



*The Influence and Effects of EU Business Law
in the Western Balkans*

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**Serbian state-owned enterprises –
Necessity of corporatisation and the new
role of the state as the founder**

(abstract)

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SERBIAN STATE-OWNED ENTERPRISES- NECESSITY OF CORPORATISATION AND THE NEW ROLE OF THE STATE AS THE FOUNDER

Abstract

The Republic of Serbia is a candidate country that is in the process of negotiations on EU membership. An important part of the negotiations is the reform of state-owned enterprises. They are an indispensable part of the Serbian economy and provide some of the basic infrastructure services to the citizens and businesses. In accordance with the EU acquis the basic policy managing of state owned enterprises implies the establishment of good corporate governance of these business entities while respecting competition rules and fair competition. This starting point has created the necessity of introducing changes in the organizations of performing activities of general interest, as well as managing public enterprises in Serbia and adopting a new legal framework for their activities. In this regard, there is the question of the status and role of the state in governing state-owned enterprises.

New Serbian law on state-owned enterprises requires transformation of these companies into joint stock or limited liability companies with the state as their only founder. When the state is a shareholder (whether majority or minority), its legal position is based on the shareholder's status and it is realized through the representatives in the company's assembly. The state's function of a shareholder in a joint stock company which performs an activity of general interest is fulfilled by the Government as its executive body. The state, as a shareholder in a business, needs to clearly distinguish its regulatory role, which it has as a public authority, from its shareholder's role which imposes a kind of behavior that is in the interest of the business entity. Complete separation of the state's responsibility for governing the business of public interest from the responsibility to act as a shareholder is the main precondition for a balanced market game and prevention of inequality of market participants.

Key words: state-owned enterprises , shareholder's role, regulatory role, corporate governance, the state