

PILLARS OF DEVELOPMENT

TRANSPORT

Serbia has a strategic position in the region regarding all modes of transport: road, railway, water and air transport. That is why, in 2019, the construction of international corridors, maintenance and modernization of existing infrastructure and harmonization of regulations with European standards has continued. Emphasis was placed on finishing the southern and eastern arms of Corridor 10, its extension to the Belgrade bypass, the opening of finalized sections on Corridor 11 and proceeding with its construction, the modernization of rail transport, the opening of new lines in air transport, the restructuring of ports and infrastructure companies. The activity in the transport system was not only technical, but also strategic, given the conclusion of bilateral intergovernmental arrangements as well as commercial agreements with foreign investors for future projects. All this has intensified infrastructure investments that have significantly contributed to economic growth.

This pillar has achieved some progress on all the recommendations set out in last year's White Book. As a result, transport as a whole ranked 4th in the Foreign Investors Council (FIC) rankings regarding the success in implementing recommendations in 2019. We also note that the average waiting time for this implementation has been reduced from 5.4 to 4.4 years, which indicates that transport remains a sector with long-standing problems, but also with great development opportunities.

ENERGY

This sector combines the generation and transmission of electricity, the market for renewable energy resources and the market for energy efficiency. Serbia has correctly completed the transposition of the European Union's (EU) Third Energy Package into the national legislation and fully liberalized the electricity market.

As for the renewable energy market, a new incentive scheme for the generation and sale of renewable energy has been successful in 2019, and the wind segment, which is the largest in the region, was recently put into operation. Therefore, the implementation of the regulation has been extended until the end of this year. In the field of energy efficiency, several improvement projects have been successfully awarded to private investors for public lighting across Serbia, with the readiness of major cities to work on this.

We note that the contracting of energy supply for households and small consumers has started to work, but at

regulated prices which have not changed for two years. State power utility EPS is still a major supplier of electricity, although there are about 60 registered wholesalers. Belgrade-based South East European Power Exchange (SEEPEX) has increased its membership from 16 to 18 members.

The energy sector is ranked 22nd in the FIC rankings in 2019, which is a slightly worsened position compared to the previous year. Three of the recommendations are assessed to have had a certain progress, while two recommendations are without progress. We note that last year the White Book adjusted recommendations in this area, and consequently reduced the average waiting time for their implementation to only 1.1 years. This year the waiting time was extended to 1.8 years.

TELECOMMUNICATIONS

The stability and predictability of the business environment, as well as transparency in the decision-making process by the competent state and regulatory bodies, were key expectations of the telecommunications industry in 2019. They were partly achieved by passing the Law on Fees for the Use of Public Goods, by concluding a roaming agreement for the Western Balkans region, by adopting a new methodology for determining the annual fee for the use of radio relay links and defining relevant markets subject to prior regulation of operators with significant market power, in accordance with the regulatory framework of the EU. During 2019, IP interconnection has become a mandatory part of the standard offers for fixed and mobile termination, which will significantly improve the business and access to transmission capacities of public network operators. However, expectations regarding the adoption of the Law on Electronic Communications, together with supporting regulations and implied changes to existing practices, have not yet materialized.

According to the assessment of foreign investors in the field of telecommunications, there has been progress compared to the last year. The entire sector has visibly improved its position on the FIC rankings for 2019, by 11 places, and is now positioned in the 14th place. One recommendation has had significant progress, five have achieved certain progress, and three are with no progress.

DIGITALIZATION AND E-COMMERCE

This sector comprises electronic commerce, electronic identification and documentation, as well as electronic operations of administrative bodies, including interface between public databases. The Law on Electronic Gov-

