

Dear readers,

since the beginning of 2015 the Serbian government achieved a moderate economic progress and positive results in the control of the fiscal deficit, that in the midterm should lead to the country's economic recovery. According to the pre-election promises made by Serbian Prime Minister Aleksandar Vucic, Serbia needs inevitably an increase of pensions and public sector salaries. But in terms of the fiscal deficit and lack of proof for sustainable economic recovery, the Serbian government initiated recently various economic measures.

Since today the International Monetary Fund (IMF) has received no official proposal from the Serbian government to discuss a possible salary and pension increase. According to IMF officials, the signs of recovery are better than expected, but the IMF still needs to carry out a serious analysis to see the nature of that data and whether the results are sustainable, before approving further measures. Knowing that, the Serbian Prime Minister Aleksandar Vucic has proposed to the countries of the Western Balkan region to step up economic integration efforts, because it is in the best interest of all neighboring countries. Furthermore, the officials of the chambers of commerce of Western Balkan countries signed last week in Skopje an agreement on cooperation in the construction sector. The agreement aims to facilitate cooperation between building companies working together in the Commonwealth of Independent States, the European Union, North Africa and the Middle East, and creates an opportunity to bid for large-scale construction projects. With an intention to support the country's economic recovery, Fiat car manufacturer located in Serbia, initiated a reciprocal trade arrangement, allowing Serbia to export Fiat cars to Russia. Due to the arrangement, Serbia is expecting to export in 2015 at least 5,000 in Serbia-made Fiat cars.

But probably the most difficult act in strengthening the economic recovery lies for Serbia still ahead. Since the small and medium sized enterprises (SME's) are considered to be the backbone of every economy, Serbia should push forward the reform process to create fertile economic environment. The innovative sector of small and medium sized enterprises (SMEs) is permanently hindered by access to equity capital particularly in their early stage of development – which is a challenge to be addressed in all countries of the Western Balkan region. The main objective in creating a sustainable growth is strengthening the links between equity financing institutions, SMEs and the public sector. Therefore Serbia should concentrate on integrating equity financing institutions in their ecosystem to reduce the perceived gap, increase competitiveness and create opportunities for fast growth of innovative SME's.

Last but not least, the economic recovery depends to a great extent on country's political stability towards the European integration. According to the recent press releases of the Serbian government, Serbia is fully dedicated to the European integration process and the EU membership is considered as the country's most important foreign policy priority. Especially in this regard becomes the decision of the Serbian President Tomislav Nikolic, to send Serbian soldiers to take part in the military parade in Moscow an strong political gesture towards Brussels and European partners. Considering the traditional Serbian-Russian friendship and striving of the Serbian government to establish good relations with both Brussels and Moscow, it will demand a high degree of diplomatic skill to convince the EU partners in their commitment to the membership in the European Union.

4/12/2015 3:37:00 PM

Vucic: Government has achieved serious results

BELGRADE- In its first year in office, the Serbian government has achieved serious results and economic progress and if the control of the fiscal deficit continues, it will lead to the country's economic recovery, Serbian Prime Minister Aleksandar Vucic said on Saturday. If there is an increase of pensions and public sector salaries, it will be on solid grounds, he also said. "Enduring the austerity measures is a big struggle for us in the first six months. I think that we will also have a positive GDP growth by the end of the year, and if we manage to achieve that and the fiscal deficit is under control the way that it is today, we will manage to cure our country," Vucic told Happy TV. To achieve this goal, Serbia needs political stability, as well as stability in the whole region, he said. Vucic said that he expects that the economic parameters between June and the end of the year will be better than in the same period last year and that the citizens will start feeling improvement by the end of 2015.

<http://www.tanjug.rs/news/173717/vucic--government-has-achieved-serious-results.htm>

4/11/2015 7:00:00 PM

Vucic: Region needs stronger economic integration

BELGRADE - Serbian Prime Minister Aleksandar Vucic has called on the countries of the Western Balkan region to step up economic integration efforts, observing that it is in the best interest of all, because separate and feuding, they will remain rather small markets. "In the political sense we do not need 'brotherhood and unity', but we do need a rational and close cooperation in all areas, from infrastructure projects to cooperation in third markets," Vucic said in an interview for Banja Luka-based Nezavisne Novine. The Serbian prime minister says he sincerely believes that, regardless of all events from the past, the region can turn to the future, reconciliation and a better life. "Every one of us works, or at least is attempting to work in the interests of their own people or the state, but only if all of us work together can we do good things for ourselves," said Vucic. Asked whether he would attend the commemoration of 20 years since the crime of Srebrenica in July, the Serbian prime minister said that he condemned the "horrible crime" and respected every victim, adding, however, that it was too early to speak about concrete political events.

4/10/2015 8:19:00 PM

Vucic: Serbia is fully dedicated to EU accession process

BELGRADE - Serbian Prime Minister Aleksandar Vucic said during a meeting he had with President of the Italian Society for International Organization Franco Frattini on Friday that Serbia was fully committed to obtaining membership of the European Union. According to a release from the Serbian government's media relations office, Vucic highlighted Serbia's full dedication to the European integration process as EU membership was the country's most important foreign policy priority. The main topic of the meeting was Serbia's progress on the European path, the release said. Frattini, former vice president of the European Commission and Italian foreign minister, said that although difficult, the reform measures taken by the Serbian government were indispensable for the recovery of Serbian economy and they were already showing results. The Italian politician said that Serbia had successfully completed the screening of all 35 chapters of the EU acquis and that it deserved to open the first negotiating chapters by the end of the current year. Frattini stressed the importance of Chapters 23 and 24, which relate to issues of judicial reform and security.

Joksimovic, Frattini: Serbia deserves to open chapters

Minister without Portfolio in charge of Serbia's European Integration Jadranka Joksimovic and President of the Italian Society for International Organization and advisor to the Serbian government on the European integration process Franco Frattini agree that Serbia has successfully completed the screening process and is ready for the second stage in negotiations. According to a release from the Serbian government's media relations office, Joksimovic and Frattini, who met in Belgrade Friday, agreed that by opening accession negotiations chapters, the EU would send a positive signal to Serbia and its citizens that it appreciated the results they had achieved. Joksimovic and Frattini talked about further stages in the European integration process and challenges facing Serbia on that path. According to the release, Frattini said that Serbia's active role in the European integration process and the government's efforts to implement reforms and to show the importance of staying on the European path to Serbia's citizens were becoming all the more visible. Speaking about relations in the region, Joksimovic and Frattini agreed that Serbia was actively focused on strengthening economic ties and improving political relationships.

Frattini: Serbia is making good steps on EU path

Special advisor to the Serbian government on the European integration process Franco Frattini has said during a meeting he had with Serbian Justice Minister Nikola Selakovic that Serbia was making good steps on its road to the EU. The draft action plan for Chapter 23 of accession negotiations was met with a good response in terms of its technical quality to fit the framework of EU institutions, Frattini said during the meeting Friday, pointing out that Serbia needed to simplify administrative procedures and make laws easier to interpret. Selakovic briefed Frattini on the relevant laws adopted last year, including the Law on Protection of Whistleblowers, the Law on

Mediation and other pieces of legislation, adding that the Justice Ministry's working groups were preparing drafts for several more systemic legal and strategic documents, including the draft laws on the protection of the right to trial within a reasonable time, on free legal aid and a financial crime investigation strategy. Selakovic said that the work on the action plan for Chapter 23 negotiations was nearing completion and stressed that Serbia would meet all the requirements needed to open Chapter 23 as soon as possible, so that the very opening of the chapter would depend solely on the EU, the government's media relations office said in a release.

Frattini: Serbia is bridge between Europe and Moscow

Former European Commission vice president and Italian foreign minister Franco Frattini has said that Serbia pursues a foreign policy that makes it a bridge between Brussels and Moscow. Frattini told Belgrade-based TV Pink Friday that Serbia's position in Europe in the context of the Ukrainian crisis was a very balanced one and it had resulted in Serbia's Prime Minister Aleksandar Vucic being invited to visit Washington. If the United States, which is very strict when it comes to Ukraine, can invite Vucic to come to Washington, it means that you are pursuing a balanced foreign policy, Frattini said, adding that he expected Europe to do even more than the United States because it was obvious that Serbia had chosen the European path. Frattini, who serves as an adviser to the Serbian government, said that Serbia had the right to foster strategic partnership with Russia. The Serbian government's media relations office said in a release Friday that U.S. Vice President Joe Biden had invited Vucic to visit Washington. Vucic was informed about the invitation by U.S. Ambassador to Serbia Michael Kirby, who said that the visit should help improve bilateral relations.

<http://www.tanjug.rs/news/173556/vucic--serbia-is-fully-dedicated-to-eu-accession-process.htm>

4/8/2015 2:28:00 PM

IMF: Salary increase would require serious analysis of data

BELGRADE - The International Monetary Fund (IMF) has received no official proposal from the Serbian government to discuss a possible salary and pension increase in the wake of good fiscal results in the first three months, IMF Resident Representative in Belgrade Daehaeng Kim said on Wednesday. It is true that there are signs of recovery and that the results are better than expected, but we still need to carry out a serious analysis to see the nature of that data and whether the results are sustainable, Kim said after delivering a lecture at the Faculty of Economics. It needs to be pointed out that the goal of neither the IMF nor the government is not to reduce the citizens' income, but to improve the fiscal position - the budget deficit and the public debt are high in Serbia, but constant efforts are needed to make and keep their levels sustainable, he added. Kim announced that a mission of the international financial institution will be visiting Serbia from April 29, when a technical mission will arrive, and that the IMF mission will have high-level discussions with Serbian government officials from May 4 through 12.

4/9/2015 2:50:00 PM

Serbia to start exporting Fiat cars to Russia duty-free soon

BELGRADE - Fiat cars from the Kragujevac factory could start being exported to Russia duty-free as early as the first half of this year, Trade Representative at the Embassy of the Russian Federation to Serbia Andrey Khripunov told Tanjug Thursday. Russia is ready and had all the necessary procedures for duty-free import of Fiat cars produced in Serbia prepared, but it now needs to make agreements with the other member-states of the Eurasian Economic Union (EEU) - Belarus and Kazakhstan - as Russia cannot make such a decision unilaterally, Khripunov said. Russia has put the issue on the agenda of the Eurasian Economic Commission (EEC) meeting taking place on April 15, he added. Khripunov said that it would be a reciprocal trade arrangement, approving duty-free import of certain Russian-made cars to Serbia in exchange for duty-free export of Fiat cars from Serbia to Russia. We expect at least 5,000 Kragujevac-made Fiat cars in the first batch, he said. The possibility of duty-free import of passenger cars from Serbia to Russia was first discussed during talks between Serbian Prime Minister Aleksandar Vucic and Russian President Vladimir Putin on October 2014.

<http://www.tanjug.rs/news/173377/serbia-to-start-exporting-fiat-cars-to-russia-duty-free-soon.htm>

4/8/2015 5:19:00 PM

Builders of former YU to work together in third markets

BELGRADE - Officials of the chambers of commerce of Serbia, Republika Srpska, BiH, Croatia and Macedonia signed in Skopje an agreement on cooperation in the construction sector, focusing on third markets. The agreement signed on Tuesday aims to facilitate cooperation between building companies working together in the Commonwealth of Independent States, the European Union, North Africa and the Middle East. It creates an opportunity for builders in the region to bid for large-scale construction projects and make a return to the markets where they long enjoyed the reputation of reliable and dependable business partners. The signing of an agreement in the construction sector was first announced at a conference on the promotion of regional business cooperation, which was held on November 27 in Belgrade. The idea was also accepted by the chambers of commerce of Slovenia and Montenegro, which will sign the document later on.

<http://www.tanjug.rs/news/173245/builders-of-former-yu-to-work-together-in-third-markets.htm>

4/8/2015 6:22:00 PM

Dacic: Serbian companies are not selling weapons to Libya

BELGRADE - Serbian Deputy Prime Minister and Minister of Foreign Affairs Ivica Dacic denied on Wednesday the allegations that Serbian companies are selling weapons to Libya. This is an absolutely untrue piece of information that has come from Bosnia-Herzegovina, and it appeared just because of the recent affair which broke out there

over the sale of weapons to Ukraine, Dacic told reporters after the meeting with OSCE representatives. Dacic underscored that no Serbian company obtained a permit for sale of weapons to Libya after the breakout of the crisis in the country, although such requests were voiced. He noted that TEHNOREMONT company filed appeals on several occasions because it was denied the permit. Bosnian media claim the UN filed a request to Serbia calling for an investigation into TEHNOREMONT's conduct of business. Our defence industry is reacting for a good reason because our companies are denied permits for weapon export, while everyone else is selling armament, Dacic said. He noted that the permits will not be issued until the chaos in Libya ends, adding that Serbia is very carefully monitoring the destination and identity of buyers of its weapons.

<http://www.tanjug.rs/news/173257/dacic--serbian-companies-are-not-selling-weapons-to-libya.htm>

4/8/2015 9:03:00 PM

Dacic on Serbian troops' participation in Moscow parade

BELGRADE - The decision to allow Serbian troops to take part in the Moscow military parade does not change Serbia's stance on EU integration or its obligations related to cairing the OSCE, Serbia's foreign Minister Ivica Dacic said on Wednesday. "No one from the EU has informed us that it is the EU's joint view that we should not participate in the parade," he told reporters after a meeting with OSCE officials. "The Serbian troops' participation in the Moscow parade has nothing to do with favouring anyone. We favour celebrating the victory over fascism. We lost many human lives for that and we definitely have the right to commemorate it," he stressed.

OSCE Secretary General Lamberto Zannier agrees that the decision to allow the Serbian army to take part in the Moscow parade on May 9 is a legitimate decision be the Serbia government. He does not think the decision affects Serbia's role in any way, adding that, as the country cairing the OSCE, Serbia is fulfilling its role in full, both in terms of the work done on the ground and in actively communicating with Russia and Ukraine.

<http://www.tanjug.rs/news/173276/dacic-on-serbian-troops-participation-in-moscow-parade.htm>

4/7/2015 8:45:00 PM

Kukan: Moscow parade attendance contrary to EU integration

BRUSSELS – Chair of the European Parliament's Delegation for Relations with Serbia Eduard Kukan said Tuesday that Serbian President Tomislav Nikolic's decision to send Serbian soldiers to the military parade in Moscow on May 9 was in contrast to the country's European integration ambitions. I view President Nikolic's decision to send Serbian soldiers to take part in the military parade in Moscow as being in contrast to the statements about the country's commitment to the EU integration process. Given the current situation, such a decision becomes an important political gesture. President Nikolic should be aware that such gestures can affect the country's European integration process, Kukan said in a statement. Nikolic said yesterday that he had made the decision to accept the invitation of Russian Defense Minister Sergey Shoygu and that Serbian soldiers would participate in the

traditional Victory Day parade, which this year is marking 70 years since the capitulation of Nazi Germany in World War II. Nikolic said earlier that he would be in Moscow's Red Square on May 9 to attend the Victory Day parade.

<http://www.tanjug.rs/news/173093/kukan--moscow-parade-attendance-contrary-to-eu-integration.htm>