

**USAID/SERBIA AND MONTENEGRO  
TRADE ASSESSMENT**

**FINAL REPORT**

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## Executive Summary

USAID/Serbia and Montenegro (SaM) is currently in the process of developing a multi-year country strategy. As part of this process, the Mission has requested assistance of USAID/Washington experts to aid in developing its trade strategy. With the Mission's increasing focus on economic development and job creation in mind, the objective will be to evaluate current activities, to identify specific constraints and programmatic gaps, and to determine what strategy should be adopted.

### Key Findings

- SaM lacks a comprehensive, actionable trade strategy, vision and plan for increasing investment, exports and regional and global integration. (In Serbia particularly, fractious political processes and far too little dialogue with the private sector have produced no consensus, vision or strategy for trade, investment and integration.)
- The political environment in SaM is not conducive to attracting FDI, particularly new green-field investments (e.g. uncertainty and risk associated with the status of Serbia and Montenegro, the status of Kosovo, resolution of The Hague war crimes issues, the resurgence of radical political parties, fragile ruling coalitions that send mixed messages to the business community and that have an uneven reform agenda and record, and the perceived remoteness of accession to the EU).
- For policy, legal, regulatory and institutional reasons as well as the overall lack of competitiveness of Serbian economic sectors and products, SaM exports far too little, especially given the relatively large volume of its imports, thereby creating a current account deficit of serious concern.
- The slow development of effective private-public partnerships and dialogue is insufficient to achieve a policy and economic environment conducive to accelerated investment, trade and growth of job-creating private enterprises.
- SaM is not fully complying with its (bilateral or regional) trade agreements.

### Recommendations

#### *Serbia*

#### **1. Continue support for the export promotion activities of the SEDP project.**

This should include:

- a) Efforts to diversify the product mix to concentrate more on producing and exporting products that utilize higher-skilled labor. This would increase integration with the EU and other global markets and would provide for higher wages and a higher standard of living for Serbians.

- b) Efforts to improve the competitiveness of products through improvements in product quality, packaging and marketing as well as efforts to improve compliance with international product standards.
  - c) Looking at product sectors other than the six currently under consideration, particularly automobile parts and telecomm. This should include increasing efforts to develop medium-sized enterprises.
  - d) Increase emphasis on and regularize public/private sector dialogue and action on policy, legal and regulatory reforms aimed at removing obstacles to foreign and domestic investment. This dialogue should include not only business associations like FIC and AmCham, but also local economic think tanks with the capacity to inform policy making with statistical analyses and policy briefs.
2. **Support SIEPA in its efforts to promote exports.** Public/private partnership in Serbia is relatively undeveloped. Organizations working on export promotion, such as SIEPA, should be supported. A law that clearly describes SIEPA's responsibilities and that provides for autonomy from the government would be of great help as would an appropriate level of funding and support staff. Also, SIEPA should be encouraged to seek more feedback from the private sector, from such organizations as FIC and AmCham, and from economic think tanks as well. This support need not necessarily involve additional funding from USAID, but the Mission should encourage SIEPA to develop closer relations with the private sector.
  3. **Assist in preparation for WTO accession.** Serbia still has a lot of work to do before it will be ready for WTO accession, a pre-condition to EU accession. Although direct assistance to the government in this area is not currently allowed, preparatory work, such as the work with unions, which is currently being done, should be continued.
  4. **Support the Ministry of Foreign Economic Relations in its efforts to work with the Stability Pact Trade Working Group.** This would include the group's efforts towards developing a single FTA for SEE and its efforts to remove NTBs. Serbia has a number of NTBs in place, including onerous licensing requirements for steel products, import quotas, special import levies, seasonal import charges and high road tolls charged to foreigners. These serve as a hindrance to trade. They also encourage other trading partners to retaliate with their own NTBs against Serbia. Mission personnel should participate actively and regularly in the Stability Pact Trade Working Group and should promote its agenda to larger audiences within the public and private sectors and donor community.
  5. **Support enhancement of FTA with Russia.** This could include support for enhanced communications with U.S. businesses about the advantages of the FTA

for their companies, *i.e.*, that U.S. products could be further manufactured in Serbia and then sent to the large Russian market at preferential tariff rates. U.S. Steel, through its Economic Development Center and the American Chamber should be interested in doing this.

6. **Encourage public/private partnership to aid in removing customs/border obstacles.** Although Serbian Customs has made progress in implementing needed reforms, there are still problems with delays at the border. A big problem that was identified was the lack of coordination among the various agencies inspecting importations at the border. USAID could encourage reforms in the customs laws, such as a change to allow Serbian Customs to coordinate other agency inspections at the border and to provide for as much of the entry process as possible to be done prior to arrival at the border (electronic advance filing of documents, etc.). USAID could also facilitate roundtable discussions to assess the most serious obstacles that still confront exporters and importers and to determine what should and can be done to meet the needs of business.
7. **Support development of tourism on the Danube.** This may require participation in a multi-donor project or a series of coordinated single donor projects, but there are several things that could be done without a great deal of expense. These could include:
  - a) Support the Ministry of Trade, Tourism and Services to be involved in the work of the Danube Tourist Commission in Vienna.
  - b) Return of the hydrofoil that previously took passengers from Belgrade to Iron Gates in only 1&1/2 hours.
  - c) Work with the private sector to advertise the advantages of tourism on the Danube.
  - d) Support the local community efforts to restore the fortress in Smederevo and enlist volunteer support to clean up and restore other historic sites.

### *Montenegro*

1. **Work with the government to provide incentives for tourism.** This could include working with the government to provide VAT exemptions for tourism (particularly for hotels) and making sure that other incentives for exports apply equally to tourism.
2. **Support the BAH competitiveness project (or other project) in effort to increase the competitiveness of Montenegro products.** This would include efforts to improve the quality of products and compliance with international standards as well as labeling and marketing issues.
3. **Continue support of public/private partnership.** This is fairly well developed in Montenegro. The efforts of MBA, supported by CIPE and CEED are especially impressive. However, the Union of Employers seems to have

accomplished quite a bit with very little resources. It, like the MBA, is staffed by some very enthusiastic young people eager to see changes in Montenegro. It would be interesting to see what this group could do with a little bit of money.

- 4. Consider introducing a customs integrity project.** Montenegro continues to have serious problems with smuggling and corruption in the Customs Service. A suggestion might be to institute a customs integrity project. The EGAT/EG office at USAID has an existing mechanism for doing this and we would be happy to discuss it with you.
- 5. Continue support of WTO accession.** The WTO Accession Project in Montenegro has made very good progress and their efforts should be encouraged.

## **I. Purpose and Methodology**

USAID/Serbia and Montenegro (SaM) is currently in the process of developing a multi-year country strategy. As part of this process, the Mission has requested assistance of USAID/Washington experts to aid in developing its trade strategy. With the Mission's increasing focus on economic development and job creation in mind, the objective will be to evaluate current activities, to identify specific constraints and programmatic gaps, and to determine what strategy should be adopted as current programs wind down.

The objectives of this assessment, as stated in the Statement of Work are to:

1. Look at options for regional market integration with a view toward increasing regional and global trade;
2. Assess what has been done and is currently being done by other USAID projects and other donors in areas that impact trade capacity in order to identify gaps;
3. Identify trade constraints in Serbia and Montenegro;
4. Identify competitive sectors for purposes of regional and global trade; and
5. Assess the feasibility of developing a project to take better advantage of the Danube River as a trade and transport corridor.

In Serbia, USAID is involved in efforts to support capacity-building activities in order to address constraints to growth and trade. The emphasis is on increasing exports, attracting foreign investment and job creation. USAID will continue to support assistance leading to an increase in Serbia's participation in regional and global trade and investment. The Serbian Enterprise Development Project (SEDP), a USAID-funded project, has been working with businesses in Serbia to expand markets, create jobs and improve competitiveness. SEDP has identified six sectors in which to concentrate its efforts: fruit products, tourism, furniture, pharmaceutical research, technology and apparel.

In Montenegro, USAID is providing more direct assistance to businesses through a new competitiveness project that focuses on the tourism, agriculture and wood processing sectors. USAID is working to advance the policy and economic framework for sustainable economic growth and emergence of a viable private sector.

The assessment team consisted of one trade expert from USAID/Washington (Jan Forest, EGAT/EG/TI). Numerous documents were reviewed prior to traveling to SaM. A selected list is attached as Appendix I. Interviews were conducted with USAID, State Department and government officials in Belgrade and Podgorica. Meetings and interviews were also conducted with program implementers, donors and representatives of the private sector. The interviews were carried out over the period February 23 to

March 2 and March 11, 2005, in Serbia and March 7 to 10, 2005, in Montenegro. A complete list of all persons interviewed is attached as Appendix II.

Other donors working in the areas of trade and customs reform in Serbia and Montenegro include the World Bank doing the Trade and Transport Facilitation in Southeast Europe (TTFSE) project and the EU doing the Customs and Fiscal Assistance Office (CAFAO) project.

## **II. Background**

### **Economic Conditions**

SaM began reform from a very difficult starting point. War and sanctions prevented global trade and severely limited economic growth until at least late in 2000. There has been considerable progress since then.

SaM's real GDP grew by an average of 4.2 percent per year from 2001 to 2003. Real GDP growth was estimated to be 7 percent in SaM in 2004.<sup>1</sup> But this growth has not created many jobs. Unemployment remains high, although exact figures are difficult to determine because of the large informal sector. Average consumption has been growing at an even faster pace, driven largely by domestic demand, leading to large current account and budget deficits.

### ***Serbia***

GDP growth in Serbia was estimated to be around 6 percent for 2004, fueled primarily by increases in agricultural and manufacturing production. Inflation was reduced from over 100 percent to less than 8 percent over the period from 2000 to 2003. This trend was reversed in 2004, however, with inflation reaching 13.8 percent in Serbia in December 2004 and rising even further to 14.4 percent in January 2005. Year-end inflation is predicted to be 10 percent in 2005 and 8 percent in 2006.<sup>2</sup>

### ***Montenegro***

Macroeconomic stability has increased in Montenegro, but growth is still modest. GDP growth was high in 2000 (12.5 percent), but decreased to only 1-2 percent from 2001 - 2003. This modest growth was fueled by services and construction, while industrial production stagnated. Increased activity in tourism and agriculture helped support an increase in GDP growth in 2004 of 3-4 percent. Inflation has fallen in Montenegro from 25 percent at the end of 2000 to 6.6 percent at the end of 2003.

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<sup>1</sup> Economist, Country Report for Serbia and Montenegro, March 2005.

<sup>2</sup> Economist, Country Report for Serbia and Montenegro, March 2005.



## **Trade Environment**

There has been a serious deterioration in trade performance in SaM since the 1990's. Important steps have been taken to remove barriers to trade, including harmonization of tariff rates and elimination of customs formalities between the two republics. However, SaM still has a number of non-tariff barriers that need to be eliminated. Also, more needs to be done to encourage export expansion and growth. Finally, there is a need to satisfy more of domestic demand through better quality local products, which would lower imports.

SaM still has not made much progress toward integrating its economy with Europe and the WTO member countries and it has failed to achieve the internal harmonization required for EU accession.<sup>3</sup> Serbia and Montenegro have also failed to build an internal market between them. On the positive side, SaM has been actively involved in the Stability Pact efforts to create a single FTA for the countries of Southeast Europe.

### ***Serbia***

The serious trade deficit (about US\$7.2bn in 2004), means there is a great need to encourage exports. The current account deficit is predicted to fall somewhat, but remain relatively high for the foreseeable future.<sup>4</sup> Serbia has trade deficits with all of its bilateral trading partners, with the exception of Bosnia and Macedonia. Exports to the EU constituted 52 percent of Serbia's total exports in 2004. Serbian exports to Croatia have increased markedly since the conclusion of the bilateral FTA with Croatia.

### ***Montenegro***

Montenegro also suffers from a serious trade deficit. In 2004, it was equivalent to almost 30 percent of GDP (compensated somewhat by an inflow of revenue from tourism and transfers). Montenegro's primary export is aluminum, mostly exported to Switzerland. Overall, 45 percent of its exports in 2004 were to the EU.

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<sup>3</sup> Although the Action Plan for Harmonization of the Economic Systems between Serbia and Montenegro (AP) has the goal of creating a single economic space, in October, 2004, the EU agreed to a twin-track approach. This will still provide for a single Stabilization and Association Agreement (SAA), but will allow for some separate negotiations in recognition of the fact that SaM was not able to achieve the level of harmonization originally requested by the EU.

<sup>4</sup> The Economist Country Report predicts that the current-account deficit for the common state will remain high, at a forecast 12.3percent of GDP in 2005, declining to 11.4percent of GDP in 2006.

## **Political Situation**

### ***Serbia***

Political instability in Serbia seriously hampers reform. The EBRD Transition Indicators show SaM near the bottom of the transition economies. The ruling minority coalition in Serbia is internally divided. Part of the division has been due to Western demands for co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY) in the Hague. The US temporarily suspended US\$10 million in financial assistance to protest Serbia's lack of co-operation with the tribunal. The EU also warned Serbia that a feasibility study regarding its readiness to start talks with the EU regarding a stabilization and association agreement (SAA) could be negative, or delayed, if Serbia was deemed to be not co-operating with the ICTY.

### ***Montenegro***

Constitutional and legal uncertainty further hampers reform in SaM. The rule of law in Montenegro needs further strengthening. There is also a high level of corruption. Serbia recently rejected a proposal by Montenegro for independence from Serbia. Kosovo continues to be under the control of a UN protectorate (UNMIK). Until the status of both Montenegro and Kosovo is resolved, the uncertainty created will make it difficult to attract substantial FDI and to grow the economy.

## **III. Opportunities and Constraints**

### **Opportunities**

SaM was well integrated into the world economy at the start of the 1990's, when it was still a part of the Former Republic of Yugoslavia (FRY). In 1989, trade in goods and services was 90 percent of GDP (42 percent exports and 48 percent imports). This was comparable to other countries of a similar size. Most of the trade was with the other republics of the FRY.

The FRY had a history as a relatively open society when compared to other Soviet states. As a result, the citizens of SaM are relatively worldly, educated and well-traveled compared to other post-Soviet states. They also tend to have a more pro-Western orientation.

The FRY was, and SaM still is, rich in human capital. This includes an abundance of good engineers. This human capital potential could be realized to a much larger extent through a change to producing products requiring high-skilled labor.

There are signs that privatization is picking up. It appears that 30 large, state-owned companies may be sold in 2005. This would help to reduce the budget deficit.

SaM has an advantageous geographic location. It is located in the center of the Southeast Europe (SEE) Free Trade Area. It is at the crossroads of two European transportation corridors (Corridor X for roads and railroad and Corridor VII for the Danube). Finally, it is unusual in having arable land at such a southern location.

## **Constraints**

In order for real growth to take place in SaM, it is first necessary to resolve the issues of the Hague Tribunal and the uncertain status of Montenegro and Kosovo. These uncertainties discourage growth and investment.

The loss of the markets of the FRY was a serious blow to the economy of SaM. This was made worse by conflict, economic sanctions and destruction of infrastructure from the bombings in 1999. SaM lost its linkages with neighboring countries and former trading partners. In addition, many of the trade delivery channels were taken over by criminal elements during this time period. The result was a serious decline in trade performance.

Now, however, the primary constraints are internal rather than external. For example, the slow privatization process has resulted in continued misallocation of resources. This has resulted in weak growth in exports. Weak export growth and strong import growth have combined to result in growing trade deficits. The government also lacks an overall foreign trade strategy for SaM. In addition, the concentration of exports in products utilizing unskilled labor limits growth.

## **IV. Findings**

### **A. Trade**

#### ***SaM***

The biggest trade problem in SaM is the huge trade deficit (about US\$7.2 billion in 2004). Exports declined from 42 percent of GDP in 1989 to 22.2 percent in 2003.<sup>5</sup> Export levels today remain well below SaM's potential, as compared to other transitional economies of comparable size.<sup>6</sup>

SaM's trade performance during 2000-2003 has been disappointing, especially as measured against its potential. One reason for this is its failure to rebuild a functioning market between Serbia and Montenegro. This failure has been attributed to some extent to the application of different standards in the two republics, different value-added taxes

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<sup>5</sup> World Bank, *Serbia and Montenegro, Republic of Serbia, An Agenda for Economic Growth and Employment*, December 6, 2004.

<sup>6</sup> World Bank, *Serbia and Montenegro, Republic of Serbia, An Agenda for Economic Growth and Employment*, December 6, 2004.

and excises and the differences in service sector regulations applied to the two republics. SaM needs an integrated trade regime as soon as possible to help alleviate these problems. SaM has also failed to make much progress in rebuilding pre-existing regional markets.

Another factor contributing to SaM's continuing weak capacity in trade, particularly with respect to exports, is the fact that the types of products it is exporting to the EU has also changed. Exports of machinery and automobile parts fell from 15.1 percent in 1990 to 5.6 percent in 2000, while the share of exports in agricultural goods rose from 4.8 percent to 19.5 percent. This process of de-industrialization has made it much harder for SaM to compete in global trade.

SaM has also failed to move up the value chain with respect to the composition of its exports. It still primarily exports agricultural goods and manufactured goods requiring little processing. In addition, its trade is primarily inter-industry rather than intra-industry. Intra-industry trade is preferred because it involves greater integration into international networks concerning production and distribution. Integration into the world economy would aid in obtaining FDI as well as provide a greater source of inputs, leading to growth in productivity. Finally, greater integration would lead to larger markets for the products of SaM.

SaM has benefited from participation in the SAA process with the EU in that it has been given free access to the EU market through Autonomous Trade Preferences (ATPs). However, it has failed to take full advantage of its preferential access to the EU market. Early in its transition, SaM outperformed other SEE countries in the EU market. After the sanctions were lifted, SaM's exports to the EU grew by an average of 19 percent during 2000-2003.<sup>7</sup> In 2003, the trade statistics showed no growth at all.

SaM has the advantage of being the only SEE country with a FTA with Russia, effective in 2002. However, SaM should take greater advantage of this. U.S. and other businesses should be made aware of the advantages to be gained by investing in operations in SaM that would be able to benefit from Russia's large market through the FTA.

SaM has been actively involved in implementation of the Stability Pact Memorandum of Understanding (MOU) on Trade Liberalization and Facilitation in SEE. The Stability Pact has been working toward a regional free trade agreement that would encompass the 55 million consumers of SEE. The MOU calls for development of a network of Free Trade Agreements (FTAs) among the SEE countries, which would ultimately provide for trade liberalization of at least 90 percent of tariff lines and 90 percent of the value of mutual trade. The MOU also encompasses agreement to take numerous other trade liberalizing steps, such as the elimination of quantitative restrictions, the development of

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<sup>7</sup> This extremely high level of growth has been disputed to some extent, however, since part of it was due to increased sugar imports, since found to be illegal. The exports of sugar to the EU were found to be based on falsified rules of origin and the EU temporarily suspended market access preferences on all sugar exports to the EU for SaM.

common preferential rules of origin, the simplification of customs procedures, the liberalization of trade in services, the improvement of intellectual property (IP) legislation and the assurance that regulations and standards are WTO compliant. A regional network of 29 bilateral agreements has been signed in accordance with the first requirement of the MOU.

The Trade Working Group of the Stability Pact met on March 3, 2005, in Vienna to discuss implementation of the network of agreements and to discuss ways to facilitate reduction and elimination of non-tariff barriers (NTBs). Options for moving to a single FTA for the region were also discussed. The delegation from Serbia and Montenegro played a very active role in the discussions, including comments on the importance of finding a way to deal with visa issues and customs procedures.<sup>8</sup> Macedonia and Serbia and Montenegro were asked to complete the negotiations on revisions to their 1996 FTA to bring it into line with the MoU as quickly as possible.

### *Serbia*

One of the more troubling developments in Serbia is the recent resurgence of non-tariff measures (NTBs). This issue involves other SEE countries as well and it is currently being addressed by the Stability Pact Trade Working Group. However, Serbia has been shown to be one of the bigger offenders in this area.

A major NTB issue in Serbia is the use of reference prices to determine import value. To be in compliance with the WTO provisions on customs valuation, import value must be primarily determined on the basis of invoice value. Reference prices are used to impose higher duties on some goods from some countries. In addition to being in violation of WTO requirements, this raises the costs of inputs and interferes with competition.

Serbia's progress in accession to the WTO has been lagging behind Montenegro's. This is further exacerbated at present by the fact the USG has temporarily suspended funds for WTO accession in Serbia pending its compliance with the ICTY in the Hague. Progress in Serbia has also slowed down due to the lack of commitment to reform on the part of the current government in power. The memorandum on Serbia's foreign trade regime has been drafted, but the government has indicated a desire to wait until September 2005, to submit it to the WTO. The WTO recently agreed to a two-track approach to WTO accession for Serbia and Montenegro.

Serbia needs an overall trade strategy, including procedures and institutions for formulating policy and implementing trade laws. The Ministry for Foreign Economic Relations is working on revising a March 2003 strategy.

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<sup>8</sup> The meeting in Vienna was attended by two persons from Serbia's Ministry for Foreign Economic Relations (*Jela Bacovic*, National Coordinator of the Stability Pact Trade Working Table and *Snezana Zubic-Petrovic*, Head of WTO Department), one person from Serbia's Ministry of Economy (*Jadranka Zenic*) and two persons from Montenegro's Ministry for International Economic Relations (*Liljana Filipovici*, Deputy Minister and *Arijana Nikolic*, advisor).

## ***Montenegro***

Montenegro also has numerous NTBs, including licensing requirements for steel, export duties and onerous customs clearance requirements. Montenegro recently imposed a barrier in the form of a 30 percent duty on wheat flour from Serbia. This measure was withdrawn on March 11, 2005, due to pressure from the Stability Pact Trade Working Group and others.

Montenegro has made much faster progress than Serbia has in the WTO accession process. It has been easier in Montenegro because it has fewer product sectors in which there is pressure for protection and because the government has had a more positive attitude toward accession to the WTO.

Montenegro has submitted or will soon submit all of the documents needed to be filed at this point in the accession process, including the memorandum on its foreign trade regime and copies of relevant laws, including customs laws and regulations and intellectual property laws. The government hopes to be able to submit its goods and services offers by February, 2006.

There will be a need for more training to implement WTO reforms. At the present time, there is a Working Group in Geneva and Montenegro has one permanent representative in Geneva.

### **B. Customs**

#### ***SaM***

Significant developments in the customs administration include a new customs tariff law that came into effect on June 1, 2001.<sup>9</sup> It provided for a reduction of tariff bands from 37 rates ranging from 0 to 40 percent to six rates ranging from 1 to 30 percent. This resulted in a decline in the average tariff by 5 percentage points (from 14.4 to 9.4). SaM's trade regime was further liberalized when the Action Plan for Harmonization of Economic Systems (AP) of Serbia and Montenegro was implemented in July 2003. Over 99 percent of the tariff lines (93 percent currently applied) have been harmonized between Serbia and Montenegro under the AP. As a result of harmonization, SaM's average tariffs fell by an additional 2 percentage points to 7.4 percent by September 2003.

The SECI/TTFSE project has been involved in pilot programs at the border to improve clearance times, has set up internal affairs offices for Customs and helped Serbia and Montenegro to do a WCO integrity self-assessment and write an action plan to reduce corruption. In spite of the improvements in Customs, however, there are indications that Customs regulations and practices are still a problem for businesses. A business survey showed that in SaM 17.1 percent<sup>10</sup> of the respondents find Customs to be a major

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<sup>9</sup> With help from U.S. Customs, funded by USAID.

<sup>10</sup> This is compared to 16.7 percent in Bosnia, 9.9 percent in Croatia and only 5.8 percent in Hungary.

obstacle and only 46 percent<sup>11</sup> reported that they never used unofficial payments to deal with imports.

### ***Serbia***

Customs is under the Ministry of Finance in Serbia. A number of the laws that Customs must apply at the border have been consolidated in a computer system, making it easier for goods to flow quickly. Nevertheless, there are still substantial delays at the border. However, these do not appear to be primarily attributable to inefficiency on the part of Serbian Customs, but rather to the fact that a number of government agencies require inspections at the border and these agencies tend to have outdated laws and poor infrastructure, causing long delays. According to the Director General of Serbian Customs, now that Customs is able to perform its functions more quickly, the slowness of the other agencies is more obvious. Delays are also caused by infrastructure problems, including an insufficient number of lanes going into Serbia at the borders with Croatia and Bulgaria.

Serbian Customs formerly inspected all shipments (100 percent inspection), but they now use a risk-analysis system developed for them by EU CAFAO. Where previously their job was just to collect duties, now their basic mission is fighting smuggling and terrorism.

### ***Montenegro***

Montenegro started to develop its own customs system separate from Serbia under new laws that became effective in 2003. The World Bank is helping Montenegro to develop strong security and risk analysis systems.

Montenegro has a big problem with collecting trade statistics. A new Law on Statistics has been drafted, but it is not implemented yet. Also, Customs has a tendency to keep data to themselves rather than providing it to other ministries as they should.

There has been some modernization of the customs infrastructure. Ten new border crossings have been completed, with new buildings and equipment. However, there are a lot of new young people working at Customs and training is needed. Corruption also continues to be a big problem for Montenegro Customs.

## **C. Export Growth**

### ***Serbia***

Serbia has not been able to rebuild its export markets. This is in spite of the fact that it has had preferential market access to the EU. As a consequence of this failure, Serbia has a huge trade deficit.

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<sup>11</sup> This is compared to 57 percent in Croatia, 67 percent in Hungary and 84 percent in Slovenia.

Lack of competitiveness is the biggest problem for Serbia in growing its exports. Lack of market knowledge and the quality of products are much bigger problems than trade restrictions or other border issues. One of the problems is that the culture is not oriented towards making sales. For example, there is a tendency to neglect to follow up on potential sales inquiries.

Some of the other constraints to exporting include the slowness of privatization, the lack of diversity in the export base and relatively high wages for the region. Serbia needs to finish the privatization process in order to release resources to other uses. A few exporters, including US Steel, have been responsible for most of the growth in exports.

Serbia has a government-run export agency, the Serbia Investment and Export Promotion Agency (SIEPA). SIEPA's work includes export promotion, investment promotion and marketing. There have been problems from the beginning, including insufficient funding from the government and uncertain legal status. However, these seem to have been resolved to a large extent. Recently, the European Agency for Reconstruction (EAR) decided to provide US\$4.5 million to be distributed to Serbia through SIEPA programs.

### ***Montenegro***

To its credit, Montenegro is working on an export strategy, to be finished in May. The aim is to increase exports by increasing the quality of products and adding more value. FDI is needed for know-how, technical training and research and development.

High fuel costs impede the competitiveness of exports from Montenegro. However, Montenegro has lowered its tax rates on business (from 20 percent to 9 percent) in an effort to attract more investment. The labor force is of high quality.

Montenegro has a Free Trade Zone (FTZ) located on the coast at Bar, but it is currently not being used. The FTZ law is restrictive in that it allows no more than 10 percent of the employees of a company in the FTZ to be foreign. Changes to this law are being considered.

The Minister of Economic Relations and European Integration (*Gordana Durovicz*) has started the Permanent Export Forum. Roundtable discussions are held twice a year to discuss problems businesses are having with exporting. The Forum also provides a permanent internet inquiry point for exporters.

Currently, five products make up 79.8 percent of Montenegro's exports (aluminum (56.4percent), alcoholic liquors (6.4percent), wood (5.9percent), steel (5.6percent) and tobacco (5.5percent)).



## **D. Competitive Product Sectors**

Provided below is a summary of findings with regard to the competitiveness of various product sectors in Serbia and Montenegro<sup>12</sup>:

### ***Serbia***

Six sectors are under consideration by the SEDP competitiveness project in Serbia. SEDP is taking a two-pronged approach to all of the sectors: increasing market access for existing products and moving up in the value chain. The following findings were made with respect to the competitiveness of these sectors:

#### **1. Fruit**

Currently Serbia's primary agriculture exports are frozen berries and sugar. Because these are low value-added commodity products, they are not very profitable. Exporting fresh fruit would be more profitable. However, there are transportation issues with fresh fruit - speed of delivery to the market becomes much more crucial. To solve these problems will require a great deal of investment in the transportation infrastructure and improvement of inventory management.

To really compete in the fresh fruit market will also require the development of new products, such as fruit that ripens at different times of the year. Also, most farms are small now and picking is done by hand. To be more competitive automation is required. There are also issues with packaging and marketing the products. For example, Serbia could be taking better advantage of the fact that its products could be marketed as health foods.

#### **2. Apparel**

Market access is a big problem for apparel, but there also is a need to move up the value chain. Currently, most firms are cut and trim operations,<sup>13</sup> but full package operations<sup>14</sup> would be more profitable. Now that the textile and apparel quotas have been eliminated, Serbia will not be able to compete with countries like China in the low end part of the market (t-shirts, etc.). To compete in the apparel industry, Serbia must focus on specialty products and higher value items.

Serbia does have the advantage of proximity to the EU, which allows for quick turnaround. Also, Serbian apparel is seen to be of high quality. Some Serbian designs

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<sup>12</sup> This subject is being covered in greater detail by the SME assessment team, which will make recommendations concerning these sectors in its report.

<sup>13</sup> In cut and trim operations, the foreign company sends all of the materials to Serbia and the Serbian firms just do minor finishing operations.

<sup>14</sup> In full package operations only the designs are sent to Serbia and Serbian firms find all necessary supplies, make product, package the product, etc.

are being sent to the EU now and four Serbian companies are about to sign with U.S. agents.

### **3. Technology**

Now most of the business is done by small software companies (programming), operating in the informal economy. These companies are not marketing to the domestic market very much because they cannot compete with the big foreign companies, such as Oracle. The Serbian companies need to develop and market their own specialty products designed to meet the specific needs of a company. This is beginning to be done.

### **4. Pharmaceuticals**

This sector has the potential for high value-added exports. The pharmaceutical industry is being developed along two tracks - clinical research and laboratory certification. The advantages Serbia has in this sector are that the existing medical system is good and Serbia is rich in human capital.

### **5. Furniture**

Of the product sectors under consideration by SEDP, this one shows the least promise. The Serbian furniture manufacturers are not competitive and they refuse to change their old non-competitive ways. Serbia does have the raw materials to develop an industry, but it probably should focus on furniture parts, where it can be competitive, rather than on finished furniture, where it faces steep competition from other regions with cheaper labor, such as Asia.

### **6. Tourism**

#### **a). General**

This sector shows a great deal of promise. Serbia has a number of natural advantages, including its location at the crossroads of Corridor VII (the Danube) and Corridor X (roads and rail) and its location in the center of Southeast Europe.

Development of the tourism industry would serve two purposes - overall improvement of Serbia's image, which would help to attract FDI, and job creation (tourism is a very labor-intensive industry). Serbia was a big convention destination in the 1990's and a new Convention Bureau is being considered. Spas and small wineries provide potential for tourism as well as a number of historic sites, discussed below in connection with tourism on the Danube.

There are serious problems with infrastructure, including bad roads, the inadequate railroad system, the outmoded national airline (JAT) and the lack of decent hotels and other services for tourists. In addition, to attract high-end tourism Serbia would have to do much more to clean up the environment (remove trash from along the rivers and roads, for example).

A big problem with developing tourism in Serbia is the extent of government control. Too much of the property with potential for tourism is still controlled by the state government. Too many vested interests have been getting in the way when attempts are made to develop hotels or other tourism-related projects. A number of the laws must be improved, particularly the bankruptcy law, and incentives for investment in tourism must be written into the laws for tourism to really grow.

#### **b). Development of the Danube**

Development of tourism<sup>15</sup> along the Danube River could be of great benefit to Serbia, particularly in the area of improving its image abroad. A number of entities in Serbia are involved in the development of tourism on the Danube, including the Ministry of International Economic Regulations (MIER), the Ministry of Trade, Tourism and Services, the Danube Project Center and the Danube Tourism Commission<sup>16</sup> (in Vienna). This area obviously has potential. There are, of course, problems with infrastructure, including inadequate port facilities, lack of decent hotels and other passenger services, insufficient connections to roads and railroads and environmental issues. However, one of the biggest obstacles to development on the river has been the temporary bridge at Novi Sad, which is a drawbridge. Some time later this year, a new bridge will be opened and the temporary one removed. This will make the river totally navigable 24 hours per day.

There are a number of positive indicators for development of tourism on the Danube in Serbia. The part of the Danube that runs through Serbia (approximately one-fourth of the river) is the deepest and widest part. There is a growing cruise ship industry already in existence (passenger dockings in Belgrade increased 80 percent from 2003 to 2004 and an additional 50 percent increase is predicted for 2005). Additional links to other rivers in Serbia could be made. Tourists from most countries no longer need visas to enter Serbia. Parliament is considering a new Tourist Trade Act. Public/private partnership has been working in the tourism sector (of 1,040 registered tourism companies, 75 percent are private). Serbia is an active member of the Danube Tourism Commission in Vienna and the World Tourism Commission. The Ministry of Trade, Tourism and Services is working on nautical issues to improve the use of the Danube by small boats. A new tourism office is being built on the Danube. Serbia already has a tourism agreement with India and will soon sign another with Japan. At one time Serbia had a thriving shipbuilding industry and it is possible that this could be reinvigorated.

However, there are still a number of problems that need to be addressed. These include lack of a modern fleet of ships, environmental problems (such as downstream pollution from plants in other countries and pollution from agriculture (fertilizers)), property

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<sup>15</sup> The development of the Danube as a transport corridor was felt to be beyond the scope of this assessment. This report addresses only the development of tourism on the Danube.

<sup>16</sup>The Danube Commission consists of a Budapest office handling technical issues and a Vienna office handling transport and environmental issues as well as multi-modals development.

ownership problems, government control of the inland waterways,<sup>17</sup> the need for upgrades to the river and ports,<sup>18</sup> safety issues for navigation of small boats<sup>19</sup> and the need for additional marinas along the river for fueling. In addition to the need for infrastructure upgrades, the tourist attractions themselves need upgrading. There is also a need to integrate the attractions, integrate ecotourism into some of them and develop greater cooperation between local and regional groups. In addition to the need to upgrade port facilities generally, there is a need to add information booths listing restaurants and other attractions and tour guides at ports. Finally, there is a lack of skill in the areas of development of managers, marketing and advertising.

Positive steps are being taken toward development of the Danube as a tourism corridor. The Serbian Government and Chamber of Commerce are working on an extension of the international pier in Belgrade and there are plans to upgrade the marina there as well. The historic fortress at Smederevo is being reconstructed by a local community group. A large hotel with a marina for 200 boats is being constructed at Silver Lake (located at a dam on the Danube). The German Government has constructed a bicycle trail extending from the source of the Danube in Germany to Bratislava, with the plan to eventually extend it all the way to the Black Sea.

The Danube Tourism Commission is promoting tourism along the whole length of the Danube from Germany to the Black Sea as well as 70 km each side of it. The Commission has almost completed a project to map the river for small boat navigation. The Commission is also suggesting the return of a hydrofoil that once made the trip from Belgrade to Iron Gate in only one and one-half hours.

Some other ideas for development of the Danube were suggested by the Assistant Minister of MIER (*Gordana Lazarevic*). These include:

- a) Develop a brewery, shipyard and port at Apatin;
- b) Develop the national park running from Croatia to Serbia (untouched flood plain);
- c) Develop the spas;
- d) Develop the desert area; and
- e) Develop archaeological sites.

## **7. Other Sectors**

Other sectors were mentioned by various people as having competitive potential. Among these, the most promising appear to be:

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<sup>17</sup> Plovput is a government entity that should be restructured as an independent regulatory agency.

<sup>18</sup> An estimated USD\$100 million is needed to upgrade the river (upstream from Belgrade) from a Class VI river to a Class VII river.

<sup>19</sup> An estimated USD\$50 million is needed for dredging and signaling to make it safe for small boat navigation.

- a) Rubber processing (plants exist and there has been interest from Michelin and Galaxy (tires));
- b) Chemical industry (plastic production, methanol, floor coverings);
- c) Automobile parts (Serbia can no longer compete in finished cars but existing factories could be used to produce specialty and replacement auto parts);
- d) Construction (did have industry working abroad at one time);
- e) Telecomm; and
- f) Bath fixtures (Italy has given money to Serbia to develop products for Italy).

## ***Montenegro***

### **1. Agriculture**

Agriculture (fruit products) is a relatively strong industry in Montenegro, with potential for further development. Juice products are being exported, including a recent contract to ship juice drinks to Iraq. There is potential for development of a health foods industry. Montenegro has pure products that have not been contaminated by chemicals the way food products have been in the developed world.

There are problems with packaging and labeling of products. Some producers (for example, Pirilla juice company) are responsive to demands of the market but most are not. There may be a potential to market pomegranate and blueberry products as specialty health food products.

Problems with agricultural exports include high wages, high fuel costs and high shipping costs.

Other agricultural products with some potential are:

- a) Herbs;
- b) Essential oils;
- c) Sea salt;
- d) Fresh-water fish; and
- e) Fresh and frozen juice concentrates.

### **2. Tourism**

Tourism is the sector with the greatest potential in Montenegro. Promotion of tourism is beneficial to a country because tourism has several advantages over other product sectors:

- a) It is environmentally clean;
- b) There is a high labor component;

- c) It creates a lot of positive externalities, including the encouragement of other industry and improvement of the country's image abroad; and
- d) It is easily expandable.

In a country as small as Montenegro there are few options other than tourism. Fortunately, Montenegro has many natural tourist attractions. In the north, there are high mountains offering the potential for development of ski areas, hiking, rock climbing and river rafting. The coastline is already being developed. There are also significant historic sites near the coast, such as Cetinje, Kotor and Perast. There is also potential to link agricultural and tourism through such things as the sale of specialty food products to hotels and tourists.

It is important for the government to understand that tourism is actually an export of services. Only then will there be an understanding that tourism should receive the same incentives as other exports do. This should include such benefits as exemptions from VAT and FDI incentives. It would be especially useful to provide incentives to attract name-brand hotels to Montenegro. Such incentives worked in other countries, including Brazil, Hungary, the Czech Republic and Thailand. Brand-name hotels are important to attract other foreign investment. It is important, however, to avoid over control of tourism by the government.

Positive signs can be observed in the development of tourism along the coast of Montenegro. For example, there should be a tender within a few months on a deal to package three hotels on a long-term lease. A tunnel is being built that will make the trip from Podgorica to the coast only 30 minutes by car. Where the Bojana River meets the coast near the border with Albania there are several fish restaurants serving both fresh water (river) and salt-water fish as well as fish from a combination of fresh and salt water (with a unique taste). EBRD is renovating the airport near the coast of Montenegro (Tivat). This will provide an alternative to flying into Dubrovnik, which has frequent problems with wind and fog. The EU is working on a project to improve the traffic lanes leading to the ferry between Montenegro and Croatia. The EU is widening the border crossing to four lanes and constructing new border facilities.

However, there are also a number of problems in developing tourism in Montenegro. The most serious is the lack of luxury hotels. Montenegro's coast really needs a large well-known hotel to attract tourist who will come to spend substantial amounts of money. In the past few years most tourists have driven down from Serbia and spent very little money. The huge demand for the coast on the part of Serbians during the time they were prohibited from other travel created a situation on Montenegro's coast of high prices and low quality. Now tourists from Serbia can go to other places like Turkey and the Red Sea where they will pay less and receive better services. Other problems include the shortness of the season along the coast (hotels and restaurants tend to be open only in July and August), short supply of water in the summer season, narrow roads, undeveloped tourist villages, the lack of tourist agencies to attract tourists from Croatia and other countries and government interference with development of resorts.

It is very important that the government of Montenegro take an active role in planning and zoning along the coast. There are very few good parcels of land suitable for large resorts still remaining on the coast. Fortunately, the government is beginning to show signs of taking an interest in zoning issues. For example, they are planning to tear down some buildings that were illegally constructed along the coast in Budva.

### **3. Wood Processing**

Wood processing is the weakest of the sectors being considered by the competitiveness project in Montenegro. This sector is hampered by government bureaucracy and corruption. There is only one fully privatized wood processor. State-owned companies get the highest quality wood and the wood processors get a lesser quality. On the positive side, there is some good office furniture being made in Montenegro.

### **4. Other Sectors**

Other sectors with potential for development include:

- a) Telecomm;
- b) Olive oil (association in Budva);
- c) Wine (Plantagna will be privatized in 2005);
- d) Shipbuilding (just doing maintenance now); and
- e) Small hydro plants.

## **E. Public/Private Partnership**

### ***Serbia***

Public/private partnership is not very well developed in Serbia. The GDO of USAID is doing some community and civic association work through CRDA. This includes help with participation in agricultural conventions and help with exporting agricultural and textile products. GDO is also helping with development of ISO standards

The Foreign Investors' Council (FIC) and the American Chamber of Commerce are also doing some work in connection with promotion of investment in Montenegro. Serbia does have a Union of Employers.<sup>20</sup> This organization was part of the Yugoslav Union of Employers first set up in 1994 and sponsored by the OSCE. It does not appear to be very active in Serbia, however.

### ***Montenegro***

Montenegro is much more developed in the area of public/private partnership. The Center for International Private Enterprise (CIPE), now affiliated with the US Chamber

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<sup>20</sup> The organization in Serbia does not appear to be as active as the one in Montenegro. The team did not meet with the Union of Employers in Serbia, but did meet with them in Montenegro. This is discussed in the section of the report addressing public/private partnership in Montenegro.

of Commerce, is working with the Center for Entrepreneurship and Development (CEED) to support the Montenegro Business Alliance (MBA). The MBA was set up in 2001 to provide for a partnership between the public and private sectors to encourage economic growth in Montenegro. MBA is working to improve the investment climate, to ensure the participation of businesses in the development and implementation of new laws and to provide business services to its members.

Another organization in Montenegro that is actively involved in the area of public/private partnership is the Montenegro Union of Employers. This organization grew out of the former Yugoslav Union of Employers that was started in 1994. The Montenegro Union is a small non-government organization receiving support primarily from international labor unions. It is currently involved in labor law reform, but it is interested in expanding its work to cover other issues affecting the business community.

There is also the Permanent Export Forum set up by the Minister of Economic Relations and EU Integration. This organization is discussed in more detail earlier in this report.

## **V. Recommendations**

### *Serbia*

#### **1. Continue support for the export promotion activities of the SEDP project.**

This should include:

- a) Efforts to diversify the product mix to concentrate more on producing and exporting products that utilize higher-skilled labor. This would increase integration with the EU and other global markets and would provide for higher wages and a higher standard of living for Serbians;
- b) Efforts to improve the competitiveness of products through improvements in product quality, packaging and marketing as well as efforts to improve compliance with international product standards;
- c) Looking at product sectors other than the six currently under consideration, particularly automobile parts and telecom; and
- d) Increased emphasis on and regularization of public/private sector dialogue and action on policy, legal and regulatory reforms aimed at removing obstacles to foreign and domestic investment. This dialogue should include not only business associations like FIC and AmCham, but also local economic think tanks with the capacity to inform policy making with statistical analyses and policy briefs.

#### **2. Support SIEPA in its efforts to promote exports.** Public/private partnership in Serbia is relatively undeveloped. Organizations working on export promotion, such as SIEPA, should be supported. A law that clearly describes SIEPA's



responsibilities and that provides for autonomy from the government would be of great help as would an appropriate level of funding and support staff. Also, SIEPA should be encouraged to seek more feedback from the private sector, from such organizations as FIC and AmCham, and from economic think tanks as well.

3. **Assist in preparation for WTO accession.** Serbia still has a lot of work to do before it will be ready for WTO accession, a pre-condition to EU accession. Although direct assistance to the government in this area is not currently allowed, preparatory work, such as the work with unions, should be continued.
4. **Support the Ministry of Foreign Economic Relations in its efforts to work with the Stability Pact Trade Working Group.** This would include the group's efforts towards developing a single FTA for SEE and its efforts to remove NTBs. Serbia has a number of NTBs in place, including onerous licensing requirements for steel products, import quotas, special import levies, seasonal import charges and high road tolls charged to foreigners. These serve as a hindrance to trade. They also encourage other trading partners to retaliate with their own NTBs against Serbia. Mission personnel should participate actively and regularly in the Stability Pact Trade Working Group and should promote its agenda to larger audiences within the public and private sectors and donor community.
5. **Support enhancement of FTA with Russia.** This could include support for enhanced communications with U.S. businesses about the advantages of the FTA for their companies, *i.e.*, that U.S. products could be further manufactured in Serbia and then sent to the large Russian market at preferential tariff rates. U.S. Steel, through its Economic Development Center and the American Chamber should be interested in doing this.
6. **Encourage public/private partnership to aid in removing customs/border obstacles.** Although Serbian Customs has made progress in implementing needed reforms, there are still problems with delays at the border. USAID could facilitate roundtable discussions to assess the most serious obstacles that still confront exporters and importers and to determine what should and can be done to meet the needs of business. USAID could also encourage reforms in the customs laws, such as a change to allow Serbian Customs to coordinate other agency inspections at the border and to provide for as much of the entry process as possible to be done prior to arrival at the border (electronic advance filing of documents, etc.).
7. **Support development of tourism on the Danube.** This may require participation in a multi-donor project or a series of coordinated single donor projects, but there are several things that could be done without a great deal of expense. These could include:
  - a) Support the Ministry of Trade, Tourism and Services to be involved in the work of the Danube Tourist Commission in Vienna;

- b) Return of the hydrofoil that previously took passengers from Belgrade to Iron Gates in only 1&1/2 hours;
- c) Work with the private sector to advertise the advantages of tourism on the Danube; and
- d) Support the local community efforts to restore the fortress in Smederevo and enlist volunteer support to clean up and restore other historic sites.

## *Montenegro*

1. **Work with the government to provide incentives for tourism.** This could include working with the government to provide VAT exemptions for tourism (particularly for hotels) and making sure that other incentives for exports apply equally to tourism.
2. **Support the BAH competitiveness project (or other project) in effort to increase the competitiveness of Montenegro products.** This would include efforts to improve the quality of products and compliance with international standards as well as labeling and marketing issues.
3. **Continue support of public/private partnership.** This is fairly well developed in Montenegro. The efforts of MBA, supported by CIPE and CEED are especially impressive. However, the Union of Employers seems to have accomplished quite a bit with very little resources. It, like the MBA, is staffed by some very enthusiastic young people eager to see changes in Montenegro. It would be interesting to see what this group could do with a little bit of money.
4. **Consider introducing a customs integrity project.** Montenegro continues to have serious problems with smuggling and corruption in the Customs Service. A suggestion might be to institute a customs integrity project. The EGAT/EG office at USAID has an existing mechanism for doing this and we would be happy to discuss it with you.
5. **Continue support of WTO accession.** The WTO Accession Project in Montenegro has made very good progress and their efforts should be encouraged.

## APPENDIX I

### Selected List of Documents Reviewed

Commission of the European Communities, *Serbia and Montenegro Stabilisation and Association Report 2004*.

Congressional Research Services, *Serbia and Montenegro: Current Situation and U.S. Policy*, January 18, 2005.

Department of State, *Mission Performance Plan FY 2006*.

Department of State, *Doing Business in Serbia and Montenegro: A Country Commercial Guide*.

Economist, *Country Report for Serbia and Montenegro*, March 2005.

European Bank for Reconstruction and Development, *Strategy for Serbia and Montenegro*, November 2, 2004.

Professor Veselin Vukotic, *Economic Reform Agenda for Montenegro 2002-2007*, February 2005.

Stability Pact, *Serbia Enterprise Policy Performance Assessment*, March 2003.

World Bank, *Serbia and Montenegro, Republic of Serbia, An Agenda for Economic Growth and Employment*, December 6, 2004.

World Bank, *TTFSE Manual, Clearance and Administrative Simplification*, November 1, 2002.

## **Appendix II**

### **List of Persons Interviewed**

#### **I. Serbia**

##### **European Agency for Reconstruction**

Ian Brown, Program Manager, Energy Sector

Wout Soer, Local Government and Regulatory Development

##### **Danube Project Center**

Prof. Dejan Radojicic, Managing Director

##### **World Bank (Multilateral Investment Guarantee Agency (MIGA))**

Beat Heggli, Head of Eastern Europe and Central Asia Region

##### **SECI/TFSE**

Bill Smith, Advisor

##### **SEDP**

Andrew Vonnegut, Chief of Party

##### **State Department**

Christopher Dunnett, First Secretary, Economic Affairs

Tatjana Vecerka, Economic Specialist

Maria Andrews, Commercial Officer

##### **The Services Group**

Allen Shinn, WTO Accession Project, Chief of Party

##### **Ministry of International Economic Relations (MIER)**

Gordana Lazarevic, Assistant Minister

Ognjen Miric, Legal Advisor

Aleksandra Milenkovic-Bukumirovic, Economist

##### **Economic Institute**

Miroslav Zdravkovic, Trade Economist

##### **SIEPA**

Jasna Matic, Director

Nenad Mitosevic, Export Promotion Advisor

##### **American Chamber**

Richard Danicec, Executive Director

**CAFAO/EU**

Mike Marsden, Coordinator  
Alan Wilson, Project Manager  
Bruce Brong, BAH, Associate  
Olivera Maksomic, FIDECO, Project Coordinator  
Alice Rigdon, Consultant

**Serbian Customs Administration**

Dragan Jerinic, Director General

**US Steel – Economic Development Center**

Bogdan Komlenac, Executive Director

**Ministry of Trade, Tourism and Services**

Jasna Simovic, Advisor  
Radomir Bubanja, Head, International Cooperation Sector

**Serbian Chamber of Commerce**

Miaden Obradovic, Senior Advisor

**Kreativa**

Nina Martinovic, Client service Director

**II. Vienna**

**Stability Pact Trade Working Group**

**Serbia Ministry for Foreign Economic Relations**

Jela Bacovic, National Coordinator of the Stability Pact Trade Working Table  
Snezana Zubic-Petrovic, Head of WTO Department

**Serbia Ministry of Economy**

Jadranka Zenic

**Montenegro Ministry for International Economic Relations**

Liljana Filipovici, Deputy Minister  
Arijana Nikolic, Advisor

**Danube Tourism Commission**

Ursula Deutsch, General Secretary

### **III. Montenegro**

#### **BAH Competitiveness**

Fred Harris, Chief of Party

Mark Yanofsky, Senior Advisor

Andrija Draskovic, Tourism Advisor

#### **IRD**

Robert Harris, Chief of Party

Ljubomir Jandrijasevic, Team Leader

#### **CHECCI**

Robert Underwood, Chief of Party

Aleksa Ivanovic, Legal Advisor

#### **The Services Group**

Milica Popovic, WTO Accession Project, Project Director in Montenegro

#### **CIPE**

Ralph Marlatt, Project Manager

Robert Sicotte, Business Consulting Specialist

#### **Ministry for Foreign Economic Relations**

Gordana Durovic, Minister

Ljiljana Filipovic, Assistant Minister

Milena Vukcevic, Advisor

Zorica Kalezic, Advisor

#### **Ministry of Finance**

Zoran Tomic, Secretary of the Ministry

Aleksander Bogdanovic, Economist

#### **Tax Administration**

Mirjana Pesalj, Director

#### **Commercial Court**

Dragan Rakocevic, President

#### **Customs**

Miodrag Radusinovic, Director

#### **EAR**

Dejan Mijovic, Economic reforms and Development

Velabor Spalevic, Operations

**MBA**

Darko Konjevic, Executive Director

Nina Labovic, Analyst

**University of Montenegro**

Veselin Vukotic, Dean

**CEED**

Peter Ivanovic, Executive Director

Dragana Radevic, Program Director

**Union of Employers**

Budimir Raickovic, Secretary General

Ivan Mitrovic, Vice President

Vladimir Curovic, Office Coordinator

Pavle Kaluderovic, Project Manager