

Jorgovanka Tabakovi: EU economy and global economic developments

Opening remarks by Dr Jorgovanka Tabakovi, Governor of the National Bank of Serbia, at the IMF's presentation "EU economy and global economic developments", Belgrade, 24 March 2026.

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Ladies and gentlemen, esteemed representatives of the IMF, dear colleagues,

Last December, we hosted a great presentation of the IMF's Regional Economic Outlook for Europe by Mr Danninger, and the year before that by Mr Weber.

Today, I am truly pleased to welcome to the National Bank of Serbia Mr Nabar, IMF Mission Chief for the Euro Area and Assistant Director of the IMF European Department. For those of you who do not know, which I believe is the majority, Mr Nabar lived in Smederevo in his youth and has after 37 years returned to Serbia of which he has particularly fond memories.

I would also like to greet both your and our Mr Ratnovski, dear Lev, who is not only the IMF's Resident Representative for Serbia, but also someone who keeps a close eye on the problems we face, which means not on what we are doing, but rather on the problems we face and he constantly seeks to help us understand those problems better and find the best solutions, and it is because of this that I want to publicly pay tribute to him.

Mr Nabar will speak about the global outlook, and particularly about policies in the EU. Given that European countries are Serbia's key economic partners, the assessments you will present today are of particular importance for us.

- In January, the good news for Serbia was that the IMF slightly revised upward, compared to October, its growth forecast for the euro area for this year.
- However, compared with January, the world has changed further – and not for the better. Speaking at a symposium in Japan on "Future of the Global Economy amid a Fluid International Economic and Monetary Order", Ms Kristalina Georgieva presented the IMF's estimates that every 10% increase in oil prices, if sustained for most of this year, leads to a rise in global inflation of 40 bp and a decline in global output of 0.1 to 0.2%. The ECB also published its latest macroeconomic projections on Thursday, along with two additional scenarios indicating that an increase in oil prices could have significant macroeconomic effects, both in terms of inflation and economic growth.
 - In Serbia, we responded immediately to the current shocks affecting the energy market with a set of substantial measures aimed at protecting both households and businesses.
- The IMF analysis is also important for us. Its findings, recently presented by Mr Alfred Kammer, relate to a package of reforms at both the EU and national levels, aimed at creating a fully functioning single market within the EU. The conclusion is

that these reforms could increase productivity in the EU by around 20%, and over time GDP per capita could rise by around 35%.

I know that the issue of productivity growth is one of Mr Nabar's areas of professional interest. Today we are witnessing that many see the sources of sustainable productivity growth in the development and application of the most advanced technologies, where American companies have a significant advantage over European ones. This must be changed if we want to narrow that gap.

When it comes to Serbia, to sum up developments in 2025 I will quote the assessment of the IMF's Executive Board: "Prudent macroeconomic policies, supported by strong cooperation with the IMF, have led to Serbia's impressive results. A high level of FX reserves, substantial government deposits, as well as a resilient and well capitalised banking sector are an important support in addressing current challenges. Fiscal discipline is being strictly maintained and monetary policy remains cautious, preserving the credibility of economic policies. The continuation of a cautious monetary policy and a resilient financial sector will remain an important anchor in a period of heightened uncertainty".

Going forward, we expect the same trends in Serbia. Both we and the IMF see no alternative to continuing a sound monetary policy. Let me remind you that Serbia is one of the two countries for which the October regional report assessed that the key policy interest rate is at a level recommended by the Taylor rule.

Dear colleagues

We know that monetary policy cannot achieve its full potential if fiscal policy is not sound. The reverse is also true. While the IMF warns that, without structural reforms, fiscal consolidation and sustainable growth, Europe faces the risk of rising public debt that could, on average, approach 130% of GDP by 2040, Serbia stands out as an example of a country whose public debt level is below 45% of GDP, far below the value set by the Maastricht criteria.

And before I give the floor to our host here – Mr Ratnovski, I will share an anecdote, and you can draw your own conclusions.

After Max Planck received the Nobel Prize, he travelled around Germany giving standard lectures on the new quantum mechanics. Over time, his chauffeur memorised the lecture and said:

"Professor Planck, would you mind if we switched roles – if I gave the lecture while you sat in the audience wearing my chauffeur's cap? I've heard your talk so many times that I practically know everything."

"Why not?" Planck replied. So the chauffeur stood up and delivered a long lecture on quantum mechanics. At one point, a physics professor in the audience stood up and asked an extremely difficult question. The chauffeur replied: "I'm surprised that in an advanced city like Munich I would get such a simple question. I'll ask my chauffeur to answer it."

Today, there are two kinds of knowledge. One is "Planck knowledge," possessed by people who truly understand – who have studied and developed real ability. The other is superficial knowledge – the knowledge of Planck's "chauffeur" – those who have learned to retell, copy, grab and claim they know everything best. The first are quiet and useful; the second are loud and dangerous. Be careful. We are lucky to have those former among us! Lev, the floor is yours!