

CLUSTERS IN REGIONAL DEVELOPMENT LAW
("Republic of Serbia Official Gazette "nr.51/ 2009) –

A CHANCE TO BE USED

The Law on Regional Development is in the group of the legal acts that constantly draw public attention. The question of unequal regional development is particularly present in Serbia at the beginning of the new Millennium and it requires the strategic national approach. It should also be stressed out that the question is one of those that European Union successfully sorted out, within the member states as well as among the states themselves, and they are frequently very different regarding historical, political, economical, demographical, cultural and social development. Thus Serbia will, sooner or later, have the chance to sort out this question as well, with help of indirect (before the full admission into EU) or direct (after EU admission) EU instruments. We are especially interested in the parts of the Regional Development Law that, directly or indirectly, relate to clusters as well as the additional jurisdiction of Business Registers Agency.

According to this Law, objectives of regional development stimulation are, in short:

- Reduction of regional and intra-regional disparities;
- Development of competitiveness at all levels;
- Stimulation of cross-border and international cooperation as well as
- Efficient use of local natural resources and properties as well as international resources.

There are seven regions according to the Law, among which there are East and South, which is especially important for this part of Serbia.

According to the level of development, regions are divided into two groups, and they are:

- First group – regions with 75% of development level and above 75% of republic average of per capita income, and
- Second group – regions with level of development below 75% of republic average of per capita income, i.e. inadequately developed and regions in which demographic decrease of population from 1971 Census till the year in question is higher than 50%.

According to the Law, underdeveloped units of the local government are the ones that are in the range 60-80% of republic average.

As far as the institutions are concerned, Law includes forming of the National Council for Regional Development, National Agency for Regional Development, Regional Development Councils, and District Associations.

Law states that update of the register lists of the Business Registers Agency should be performed. There are also measures for regional development incentive that should additionally contribute to a better organized regional development.

Incentive measures are set by the Government according to suggestions of the Ministry in charge, in accordance with National Plan, regional strategies and programmes for financing of the Region.

Incentives could be directed toward:

- Promotion of different areas of economy, technological levels and new technologies approach;
- Promotion of research and development;
- Encouraging of regional and district competitiveness;
- Development of associations and entrepreneurship and promotion of conditions for employment increase, and

- Promotion of all development capacities at the level of region and districts as well as the local level.

Incentive beneficiaries are, among others, business, associations and especially stressed **clusters**, which represents a direct incentive to their forming and expansion as an economic category recognisable in the international business and financial circles. This step of the lawmakers opens the door to the international cooperation of our clusters – technology exchange, closer introduction to international markets in order to promote export.

Regional development financing, apart from the Budgets of all levels of authorities, will be done by EU pre-accession funds, international institutions grants, development loans, donations and gifts of individuals and businesses. Programmes and projects financed by EU pre-accession funds are implemented according to regulations of the Law on Confirmation of the Agreement between Republic of Serbia Government and EU on the rules of cooperation related to EU financial aid to Republic of Serbia as a part of aid implementation according to the regulation of IPA - Instrument pre-accession aid ("Republic of Serbia Official Gazette" nr.124/ 07).

This presentation of the Law on Local Economic Development points toward a unique conclusion – it represents the first institutional facing with the issue, i.e. problem of the unequal regional development in Serbia, and it is making a bold step toward regarding clusters as a legal category that would become a frequent and important topic of the future regulatory documents, including of course the legal acts.