

FOREWORD EU

Dear reader,

It is with great pride that I was given the opportunity to write this foreword for the 2024 edition of the White Book, a cornerstone of dialogue and collaboration between Serbia and its vibrant community of foreign investors. This annual publication has, over the years, offered invaluable insights into the progress, potential and challenges of Serbia's business environment, providing a roadmap for improving the country's investment climate. Wonderfully researched, and underpinned by concrete experiences of leading investors in Serbia, this year's publication, addresses in a constructive manner a variety of regulatory issues which can hinder day-to-day company operations.

In this critical year, Serbia finds itself at a key juncture on its European path, with the potential to unlock unprecedented opportunities through deeper integration with the European Union (EU). The enlargement process has returned to the top of the EU's political agenda with a dedicated Commissioner for Enlargement in the next European Commission, instilling new life and momentum into Serbia's journey towards EU membership. This renewed focus offers a unique chance for Serbia to accelerate its reforms and deepen its engagement with the EU. An opportunity that cannot be missed.

With this in mind, I wish to underscore two key elements that will shape Serbia's future: its integration into the EU and the transformative impact of the EU Growth Plan for the Western Balkans.

EUROPEAN INTEGRATION: A PATHWAY TO SHARED PROSPERITY

Throughout history, Serbia has often been a frontier between worlds. Between Austro-Hungarian and Ottoman Empires. Between East and West. Between North and South. Serbia's future, today more than ever, lies firmly within a common European family. It lies between the countries that share a common history and aim at forging together a common European destiny.

The enlargement process has regained prominence on the EU's political agenda. This renewed momentum is a golden opportunity for Serbia to accelerate its reforms and deepen its engagement with the EU.

It is my firm belief that Serbia's EU accession path is more than a geopolitical project - it is a vision for shared prosperity and stability. As we look to the future, the EU remains steadfast in its commitment to supporting Serbia to reach its final destination. Serbia's progress toward EU membership represents not just a convergence of standards but a deeper alignment of values and ideas. The EU has always seen Serbia as part of the European family, and its continued progress on the path to EU membership will open new doors for trade, investment, and economic growth.

The accession process also ensures that Serbia's businesses will be able to compete and succeed within the largest single market in the world - a market that encompasses over 450 million consumers - for the benefit of all Serbian citizens. Businesses will be able to thrive in a more open, competitive, and innovative environment and consumers will benefit from wider choice and lower prices of goods and services they purchase. The EU is not just Serbia's largest investor and trading partner; it is the key partner in shaping the future of the Serbian economy.

THE EU GROWTH PLAN: A CATALYST FOR ECONOMIC REFORM AND INVESTMENT

One year ago, the EU launched the EUR 6 billion Growth Plan for the Western Balkans, a strategic initiative designed to boost economic growth and foster closer market integration within the region and of the region with the EU Single Market. Our shared efforts are already showing results.

Today, the Growth Plan is no longer a draft. It is a reality, a reality that Serbia will soon start implementing. On October 3, 2024, the Serbian government adopted its Reform Agenda, outlining strategic reforms across key sectors. These include improving the business environment, boosting private sector development, enhancing digitalization, supporting green energy transitions, but also advancing in fundamental reforms including the rule of law and the fight against corruption - without which further economic progress could be at risk. The Growth Plan, with its considerable financial support, offers a unique opportunity to further align Serbia's economy with EU standards, strengthening its competitiveness globally and expediting Serbia's accession process. The principle behind the Growth Plan is simple: every reform will unlock new funding. The very same principle as the EU applied to its own Member States with the Recovery and Resilience Facility for post-COVID 19 economic recovery.

By focusing on critical reform areas and advancing firmly in their implementation over the next three years, Serbia has the potential to position itself as a regional leader in growth, innovation, and economic resilience.

The opportunities offered by the Growth Plan represent more than financial support - it is a true partnership. Through the Growth Plan, Serbia can take bolder and faster steps to strengthen its business environment and attract greater levels of foreign investment. The reforms Serbia committed to in its Reform Agenda, particularly in areas such as the rule of law, transparency, and governance, are essential to unlocking the full potential of these investments and ensuring that businesses operating here can thrive in a more stable, predictable and fair environment.

With the Growth Plan, we aim to show Serbia and our Western Balkan partners the direct economic benefits of EU membership - benefits they can start experiencing even before officially joining. One key example is integration into the Single Euro Payments Area (SEPA), which is projected to save over half a billion euros annually in remittance fees alone. For businesses, the impact is even more striking. The cost of business to business transfers from Germany to Serbia will drop from EUR 35 to just EUR 2.50 – a 14-fold reduction in fees! Another tangible benefit is the creation of “Green Lanes” at border crossings with the EU. These lanes will significantly cut down waiting times, reducing both export and import costs for businesses. The recently signed MoU between Hungary and Serbia is a concrete step in expanding the Green Lanes. Digital transformation is also a priority, with initiatives like Wi-Fi for the Western Balkans (Wi-Fi4WB) and the extension of the EU Digital Wallet, aimed at boosting connectivity and competitiveness across the region. The interoperability of the digital wallet will make it easier for businesses to operate with EU companies, enhancing trust and lowering trade barriers.

These are benefits people will feel right away – clear evidence of how integration into the EU can improve daily life, even before full membership is achieved.

The Growth Plan does not come in a vacuum, to the contrary. It builds upon the EUR 30 billion Economic and Investment Plan for the Western Balkans mobilising close to one third of the entire region’s GDP. This means that we are raising the financial support to a level that is going to be close to what EU Member States benefitting from EU’s own Cohesion policy receive. This is a huge step forward. Why is this important? Because like this we are creating more opportunities for Serbian citizens and businesses, investing in Serbia’s economic development and prosperity and supporting the reforms needed on Serbia’s EU path to full membership.

LOOKING FORWARD

As the White Book so clearly demonstrates, the journey toward a better business environment is not one taken in isolation. It requires collaboration, dialogue, and a shared vision for the future. Serbia has shown great ambition in embracing this journey, and the EU stands ready to support every step of the way.

I would like to thank once more the Foreign Investors Council (FIC) for being such a crucial partner in Serbia’s economic transformation, providing the insights, expertise, and support needed to foster a stronger, more resilient economy. I am confident that with the FIC and all the friends of Serbia, we will continue to build a future of growth, opportunity, and prosperity.

I invite all stakeholders - investors, entrepreneurs, and policymakers – to seize the opportunities presented and to work together in shaping a future where Serbia’s full potential as a member of the European family is realized.

Sincerely,

Emanuele Giaufret
Ambassador of the European Union
to the Republic of Serbia