the Balkans in the last years from the port of Greece to the transit routes and some concrete highway funding in Macedonia, Montenegro and Serbia and some energy project in Bosnia and the railway between Belgrade and Hungary if that is not stopped by Mr Orbans crazy Berlin Wall No 2 revival plans, and possible other projects in energy and infrastructure which are still under discussion. But this seems to be happening not fully coordinated between EU and China but is received as a competition and as of course we are in economic competition with China but there was not recent political challenge from China to the West and indeed as the relations with Putin Neo Imperialist Russia are at the worst since the end of the cold war so a closer Western cooperation with China might make a lot of sense and instead of blocking and seeing it as a threat maybe it would be better to coordinate and see who can do what for the Balkans and where it makes sense to work together. Nobody will have enough money for all the project and indeed the the challenge of Balkan infrastructure is enormous and for many generations but close coordination between EU and China might be a successful result and part of changing the game here. And China has no strategic interest here beyond trade and business.

A European Railroad for the Balkans And a major economic and political reform drive in the Balkans

6. European Balkans Railroad Authority

And railroad are strategic assets for industrial and military aspects and should stay under European control on the European continent. And to have such a real railway system here in region to connect Greece and Turkey with Central Europe and the Balkans in between would be excellent and we have discussed this already. But the Balkan 6 will not have the resources for such investment for another generation or two. Small countries at this stage of development never had and will never be able to pool such investment funds. This is a Federal Union is the task of the highest level of a Union and the EU is taken that on it self with the Brenner and other project and who is doing that for the Balkans? And as well the tracks and the direction has to be taken under EU authorities in order to ensure reasonable management and cross border cooperation and so the establish of such a European Balkans Railroad Authorities in which all participating countries pool their railroad infrastructure and the operation is liberalized along EU guidelines and the EU commits the funding for the development of the rail tracks infrastructure. Such a authority could handle larger funds than the regional governments and could be later partially privatized to recover part of the funds of finance the next stage of development.

7. A Major economic Reform Drive

A big game change would be if the countries here say good bye to post YU socialist nostalgia and inherent collectivist economic policy making and real embrace the market economy and as outlined in this newspaper to really put forwards an ambitious reform project focused on competitiveness and productivity increase. But as many here want to replace YU socialist thinking with Western European Social Welfare and social Democratic models without any fiscal and economic basis to finance such redistribution it remains to be seen if such an agenda of reform can be realized here in the Balkans. The alternative we see currently in Greece.

8. Liberalization of Drugs

The Balkans is not just a consumer region of drugs like all Western countries but as well a transit route from Central Asia and Middle East and as well a manufacturing place for some synthetic stuff with exlenet ties to South America via the sea ports but with Albania the largest producer of Marijuha in Europe. This poses a major

public policy dilemma in terms of health, organized crime, youth orientation, money laundering and corruption. Certain parts of the political specter supposedly see their public policy interested in ensure non prosecution of the people and funds from this sector. Albania could get the EU candidate status just after having send the special forces in the Souther Lawless Drug Zone called after the most famous village of Lazarat. Since that after 2013 a debate has developed to follow the example of some US states and the Netherlands and change the public policy approach and start to gradually decriminalize consumption and liberalize the public policy and enure all the negative effects of the political and economic system are removed and the remaining issue is more one of health policy for consumers and of finding alternative farming and employment opportunities for the producers. This is certainly a major challenges given as well that most of the transit and the production and the manufacturing goes to the EU markets and with their various policies on that issue this will be not easy and this issue has to be tackled because neither accepting the status quo nor using heavy military force will really improve the situation sustainable as long as the market, incentive structure and profitability is like it is.

9. Including the Balkan 6 in the ESM

The Balkans countries are all more or less part of the Euro zone. Serbia the only exemption with its Dinar floating and in fact losing half its value since 2008 as a sign of its lack of reform and political and economic confusion. But Macedonia has pegged the Dinar to the Euro, Bosnia has the Mark pegged, Kosovo and Montenegro use the Euro anyhow and Albania is defacto close to a peg which is stable since the start of crisis with some minor fluctuations. All countries receive most of their national income from a mix of remittances, FDI, donors support and export revenues from the EU and indeed as already said the Balkan is a kind of informal second rate step child of the European Union already. So please maybe time to formalize it and given the external shocks of the past and the now possible Greek default it would be about right time to include it into the European fiscal stability mechanism and so to ensure stability, good financial governance and long term growth and investors confidence. Include the Balkan 6 into the ESM now and so have a better say in fiscal policy and ensure fast EU accession and no accumulation of fiscal risk on the way. No second Greece in the Balkans.

Open the European labor Market And Open and Liberalize the Balkan labor Markets

10. Open the EU and Balkans Labor Markets

A key game changer is the opening of the EU labor market not in 30 years but now with a 5 years Work and Residence facility for the Balkans citizens. There can be not enough job created with the best and biggest package for the people here in decades because of historic imbalances and population dynamics and small market size. And as well the exchange of labor, the division of labor the matching of skills in a bigger labor market is very beneficial for all side and this is one of the key reasons why we build Europe and why we should no longer exclude the Balkan people. Anyhow they shortcuts such exclusion but such solutions are not really good for all sides and it is better to have a clear public policy on that. 5 years Visa facility for work and residence and one renewal and no automatic resident rights and citizens rights. And after 10 years the economic systems and the labor markets here will have stabilized. Of course a lot will go but not everybody. A lot of people have a reason to stay and work here and will continue to life their life here and contribute to the development of their economic and their society but the one who want to leave and have a better life why to keep them here by force or ensure they have to work in grey or illegal markets and activities and why are we treating our fellow European so shockingly bad. Such to satisfy the nationalist and socialist and trade unions of Europe? it is shameful what we do with repatriation and it is wrong. and it is openness that creates prosperity.

These are the 10 game changers for the Balkans. Clear most likely nothing of it will happen or be realized but without dreaming no glory as Charles de Gaul famously noted and it is not true that we are in pre determined downwards spiral and nothing can be done to stop or revise the trend. if we do nothing it was our choice or incompetence but a lot can be done. For Greece, the Balkans and for Europe and as always freedom, property rights and decent public policy based on these principles can make a big impact.

And as always the person, the man or woman and its freedom to decided as voter and consumer must be in the focus of public policy debate and considerations.

As discussed in the immigration chapter of the Road for growth for Kosovo good policy of economic policy and investment promotion is always focused on personal and individual rights and perspectives and so well when we call for the opening of the European labor market the same is true for the Balkan labor market. For the regional workers, for the Chinese and Afrikan immigrant and very much on the perspective of the manager who might run such a investment and live here in Kosovo. How will be his registration process with migration police? How his tax rates? Will he receive a final recognized taxation certificate valid in the world? Will he have good schooling for his children? Will his wife have some social and cultural activities? Or will he base himself in Skopje and just commute and spend and love that country instated of Kosovo? Or better to analyze the situation in a segmented way and enure there is good school, good tax system, working fairly and with a final certificate and something what is called location and head quarter strategy worldwide to ensure the managers want to life and work here and the authorities make their life so easy as possible and are as helpful as possible and who is not has a serious issue with his Prime Minister or Mayor and not just a shake of the head and a smile and a joke that he is interested just in big issue. Kosovo needs a complete new welcoming and hospitality culture for international managers and staff of international companies and not a welcome and good bye and better stay in informality and so long as we do not care there is no issue policy. This is not good enough. There needs to be a different standards for a European capital .and as discussed as well the residence itself and using Kosovo as a new base for global activities is a very relevant area of investment promotion. Offers work and resident paper for a future European member state can be very attractive for Chinese and Indians and combine with a property investment criteria there is significant business opportunity attached for Kosovo. And there might be many other areas which come long the way and can be identified but key is the have the right institutions in place and work motivated and in a positive environment and the team has the sense of a mission to make Kosovo work.

Kosovo is the best in highway building but... Leave the Railways to Europe...and time for EU responsibility

Western leaders and diplomats are often stating the major investments in terms of political and financial capital that they have undertaken to save, liberate, reconstruct and develop Kosovo in the 25 years since the end of the cold war. And it is true a lot was done and there would be no republic of Kosovo without Western intervention and support. But compared with the help Greece has got since 1981 and Bulgaria and Romania are getting as being already full member the amount of support for the Kosovo and the whole Balkans is modest. Not to be ungrateful but to be objective. And as well all the advantages of full membership for Greece, Bulgaria, Romania and now since 2013 as well Croatia which the remaining Balkan 6 will not share for decades to be realistic as much as the ETR would like to see that. but even the lucky Balkan 4 already inside share one key infrastructure dilemma with the poor neighbors from the Balkan 6 outsiders. Most railroad infrastructure here between Austria and Turkey still comes from the times of the Austrian and ottoman Empire and not a lot was done since then. and not a lot will be done in the coming decades beyond some small repairs and EBRD financed bit and pieces to update and hinder total failure. But railways are key for industrial development, for connecting markets and harbors efficiently and ensuring the harbors of the region can be used for access to the EU which is one of the key development opportunities for the regions now with the Chinese In Greek harbors and maybe in others as well as Bar and Durres. So this is key for industry and as well has a meaning for war and peace and it can never be financed by the Balkan 10. And here comes the area where Europe could be more generous and as well take concrete responsibility6 and make all 10 countries to offer to buy or exchange their railroad infrastructure for a share in the European South Eastern Railways Infrastructure Investment SE. A new entities to be financed and owned the EU and in charge to developing , financing and operating the entire railroad infrastructure of the Balkans. All in one operation agency regulated by a European railway regulatory body and financed by the EU budget with a clear development plan to develop the whole infrastructure and connect it to Europe, Ukraine and

Turkey in efficient and reasonable manner and to provide this rail tracks to a liberalized transport system of Europe and so efficiently connecting the EU with Turkey and Asia via rail and so providing key infrastructure for economic development of the region. The countries would oblige themselves to contribute in terms of legislation, land access and regulatory and other non financial support and ensure a liberalized railway transport system can operate in their jurisdiction. Will this be a serious burden for the European tax payer? Yes it will. is it worth it. Yes it is. Is there an alternative beyond waiting another century? No. We can as well not do it and renovate bit and piece and close the ever faster evaporating fiscal space with such investment and yes it is a contribution but it is not serious. And as well Europe is profiting from such a efficient infrastructure link and once the countries will be in anyhow they will access EU funding. We are financing as well the Brenner basis tunnel and there is a reason for it. And this time it is time for major EU financing for the Balkans. And it will not be wasted by political interference as it will be managed and owned the EU. Will the countries be ready for it and is this not the end of sovereignty? Indeed there are limits to sovereignty when you are inside the EU as it is a Union so why not start early and it is a lot to be gained from exploiting mineral and industrial opportunities and connect the Balkans with EU markets by rail and this will as well be local construction works and local industry and yes it is worth it. It is time for such a major investment project and in European dimension the funds necessary are over seeable and can be shouldered by the European Tax payers. Certainly cheaper and more useful than the Baking bailouts of sate Landesbanken for sure. It is simple the right thing and as well the right political symbol even when EU enlargement is far Europe is ready to connect the Balkans and to take significant responsibility for the Balkans. And railways are vital pieces of infrastructure useful as well for many means.

**European Railways 4 Balkans
Connecting the Balkans now!**

The Balkan Berlin Process - Unique Opportunity for the Balkans Key Strategic Priorities for Infrastructure

The Berlin Process and the follow up Conference in Vienna end of August 26 is very inspiring and as seen during the May summit of Balkan 6 Prime Minister in Tirana a major driver of hope for faster improvement of the current situation in the Balkans. It is in fact the only realistic hope of significant fresh funds for the Balkans in coming years outside the already committed EU IPA and bilateral support the Balkans is receiving. Give the current decline in FDI and the lack of fiscal space to do anything significant here in coming years beyond the already committed it is really important process and in fact possible the most important. As enlargement on fast track seem political non go due to EU inside hesitations and populism dominating the agenda it mean basically buying the Balkans and Europe time with advancing at least the benefit of EU funding when real enlargement is not feasible. Money for time and patience is a useful bargain. It works on both sides and really helps and keeps the Balkans 6 inside the EU track and develops new perspectives for the Balkans. But the issue is what should happen with the new funds if they materialize at all? Infrastructure is very good if well designed and implemented. As this is very costly and very important ETR will make a special section of ETR 7 to develop our perspectives on this key process and what are the best ways to integrate the Balkans and the best way to spend European taxpayers funds in the Balkans.

The key parameters will be.

1. Think in strategic terms alongside the real trade routes and define the priorities long European priorities and so significant funding can be mobilized from European sources as it fit the European priorities and can in that way justified to the European tax payers. There needs to be a focus on connecting the Balkans and the Middle East and Asia with Europe. In the current wish list there is too much focus on connecting the Inner Balkans with the coast and in many parallel routes East West. The real trade and movement is towards Europe and from EU to Turkey. As the focus right now should be the Adriatic Ionian Highway and the Corridor 10 via Serbia and best as well to work hard for a highway link Pristina - Sarajevo via Mitrovica as a 3rd direct link between the Balkans and Central Europe along the existing trade routes. This is connecting the Balkans with the European markets for good and people and this is what the Balkan needs and as well

what makes sense for Europe at this stage to connect with the Balkans but as well to have efficient transit for European goods for trade with Turkey, connect Greece better with Central Europe, connect with the Middle East and with Asia and its booming markets. This is what the Balkans ways was the gateway with and transit area in future and this is the opportunity for the Balkans. This is why the Chinese want to develop the Greek harbors and this is the strategic priority for Europe as well. The current focus of projects to build a lot of very expensive East West highways. Let us name them. Greece has one ready and Europe has paid for it from Istanbul to the harbor opposite Corfu. What a wonderful achievement and great to have it and the costs are already transferred to the European taxpayer by the current bailout of Greece. And Albania and Kosovo are almost ready with their highway crossing the Albanian Alps again a great achievement and a manifesting of political will to spend 2 Billion Euro to connect the 2 poorest countries of Europe with super infrastructure at least in Kosovo. The Albanian part is another story. And the Bosnian Corridor 5 Ploce to Croatia is as well a real priority. But why to have as well Corridor 8 and as well a new super expensive Montenegro to Serbia highway? We do not need at this stage of development a separate East West crossing of the Balkans mountains each 100 km. Simple not a enough people to connect. 3 are enough. One in Bosnia connecting Ploce Sarajevo and than heading north to the Zagreb Belgrade highway which is existing. One in Kosovo and one in Greece. We do not need 5 of them right now. OK it would be nice but at what costs for all sides? We should focus on the North South and realize them in next 5 years and maybe open a new north south central axis much more useful for Europe, the Balkans and Turkey. It is totally acceptable for Belgrade residents to transit Bosnia to go to holidays in Montenegro. it is totally acceptable for a Skopje resident to transit Kosovo to go to Albania and Montenegro and many already do. For the Montenegro and Macedonian projects it is fully enough to extend the existing roads with a extending to a 3rd line and improve the driving conditions and so save billion and I repeat billions and have realistic projects within the budgetary possibility, Avoid another Greek debacle and connect the Balkans with the booming markets of Europe and Turkey and all the is south and East of Turkey. Significant funds based on significant European strategic priorities this should be the first line of thinking and spending I in the coming years.

Yes to significant funding from Europe for the Balkans But key principles should be attached and in fact conditioned...

As the Prime Minister of the Balkans have all stated in public in Tirana it is essential to have concrete results in Vienna and more money for concrete projects in terms both funding and grants is required and it makes a lot of sense for both sides. But more funds are not coming from somewhere but from hard working and high taxed European tax payers and so some key principles should be attached to the package and be part of the Vienna summit. Railways should be done by the EU directly and owned by a new European operator. No countries here has or will ever have the capacity nor funding. Energy infrastructure should be developed as it is ongoing already. And the motor way building should follow European strategic consideration and but regional fantasy and short term political gerrymandering. The first is that highway need to be tolled. Kosovo and Albania are not finding the political will to do that and after having spent 2 billion Euros this is really annoying and the introduction of road pricing either as vignette on Austrian model or tolling per section should be a condition. First class infrastructure can not be provided by the small scale budgetary possibilities of the Balkans countries and than be allowed for free. Secondly highway should connect population centers and make sense in terms of cost benefit. The build 5 parallel highways just because of political borders does not makes sense given we are talking about massive mountains here between the coast and the Inner Balkans. And all the highways should be build to connect but not to destroy some of the key natural landscape which make the Balkans so attractive and will be one of the major drivers of economic progress once there is the reasonable access via such highways and other means of transport. Highways are not a means of touristic development. Some in Montenegro and Albania seem to think the closer the highway to the coast the better for ensure tourism is served and easy access to the planned mega-resorts is possible. But no luxury tourist wants to see a highway or be disturbed by noise or similar consequences of transit passing close to natural landscapes and coasts. Here reason must prevail and in fact often planners in the Balkans do not understand the right balance and than such project run into ever more resistance and are not realized. And

European funding can not be attached to major interventions in protected landscape anyhow. The next principle attached should be to adopt as well European standards in road safety and transport policy and supervision and management of traffic in a bit more ambitions way as currently happening. And the main issue is that all countries applying for such funding have to coordinate and in obligatory manner to report and receive consent on further major infrastructure funding which they might consider and revise their current planned project in coordination with the EC DG for Transport. Most countries are already spending on infrastructure beyond their means and which exception of Kosovo which has started late but catching up fast all countries here have closed their fiscal space to maneuver but the appetite for world class highways is still there and so Chinese funding come into the picture. Nothing in principle against it and in fact very welcome that China is engaging with the Balkans. But this has to be on a reasonable and affordable basis. Closing all fiscal space to manoeuvre and raise the debt ceiling of all countries here with exception of Kosovo with major Chinese loans and once the limits are reached or the next external shock comes all Balkan 6 will be asking for European bailouts and will in one way of the other receive it due to European solidarity mechanism which is good but given such solidarity and support network it is more polite and reasonable to coordinate such major investments and not to simple do it and let the EU taxpayer pay the bill later. So yes to spending but as part of the EU accession process the fiscal sovereignty in terms of large infrastructure project has to be given up and be released in a budget coordination mechanism between EU, IMF and the Balkans and together a reasonable approach has to be found what makes sense and what can be build and how it can be financed and how it can be significant supported by Europe as well financed by the Chinese but in a co-ordinated manner with the EU and the IMF. Otherwise we are all running into a fiscal situation which nobody wants. it is much better to coordinate and ensure European support right now for the right projects based on reasonable assessment what is required and as well ensure the Chinese are supporting and as well getting significant business opportunities here and all is developing but within the fiscal and budgetary reason and based on what makes sense.

Focus on Montenegro....

No highway Kilometer up to now but major ambitions

Montenegro is unique in beauty of landscape but was political neglected in YU and nothing was done in terms of major infrastructure there before 2006 when it became independent and developed into the most successful of the Balkans 6 and will have as well the best perspectives of EU accession in the medium term. So it has no single kilometer highway and the ambitions up to now was investment promotion which it did very successfully and saving inherited industrial assets which it does very unsuccessful and to the detriment of the whole economy. But given the major progress of Albania and Kosovo and given the major mountains which gave the Country of the Black Mountains its name and well deserved so now the Montenegro leadership is determined to brake out and has concluded a major contract with China for financing the highway to Serbia or at least part of it in this stage due to the major costs of building a highway in such major mountains. Instead of connecting the key industrial and population and access centers meaning connecting Niksic, Danilovgrad. Pogorica with Bar the main harbor not the skiing village of Kolasin will have a highway connect to Podgorica for immense costs. And how much economic cooperation will be fostered by connecting Serbia and Montenegro by such a highway? The Albanian Kosovo example shows that just a highway and political will can not change trade patterns and routes and consumer preferences and market orientation build up over a century easily. Is it worth the costs and does it justify the major intervention in the landscape? Is not a simple extension of the main road and a lot of more tunnels and a 3rd lane and maybe some patience much better than such a investment? And can Serbs from Nis not go via Kosovo and Albania to Montenegro and Serbs from Belgrade not drive via Croatia and Bosnia to Montenegro when this highway is ready? Should this public funding not be better used to connect the main population centers like Niksic with Bar and by the way make this the center piece of the new North South Adriatic highway which in fact makes a lot of sense as an alternative to the Central Corridor 10 and always will connect Montenegro with EU Croatia and central Europe and as well with Albania and Greece and Turkey and the world? Is this not the much better development axis for Montenegro and as well for Europe and its goods and as

well its tourists who love Montenegro already and love Greece and will love Albania once decent access is possible with such a highway? This would make a lot of sense and is worth the funding both of Montenegro and the EU and should be a priority. This is actually what all PM are asking the EU now to fund and this is very good and all are ready to cooperate as they have stated in Tirana but cooperation just to a certain extent. because instead of a reasonable routing when it come to the Adriatic highway all involved countries propose a very close to the coast route which is hard to justify in terms of cost and intervention in unique nature. Croatia wants it only in minimal way in Bosnia despite Croatia having now funds anymore to build it further than Ploce harbor. Would it not be much better to built it from ploce in Bosnia via Trebinje and just connect with a decent 3 lane connecting road to Dubrovnik. Too many borders Too much jealousy? And than Montenegro is mixing up highway development with tourism development and want to receive the highway from Croatia in Herceg Novi where there is hardly any space for it and lead it via the bay of Kotor which is UNESCO protected and than make a bridge like on Bosphorus and so heavily intervene in the most beautiful Fjord of southern Europe? Why not build the highway with all its transit via Trebinje to Niksic and just has a decent 3rd border crossing with a decent road behind Herceg Novi in the mountains to connect with that road to Niksic and so have decent access to the Kotor Bay but protect it as well for touristic usage? Why should connect population center and not mainly 10 months empty coastal area at high costs for budget and nature. Highways are not the only form of roads. Highways are for connecting population centers and international transit and Montenegro gets a lot of it in terms of commuting Albanians from Kosovo and Albania and this will even be more in the coming years and the effort should be actually to get transit out of natural protect major tourist attraction and not to build highways with a view. Same is true for the second major asset which magic Montenegro has the Skadar lake and here again routing shall be careful to avoid heavy costs and interventions in prime assets and as well to facilitate access to Ulcinj and Ada Bojana but not to build a highway with a view and the attached noise in reach of the most beautiful beaches of Europe.

Kosovo is the best in highway building but...

Time for tolling and investment within means

Kosovo has the most successful and possible most ambitious highway building program in its short history as a independent nation just since 2008. The highway to the Albanian border is ready and build in first class manner and reduces travel time to Durres from 8 hours to 4 and some do it faster. Kosovo is currently building the highway to Skopje and work should be finished by 2017 and Kosovo as well is building the highway link to Peja in the west and Mitrovica in the north both more 4 lane speedways but in any case really amazing progress in this aspect. The highway has already the space and tables for tolling but the political will to introduce tolling given that it might be popular is still not there and so it is easy to say we will do it together with Albania to share the blame but Albanian highway concession project for the Durres Morinj highway is not realistic and will not find a taker so it will not happen and Kosovo is continuing to allow the highway users to use the most expensive infrastructure of the nation for free. it is very wrong and in fact subsidizing the rich holiday makers with free usage world class infrastructure which was paid by the boarder VAT of everybody. Very wrong. And as well is depriving the Kosovo budget from the means to have revenues against such major investments and so the result it the existing highway construction project must come to a reduction as the budgetary means are limited as well and new nation has a lot of urgent priorities to address and as beautiful and useful highways are they are not a key tool for economic development and Kosovo needs urgent more spending on economic development. Further revenues would allow Kosovo as well to build some vital links to the region as it would be a joint tunnel to connect Peja with Rozaja in Montenegro which is currently a very bad mountain pass and partly not useful for many months in winter. As well and here some strategic thinking is required to build the link from Ferizaj to Gjilan and than on to the border close to Bujanovac which would all the Route 7 to be the real corridor 8 as there it is only 10 km inside Serbia until the Corridor 10 and its connection to Turkey, Central Europe and the world. This would turn Kosovo into a real hub for the Balkans and be of great strategic and economic value but for this to happen there is a need to have the funding and the strategic insight. Kosovo is still quite isolated so highway links

are key for its development and integration in the region and so PM Isa Mustafa in Tirana was very right to appeal to Serbia and Macedonia to build the missing links from Nis to Merdare and from Skopje to the Kosovo border if they are now all so happy about regional cooperation. Prime Minister Gruevski did not rect but Pm Vucic seem to be ready to sign a MOU at least to finalize it and the reactions from Serbia on this issue are very positive but they have as well no funding and no fiscal space so this remains to be seen. Will Europe be ready to pay the bill for this 70km from Nis to Meradre to give a concrete symbol and result to the peace process between Serbia and Kosovo? That would be excellent but in any case for regional and strategic reason the link to Gjilan and Bujanovac should be considered very realistically and tolling of the existing highway makes next future project much more realistic and tuning Kosovo into a hub for the Balkans in terms of logistics would be very beneficial for Kosovo. Such a measure would as well make the highway link Peja to Prizren more realistic which could have been already reality if there would have been a focus on connecting population centers and not just capitals with each other. Kosovo has as well the issue that its main export is exporting people to Central Europe and so further development of a 3rd access road to Central Europe via Novi Pazar to Sarajevo and so connecting and developing northern Kosovo and supporting the Novi Pazar region and connecting to corridor 5 in Sarajevo is a possible new and 3rd Western Balkan transit option between the Adriatic and Serbian corridor. As Kosovo and Bosnia are the weakest voices here and in Brussels and they themselves have not decedent relation this will not be a priority for the coming future but from European perceptive it makes a lot of sense to connect these regions and the regions with Europe in a very direct manner. A new Central Balkan Corridor, partly a political project connecting the 2 war torn nations a kind of Balkan Peace Highway might as well attract some funding from the Turkish PM once he is recovering from Megalomantic tendencies and is focusing on the Balkans again which he promised so often. This would be the connecting route inside former European Turkey and help all people along side it a lot. As this is not likely Kosovo should ensure it builds the Rozaja Peja tunnel with Montenegro to have access to the coast and that highway link if it materializes.

European Albania - Time for European Standards

Starting from 0 - Amazing speed of progress - far from Standards

Albania has always to be understood. Before 1990 no private cars were allowed by the most terrible dictator of Europe. As well the road infrastructure was a victim of his paranoia. No straight roads were built due to fear of possible foreign planes landing as well as no coastal roads were built to hinder a naval invasion and as well all border zone roads were in terrible condition and to sum it up all road infrastructure was in terrible condition if it existed at all. But a difficult childhood is no excuse and indeed since 2000 a major effort was undertaken by Albania and its donors to build a decent infrastructure and the progress is amazing. Alone in the 8 years of PM Berisha from 2005 to 2013 the highway to Kosovo including a major tunnel was built, the highway to Elbasan including as well a major tunnel was built and so the highway link to the south at least partly and as well a number of coastal roads and renovation of main roads and in fact it is amazing progress which needs to be applauded. But of course the budget and the standards were the victim of such major progress as well tolling was political not supported so highways users are not paying and the low tax bases and such major public investments result in a lot of public debts and highways which are not finished and 7 bridges to Kosovo are just one way to the surprise of many unfortunate drivers and a number of victims which God may bless. Good a certain progress might not allow to focus on table and signalization but the level to which such standards were neglected is astonishing and indeed a shame. Since 2013 and the new government a lot in the field was improved in terms of more signaling and cleaning up the public space but no new infrastructure project was started due to the lack of fiscal space and now the Vienna process and the Chinese funding seem to allow new projects like the road and tunnel to Diber called Arberi road and the Corridor 8 and the Adriatic road. It might be useful though to finish the bridges and parts of highway to Kosovo and to Elbasan and to the South which are still not finished before major new projects are started the fact is and stay that there must be an independent budgetary approval of the Chinese projects because some like the Arberi road seem to be very much out of perspective in terms of volume and prices and than the internal fiscal space for sharing spoils seems to be quite big for the Albanian tax payer to digest. The Chinese loans and

projects should be evaluated and agreed in cooperation with the EU and the IMF in order to avoid amassing major debts which the EU will be asked then for budgetary support for the Balkans who have first concluded such contracts without consultation and accepting advice. From a strategic perspective as well for Albania the north south route the access to the EU labor and goods market is vital for the Albanian Diaspora but as well for the Albanian agriculture and despite Durres being the main port and entry and exit point still a more decent land connection to central Europe would be helpful. Albania has done the road from Shkoder to Podgorica board which is now very good 2 lane decent road and as well Montenegro has done until close to Tuzi a new road 2 years again and so this connection is working and much better especially in the summer than the board crossing from Muriqan. Albania has done nothing in a decade and still the road goes 12 km passing all villages and schools of the region and the impression and the safety is very bad. Montenegro has built the first part but then stopped at the Ulcin Bar crossing partly because the Albanians from Ulcin were fearing that they will be left out. Why everybody thing transit for tourist area is important is hard to explain but this road is still the worst on the whole Adriatic Ionian stretch. The solution of the new highway is planned as well very close to Ulcinj and to the beaches of Velipoje and again why the highway is not built to connect Shkoder a big city with Podgorica and Lezhe and to build in with a view in prime coastal tourism land is based on the assumption that tourists want highways with a view to the sea and close to where they make holiday which not everybody shares. But this link as a highway to Montenegro is the key priority now for Albania and the introduction of tolling there would help and waiting for an international company taking the concession for the Durres Kosovo highway will not work as nobody will take it as it was built below standards, with many illegal exits to villages and no fencing and half of it is still a 2 lane road which is expected from the investor to finalize and this can not be feasibly priced into a tolling system still affordable for the user and so it will simply not happen. Again the Austrian vignette model and the Asfinag model would be a solution but as often there is no political will and better to wait for Chinese or European funds to spend and share between subcontractors and political elite. But please be not surprised if both will not materialize despite the fact that this highway is really necessary and useful.

Macedonia - 0 Points in terms of Infrastructure progress

The best in economic reform-the last in infrastructure ...

If late YU leader Mr Tito would drive around his former province of Macedonia in one of his famous roofless open car rides through his lands he would use most of the same infrastructure as in his time. The Skopje northern ring road is the only major progress in terms of motor ways and some parts and bits on corridor 10 and a bit towards Stip in the east. Given the significance of Macedonia as the cross road and hub of the two main corridors 10 and 8 this is a shame. There are some kilometers of works along the connection to Greece but still the most important axis of the Balkans from Thess to Budapest is not finished and not even under construction and this in 2015. What a shame. The same true for the Corridor 8 which is the most publicized of all corridors connecting the Black Sea to the Adria in Durres but nothing is under construction in Albania after Elbasan and nothing in Macedonia. But stop. Of course the Chinese loans are signed, funding is there and Macedonia has adopted the Austrian model in terms of having a highway operation, financing and construction public entity and this has taken this loan and the Chinese are now going to build it. After all what was now in public and the upcoming elections on April 2016 it remains to be seen if this last push for decent infrastructure very late in the end of Gruevski era, if it is the end ...will be realized at all in this format. Mr Gruevski set the priorities in different way than the leaders of Albania and Kosovo and has spent half a billion on his landmark Skopje 2014 project to turn his capital into a tourist attraction. Everybody please to make his own opinion on that but in terms of public policy priorities highway to the neighbors would have been certainly useful for Skopje as a business and tourist hub as well. PM Isa Mustafa of Kosovo was right to mention that Macedonia is still not committed in concrete terms to build the Skopje ring road north to Kosovo border piece of the highway and this is a pity and make the 600 Million Euro investment of Kosovo to build its part a bit of an issue if the other part does not do the connection. Not very good neighborly and given the most of Pristina and Ferizaj is spending its weekend in Skopje for shopping and fills the Skopje malls it is as well not very clever. Same can be said about the connection to Tirana which is now faster via the Kosovo highway and as Tirana means Durres and so the world

and Thessaloniki is Greece and there is an issue it would have made a lot of sense to come to terms with Kosovo and Albania build that part and so connect Macedonia better with the Adria and so to escape the dependency of Macedonia industry and export sector on Thessalonika but Mr Gruevski choice to be on bad terms with all his neighbors at once and not to connect with anybody and despite his major reforms in economics which need to be applauded the infrastructure development and the strategic thinking behind it deserves simple 0 points. Not good enough, thanks a lot. What is needed and this urgent is to revise the Chinese agreements, make them public and transparent and focus fast on the final parts to Greece and Kosovo and construct gradually towards Kicevo in terms of highway link and extend the existing road from there to Ohrid and not build mega-highways in sensitive touristic places same like in the Kotor Bay. The real transit can go fast via Kosovo to Durres from 2017 when that route can be ready and will be ready in Kosovo and can be with good will in Macedonia. As well please to see the competitive advantage to of Macedonia in railways and finalize the railway tracks from Kicevo to Pogradec and so renovate and allow that link to be the real backbone of the East West transit in terms of goods and minerals and all other key material. And not to build a railway from Kosovo to Albania directly which will be highly expensive but to use the Macedonian route for that and so the highway link via Kosovo to Durres and the railway link from Kosovo via Macedonia towards Durres and all supported by the EU and its financing possibilities and suddenly all makes a lot of sense and much better use for European tax payer funds and with tangible results in a foreseeable time frame everybody gets his part of the development. But the main and overriding priority for Europe in Macedonia in terms of highways is the corridor 10 and it needs to be completed and extended and turned into what it should be since long and what it has to be fast the main axis of north south transit between Europe and Greece, Turkey and the Asia.

European Railways 4 Balkans
Connecting the Balkans now!

Turning Road Safety into an integral part of the Berlin process Safer Roads for the Balkans now!

A key aspect of infrastructure is the safe use of it and the safety of its users. Transport safety and road safety and the decent management of roads and the public safety aspects of supervising transport and mobility and the better regional management of the major transit route and the joint management of the major movement especially in the summer months in the Balkans when the major Diaspora return movements from Europe to the Balkans meet the major tourism movements along the Adria and towards Greece should be a major aspects of the Berlin process and should be on the agenda in Vienna. it is one thing to finance the development of infrastructure and regionally co-ordinate it but it is much less expensive but very beneficial to develop a fund for better coordination, training of traffic police, ensuring interoperability of traffic and border management. Exchanging data between transport authorities and custom authorities. Supervising and facilitating the requirement of the transport and logistic industry between the Balkans countries and making sure the new road which there are already are used by well educated truck drivers based on European certificates and supervised by competent inspectors able to control, and in case required to enforce European standards on the roads here in the region. This does cost much less than highway kilometer but the benefits are high but currently there is almost no funds for this and yes it is more prestigious to build and open super highways and railroads and energy hub but who if funding the development and implementation of European standards how to use such new infrastructure and only when used reasonable and with certificate we can connect Europe and the Balkans because the supervising and implementation inside the EU is now really working much better and the Balkan transport industry and as well Balkan truck drivers feel the pressure already. if we do not bring the transport industry to the same standard like in Europe they will not succeed here nor in Europe. As well the high cost of the lack of road safety in terms of loss of live and rehabilitation costs here in still the worst area in terms of road safety in Europe. It

would help a lot if road safety would be on the agenda in August and beyond be a key pillar of the Berlin process when it continues in Paris in 2016. it would help to get the ETSC the European Transport Safety Council involved to develop road safety and a integrated road and traffic flow management for the whole Balkans. Yes it is nice to say tourism is the future of the Balkans but be sure the Balkan and its roads are so full during the summer with all the border blocked that nobody from Western Europe who does not know what borders are will come back a second time after having spend hours at the border crossing between Dubrovnik and Herceg Novi hoping for a quick visit to Montenegro and not knowing the millions of Albanians want to return home and have only this crossing available or know only this route and nobody caring to co-ordinate efforts between Croatia, Montenegro and Albania to manage the diaspora and tourist flows. A focus on transport and road safety and European coordination of traffic flows with the help of modern technology and decent cooperation between police, customs and traffic authorities would make the Balkans a much better place, to live, commute and discover and as it is a real nice place for all this already it would be to great to be true and most likely the soft aspects of all this will not be on the table in Vienna or Paris but never the less it would make a lot of sense to make the roads safer the Balkan and maybe other ways to support this key aspect can be found. it is one thing to build European infrastructure in the Balkans but operating and using it along European lines would help on the way to become full member of the European Union. Mobility next to property is as well on key economic factor in terms of consumer spending, retail logistic and transport industry and the Balkan is the natural logistics hub between Turkey and Europe and as well for any form of decent economic development a well working and well regulated transport and mobility sector is required to bring European investors here than to China or elsewhere in the world. So mobility is a key for development a focus on road safety would be well investment taxpayers money in the Berlin process.

For all more interested on this topic please see

www.amrks.org

www.kshsrr.org

A lot has been done since 2012 in Albania and Kosovo and the region but a new political focus would help the efforts.

Connecting and Protecting the Adriatic coast

Yes to the Adriatic Highway - but with reasonable routing

Connecting and protecting the Adriatic Coast with Central Europe and with Greece and Turkey and in reasonable time frame and with justifiable budget and with due protecting of key natural sites that is the objective of the Adriatic highway and it will result in terms of economic development, allowing transit to pass smoothly and supporting the touristic development in the region with some prime European asset with have to be protected as well. And it is not just for the regional governments to make this decision but very much so for the European transport planners and as well in consultation with the public of the countries, the region and as well the European public as it should pay the parts of the costs and as well benefit from it. And all of this in a justifiable time frame and reasonable budget. From a European perspective there are some key unique sites which should be handled with car, the greater Dubrovnik area, the Kotor Bay, the the Skadar Ulcinj region, and as well Butrint in the South of Albania. Again the highway should connect population centers in the region and allow decent transit for goods and tourists and not to build highways with a view a resulting heavy intervention in prime natural sites. And not to build too many different East West highways which are just costly and save no time justified by the enormous costs. So the best alternative is connect Ploce via Trebinje in Bosnia to Niksic and build a new national road in a loop to Dubrovnik Airport and Herceg Novi and to access the highway in Niksic to so improve access to Kotor Bay without building a highway right through it or even close to it. The next key asset is the Ulcinj Skadar Lake area and here again to close to Ulcinj is not good for the major touristic assets and as well the low land of the Velipoje beach shall be protected and close to Shkoder is better as this is a real population center all the year round. And then same is true for the sensitive area around Lezhe. Than some parts are ready already and should be integrated. Than for Tirana and here a southern Highway Ring Road along the Erzeni Valley is really necessary as it can not be the meaning to route all transit via the new ring road of Tirana to Elbasan. This would meet a lot of resistance pf the concerned population. After the tunnel to Elbasan the best way is to build a real full highway from Elbasan to a new border crossing to Greece connecting with the Greek East West highway to

Thessalonika. We can not ask the European tax payer to finance all highways of the Balkans at once and from Europe perspective this seems to be the most reasonable routing connecting the Adriatic Highway and replacing the famous corridor 8 and having access to Thessalonika in reasonable terms. No good news for Macedonia and for southern Albania? In deed it is good news because it is enough to develop the existing infrastructure and broaden the highways and main roads and to upgrade them as there is almost no traffic and no justification as there is no year around mobility of any significance and as well Butrint and the Ohrid lake are unique natural asset and no need for a view from the highway to just prime sites. And such a routing makes a lot of sense for the European tax payers and business and tourist and it is real alternative to Corridor 10 with a lot of potential for stop overs and for economic development as this highway connects the population centers and as well the main ports of Ploce, bar, Durres with Thessalonika and it significantly eases access and makes business integration of the Western Balkans much more easy and as well is protecting the key and unique natural sites of Croatia, Montenegro, Albania and Macedonia while connecting them with the world. of course all countries are very much welcome to build as many highway kilometers wherever they can afford them and convince or impose them on their population but if the leaders of the region are asking seriously for European taxpayers funding and support and if the European leaders are ready to mobilize European resources in significant manner which can be justified on the terms of a symbol for EU support, real economic benefits, European transport requirements and European citizens tourist mobility requirements than please a routing based on reason and European standards and requirement and nothing with runs into financial disaster, a lot of population resistance now or in future and is not in line with the preservation of key natural sites. And highways are not the only forms of roads. And they cost a lot of billions which nobody here in region can finance alone. And there are not so many Berlin process and Vienna summits and we have to get this right now and really realize it and within the next 5 years and the next major push of infrastructure will come only once the region is in EU and has access to that resources and this might take some time.

Towards a new Road and Traffic management for the Bay of Kotor KotorBay 2020 The most beautiful Bay of Europe Part 1

The bay of Kotor is one of the most beautiful Bays of Europe and a key reason for many tourists to visit the region and a prime European natural and touristic asset but it has a major traffic problem. The old Austrian build coastal road is not enough for the new tourists stream and the transit of goods and Diaspora Albanians from Kosovo and Albania and the increasing local tourists and business demands as major investments of billion Euros tourist resorts are under construction. And all on the coastal two lane coast road ranked the most beautiful in Europe but soon mainly a parking lane. Here some things should change fast to make this bay living up to its potential and so raise the whole region with it. Introduce the Boka Toll Card as tolling instrument for the road access of the inner Boka Bay (Kotor and Risan Bay. Ensure the price level is the same like the ferry price level for Kamenari-Lepentane transfer. Currently a lot of traffic in the Inner UNESCO protected bay of Kotor is simply avoiding the ferry and its price tag. This leads to a lot of heavy and transit traffic to pass through one of the most beautiful bays of the world and making life difficult for residents in terms of traffic safety and noise and is the single most disturbing issue when it comes to tourism development. The Bay is simply dominated by the Bay road and will be so in the future and if you allow all to pass for free there will be no elite tourist enjoying the bay and the trucks a second time. Traffic safety, noise, pollution and the general feeling of vacation at a highway is not compatible and for the next stage of touristic development after the post independence boom years it is necessary to address this issue.

- Develop a differentiated price system for the Bay Ferry and the Boka Card. To turn this into a success it is important to develop smart pricing systems including a daily ticket, the 10 days tickets and a yearly ticket making the Ferry and the Boka Card attractive for long term residents and massive users. There can be no difference between residents and non resident according to EU by implicitly it subsidizes the residents as they can buy yearly tickets at significant reductions and as well as done in Vienna with a monthly subscription scheme. Currently a lot of local drivers avoid the ferry to save costs and so the inner bay gets a lot of local traffic between Kotor and Herceg Novi and

Budva and Herceg Novi for which it would be more rational to use the Ferry once the Boka Card equalizes this price difference and both use similar to equal price levels and allow for yearly subscription services.

- Ensure parking is payable in the whole of the inner Boka bay and implement this in PPP models with private operators like the licensed beach operators or private or public land owners and by the municipality itself. This will limit the chaotic parking situation in most of the Boka and give good revenues for public and private operators and ensure more efficient land use and increase traffic safety. It will be necessary to forbid parking in whole Inner Boka Bay outside designated public or private parking and basically treat within the urbanized area as an urban area and tow away cars not parked in regular manner at road side, beaches, at shops or others. Certainly there will be resistance to such innovation but local shop keepers, beach operators and land owners will see this as welcome new revenue stream, traffic safety will profit, local municipality will increase its revenues and it will help to transcend a more orderly impression to the tourists and make beaches, shops and the whole Bay more accessible and user-friendly. Price is a much better resource allocation mechanism than who comes first or who is ready to park more recklessly on public places.

- Ensure one side paved and secure pedestrian pass way and a clearly labeled cycling lane. A lot of local and international tourists like walking, jogging or using the bicycle to or from the beach or use the less hot evenings for sports and enjoying the amazing vista of the Boka or just to walk the small communications between beach, shop, restaurant and accommodation by walking with their children and some swim equipment and so crossing streets is getting a challenge when there is no speed bumps, traffic lights, pavements and secure lines. Some things have improved the main idea is still to get from Kotor to Herceg Novi as fast as possible. This will keep all villages in between on the level of disturbing nuisances between the Boka points of gravity. It is a serious public policy choice and how much development the authorities want in between the cities but regional balanced development is a policy objective the secondary cities at the bay road need to benefit from city style traffic and parking regulation to attract upper market tourists and their spending power.

Road pricing, speed control and a new by pass road

Part 2 - A new road concept for the Kotor Bay

To allow the Boka to live up to its potential it is as well essential to introduce speed reductions in all inner bay with 50 kmh maximum speed outside the villages and 30 kmh in all inner Boka bay villages and additional traffic reduction measures like speed bumps and traffic guardians during the peak season in all villages. The new touristic hot spots of the Boka like Risan, Lipci, Strp, Orahovac, Kostanica and Morinj who do not have a surpassing road need speed reduction as they are basically promenades for tourists but with heavy traffic passing through. This is causing a lot of accidents and a lot of tourist to not come a second time to these villages. Therefore it is essential to ensure only heavy traffic with the destination or origin inside the inner Kotor bay is allowed to enter the restricted road area. In Austria this is done the same way to avoid heavy traffic using the secondary road system to avoid the highway tolling charges.

Perast has now a system with traffic reduction and it can be called a success. Still the public buses are passing too fast at the seaside road and still a lot of traffic is allowed but it is an amazing improvement of the unsustainable situation until 2010. This should be repeated where possible. The role model of Perast should be used as well in whole of the sea side road of Dobrota and in the area between Muo and Lepentane. No transit should be allowed there in this sensitive area and access limited to residents and speed reduced and hotel guests shuttled.

The current Adriatic speedway should be renovated and extend to 3 lanes between Budva and until the Tivat Airport only. This would make Budva more accessible by the Tivat Airport and improve Tivat competitiveness position and access to Budva and Podgorica and would be relatively cheap to due at least until the mountain close to Jaz beach and there a tunnel could connect to the new Budva by pass allowing direct access to the Cetinje and so Podgorica speedway.

Ensure that the heavy and transit traffic Croatia to Albania is not passing via the Boka bay. This can be principally achieved by developing long term the EU standard highway from along the line Ploce in Croatia to Trebinje in BiH to Niksic, Podgorica to Shkoder in Albania. This Croatia –Albania highway is in many

way a higher priority to Montenegro then the current favorite Corridor 11 connecting Belgrade with Bar which might need a lot of time and for sure a lot of money given the most difficult black mountains to overcome. This is though a very difficult public policy issue and currently all efforts are on the Bar Belgrade highway and the Croatians ran out of steam with highway construction and the BiH authorities are not helpful with the Ploce Trebinje to Niksic section as well. So the solution proposed is connecting the Herceg Novi to Dubrovnik Airport with a new second or third crossing along the high line of 200 m sea behind Podi and above Melinje and Selenika but then moving not seawards towards the Verige bridge or tunnel which will run into major opposition but connect it with the Risan Zabljak road but not in Lipci but in Zirkvice. Basically connecting the new new Herceg Novi Trebinje road with the new Risan Zabljak road via the old Austria military road below the Orjen massif along the line Podi-Punovici-Zirkvice in order to offer an alternative to heavy traffic and Albanian transit to use the inner Montenegro road system without blocking or being blocked in the Boka areas with all its traffic limitations. The current Montenegro spatial plan 2020 foresees a Herceg Novi to Morinj road along side the present village dirt road connecting at Lipci with the Adriatic Speedway. Such a road would increase the traffic to the bay, asking for a new front with UNESCO and break up the vista again and as well some key historic village through a protected UNSECO nature reserve and water collection area. Routing the traffic beyond the mountain ridge beyond the border of the UNESCO protection would allow the heavy traffic to connect directly to Niksic, Podgorica and Albania and Kosovo without ever coming to the bay and all whole want to visit the inner bay can access it via the existing Lipci road and connecting and protecting the Kotor Bay at the same time. As the Azeri Kumbor project is ready to finance such a road and talking even about a highway link I guess this is the better option for all.

Geo-strategic Considerations

Investing now - why it is worth European funding now

The Balkans is in confrontation triangle between the West, Russia and Turkey and has been and will be for the future. Now as Putin is challenging Western power in Ukraine and Syria we can expect further challenges in the Balkans in the coming years. Europe can be just be grateful that the integration of Romania and Bulgaria has firmly stabilized the Eastern Balkans has deprived Russia from its easy access route into the Balkans. But Putin Russia has a level of influence in Macedonia, Serbia, Bosnia and Montenegro which should always be considered. Recent events in Kumanova have show has fast provocation turns into escalation and once blood is spilled and dead people on the street nobody will forget and forgive and move to standard agenda back. Turkey is as well not as helpful as it should be expected from a NATO ally and a EU candidate country. The new Erdogan Empire fantasy filled by the newly found affluence with American support, EU legal framework of a EU candidate country and the political stability of the Erdogan leadership and the hard work of his citizens and a lot of foreign capital has allowed to fuel a certain megalomania might have received a certain setback with the June 2015 elections but as the past 10 years have show in whatever conditions Turkey is the interest in the Balkans is more in making business fast than in real long terms investment and strategic support for the region. Some airports, some shopping centers and some motor ways which the tax payer of the region were paying and some touristic promotion and that is about it. it is as well understandable as Turkish capital has a lot of investment opportunities in the larger market and more dynamic and more competitive market of turkey itself still in development and so why to invest in the slow growth and low development Balkans small markets with all its issues ranging from logistics to languages and to electricity supply. So in terms of concrete results not a lot can be expected from Turkey and indeed a lot of negative scenarios are coming from the Syrian crisis and the resulting extremism having its long term impact on some levels of society in the Balkans. With American leadership less interested in the Balkans while still being the only full authority here and the only source of political and strategic stability we have it all on Europe and Europe is focused on it

selves and the Balkans has moved down the agenda since 2008 the year of Kosovo independence and the last year of structural adjustment on the Balkans. But neither politics nor nature likes vacuum and once the European agenda got a bit less traction here in the Balkans the reform orientated forces have lost support and we are in the limbo right now. Europe and especially Germany has started with the peace dialogue Belgrade Pristina and now the Berlin Process and this was necessary and very welcome but in terms of real progress we have not seen an invitation to join for Montenegro in NATO in Wales summit which would have been excellent strategic progress nor real efforts to impose a settlement of the Macedonian name issue on both sides with a high powered political dialogue like between Belgrade and Pristina. More has to happen and faster with Europe wants to regain the momentum and not leave the Balkans into the limbo for anyway to profit with negative strategic intentions. So if full enlargement is not easy for convince the public of Europe and indeed neither the political elites in the West given the low development of political standards here than a process like Berlin and a some key visibly infrastructure project and financial support beyond the current IPA funding is the best way to ensure influence and ensure progress and support the countries and the people as well to believe in the progress of their society on the road to Europe. Otherwise all 6 countries will turn into holiday resorts and more and more people in working age will leave no matter what the immigration and labor market rules are in the EU. The Western Balkans is simple too loose and too integrated already to stop them and to much of a European issue to ignore it and if we now discuss a European historic responsibility for Greece and we should have even much more interest and support available now for the Balkan 6. Investing now and promoting change and progress and better live and decent economies here now much better than any thinkable alternative.

Open Letter to the Prime Minister of Albania, Macedonia, Kosovo and Montenegro 2016 - It is time to get serious

Recent troublesome events and escalation of violence in Macedonia and the current economic and political crisis in the region reinforce the need for a new approach on regional cooperation here in the southern Balkans. As constant from 2012 onwards we call, plead and plea to the leaders of the region to increase real cooperation with tangible results for people, business and the nations concerned. The answer for the challenges of our time here in the region is intensified regional cooperation and economic integration and more political and economic freedom to allow people and business to generate jobs and prosperity and stop the control and command mainly state dominated current economic status quo. As from 2012 onwards we call for a fast track European integration of all Balkan states and in order to convince the European leaders and electorates that the Balkan is ready and as well to open most of the potential in terms of progress and freedom to the people and business already now to start from now onwards to create a internal market between Albania, Macedonia, Montenegro and Kosovo with the 4 freedom of the EU internal market with freedom of capital, goods, services and people based on the same rules like the EU internal market already from 2017 onwards. A open regional labor, capital, good and service market for the region will already be central element of economic reform, increase economic and political freedom and regional competition and cooperation based on rules and regulation and basically to treat yourself like a EU member state in the making and so to give all friends and allies inside the EU ready to support fast track enlargement all the necessary arguments to support the case with a mainly skeptical public inside the EU. So we call to the leaders of the 4 Souther Balkans countries to intensify European integration based on the Baltic or Visegrad model and to get serious with it. The current modest effort to improve connectivity in term of infrastructure and energy markets and the current ongoing efforts in many fields are simple not enough and we have to be more ambitious, much more ambitious and serious in this common effort to bring faster EU integration in realistic terms. Do you want to continue this form of slow progress and lack of reform for another 2 to 3 decades?



**Balkan Benelux 2016 now!
More economic and political openness now!**

1. Stop all further nationalistic rhetoric and measure to deepen the ethnic divide between Slavs and Albanians and all other ethnic groups in the southern Balkans. Please you want to join the European Union based on equal rights of all citizens with EU member states passports. Nationalism, ethnicity based populism has no place in Europe and it is exactly due to our past in this that we have created the European Union in this way.

2. Show by clear leadership that you have understood the European demands for good governance and decent administrative standards. The current status quo of public declaration of fighting corruption and in reality working along the same old lines of the winner takes it all mentality and the ancient and recent Greek system of milking the system as fast as possible as long you are in the position to do so has to be a thing of the past.

Declaration are simple not good enough. Now it is time to get serious.

3. Open your economies from political control and open them to Europe and the world. Adopt European legislation standards and ensure foreign investors are not only welcome but as well left alone from political intervention and blackmail once they have decided to enter and invest.

4. Follow the success model of real economic reform based on Austrian economics and stop the current trend of protectionism and

Yugonostalgia and backward economic thinking and please understand real growth, with job creation and long term prosperity depends not on public investment as useful and necessary as they may be but growth depends on freedom and decent regulation equal for all ready to exploit and risk the opportunity. The state has to regulate access and treatment of land, people and capital in a way that all are free to try their entrepreneurial spirit and combine such resources with their curiosity, skills, experiences, technology, connections and innovations to produce good or services which are demands by others and ready to pay the market prices and make a profit as rewards for their risks and ensure returns for the invested capital and regular payments for their employees. This is economic development and it needs freedom from politics and politics should retrain itself to ensuring that capital, people and land are treated well in your jurisdiction.