

## COMBATING GREY ECONOMY COMMITTEE

**CHAIRPERSON:** Ivan Miletić, *Philip Morris International Services*

**VICE CHAIRPERSON:** Slobodan Doklešić, *DBP Advokatska kancelarija*

### THE COMMITTEE'S MISSION:

The key priorities for improvement of the business climate defined by American Chamber of Commerce member companies include the systemic and sustainable reduction of the grey economy and the improvement of cooperation between the public and private sectors in combating illicit trade. The grey sector accounts for around 30% of the domestic economy, which translates into a EUR 370 million loss to the state budget. Recognizing the problem of the grey economy, AmCham set up the Combating Grey Economy Committee in order to help establish an efficient legal framework and institutional mechanisms, and thus facilitate effective oversight of the trade in goods and services and sanction the grey economy, suppress corrupt practices, and ensure level playing field.

### THE COMMITTEE'S MEMBERS:

ALLIANCE ONE TOBACCO	MIKIJELJ, JANKOVIĆ & BOGDANOVIĆ
APATINSKA PIVARA	MOJI BRENDOVI
BDK ADVOKATI	MONDELEZ
BELGRADE OPEN SCHOOL	MORAVČEVIĆ, VOJNOVIĆ & PARTNERI
BRITISH AMERICAN TOBACCO	MULTIMEDIA RECORDS
CISCO SRBIJA	NAFTNA INDUSTRIJA SRBIJE
COCA COLA HELLENIC	NAUMOVIĆ & PARTNERI
CROWE HORWATH	NELT
DELTA HOLDING	OSA RAČUNARSKI INŽENJERING
EXECUTIVE GROUP	PHILIP MORRIS SERVICES
HARRISONS	PRICEWATERHOUSECOOPERS
JANKOVIĆ, POPOVIĆ & MITIĆ	SGS BEOGRAD
JT INTERNATIONAL	ŠTAMPA SISTEM
KARANOVIĆ & NIKOLIĆ	UNILEVER BEOGRAD
L'OREAL BALKAN	VICTORIA GROUP
MERCATOR-S	WRIGLEY
METRO CASH & CARRY	ŽIVKOVIĆ & SAMARDŽIĆ LAW OFFICE
MICROSOFT SOFTWARE	

### THE COMMITTEE'S FOCUS 2014-2016:

- Reform of inspections by adopting the Law on Inspection Oversight and implementing acts that ensure effective coordination of inspections, the establishment of a risk analysis and performance assessment system (adoption of the Coordinating Commission's Rulebook, Risk Assessment Rulebook)
- Build the capacity of the inspections for effective implementation of the law, primarily by sharing expertise and best practice
- Monitor the implementation of the umbrella law and sector-specific laws through key inspections

### THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:

#### REFORM OF INSPECTIONS THROUGH THE ADOPTION OF THE LAW ON INSPECTION OVERSIGHT AND EFFICIENT COORDINATION OF INSPECTIONS

The pinnacle of the Combating Grey Economy Committee's efforts over the last two years was the adoption of the 'umbrella' **Law on Inspection Oversight**. AmCham participated in the creation of this law from its conception through to the draft stage, and finished by proposing amendments within the Economic Caucus.

The provisions of this Law were critical for:

- Improving previously inadequate coordination between different inspections
- Establishing competences of all inspections over unregistered entities
- Setting the risk assessment principle as the

umbrella principle for the implementation of inspection oversight

- Introducing a single framework for all inspections, and accountability for malpractice

### **BUILDING THE CAPACITY OF THE INSPECTIONS FOR EFFICIENT IMPLEMENTATION OF THE LAW**

After the Law on Inspection Oversight was adopted, the committee shifted its focus to supporting effective implementation of the law. In mid-2015, **AmCham took part in the Working Group for Illicit Trade** chaired by the Tax Administration. This Working Group gathered together representatives of all inspections in an attempt to establish constructive cooperation with the aim of identifying gaps in their responsibilities, scheduling different inspections, collecting critical information from the competent public authorities as important resources for the inspectors, and applying additional instruments to improve their joint efforts.

In October 2015, a regional conference entitled **“Next Round in Fighting the Grey Economy”** was organized, attended by all the relevant public authorities, the private sector, and international and local experts in the field. The goal was to assess the results that had been achieved so far, and point out the importance of the next steps: to ensure more effective court proceedings, to continue and improve cross border cooperation, and to ensure better coordination among all responsible bodies. It was highlighted at this conference that various inspectorates had already achieved significant

results since the Law on Inspection Oversight had begun to be applied, and that the number of relevant reports had grown considerably. However, it was pointed out that the courts and prosecutor offices, being inefficient, had not kept pace with this trend, which should be remedied in the following period.

### **FOCUS IN THE UPCOMING PERIOD 2016–2018:**

Taking into consideration the conclusions of the annual regional conference, the committee will focus its activities on:

- Developing coordination between oversight authorities, prosecutor offices and the courts, with the aim of increasing the effectiveness of the entire process
- Providing support to raising the capacity of the inspectorate in view of the effective implementation of the Law on Inspection Oversight

**WIDE ANGLE****Ivan Miletić,*****Philip Morris International Services***

Following the identification of the business community's key problems in AmCham's annual survey of its member companies, the Combating Grey Economy Committee worked diligently to identify its priorities in order to efficiently distribute its resources and focus its efforts on improving the business environment.

Emphasis was placed on developing and improving the Law on Inspection Oversight after we realized that this piece of legislation was the main obstacle to our efforts to ensure improved consistency and coordination among the bodies implementing the law in practice. The law adopted included most of our recommendations, so our focus in the second half of the year was on the first steps in implementing stricter inspections and more coordinated work by inspections. Although it is not perfect, the implementation of the law in its entirety is very important, and the committee will therefore continue to work alongside the authorities to precisely define how this process should be implemented.

Representatives of the committee were invited to join the Working Group for Illicit Trade, whose efforts have already started to yield concrete results with regard to implementation of the law.

We strongly believe that our endeavors within this working group will contribute to a more constructive search for ways to identify key risks and focus the efforts of inspectorates on eliminating them, as well as filling in gaps in the responsibilities of the various inspectorates.

One of the main conclusions of the Regional Conference on Fighting the Grey Economy was a bottleneck identified in the work of the prosecutor offices and courts. We have had meetings about these issues with representatives of the U.S. Embassy's Department of Justice to provide the competent authorities with suitable training and specialization related to combating the grey economy.

Finally, let me thank those people without whose unrelenting support nothing of this would have been possible. As well as the magnificent AmCham team, and particularly Amalija Pavić, I owe special thanks to Slobodan Doklešić, the Vice Chair of the committee, as well as Goran Pekez and Vlada Tipsarević of JTI, Olivera Papić of Centro Štampa and Marko Milanković of Nelt, who played key roles in coordinating our work with that of NALED and the Government of Serbia. Also, a huge thank you goes to our colleagues from USAID BEP and the U.S. Embassy for their support and guidance. Finally, many thanks go to all active members of the committee for sustaining their efforts in a battle which is now entering its third year.

