ТЕМЕ, г. XXXIX, бр. 4, октобар – децембар 2015, стр. 1183–1198

Прегледни рад
Примљено: 2. 6. 2014. UDK 330. 101. 54 (497.11)
Ревидирана верзија: 31. 8. 2015.
Одобрено за штампу: 23. 11. 2015.

INCREASING EXPORTS – THE CONDITION FOR ACHIEVING EXTERNAL AND INTERNAL MACROECONOMIC BALANCE OF THE REPUBLIC OF SERBIA

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Abstract

The aim of this paper is to present the key long-term solution for achieving macroeconomic balance of the Republic of Serbia – the increase in exports, which primarily helps reduce the balance of payments deficit and subsequently, via the exchange rate channel, affects the stability of the general price level. Short-term solutions, which include borrowing and reducing aggregate demand, are unsustainable in the long run. The paper shows the connection between internal (inflation) and external imbalances (balance of payments deficit), as well as the activities and measures to encourage and diversify exports, starting from the basic features, capabilities, and limitations of the Serbian economy.

Key words: exports, inflation, balance of payments, macroeconomic balance, Republic of Serbia

ПОВЕЋАЊЕ ИЗВОЗА – УСЛОВ ЗА ОСТВАРЕЊЕ СПОЉНЕ И УНУТРАШЊЕ МАКРОЕКОНОМСКЕ РАВНОТЕЖЕ РЕПУБЛИКЕ СРБИЈЕ

Апстракт

Циљ овог истраживања јесте да се прикаже кључно дугорочно решење за постизање макроекономске равнотеже Републике Србије. Реч је о повећању извоза који најпре доприноси смањењу дефицита платног биланса, а потом, преко канала девизног курса делује на стабилност општег нивоа цена. Краткорочна решења, која укључују задуживање и смањење агрегатне тражње, неодржива су на дуги рок. У раду се приказује и повезаност унутрашње (инфлација) и спољне неравнотеже (платнобилансни дефицит), као и активности и мере за подстицање и диверзификацију извоза, полазећи од основних карактеристика, могућности и ограничења српске привреде.

Кључне речи: извоз, инфлација, платни биланс, макроекономска равнотежа, Република Србија

BALANCE OF PAYMENTS DEFICIT AS THE MAIN OBSTACLE FOR PRICE STABILITY

Balance of payments deficit is a very unfavorable indicator of the perception of the 'health status of the national economy'. Trade deficit with other countries is the main cause of the increase in the deficit, which in turn causes the growth of the exchange rate and external indebtedness. The increase in the exchange rate is a result of increased imports compared to exports, which results in increased demand in the foreign exchange market. On the other hand, exports are paid in foreign currency, and due to its reduction there is a reduction in supply of foreign exchange, which creates pressure on the depreciation of the national currency.

In times of high import dependence and inflation expectations in the national economy, devaluation of the national currency directly causes inflation. The rise in the exchange rate makes imports more expensive by increasing import prices in domestic currency (Graham, 1983). If the economy does not have adequate domestic substitutes, the low elasticity of imports will only strengthen the balance of payments imbalances due to an increase in the value of imports. This leads to an increase in the exchange rate transmission effect on inflation, because of more expensive foreign products and domestic products (expensive raw materials are imported and used as inputs in domestic production). This is the so-called direct channel of the transmission mechanism of the exchange rate on inflation (exchange rate pass-through to inflation).

Accordingly, it is logical to conclude that the state must respond to suppress the balance of payments deficit, which is the main driver of currency depreciation and inflation. While it may be beneficial in terms of investment in productive domestic projects due to a lack of internal accumulation, Serbia's deficit is a consequence of financing domestic consumption and imports.

In the short term, the sustainability of the trade deficit (and hence current) account depends primarily on the expected inflow of foreign direct investment, an increase in foreign exchange reserves due to cash redemption of the people, and an increase in foreign debt (Janković, 2013). In the long run, it is necessary to create conditions for a permanent increase in exports from period to period.

LITERATURE REVIEW AND METHODOLOGY

From the perspective of scientific methodology, the methodological approach to the problem which is the subject of research is very important. In the selection and application of a specific methodology, we were guided by the need to ensure adequate approaches to the problem of our research in order to achieve the main goal: understand the importance of the role of increasing exports to for achievement of simultaneous internal and external balance of the Republic of Serbia, and its economic growth in general.

There are two extreme positions of authors who tried to explain the relationship between exports and economic growth. The first group of authors believes that exports have a positive effect on economic growth. For example, H.V. Berg and J.R. Schmidt (1994, p. 250), O.A. Onafwara (1996, p. 346) and D.E.A. Giles, J.A. Giles and E. McCann (1992, p. 196) indicate that the increase in export stimulates economic growth. In other words, there is a positive correlation between export growth and economic growth.

The second group, however, stipulates that exports do not contribute to economic growth. Moran (1983) and Mullor-Sebastian (1988) did not find any concrete evidence that export instability has any (significant) impact on economic growth. They believe that the results are very sensitive in relation to the period under consideration and the level of development of the country. Tan (1983) and Glezakos (1983) pointed out methodological weaknesses in the work of Lam (1980) and, using appropriate statistical models, failed to find any statistically significant correlation between export instability and expansion of export growth. Sinha's (1999) study is essentially the first serious econometric exercise that investigated the relationship between export instability, investment, and economic growth in nine Asian countries. The study found a negative relationship between exports and economic growth in the case of Japan, Malaysia, the Philippines and Sri Lanka and a positive correlation for South Korea, Myanmar, Pakistan, and Thailand. Afxentiou and Serletis (2000) shared the growth rate of GDP on the basis of expected and unexpected export instability on the Bollerslev's (1986) general autoregressive symmetric volatile model, using time series data for 50 developing countries from 1970 to 1993. They noted that export growth affects the growth of GDP only in the case of Indonesia (at the level of 5%) and South Africa (at the level of 10%).

Our research hypotheses are as follows:

- Increase in exports has a positive effect on economic growth in the Republic of Serbia;
- In the event that the increase in exports is impossible, keeping the restrictive policy is the only solution to achieve internal and external balance;
- In conditions of low economic activity in the largest Serbian export markets, it is not possible for expansionary policies to affect export growth and improvement of the balance of payments.

To establish a basis for the study of this problem, we will conduct an empirical analysis of the measurement of changes in exports for the analyzed period. We will first apply the method of deduction in order to show that in the case of Serbia instability of export flow causes stagnation or reduction in the rate of economic growth (significant correlation), while in the later stages of the research we will apply the inductive method in order to reach new conclusions and test our hypotheses. Correlation analysis will cover the variables to be considered in the survey (exports, exchange rate,

and inflation). The sources of data used in the study are the official publications of the Statistical Office of the Republic of Serbia and the National Bank of Serbia. The first part of the paper will highlight the problem of financing the balance of payments deficit and the impact on economic growth and inflation. The second part will show the impact of inadequate economic policy on foreign imbalance. The final part will explain the importance and determinants of improving Serbian exports in order to achieve macroeconomic balance of the Republic of Serbia. The survey covers a six-year period from 2008 through 2013.

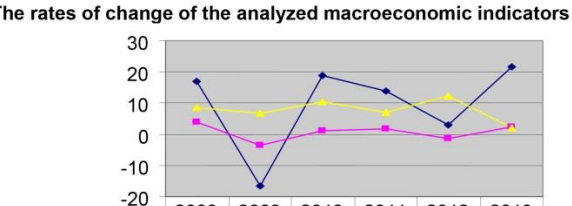
Methods of Financing External Imbalance

The sources of financing balance of payments deficit are considered for the short and long term. Short-term solutions to stabilize the balance of payments may include borrowing from abroad and reduction (spending) in foreign exchange reserves. These solutions are applied in cases of temporary, seasonal, fluctuations, because constant borrowing creates the problem of public debt, while foreign exchange reserves are not an inexhaustible source to cover the balance of payments deficit. Experience shows that increased borrowing may not be sustainable in the long term. This will cause problems of the current account deficit (increased expenditure items of income in the balance of payments on interest, dividends, etc.), while the problems of regular financing of public debt will create a problem of stagflation, which includes the joint action of inflation, stagnation in production, and unemployment (Adžić, 2008).

The long-term solution is to implement restrictive measures of fiscal and monetary policy. These measures are aimed at reducing aggregate demand. Developed countries have the option of applying devaluation (depreciation) of the national currency, which is a powerful redistributive measure. In these countries, devaluation of the national currency is a good way to encourage exports by improving external competitiveness. Developing countries are very limited regarding the increase in the exchange rate due to the high inflation expectations and the inflation rates, which annul the positive effects of currency devaluation. On the other hand, these economies are not able to borrow additional funds due to their low economic power embodied in the GDP, so the only solution lies in deflationary measures of adjustment. These measures are typical of underdeveloped economies, as well as of developed countries that are burdened by high debt levels. Likewise, developed countries with the adopted fixed exchange rate regime have no possibility of independently pursuing the monetary policy, so for them there is also no other way out. The solution is in the unpopular 'belt-tightening'. The conclusion is that the policy of reducing aggregate demand is inevitable in developing countries if they do not create conditions for a drastic increase in exports, which is the only 'healthy' foreign income.

The situation is further complicated when the economy is simultaneously faced with low aggregate demand and with the balance of payments deficit and the inability to increase exports. Higher interest rates and taxes will stabilize budget in short term and reduce aggregate demand (and inflation), but the unemployment rate will be increased. This would be a further discouragement for domestic economy due to deflationary measures of adjustment. Here arises another question whether the main cause of inflation in less developed countries is excessive demand or inflation costs (Marković, 2014, p. 194).

The only way out of this vicious circle is to increase exports, i.e. to implement measures and activities from an export promotion strategy (Kamin, 1988). In addition to eliminating external imbalances, increasing exports is the key to achieving monetary (price) stability through the stabilization of the exchange rate, due to the increased inflow of foreign currency on that basis (IMF, 2013). Exports are also an important generator of economic growth in many countries. The importance of exports for economic growth and price stabilization (through the exchange rate channel) in the Republic of Serbia is presented in Figure 1, which shows the relationship between exports, economic growth, and inflation, as well as key macroeconomic indicators. The data show that the decrease in exports adversely affected growth. For example, in a crisis year, 2009, a negative growth in exports of 16.5% occurred, which resulted in a decline in economic growth rates as high as 3.5%. A similar situation happened in 2012. On the other hand, in 2013 strong export growth of 21.5% caused the highest rate of economic growth since the crisis began (2.5%). This was further aided by a record low inflation rate of only 2.2%. Monetary stability is a prerequisite for the preservation of price competitiveness of exports in international markets. The highest rate of increase in exports occurred precisely in 2013 when it recorded the historically lowest inflation rate in Serbia.



	2008	2009	2010	2011	2012	2013
Exports	16.9	-16.5	18.8	13.9	3.1	21.5
Economic growth	3.8	-3.5	1	1.6	-1.5	2.5
Inflation	8.6	6.6	10.3	7	12.2	2.2

Figure 1. Rates of change in exports, economic growth, and inflation in the Republic of Serbia from 2008 to 2013

Source: Authors' systematization based on the data from the National Bank of Serbia, 2014

INFLUENCE OF INTERNAL ON EXTERNAL IMBALANCE

Internal imbalance, reflected in the increase in inflation, i.e. aggregate demand, has a negative effect on the external balance, as well. Let us first look at the following relationship:

$$(T - G) = (X - M),$$

where:
T – Public revenues, i.e. taxes as the dominant form of government revenue,
G – Public expenditures,
X – Exports,
M – Imports.

From the previous relations it is clear that increased public spending implies higher imports than exports. In terms of balance of payments deficit (M>X), the state needs to increase revenue and/or cut spending (assuming equal private savings and investment). The current account deficit means that in the past the government spent more than it produced; hence, in the following time interval it needs to reduce spending in order to achieve external and internal balances. In terms of the lack of production that is characteristic of Serbia, the only solution is to reduce public spending. This is also because an increase in some categories of taxes may discourage the private sector, which is the driving force of development of each country and a financier of all segments of society.

On the other hand, expansionary fiscal policy deepens the external imbalance, increasing the balance of payments deficit in terms of the inadequacy of domestic production, i.e. the lack of domestic substitutes. The increase in aggregate demand will in this case be used to purchase a significant contingent of imported products. In addition, inflation reduces the price competitiveness of the national economy. Manufacturers want to sell in the domestic market (which is highly monopolized in Serbia) due to the possibilities of higher prices and consequently an increase in revenue. Inflationary trends in the country reduce the real exchange rate, which is a key indicator of export competitiveness (Miljković, 2002).

The Keynesian prescription for exiting the crisis implies an increase in aggregate demand in order to revive production in the country. However, a huge number of products on the Serbian market are imported. Therefore, the increase in demand would favor only importers, and this will create further upward pressure on the exchange rate due to the increased demand for imports. Stabilization of the exchange rate and inflation require reduction of absorption, primarily in public spending, because personal consumption is extremely low, while investment in the long run is not a problem from the standpoint of increasing inflation, and investments are very important for the economic growth of a country. High public spending adversely affects the maintenance and improvement of the Serbian economy's competitiveness.

In times of crisis the country cannot endure more expansionary fiscal policy to stimulate exports and improve the balance of payments. This is shown in Figure 2, which illustrates the relationship between the internal and external macroeconomic balance. This example leads to a similar conclusion. The expansionary fiscal policy (e.g. an increase in public spending) leads to an increase in aggregate demand from level DD to level DD_1. The graph curve DD shows how a change (increase) in GDP affects the level of aggregate demand, as opposed to the classic aggregate demand curve that shows the relationship of the GDP and the general price level, i.e. the level of aggregate demand at a given combination of GDP and the general price level. As there is a direct correlation between Y (GDP) and aggregate demand (increase in Y, by definition, increases all forms of spending to a greater or lesser extent), the slope of the curve DD is positive, in contrast to the classical curves and in terms of the observed variables. Greater or smaller inclination depends on how much the increases in aggregate demand are directed towards domestic and how much towards imported products. Namely, after the increase in public spending, the economy is at the point A_1 (point of equilibrium in the goods market), i.e. at the intersection of the new aggregate demand curve and the line of balancing production (output) and consumption, which forms a 45° angle with the abscissa. In contrast to these curves, the aggregate demand curve is more elastic, because the increase in income by 1% increases the demand for domestic products by less than 1%, because a portion of domestic demand goes to imported products. The less elastic the curve is, the greater is the effect of an increase in aggregate demand on the current

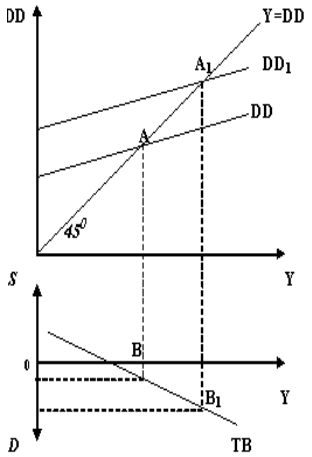


Figure 2. The effect of an increase in aggregate demand on the balance of payments
Source: Miljković & Vučković, 2006

account deficit. With the growth of income (aggregate demand) there is an increase in imports. This can be seen in the lower segment of the displayed chart. In times of crisis, foreign demand for domestic products is reduced due to the reduction of foreign real income. In the example of Serbia, the situation is further complicated because of a huge contingent of foreign products followed by price and non-price uncompetitive exports. Therefore, in such circumstances it is wrong to pursue expansionary policy, as it deepens the current account deficit (the economy moves from point B to point B_1). The conclusion is that unfavorable developments in export markets adversely affect the possibility of improving exports.

Given these effects of expansionary fiscal policy in crisis situations and in times of high import dependence and inadequate supply of exports, output is to be found in the increase and diversification of exports, which will be discussed in more detail in the next section. Implementing a restrictive fiscal policy is the only remaining solution to reduce the current account deficit if there is no possibility of increasing exports, which can be disastrous in terms of low aggregate demand in the country. Thus, policy makers, while acknowledging the situation in the country during the planning of economic growth, must also take into account the global economy.

EXPORT PROMOTION – A KEY STRATEGIC GOAL OF THE REPUBLIC OF SERBIA

In order to avoid a reduction in aggregate demand that leads the economy into stagflation (simultaneous rising inflation and unemployment and the decrease in the rate of economic growth), increase in exports is the only long-term solution to achieve the overall macroeconomic balance, as it will reduce depreciation pressures and transfer effects of increases in the exchange rate on inflation.

The increase in exports stabilizes the exchange rate, which in turn contributes to price stability. This means that exports represent a major factor in achieving simultaneous internal and external balance. Likewise, the increase in exports of goods and services is imposed as a necessity due to the obligation to establish a sustainable growth of foreign exchange earnings, which would be sufficient to service the foreign market properly and pay the required import (Kovačević, 2006, p. 492). The increase in production, employment, and standard of living requires high and stable growth rates in exports over time. Therefore, we will examine below the main incentive factors for Serbian exports.

Increasing the competitiveness of exports is the main factor of export increase of our country. Export competitiveness should vary between price and non-price competitiveness. Price competitiveness is achieved by lower production costs, by reducing the value of the national currency, etc. It is characteristic of less developed countries, as well as of countries at

an early stage of development, where the main development factors are the low cost of labor and natural resources. If the country does not advance to the next stage of development over a certain period, this can lead to depletion of natural resources (extensive economic development). Therefore, it is of paramount importance to exploit resources on the basis of an increase in the export of primary products, as industrial development and the development of the service sector should be permanently present. Many highly developed countries have a highly developed industry, which is the engine of economic development. Development of agricultural production only is a prerequisite for economic development at an early stage.

Competitiveness shows the success rate of the national economy in the global market. At a lower level of development of a society, price competition is dominant. The country competes in the international market through low prices of products. The next stage of development must involve an increase in production efficiency and product quality. The aim is to achieve a more efficient spending of the factors of production. However, bearing in mind the characteristics of modern markets, non-price aspects of competition such as quality, design, packaging, distribution channels, etc. are increasingly valued. Development is based on innovation, while educated workforce and introduction of new technologies play a key role. Sustainable growth in exports can now be realized only through the creation of the abovementioned conditions. Although prices have less importance for explaining competitiveness in contrast to earlier periods, they are still an important factor for standardized products, as well as for countries with low per capita income (Jefferson Institute, 2003). The importance of price competition is aided by the fact that a large number of people live in developing countries. In times of crisis, price competitiveness takes on added importance due to the decrease in the purchasing power of the population. Today, especially in highly developed economies, non-price competition is prioritized.

Foreign direct investments are of great importance in terms of further export growth and improvement in the balance of payments of the Republic of Serbia. These investments are a significant tool for increasing production and exports. Investments act in two ways: affecting the increase in exports (reducing the current account deficit) and the increase in capital inflows. In addition, they entail the use of modern equipment involved in the production and play a significant role in fostering balanced regional development and, most importantly, they do not increase the external debt of the country. Foreign direct investments will increase budget revenues through higher amount of total income tax, profits tax, and value added tax. High labor costs are one of the most serious limiting factors for attracting foreign direct investments. The most important form of foreign direct investment from the perspective of the host country is the establishment of an entirely new company. Thanks to these investments, many countries significantly reduce the balance of payments deficit.

In order to increase competitiveness at the national level in Serbia, it is necessary to create a stable legal environment, to invest in education, and to ensure the full implementation of the Law on Competition. The creation of organizations for the promotion of exports, stimulating banking institutions to finance export-oriented programs and projects, as well as the involvement of the Chamber of Commerce, are some of the ways to improve Serbian export activities. In the previous period this achieved certain price stability and reduced inflation expectations, so it is necessary to review the decision on further reduction of the benchmark interest rate. This is because high interest rates limit the financing of export-oriented production.

The National Bank of Serbia should pursue a consistent policy of stable exchange rate, because many studies have shown that the stabilization of the exchange rate suits all business entities, including the state. The increase in the exchange rate, due to inadequate economic structure, quality, and insufficient stocks of goods for export will have no effect on the increase in exports. There will only be an increase in the inflation rate, taking into account the transmission mechanism of the exchange rate on inflation, which is very strong in Serbia, due to the inflationary trends (Marković & Marković, 2014). Furthermore, due to the low elasticity of export supply, the effects of the national currency depreciation to improve the state of the balance of payments will be negligible. The correlation between the rate of change in the real effective exchange rate (which is the best indicator of external competitiveness) and exports is shown in the following chart. The correlation coefficient between these values is negative and amounts to -0.20.

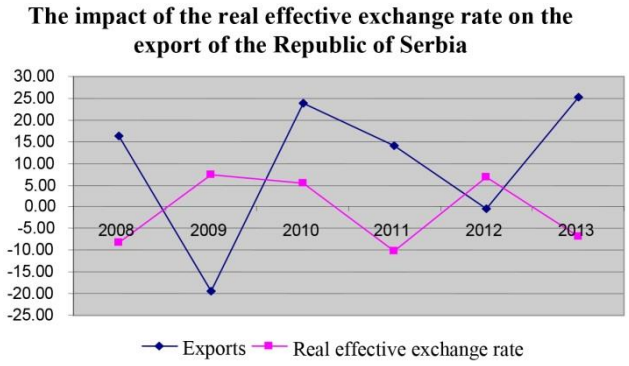


Figure 3. Rates of change in the real effective exchange rate and exports of the Republic of Serbia from 2008 to 2013

Source: Authors' systematization based on the data from the National Bank of Serbia

Note: The increase in the real effective exchange rate indicates an increase in the competitiveness of exports and vice versa.

The exchange rate is the variable that predominantly affects foreign trade, since it affects the external competitiveness of a country (Burda & Viploš, 2012, p. 368). When certain conditions are present, many countries can stimulate exports through undervalued national currency, reducing the price of exports denominated in foreign currencies. Conditions that must be met in order to practically realize this economic rule are explained by the Marshall-Lerner theorem. According to this theorem, the increase in the exchange rate will improve the condition of the balance of payments if the sum of the elasticity of exports (foreign demand for domestic exports) and the elasticity of imports (domestic demand for imports) is greater than one. Under these conditions, a country with a balance of payments deficit will be able to balance the balance of payments by increasing exports, due to the rise of the exchange rate in the foreign exchange market.

In the case of Serbia, the conditions of the Marshall-Lerner theorem are not met. The elasticity of foreign demand for domestic exports is small, because the Serbian products in foreign markets are not competitive due to low quality. In addition, there is the low elasticity of domestic supply of exports due to poor structure of export products and small stocks of products for export. High rates of inflation reduce the real exchange rate, which is an indicator of external competitiveness of the economy in the long run, and thus annul the effects of an increase in the nominal exchange rate. In addition, there is the inelasticity of domestic demand for imports. Due to the lack of domestic substitutes and due to energy import dependence, the growth rates of imports in domestic currency will not drastically reduce imports. In this case, there may even be an increase in the value of imports and further deepening of the current account deficit. Empirical findings show a weak or even negative relationship between currency depreciation and the value of exports in Serbia. Consequently, it is logical to assume that the stable exchange rate is the only solution, bearing in mind these characteristics of Serbian economy. Therefore, the National Bank of Serbia adopts a more restrictive monetary policy in order to achieve monetary stability.

It is important to note that, in addition to export incentives, diversification of exports is also needed for the development of Serbian economy. In the case of dominance of agricultural products for export, an adequate foreign exchange inflow will not be realized. This is because agricultural product prices drop faster in conditions of low conjuncture, and grow more slowly in terms of economic revival. In the short term, a higher share of primary products may be a factor of increased exports, but in the long term it is expected that products with a higher degree of processing and technology will have a higher share of total exports. Likewise, diversification of export structure neutralizes the effects on the balance of payments. If demand for certain products is reduced, other export products can reduce (compensated) loss. In addition to the diversification of exports of certain products (product diversification), geographical diversification is also

needed. Excessive export orientation towards (some, individual) countries poses a higher risk (e.g. almost 60% of the total Serbian exports is sold in the European Union). If the country that exports many domestic products fell into a recession, the demand for these products would be reduced and there would be a drastic deterioration in the balance of payments. Otherwise, a greater geographic diversification of exports stabilizes foreign currency income.

Serbian export is characterized by a high share of food in total exports (an average of 23%). Raw materials and production materials (products with lower levels of processing) are predominantly involved in exports, which is characteristic of underdeveloped countries (Nacionalna strategija privrednog razvoja Republike Srbije, 2006, p. 71). These are predominantly primary products that do not deliver significant foreign exchange inflows. The fact is that tradition, availability of natural resources, and geographical position of the Republic of Serbia favor agricultural production. However, this should by no means become an excuse for neglecting the highly accumulative sectors of the economy, such as industrial production of the highest level of processing and new services based on modern technology (computers, IT services, etc.).

Agricultural foreign trade in Serbia, which constitutes one quarter of total exports, with very high coverage of imports by exports and a positive balance, which accounts for about one tenth of the overall exports with a very dynamic increase in export value of certain important commodity groups, undoubtedly has serious potential for development, balance balancing, and overall macroeconomic and social stability (Milanović, Stefanović & Vicentijević, 2013, p. 304). Long-term export orientation of agriculture is therefore a basic requirement for the increase in the overall efficiency of agro-industrial production and its rapid integration into the European (and global) market (Marković, 2010). Serbia has a net export potential of agricultural production and processing, which is not sufficiently valorized in terms of the lack of development and export strategies and appropriate stimulation of economic policy. In 2013, there was a recovery of the automotive, petroleum, and chemical industries. Road vehicles now occupy the largest share in exports. This, in turn, significantly increases the export of these products compared to 2012. In addition, there was an increased diversification of exports, as well as a significant reduction in the deficit due to the relative decrease in imports. Further increase in exports to the Russian Federation is very important considering the fact that those are the products of higher stages of processing, as opposed to mainly primary products placed on the EU market (although these are countries with higher purchasing power).

CONCLUSION

The main task of every state is the realization of internal balance, which is reflected in the stability of the general price level, and external macroeconomic balance, embodied in the balance of balance of payments. The essential conditions for the realization of the above objectives in Serbia are significant increase in exports, change of the structure of exports, and stimulation of foreign direct investment. This requires an increase of the overall competitiveness of the Serbian economy.

There is a strong connection between external and internal economic imbalance. The current account deficit is the main trigger of external imbalance, but through the exchange rate channel and other mechanisms it also acts on the expression of high inflation. On the other hand, inadequate macroeconomic policy (generally expansionary fiscal and monetary policies in certain features of the domestic and international economy) creates a gap between imports and exports and increases the current account deficit.

In theory, there are several ways of combating external imbalances. One way is to increase the debt, which is not sustainable in times of high rates of public debt. The reduction in reserves is not advisable in the long run because they must be constantly maintained at a level that is required for payment from six to three months of imports, in order to secure external liquidity and monetary stability. Therefore, the only solution is an increase in exports, which is often combined with attracting significant value of foreign direct investment. Unfavorable performances of the Serbian 'diamond of national competitiveness' stress the necessity of creating a long-term strategy to increase the competitiveness of the economy. This can only be achieved by redefining the economic system oriented towards creating an enabling institutional environment. That basically implies a synchronized effect of monetary and fiscal policies to attract foreign direct investment, and investment and foreign trade policies for improving the export promoted economy. To achieve simultaneous internal and external balance, it is necessary to harmonize monetary and fiscal policy as the most important segments of economic policy (Mundell, 1962). With the necessary real exchange rate, correcting distortions in the system of prices of goods and factors of production and the structural adjustment of the economy, it is possible to fix the structure of Serbian exports, and move from production of lower levels of processing and primary products to the production of higher processing levels and the highest stage of finalization, with geographical diversification of exports. The aim is, therefore, to provide not only the maximum use of export potential that is valorized successfully in the global market, but also to radically alter the profile of the domestic economy.

If this is not possible in the short term, painful deflationary adjustment, in the form of reduced aggregate demand, will be a necessity. In this case, fiscal policy will be the holder of customization, giving the

largest contribution to the elimination of macroeconomic imbalances. Limiting the growth of public spending would allow a reduction in aggregate demand and indirectly reduce the balance of payments deficit and inflation.

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ПОВЕЋАЊЕ ИЗВОЗА – УСЛОВ ЗА ОСТВАРЕЊЕ СПОЉНЕ И УНУТРАШЊЕ МАКРОЕКОНОМСКЕ РАВНОТЕЖЕ РЕПУБЛИКЕ СРБИЈЕ

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Резиме

Дефицит платног биланса представља главни проблем са којим се сусреће српска привреда. То ствара притиске на пад вредности домаће валуте и инфлацију, што онемогућава постизање унутрашње и екстерне макроекономске равнотеже. Дефицит платног биланса се не може покривати додатним краткорочним задуживањем, јер је то неодрживо у условима високог јавног дуга. Такође, девизне резерве се користе само за краткорочну стабилизацију. Увозна зависност привреде (у услучају енергената и високо технолошких производа) јесте разлог зашто се пораст девизног курса брзо преноси на инфлацију преко трансмисионог механизма. У Србији позитивна корелација између нивоа девизног курса и извоза практично не постоји, тако да се девалвација националне валуте не може користити као средство за отклањање платнобилансне неравнотеже. Редуковање агрегатне тражње је од огромне важности за макроекономску стабилизацију. Међутим, због релативно ниске агрегатне тражње у Републици Србији, то би изазвало потпуни колапс привреде, па се као једина солуција за смањење дефицита платног биланса предлаже повећање извоза. Истраживање показује да је у условима немогућности повећања извоза у кратком року једино решење смањење јавне потрошње, како би се, између осталог, смањила тражња за увозом добара, док се инвестициона потрошња обично не сме смањивати јер је овај вид потрошње битан за привредни развој земље.

Извоз представља кључни генератор платнобилансне равнотеже, која преко стабилизације девизног курса делује на монетарну стабилност. Основни услов за повећање извоза, као стратешког циља за постизање стабилности цена и равнотеже платног биланса, јесте побољшање извозних перформанси Републике Србије, као и атрактивности у привлачењу страних директних инвестиција, пре свега у извозно оријентисаним секторима привреде Србије.

Повећање извоза остварује се разним подстицајним мерама које су разматране у овом истраживању. Подстицање инвестиција, неценовне конкурентности и повећање степена производне и географске диверзификације извоза јесу битни за унапређење извоза, као главног развојног импулса скоро сваке привреде. Јачање сектора малих и средњих предузећа доприноси повећању конкурентности извозне понуде Србије. Неповољна секторска и географска структура извоза, тј. висок степен концентрације извоза (око 60% извоза се пласира на тржиште Европске уније) мора се превазићи у наредном периоду путем географске диверзификације извоза. Извоз на растућа тржишта (Русија, Кина) захтева повећање техничке опремљености у земљи.

У условима високог буџетског дефицита доводи се у питање могућност давања разних фискалних подстицаја и бенефиција како би се подстакао извоз. Стимулисање извоза путем повећања девизног курса није могуће због лошег квалитета и недостатка сертификованих производа. Зато се као неки од циљева наводе повећање продуктивности, примена савремених метода управљања, коришћење модерних технологија, итд.