

The opening remarks of Ms. Jadranka Jelincic, Executive Director of Open Society Foundation – Serbia, at the presentation of the study “Economic, Demographic and Social Effects of Potential Scenarios of Normalization of Relations between Belgrade and Prishtina” (Media Center Belgrade, Apr. 20th 2018)

The survey, whose results are in front of you, the Open Society Foundation – Serbia has commissioned in the context of “Internal Serbian dialogue on Kosovo” initiative.

The survey results are published at the end of the first phase of the dialogue because they may and should be useful to:

- Decision makers which will formulate a solution for Kosovo and – I would say, more importantly - arguments for the solution they propose;
 - Participants of the second phase of the dialogue - for their proposals and debates are rarely accompanied by arguments which could enable citizens to take an informed position about the solutions on offer;
- Finally, or primarily, the study results are intended for
- CITIZENS – because as you know, according to the survey results we have published yesterday, citizens themselves say: “I don` t know” or “I cannot take an attitude about the solution for Kosovo because I am not familiar with numbers – I don` t know how much Kosovo currently costs; I don` t know what is the market structure like; I don` t know how much can be earned from the resources in Kosovo and how?

As I promised yesterday – we hereby provide answers to some of these questions.

Their special value is in presenting short-term and mid-term projections. The projections start from the present situation and offer the hypothesis for the years 2030 and 2060 (demographic and social effects), i.e. 2030 (economic effects).

Though the quoted periods may look like the faraway future, these years are right before us and will directly affect not only the generations already born, but also those who are at the age of 17 today and by all means will have a political opportunity to express themselves regarding the proposed solutions. Thus, they will vote for themselves about their own future; about their own quality of life; whether they will have more or less chances to be employed or will they have to go elsewhere; whether they will live with pension such their grandparents have today or will they give themselves the chance to live better. Let`s not forget, 2060 is only 43 years away and today`s 17 years old will start preparing themselves for retirement in 2060.

Not to take up too much time, I shall conclude with a few interesting figures concerning the following:

- Demographic effects
Serbia today has 7.1 million population. The demographic trend will remain negative. BUT if the situation regarding Kosovo stays the same, Serbia is at risk of having only 3.96 million population in 2060; if the normalization of relations is reached, the population would not have to decrease below 5.58 million.
- Social effects – sustainability of the pension system
In the case of resolving the relations with Kosovo, the realistic perspective has the annual GDP growth of 3.2%. That would enable the pensions to grow by 1.2% annually.

Status quo probably would not enable GDP growth higher than 1.3%. The pensions would remain on the same level as today.

- Macroeconomic balance (2030)

	Realistic solution 2030	Status quo
Average GDP growth rate	4.5%	1.9%
External trade deficit	8%	7%
Current transactions deficit – now 3.1	2.4%	5.1%
Fixed capital formation	annual growth 8.5%	annual growth 3.6%
Government consumption of GDP – now 17	decrease to 13%	maintain at 17%
Export of goods and services – 50.2% in 2016	65% GDP	38% GDP
Inflation rate	3% as now	Drastically rising due to low economic growth and increased consumption
RSD exchange rate	depreciation 2% from 2020	High depreciation due to increased consumption and inflation