

TRADE BETWEEN THE YUGOSLAV REPUBLICS BEFORE AND AFTER THE BREAKUP

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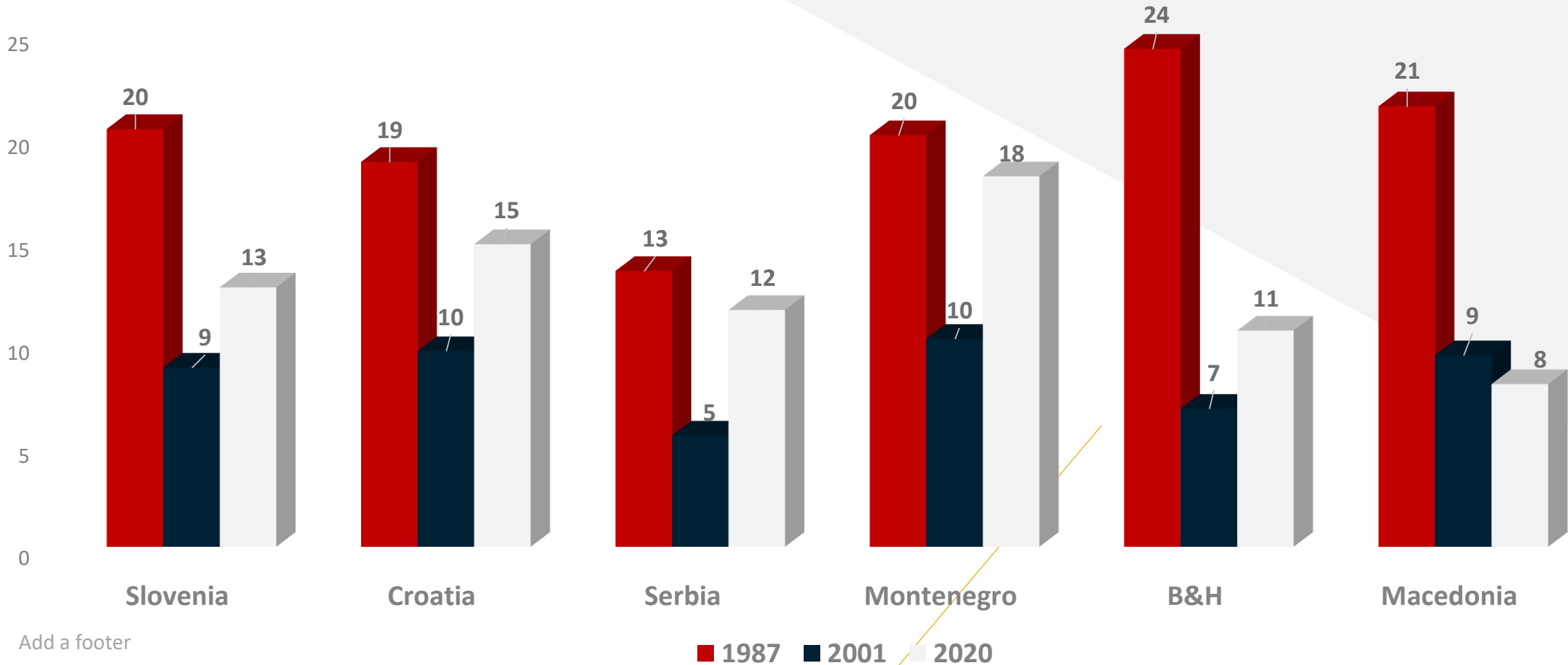
Uneven regional development within SFRY

GDP per capita in former Yugoslavian republics (index; Slovenia 100)

	1952	1974	1980	1989	1997
Slovenia	100	100	100	100	100
Croatia	67	63	64	64	48
Serbia	51	45	45	46	17
Serbia without provinces	57	48	50	52	19
Montenegro	48	34	40	37	16
B&H	53	33	33	34	10
Macedonia	40	34	34	33	20

Importance of the common market for the Yugoslav republics

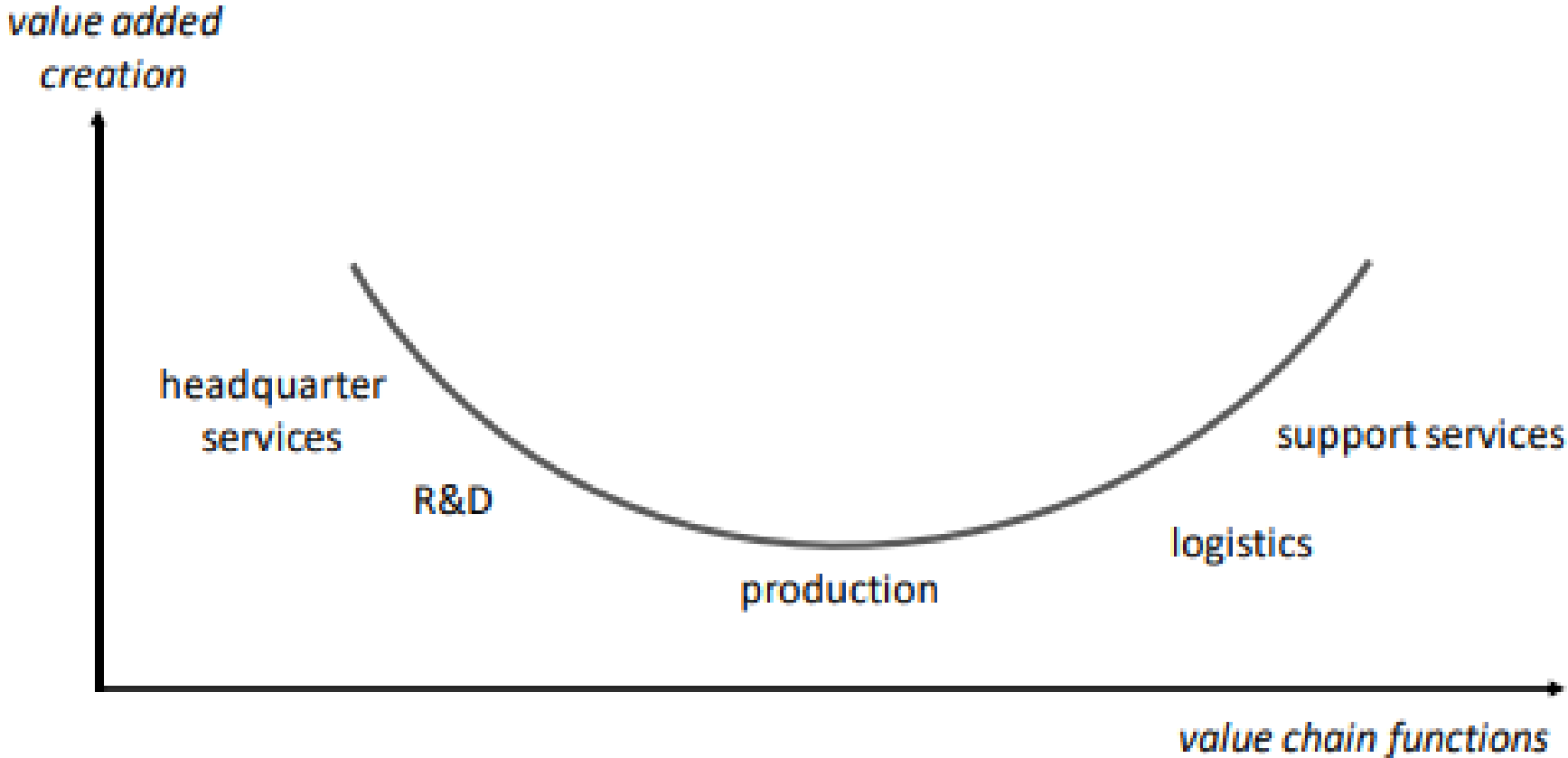
EXPORT TO THE FORMER SFRY REPUBLICS (% GDP)



Value chains as a determinant of the trading position

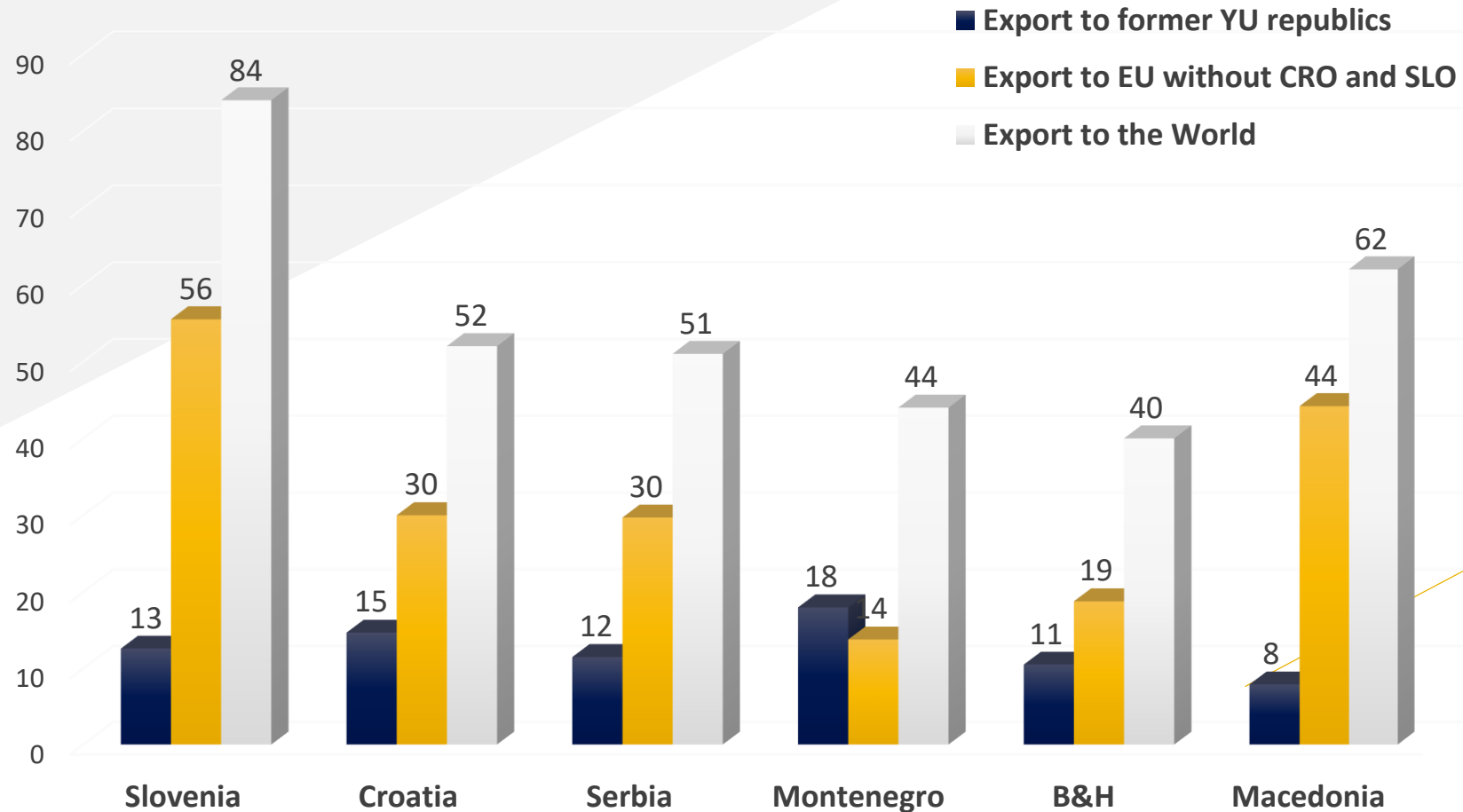
- **Almost all trade between the republics of the SFRY took place within the framework of vertical or intra-industrial integration.**
- **They had the all characteristics of modern global value chains - GVCs**
- **The difference is that subcontractors did not connect spontaneously, according to market laws, but the entire production processes were systematically separated into several republics, due to attempt at economic convergence.**
- **Uneven positions in different production chains caused great differences in the benefits of individual republics and significantly determined their position within the global value chains after the breakup of Yugoslavia.**

SMILE CURVE



THE NEW TRADE ROUTES

THE SHARE OF EXPORTS IN THE GDP OF THE WESTERN BALKAN COUNTRIES





CONCLUSIONS

- Due to the high degree of absorption of Balkan economies into the EU value chains, the trade with other former Yugoslav republics accounts for a smaller share of trade.
- Despite the many advantages of regional integration and additional efforts in this direction, a spontaneous increase in mutual trade cannot be expected.
- CEFTA has already facilitated duty-free trade and made improvements to increase regional trade but these potentials have been exhausted.

Recommendations

- 1. Vertical integration - Balkan regional supply chains;**
- 2. Horizontal integration - The joint appearance of the economies of the Western Balkans on the European market;**
- 3. Joint specialization of the Balkan countries within a particular EU value chains.**



Thank You.

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