

- Pan-European University Apeiron • Faculty of Business Economics •
 - EDASOL - Series of International Scientific Conferences on Economic Development and Standard of Living •
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**X. INTERNATIONAL SCIENTIFIC CONFERENCE ON ECONOMIC
DEVELOPMENT AND STANDARD OF LIVING
"EDASOL 2020"**

INTRODUCTORY SPEECH

Date: Friday, November 13, 2020
Time: 10:00 a.m. – 11:40 a.m.
Venue: Online – Zoom conference



Banja Luka, November 13, 2020

Dear participants of the scientific conference,

Allow me, before the introductory papers, as an economist dealing with economic development issues, to give a brief overview of the key facts and possible predictions in relation to the economic crisis caused by the covid-19 pandemic:

F a c t s :

- (1) The processes of globalization in the world have been stopped or slowed down, including the economic globalization of local and regional economies;
- (2) Supply chains in a number of affected industries such as hospitality, tourism, air traffic, transport and others have been disrupted;
- (3) Global supply chains have begun to be limited and narrowed, wherever possible, to local sources and supply resources;
- (4) The demand for certain goods has been reduced or completely stopped;
- (5) The capacities of production processes in a large number of affected industries have been stopped or reduced, workers have been left without work and income, the capacity of individual consumption is decreasing and the standard of living is declining;
- (6) Worldwide GDP by the end of 2020 will decrease by 8.5% (optimistic forecast) and 9.6% (pessimistic forecast). This shows us that the recession is already prolonged on the scene, that is, in 2021 we will enter a great depression in the world economy;
- (7) In Bosnia and Herzegovina in 2020, the economy will fall by more than 5% of GDP, which is a good average compared to the forecasts of the global economic downturn. In the first quarter of 2020, GDP grew by 2.2%, while in the second quarter of 2020, the decline in GDP was pronounced and amounted to 9.3%. The decline in industrial production was 3.7%. Inflation is -1.5% (deflation). The coverage of imports by exports is 61%. In August 2020, compared to 2019, unemployment increased by 4.6%, that is, the total number of unemployed is 427,593. It is similar in other economies of Southeast Europe;

- (8) Demand has increased in the IT industry and services based on e-commerce supply. Demand is also growing in the medical and pharmaceutical industries, which is of course not enough to replace the loss of demand in the aforementioned affected markets;
- (9) The assessment of medical experts and world epidemiologists is that the pandemic will last at least 2 years, that is, the optimistic forecast for the end of the pandemic is the spring of 2022;
- (10) Economic experts predict a recession crisis lasting 5-7 years, which means that countries must be ready for this crisis and restructure the functioning of the socio-economic system;

Proposals :

- (11) Adoption of a comprehensive national recovery plan for the country after the covid 19 pandemic for a period of 5-7 years;
- (12) The focus of countries should be on their own resources to create new value and establish the shortest possible supply chains at the level of the national economy, that is, at the level of free trade zones;
- (13) Creating additional forms of demand in the country and directing the attention of domestic entrepreneurs to the substitution of import demand with a larger volume of domestic supply;
- (14) Reduction of budget spending and administration, but also increase of public investments;
- (15) Greater allocations of the state to modern forms of education, science, technology and research;
- (16) Ensuring one's own food supply on the side of domestic supply that will fully satisfy domestic demand. Subsidizing agriculture and the food industry in order to create conditions for full competitiveness;

- (17) Increasing investment in IT infrastructure development, training of IT staff and creation of IT hubs;
- (18) Acceleration of the systemic integration of the diaspora with countries of origin in order to recover countries and their socio-economic development, including the return of the diaspora to countries of origin.

Dear participants, I hope that this review of mine with proposals will be forwarded to the right addresses of decision makers at the level of national economies and that we will witness a visible recovery of our economies in the coming years.

Thank you for your attention.

Prof. dr. Sanel Jakupović
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Full professor of development economics