

The Review of International Affairs

Editorial correspondence

Dragoljub TODIĆ, Editor-in-Chief, Tel: 3373 824
d.todic@diplomacy.bg.ac.rs
RIA@diplomacy.bg.ac.rs

Makedonska 25, 11000 Belgrade, P.O. Box 413
Internet: www.diplomacy.bg.ac.rs/ria.htm
Published quarterly

Publisher

Institute of International Politics and Economics,
Belgrade, Makedonska 25

For the Publisher

Duško Dimitrijević, Ph.D.
Director

Editor-in-Chief

Dragoljub TODIĆ, Professor, IIPE, Belgrade, Serbia

Deputy Editor-in-Chief

Marko NIKOLIĆ, Ph.D., IIPE, Belgrade, Serbia
markon@diplomacy.bg.ac.rs; ria@diplomacy.bg.ac.rs

Secretaries

Jelica Gordanic, M.A., IIPE

Language editor

Aleksandra Janošević

Layout

Snežana Vojković

For information on annual subscription please contact

BiFS doo, Books and Periodicals, Supilova 10
11000 Belgrade, Serbia,
Tel/fax: +381 11 20 84 229
E-mail: bfsbooks@sezampro.rs

Printed by

Mala knjiga, Novi Sad

Publishing of *The Review of International Affairs* is funded by
the Ministry of Education, Science and Technological Development of the Republic of Serbia

The Review of International Affairs

Vol. LXIV, No. 1152, October–December 2013

UDK 327 ISSN 0486-6096

Contents

International Economics

Haibong GAO

THE RMB INTERNALIZATION, CHINESE FINANCIAL
OPENNESS AND REFORM 5

Saša MAŠIĆ

Lidija BARJAKTAROVIĆ

THE ROLE OF REAL ESTATE INVESTMENT TRUSTS (REITS)
IN THE GLOBAL HOTEL MARKET AND POTENTIAL
FOR THEIR DEVELOPMENT IN SERBIA 25

European Integration

Eckart D. STRATENSCHULTE

THE DANUBE REGION STRATEGY AS INDICATOR
FOR THE EU MACRO-REGIONAL STRATEGY APPROACH 44

Dragana GNJATOVIĆ

Ana JOVANCAI

BALANCED BUDGET RULE IN THE EUROPEAN UNION 55

Marko NIKOLIĆ

Dragana PETROVIĆ-RAĐENOVIĆ

STRATEGIC POTENTIALS OF CONTEMPORARY
RELIGION IN SERBIA IN THE CONTEXT
OF EUROPEAN INTEGRATION 71

Books review*Dragan PETROVIĆ*

Geopolitics of the Mediterranean 86

Marko NOVAKOVIĆ (ed.)

Monism and Dualism – Basic Concepts of Public International Law 89

Dragoljub TODIĆ

'Montenegro' in International Encyclopaedia of Laws: Environmental Law 91

DocumentationREPORTS OF THE SECRETARY-GENERAL ON THE UNITED NATIONS
INTERIM ADMINISTRATION MISSION IN KOSOVO (2013) 93**INTERNATIONAL ECONOMICS**

UDC: 330.34(510)

Biblid 0543-3657, 64 (2013)

Vol. LXIII, No. 1152, pp. 7–24

Original Scientific Paper

**THE RMB INTERNATIONALIZATION, CHINESE
FINANCIAL OPENNESS AND REFORM**Haihong GAO¹

Abstract: The RMB internationalization strategy is one of the major financial climate changes for both Chinese domestic and foreign financial transactions in the aftermath of the global financial crisis. The paper examines to what extent the RMB is used internationally and outlines the step-by-step approach to the RMB internationalization from the policy point of view. It emphasizes the important steps of the RMB strategy, including the RMB in trade settlement, bilateral currency swaps, regional coverage and offshore market development. It also focuses on the debate of the sequencing issue and the argument of “committed device”. Most recently, the Chinese government has reaffirmed its decision of financial opening and domestic financial reform and has laid out a timetable committing to make the RMB fully convertible by 2020. The paper considers such forward-looking policy steps, along with the new development of the so-called shadow banking, market-driven interest rate liberalization, and free float of exchange rate, to be the major elements for a great change of the Chinese financial sector in the years to come.

Key words: the RMB internationalization, capital account opening, exchange rate flexibility, interest rate liberalization, domestic financial reform.

Introduction

China is now the world's second largest economy and the major creditor with a massive trade surplus and accumulated foreign exchange reserves. However, in the

¹ Haihong Gao, Profesor i direktor, Odeljenje za međunarodne finansije, Institut za svetsku privredu i politiku, Kineska akademija društvenih nauka. E-mail: gaohh@cass.org.cn.

Eckart D. STRATENSCHULTE

**PODUNAVSKA STRATEGIJA KAO POKAZATELJ
MAKROREGIONALNOG STRATEŠKOG PRISTUPA EU**

Sažetak: Evropska unija je 2011. usvojila Strategiju EU za Podunavlje (Evropska komisija, 2010) u nadi da će to omogućiti poboljšanje stanja u ekonomiji i društvu u podunavskom regionu. Tema ovog članka je pitanje zašto EU uopšte pribegava primeni metoda makroregionalnih strategija i u čemu se razlikuje Strategija Podunavlja od Strategije EU za region Baltičkog mora, koja treba da predstavlja model za buduće makroregionalne strateške pristupe. Pored toga, postavlja se pitanje da li Podunavska strategija može da ispunjava svoj cilj, i ako je to slučaj, da li ona to i čini. U zaključku su data razmišljanja o tome da li ovaj strateški pristup može predstavljati doprinos daljem razvoju Evropske unije.

Ključne reči: Evropska unija, podunavski region, makroregionalne strategije, razvoj, region Baltičkog mora.

Received: 21.11.2013.

Revised: 8.1.2014.

Accepted: 23.1.2014.

UDC: 336.14(4-672EU)
Biblid 0543-3657, 64 (2013)
Vol. LXIII, No. 1152, pp. 55–70
Review Article

BALANCED BUDGET RULE IN EUROPEAN UNION³

Dragana GNJATOVIĆ¹
Ana JOVANCAI, Ph.D.²

Abstract: The paper analyses theoretical grounds, legal framework and the implementation of the balanced budget rule in the European Union. We start from the hypothesis that the present preference for stricter implementation of the theory of budget stabilization is primarily a function of preserving the stability of the European Single Currency. The aim of this paper has been to interrogate the new fiscal governance framework aimed at enabling the European Union to strengthen the surveillance over public finances of the Member States. Two key characteristics of this new framework are as follows: introduction of quantitative indicators for financial position of each Member State and transfer of fiscal sovereignty from national to supra national level. We are also analyzing the fiscal position of Serbia as well as the ratio between its indicators and reference values anticipated by the Maastricht convergence criteria.

Key words: balanced budget rule, fiscal discipline, government budget deficit, public debt, euro zone, European Union.

**BALANCED BUDGET RULE IN CONTEMPORARY
MACROECONOMIC THEORY**

In contemporary macroeconomic theory, there is no unified attitude considering the extent to which States should stick to the balanced budget rule. Proponents of the doctrine of functional finance say that the government budget

¹ Professor of Economics University of Kragujevac, Serbia. e mail: dragana_gnjatovic@yahoo.com.

² Megatrend University, Belgrade, Serbia.

³ The paper has been written within the research project 'Promotion of Public Policy in Serbia as a Function of Promoting Citizens' Social Safety and Sustainable Economic Growth' (47004), which is financed by the Ministry of Education, Science and Technological Development of the Republic of Serbia.

