



Институт за икономическа политика
Economic Policy Institute

BULGARIA AS THE EAST GATE OF CORRIDOR 8

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**CORRIDOR 8 – EAST GATE:
PROMOTING FLAGSHIP 1 “CONNECTING EAST TO WEST”/
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Chicken and egg question?

Is Corridor VIII economically viable? Connectivity as a precondition for bilateral trade and investments OR trade and investments as a follow up on connectivity?

At first glance, maybe no, but enhancing connectivity can foster not only trade relations between AL, BG and NM but also trade with many more countries (IT, RO, Kosovo, Turkey)

What are the facts?

- partially insufficient internal connectedness in three countries => a precondition for connectivity shortages between countries => further investments in infrastructure in and between countries is needed
- although Sofia and Skopje are located on Pan-European Corridor VIII but there is still neither a railway nor high-speed road connection, let alone a highway
- Sofia and Skopje are among the few European capitals without any direct railway connection. What is more, Skopje is the closest capital city to Sofia, less than 250 kilometres away

What are the facts?

- tourism and leisure travel between both BG and NM has been on the rise in the last ten years, with 550,000 Macedonian citizens visiting Bulgaria and 430,000 Bulgarians going the other way in 2019
- despite a number of declarations and plans, countries remain insufficiently connected in the 21st century

Who has to act?

- Politicians not only have to talk the talk but to walk the walk in order to live up to the expectations of their citizens to enable real connectivity and practical cooperation, also in light of the EU accession process.
- Governments have done little to practically bridge the connectivity and economic gaps between countries (major exception: Digital Agenda for the Western Balkans: since 1 July 2019 people in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia pay less while using their mobile plan, making and receiving calls, sending texts and using data when they are roaming within the region; 1 July 2021 'Roam like at Home' will be introduced - no roaming charges at all within the region.)

Why now?

- Systematic global economic crises were traditionally followed by an infrastructure construction boost
- EU is embarking on a green and digital future, therefore, railway and digital connectivity will be prioritized and financially supported (with grants, loans, equity)

How?

- By regarding regional connectivity in a larger perspective and not limiting it to classical infrastructure only. Thinking of combining transportation, energy and digital connectivity. This will allow countries not to build a single type of interconnection facilities but a combination of them.
- By being more ambitious and moderately innovative in construction of new infrastructure. This will enable countries to skip several development stages by directly applying latest technologies.
- By setting smartER goals in realizing connectivity – obviously not all projects will and can be supported in the same way and scope, which necessitates that adoption of specific, measurable, achievable, realistic, time-bound, efficient, resourced goals.

How?

- By bringing together complementary funding sources: national budgets, EU funding (MMF, Connecting Europe Facility), IFS, Recovery and Resilience Facility, Western Balkans Investment Framework (WBIF), Three Seas Initiative Investment Fund, etc.
- Bulgaria, hosting the Three Seas Initiative in 2021, should insist on the development of an East-West branch within the North-South connectivity nexus of the Initiative – i.e. by including the Pan-European corridor VIII that is stretching from the Adriatic to the Black seas coast, from Bari over Durrës-Tirana-Skopje-Sofia-Plovdiv to Burgas and Varna.



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