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## STABILNA MONETARNA POLITIKA PRIVLAČI INVESTITORE

*- Narodna banka Srbije uspešno kontroliše i smanjuje inflaciju. - Privredni rast u Srbiji je oko šest odsto, kao u centralnoj i istočnoj Evropi. - Narodna banka odobrava i grinfield investicije u bankarstvu.*

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## STABLE MONETARY POLICY ATTRACTS INVESTORS

*- The National Bank of Serbia is successfully controlling and reducing inflation. – Economic growth in Serbia is around 6 percent, like in Central and Eastern Europe. – The National Bank approves greenfield investments in the banking sector*

Povratak Srbije na investicionu mapu sveta doneo je zemlji veliki ekonomski napredak. Dodatne reforme u ekonomiji i finansijama, sprovedene tokom 2006. godine, pozitivno su uticale na monetarnu stabilnost. Devizne rezerve Narodne banke Srbije su udvostručene, inflacija je značajno opala i svedena je na nivo koji imaju okolne zemlje, domaća valuta je ojačala. Ti rezultati govore da je Srbija kao zemlja u tranziciji veoma povoljna za investiranje i profitabilno poslovanje.

### **Da li stranim investitorima odgovara monetarna stabilnost?**

- Monetarna i finansijska stabilnost koja je postignuta u Srbiji svima odgovara i pozitivno utiče na poslovnu klimu. U Srbiji se od prošle godine neprekidno smanjuje stopa inflacije i to je veoma dobar signal za strane investitore. Dobri makroekonomski pokazatelji utičeće i na znatno poboljšanje sadašnjeg kreditnog rejtinga, „BB minus“ i on bi već bio popravljn za dva do tri stepena da krajem 2006. i početkom 2007. godine nije porastao politički rizik. Preduzeća već sada dobijaju kredite

Serbia's return to the world's investment map brought the country major economic progress. The additional reforms in the economy and finances carried out in 2006 had a positive effect on monetary stability. The foreign currency reserves of the National Bank of Serbia have been doubled, inflation has significantly dropped and has been reduced to the level in neighboring countries, the domestic currency has become stronger. These results show that Serbia, as a country in transition, is very favorable for investments and profitable business.

### **Does monetary stability suit foreign investors?**

- The monetary and financial stability that has been achieved in Serbia suits everyone and it has a positive effect on the business climate. The inflation rate in Serbia has constantly been dropping since last year, which is a very good signal for foreign investors. The good macro-economic indicators will also contribute to the considerable improvement in the present "BB minus" credit rating. It would

### **SRBIJA JE EVROPA**

#### **Da li prema Srbiji i dalje postoje predrasude?**

- Srbiji i Srbima su i dan-danas najveći neprijatelj predrasude koje su stvorene poslednjih 10-15 godina. Znam da su svi investitori koji su savladali te predrasude i došli u Srbiju bili najpozitivnije iznenađeni. Moja poruka svim biznismenima je sledeća: nemojte mnogo čitati novine koje pišu negativno o Srbiji, zaboravite sve ono što ste čuli, bez ikakvih predrasuda kupite avionsku kartu, dođite u Beograd, prošetajte Beogradom i Srbijom. Siguran sam da ćete jako brzo uvideti da je i ovo Evropa, da Srbija ima možda i veći potencijal nego neke zemlje koje su u međuvremenu postale članice Evropske unije i da će i ova zemlja, a u to smo sigurni, biti član te porodice. Nama nije problem to gde će Srbija biti za pet godina, nama je jedini izazov šta će biti u sledećih pet meseci.

sa kamatnom stopom koja je mnogo bolja od zvaničnog kreditnog rejtinga. Srbiju i dan-danas kažnjava politička neizvesnost, ali je mnogo bolje da je ekonomija dobra, a politika za sada reformski neutralna nego da je ekonomija reformski neutralna, a politika dobra.

#### **Da li je monetarna stabilnost dugoročna?**

- Narodna banka Srbije se priključila svim ostalim zemljama u regionu time što je dobila zakonsku obavezu da postigne i održava stabilnost cena, a na taj način su postavljeni i novi temelji monetarne politike. Tokom 2006. godine postigli smo cilj u obaranju inflacije na 6,6 procenata, a već krajem aprila 2007. godine stigli ispod donjeg nivoa proklamovanog raspona bazne inflacije za ovu godinu između četiri i osam odsto. Sada je ključno da u 2007. godini učvrstimo ono što je postignuto 2006. godine. Narodna banka će preduzeti sve što je potrebno da i 2007. godine bazna inflacija bude niža jer je trend mnogo važniji od postojećeg stanja. Siguran sam da posle toga više nikome neće pasti na pamet da ponovo stavi na kocku pitanje stabilnosti cena.

#### **Da li je inflacija u Srbiji ista kao u okolnim zemljama članicama EU?**

- Sa stanovišta rasta cena, mi smo se vratili u grupu zemalja kojoj pripadamo, a to su Mađarska, Rumunija, Bugarska itd. Sada je kod nas stopa inflacije na nivou tih zemalja. Na taj rezultat smo ponosni jer ga nismo postigli tuđom valutom ili nekim valutnim odborom, nego isključivo sopstvenom valutom i sopstvenim radom.

#### **Kakav je privredni rast Srbije u odnosu na druge zemlje iz okruženja?**

- Sigurno je da niko ne postavlja veće zahteve Srbiji nego mi sami. Ovde je nivo zahteva i očekivanja jako visok, što nije neobično ako se uzme u obzir kakav je bio standard sedamdesetih i osamdesetih godina. Ali, svet se u međuvremenu znatno promenio i moramo da idemo brže da bismo to rastojanje smanjili. Privredni rast u Srbiji je bio poslednjih godina u proseku oko šest odsto, kao i u zemljama centralne i istočne Evrope. To znači da je ono što smo do sada uradili dovoljno samo da razmak ne bude veći nego što je sada. Za brži rast ključnu ulogu igraju strukturne reforme i dalji rad na njima, korenita promena odnosa prema javnim preduzećima – monopolistima i u toj

### **SERBIA IS EUROPE**

#### **Does prejudice against Serbia still exist?**

- To this very day, the biggest enemy of Serbia and the Serbs has been the prejudice created against it during the past 10 or 15 years. I personally know that all the investors who managed to overcome this prejudice and who came to Serbia were surprised in the most positive sense. My message to all businessmen is as follows: do not read too much the newspapers presenting Serbia in a negative light, forget everything you have heard, by a ticket without any prejudice, come to Belgrade, take a walk through Belgrade and make a tour of Serbia. I am certain you will very soon realize that this is Europe too, that Serbia has perhaps even greater potentials than some countries that have become European Union members in the meantime and that this country, we are absolutely sure, will become a member of this family too. Our problem is not where Serbia will be in five years' time, our only challenge has to do with what will happen within the next five months.

have already been improved had the political risk not increased at the end of 2006 and the beginning of 2007. Already now, companies are receiving credits which reflect a credit rating far better than the official one. Even today, Serbia is being punished for its political uncertainty. However, it is much better that the economy is good and politics neutral towards reforms for the time being, than if this were the case with the economy, but with politics being good.

#### **Is the projection of monetary stability of a long-term nature?**

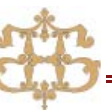
- The National Bank of Serbia has joined all the other countries in the region by having acquired the legal obligation to reach and maintain price stability, with the foundations of the monetary policy thus having been laid. In 2006, we achieved our goal to lower inflation to 6.6 percent, and in 2007, already at the end of April, we went below the lower end of the proclaimed core inflation range for this year of between 4 and 8 percent. It is now crucial to solidify in 2007 what was achieved in 2006. The National Bank will do everything that is necessary for core inflation to be even lower in 2007, since the trend is far more important than the present situation. I am certain that it will cross no one's mind afterwards to place the issue of price stability in jeopardy again.

#### **Is inflation in Serbia the same as in the countries of the region, EU members?**

- From the aspect of price growth, we have returned to the group of countries we belong to – Hungary, Romania, Bulgaria etc. The inflation rate in our country is at these countries' level. This is a result we are proud of, since we did not achieve it with someone else's currency or through some currency board, but exclusively with our own currency and our own work.

#### **What is Serbia's economic growth like compared to other countries in the region?**

- It is certain that no one is setting higher demands before Ser-



oblasti su sigurno najvažnije strukturne reforme na kojima će se raditi. Veliki deo strukturnih reformi je pripremljen, ali sada treba ići dalje u njihovo sprovođenje. Sve što se do sada uradilo bilo je neophodno, ali nije dovoljno.

**Da li se postojeći tekući platni deficit drži pod kontrolom?**

- Normalno je da u fazi tranzicije u kojoj je Srbija postoji tekući platni deficit i on zaista nije problematičan sve dok se finansira iz stranih direktnih investicija i dobro je sve dok taj prihod ide u investicije, a ne u potrošnju. U prilog tome govori podatak da smo prošle godine imali znatan tekući platni deficit, ali su i pored toga devizne rezerve Narodne banke udvostručene, inflacija je opala i valuta je ojačala. Rezultati govore sami za sebe.

**Da li je povoljnije da Srbija ima aranžman s MMF-om i da li to poboljšava njen rejting?**

- Srbija je u rekordno kratkom periodu uspešno završila tri programa s Međunarodnim monetarnim fondom. Dobri ekonomski rezultati su postignuti u velikoj meri zahvaljujući i podršci MMF-a. Sklapanje novog aranžmana s MMF-om zavisi isključivo od nove vlade. Srbiji ne treba novac, ali joj treba podrška i institucija s kojom može da se konsultuje, neko ko će verifikovati sve ono što radimo i ko će nas podržati, uzimajući u obzir sve kroz šta je Srbija prošla i predrasude koje i danas, nažalost, postoje prema Srbiji.

**Da li će se i dalje investirati u bankarski sektor i da li će Narodna banka odobravati i grinfield investicije?**

- Zbog jačanja konkurencije u bankarskom sektoru i privlačenja velikih kredibilnih institucija i najboljih svetskih banaka, Srbija je spremna da izda grinfield licence za najbolje banke. Sada je mnogo veće interesovanje za preuzimanje postojećih banaka i banke su zainteresovanije da kupe nešto što već postoji nego da uzmu grinfield licence.

Prošle godine je u bankarskom sektoru bilansna suma povećana za 50 odsto, a broj banaka se smanjio. To ukazuje na to da se banke unutar zemlje ukupnjavaju i preuzimaju. Očekujemo da se taj proces nastavi, ali smo spremni da emitujemo i grinfield licence.

**Da li je bankarski sektor i dalje najprofitabilniji za investiranje ili je realni sektor bolji?**

- Mislim da je realni sektor profitabilniji. Čim je realni sektor profitabilniji, biće više banaka koje će želeći da dođu u Srbiju i da ga jačaju. Naravno, restrukturiranje banaka je bilo neophodno, ali njima trebaju kredibilni klijenti. Veoma je dobro što je američka City banka otvorila svoje predstavništvo u Srbiji jer to znači da ima interes da bude prisutna kod nas.

**Da li ruske banke u Srbiji imaju predstavništvo?**

- Do sada nismo imali nijednog ruskog akcionara u nekoj banci iako je srpsko tržište otvoreno za najbolje banke i institucije iz svih regiona jer su kvalitet vlasnika, rejting i iskustvo u finansijskom sektoru najvažniji kriterijum. Nedavno smo dali



bia than we ourselves. The level of demands and expectations is very high here, which is not unusual in view of the standard of living we had in the 1970s and 1980s. However, the world has considerably changed in the meantime and we must move faster in order to reduce the distance. Over the past years, economic growth in Serbia was around 6 percent on the average, like in certain Central and East European countries. This means that what we have done

so far is sufficient only to prevent the distance from becoming larger. Crucial for faster growth are structural reforms and further work on them, as well as a radical change in the attitude to public enterprises – monopoly-holders, which is quite certainly the field where the structural reforms we will work on are of the greatest importance. A large part of the structural reforms has been prepared, but we must now go further towards their im-

plementation. Everything that has been done so far was necessary, but it was not sufficient.

**Is the present current payments deficit being kept under control?**

- It is quite normal for a country in the transition phase, as is Serbia, to have a current payments deficit and this is truly no major problem as long as it is financed from foreign direct investments, and for as long as this income is going into investments and not into consumption. This is also attested to by the fact that even though we had a considerable current payments deficit last year, the National Bank's foreign currency reserves were doubled, inflation dropped and the currency strengthened. The results speak for themselves.

**Is it more favorable for Serbia to have an arrangement with the IMF and would this improve its rating?**

- Serbia successfully completed three programs with the International Monetary Fund within a record short time period. The good economic results were achieved largely thanks to the IMF's support. This year, after 16 years, we expect a visit by an IMF official. A visit by Mr. Murilo Protugal, IMF deputy managing director, has been announced. The conclusion of a new arrangement with the IMF depends exclusively on the new government. Serbia does not need money, but it does need support and an institution it can consult, someone who will verify everything we are doing and someone who will support us, in view of everything Serbia has been through and due to the kind of prejudice that, unfortunately, still exists against it.

**Will there be more investments in the banking sector and will the National Bank approve greenfield investments?**

- Due to the strengthening of competition in the banking sector and the attracting of large credible institutions, as well as the best world banks, Serbia is today ready to issue greenfield licenses to the best banks. There is currently greater interest in taking over the existing banks and banks are more interested in buying something that already exists than taking greenfield licenses. Last year,

**ZA FINANSIRANJE OTVORENE GRANICE**

**Da li Srbija otvara granice za finansijske transakcije?**

- Već u drugoj polovini ove godine plaćanje između Srbije i Bosne i Hercegovine će koštati kao plaćanje unutar tih zemalja. Nismo članovi Evropske unije, niti imamo evro, ali već sada radimo s Centralnom bankom Bosne i Hercegovine na tome da koristeći protokol SEPA uredimo odnose između centralnih banaka Bosne i Hercegovine i Srbije i troškove platnog prometa svedemo na nivo troškova platnog prometa unutar tih zemalja. Kada testiramo to što ćemo uraditi s BiH, planiramo da pozovemo Crnu Goru i Makedoniju i sve ostale zemlje iz regiona da to isto uradimo s njima. Time damo naš doprinos sporazumu CEFTA u regionu.

saglasnost jednoj ruskoj banci za preuzimanje udela u jednoj od domaćih banaka. Ako smo dali saglasnost za jednu, daćemo i za neku drugu banku ili neki drugi posao u finansijskom sektoru ako postoji interesovanje. Za strane investitore je povoljno što imaju samo jednog partnera, samo jednu instituciju za informisanje o ulaganjima u banke, osiguranje, lizing i dobrovoljne penzijske fondove, čiji rad kontroliše Narodna banka Srbije.

**TRANSFER NOVCA MOBILNIM TELEFONOM**

**Da li će se olakšati transfer deviznih doznaka iz inostranstva?**

- Želimo da pokrenemo transfer doznaka iz inostranstva preko mobilnih telefona. U vezi s tim razgovaramo s nekoliko kompanija. Time se pripremamo za konkurentnost i brži ulazak u evropsku porodicu.

**MONEY TRANSFER – BY CELL PHONE**

**Will the transfer of foreign currency remittances from abroad be facilitated?**

- We wish to launch the transfer of remittances from abroad by cell phone. We are conducting talks with a number of companies in this regard. We are, thus, preparing for competitiveness and for our faster inclusion in the European family.

**BORDERS OPEN FOR FINANCING**

**Is Serbia opening its borders for financial transactions?**

- Already in the second half of the year, payment operations between Serbia and Bosnia-Herzegovina will cost as much as they would within these countries. We are not members of the European Union, nor do we have euros, but, already now, we are working with the Central Bank of Bosnia-Herzegovina on regulating the relations between the central banks and reducing the costs of payment operations to the level that exists within the respective countries, by making use of the SEPA Protocol. Once we test what we plan to do with Bosnia-Herzegovina, we plan to call on Montenegro and Macedonia and all the other countries in the region to do the same with us. We will, thus, offer our contribution to the CEFTA agreement in the region.

the balance sheet sum in the banking sector increased by around 50 percent, while the number of banks was reduced. This indicates that mergers and the takeover of banks within the country are taking place. We expect this process to continue, but we are also ready to issue greenfield licenses.

**Is the banking sector still the most profitable for investments, or is the real sector better?**

- I believe the real sector is more profitable. When the real sector is more profitable, a larger number of banks will want to come to Serbia and strengthen it. Of course, the restructuring of banks is necessary, but they need credible clients. It is very good that the American Citibank has opened its representative office in Serbia, as this means that it is in their interest to be locally present.

**Do Russian banks have their representative offices in Serbia?**

- Until now we have not had a single Russian shareholder in a bank, even though the Serbian market is open to the best banks and institutions from all regions, since the quality of the owner, the ratings and experience in the financial sector are the most important criteria. We recently gave our approval to a Russian bank to take over a stake in a domestic bank. If we issued an approval to one bank, we will do the same for another bank or some other job in the financial sector, if there is interest. Quite favorable for foreign investors is the fact that they have only one partner, only one institution where they can inform themselves about investments in banks, insurance, leasing and voluntary pension funds, whose work is controlled by the National Bank of Serbia.

