

## Nikolic: EU Intends to Help Albanians

President Tomislav Nikolic said in Saint Petersburg that relations between Belgrade and Pristina were at "lowest possible point"

**N**ikolic said that it was obvious that EU representatives intended to help the Albanians secure independence.

"We are currently at the lowest possible point of relations because the Pristina administration launched an attack on our property in Kosovo. This indeed can end with an agreement, but it can also end very badly because we are ready to respond in any way necessary. We'll monitor the Albanians' actions in the future so that we can respond adequately, and they shouldn't think that they can play with us or that we'll suffer another bombing," Nikolic said.

He said that "the Albanians have an obvious intention to secure independence and EU representatives have an obvious intention to help them do so." The Serbian president said that the UN "are our only shield and only protection," adding that "the UN Security Council will never entertain the idea of independence of Kosovo."

"We have this big problem with Kosovo, and it's spilling over to our relationship with the European Union. The EU knows that we will never recognize the independence (of Kosovo)," Nikolic added. According to him, not a single EU official



has ever said that Serbia would have to recognize the independence of Kosovo, but the European Parliament, which also decides on Serbia's membership, has its own representatives who constantly talk about not making a decision on membership until Serbia signs some kind of a generally accepted interstate agreement with Kosovo. Nikolic said that the EU itself had five member states that did not recognize Kosovo independence, adding that

their decision not to recognize Kosovo "has nothing to do with some big feelings of friendship toward Serbia, but instead they feel they themselves could potentially face the same problem, and then they would have nothing to rely on" in fighting to protect their sovereignty and territorial integrity.

He reminded that under UNSC Resolution 1244, Serbia was a sovereign country that includes Kosovo, which has substantial autonomy.



**Marko Djuric**, Office for Kosovo: Following unilateral acts by the Pristina authorities, the level of Belgrade's trust in Pristina and its capacity to negotiate in good faith is understandably lower



**Raffaele Cantone**, Italy's Anti-Corruption Authority: I commend the steps taken by Serbia because the fight against corruption is an added stimulus for foreign investors and economic recovery



**Oana-Cristina Popa**, Romanian Ambassador: Romania is ready to extend its technical assistance to Serbian Government in order to share experiences of the process of joining the European Union

# Significant Assistance of Switzerland in Dual Education

Serbian Prime Minister stressed that Switzerland is a model for the implementation of dual education in Serbia's education system



**P**rime Minister Aleksandar Vucic received Swiss Ambassador to Serbia Philippe Guex.

Prime Minister Vucic and Ambassador Guex, who has recently started his diplomatic mandate in Serbia, have reached an agreement that relations between the two countries are on a constant rise, to which frequent exchange of visits of officials contributed to a large degree.

The Serbian Prime Minister stressed that Switzerland is not only a model for the implementation of dual education in Serbia's education system, but also provides specific technical assistance and support, for which he is very grateful.

The Prime Minister underlined that the visit of the Swiss expert for dual education Ursula Renold to Serbia significantly contributed to the interest of businessmen in hiring students in their companies.

Ambassador Guex said that he was glad to represent Switzerland at the moment when there is visible economic progress in Serbia, and that a large number of construction projects encourages optimism. The Swiss Ambassador reiterated the importance of applying dual education to develop entrepreneurial spirit and change work habits, which makes his country one of the most successful economies with a small number of the unemployed.

## UAE, Serbia Cooperate in Agriculture

Prime Minister Aleksandar Vucic received Ambassador of the United Arab Emirates (UAE) in Serbia Juma Rashid Al Dhaheri.

Vucic and the Ambassador discussed the overall bilateral cooperation between the two countries as well as joint projects whose implementation is in progress.

The two interlocutors expressed satisfaction with the progress of works on the project "Belgrade Waterfront" as one of the engines of the Serbian economy.

It was noted that arrangements can be expected on new forms of cooperation in various fields, such as agriculture and tourism.

The Serbian Prime Minister expressed his gratitude to the Development Fund of Abu Dhabi and in particular the Crown Prince of Abu Dhabi, Sheikh Mohammed bin Zayed Al Nahyan, for their help and support to the development of Serbia.

Vucic sent an official invitation to Sheikh Mohammed to visit Serbia, noting that the exchange of visits at the highest level contributes to the flourishing of relationship between the two countries. Vucic and presented a letter to the Ambassador confirming the participation of Serbia at Expo 2020 as an opportunity to be presented in the Middle East in the best way.

## Serbia-US Relations on Upward Trajectory

Prime Minister Aleksandar Vucic received US Ambassador to Serbia Kyle Scott.

The officials said their countries' bilateral relations are on an upward trajectory, as confirmed by US Vice President Joe Biden's visit to Serbia as well as by Vucic's meetings with US officials during the 71st UN

General Assembly meeting in New York. Scott told Vucic that an increasing number of US companies are interested in investing in Serbia.

Vucic and Scott also discussed the present situation in the region as well as other international issues.

# Daily Markers

BY EMIR SALIHOVIC  
EDITOR-IN-CHIEF

## Clean Your Doorstep First

**A**t a conference held in Vukovar, Croatia, there had been discussed the position of Croat minority in neighbouring countries, including Serbia.

It was concluded that the position of Croat minorities is good nowhere, but of course Serbia was mostly the target of academics and intellectuals who gathered there.

Of course, there is room for improvement of position of minorities in all countries of former Yugoslavia. After the war, local ethnicities strengthened their own political and national positions and disregarded everybody else.

It refers not only to those who were enemies in war but also to completely innocent victims, who were "collateral damage" of Serbo-Bosniak-Croat wars, like Roma for example, whose suffering in 1990s war is still an untold story.

Serbia is coping with issue of minorities as good as it can at this moment, but it is really interesting to note why the neighbours in Croatia are so keen on criticizing Serbia on every occasion possible, just after those nasty episodes of mutual bickering are almost forgotten, and now replaced by new ones, in relation between Pristina and Belgrade.

And talking about minorities, what Croatia ever did to protect or help Serbian minority in Croatia? They bring into dispute even their desire to use Cyrillic script in places where there are not of them?

Our good neighbours, it seems, are forgetting that old saying: clean your doorstep first!



## Who Defends Citizens of Corrupt State?

Lack of accountability costs Kosovars millions of euros

BY AGRON DEMI  
KOSOVO 2.0



re-hire Viktor and compensate all pay for the period during which he did not work.

Viktor is not the only person to have suffered from arbitrary and political decisions in Kosovo's public institutions, and the Municipality of Klina is not the only municipality to have committed such violations. In the last five years, Kosovo's budget has lost a total of 30.8 million euros as a result of judicial decisions. These decisions include cases in which public institutions breached workers' rights and were forced to compensate, and cases in which companies were treated unjustly in procurement processes or through late payments. In most cases the courts side with the damaged side and against public institutions. This happens for two reasons: first, that the judges feel more sympathy for the social condition of individuals and companies than they feel for the state budget; second, the defense of public institutions in judicial processes is conducted by public lawyers who are not adequately prepared, and lack the motivation, to defend the public's interests. For example, a lawyer in the Municipality of Prizren was accused by the prosecution of failing to appeal two decisions that had caused material damage to the municipality.

Lately, a new threat to public funds has emerged in the form of decisions by international arbitration courts. In late July 2016, the International Court of Arbitration in Paris decided that the Ministry of Internal Affairs (MIA) must pay compensation of 5 million euros to the Austrian printing house to which it had given a contract to manufacture passports. The MIA had illegally terminated the contract with the Austrian firm in 2013. On the other hand, the public enterprise, Post and Telecom of Kosovo (PTK), is facing two judicial processes. This year, virtual mobile phone operator Z-Mobile sued PTK for breach of agreement and is seeking 44 million euros in compensation; meanwhile the company AXOS, which competed in the

**V**iktor Marku is a civil servant in the Municipality of Klina. In late June 2010, contrary to the laws in place at the time, he was dismissed by order of the mayor of the municipality. For two and a half years, Viktor filed complaints at the Independent Oversight Board for the Civil Service of Kosovo, the Municipal Court and even the Constitutional Court. They all ruled in his favor and ordered the municipality to

process of privatizing PTK last year, is seeking 50 million euros in compensation following the annulment of the process.

No one has been held accountable for the 36 million euros that have been lost in the last five years, and for the risk of losing a further 94 million euros. In Viktor's case, when the municipality was damaged to the sum of over 8,000 euros, no one was held accountable.

So in a poor and corrupt state, with courts that grant amnesty to abusers, who defends the interests of citizens and taxpayers — the only people who effectively lose out in these processes? Currently there are no international mechanisms to defend the citizens of a corrupt state against companies that sue the state in international courts.

In a 2009 TED Talk, Peter Eigen, founder of anti-corruption NGO Transparency International, spoke of his experience as director of the World Bank (WB) in Nairobi, Kenya. On seeing that Kenya's government was corrupt, and working to the detriment of its citizens, as director of the WB Eigen attempted to build mechanisms that would defend citizens from their government. However, he was immediately halted by the legal office of the WB on the grounds that "these are internal affairs of the state and WB officials must not be involved in them."

After leaving the WB, Eigen found out that governments of Western countries, including his native country, Germany, allowed their companies to be involved in corruption cases in other countries.

From 1997, the European Union has approved policies that prohibit the involvement of companies from EU member states in corruption cases, including cases outside of the EU. In the passport case, at least eight people were convicted from the Natali Veliaj group, which was found guilty of distributing 1.4 million euros, or 10 percent of the passport tender. The MIA's defense lawyer in the arbitration process should have questioned whether the Austrian company was also involved in the bribe case, as this is punishable under EU regulations. However, it is unlikely that this issue was raised as it would have implicated MIA officials further — despite the fact that 5 million euros might have been saved.

The state prosecution must defend the interests of taxpayers, and not side with the corrupt. Also, regarding the two cases of judicial processes against PTK, the Government must not let PTK organize its own defense; instead they must recruit a credible international company that would prevent the loss of approximately 100 million euros.

Otherwise, cases like these lose the trust of businesses and citizens in the state of Kosovo, and clearly endanger the prospect of foreign investments

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**SERBIA**  
DAILY

# Vucic: "Albanians Are Not Alone in This"

We are used to double standards and I do not believe that the Albanians did all this on their own, Serbian prime minister said, speaking about the Trepca issue

Serbian prime minister once asked why there was not anybody from the EU reacting to the pungent words from Croatia, but this time the reporters asked him why "not one partner" from Brussels was reacting to Pristina's decision on Trepca, as well as which table Belgrade wanted to sit at. "They're not reacting because we are a small partner. I assume that we won't hear from them, but I never expected it. They would react if I was to refuse to talk to a reporter from an outlet financed by the EU, Rockefellers, Rothschilds... That they would react to, but they're not going to react to this. Is this a double standard? It is, we are used to that; but what choice do I have? I am not going to destroy Serbia's future," Vucic said. He then suggested that Pristina politicians had support in making the controversial decisions on Trepca. "I'm not an idiot to think that the Albanians are alone in this. Even if no one was helping them come up with



this, someone allowed them to do so. Listen, whoever thinks I'm too stupid is wrong, that much I do know. However, Serbia's interests must come before everything else. We'll sit at any table, we will have important talks with anyone from Europe, America, Russia, or China," Vucic said.

He used the occasion to also announce that "one of the greatest European leaders will visit Serbia" in about 15 days.

"We certainly won't be making any moves by using force or showing our teeth, that we won't do. We're not mak-

ing any threats, but no one has the right to exert force on Serbia or the Serbian people. If anyone dared to try, I'm afraid failure would be inevitable," Vucic said.

At the same time, the Kosovo government commented that the Serbian prime minister's statements about nullifying Pristina's decisions on Trepca were unreasonable.

The government made a statement saying that the decision would not have any legal or actual effects.

Kosovo Prime Minister's Chief of Staff Sokol Havolli told the media in Pristina that the Serbian Government's decision had no legal nor actual effect on the Trepca situation.

"This is an unreasonable decision that has no effect on Kosovo. The Trepca Law, passed by the Kosovo Assembly, applies to the whole territory and to all people, regardless of whether they live in southern, western, or any other part of Kosovo," Havolli said.

## Greece Continues Support to Serbia

Prime Minister Aleksandar Vucic received Ambassador of Greece to Serbia Elias Eliadis.

Vucic welcomed the Ambassador and wished him a successful diplomatic mandate in Serbia.

The Prime Minister expressed his gratitude for the principled support of Greece to territorial integrity of Serbia.

He stressed the continued support of Greece in the process of European integration of Serbia as an example of friendly relations and good cooperation between the two countries.

The Prime Minister expressed hope

that the visit of Greek Prime Minister Alexis Tsipras, to be agreed through diplomatic channels, will contribute to the cooperation between Serbia and Greece to be raised to a higher level, especially in the economic field.

The Ambassador noted that the relations between Serbia and Greece are an example of good bilateral cooperation and that by working together we can promote issues of common interest, such as solving the migrant crisis and maintaining a stable situation on the Western Balkan route.

## IMF Mission to Visit Serbia

An International Monetary Fund (IMF) mission led by James Roaf will visit Belgrade during October 20 – November 1, 2016, to hold discussions on the sixth review under a precautionary stand-by arrangement with Serbia, IMF Resident Representative for Serbia Sebastian Sosa announced.

"The mission will review fiscal performance and conclude discussions on the 2017

budget; follow up on progress in the financial sector reform agenda; evaluate progress in key structural reforms; and discuss new structural conditionality for 2017," a statement released by the IMF Office in Belgrade quoted Sosa as saying. In February 2015, the IMF concluded a three-year precautionary stand-by arrangement with Serbia worth 1.2 billion euros.

## Consulate Opens in St. Petersburg



Tomislav Nikolic

Serbia will be eternally grateful to Russia and, above all, to President Vladimir Putin, for the sincere support for the preservation of our territorial integrity and protection of our national interests in the international arena, Serbian President Tomislav Nikolic said as the Serbian consulate in St. Petersburg ceremonially opened yesterday.

"A great visionary who is ensuring a more beautiful, calmer future for his citizens is today a support for many insufficiently strong peoples threatened by force, and the most significant support in the fight against the great evil of the world - terrorism," he said.

Addressing Honorary Consul-General Gennady Nikolayevich Timchenko, Nikolic said Serbia was honoured by his acceptance of the responsible role.

# Status of Croats in Serbia Unsatisfactory



In 1991 there were more than 81,000 Croats in Vojvodina and today there are 47,033.  
In 1961 there were 157,000, and they are continuing to migrate

**A**t a scientific colloquium entitled "Croats as a minority in neighbouring countries: History, status, challenges," held in Vukovar, it was said that the status of the Croatian community in neighbouring countries ranged from satisfactory in Hungary to extremely unsatisfactory in Serbia.

"When talking about the status of the Croatian community in neighbouring countries, it varies. We wish to see the level of rights Croats enjoy in neighbouring countries and what we can do to improve their status," said Drazen Zivic, the head of the Vukovar branch of the Ivo Pilar Institute of Social Sciences.

Tomislav Zigmanov of the Cultural Institute of Croats in Vojvodina said that the status of Croats in Vojvodina and elsewhere in Serbia is not satisfactory even though at the last election the Croatian community managed to win a seat in the state parliament after two years and managed to retain its dele-

gate in the provincial parliament.

"Our demands are geared toward solutions like those that exist in Croatia, that is, that as a minority we have guaranteed seats at all levels of government. That was signed in bilateral agreements between Serbia and Croatia on the protection of minorities and we will see during the process of Serbia's accession to the European Union whether Serbia will implement what it has signed," he said.

"We believe that now that elections were held in Serbia in the spring and recently in Croatia, satisfactory communication will be re-established between the two countries and that the messages exchanged will be far more different to those during election campaigning," Zigmanov said.

He noted that attacks on Croats were continuing in Serbia but that they were not the rule. "We are still not satisfied with the way the judiciary is acting or

those conducting investigations because these crimes are still classified without any indication of ethnic motivation, which is what we suspect is the case. We want the political and social climate in Serbian society to be more inclined toward Croats," he underscored.

He said that today there are 57,900 Croats in Serbia, whereas in 1991 there were more than 120,000. "In 1991 there were more than 81,000 Croats in Vojvodina and today there are 47,033. In 1961, for example, there were 157,000, and they are continuing to migrate, mostly for economic reasons these days. The number of Croats that have migrated because of threats or pressure is between 35,000 and 40,000 and none of them have returned because there has not been any programme to create conditions for a future for Croats," he said.

# Confusion with the Directors of Politika

Legal situation after the mandate expired to Nina Samardzic is utterly unclear

**O**n the one hand, Politika has its other director, Mira Glisic Simic, but Danas hears from the informed sources that her position is also questionable.

Sources claim that the mandate of Glisic, the representative of the state in Politika, expired even three years ago, and it is questionable how she can act as a director all this time. If this turns out to be true it would mean that Politika has no director at all.

In order for the director to be posted, the Assembly of Politika needs to have a sitting, but this body never gathered this year. Danas was told by some of the Assembly members that they are also not being informed about the dealings in this newspaper, so they found that Ljiljana Smajlovic left the newspaper only from the media. And they are even not getting their wages from the company.

Mira Glisic Simic was unable to comment the situation, asking that media waits for „day or two“, in order that the situation clears at least a bit. So, until the end of this working week it should be clear how Politika will act in this case, and it should be explained if the mandate really expired to Glisic, for she said that „It is hardly possible“.

Danas source, however, is firm with the claim that state representative in Politika actually has no contract for the directorial position, since this has to be approved at the Assembly of the company, „which has not happened“.

„Let her show the contract, if she has is“, this source says. East Media Group which owns other half of Politika has no intention to name its representative in this newspaper. In reality it means that the state representative will continue to rule „the oldest newspaper in Balkans“,



*Mira Glisic Simic, Politika Director, nominated by previous government*

which already happened once, when a year ago Mira Glisic was the only nominated director, before Nina Samardzic was elected. Samardzic herself said this for Insider, estimating that this means that Politika will have no problem with functioning, again.

The loss of the Director is not the only difficulty with which this newspaper faces in its owner-manager dealings. The other problem is that East Media Group was erased from the registrar of business entities in Russia. Namely, this company which owns 50 percents of Politika is actually Russian company. But since there were no transactions on its account, as Russian law provides, it was erased from the commercial registrar. Now, this does not mean that the company ceased to exist, for Russian law leaves open the possibility that the decision on erasing gets denied, in case that the interested parties claim that their

interests would be endangered by the erasure. In such case, if legal requirements are met, the return of the company into the registrar is possible.

Probably it will happen by the end of this month, the source of Danas says. There is nothing in this that happened accidentally, „The company is presently in the phase of inaction“, and will be reactivated in few weeks.

It is clear that the owners of East Media Group could easily avoid erasure, since Russian authorities regularly informed them that the expulsion from the registrar is imminent. It was enough to make any transaction through the company's account, even a symbolic payment, but the owners did not react.

The owners of the East Media are not officially known, but of the record it is obvious that the owner is Miroslav Bogicevic, since both Bogicevic and the media spoke of this several times.

## Dismissals at hospital for death of a boy

The external review has finished, revealing the errors made while the boy Radenko Nikodinovic was in hospital care, and emergency meeting has been scheduled at noon with the chiefs of clinical centers and emergency rooms and hospital directors.

As the minister said, the review established found that a number of omissions were made.

„I saw the results and they are not good. Procedures were not followed. I made the decision to remove the hos-

pital director and the chief of surgery. Their replacement is now underway,“ Loncar said.

Loncar said that in the case of the boy's death, the review by the Ministry of Health found that there were no documents that would serve to determine how the boy's injuries were diagnosed.

The minister of health announced that in the following period measures would be taken to prevent the possibility of concealing errors made by doctors, as

well as to prevent colleagues covering for each other.

He also announced that in hospitals in smaller towns were to expect experienced doctors who would supervise the work of the staff in these institutions.

As a reminder, the boy from the village of Kozjak was admitted to the hospital in Loznica after he had broken his arm on a slide and died six days later.

Radenko Nikodinovic will be buried today at the local cemetery in Loznica.

# Italian Construction Companies Arrive to Belgrade

More than 30 Italian companies will take part in the gathering, which is supported by the Embassy of Italy in Belgrade

The conference called Italy & Serbia: Building Together, dedicated to construction and focusing on infrastructures in transport, utility services, energy, healthcare and tourism and the issues of urban and spatial planning, will be held in Belgrade on October 19-20, reported the Italian Trade promotion Agency ICE.

"There's great interest of Italian companies in the Serbian market, as confirmed by a large number of applications for the upcoming Belgrade gathering", says Giovanni Mafodda, director of ICE Belgrade.

"The initiative was started as part of an all-encompassing action of promoting and internationalizing Italian companies from the sector of construction and planning activities", Mafodda explains. The action is being carried out by ICE in cooperation with Italian associations which bring together companies from the following areas: ANCE – Italian Construction Contractors' Association (with over 20,000 members) and OICE – the association for engineering, archi-



ecture and technical and economic consulting (with over 450 members).

More than 30 Italian companies will take part in the gathering, which is supported by the Embassy of Italy in Belgrade. They will be addressed by high representatives of Serbian institutions and organizations in charge of the relevant sectors. They will present the most important projects in individual areas.

At the same time, Italian companies will have the opportunity to meet their Serbian colleagues and get a complete picture of the construction sector in Serbia.

As Mafodda emphasizes, the interest of Italian companies in Serbia doesn't only

pertain to entering the construction market, but is to a great extent directed towards establishing the cooperation with Serbian companies on different levels.

"In that sense, through this conference, we aim to provide information on circumstances and possibilities of doing business in Serbia, on the one hand, through presenting projects, primarily those defined by the Government of Serbia as priorities, as well as those pertaining to Serbia and the region, and, on the other hand, through presenting concrete experiences of Italian construction companies in Serbia. At the same time, we wish to provide all the necessary support to Italian companies which offer or seek cooperation with Serbian partners for activities in Serbia and potential joint ventures in third markets. Our Belgrade office is available to Serbian companies from the construction, engineering and planning sector, interested in meeting the Italian companies which will take part in the upcoming gathering", Mafodda announced

## Feasibility Study of Pancevo-Timisoara Highway Approved



The strategic project of the preparation of the feasibility study and the planning of the Pancevo-Alibunar-Vrsac-Timisoara highway was approved at the second meeting of the Joint Supervision Board of the Interreg-IPA cross-border cooperation program of Romania and Serbia, as announced by the Romanian portal Tion.ro and reported by BRCT Timisoara. The project is worth EUR 9.3 million and will for the most part be financed by the IPA cross-border cooperation program, with the mandatory participation of the two states. The implementation period is 42 months.

The Roads of Serbia and the Ministry of Construction, Transport and Infrastructure and representatives of the competent

ministry and institutions in Romania should soon sign an agreement on carrying out this strategic project.

The Pancevo-Alibunar-Vrsac-Timisoara highway, with 130 km of length, should be a part of Corridor 11, which is a great chance for the development of the South Banat district and drawing foreign investments.

As the eVrsac portal writes, the construction of a highway through South Banat is important especially considering the fact that the Vatin border crossing at Vrsac is the busiest checkpoint on the border with Romania and the fact that numerous Italian companies which operate in the Timisoara area need to connect to the Port of Bar in Montenegro.

## Societe Generale Opens New Office

Societe Generale opened its new office building in Zorana Djindjica Blvd in New. The bank had invested EUR 14 million in the facility.

The new business facility, a so-called smart building, has a capacity of 420 employees.

The facility has been built in close proximity to the head office building of Societe Generale in New Belgrade, at 48v Zorana Djindjica Blvd, and takes up more than 10,000 m2 of area. Societe Generale has raised its new building in partnership with the Imel Group and owns around 70% of the facility.

"This investment is another confirmation of our dedication to continuing to support our retail and corporate clients. In a changing environment, we will keep paying attention to our clients' needs and help them by developing innovative products and services and improving processes", stated the chairwoman of the Executive Board of Societe Generale, Maria Russeva.

## INTERVIEW

# No End to Crisis in Sight

It's illusory to claim that the reduction of the amount of NPLs will stimulate credit activity. It won't. NPLs are a matter of bad loans from the past, says Djordje Djukic, professor at the Faculty of Economics in Belgrade in interview for eKapija

**D**o you expect a similar scenario to occur as it did with the Development Bank of Vojvodina, Universal Bank, Agrobank and Privredna Banka?

I don't expect that such great crashes to happen any more, because, with the exception of Komercijalna Banka and Postanska Stedionica, all the other banks are privately owned, we know who the owners are and, in essence, no great disruptions can happen there. Of course, that's only if the National Bank of Serbia makes a timely effort to keep those banks from reaching the minimum capital adequacy ratio of 12% by masking risk-weighted assets, because then it can become dangerous, as, in that case, badly secured loans can come to the surface and the risk-weighted assets turn out to be even riskier, which is bad for the banking market of Serbia, but also for the environment, where the rule is: the banks will be making increasingly lower profits, and there will be more demand to make a capital increase in some of them.

**Is the minimum level of capital adequacy ration prescribed by the NBS realistic in your opinion? Is there a basis for it to be revised?**

I believe that the chance was missed, that the NBS needed to raise the minimum of 12% of CAR to 15-16% when the economic crisis was starting in 2008. That would have prevented many problematic cases from happening, and finally, force shareholders to protect themselves from all upcoming risks. Mid-term and long-term capital is the only true protection for banks.

**There are 30 active banks in Serbia. Do you expect the local banking market to consolidate soon?**

It's been talked about for years, but nothing significant has happened. When you compare the bank capital to the GDP and when you look at the banks' balances, it becomes apparent how small the market is. It shows that the environment is such that, due to the lingering effects of the crisis, I don't expect there will be any major acquisitions. The logical question is which shareholder has it in their interest to buy a bank now.

**Will the announced privatization of Komercijalna Banka lead to any power shifts in the market?**

The latest information indicates that the balances of Komercijalna Banka have been cleaned, that it's only now that its

management, including representatives of the EBRD and the International Finance Corporation (IFC) are able to present the real state, which is puzzling, to say the least. Because, if those same representatives of international institutions held those positions along with representatives of state in the managing board and appointed members of the executive board, why didn't they

not enough investments in the public and the private sector, along with reduced personal consumption to due drastic saving measures tied to the arrangement with the IMF, what then is the source of demand?

The economic growth needs to act as the driving force, automatically creating the environment for banks based on a larger indebtedness capacity, prima-



ask for this earlier instead of adopting reports with artificially inflated profits tied to the allocation of bonus points to members of the management? By cleaning balances with a recorded loss of RSD 2.6 billion in the first six months of 2016, they've drastically reduced the potential sale price of Komercijalna Banka. The Republic of Serbia, as the biggest shareholder, will bear the brunt of it – the contribution to the budget will be far smaller.

**Bankers often complain that there is money, but that there are fewer and fewer good projects and healthy, solvent companies. How to exit this pattern where companies lack money, and banks need companies?**

Empirical research shows that, in the periods of great crises, one can never expect the relation in which the growth of credit as a leading variable produces a greater economic growth to work. On the contrary, when, during a crisis, a wave of huge NPLs resulting from optimistic projections before the crisis and the bankers' greediness, occurs, all the participants must return to the cycle in which the rule is: in order to increase the banks' credit activities, the only way is to have a growing demand, whether from the public or the private sector, pushing the growth rate of the domestic product up. If there are

rily of citizens, as a result of increased consumption thanks to higher real salaries, diversification of public investments leading to mass employment, automatically larger amount of salaries on the whole and the greater consumption as a result of that. This would automatically create numerous credit capable clients willing to take out loans. On the other hand, it's illusory to claim that the reduction of the amount of NPLs will stimulate credit activity. It won't. NPLs are a matter of bad loans from the past, a matter of a different attitude of banks towards reserves. If a bank had an adequate reserve policy, nonperforming loans could become a basis for making profit in the present, on the basis of activating the collateral or selling debtors' property.

In practice, however, to my amazement, it often happened that "goodwill" was taken as collateral. What does this mean for companies in Serbia? Nothing. We mustn't, then, generalize what was bad. Banks with greater reserves which used to sacrifice greater profits can now sell, as collateral: pumps, land, other pieces of real estate... The best banks had an above average reserve rate compared to their credit portfolio and the banking sector average. This is an indicator that the bank's management was very conservative.



# Serbia achieved steady progress towards EU

Serbia's joining the EU is a tangible and reachable objective

**P**rior to the Belgrade Security Forum, "European Western Balkans" spoke to Catherine Wendt, the head of unit for Serbia in the European Commission's Directorate General for Neighbourhood and Enlargement Negotiations, who participates in the special event "Enlargement Moving beyond Europe's Fatigue and Bilateral Disputes" which is organized in partnership with the European Fund for the Balkans.

Wendt highlighted that Serbia has made sustained progress on its path towards the EU. This has led to the opening of the first four negotiating chapters, including on the crucial rule of law area (Chapters 23 and 24) and the normalization of Serbia's relations with Kosovo (Chapter 35). This has made Serbia's perspective of joining the EU a tangible and reachable objective. It also shows that the EU remains committed to Serbia's EU path.

Wendt stressed out that the economic reforms are producing results, "Serbia has climbed out of recession, with better-than-expected growth rates, new investors, new jobs and the prospect of better salaries. Serbia is also constructively contributing to reinforced regional cooperation, reconciliation and preserving peace and stability in the region. And Serbia has handled the migration flows through its territory in a true European spirit".

Talking about challenges on the Serbian path to the EU, Wendt said that of course there is difficult challenges which lie ahead. For her this are in particular in the area of judiciary, handling of war crimes, fight against corruption, freedom of expression, public administration, anti-discrimination and the economy. "Sound and sustainable implementation of ambitious and transformative reforms is crucial. Equally important for Belgrade – and it has been clear from the outset – is



Catherine Wendt participates in Belgrade Security Forum

a continued constructive engagement on the normalization of its relations with Pristina" she said.

Wendt said that these are not minor challenges at all. "Addressing them will take time and will not always be easy but the EU will support Serbia throughout the process. We need to look into the future together, by defining common strategic goals and addressing common challenges together, to the benefit of Serbian citizens, the region, and the EU" she pointed out.

While speaking about the Western Balkans' Bilateral disputes, Wendt expressed her opinion that the accession process for the Western Balkans is based on reconciliation, good neighbourly relations and regional cooperation. This requires joint, sincere efforts from all sides to resolve open issues through constructive bilateral dialogue and mutual respect, and it is in the interest of all in the region to return to this spirit and discourse.

"The Commission is ready to play its part in trying to create an environment in which solutions can be found, but the enlargement process is not a platform on which bilateral issues should be tackled. They must stay outside", she added. As she will be speaking at the Belgrade Security Forum, she said that the forum is an opportunity for policy leaders and

decision makers to deepen ties and reach out to each other. From her point of views the question posed by this year's Belgrade Security Forum – Can Democracy Survive Global Disorder – is more relevant than ever for the Western Balkans region. "The European Union is founded on the shared values of fundamental rights, the rule of law and democracy, where peace and stability prevail. But numerous challenges lie ahead of us: the current migratory crisis is one of the most pressing ones; we have suffered the worst financial and economic crisis since World War II; our neighbourhood – from Ukraine to Syria, the Middle East and North Africa – remains unstable" she said.

Wendt is convinced that the Belgrade Security Forum will contribute to our mutual understanding that those are global challenges that we need to address, in Europe and the region. "The enlargement process is a key anchor for building stability. We simply cannot afford any backsliding there – either in terms of reforms being slowed down or regional ties loosened or even broken again" she concluded.

Catherine Wendt spent two years before 2015 as head of unit for Kosovo. Prior to this she was head of the communication unit of DG Enlargement, after having been the adviser to the Director-General.

## Montenegro's accession even more significant in light of Brexit

Montenegro's membership in NATO can be even more meaningful than members believed it would be.

A few days after Brexit, American President Obama sent a letter of note to the Senate so the process of ratification of Montenegro's Accession Protocol could begin, political analyst Dušan Janjić said to Pobjeda.

"The most recent events probably gave

significance, explanation and motivation for such a move it would be realistic that it is over by the end of this year, as it would send a signal of vigor, even to countries such as Serbia, that are a little lost on road of integration. Montenegro went through the whole procedure and political stability was achieved at a most critical time. EU situation showed that two global institu-

tions function in the world - IMF and NATO", he said.

Janjić said that NATO plans expansion in the future, adding that Montenegro's accession can be important for NATO now. Obama offered administrative support and asked for a fast ratification, which could inspire other member states to the same and work faster towards united, free and peaceful Europe.

# Serbian Cartoonist Unrepentant Over Skewering Of Prime Minister

It's not easy to be a political cartoonist in Serbia

**J**ust how risky an occupation it may be is illustrated by the case of Dusan Petricic, one of the country's most prominent cartoonists, whose work has appeared in The New York Times, The Wall Street Journal, and the Toronto Star. On September 30 his contract with Serbia's main daily newspaper, Politika, was rescinded after seven years during which Petricic's cartoons graced the front page of the paper's Sunday edition.

Recently, Serbian Prime Minister Aleksandar Vucic has been a frequent subject of Petricic's acerbic satire -- and he strongly suspects that that is the source of his troubles.

In an interview with RFE/RL in Belgrade, Petricic said he believes the decision to fire him came from the very top, from the prime minister himself.

"I have no proof of this, but I am convinced that the editor in chief [of Politika] has been getting calls, whether from the head [Vucic] or those around him. I know that they've been upset for a long time over the fact that this is being printed," he said, referring to his cartoons lampooning Vucic.

Petricic's colleague, Predrag Koraksic Corax, suggested the same in this cartoon comment on his dismissal, which shows Vucic peering through a ripped front page of Politika.

Petricic said that his dismissal could have been the initiative of the newspaper's editor, Zarko Rakic, who he said is a supporter of Vucic's Serbian Progressive Party (SNS), but added that "if he wanted to remove me he would have done so at the beginning." Rakic took over the post a few months ago.

The next day, in response to a question



Satyrical Petricic's illustration of Prime Minister's ways

from Insajder.net, Vucic's office said that it had learned about Petricic's dismissal from media reports.

Vucic's office said the prime minister's opinion was that Petricic should be allowed to continue publishing, because "far from being seen as offensive, his cartoons are a boost to the prime minister."

"They are evidence of the strength of [Serbian] democracy, and...demonstrate that even those with the strongest aversion to the government, and with a personal hatred of the prime minister, should be given space to work, as they have been until now."

Almost immediately following this public granting of permission for Politika to continue publishing Petricic's work, Rakic announced that the cartoonist had been reinstated even though he was "sometimes late with his submissions."

The Politika editor also suggested that Petricic was too expensive, but that he would take him back anyway.

This sudden and slightly farcical about-turn does nothing to allay suspicions that the decision to dispense with Petricic was

politically motivated. No one was more surprised at the newspaper's attempt to backtrack than Petricic himself, although he was equally quick to insist that his fate would not be decided by the Politika editor or the prime minister:

"Any future arrangement depends on me, too," Petricic said.

He promptly accepted a rival offer from the established Belgrade weekly NIN. The most recent issue of the magazine carries a cartoon that had been rejected by Politika, alongside a new contribution by Petricic.

"The cartoonist's job is to criticize and to satirize those in power. There is no such thing as a cartoon that is too harsh. Its harshness is always a measure of the impropriety that the government is engaged in," said Petricic, who will have an entire page in NIN dedicated to his cartoons from now on.

One of Petricic's drawings portrays his view of what an ideal TV program would look like in the eyes of Vucic -- with Vucic in the role of interviewer, interviewee, cameraman, and producer.

## The EC has taken note of Serbia's response to the law on Trepca

The European Commission has "taken note" on Serbian government stand regarding the Pristina's law on Trepca - EC spokeswoman Maja Kocijancic.

She has reiterated the views expressed on Monday at the European Commission headquarters in Brussels, with regard to the Serbian Government's decision to annul all acts of the Kosovo institutions.

"We have taken note of the fact that a bill on Trepca had been passed in the Kosovo Assembly. We have also taken note of the Serbian Government's position in response to it", Kocijancic said in

a written statement delivered to Tanjug. Maja Kocijancic has once again stressed that the European Union encourages all political representatives of Kosovo, whether they come from majority or minority political parties, to remain engaged in the political dialogue concerning such an important issue for Kosovo.

In an earlier statement for Tanjug, Kocijancic specified that both Belgrade and Pristina must consent to putting the issue of Trepca on the agenda of the EU-facilitated dialogue

in Brussels.

On Saturday, Kosovo Assembly passed a law on Trepca, according to which the Trepca mining complex will be transformed into a shareholding company in which Kosovo government will control 80 per cent of shares.

As a response to this law, Serbian government decided to annul all the legal consequences of acts and actions by the interim self-government institutions in Pristina regarding the factual and legal position of the Trepca mining complex, said Serbian PM Aleksandar Vucic.

# Western Powerlessness Strengthens Bosnian Serb Leader

Republika Srpska President Milorad Dodik is clearly on a high

**H**e rammed through a referendum on the Day of Bosnia's Serb-dominated entity of Republika Srpska on September 25, despite the state Constitutional Court ruling it illegal and despite widespread international criticism.

At the SNSD's post-election rally only a few hours after polling stations closed, Dodik took to the microphone, as is his wont on such occasions, and launched into the chorus of a tune from popular folk singer Mitar Miric: "No one can do anything to us. We're stronger than destiny. They can only hate us. Those who do not love us", Dodik sang with gusto. The apparent powerlessness of EU and US governments added much to Dodik's euphoria. As things stand, Dodik can be justifiably confident that he can continue defying both domestic institutions and the international community with impunity.

For months, EU and US officials were confident that Dodik's referendum initiative was only a ruse in order to win new concessions from Western and Bosniak officials.

Then, a few weeks ahead of the referendum, when it became clear that the vote would take place, they pondered possible responses but decided to postpone any serious move for after the local elections. But the local ballot has passed and the West remains passive. Some diplomats now hope that Bosnians will be able to put the referendum crisis behind them and belatedly to focus on European integration.

Others expect that the High Representative's next biannual report to the UN Security Council, due in November, may rally international support for stronger action against Dodik. Yet judging by Western lack of interest and even proper understanding of what is at stake in Bosnia, Dodik, has little reason to fear.

Dodik's confidence is based on his success over the past decade in curbing the influence of those domestic institutions he does not control and challenging the international community. Since returning to power in February 2006, he has benefited from the shift in international policy towards "local ownership" of the peace process and divisions in the international community.

After a decade of close international supervision and frequent intervention, Bosnia was expected to move forward



*Dodik sings just hours after the referendum*

under its own steam with the "push of Dayton" replaced by the "pull of Brussels" – the carrot of eventual EU membership.

Whereas Bonn Powers were deployed 777 times between December 1997 and January 2006 by the second, third and fourth High Representatives – Carlos Westendorp, Wolfgang Petritsch and Lord Paddy Ashdown – they have only been used 181 times by their three successors – Christian Schwarz-Schilling, Miroslav Lajcak and Valentin Inzko – including, above all, decisions lifting bans on individuals imposed by their predecessors.

For more than a decade, the international community has operated on the premise that the prospect of European integration is sufficient to transform Bosnia into a self-sustaining and stable democracy.

Rhetoric and actions that would have been sanctioned by the High Representative or another international body in the first decade of the peace process have been condemned but gone unpunished.

When the Croatian Democratic Union, HDZ, organized a referendum on November 11, 2000, asking voters if they approved of greater autonomy for Croat parts of the Federation, the international community acted decisively to end what was considered serious challenge to peace since the end of the war.

The Organization for Security and Cooperation in Europe, which still had oversight over elections, punished the HDZ by stripping it of ten mandates in cantonal assemblies.

The HDZ was also excluded from the Federation government and High Representative Petritsch subsequently

removed Ante Jelavic, the HDZ leader and Croat member of the Bosnian Presidency, and three other senior HDZ officials for violating the peace accord after they formed a body considered to be a step towards a third, Croatian entity. The PIC was united and the High Representative was using Bonn Powers on a regular basis. At the same time, the NATO-led Stabilization Force had 32,000 troops and was in a position to enforce High Representative decisions, if necessary.

This was obvious during the international intervention against the HDZ, when NATO armored vehicles and troops poured onto the streets in a sign of support for the High Representative.

But since then the international presence and engagement has changed. The European Union has systematically accommodated Bosnia despite the country's repeated failure to meet earlier defined conditions.

In this way, among other things, it activated a Stabilization and Association Agreement with Bosnia in June 2015 and just last month accepted the country's EU membership application.

Despite all attempts, the political climate has continued to deteriorate, which lead ultimately to unprecedented discussion of the prospect of a return to war in the wake of the referendum. Besides weakened political engagement, the EU and US have also reduced their military capacity in the country, although their mandate has – at least officially – remained the same.

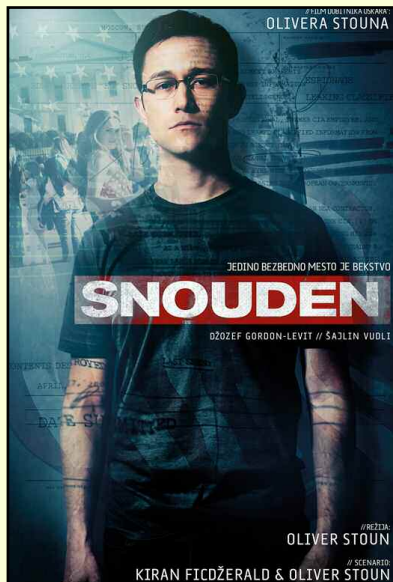
The High Representative must, nevertheless, tread a fine line as EUFOR's mandate will also be up for renewal next month and he does not wish to risk the possibility of a Russian veto.

## PHOTO OF THE DAY



Pumpkin day celebration in Kikinda. The other name is Crazy Day

## NEW IN CINEMAS



### Cineplexx - TC Usce

Bulevar Mihajla Pupina 4

19:30 Sully (Miracle on the Hudson)  
21:15 Marauders  
22:40 The Mechanic: Ressurrection  
22:50 Sausage Party

### Takvud Cineplex

Kneza Milosa 7

17:20 Bridget Jones's Baby  
19:30 Snowden  
21:00 Desierto  
22:20 Marauders

### Roda Cineplex

Požeška 83a

16:00 Secret Life of Pets  
18:15 Bridget Jones's Baby  
22:20 Snowden

### Dom sindikata

Decanska 14

17:45 Miss Peregrine's Home  
for Peculiar Children  
18:00 Beatlemania: Eight Days a Week  
18:45 Blood Father  
21:45 Snowden

### Cineplexx - Delta City

Jurija Gagarina 16/16A

18:15 Blair Witch is Back  
19:45 Miracle from Hudson  
20:15 Desierto  
22:30 Marauders

## WEATHER OUTLOOK



Prolonged biometeo-  
rology situation contin-  
ues, with unfavourable  
effect to the chronic  
patients, cerebrovas-  
cular patients and people with res-  
piratory diseases, as well as those  
with psychic problems. Drowsiness,  
anxiety and headaches are possi-  
ble meteopatic reactions.

## UV Index

# Low

## BELGRADE TODAY

THU  
OCT 13



# 14°/4°C

Warmer with  
periods of sun.

