

EIB Forum
Athens, 19-20 October 2006

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South-East Europe – A Region on the Move

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Former Deputy Prime Minister of Serbia

EIB Forum 2006:

South-East Europe – A Region on the Move

**Enhance Regional Integration by
the Free Trade Zone and Infrastructure
Investments**

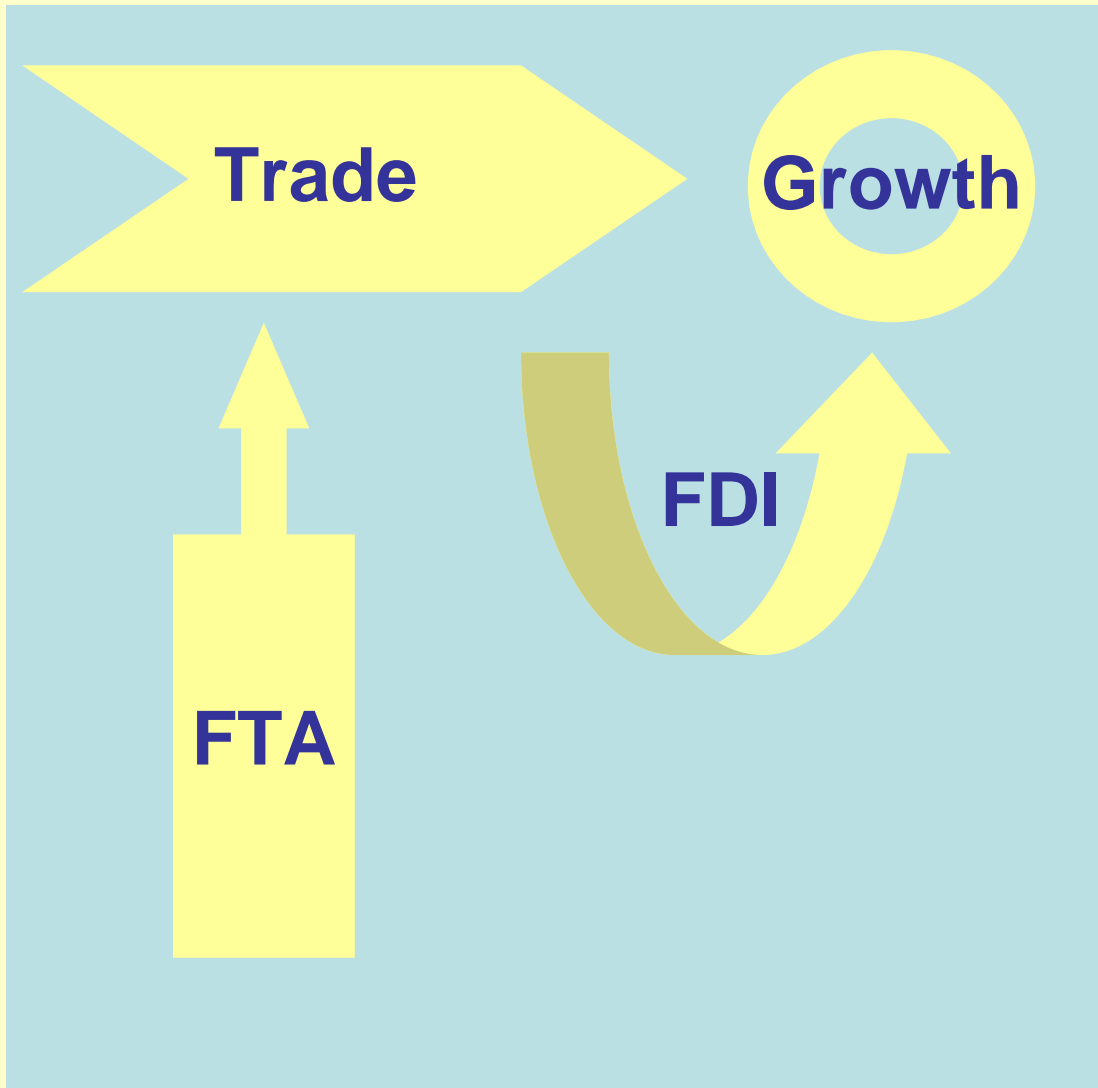
Session on Regional Integration

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Talking Points

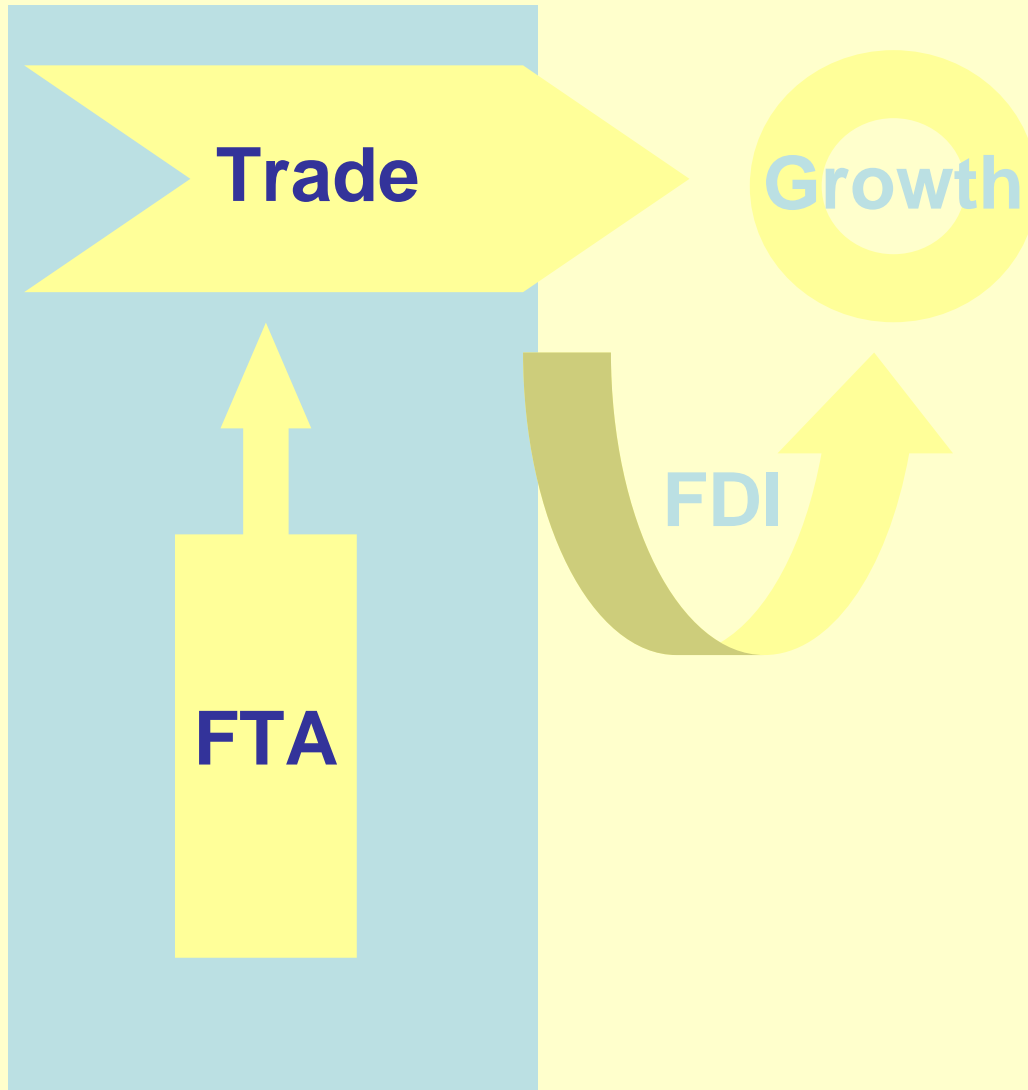
- 1. Evaluation of Bilateral Free Trade Agreements**
- 2. Towards a Single FTA for SEE**
 - 1. CEFTA 2006**
 - 2. Energy Community**
- 3. Investment Opportunities in Serbia:**
 - 1. Telecommunication**
 - 2. Energy Sector**
 - 3. Transport Sector**
 - 4. Privatization of infrastructural state companies**

Fundamentals



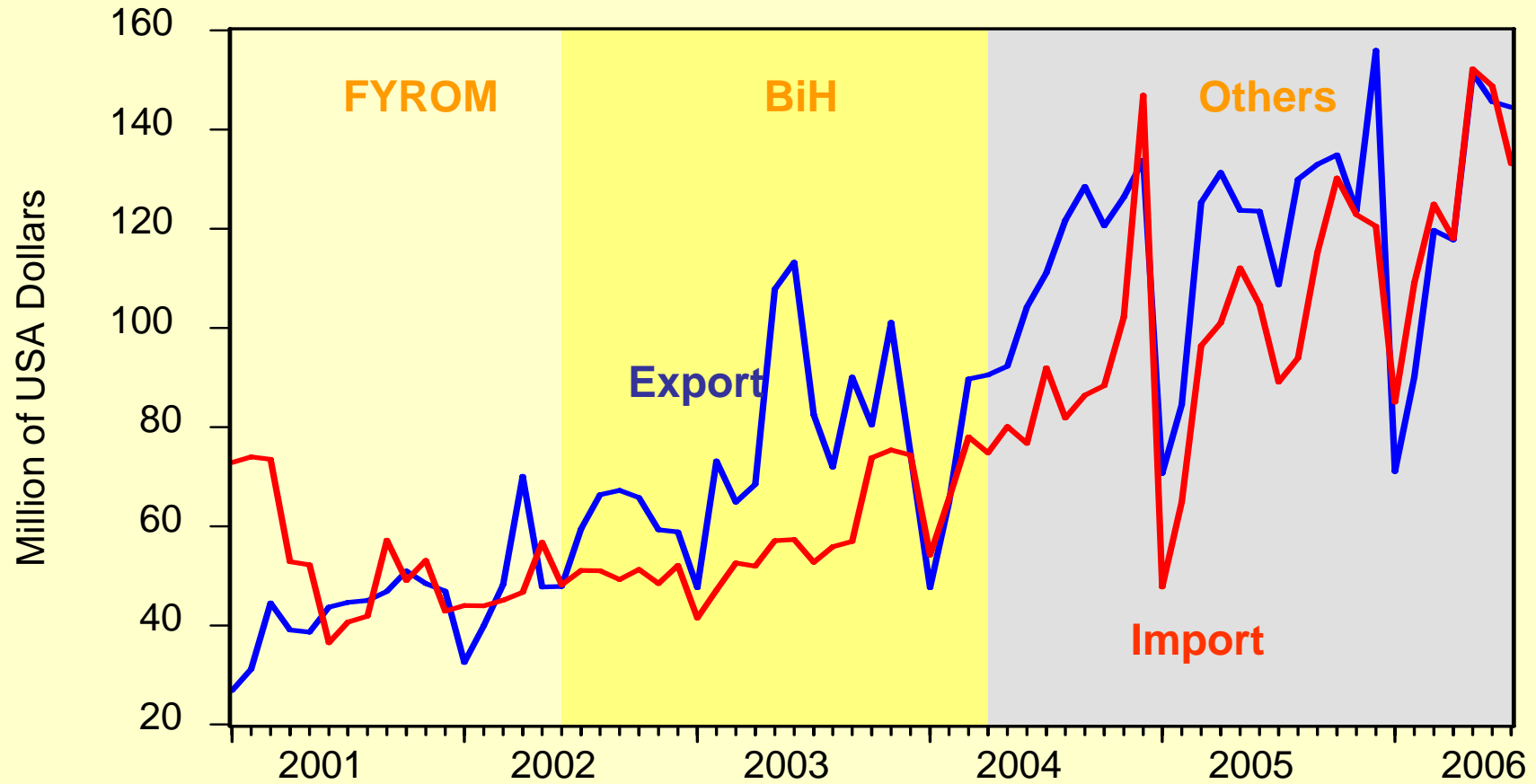
1. **Fundamentals are present in SEE...**
2. **With some doubts:**
 1. **FTAs implementation period is short and...**
 2. **The gravity model predicts limited role for FTAs in the case of Serbian (and Croatian) trade with the EU...**
3. **Since actual trade is lower than potential trade with the EU**

Evidence from Serbia

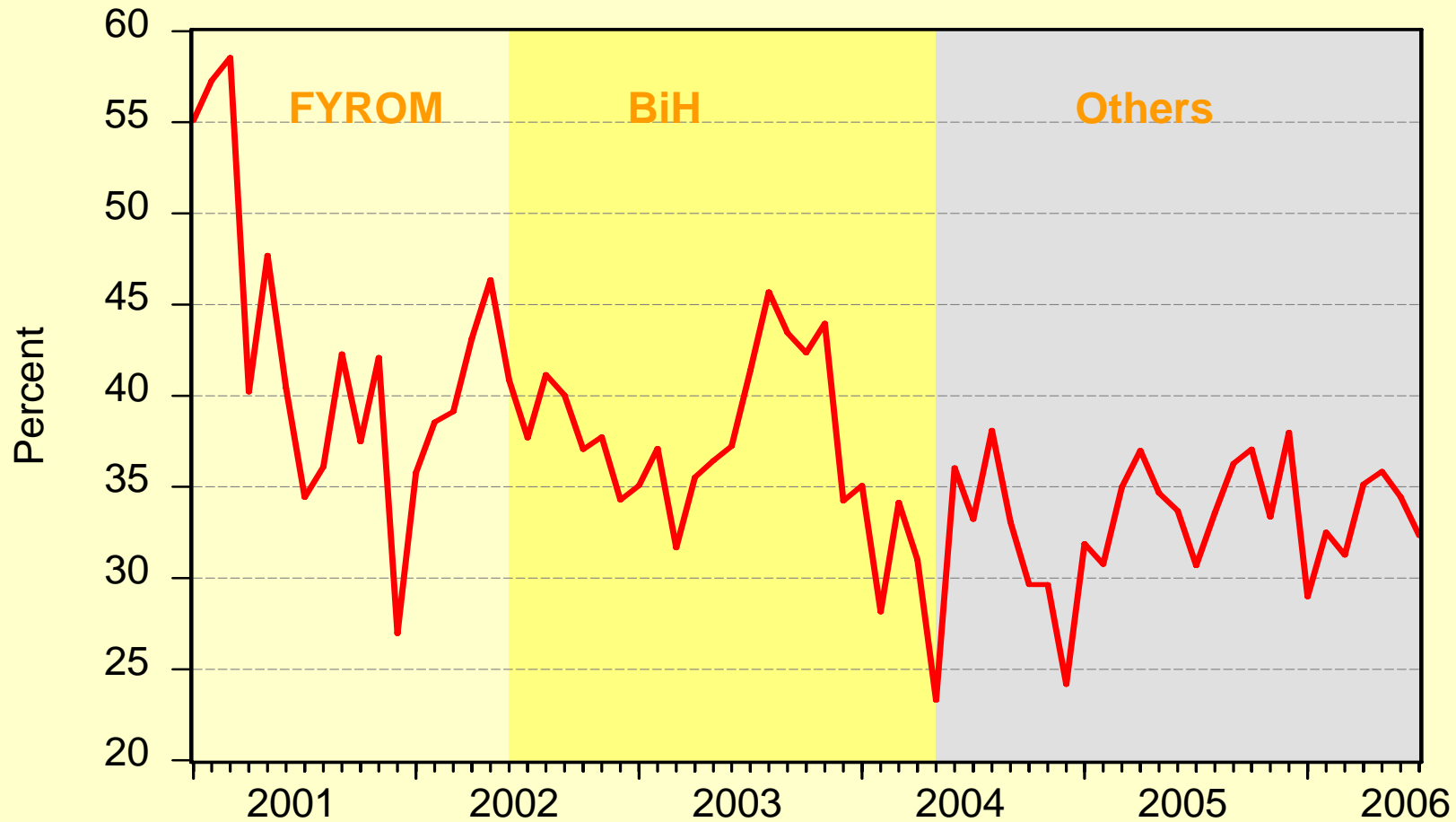


1. **Econometric model shows strong indications that both Serbia and her trading partners as a whole benefited from FTAs**
2. **Bilateral trade figures are not so favorable for some Serbian neighbors**
3. **Open issues are exaggerated**
 1. **Tobacco excises**
 2. **Free trade of crude oil**
4. **Predictions are partially realized**

Serbian trade with SEE Countries



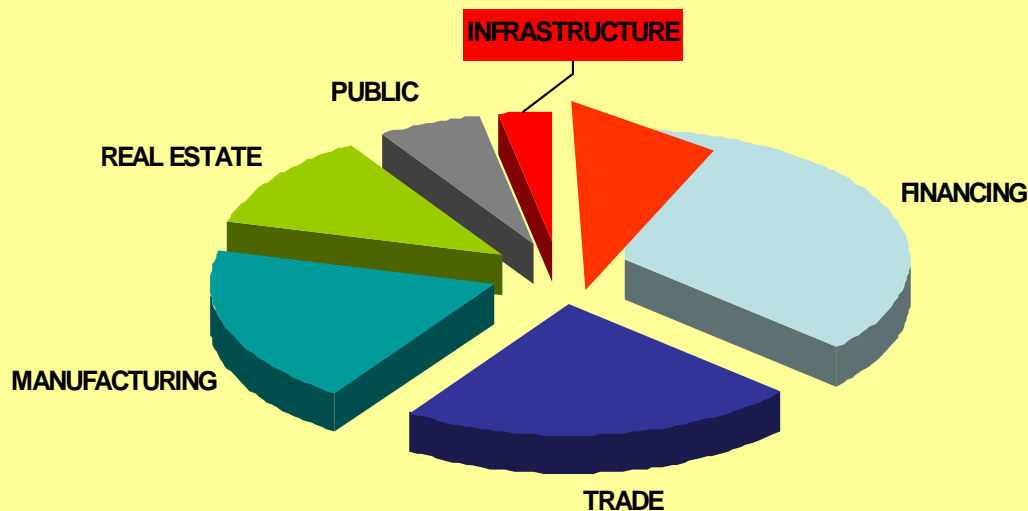
Serbian trade with SEE Countries in relation to trade with the EU



CEFTA 2006 and Energy Community

- **CEFTA 2006 combines already concluded FTAs with elements of SAA particularly with respect to**
 - Cooperation policies, Rules of origin (including diagonal cumulation), Public procurement, State aid, Liberalization of trade in services, Non-trade barriers, Dispute settlement mechanism
- **Scheduled time for signature: end of 2006**
 - More active role of EC might be necessary
- **Energy Community to enter into force in January 2007**
 - Innovative cooperation of EU member states and (potential) candidate countries
 - Implementation of the Acquis Communautaire on energy, environment, competition and renewables for the whole region before formal accession to the EU

Investment opportunity in Serbia



Breakdown of FDI by sectors

- Recent FDI mostly in services

- Low level of FDI in infrastructure until very recently

- GDP growth is based more on a development of services than on other sectors

Main Points

- 1. SEE countries are heading for EU membership at different pace. However, there is the only one “European road” to take them to this end**
- 2. Creation of a single regional market (CEFTA 2006) and Energy Community are constructive steps to reinforce European perspective for all SEE countries**
- 3. As far as Serbia is concerned - whatever happens to negotiations on the SAA - improved regional market integration, accompanied with necessary investments in infrastructure, will the country move closer to the EU**

Thank you