

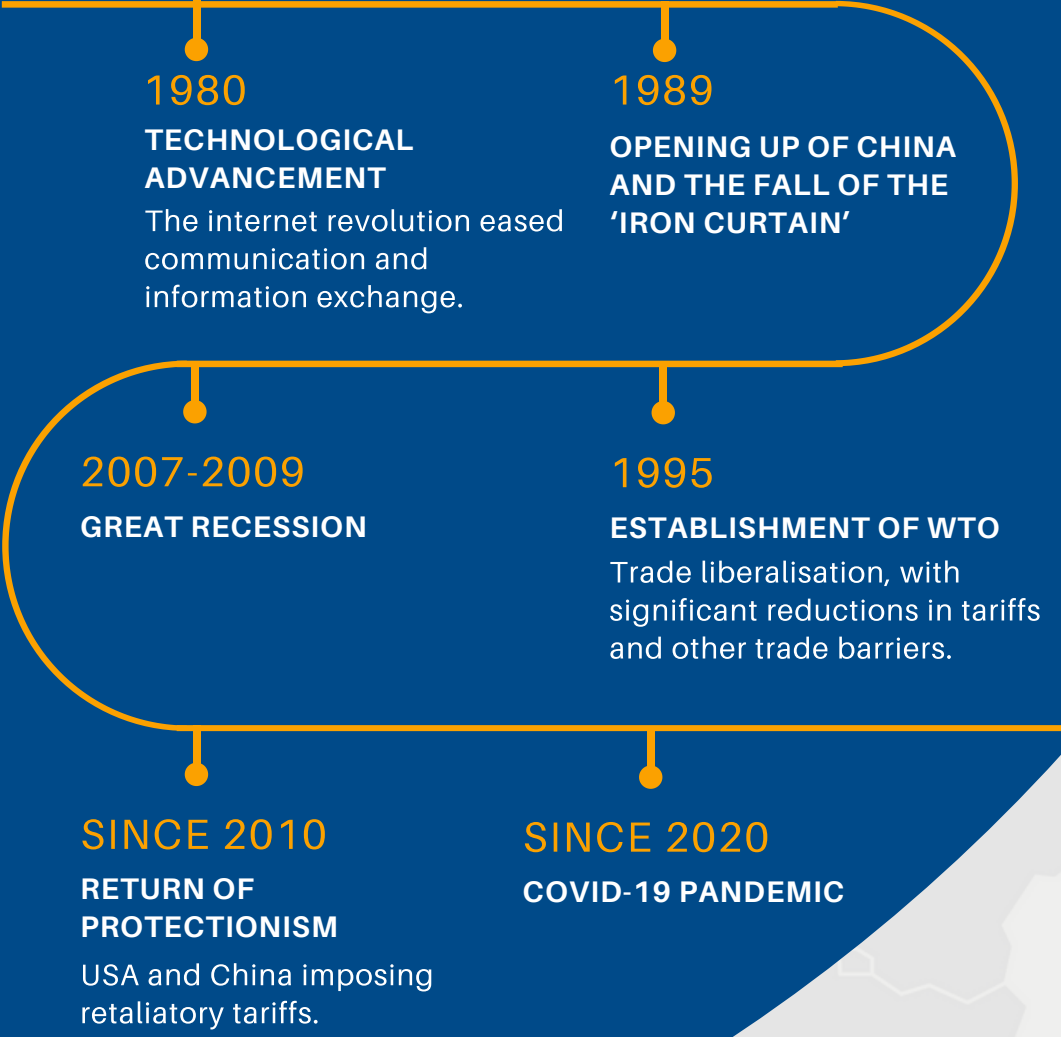
Near-shoring perspectives in the post-pandemic world and the implications for the **Western Balkans**

Workshop „Schwerpunkt Außenwirtschaft 2021/2022“

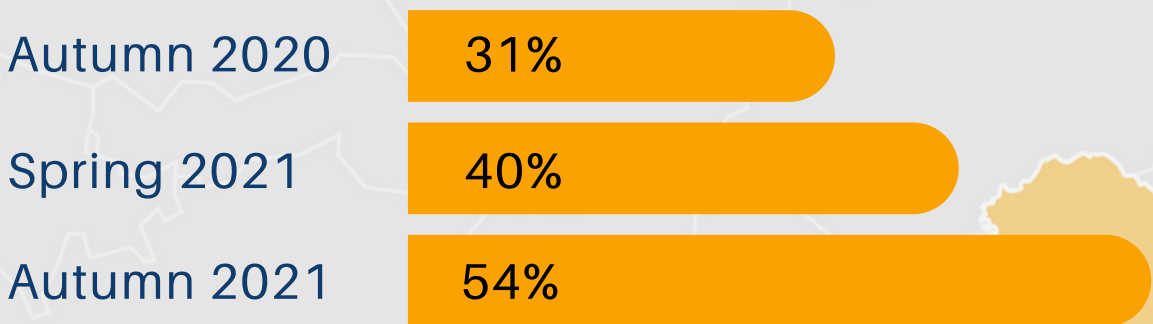
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GLOBALISATION OF PRODUCTION

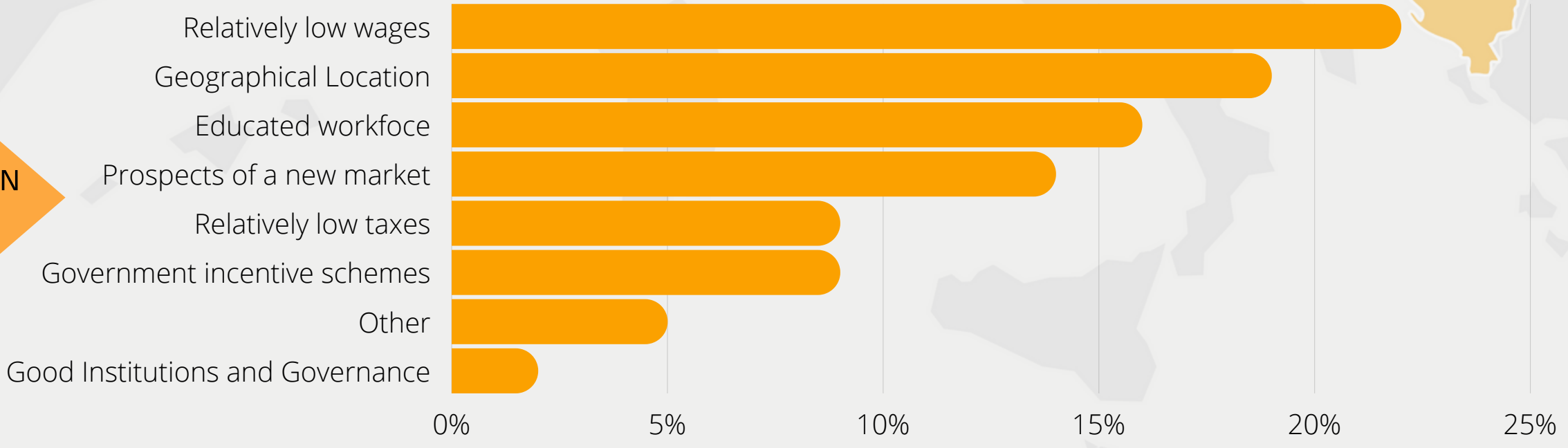


Percentage of German companies with supply chain problems



CAN THE WESTERN BALKANS BECOME A NEAR-SHORING WINNER?

WHY DO GERMAN COMPANIES INVEST IN THE WESTERN BALKANS?



WHAT CAN THE WESTERN BALKANS OFFER...

Low labour cost



Geographical location



Educated workforce



Reasons we did not expect a priori: Cultural Proximity and Social Ties

'It is a cultural area that is very similar to Germany. [...] I simply take the experience of how employees from other cultures developed over the years with us. [...] And there we agreed that people from former Yugoslavia were the best match for us.' (German company working in Serbia)

...AND WHAT ARE THE DOWNSIDES



Availability of skilled workforce



Poor governance and institutions



Non-tariff barriers

CONCLUSIONS

- Near-shoring is likely to increase after the COVID-19 pandemic.
- The Western Balkans are the natural choice for near-shoring from EU companies.
- But the region also has downsides. To benefit fully from the likely near-shoring trends, Western Balkan economies need to maximise their strengths and minimise their weaknesses.
- The green transition offers a big opportunity for the Western Balkans.
- Governments should consider near-shoring policies, such as innovation and industrial policies for re-shoring