

**THE WORLD ECONOMIC CRISIS IMPACT ON SERBIA
IN THE CONTEXT OF ITS ASSOCIATION
WITH THE EUROPEAN UNION**

UDC 338.124.4:339.93(497.11)

Milan Stamatović¹, Savo Radonjić², Ana Anufrijević^{2*}

¹Faculty for Management Studies, Novi Sad, Serbia
stamatovicm@sbb.rs

²Alfa University, Belgrade, Serbia
savo.radonjic@gmail.com, *anufrijevana@hotmail.com

Abstract. *The most common causes of crisis are usually big credit expansions. The current global economic crisis, which, without exaggeration can be construed as crises of the West, was created in the center of the world's financial system and in this sense is special compared to the previous one which marked the twentieth century on one hand, and similar to that of 1929 on the other. The share of the US, EU and Asia in the global financial sector losses 57% and respectively 39% and 4%. Serbia was a marginal player on the world stage and the big blow was referred to the crisis. The general conclusion is not at all optimistic because indicators will move the business climate in Serbia and in the future there will be an almost identical trend in the EU, so that the changes in Serbia for the most part depend on the momentum that will be coming to EU markets.*

Finally, the transition in the Western Balkans is at the same time both an economic and a political process. All economies of the Western Balkans (Serbia, Montenegro, Croatia, Bosnia and Herzegovina, FYR Macedonia and Albania) reported negative effects on macroeconomic indicators as a consequence of the economic crisis, but they are on the way to EU membership, even though each of these countries varies in degrees of accession.

Due to many problems that Serbia is facing, due to the aforementioned problems in the economic arena, but also because of the numerous political problems, which can not be ignored, Serbia will soon be able to become part of the big European family. In a situation where it is more than necessary to absorb the effects of the global economic crisis, it is of crucial importance for Serbia to approach the EU carefully, fulfilling criteria for joining. Specifically, the effects of a possible "Quick admission" would have multiple negative economic consequences and in this case would be more than just the desire for connection.

Key Words: *Global economic crisis, competitiveness, European Union, Western Balkans, free trade zone, trade policy.*

INTRODUCTION

The current international economic turbulences represent one of the most destructive economic crises in the last century, perhaps with more devastating effects than ever before. The overall international economic system, almost all individual national economies and especially the vulnerable transition economies of South East Europe are affected. It is understandable that small and medium enterprises are particularly affected by market turbulences and that their position is clearly unfavorable in the newly created world economic circumstances. Problems are reflected in reduced demand, difficult access to export markets and particularly capital markets which are reserved for the recovery of those economies which caused the current economic crisis. This paper gives an answer to the question of how the crisis in terms of Serbia remained or become competitive when it comes to accession to EU.

1 A REFLECTION ON GLOBAL ECONOMIC TRENDS

The global economic crisis has been around for a year now, and the end is still not visible, and hardly any expert dares to offer a prognosis of the timely dynamics of the crisis. Most analysts attach its beginnings to a great real estate boom in the States, for banks were approving high-risk credits to individuals with low repayment capacity. It is widely accepted attitude that the *Federal* Reserve System of the USA (FED) set very low interest rates in the first half of this decade. These decisions brought about the mortgage crisis, and then a global credit crisis.

Naturally, there are skeptics among economic analysts who have used this crisis for their maxim, which states that liberal capitalism has died which of course is not true. Ever since the Great Depression in 1929, there has been thirteen recorded economic crises that occurred in different intensities and in different time intervals. One should have in mind that liberal capitalism has struggled at least 20 times before and after 1929, in the following years: 1720, 1763, 1772, 1793, 1797, 1810, 1815-1816, 1819, 1836, 1847, 1857, 1866, 1890, 1920-1921, 1931-1933, 1950, 1960, 1974-1975, 1979-1982, 1982-1987 [7, p.306].

So, the cyclic movement of the world trade represents a normal heritage of contemporary economic development. Let us see some of the recent developing trends after the first oil shock. It is a fact that the latest recession is not an end of capitalism, but another recession, after which new growth will take place, but it must be stated that world has not seen such a deep and harsh depression, which can easily be seen from the following table 1 [22].

The table shown above depicts development periods and all economic crises/recessions with their intensities and frequencies in the last thirty five years. The resistance of the system is quite clear, as is its vulnerability, i.e. its "susceptibility to outside obstructions".

The globalization of the world market is also quite obvious from the above table, so it is logical that such a strong disturbance could not have remained in the epicenter (the USA), so the undesirable wave "flooded" financial markets all over the world. This, naturally, caused corresponding misbalances in all national economic systems.

Table 1 A review of the global economic trends 1975-2009

Year	Per capita output (PPP Pondered)	Industrial production	Overall trade	Capital flows	Oil consumption	Percentage of change in unemployment rate	Per capita Consumption	Per capita investment
1975	-0.13	-1.60	-1.87	0.56	-0.90	1.19	0.41	-2.04
1982	-0.89	-1.08	-0.69	-0.76	-2.87	1.61	-0.18	-4.72
1991	-0.18	-0.09	4.01	-2.07	0.01	0.72	0.62	-0.15
2009, projected	-2.50	-6.23	-11.75	-6.18	-1.50	2.56	-1.11	-8.74
Average ('75,'82,'91)	-0.40	-2.01	0.48	-0.76	-1.25	1.18	0.28	-2.30

There are no unified positions about the actual consequences of the impact of global economic crisis, which is the greatest one in the last seven decades. Little agreement exists in terms of its length, possible depth, duration, as well as precise measures to be taken in order to reorganize economies for recovery. Positions are not unified even among the most significant international financial institutions.

This years' World Economic Forum held in Davos, from January 28th, 2009 – to February 1st, 2009, was entirely devoted to the problems attached to global economic crisis [25]. The summit argued the effects of the crisis and possible measures for alleviating its consequences. Special attention was devoted to financial regulation, sustainable development, globalization, social exclusion and global management.

"The world is going through a historic crisis of trust in values, systems and institutions. It is time to reshape the real world", warned Klaus Schwab, the founder and the president of *World Economic Forum* [25]. This particular thought was an essential topic of the Forum. The causes of the crisis as well as its spreading were analyzed. The depth of the crisis and particular measures for alleviating the consequences were debated. Topics included the achieved effects of the taken measures, as well as defining *global measures*, as the only proper response to the *global crisis* [18, p.113-114].

Simply put, the Forum in Davos started the quest for a new type of World Order, and the quest continued at Forum of the Group of 20 most developed economies, on April 2nd, 2009 in London [26].

Analyzing the causes of the Crisis, there was almost a consensus that it was derived from the "flaws" of the market, which usually occur during the period of high rates of economic growth and greed for endless profit making.

Analyzing the applied measures for alleviating consequences experts warned about the rising problem of *trade protectionism*. Protective measures in trade introduced by several countries with the largest share in global exchange, has brought a dose of seriousness in finding the solution to the problem. It is clear that trade perfectionism carries *financial protectionism* alongside, which makes the world economy dangerously susceptible to a type of protectionism that could endanger markets of the developing countries, and their SMEs which are dependent on foreign banks' loans. That is why is it important to carry out London Summit's decisions, which anticipate the battle against protectionism.

Although there is no final global response to the global crisis, implementation of some anti-recession measures is obviously necessary, and results will be carefully monitored. One must bear in mind that it takes a considerable amount of time for first results of taken measures to be shown.

1.1. Influence of the global economic crisis on the real sector in Serbia

Through the analysis of strategic principles and goals, as well as the chosen economic policy and measures for achievement of desired goals, it can be seen that all of them including those for the SME sector which are quite well positioned in Serbia. Having in mind the actual situation which includes inherited problems (starting position at the beginning of transition the unemployment rate, productivity, technological level – innovativeness and competitiveness of the economy, trade deficit, level and rate of growth of GDP), as well as newly-created difficulties from the global economic crisis, it is clear that numerous planned development goals are unfulfilled. The present situation in the real sector in Serbia is characterized by the stagnation and diminishing of economic activity, caused by the global economic crisis. The decrease of industrial production by 17.4% in the first six months of 2009 is the strongest evidence of the effects of the global crisis on the real sector. This will demand reinventing strategies of technological development of Serbian enterprises [20, p. 139-141], as well as implementing contemporary aspects of reengineering of a firm [19].

It should also be noted that while the accession and transition countries such as Serbia have identified increased sources of funding for SME credit, they have insofar failed to consider reducing VAT and other tax burdens for the SME sector which decelerates the resolution of effects from the world economic crisis.

1.2. Influence of the global economic crisis on the Serbian banking sector

In the last few months, more than ever since the year 2000, the Serbian banking sector has been in the center of attention. Very serious questions are raised about the influence of the global economic crisis on the economies of Eastern and South-Eastern Europe, and this question goes along with the question of the fate of the banks in this area. One should also have in mind that the basic source of the crisis is lack of caution by banks in the most developed countries, i.e. their entrance into risky crediting, which also required being lenient to their clients. Having a history of previous illiquidity, and because of rigorous monetary policy of the National Bank of Serbia, this phenomenon was something banks in Serbia became aware of. Their approach in estimating risks and approving credits has been very conservative, which proved to be very sound policy for profitability and safety of the Serbian banking sectors. As a result it can be said that times of cheap credits have passed. Although *Euribor* and *Libor* have a declining trend, the risk of State loans is rising, which as a consequence has the fact that sources of foreign loans for banks are getting more costly. Margins for Serbian banks, therefore, must inevitably grow.

Analyzing the characteristics of crediting arrangements (prices, conditions of installment, etc) for SMEs, it can be concluded that credits are very expensive nowadays. This is independent from whether they are long or short-term credits, i.e. whether they are taken in dinars (with or without a currency clause) or in foreign currency. Should we add very rigorous conditions for providing credits (mortgage on the real estate property and

other guarantees), it becomes clear that credits are not only expensive, but also hard to obtain at the moment [23]. Obviously under the global economic crisis access to credit for SMEs in Serbia became even more stringent.

1.3. Influence of the global economic crisis on Serbian export performance

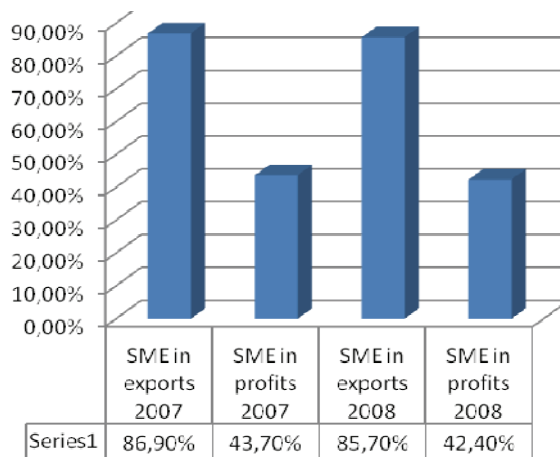
One of the basic markers of macro-economic moves in the Republic of Serbia after the year 2000 has been a high trade deficit, i.e. deficit of the current account, as seen from the following table [21., p.378.].

Table 2 Serbian foreign trade performance from 2001 to 2007

Exchange rate in millions of euro	2001	2002	2003	2004	2005	2006	2007
							I-XI
Exports of goods	1.922,2	2.870,4	2.441,0	2.831,6	3.608,3	5.102,5	5.854,8
Exports of goods to EU	892,4	960,7	1.202,3	1.456,5	2.117,6	2.942,9	3.321,9
Imports of goods	4.759,2	5.956,6	6.585,5	8.623,3	8.439,2	10.462,6	12.047,3
Imports of capital products	-	-	1.779,4	2.495,3	1.971,6	2.429,8	3.088,9
Import of intermediary products	-	-	2.251,9	2.830,6	3.027,6	3.781,4	4.432,8
Trade deficit	-2.837,0	-3.754,7	-4.144,3	-5.791,7	-4.831,0	-5.360,1	-6.192,4

This table shows a constant growth of deficit, which, even before global economic crisis was threatening to endanger macro-economic stability and cause the crisis in balance of payments, i.e. the currency crisis. The trends in 2008 have shown continued deficit tendencies. When the global economic crisis emerged, and sharpened, the deficit decreased because both exports and imports fell [24]. Along with the low level of competitiveness, Serbian imports are characterized by inconvenient sector and geographical structure. In the sector structure products of lower phase processing are dominant, mostly raw materials and intermediate goods. Intermediate goods make up more than 50% of overall export, and if energy export and agricultural products are added it can be stated that sector structure of Serbian export is also unfavorable. This represents a risk for accomplishing better export results in the following period due to the potential aggravation in exchange rates.

As for the geographical structure of Serbian exports, it is obvious that 88.2% of the export is realized on the EU and CEFTA markets. On the other hand, 90% of exports to CEFTA countries relate to the market of Bosnia and Herzegovina, Montenegro and FYROM. Concentration as high as this, directed towards only several countries can have negative side effects on further increase of exports. That is why one of the main assignments of Serbian export policy after the global economic crisis must be directing companies towards new markets. The research on SME conditions in Serbia, before the escalation of the global economic crisis in the second half of 2008, revealed relatively favorable trends [11]. However, the following diagram shows the data of the SME sector share in total export and profits which indicate an escalation of effects of the global economic crisis on SMEs already in 2008 when a slight decrease of SME share in exports and profit was first registered.



Graph 1 SME shares in profit and exports before (2007) and during (2008) the global economic crisis:
(Source: Republic Statistical Office of Serbia)

The tendency from the previous graph explicitly confirms the introducing presumptions from our work that Global economic crisis has a significant impact on SME. This also implies that recommendations for greater support to this sector in Serbia were justified.

A major problem macroeconomic developments in Serbia is certainly dinar, which is overvalued. Vulnerability of Serbia on the battlefield is certainly in large part contributed to the rapid expansion of the negative effects of the global economic crisis in our region. The assumptions are that if the rate of dinars had not been overvalued, that the impact of the crisis would not have happened so quickly. There are also assumption that if the crisis in the last quarter of last year had not occurred, the foreign trade deficit account deficit in 2008 would be considerably higher. Which is less evil? New Horizons potential opportunities that could have happened if the crisis was not created and if liabilities on foreign borrowing were larger, and therefore the servicing thereof. On the other hand, the global economic crisis has contributed to the Serbian mint in the economic and foreign exchange crisis and to participation in the structure of exports of Serbia itself, despite additional low cut [1, p.5].

2. SOCIAL-ECONOMIC POTENTIAL OF THE REPUBLIC OF SERBIA IN THE CONTEXT OF ITS ASSOCIATION WITH THE EU

The Western Balkans region is composed of the countries (Serbia, Montenegro, Croatia, Bosnia and Herzegovina, Former Yugoslav Republic of Macedonia and Albania) that are not sufficiently strong from economic point of view, and whose mutual economic cooperation is still below enviable level. The word is, simply said, about a characteristic that is the result of both economic and political marginalization of the said region in relation to the main world's and European flows, to its isolation from global economics, as well as to traditionally bad political relationships among them. The trading in the region

of the Western Balkans was also being suppressed due to persistent economic sanctions imposed on the Federal Republic of Yugoslavia, as well as to conservative trading regimes and conservative trading policies. All that resulted in a volume of trading among the countries of the Western Balkans region smaller than the one which could have been expected among neighbouring countries.

All the countries of the Western Balkans region have the European Union as their main export-import partner. The rich market of the EU has a huge absorption power for goods and services from the countries of the Western Balkans region, the EU itself being at the same time not only a big producer of goods and services that these countries need very much (technology, know-how), but also their traditionally greatest supplier.

The regional integration of the countries of the Western Balkans region is important from many reasons, not only economic ones. The fact is that majority of the countries that are embraced by the process of stabilization and association will not become full members of the EU in the near future. Knowing that this goes for small countries, the integration of their economies may have positive impact on their accelerated economic development. Liberalization of trade and creation of a free trade zone in the region of the CEFTA 2006, which is supposed to be constructed up to 2010, should have positive impact on the growth of trade, that is on complete economic growth.

The big exchange gap between the Serbian and world economy is not the problem of only Serbian economy, but also a phenomenon existing in other countries in transition that is due to structural maladjustment of their economies. But, the transitional champions such as Hungary, Poland, Slovenia and the Czech Republic, having passed with a relative success, and in relatively short period of time, the "purgatory" of transition, have succeeded, together with strengthening their economies, to set up medium-term foreign trade equilibrium.

What is, in this respect, the problem of the Republic of Serbia? What does it sell, who does it sell to, and who could it go on selling to? In addition to the fact that Serbian economy is not competitive, its big problem is also the problem of export from sector's and geographical point of view. It still sells to the world goods of lower stage of processing, raw materials and half-finished products, instead of having in its supply completely finished and well packed products [16, p. 83].

The processes of regional integration are important also for attracting foreign direct investments, because the volume of the market is among essential factors for foreign investors. One should have in mind that regional cooperation of the countries of the Western Balkans region is one of formal conditions for the promotion of relations of these countries with the EU, and that the initiative in this field of activity can accelerate the process of their bringing closer to it. It is not necessary to stress specially that there are plenty of fields where regional association is a must, especially when it is about transnational projects in the field of infrastructure, transport, power supply, telecommunication and environmental protection.

In order to be able to realize its economic development, Serbia should work on raising the overall competitiveness of its economics, on advancing the efficiency of its economic structure, on establishing the equilibrium between the developing and social role of the State, on establishing more balanced regional development, on maintaining the development based on knowledge. The recovery of economy which should be realized through support to the development and economic growth, means the elimination of poverty and the amelioration of living standard of people.

Table 3 The SWOT analysis below of social-economic potential of the Republic of Serbia, in the context of its association with the EU, confirms the above said.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Good geographical and strategic position, ▪ Long-term narrow economic and political links with the EU, ▪ Experience of a big number of citizens of Serbia working in the countries of the EU, ▪ Macroeconomic stability, ▪ Cheap and qualified manpower, and entrepreneurial structure, ▪ Ameliorated climate of investments, ▪ Growth of participation of small and medium-size companies, ▪ Majority of citizens support the association of Serbia with the EU. 	<ul style="list-style-type: none"> ▪ Unsatisfactory traffic infrastructure, ▪ Unsatisfactory situation in telecommunications, ▪ Competitive maladjustment to the EU market, ▪ Chopping farms into small peaces, ▪ Maladjustment of educational system to the requests of market economics.
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Rapid economic growth and opening new posts of work, ▪ Easier transfer of technology and know-how, ▪ Corridors VII and X, ▪ Readiness of the EU to receive the countries of the Western Balkans as its members, ▪ Using significant preliminary funds for the association with the EU, ▪ Application of positive experiences of other countries in transition, ▪ Step-by-step harmonization of regulations and other procedures with the regulations of the EU. 	<ul style="list-style-type: none"> ▪ Pressure of the competition from the market of the EU, ▪ Populist pressures of specific groups, ▪ Requests within the EU for the qualification of criteria for association of new members with it, ▪ External political pressures.

Source: Radonjić, Savo, *Zapadni Balkan i evrointegracije – perspektiva Srbije*, Zadužbina Andrejević, Beograd 2009, p. 84.

The SWOT analysis represents a usual instrument of strategic planning, intended for identification of comparative advantages, but at the same time of basic disadvantages of the Republic of Serbia, both of which being the main inputs and inhibitors of the development of Serbian economy. The SWOT analysis represents a sound ground not only for identification the existing state but also for defining the dynamics of further activities of the Republic of Serbia with the aim of its association with the EU.

Generally speaking, the SWOT analysis is a survey of internal strengths and weaknesses, as well as of chances and threats depending upon external factors. In the sense of the SWOT analysis, the notion "*Strengths*" refers to internal factors that have positive impact on the position of Serbia and on the creation of its comparative advantages. Internal factors having negative impact on the position of Serbia have been defined as "*Weak-*

nesses". The "opportunities" are shown as arising from better use of strengths and from reducing weaknesses, as well as from positive impact of external factors. The "threats" have been envisaged as expected adverse impacts on the position of Serbia. The SWOT analysis defined in this way gives basic elements for defining strategic aims and priorities, as well as parameters of their justification.

One could say that the SWOT analysis is a method for previous assessment of state, that is the analysis of the situation in which a particular subject – in this concrete case the Republic of Serbia - has found itself, and that the data systematized in this way can make easier the identification of its strategic orientation. One could also have in mind that the SWOT analysis is neither complete nor detailed one – it is just the base for continuing the process of planning further activities. Some other analytical methods can be applied in subsequent phases and in different surroundings.

Strengths

Republic of Serbia belongs to the group of countries in which the process of transition, due to economic and political reasons, was ten, or even more, years late. That is the reason why Serbian economy is still underdeveloped, with many problems characteristic for the process of transition, and having as the aftermath persistent absence of a large number of advantages in the process of its association with the EU.

Having in mind the fact that the EU, at its Summit that took place in Thessalonike, clearly decided that the process of its expansion will not be over prior to the time when the countries of South-East Europe, i.e. of the Western Balkans, become its members, it could be concluded that Serbia's geographical and strategic position is its significant advantage thanks to the fact that Serbia is situated in the middle of the Balkans Peninsula and at the cross-roads of the main pan-European traffic Corridor VII (the river Danube) and Corridor X (road-railroad corridor). No doubt that the EU, besides its economically compact system, tends also to make its territorial system compact in order to be able to respond to all future global and political challenges.

Serbia has many years' history of positive relations, first of all with the European Economic Community. The former SFRY was the first socialist country which had as early as 1980 a Trade contract signed with the EEC, and it maintained, until it split up, close economic and political relations with the EEC. These relations have been reestablished since October 2000, now between Serbia and the EEC. A great many citizens of Serbia living and working in the countries of the EU make a distinctive link between Serbia and the EU. The fact that the EU is the most important trade partner for Serbia speaks for itself.

It is assumed that not a state will be received as a full member without a specific minimum level of its gross domestic product (GDP). The basic task of the State of Serbia is to establish sound trade ambience and, in order to make it possible for itself to maintain internal and external macroeconomic balance (stability of prices and balance of payments), to manage with basic aggregates of social product – investments and consumption. The basic aim of developing strategy of Serbia in the oncoming period should be the increase of the rate of growth of the GDP and its maintenance on the level necessary to make the disbalance more narrow in the income *per capita* between Serbia and the countries of the EU. This should at the same time result in reducing poverty and in increasing living standard.

The Republic of Serbia has natural conditions favourable for developing agricultural production. The plains of Vojvodina, then those of Pomoravlje, Posavina, Tamnava (regions alongside the rivers Morava, Sava and Tamnava) and of the cities of Kruševac and Leskovac are suitable for both farming and truck farming, while the hilly and mountainous regions of Serbia are suitable for cattle breeding, viticulture and fruit growing. Besides, these regions have sufficient quantity of water.

Entrepreneurial and managerial culture being largely widespread, the market's dealing on which the EU is based is not a problem. Besides, cheaper manpower may be an advantage in attracting foreign direct investments.

The private sector has significant and growing impact on the overall employment, and is the general generator of creating new work positions and of reducing social tensions. With encouraging people to be oriented towards entrepreneurship, the sector of small and medium-size companies may identify good business opportunities in the field. In the context of the development of the above sector, one should put special accent on the development of institutional framework and on other preconditions which could support it.

The fact is that a lot of citizens support the idea of the association of Serbia with the EU as a strategic aim which should be realized as fast as possible. The majority of political parties too, at any rate declaratively, agree that the association of Serbia with the EU is a strategic aim, but one can assert that no political consensus has been reached about what is necessary to be done in favour of accelerating the pace of association of Serbia with the EU.

Weaknesses

On its way to the EU, the Republic of Serbia will have to meet a lot of challenges, primarily connected with getting rid of concrete weaknesses. In order to come into a supranational community such as the EU, founded on a complex of international agreements and practice that are to be strictly respected, Serbia has to prepare itself with due care. Road signs for such preparations are the criteria set by the Process of stabilization and association, the Copenhagen's criteria and the *acquis communautaire* (legal possessions of the EU).

Painful characteristics of a society in transition are still present. Serbia has not yet succeeded in getting rid of internal political divisions concerned with crucial problems of the State, corruption and organized crime are not eradicated, economic crisis has not been broken through.

The traffic infrastructure is in unenviable position, and its technical performances of exploitation are rather below European standards. In the same way, though the capacity of the network of the rail-road suffices, it is lagging behind the standards of European countries as to its electrification, length of two-line railways, maximum permitted speeds and axles' load. Power supply capacities, for the time being, cover the demand for energy, mainly due to the decrease of industrial production. Additional capacities in the system of the supply with electrical energy must be secured, and if not, the lack of electrical energy will become a restrictive factor for the development of new industrial plants.

The situation in telecommunications, in spite of noticeable improvement, is far from being satisfactory, so that it significantly lags behind the situation in telecommunications

in developed European countries. As a society based on information technology, Serbia holds the rear position in Europe.

Competitiveness of home-made products has not yet reached a satisfactory level. In the structure of export, the sectors referring to the products of low and medium- intensive products from technological point of view, which cannot be expected to be the bearers of any stronger development, are rather present. The process of harmonization of standards and adoption of technical regulations is not going well, so that nowadays there is an excessive number of complicated compulsory standards not harmonized with international ones.

Chopping farmers' households into small pieces (under 3 hectares) characterizes, among other, Serbian agriculture. Few farmers are able to put into practice modern technology of production, which is an additional reason of production and market inefficiency. Extensive use of agricultural land reduces labour productivity too much. Professional basis of agricultural production is lagging behind international development. Farmers are not adequately informed about the latest technological achievements and methods of production.

Educational system is not harmonized with new requests of market economy. The system of education in the Republic of Serbia, as to its efficiency and organization, does not coincide completely with the standards of the EU. Analyses show that a lot of young people with degrees are not prepared, nor directly rendered capable for the world of work. This fact contributes to the growth of disequilibrium between supply and demand in the labour market. Traditional skills are becoming more and more unapplied, and they are being replaced by professions that ask new knowledge. This fact imposes a strong grip on reforming educational institutions - let us mention just indispensable changes in introducing new methods, as well as those concerned with new contents.

Internal political instability in Serbia makes a special problem. It means that there is not a political party or coalition that would be able to reach a firm majority in Serbian parliament. In such a situation the governing parties, having not parliamentary majority, are predominantly oriented towards strengthening their own positions, while the reform's measures, as well as those oriented towards Serbia's association to the EU, are being removed from the first plan of action to the secondary one. Besides, the political parties within big coalitions often have different interests which cause many compromises that are not always in favour of European integrations and transitional processes.

Opportunities

Serbia's association with the EU will mean significant incentive to intensified economic development and to creating new work positions. Past experiences show that all the countries associated with the EU entered, after a shorter or a longer period of time, into the stage of dominant economic development. Free appearance on the market of the EU would represent a big incentive to the development of some branches such as textile industry, agriculture, food industry, building industry and the like (this, of course, represents potential danger with regard to the fact that a certain number of producers would not be able to endure the competitions coming from the EU countries). Transfer of technology and know-how would also be made easier. Growing competition would influence home producers to enhance their restructuring and to increase their production efficiency.

Pan-European corridor VII (the river Danube) is the most important waterway and strategic direction in Europe. Though it connects ten states and represents the entrance to the European market and to business cooperation between the East and the West, it is still not sufficiently used as potential. High European commission for transport has proclaimed the Danube one of European traffic priorities, with the aim to transfer 25% of road traffic to railroads and waterways. The building of the Corridor X represents part of strategic infrastructure of the whole Europe, being as such among national priorities. It will be the way paved for eliminating the problem of the «Balkan's bottleneck», of attracting the transit transportation, which all will make it possible for Serbia to be functionally included in international traffic corridors.

The fact that the EU has expressed many times its readiness to associate with it all the countries of the Western Balkans, is also a *chance*, in the same way as the deadlines for association mostly depend on individual countries and their reform results. Various possibilities of using significant funds of the EU (CARDS, PHARE) will appear for Serbia by its signing the Agreement of stabilization and association with the EU, or by its achieving the status of candidate for the association with the EU. Extenuating circumstance for Serbia in the process of association with the EU is the fact that Bulgaria and Rumania have associated with the EU, though they did it only on January 1, 2007. By using the experience of these two countries Serbia will, in a way, be able to facilitate its association with the EU.

It is considered that Serbia will not become full member of the EU in the near future (real period, in dependence of the flows of reforms, is ten years or so). The said period offers enough possibilities for the process of harmonization with the regulations of the EU to progress step by step, alongside the period of times clearly defined earlier.

So there has been enough time left to Serbian economy to get acquainted with new regulations, and enough room for gradual restructuring the state of Serbia and its economy.

After political change that took place in 2000, obvious improvement of a great part of macroeconomic indicators is evident, such as: increase of the GDP rate of growth, inflation reduced to single digit, significant part of economy privatized, progress in the process of reforming banking sector. Further enhancement of economic growth is a precondition without which the association with the EU will not be possible.

In the near or more distant past economic policy was often being misused with the aim of achieving specific interests. In this context the process of association of Serbia with the EU will represent a hindering factor for misusing economic policy, with regard to the fact that on one side it will be indispensable to conduct economic policy oriented towards the realization of given values of macroeconomic indicators, and on the other side that there will exist external monitoring of economic policy, such monitoring being realized by the IMF, World Bank and institutions of the EU.

Threats

Serbia's full membership in the EU would mean opening the home market to all the producers from the EU without any forms that would protect home producers, and without any possibility of subsequent introduction of protective measures in case of deterioration of balance of payment. Most probably that the definite number of producers on the existing development level of Serbian economy would not be able to endure the pressure of competition, which would cause additional problems connected with the growth of unem-

ployment. That is why the task of enhancing restructuring Serbian economy emerges as an urgent necessity, as well as of finding strategic partners for those companies that cannot be prepared for successful, independent appearance on the market.

In addition, there are some populist pressures that are dangerous for establishing the process of Serbia's association with the EU. Such pressures come from the groups that could be endangered by this process. It is about, first of all, economic and social demands and protests of groups members that could lose their employments. Neither the government is immune to such pressures. There are also pressures of monopolists who could lose their monopolistic position with Serbia's association with the EU. The requests within the EU for stiffening entrance requirements of other countries may also be a potential danger, due to the fact that so far the EU has never in its history faced such a huge enlargement as it is the case.

The outlook of association became prolonged in time, the support of the EU ambivalent, economic support insufficient, and the policy of qualification additionally destabilizing for the internal scene. There is also the question of cooperation of Serbia with the Hague Tribunal as yet another political condition for its association with the EU. This, as a very delicate question about which there is no political consensus, is a potential danger that can slow Serbia down on its way towards the EU.

*
* *

In the sphere of regional economic cooperation, the EU has been expecting from Serbia to be consistent in the application of free trade agreements, border cooperation, common fight against organized crime and smuggling people, court cooperation with neighbouring countries and the like. Also, in order to make it possible for Serbia to be included in European integrations, it should have to put in order its economic, legal and political life in all their aspects. Due to the inevitability of regional processes of integration, and to the fact that the membership to important political and economic aggregates is a guarantee about its stable and foreseeable development, it seems that at first sight Serbia's short cut towards the EU would be the best solution but – on the other hand, if Serbia associates with the EU inadequately prepared, such a short cut evidently would not be a good solution.

Due to the complex tasks that Serbia has to fulfil with regard to its short-term and medium-term aims, as well as to numerous problems that are nowadays resent on its political and economic scene, Serbia will not be able to become part of the big European family prior to its fulfilment of all the criteria for its association with the EU. Even in case that, making some concessions, it would succeed to skip some phases through which all the countries that have become members of the EU passed, and so be associated with the EU in a shorter period of time, this would come back to it as a boomerang. Namely, the effects of speedy association with the EU would be negative for Serbia in many aspects. Economic consequences for the country would be in each case bigger than the benefits that would be brought to it by its desire to be associated with the EU.

REFERENCES

1. Anufrijević, Ana (2009) "Od finansijske do svetske ekonomske krize – posledice na makroekonomska kretanja u Srbiji" (1-9) <http://www.akroasis.org/Radovi/anufrijevic%20dr%20Ana.pdf>
2. Anufrijević, Ana (2010) "Suvereni fondovi bogatstva (SWF) i novi međunarodni sistem ekonomskog upravljanja", Tržište-Novac-Kapital PKS, Beograd (61-74)
3. Babić, Blagoje (1996), *Prelaz u tranziciji*, Prometej, Beograd
4. *Bela knjiga – priprema pridruženih zemalja centralne i istočne Evrope za integraciju u unutrašnje tržište Unije* (2001) Institut ekonomskih nauka, Beograd
5. Četinić, Goran (1999), "Poremećeni trgovinski tokovi", *Jugoistočna Evropa 2000 – pogled iz Srbije*, Stubovi kulture, Beograd
6. Davor, Savin, (2002) "Karakteristike tranzicije – zemlje centralne Evrope i SCG" *Srbija i Crna Gora na putu ka EU*, Beograd
7. Dušanić, Jovan (2008), *Bečarska ekonomija – tranzicija u Srbiji*, Beogradska poslovna škola, Beograd
8. Ferguson, N. (2001), *The Cash Nexus, Money and Power in the Modern World 1700-2000*, Basic Books, New York
9. Gologaza, Milan, (2007), *Izvozno poslovanje: putevi bez iluzija – od domaćeg do nama bliskih tržišta*, Aperia, Banja Luka
10. Grk, Snežana; Vidas-Bubanja Marijana (2007), *Srbija na putu prema Evropskoj uniji*, Institut društvenih nauka, Čigoja štampa
11. Izveštaj o malim i srednjim preduzećima i preduzetništvu za 2007.god., Ministarstvo ekonomije i regionalnog razvoja, 2008, Beograd
12. Kovačević, Radovan (2005), *Ekonomski odnosi Srbije sa inostranstvom*, Ekonomski fakultet, Beograd
13. Kovačević, Radovan (2001), *Tranzicija o trgovinska politika*, Institut za spoljnu trgovinu, Beograd
14. Prodi, Romano (2002), *Moja Evropa*, Biblioteka Diplomacija, Beograd
15. Prokopijević, Miroslav (2005), *Evropska unija-uvod*, JP Službeni glasnik, Beograd
16. Radonjić, Savo (2009), *Zapadni Balkan i evrointegracije – perspektiva Srbije*, Zadužbina Andrejević, Beograd
17. Radonjić S., Anufrijević A. (2010) " Put ka Evropskoj Uniji – vizura kroz prizmu aktuelnog stanja u Srbiji" *Lider-direktor* br.14 (16-21)
18. Soros, G. (2002) *George Soros on Globalization*, Public Affairs, Ltd. Oxford
19. Stamatović, M. Ljutić, B. (1995) *Reinženjering firme*, Radni materijal I, CEBR, Beograd
20. Stavić, B. Stamatović, M. (2003) *Menadžment*, Fakultet za finansijski menadžment i osiguranje, Beograd
21. Vemić M. (2008) *Nauka o privrednom sistemu i ekonomskoj politici u tranziciji*, Cekom Books
22. <http://blogs.wsj.com/economics/2009/04/22/whats-a-global-recession>
23. http://nbs.rs/export/internet/latinica/50/rlinks/uslovi_kteditoranja_mps.pdf
24. http://nbs.rs/export/internet/latinica/40/40_5/pb.html
25. <http://www.weforum.org/en/events/ArchivedEvents/AnnualMeeting2009/index.html>
26. <http://www.londonsumit.gov.uk>

UTICAJ SVETSKE EKONOMSKE KRIZE NA SRBIJU U KONTEKSTU NJENOG PRIKLJUČIVANJA EVROPSKOJ UNIJI

Milan Stamatović, Savo Radonjić, Ana Anufrijević

Najčešći uzroci nastanka kriza uglavnom su zebeleženi velikim kreditnim ekspanzijama. Aktuelna globalna ekonomska kriza, koja se bez preterivanja može tumačiti i kao kriza Zapada, nastala je u središtu svetskog finansijskog sistema i u tom smislu je posebna u odnosu na prethodne koje su obeležile XX vek sa jedne strane, ali i slična onoj iz 1929. god. sa druge strane. Procenjuje se da je udeo u SAD, EU i Aziji u gubitku svetskog finansijskog sektora 57% i respektivno 39% i 4%. Srbija iako je marginalni igrač na svetskoj sceni, pod velikim je udarom pomenute krize. Opšti zaključak nije nimalo optimističan jer će kretanje indikatora poslovne klime u Srbiji u budućnosti biti gotovo istovetno trendu u EU, tako da će promene u Srbiji u najvećoj meri zavisiti od impulsa koji budu stizali sa tržišta EU.

Najzad, tranzicija u zemljama Zapadnog Balkana predstavlja istovremeno i ekonomski i politički proces. Sve ekonomije zemalja Zapadnog Balkana (Srbija, Crna Gora, Hrvatska, BiH, BJR Makedonija i Albanija) beleže negativne efekte u makroekonomskim pokazateljima kao posledicu ekonomske krize, ali su i na putu ka članstvu u EU, iako je svaka od pomenutih zemalja na različitom stepenu pristupanja.

Usled mnogobrojnih zadataka koji stoje pred Srbijom, usled pomenutih problema na ekonomskoj sceni, ali i usled brojnih političkih problema, koji se ne smeju zanemariti, Srbija neće moći uskoro da postane deo velike evropske porodice. U situaciji kada je više nego neophodno amortizovati efekte svetske ekonomske krize, za Srbiju je od ključnog značaja da EU pristupa oprezno, uz ispunjenje zadatah kriterijuma za priključenje. Naime, efekti eventualnog "brzog" prijema bili bi višestruko negativni i ekonomske posledice u tom slučaju bile bi veće od same želje za priključenjem.

Ključne reči: *Globalna ekonomska kriza, konkurentnost, Evropska Unija, Zapadni Balkan, zona slobodne trgovine, trgovinska politika.*