



Ss. Cyril and Methodius University in Skopje
Faculty of Economics-Skopje



BOOK OF ABSTRACTS from the
International Interdepartmental Scientific
JEAN MONNET CONFERENCE

„Challenges of the Western Balkans countries to the Accession on the
EU Internal Market“

13th of November 2025

December, 2025

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Mijalce Santa,

Dean at the Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje

Edited by:

Elena Makrevska Disoska

Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje

e-mail: elenam@eccf.ukim.edu.mk

Katerina Toshevska-Trpchevska

Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje

e-mail: katerina@eccf.ukim.edu.mk

Jasna Tonovska

Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje

e-mail: jasna.tonovska@eccf.ukim.edu.mk

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Prof. Paskal Želev, University of National and World Economy, Sofia, Bulgaria

Prof. Albana Begani-Borici, University Luigj Gurakuqi, Faculty of Economics, Shkodër, Albania

Prof. Ljuben Kocev, Ss. Cyril and Methodius University in Skopje, Faculty of Economics – Skopje

Teaching and research Assistant Jasna Tonovska, Ss. Cyril and Methodius University in Skopje, Faculty of Economics – Skopje

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**CHALLENGES OF THE WESTERN BALKANS COUNTRIES TO THE
ACCESSION ON THE EU INTERNAL MARKET**



THE WESTERN BALKAN COUNTRIES AND EU: STATE AND PERSPECTIVES OF INTEGRATION PROCESS

Marko Tomljanović
University of Rijeka,
Faculty of Economics and Business
marko.tomljanovic@efri.uniri.hr

Igor Cvečić
University of Rijeka,
Faculty of Economics and Business
igor.cvecic@efri.uniri.hr

Alen Host
University of Rijeka,
Faculty of Economics and Business
alen.host@efri.uniri.hr

ABSTRACT

The main goal of the paper is to analyze current position of the Western Balkan countries within EU integration process and to present scientifically based perspectives of future integration path of WB countries towards full EU membership. Namely, the completion of their integration process is marked by many questions and challenges such as political and economic reforms, adjustment to the new business environment and challenges of the labor market. Main question arises from conducted research is of WB countries for taking advantage of all potential EU opportunities and instruments, such as an Internal Market, green and digital transition, cohesion policy, trade policy and all other aspects of the European business environment. Analyse covers Albania, Montenegro, North Macedonia, Bosnia and Herzegovina, Serbia and Kosovo, and was conducted based on data collected from Eurostat and World Bank for 10 years period. Collected data describe the macroeconomic and social environment of the countries, trade relations, indicators of the knowledge economy and other relevant indicators. Although certain progress has been achieved, the WB countries are still facing significant problems in the labor market and in achieving economic growth based on modern economic sources. Research results indicates need for definition and implementation of thorough structural reforms and the orientation of economic and political activity towards accelerating the realization of full and sustainable EU membership.

Keywords: *Accession, EU, Reforms, Western Balkan.*

JEL classification: *F15, O52, P27*

THE WESTERN BALKAN COUNTRIES' POSITION IN GLOBAL VALUE CHAIN- FACTS AND PERSPECTIVES

Ines Kersan-Škabić

Juraj Dobrila University of Pula
Faculty of Economics and Tourism “Dr. Mijo Mirković”
ikersan@unipu.hr

ABSTRACT

This systematic literature review examines the integration of Western Balkan (WB) countries into global value chains (GVCs), assessing their current positions and potential for upgrading. Despite significant economic opening and increased exports, primarily to the European Union (EU), WB economies remain largely peripheral, engaging mainly in lower-value-added segments characterized by raw materials and basic manufacturing goods. The study identifies critical barriers such as technological limitations, export concentration, and infrastructural deficiencies. However, recent geopolitical shifts, including nearshoring opportunities spurred by post-pandemic restructuring and EU integration efforts, provide a pathway toward deeper GVC participation. Empirical insights from international databases and scholarly articles highlight strategies including infrastructural investment, regulatory harmonization, and regional collaboration through initiatives like CEFTA. This paper contributes by systematically synthesizing existing research and proposing actionable policy measures to enhance the WB's role within international production networks.

Keywords: *Global Value Chains, Western Balkans, Nearshoring*

JEL classification: *F15, F23, O52*

EFFECTS ON GLOBAL VALUE CHAINS PARTICIPATION: DOES EUROPEAN UNION MEMBERSHIP PLAY A ROLE?

Predrag Bjelić

University of Belgrade,
Faculty of Economics and Business
bjelic@ekof.bg.ac.rs

Paskal Zhelev

University of National and World Economy
pzhelev@unwe.bg

Radmila Dragutinović Mitrović

University of Belgrade,
Faculty of Economics and Business
radmilam@ekof.bg.ac.rs

Radovan Kastratović

University of Belgrade,
Faculty of Economics and Business
radovan.kastratovic@ekof.bg.ac.rs

Ivana Popović Petrović

University of Belgrade,
Faculty of Economics and Business
ivana.popovic@ekof.bg.ac.rs

ABSTRACT

In this paper, the authors analyze the participation of selected European economies in Global Value Chains (GVCs): two EU member states – Bulgaria and Slovakia – and two EU candidate countries – Serbia and North Macedonia. To this end, the Koopman et al. methodology, developed for analyzing both the participation and positioning of countries within GVCs, is applied. The study compares the position of the four selected economies across two strata – EU members and EU candidates – and evaluates the results against findings from previous research. Furthermore, the differences in key GVC indicators, such as backward and forward linkages, between EU members and EU candidates are examined based on panel data for the two groups. The goal is to assess whether EU membership is related to different patterns of GVC participation. To this aim appropriate statistical hypothesis tests are conducted depending on the structure and distribution of panel data. The concept of trade in value-added (TiVA) is applied, based on data from the UNCTAD-EORA database.

Key words: *Global Value Chains, Trade, EU, Bulgaria, Slovakia, North Macedonia, Serbia, EU membership, EU candidate countries, TiVA.*

JEL classification: *F14, F15, F23*

SERVICES – WESTERN BALKAN COUNTRIES EXPORT POTENTIAL

Nenad Janković

University of Kragujevac

Faculty of Economics

njankovic@kg.ac.rs

Božidar Čakajac

University of Kragujevac

Faculty of Economics

bozidar.cakajac@kg.ac.rs

ABSTRACT

Given that all Western Balkan countries face a current account deficit to a greater or lesser extent, the question arises as to how they can, in the coming period, influence the reduction of this deficit or even achieve a surplus? To answer this question, it is necessary to conduct a more detailed analysis of a larger number of sub-balances within the balance of payments of these countries. Since all the mentioned countries have recently recorded surpluses in trade in services, the focus of this paper will be on services and on whether they can represent an export potential in the upcoming period.

After the global economic crisis, trade in services tripled, with higher export growth rates, which contributed to the emergence of increasingly significant surpluses. It should be noted that different types of services dominate in different countries. When looking at the share in total trade in services, Serbia is by far the most significant country, with almost 50% of the total. However, when considering the overall surplus achieved in trade in services, Bosnia and Herzegovina ranks first. What is common to all the countries is that the share of service exports in GDP is increasing, making the role of services in covering deficit components increasingly important.

Keywords: *Services, Export, Deficit, Surplus, Western Balkans.*

JEL classification: *F31, F14, O52*

CONVERGENCE OF THE WESTERN BALKANS WITH THE EUROPEAN UNION

Nenad Stanišić

University of Kragujevac
Faculty of Economics
nstanic@kg.ac.rs

Filip Bugarčić

University of Kragujevac
Faculty of Economics
f.bugarcic@kg.ac.rs

ABSTRACT

This paper explores the path and dynamics of the income convergence of the 5 Western Balkan countries (WB5) with the EU. As 8 Central European countries which joined EU from 2004 to 2013 (CEE8) share a similar historical economic system legacy and gone through transitional reforms process, Western Balkans performances are compared to those countries. While data shows the income convergence between WB5 and EU, there is clear lack of convergence between WB and CEE8 groups. Various factors could explain those results. In this paper, the focus is on level of investments, domestic savings and net international income transfers as determinants of the convergence process. Additionally, the effect of marginal capital coefficients, as a measure of investment efficiency, is explored.

Keywords: Income convergence, Western Balkans, European Union.

JEL classification: O47, F15, E22

**ECONOMIC DEVELOPMENT, INFRASTRUCTURE, AND POLICY
CHALLENGES**



THE IMPACT OF PUBLIC DEBT ON ECONOMIC GROWTH IN CEFTA COUNTRIES – A DYNAMIC PANEL ARDL ANALYSIS

Radovan Kovačević
University of Belgrade,
Faculty of Economics and Business,
radovan.kovacevic@ekof.bg.ac.rs

ABSTRACT

This paper examines the relationship between public debt and economic growth in the CEFTA 2006 countries, which comprise Albania, Bosnia and Herzegovina, North Macedonia, Moldova, Montenegro, Serbia, and Kosovo* (as stipulated by UNSCR 1244 and UNMIK). The analysis employs the ARDL model, revealing that the variables within this model are cointegrated. The estimated long-run coefficients are statistically significant at the 5% level. Our findings indicate that a 10% increase in the ratio of public debt to GDP is associated with a 1.7% decline in the long-run real per capita GDP growth rate. Furthermore, a 10% rise in the public debt service to GDP ratio is associated with a 0.2% decrease in the real per capita GDP growth rate in the long run. In addition, the long-run coefficients for exports and gross national expenditure reveal a positive impact on economic growth, with exports also playing a beneficial role in the short term.

Keywords: *CEFTA, ARDL, public debt, economic growth, cointegration, debt service*

JEL Classification: *F34, E62, H63, C33*

WESTERN BALKAN COUNTRIES EXCHANGE RATE POLICY EFFICIENCY

Miloš Todorović

University of Niš

Faculty of Economics

milos.todorovic@eknfak.ni.ac.rs

Aleksandra Đorđević

University of Belgrade,

Faculty of Economics and Business

<mailto:aleksandra.djordjevic@ekof.bg.ac.rs>

Milan Kalinović

University of Niš

Faculty of Economics

milan.kalinovic@eknfak.ni.ac.rs

ABSTRACT

The Western Balkan countries employ different exchange rate regimes. Serbia operates under a managed floating exchange rate with a tendency toward exchange rate targeting. Bosnia and Herzegovina maintains a currency board arrangement, while Albania adopts a free-floating exchange rate regime. Montenegro has implemented full euroization without being a member of the European Monetary Union, and North Macedonia officially applies a fixed exchange rate regime. This paper examines the impact of the real effective exchange rate on exports, alongside two other key determinants – the inflation rate and gross domestic product. Usage of econometric methods, specifically multiple regression analysis, leads to the conclusion that the real exchange rate in Serbia and Montenegro does not have a statistically significant impact on the exports. The difference between the nominal and real exchange rate exists in all of the mentioned countries. However, the graphs indicate that nominal exchange rates remain relatively stable against the euro. The majority of the exports of Western Balkan countries are denominated in euro. Reasons for this kind of policy are to be found in the price hypersensitivity of those markets in comparison to the increase in exchange rate levels.

Keywords: Western Balkan countries, Exchange rate, Export

JEL classification: F14, F31

EVALUATING THE ROLE OF AIRPORT GROWTH IN FOSTERING COMMERCE AND INVESTMENT: THE CASE OF TIRANA INTERNATIONAL AIRPORT

Albana Boriçi (Begani)
University of Shkodra “Luigj Gurakuqi”
Faculty of Economy
albana.borici@unishk.edu.al

ABSTRACT

Over the past decade, Tirana International Airport (TIA) has experienced rapid growth in international passenger traffic, emerging as a critical infrastructural node in Albania’s integration into the global economy. It might be considered the fastest-growing airport in Europe since the pandemic, recording a 225 percent increase in passenger traffic compared to 2019 levels as of December 2024. In fact, on December 9th, 2024, TIA exceeded the number of 10 million passengers. Kastrati Group, which acquired the concession and secured its extension until 2040, has already invested more than €85 million as of 2025 and plans total investments exceeding €150 million by 2040 for terminal expansion, runway rehabilitation, and capacity increase.

The aim of this paper is therefore to explore the strategic role of TIA in facilitating international business, attracting foreign direct investment (FDI), and expanding corporate connectivity in Albania. Based on a mixed-method approach—including, quantitative analysis of FDI inflows, foreign trade volumes and passenger traffic trends, as well as qualitative interviews with airport officials—this study aims to explore if there is a correlation between improved air connectivity and enhanced investor interest and Albania’s cross-border trade.

The paper situates TIA's development within broader theoretical frameworks that link transport infrastructure with economic globalization, using Albania as a case study of aviation-led regional transformation. Evidence has shown that new international routes, increased service capacity, and expanded airport infrastructure have not only boosted business travel but also contributed to Albania’s visibility and competitiveness in Southeast Europe.

The findings of this work contribute to the literature on international business development in emerging markets and provide actionable recommendations for policymakers, investors, and airport planners seeking to optimize aviation infrastructure as a driver of economic diplomacy and regional competitiveness.

Keywords: *Tirana International Airport, Air Connectivity, Foreign Direct Investment, Trade Integration, Albania*

JEL classification : *JEL F23, JEL L93, JEL R42, JEL O18*

THE IMPACT OF TRADE OPENNESS ON INCOME INEQUALITY: EVIDENCE FROM THE EUROPEAN UNION

Mile Bošnjak

University of Zagreb
Faculty of Economics and business
mile.bosnjak@efzg.unizg.hr

Ivan Novak

University of Zagreb
Faculty of Economics and business
inovak1@net.efzg.hr

Davor Filipović

University of Zagreb
Faculty of Economics and business
dfilipovic@efzg.hr

ABSTRACT

While highly important, a link between trade openness and income inequality is an under-considered topic for European Union member countries. Existing findings often depend on the selection of an empirical approach as well as the selection of the sample data. This paper aims to establish and explain the link between trade openness and inequalities in disposable income among European Union member countries. The link was considered based on an unbalanced panel data sample of 25 EU countries between 2013 and 2021. Robust estimates were obtained following a dynamic specification of Bayesian model averaging and using a set of control variables, based on previous research findings. The obtained findings were robust to different prior selections. Trade openness was found to decrease income inequalities within EU member countries. The research findings further suggested that controlling corruption levels, increasing the availability of financial services, and decreasing unemployment rates are also relevant, with theoretically consistent effects, for disposable income inequality.

Keywords: *Trade Openness, Income Inequalities, European Union.*

JEL classification: *F41, F47, F62.*

WESTERN BALKAN ACCESSION TO THE EUROPEAN UNION: COMPARATIVE ASSESSMENT OF MOTIVATIONS AND IMPEDIMENTS

Joel Deichmann
Bentley University
jdeichmann@bentley.edu

ABSTRACT

The European Union continues to evolve since its 1951 foundations in the Treaty of Paris, signed by between six countries. Charged with maintaining peace and building prosperity for its citizens, the EU remains the largest and most successful example of political and economic integration across its generally democratic states and free-market economies, with 27 members in 2024. Over the past decade, enlargement has stalled because of rising populism, COVID-19, effects of Russia's full-scale invasion of Ukraine, and languishing reforms in candidate countries. This research will compare the unique positions of Western Balkan states in their EU membership pursuit relative to the EU's limited capacity to expand. The candidate countries under investigation are Albania, Bosnia & Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia. Building upon my topical and regional competency, and having examined these counties in my 2021 edited volume and 2022 journal article on foreign direct investment, I possess the requisite expertise to see this project through to its successful completion.

Keywords: *Western Balkans, European Union, Integration*

JEL classification: *F15, O52*

SUSTAINABILITY, CLIMATE POLICY, AND GREEN TRANSITION



IMPACT OF THE CARBON BORDER ADJUSTMENT MECHANISM ON MACEDONIA'S EXPORTS TO THE EUROPEAN UNION

Zoran Jolevski

European University, Skopje
Faculty of Economics
jolevski@gmail.com

ABSTRACT

The EU Carbon Border Adjustment Mechanism will affect the conditions under which exports to EU markets will be realized. Macedonian exports of steel and steel products, as well as electricity, which in 2024 together amounted to over €560 million, or 3.57% of GDP, will be particularly affected by this instrument. State institutions should adopt appropriate regulations for the implementation of the Emissions Trading System. In order to reduce the negative effects on electricity exports, it is necessary for the Government to meet the requirements of Article 27a of Regulation (EU) 2023/956 and to continue increasing the share of electricity from renewable energy sources in total electricity generation. The private sector must actively engage in cooperation with relevant authorities in implementation of the mechanism for monitoring, reporting and verification of greenhouse gas emissions. In parallel, companies, especially producers of steel and steel products, will need to take advantage of the available financial resources for the green transition.

Keywords: *European Union, green transition, export, CBAM*

JEL classification: *F420; F130; F150; O330; Q540*

THE IMPACT OF THE EU'S CARBON BORDER ADJUSTMENT MECHANISM ON WESTERN BALKAN EXPORTS: CHALLENGES AND POLICY RESPONSES

Elena Makrevska Disoska

Ss. Cyril and Methodius University in Skopje,
Faculty of Economics-Skopje
elenam@eccf.ukim.edu.mk

Katerina Toshevska-Trpcevska

Ss. Cyril and Methodius University in Skopje,
Faculty of Economics-Skopje
katerina@eccf.ukim.edu.mk

Viktor Stojkoski

Ss. Cyril and Methodius University in Skopje,
Faculty of Economics-Skopje
viktor@eccf.ukim.edu.mk

ABSTRACT

The Carbon Border Adjustment Mechanism (CBAM), introduced by the European Union as part of its Green Deal and climate neutrality goals, aims to prevent carbon leakage by levying a carbon price on imports of certain high-emission goods. This paper investigates the potential implications of CBAM on the exports from Western Balkan countries—non-EU economies with close trade ties to the Union and limited domestic carbon pricing schemes. Focusing on key sectors such as iron and steel, cement, aluminium, and electricity, fertilizers and hydrogen, the analysis highlights the structural vulnerability of the region's export base to the regulation. Using trade data from recent years, the study reveals that a significant share of Western Balkan exports to the EU fall within the scope of CBAM-covered products, raising concerns about competitiveness, trade diversion, and the economic burden on domestic producers. Furthermore, the absence of harmonized climate policies and emissions monitoring mechanisms in the region may hinder compliance and increase adjustment costs. The paper concludes with policy recommendations, including strengthening environmental governance, investing in green technologies, and aligning with EU carbon standards to maintain market access and support sustainable development in the Western Balkans.

Keywords: *Carbon Border Adjustment Mechanism (CBAM), Western Balkans, EU Green Deal, carbon leakage, trade policy, export.*

JEL classification: *F18, Q56, Q58*

MONITORING TRADE IN PLASTIC WASTE AND SCRAP IN NORTH MACEDONIA

Irena Kikerkova

Ss.Cyril and Methodius University,
Faculty of Economics – Skopje.
irena@eccf.ukim.edu.mk

Ivana Ivanova

Ss.Cyril and Methodius University,
Faculty of Economics – Skopje.
ivana_kole@yahoo.com

ABSTRACT

The paper analyses trade in plastic waste and scrap in Macedonia in the period from 2013 to 2024. The research focuses upon factors contributing to the registered decline of exchanged plastic waste and scarp that originates from developed economies, especially from EU-member states. It examines the impact of key global regulatory and market shifts, including the 2021 amendments to the Basel Convention and the effects of China's ban on plastic waste imports. Beyond tracking the movement of plastic waste in and out of the country, the study also identifies Macedonia's main trading partners. It analyses and highlights the limitations of the waste-to-energy approach, emphasizing its potential to undermine recycling efforts. It also refers to the challenges in the mirror statistics, highlighting the importance of implementing advanced monitoring data system and possible usage of EU's EUROSTAT, which would enhance efficiency, sustainability and improvement of the circular economy approach concerning the whole lifecycle of plastics. The structure of the paper is as follows: an introductory part, data analyses on trade exchange of plastic waste and scarp of RN Macedonia including total exchanged volume and values, leading trading partners, and recognition of hidden flows. Special attention is paid in a separate item upon the issues with regard of the mirror statistics, and finally the paper ends with conclusion.

Keywords: *Inflows/Outflows of Plastic Waste and Scrap, RN Macedonia, Leading Trade Partners, Western Balkans, Mirror Statistics, Circular Economy.*

JEL classification: *F18, F14, Q53, Q56.*

WATER USE AND CAP SUPPORT IN EU AGRICULTURE: IMPACT ON YIELD AND RESILIENCE

Ognjen Erić

University of Banja Luka
Faculty of Economics
ognjen.eric@ef.unibl.org ,

Predrag Ilić

PSRI Institute for Protection and Ecology of the Republic of Srpska
predrag.ilic@institutzei.net

Bojan Baškot

University of Banja Luka
Faculty of Economics,
bojan.baskot@ef.unibl.org

ABSTRACT

This paper investigates the role of CAP support and water management in shaping agricultural efficiency and resilience across the European Union. Special attention is given to water-use efficiency as a proxy for sustainable practices such as wastewater reuse, reflecting technological and resource innovations that contribute to yield improvements.

Panel data covering 26 EU member states from 2015 to 2023 are analyzed using econometric techniques. Fixed-effects (FE) and random-effects (RE) specifications were compared, with the Hausman test ($\chi^2 = 19.60$, $p < 0.001$) confirming that the FE model provides the most consistent estimates. Diagnostic checks showed no serious multicollinearity (mean VIF = 1.72), but strong evidence of heteroskedasticity ($\chi^2 = 3373.67$, $p = 0.000$). To address this, robust standard errors clustered by country were applied. The results highlight several key findings. CAP support per hectare (CAP/Land) had a positive but statistically insignificant effect ($\beta \approx 42.4$, $p = 0.79$), indicating that financial transfers alone do not ensure higher productivity. Conversely, water-use efficiency exerted a positive and nearly significant impact ($\beta \approx 0.046$, $p \approx 0.05$), emphasizing the role of sustainable and innovative water practices in driving value added. Water stress, although positively signed, remained statistically insignificant, suggesting heterogeneous adaptation strategies across countries. Cluster analysis further revealed structural differences: highly intensive agricultural systems in Northwestern Europe achieved consistently higher yields, while many Eastern and Southern European countries lagged, despite receiving CAP transfers. This underscores the importance of targeting support not only by amount but also by conditionality—linking CAP subsidies more directly to efficiency-oriented and climate-resilient practices. In conclusion, the findings suggest that agricultural resilience in the EU is shaped less by the scale of CAP support than by the effectiveness of water management strategies. Explicitly integrating

wastewater reuse and efficiency measures into the CAP framework could strengthen both productivity and climate resilience across member states.

Keywords: *Wastewater reuse, CAP support, Water efficiency, Agricultural productivity, Climate resilience, Cluster and Panel data analysis, European Union*

JEL classification: *Q18, Q25, Q54*

INTEGRATION INTO LOW-CARBON TECHNOLOGY GVCS: THE CASE OF VISEGRAD

Tereza De Castro

Prague University of Economics and Business
Faculty of International Relations
tereza.castro@vse.cz

Jana Vlčková

Prague University of Economics and Business
Faculty of International Relations
jana.vlckova@vse.cz

Cristina Ilinitchi-Procházková

Prague University of Economics and Business
Faculty of International Relations
cristina.ilinitchi@vse.cz

ABSTRACT

The Visegrad countries (Poland, Czechia, Slovakia, and Hungary) are strongly integrated into global value chains, particularly in manufacturing. The European Union's Green Deal and associated decarbonization policies present new opportunities for the V4 to expand their role in the fast-growing low-carbon sector. This paper examines the integration of V4 economies into low-carbon product value chains within the framework of EU and national green transition strategies, providing a comparative perspective. Using trade, global value chain, and foreign direct investment data from the OECD covering the period since 2000, the study assesses both the opportunities and structural challenges shaping this transition.

Keywords: *Visegrad countries, Global value chains, Green transition*

JEL classification: *F14, F18, F23*

CUSTOMS POLICY AND GREEN TRANSPORT: COMPARATIVE PERSPECTIVES FROM THE EUROPEAN UNION AND AZERBAIJAN

Elvin Alirzayev

Academy of State Customs Committee of Azerbaijan Republic
Department of Customs and Management
elvin.alirzayev@ascca.edu.az

ABSTRACT

Green transportation is vital part of climate action and most of the countries have already been established strategies toward. Various positive measures have been implemented across the countries especially from customs policy perspectives including Azerbaijan. As a result of elimination VAT and excise taxes on electric vehicles and some facilitation measures for importation of hybrid cars transportation outlook in Azerbaijan has been changed drastically. This paper investigates electric vehicles status and governmental policies in globe and in Azerbaijan as well. Customs policy implementation tools supporting green transportation will be vital for eliminating Soviet made or designed old automobiles out of the roads. The study concludes that while countries provide incentives for EV imports to promote greener transportation, they must also take into account the subsidized automobile sector in the country of origin when developing their customs policies. This study also found that due to elimination and exemptions in tax and customs duties government sacrifices can be accounted by severe amounts in recent years.

Keywords: *Customs Policy, Green Transportation, BEV, PHEV, EV.*

JEL classification: *F13, F18, Q58*

THE ENVIRONMENTAL DIMENSION OF THE WESTERN BALKANS' ACCESSION TO THE EU INTERNAL MARKET

Kristina Afrić Rakitovac

Juraj Dobrila University of Pula
Faculty of Economics and Tourism "Dr. Mijo Mirković"

kafric@unipu.hr

ABSTRACT

The accession of Western Balkan countries (WB) to the European Union (EU) internal market brings numerous environmental challenges and opportunities. One of the key requirements for EU integration is the alignment of national legislation with the EU acquis, particularly Chapter 27 – Environment. In this context, the environmental impacts of integration are multifaceted. On the positive side, accession stimulates harmonization with EU directives on air and water quality, waste management, and nature conservation. Through Instrument for Pre-Accession Assistance (IPA) funds, WB countries gain access to financial and technical support aimed at enhancing environmental infrastructure and institutional capacity. Additionally, compliance with EU trade obligations indirectly encourages the transfer of environmentally sound technologies and greener business practices. However, the integration process also carries significant risks. Trade liberalization without adequate environmental safeguards may increase ecological pressures—ranging from higher greenhouse gas emissions from transportation, to the import and production of environmentally harmful goods. Furthermore, WB countries often lack the administrative capacity to effectively enforce environmental regulations. Inconsistent implementation of directives, low levels of public participation, and policy conflicts between economic development and environmental protection further complicate the transition toward sustainability. A particular concern arises from energy and infrastructure projects, such as small hydropower plants and mining operations, which are frequently implemented without comprehensive Environmental Impact Assessments (EIA) or proper mitigation of ecological damage. To ensure sustainable integration into the EU internal market, it is essential to strengthen regulatory institutions, guarantee consistent enforcement of environmental laws, and incorporate green criteria into economic planning. Ultimately, the process can have a transformative impact on environmental governance in the region—but only if driven by strong political commitment, regional cooperation, and structured support from the EU.

Keywords: *Western Balkans, European Union, environment, internal market, sustainable development*

JEL classification: *F15, F18, Q58*

**POLITICAL AND ECONOMIC DIMENSIONS OF EU ENLARGEMENT,
MIGRATION, AND STRUCTURAL CHANGE**



TRADE RELATIONS BETWEEN THE REPUBLIC OF NORTH MACEDONIA AND CEFTA 2006: A COMPARATIVE ANALYSIS

Emilija Miteva-Kacarski
Goce Delcev University,
Faculty of Economics
emilija.miteva@ugd.edu.mk

Kostadinka Panova
Goce Delcev University,
Faculty of Economics
kostadinka.panova@ugd.edu.mk

ABSTRACT

This paper provides a comprehensive analysis of foreign trade between the Republic of North Macedonia and other CEFTA 2006 member countries, using both the Revealed Comparative Advantage (RCA) index and the Trade Balance Index (TBI) for the period 2015–2024. The study evaluates North Macedonia's trade performance using the Standard International Trade Classification (SITC) in bilateral trade with Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Moldova, and Serbia.

The findings reveal that North Macedonia consistently holds a strong comparative advantage in food and live animals, beverages and tobacco, and manufactured goods classified chiefly by material, across nearly all CEFTA partners. Particularly high RCA values were observed in trade with Moldova and Montenegro for food products, and with Albania and Kosovo for animal and vegetable oils, reflecting significant specialization. Conversely, categories such as machinery and transport equipment and miscellaneous manufactured articles remained below the RCA threshold of 1, indicating persistent comparative disadvantage.

The TBI index shows trade surpluses with Kosovo, Albania, and Bosnia and Herzegovina in sectors like food, chemicals, and machinery, reflecting export strengths. In contrast, Serbia and Montenegro show persistent trade deficits, especially in food, fuels, and raw materials.

Together, the RCA and TBI indicators highlight North Macedonia's concentration in low- to medium-value-added exports, with clear export competitiveness in primary agricultural and basic industrial goods, and underscore the need for greater trade diversification.

Keywords: *North Macedonia, CEFTA 2006, Revealed Comparative Advantage (RCA) index, Trade Balance Index (TBI), Standard International Trade Classification (SITC)*

JEL classification: *F1, F14*

SHIFTING MOTIVES: HOW THE WAR IN UKRAINE RESHAPED REMITTANCE BEHAVIOR AMONG UKRAINIAN MIGRANTS IN THE CZECH REPUBLIC

Cristina Ilinitchi-Procházková

Prague University of Economics and Business

Faculty of International Relations

cristina.ilinitchi@vse.cz

Tereza De Castro

Prague University of Economics and Business

Faculty of International Relations

tereza.castro@vse.cz

ABSTRACT

The full-scale Russian invasion of Ukraine in 2022 triggered one of the largest displacement crises in Europe since the World War II. This paper examines how the war has transformed the remittance behaviour of Ukrainian migrants in the Czech Republic. Based on ten in-depth interviews with both pre-war economic migrants and post-2022 migrants, the study explores changes in the frequency, motivation, channels, and emotional factors in their remittance behaviour. The findings contribute to the literature on crisis-driven migration, transnationalism, and remittance behaviour by highlighting how war alters both the meaning and practice of sending money across borders. The paper also offers policy insights into how host and destination countries can support migrant remittance capacities during protracted crises.

Keywords: *Remittances, Ukrainian migrants, Czech Republic, Crisis-driven migration*

JEL classification: *F24, F22, O15*

MIGRANT PLATFORM WORKERS IN CROATIA

Kosjenka Dumančić

University of Zagreb

Faculty of Economics & Business Zagreb

kdumancic@efzg.hr

Jelena Tadić Cegnar

University of Zagreb

Faculty of Economics & Business Zagreb

jtadicceg@net.efzg.hr

ABSTRACT

The rapid expansion of the platform economy has transformed labour markets worldwide, offering new work opportunities. Foreign workers are increasingly prominent in the digital platform economy across Europe. Recent studies indicate that migrants are more likely to engage in platform work because these jobs typically have lower entry requirements and offer flexibility, which can be particularly appealing when faced with limited job opportunities in traditional labour markets. In Croatia, this phenomenon is increasingly shaped by the growing presence of migrant workers engaged through digital platforms in sectors such as food delivery and ride-hailing, thus addressing labour shortages in tourism and supporting economic growth. While platform work provides opportunities for migrants, it also raises concerns about working conditions and social protection.

To modernize and adapt Croatian labour legislation to current challenges, amendments to the Labour Act regulating digital platform work came into force on 1 January 2024 — ahead of the formal adoption of the EU Platform Work Directive in April 2024. This proactive harmonization makes Croatia's legal framework one of the first in the European Union to specifically regulate platform work.

According to the first Report on Platform Work in Croatia for 2024, published by the Ministry of Labour, foreign workers make up a substantial share of the total workforce engaged on digital platforms, accounting for about one quarter of all platform workers. When it comes to third-country workers, another major issue is the existence of the so called “aggregators” whose number is huge in Croatia, specialized in importing labour from non-EU countries. Very often, they abuse rights of workers, putting migrant workers in even more vulnerable position. For this reason, alongside the amendments to the Labour Act, changes were also made to the Aliens Act, which now imposes much stricter penalties on employers who fail to register the employment of foreign workers or do not obtain all the necessary permits. This should discourage the undeclared employment of foreigners and the violation of their rights.

Although recent legislation, through amendments to the Labour Act and the Aliens Act, improves certain equality aspects for migrant workers, there is a lack of long-term migration strategy with

the aim of genuinely integrating such workers into society and ensuring their long-term stay in Croatia. The paper will analyze the first Report on the state of platform work in Croatia, relevant provisions of new Labour Act and the Aliens Act, as well as the EU Platform Work Directive on Platform work. At the end, conclusions will be drawn, highlighting the critical areas where further regulatory improvements are needed.

Keywords: *Platform Work, Digital Labour Platforms, Migrants, Croatia, EU*

JEL classification: *J31, J61, K31, K33*

DO MULTINATIONALS PULL ECONOMIES DOWNSTREAM? EVIDENCE FROM CENTRAL AND EASTERN EUROPE AND THE BALTICS

Jasna Tonovska

Ss. Cyril and Methodius University in Skopje,

Faculty of Economics-Skopje

jasna.tonovska@eccf.ukim.edu.mk

ABSTRACT

This paper investigates whether deeper multinational embeddedness shifts Central and Eastern European (CEE) and Baltic economies toward more downstream positions in global value chains (GVCs). Combining a harmonized downstreamness index (Mancini et al., 2024) with Eurostat's inward FATS, we proxy multinational activity by the share of value added generated by foreign-controlled enterprises (FATS-VA) for 11 economies over 2010–2022. Two results stand out. First, higher FATS-VA is consistently associated with movement closer to final demand—consistent with multinationals relocating mandates, customer-proximate functions, and later-stage processing into host economies. Second, tertiary education enrollment complements this effect, whereas short-run variation in regulatory quality is imprecisely related once cross-country differences are accounted for. These correlations imply a policy mix that deepens multinationals' domestic value-added footprint and invests in skills—salient amid Europe's near-/friend-shoring. For South-East Europe, where FATS penetration starts from a lower base, supplier-development programs, co-located after-sales/logistics hubs, and expanded tertiary and technical capacity can convert new FDI into downstream functional upgrading.

Keywords: *Global Value Chains (GVCs), Downstream position, Multinational corporations (MNCs), CEE and the Baltics*

JEL classification: *F23, F14, O14*

THE CONCEPT OF RESEARCH ON THE DEVELOPMENT OF RAIL TRANSPORTATION IN THE REPUBLIC OF NORTH MACEDONIA – ASSUMPTIONS AND METHODOLOGY

Jakub Doński-Lesiuk
University of Lodz
Faculty of Economics and Sociology
jakub.donski@uni.lodz.pl

ABSTRACT

The North Macedonia, classified as a developing country, is aspiring to EU membership (EU Strategic Agenda 2024-2029 of June 2024) and is supported by the World Bank in terms of infrastructure development. For the period 2024-2028, support in the amount of USD 437.8 million has been approved for the state, with an additional USD 30 million earmarked for “Regional Trade and Transport Facilitation”. These funds are intended to ensure increased competitiveness and sustainable development, social inclusion and resilience, with an emphasis on competitiveness, human capital development and environmental sustainability.

The modernization of the Macedonian railway system began in 2015-2017 (work on Corridor VIII, the Kriva Palanka – the border with Bulgaria), but the consequences of the COVID-19 pandemic have slowed down the processes related to the revitalization and expansion of the existing network. Currently, there are signs of a lack of hope for the successful launch of a rail transport system that would serve economic and social needs. This may be linked to the long-term marginalization of this mode of transport and the parallel development of road transport.

The research conducted during the internship focuses on identifying the determinants of rail transport development in the Republic of North Macedonia, with the aim of increasing the efficiency of the flow handling system, taking into account international flows. The research process includes:

- Collecting materials and data, observations at logistics service points,
- Analysis and systematization of collected materials,
- Consultations with academic staff and other experts in the field of transport/logistics,

after which the Delphi study will be conducted (structured interview form distributed online) at the final stage to develop conclusions and recommendations with particular emphasis on practical implications.

The research internship in North Macedonia (September–November 2025) was supported by the Polish National Agency for Academic Exchange.

Keywords: *Rail transport in North Macedonia, Development of regional transport infrastructure, Modernization of the Macedonian rail transport subsystem*

JEL classification: *R41, O18, O52*

POLITICAL ASPECTS OF CONTEMPORARY TRADE MEASURES

Petar Vićentić

University of Belgrade
Faculty of Economics and Business

PhD student

vicenticp6@gmail.com

ABSTRACT

This paper aims to examine trade measures used as instruments of political power, emphasizing their associated economic costs. By introducing a political dimension in international economic relations, the study highlights the elements of coercion and political motivation behind trade policy decisions. Using recent examples, including tariffs imposed by the United States and other significant trade actors, the paper adopts a qualitative approach to uncover underlying political strategies and their implications. Empirical insights drawn from international trade databases and case studies are used to examine these observations. Ultimately, the paper argues that recognizing trade measures as both political tools and economic instruments offers essential insights into contemporary international trade dynamics and their associated economic impact.

Keywords: Trade Policy, Tariffs, Political Economy

JEL classification: F13, F50, F52

STRENGTHENING CRITICAL INFRASTRUCTURE RESILIENCE IN MONTENEGRO AMID EMERGING THREATS

Danijela Jacimovic
University of Montenegro
Faculty of Economics, of Montenegro
danijelaj@ucg.a.cme

ABSTRACT

The paper will aim to address the following research question: How effectively is Montenegro addressing vulnerabilities in its critical infrastructure (CI) through legal, institutional, and cybersecurity reforms, particularly in response to cyber threats, climate risks, and foreign influence?

In recent years, Montenegro has faced a growing array of threats to its critical infrastructure, including sophisticated cyberattacks, climate-related disasters, and strategic vulnerabilities due to foreign investments. The 2022 cyberattack targeting government services exposed systemic weaknesses across sectors such as energy and finance. Simultaneously, increasing climate risks and economic dependencies—especially linked to Chinese and Russian investments—have raised security and sovereignty concerns. In response, Montenegro has enacted legal reforms, intensified international cooperation, and adopted strategic policies to strengthen CI resilience. These efforts aim to harmonize with EU and NATO standards while safeguarding national security.

This research employs a qualitative policy analysis method, using a case study approach. Primary sources include Montenegrin national legislation (e.g., Law on CI Protection, Law on Information Security), official strategies (Cybersecurity Strategy 2022–2026), and institutional reports (World Bank, EU, NATO). Secondary data from expert assessments and media sources will be reviewed to evaluate implementation effectiveness. Key stakeholder interviews (government officials, cybersecurity experts, and CI operators) will be proposed to gain insights into coordination challenges, resource limitations, and the public-private partnership dynamic.

The research is expected to reveal that while Montenegro has made notable progress in developing a legal and institutional framework aligned with EU standards, critical gaps persist. These include overlapping institutional roles, underfunded cyber defense systems, and limited private sector readiness. The study anticipates that Montenegro's engagement with international partners (e.g., NATO, EU, FBI) has enhanced capacity-building but that sustainability depends on continued investment, regulatory clarity, and strengthened public-private collaboration. Recommendations will likely emphasize the need for a comprehensive national risk assessment, streamlined coordination mechanisms, and targeted funding to close resilience gaps in key sectors like telecommunications, energy, and finance.

Keywords: *Critical infrastructure, Resilience, Cybersecurity, Montenegro*

JEL classification: *F52*