

ECONOMIC CHALLENGES IN THE PRESHEVO VALLEY

FIDAN KOSUMI *

(Abstract) This paper aims to shed some light on the issue of economic situation in the Preshevo Valley, an issue prevalent in the recent years, whose consequences today permeate the whole Western Europe. In the aftermath of the developments of 1999 up to date, the Preshevo Valley has faced many reoccurring challenges of political and economic nature. As a result of the created circumstances the dissatisfaction of the population with economic and political situation grew and incited in the recent years a massive migration of people seeking for a better life in the more developed countries which are often Western European countries. This trend continues even today despite the changes seen in the economic and political sphere in Serbia. Despite the persistence of this problem during the whole time it has survived under the shadow, and its negative effects are still appearing on the surface today. As a result of this situation, the Republic of Serbia and the European Union currently are facing the effects of this problem, for example such as the issue of the asylum seekers from this region, while the root causes continue to remain here, in the undeveloped Preshevo Valley waiting with hope to be treated in the near future.

Key Words: Serbia, Preshevo Valley, economic situation, unemployment, migration, possible solutions, economic development

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Introduction

Preshevo Valley, in the Albanian language denominates the three municipalities of Preshevë, Bujanovc and Medvegjë, is inhabited by mixed population, but predominantly Albanians and Serbs.¹ According to the official population census of 2002, Preshevo Valley has 88.966 inhabitants, of whom 57.595 are Albanians.² The last official population census was held in 2011, but due to the dissatisfaction of the Albanians with the political and economic situation and due to alarming issue of migration of population from the Preshevo Valley in the past 10 years, Albanians mainly boycotted the census.

Although the region is rich in natural resources and has a strategic geographic position, located close to European Route E75 as a part of Pan-European Corridor X, it continues to face multiple problems of economic nature.

During the last couple of years despite the various attempts by the central government, local government as well as international organizations for improving the economic situation in the Preshevo Valley, the desirable level of economic development is still far from being achieved. One of the solutions offered by the state was the establishment of the Government of Serbia Coordination Body for the Municipalities of Preshevë, Bujanovc and Medvegjë on 16 December 2000. The establishment of this Coordination Body in the policy of the Serbian government marked a new approach to the resolution of the existing ethnic tensions in the region. Priority areas of action of the Coordination Body in the three municipalities are: education, social issues, economic development and strengthening of the capacities of the civil society.³

* Author: Fidan Kosumi, earned his MBA at the South East European University, Faculty of Business and Economics in Tetovo, Macedonia.

¹ In Serbian/Albanian language: Preševo/Preshevë, Bujanovac/Bujanovc and Medvedja/Medvegjë.

² Republic of Serbia, Republic Institute for Statistics, Publication: Final census results, no. 295, LII, 24.12.2002. <http://www.mtt.org.rs/Srbijapopis2002.pdf>

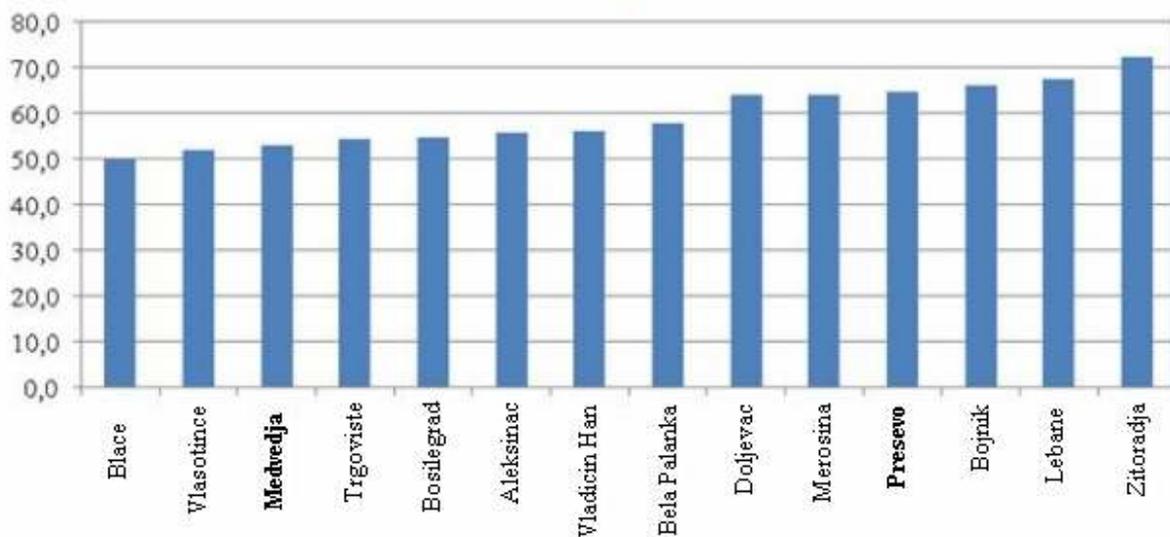
³ Government of Serbia, Coordination Body for the Municipalities of Presevo, Bujanovac and Medvedja, <http://www.kt.gov.rs/en/articles/about-us/>

Despite all, due to some weak results, current situation probably requires a more careful policy change in the strategies and the management of this region. “For managers the world keeps changing. It changes from hour to hour, day to day and week to week. The strategies that were effective yesterday are not necessarily effective in the same situation today”.⁴

Current economic problems in Preshevo Valley

Very high unemployment rate continues to stand as one of the most significant problems of the Preshevo Valley. According to the analysis of “South Serbia– the poorest part” made by the Ministry of Regional Development and Local Self-Governance of the Republic of Serbia, the unemployment rate in Preshevë municipality and Medvegjë municipality exceeds 50%. The unemployment rate in the Bujanovc municipality revolves around 50%.

Graph 1: Municipalities in 2012 with unemployment rates higher than 50%.⁵



According to this analysis, the transition period has marked major employment decline in all regions, but in the south of Serbia this decline has been much higher than the average at the state level. While in Serbia in 2001 every fourth worker remained unemployed, in the south of Serbia in the same period every second worker has left without work.

Because of large unemployment rate, population in this region is facing the problem of a very poor standard of living. The purchasing power remains weak while the demand revolves mainly basic products and services. With such features, the market, individually in each municipality, could be considered as relatively small and quite weak to develop itself. Such a market is not even attractive to potential entrepreneurs, while the inability to survive in an open market and to withstand the competition is another troubling detrimental fact for the private sector.

Although the country continues to undergo its transition process, the private sector has still not earned its rightful place. It remains sluggish and as such does not serve its main purpose.

In the recent years, the global economic crisis has further weakened the already poor standard of the population of this region. Considering that in the Preshevo Valley many families live from remittances, weakening of the economic standard of the family members who work abroad directly affects the standard of those who depend on the remittances.

⁴ Cited: Robert Quinn (2002), Management extra - Leadership and management in organizations, Elsevier Linacre House, First edition 2007, page 3.

⁵ “South Serbia - the poorest part” - The analysis of the Ministry of regional development and local self-governance of Republic of Serbia, March of 2013, http://www.mrrls.gov.rs/sites/default/files/attachment/PREZENTACIJA%20KOP%20VK%20JUG_1.pdf

Economic problems in this region have definitely influenced the social or demographic areas, resulting in part in the quite massive displacement of population, which became one of biggest problems that preoccupies local and central authorities today.

What are the potential solutions?

For the local inhabitants in Preshevo Valley the public sector such as municipalities, police, health institutions remain the most attractive places for employment. However, this cannot be seen as a long term solution to the current high unemployment of young population or as a way to prevent further migration. Due to numerous weaknesses of the private sector, the tendency to all unemployed is to seek employment in the public sector.

Also opening faculties, especially economic ones can be considered as one of the attempts to alleviate the current state. Fundamental knowledge of graduates could certainly be useful but in order to achieve more tangible results, efforts should be oriented toward supporting the entrepreneurial spirit with professional knowledge, respectively quick impact initiatives and special designed programs.

To ensure a more effective and efficient way of solving economic problems, a new strategic approach to investing in the region is needed. In this sense, the central and local government above all must focus on identifying the existent problem areas and work together on strengthening the private sector. Government and municipalities should make efforts to provide a more suitable and sustainable environment for the economy. Firstly, to invest in building adequate infrastructure, to support all forms of education of future potential entrepreneurs, to provide sufficient funds, financial and fiscal incentives for potential entrepreneurs, to work hard to attract the foreign investors and to promote the region overseas. Specific attention should be paid to identifying the strategic potentials for the economic development and offer genuine partnership to the private sector. Besides economic support, authorities should ensure the implementation of its legal framework and ensure the respect of the rights of workers since it tends to be pressed or not respected by business owners.

Unfortunately, the business environment in this region remains unfavourable for the development of small and medium enterprises. In this sense all efforts should be mobilized to support major projects in accordance with the priorities and resources of each municipality for example, such as use of good geographic position, educated human resources, natural resources, mining or thermal waters and minerals. Nowadays, potential large projects in the field of agriculture, livestock, mining, hotels and tourism seems to be the only way forward in providing sustainable solutions to current situation.

Economic development of Preshevo Valley should be an organized activity of local authorities in cooperation with the national authorities and all relevant stakeholders in terms of creating a better business climate. It is necessary to provide a favourable business climate for the establishment and growth of private enterprises and the growth of employment. For this purpose it would be desirable to establish special funds. With the aim to realize greater effects it would also be desirable to have a written vision and strategy for the economic development of Preshevo Valley. The reason for a written vision statement and strategy is to better focus on problems, to aid communication and monitor their implementation.

Lastly, the political factors should not be left aside in this process. Of very high importance in this regard would be to find a fast and good solution for allowing the free movement of goods with Kosovo as that could pave the way to the generation of new small and medium enterprises in the municipalities in Preshevo Valley. The municipalities should robustly engage and show a strong willingness to make positive progress in the economic field, but to be successful in this aspect they should make a thorough review of the existing policies and outcomes in order to ensure a productive strategic approach in the years to come.

Conclusion

The economic problems of Preshevo Valley certainly require a new strategic and very serious multilateral approach. First of all, it should be taken into consideration that the political and economic stability is a prerequisite for the development of this region. The main objective of all activities to be undertaken should be to improve the quality of life of the citizens. In this regard authorities should make serious commitments. Namely, should be aware that due to the specifics of this region, policies need to be very prudent and offer concrete and long-term solutions. Actions that have short-term effects cannot be considered as an adequate solution.

Particular attention should be paid to the strengthening of the private sector, respect of human and minority rights, the full integration of the Albanian minority in the state institutions, better solutions for education and for health care in the Preshevo Valley.

In the economic sphere projects need to be developed, and as seen viable the possibility of employment should grow for the new employees. Small enterprises unfortunately are not seen as a feasible solution because they hardly can survive in the current conditions and competition.

Above all, the Preshevo Valley region should be promoted with the aim of attracting foreign investors. In order to better promote the potential for development, the three municipalities should engage in a more robust marketing.

The Preshevo Valley possesses plenty of potential for development as in geographical terms, but also in terms of natural and human resources. All is needed is: a strong willingness to change the current status-quo, a good vision ahead, to develop adequate strategies, adequate organization and reforms followed with a very hard work toward achieving a sustainable and progressive prosperity.

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<http://www.southeast-europe.org>
Contact: dke@southeast-europe.org

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Thank you for your kind collaboration. *Editor-in-Chief*