

The Impact of Free Trade Agreements on Economies of Western Balkan Countries

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Globalization and integration are social phenomena that are used to describe the diffusion and connection of production, technology and communication throughout the world. When we talk about integration, one of the things that comes to our minds is international trade. There are certain benefits of this economic cooperation such as: support to economic development and promotion of human prosperity. But, also there are some disadvantages: loss of jobs, lower wages, increase in trade deficits etc.

The Western Balkan countries have been offered Stabilisation and Association Agreement by European Union. The Stabilisation and Association Agreement represents the structure of relations between the countries of Western Balkan and European Union for the implementation of Stabilisation and Association Process. Also, in 2006, Serbia, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Kosovo and Moldova signed the Central European Free Trade Agreement. So the objective of this study is to investigate what impact the above mentioned free trade agreements and relations have upon the economies of West Balkan countries. The comparison will be done among the countries of West Balkan by analyzing macroeconomic factors (GDP growth, GDP per capita, GDP deflator, FDI, etc). Particular focus will be on Bosnia and Herzegovina and its standing in relation to European Union.

Beside descriptive statistics we will use time series analyses to investigate whether the gains from free trade are higher than costs. The statistical data that will be analysed is taken from International Trade Center and World Trade Organization.

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