

# **SERBIA**

Mr President, Ladies and Gentlemen,

I would like to thank the Ukrainian Government for hosting this wonderful EBRD Annual Meeting and Board of Directors. I would also like to thank personally Mr Jean Lemierre, who has been the key support to Serbia and a prominent EBRD President.

Let me take this opportunity to express once again the position of the Republic of Serbia with regard to the illegitimate and illegal unilateral declaration of independence by Kosovo's Provisional Institutions of Self-Government, which took place on February 17<sup>th</sup> of this year.

This act is an outright violation of the sovereignty and territorial integrity of the Republic of Serbia and directly contravenes the UN charter, the Helsinki Final Act and other important sources of international law.

Therefore, any consideration of an application by the authorities in Pristina for membership in the work of the European Bank for Reconstruction and Development would be strongly opposed by the Republic of Serbia.

\*  
\*            \*

Now, Mr. President, Ladies and Gentlemen, let me convey my congratulations to the Management and the staff of the European Bank for Reconstruction and Development on the outstanding performance of the Bank in 2007. In that respect, we would like to express our support to the Report of the Board of Directors to the Board of Governors on Resolution concerning the 2007 net income Allocation.

In view of the prospects for the global economy, as well as the potential impacts of downturn in the world's largest economy on the rest of the world, and especially on the Bank's countries of operations, the proposal made by the Directors and management that profits should be primarily used to increase the Bank's strategic reserves to support its business volume is the right approach.

We also strongly support the proposal for the creation of a "shareholders" Special Fund in the amount of EUR 115 million that would help the Bank to exercise its mandate in supporting EBRD's countries of operation in their endeavor to become sustainable and competitive market economies.

It is our pleasure to support the proposal to allocate EUR 135 million, to sustain the Ukraine Government efforts undertaken in response to the accident in the Chernobyl that was tremendous human tragedy with significant environmental, health and economics consequences.

Referring to the bilateral relations between the Republic of Serbia and EBRD, I am pleased to inform you that EBRD's activities in Serbia since 2001, with the total

commitments of EUR 1,3 billion, have strongly supported reforms in our country. The support of the EBRD in identifying and coping with the main transition challenges has been of great importance for the Serbian Government in achieving its key economic policy goals and good economic performance:

In 2007, Serbia continued the trend of high economic growth: robust GDP growth of 7.5%; export growth rate of 26.1% in 2007 (among the highest within the transition countries); unemployment rate reduced by three percent, amounting to 18.8% in 2007; FDI of USD 3.1 billion (USD 2 bil. were greenfield); public debt of 29.5 of GDP is well below Maastricht criteria; foreign currency reserves of USD 14.216 billion reached a record level in 2007. Finally, although headline inflation is two-digit (10.1%), core inflation settled close to the lower bound of the targeted range (5.4%) against a background of generally upward trend in inflation, and particularly in prices of food and energy, which make up as much as 35% of the Serbian consumer basket.

The Republic of Serbia is fully committed to further develop and strengthen the cooperation with the EBRD, especially in the field of infrastructure, energy efficiency and the corporate sector.

Our goal, after the May 11<sup>th</sup> general elections and the mandate given by the people is clear: to achieve candidate status by the end of this year and join the EU between 2012 and 2014. With the support of the EBRD we are certain that we will succeed.

Thank you