



FAKULTET ZA EKONOMIJU, FINANSIJE I ADMINISTRACIJU

**Minutes of the annual FEFA conference "Challenges of Serbia's EU Candidacy", held on May 11, 2010 at the Sava Center in Belgrade with the support of the Delegation of the European Union, the Friedrich Ebert Foundation and media sponsor, journal "Challenges of European Integration".**

**Prof. dr Goran Pitić**, President of FEFA Council, opened the conference by stating that some institutional and organizational progress towards the European Union has been made, but that there are still certain areas in which this has not occurred due to lack of necessary political will and other resources. In his presentation, Pitić emphasized that he saw Serbia's biggest challenge in whether the answer to the new situation could be given using obsolete solutions. The answer is «probably not» since Serbia needs a new vision and strategy, to respond to new external conditions. He also indicated that new strategies must be focused on the individual, whose contribution is vital to integration. Dr Pitić concluded by emphasizing four areas where Serbia is lagging behind the developed countries and those are: 1) economics, where the developed countries moved from the economics of knowledge towards economics of society 2) information literacy, which is very important in terms of globalization, 3) business environment, where the execution of contracts and protection of investors must be fully respected, and 4) education and employment, because that is the key to Serbia's vision, where an educated workforce will produce high quality products.

**Dr Milica Delević**, Director of the Serbia's EU Integration Office pointed out that Serbia should not be concerned about the current crisis within the European Union - which came as a result of macroeconomic instability of some of its members - since overcoming obstacles is the key element of previous EU transformation. What is important for Serbia is its determination to continue striving towards implementing reforms and adopting new ones, and in that way, as quickly as possible, get closer to the European Union and demonstrate the maturity of a country to be a modern, democratic and well-managed society. Persistence in attaining this goal has been confirmed by the results achieved in the past: good progress report, visa-free regime, the implementation of interim trade agreement and the submission of a request for EU official candidacy. Dr Delević especially emphasized that people of Serbia have begun to perceive reforms, not only as mere conditions, but as something that allows them to have a better life, and that, in the last public poll, 73% of citizens supported the integration process. This is important in view of the future dynamics of the process of Serbia's EU accession.

**H.E. Vincent Degert**, Head of the Delegation of the European Union in Serbia, also started his presentation by highlighting the role of the individual in the process of EU accession. He emphasized that EU enlargement is not an easy process. Through its growth, the EU passes

through various crises, which teach us that integration involves a greater degree of solidarity and that weaknesses cannot be overcome with national, but European solutions. All countries of the region have progressed towards the EU, but at different speed, so it is important to observe the experience of countries that are more advanced in this process. When it comes to Serbia, Ambassador Degert noted that the visa-free regime and submitting a nomination for membership are some of the most important things that have happened in terms of Serbia's integration. However, he also pointed out that Serbia must face two challenges and these are: political - when the EU will start making comments about the candidacy of Serbia, and the second concerning the ratification of the Stabilization and Association Agreement (SAA). Ambassador Degert concluded his presentation by stating that the integration process is neither quick nor easy, but that it leads to the improvement of living standards, and it is certainly in the interest of all citizens.

**Dr Michael Ehrke**, Director of the Friedrich Ebert Foundation in Belgrade, said that although European integration requires demanding compliance with various EU rules and regulations in different areas, different technical compliance, and devolution of sovereignty in favor of European institutions, it also means having market access to over 100 million consumers, which is, from an economic point of view, very important for Serbian companies.

**Dr Ana S. Trbovich**, Director of the Center for European Integration and Public Administration of FEFA, moderator of the meeting, underscored professional public administration and administrative capacity as being crucial for a successful European integration of Serbia, and outlined the contribution that FEFA aims to provide in this regard, through postgraduate studies in European integration and public administration, public events and publications.

**Javier Ergueta Garnica**, Deputy Chief of Mission at the Embassy of Spain in Serbia, pointed out, in his presentation, that Serbia has significantly advanced in the last eight years, but he also said that Serbia's major problem is that its road to the EU has been very complicated and long. He believes that there are two problems: internal and external. The first problem is related to Serbia and the time it has lost in the past due to wars and its political problems. Second, external, refers to the problems related to the Union, such as the constitutional crisis. He said that today's membership requirements are more demanding than they were, because the EU does not want to "import" problems. Mr. Garnica noted that Spain is very supportive of Serbia and that it is trying to accelerate the process as much as possible, and also that the two countries share the position on Kosovo. The message of Spain, delivered by Mr. Garnica at the end of the presentation, is that Serbia enjoys a great deal of support from Spain, but that it needs a realistic approach to the problems it is facing and that Serbia must be a leader in regional cooperation.

**Dr Peter Sanfey**, from the European Bank for Reconstruction and Development, has expressed his optimism regarding Serbia's integration into the EU, despite numerous challenges Serbia has yet to face. In this context, he pointed out four important steps forward, made by Serbia in the previous period. These are political stability, where, as he

explained, Serbia is now a stable and mature democracy; macroeconomic stability, which is primarily due to the effective central bank and its monetary policy, and low fiscal deficit, as well as the introduction of institutional and administrative reforms. However, there are several challenges awaiting Serbia. In this regard, Dr. Sanfey referred to the necessity of maintaining the macroeconomic stability in the future, as well as the need for improvements in education, which has so far been quite neglected. Last, but not the least, he stressed the importance of improving the business environment and further dealing with the problem of corruption in Serbia.

**Sonja Licht**, President of the Belgrade Fund for Political Excellence, said that reaching the standards that exist in developed countries of the Union is of great importance in order to enhance the quality of life in Serbia, while the date when we will access the EU is of less importance. She believes that the administration could be much more efficient, and in order to garner strong political will, there must be a consensus regarding European integration. It is necessary to strengthen the Committee for European Integration in the Serbian parliament, which is very important when it comes to harmonizing legislation with EU laws. She further highlighted the need for more intensive engagement of all parties - the executive authorities, the parliament and the academic community. Therefore, Ms. Licht considers that the conference of this nature and other debates are of great importance, as they sharpen and strengthen the arguments in favor of integration. Finally, she invited the younger population, including the present students of Faculty of Economics, Finance and Administration, to actively engage in the process of European integration.

**Nataša Vučković**, Member of the National Assembly of the Republic of Serbia, stressed the importance of further integration of Serbia as a crucial element of its vision to become a democratic, efficient and cohesive society. Therefore, we should not deal with current issues within the EU, but strive to be as flexible as possible, and intensify reforms that would bring us closer to the Union. In addition to this, there are 5 key challenges in terms of further reforms: the application of European values, social reform, institutions, governance and education. This means implementing the adopted European standards in practice, highlighting the principle of solidarity, building new institutions and strengthening existing ones, updating and upgrading administration and promoting education and its responsiveness to the needs on the labor market.

**Mr. Vladimir Todorčić**, FEFA, the moderator of the second session, emphasized that reforms are carried out primarily because of us, not because of the EU. Institutions certainly need to be strengthened, and that is not enough to only meet formal requirements, but to implement the adopted ones. He pointed out the success achieved by Serbia, such as visa liberalization and SAA, and the huge potential that still exists at all levels, and is not fully utilized. The engine for further development should definitely be the private sector, so their views, views of the whole civil society and public debates should be considered as vital. This is still not happening in Serbia, he concluded, because they are considered as irrelevant.

**Dr Jadranka Jelinčić**, Executive Director of the Open Society Institute pointed out the lack of participation of the business sector, as their interests need to be integrated into the

decision-making process and decisions themselves, simply because they impact them. She said that the process of European integration consists of two parts: vertical and horizontal. The first concerns the country joining the Union, and the question of what will happen to the society of the country when it enters the EU remains open. Vertical process is often considered or understood as access to the EU funds, but it is not noted that these funds are not infinitely large and that they often do not solve the long-term structural problems of a country. The second part of the integration, horizontal, according to Ms. Jelinčić is far more important, because it is actually the true meaning of reform, the process of Europeanization. Aligning numerous development strategies is of great importance, because they are not coherent among each other, or with the projections of the EU. In conclusion, she notes that it is necessary that the Government and the expert community closely follow the development within the EU, because the situation will substantially differentiate now and when we get close to the actual membership in the Union.

**Dr Janko Veselinović**, MP and Chairperson of the Parliamentary Friendship Group with Croatia, stated in his presentation that good neighborly relations between Serbia and Croatia are of great importance to the prosperity of the region and to successful accession of the two countries in the EU. Recently, significant progress has been made, but there are still some open issues. Dr. Veselinovic has primarily put emphasis on the following challenges in relations between Serbia and Croatia: the return of the refugees that touches on the issue of tenancy rights, refugee recognition of service, the question of returning the confiscated farmland and many others, then the trial for war crimes, and cooperation with the Hague Tribunal, the issue of missing persons, the question of the return of cultural property, minority rights, and finally the question of the need for free flow of goods and services.

**Goran Ješić**, the Mayor of Indija, said in his speech that the chosen path of the Serbian political elite towards the EU is the easier path. He believes that the EU funds should be better used; it is often forgotten that Serbia now has access to many funds, but does not have enough good projects to be funded from those funds. The main problem, he says, is a backward Serbian Constitution. He pointed out that only the reform of the banking system has advanced, which cannot be said for other areas. He thinks that the main task of the Government is to uncompromisingly implement reforms and improve the Serbian society, regardless of the outcome of political elections, and that people should not look at the EU as an illusion that represents a solution to all the problems in one country.

**Toplica Spasojević**, President of the Serbian Association of Corporate Directors, concluded that the issue of European integration is more an economic than a political issue, and thus the well-being of our economy and the pursuit of economic interest should represent the essence of our aspirations of Europe. However, Spasojević also pointed out that a wrong perception exists in Serbia – that is, that the very act of joining the EU automatically means a much better life with old habits, which of course is wrong and can lead to great disappointments. It is therefore necessary to eradicate this approach, because the big European market access means more consumers and higher profit potential, but also greater and tougher competition that the Serbian companies will not be able to cope with without increased efficiency, higher education and dedication to work.

**Dr Zoran Ćirović** from the Ministry of Finance of the Republic of Serbia has stated that the greatest advance has been made in the financial and banking area, which is the central idea of ongoing harmonization of legislation with the EU. In particular, he pointed out the two new draft laws: the Law on securities and the Law on foreign exchange operations. This legislation seeks to ensure the liberalization of capital, which is of crucial importance to Serbia both for the development its internal market, and because of its accession to the EU and the World Trade Organization.

**Mr. Nikola Jovanović**, editor in chief of „The challenges of European integration" journal, considers that the integration process in Serbia is often misused for political purposes, and that other countries in the region address this issue more seriously. European integration is not an ideological issue as many think, but a very practical matter, he stated. It is therefore necessary to have a practical approach to the problem, which means solving the problem of inefficient administration, poor consumer protection, state aid control, the problem of uncompetitive business environment and many others. According to him, the EU is an important external stimulus, because it provides an opportunity for Serbia, through the exchange of practical experiences with other member states and increased competition in the European Common Market, ensuring its own prosperity.

**Prof. dr Mihailo Crnobrnja**, FEFA Dean, summarized the discussion. He emphasized that the reforms have to be made primarily for Serbia itself, that the candidacy carries external and internal challenges and that the implementation of European principles is considerably more arduous than their formal adoption. He noticed that foreign speakers mainly had a better picture of Serbia than the local speakers, and that Serbia is missing is the courage, regardless of the outcome of political elections. He also attributed great importance to horizontal integration, and stated that civil society as a whole needs to modernize.