

PILLARS OF DEVELOPMENT

TRANSPORT

Serbia maintained in 2020 its strategic position in the region in all modes of transport: road, rail, air and water transport. The improvement of all types of transport continued this year, not only in the technical sense but also by concluding contracts with the executive authorities of the surrounding countries, as well as foreign investors. The three main characteristics of the state of transportation in the Republic of Serbia are the maintenance of the existing infrastructure, its modernization and harmonization with European standards.

However, the outbreak of the COVID-19 virus pandemic adversely affected the development of transport. The detention time at border crossings has been specially extended. The initiative to establish "Green Corridors", for now, is focused on the period in which there is an epidemic caused by COVID-19. Still, it should continue to support the established system even after the stabilization of the current situation.

Progress has been made in road transport with the adoption of regulations in the field of hazardous goods and transport licenses, while rules related to the transportation of goods are already in line with European regulations. The railway sector is the area where the need for modernization is the highest at the moment. Waterways are also underused, as is their potential in the context of Serbia's international connectivity. The intermodal form of transport, with three partially built terminals, is a form of transportation that is still in its infancy. Therefore, significant investments in transport infrastructure are still needed in order to use its development potentials.

Foreign Investors Council proposed six recommendations in this area for improving the situation. Concerning priority of adopting the recommendations, the priority index is 2.0 (out of a maximum of 3.0), which indicates the need for continuous adjustment of transport infrastructure.

ENERGY SECTOR

This sector includes electricity generation and transmission, the market for renewable energy sources and energy efficiency. Serbia has fully adopted the regulatory framework in line with the EU's Third Energy Package and has de jure liberalized the electricity market.

In the case of renewable energy sources, a new package

of regulations to encourage the production and sale of renewable energy has not yet been adopted. In the field of energy efficiency, several energy efficiency improvement projects have been successfully awarded to private investors for public lighting throughout Serbia, with the readiness of large cities to work on it.

We emphasise that contracting energy supply for households and small consumers has started to work, but at regulated prices that have not changed for a long time. EPS (Serbian Electricity Company) is still the leading supplier of electricity, although there are about 60 registered wholesalers. The number of members on the SEEPEX electricity exchange increased from 16 to 18.

In terms of electricity supply and efficiency of its use, COVID-19 does not have any evident adverse impacts. However, a few days after the introduction of the state of emergency, EPS invoked a force majeure regime under power purchase agreements (PPAs) with privileged electricity producers. Consequently, the effects of PPA were suspended during the state of emergency.

Foreign Investors Council suggests eight recommendations in this area for improving the situation. Concerning priority of adopting the recommendations, the energy sector requires a rapid change. Index of priority implementation for recommendations is 2.63. That brings the energy sector to the top of the list of sectors for the necessary improvements in the coming period.

TELECOMMUNICATIONS

The synergy between the Government of the Republic of Serbia and electronic communications operators marked the activities in 2020 that was triggered by the coronavirus pandemic. The results of these activities had a positive impact on the entire society and economy of the Republic of Serbia since they enabled their successful functioning in conditions of the state of emergency throughout the country. The operators supported all the measures of the Government and made their resources available to achieve the general interest.

A crucial moment in the state of emergency was the sudden increase in domestic traffic that exceeded the existing capacities of the operators, as a result of which one of the main priorities was a significant investment in the network to ensure the expansion of capacity as soon as possible. At the same time, there has been a drastic decline in roam-

