

Speech by the Head of the EU Delegation to Serbia Sem Fabrici at the Foreign Investors Council

Check against delivery

Dear Mrs Mikhailova (*FIC President & Nestle Adriatic Regional Director*),

Mr Labus (*Miroljub, Editor-in-Chief of the White Book 2018*),

Prime Minister Brnabić,

Deputy Prime Minister and Minister Mihajlović (*Zorana, Minister of Construction, Transporta and Infrastructure*),

Minister Mali (*Siniša, Finance Minister*),

Minister Djorgevic

Representatives of the business community,

Colleagues,

Ladies and gentlemen,

It is a great pleasure to address you today at the publication of this important publication. White Book, being one of the flagship initiatives of the Foreign Investors Council, is considered to be a very authoritative source of information for investors and international organisations alike.

I **congratulate the Foreign Investors Council** - the Board of Directors, the member companies - comprising of 72% of companies headquartered in the EU, but also to the dedicated FIC Executive Office.

I had the pleasure to foreword this year's White Book edition in which I outlined my main observations related to the current state of play of economic reforms and the way forward in the coming years.

Let me to focus quickly on three points:

1. State of play of Serbia's EU accession process,
2. State of play of Serbia's economic reform agenda,
3. EU support to Serbia along its reform path.

1. SERBIA ON THE EU PATH – WHERE WE ARE TODAY?

I would like to underline that the European Commission's **Western Balkans Strategy published in February, the Commission Annual Report in April and the EU-Western Balkans Summit in Sofia** in May have set the ground for a strong and renewed engagement to make progress on the accession, with Serbia playing a special role.

The **unprecedented and sustained flow of high level visits from Brussels has been underlying this new perspective, our commitment, our engagement to make progress.**

An overarching message is that reforms are essential, they mark the speed of the progress, and they are fully in the hands of **Serbia**.

So far, **14 out of 35 chapters in total are opened in negotiations**, while two of them are provisionally closed. We are now working to open new chapters under the Austrian presidency - the figure will certainly reflect the assessment by the EU Member States on how well Serbia is progressing, including in the implementation of key reforms in the Rule of Law area.

2. SERBIA'S ECONOMIC REFORM AGENDA – SUCCESS BUT MORE WORK AHEAD

Talking about **economic criteria for EU accession**, Serbia made strong leap forward in the past three years. While Serbia is considered to be moderately prepared as regards the economic criteria for accession, ***good progress was made in the past several years to address long-standing macroeconomic policy weaknesses.***

The fundamentals are in a better shape; growth is back, unemployment is down.

But complacency should be out of question as the reform process is far from being completed and the European and global economy are pretty competitive. Serbia needs to be competitive.

Both in EC April report and in the **Economic Reform Programme - jointly** adopted in May by the EcoFin Council and the Serbian government - we have set ***policy guidance to the Government in executing key macro- and micro-economic reforms year after year in the format of a three-year reform agenda.***

Taxation, public procurement, public administration, fight against corruption, energy, transport, labour market, transparency, grey economy are among the key areas to tackle.

These reforms need to be pursued and accelerated with decision and coherent strategy. They also put Serbia's growth on a sustainable growth.

Reforms not only at macroeconomic level, but also at micro level, at the level of individual companies and their daily business operations.

This brings me to the area of **business environment where we have seen some progress, but there are still significant weaknesses** which remain to be addressed.

It is telling what the FIC White Book scorecard is indicating: in some areas Serbia is outperforming while in others is underperforming, leaving the overall index unchanged (34%) for the second year in the row.

3. EU SUPPORT TO SERBIA

We know that planning and executing this comprehensive reform agenda is not easy and that is why the **EU is here to help and support** Serbia.

- When we look at financial assistance, the EU is by far the biggest donor in Serbia. **The EU has provided a total of around EUR 3 billion in grants to Serbia since 2000** – this is non-repayable assistance to support the Government's reform efforts in numerous areas. In addition, individual EU Member States keep providing substantial bilateral assistance.

A substantial part of this support is directed to promote a modern, resilient and market oriented economy: competitiveness, SMEs, innovation to market, higher education are among the areas we are supporting the most.

A complementary support is directed through regional measure to boost connectivity, in trade, transport, energy, and digitalization.

- Serbia is already benefitting from the trade and economic integration with the EU. We are the first trade partner: **66% of Serbia's total exports and more than 62% of total imports of goods into Serbia in 2017 are with the EU.**
- **The value of Serbian exports to the EU more than tripled from EUR 3.2 billion in 2009 to EUR 9.9 billion in 2017,** demonstrating the benefits that the Stabilisation and Association Agreement has brought to Serbia.
- Companies from the EU continue to be the main source of foreign investments in Serbia with **EU investments accounting for 73% of total FDI** from 2010 until 2017 or EUR 11.3 billion.
- Companies headquartered in the EU **employ around 200.000 people.**
- The EU strongly supports further economic integration of the markets region through the **creation of the Regional Economic Area in the Western Balkans.** More integrated regional market would generate multiple benefits for the existing companies and certainly attract more new investments in the region.

Conclusion

Ladies and gentlemen,

Public-private dialogue is crucial for proper reform of the business environment.

Considering FIC's recommendations and findings largely echo with the European Commission's assessments, I would warmly ***recommend to the Prime Minister and the government to seriously consider this year's White Book findings.***

This is a pretty important signal on the ground from the Investors who represent two-third of your FDI

Let me remind that joining the EU needs to be a truly a national project, with all societal forces rallied behind.

Thank you very much for your attention.