

EXPORT
RÅDDET

SWEDISH TRADE COUNCIL





Serbia – Country Presentation

Fact Pack

The Swedish Trade Council in Serbia
June 2009

THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

Sweden:

- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

Abroad:

- 66 offices, 500 employees in 57 countries
- Through partners and networks we cover more than 100 countries

Belgrade

- Operational since 2001



Vision of the office:

STC in Belgrade is the primary consulting partner for Swedish companies doing business in Serbia, Bosnia-Herzegovina, Macedonia, Kosovo, Albania and Montenegro

SERBIA IN BRIEF

Area:	77,474 km ²
Population:	~ 8 million
Language:	Serbian
Capital:	Belgrade
Biggest cities:	Belgrade, Novi Sad, Nis
GDP:	28.5 BEUR (2009est)
Currency:	Dinar (RSD)
Inflation:	8%(+/- 2%)(2009est)
Unemployment:	~18.8 % (2008)
Main exports:	Iron and steel, non-ferrous metals, fruits and vegetables, clothes, manufactures of metals
Main imports:	Manufactured products, fuel, food products
Swedish exports to Serbia 2008:	1231 MSEK
Swedish imports from Serbia 2008:	319 MSEK

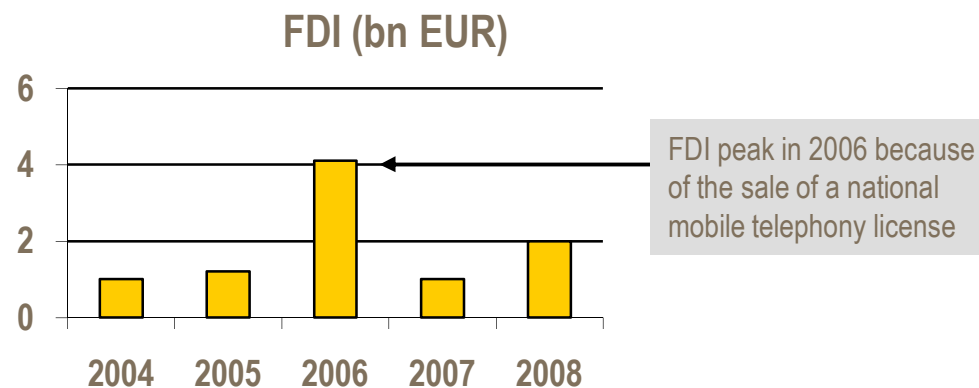
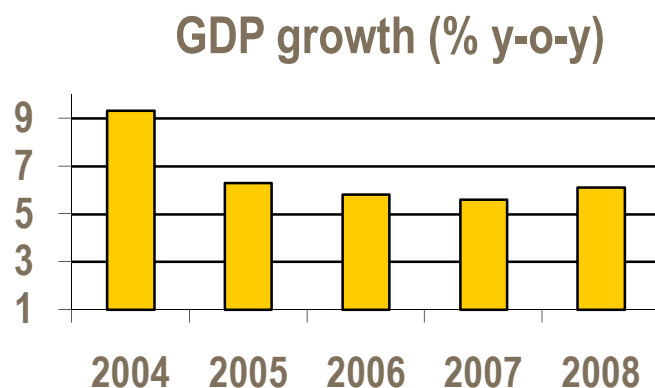


Source: Map: CIA World Fact Book, IMF World economic outlook, STC Trade Profiles

FAST GROWING ECONOMY WITH INCREASING POLITICAL STABILITY

- Serbia and Belgrade are again becoming economic centres in the region after years of political uncertainty
 - The political and economic insecurity of the conflicts in 1990's is gradually changing as a result of increasing investments and adaptation to EU rules and standards and increased stability
 - More stable political situation and positive outlook after the formation of a pro-EU government in July 2008
- Stabilizing and growing economy with continued inflows of foreign direct investments
 - The economic performance over the past years has been praised by IMF and the World Bank
 - Significant progress can be noted in recent years, strong support from the international community, reforms, stable economy, agreements with creditors, etc.
 - Lowering the inflation rate has been expressed as a target for the new government
- Several interesting business opportunities exist in a number of fields
 - Continued international support through e.g. EU IPA funds
 - Reduced start up times of companies, low tax rates and other incentives for investment

STABILIZING AND GROWING ECONOMY - INCREASING DOMESTIC DEMAND AND CONTINUED FDI INFLOWS



- 37% of Serbian exports in 2007 went to its neighbouring countries of the former Yugoslavia
Italy and Germany are other important export destinations
- 14% of imports came from Russia in 2007
Imports from Italy and Germany were almost as high
The EU is an important trading partner

**“Serbia has made significant progress in recent years
in an exceptionally challenging environment.” – IMF**

Source: Global Insight, IMF, SIEPA, VIP, US Commercial Service

INTERESTING SECTORS FOR SWEDISH COMPANIES (1/2)

Energy

- Ongoing transition and deregulation of the sector for yet some time
- Great needs for generation and distribution as supply is not keeping up with increasing demand
- Potential in renewable energy and energy efficiency
- Opportunities in supply of equipment and know-how

Transport, infrastructure and construction

- Ongoing and upcoming investments in infrastructure. Located on Pan-European transport corridors 10 and 7
- Sector boosted by growing economy and foreign funding
- Serbian construction companies are also increasing their activities abroad
- Opportunities for equipment suppliers and technical consultants

Sourcing

- Sourcing to Serbia is getting more popular as the industrial base is rebuilding
- Free Trade Agreements, closeness to major markets, adequate infrastructural connections, educated work force with low salary levels, low tax levels
- Sectors with potential are e.g. metal processing, textile and IT

ICT

- Opportunities in supply of equipment and know-how

INTERESTING SECTORS FOR SWEDISH COMPANIES (2/2)

Mining

- Rich deposits of metals and minerals: copper, nickel, silver, magnesium as well as limestone quarries and decorative stones
- Some of the mines are undergoing privatization
- Extensive prospecting is taking place in the country
- Opportunities exist directly in the mining process as well as in supply of equipment to the existing and future mining activities

Agriculture, forestry and food processing

- 20-25% of the economy in terms of economy, employment and exports
- Fertile soils and favorable climate give good production of e.g. fruit, wheat, sunflower oil, sugar, livestock, and tobacco
- Investments needed in e.g. irrigation and machinery
- Potential primarily in supply of equipment but also in purchase and production of food stuffs

Technical consultancy services

- Needs for studies and advice in many sectors and projects
- The IPA (pre accession support) gives Serbia over 185 MEUR/year during coming years
- Additionally, projects will also be funded by the government and by other international financial institutions and organizations

A MARKET WITH INTERESTING OPPORTUNITIES - BUT BE AWARE OF TRANSITIONAL CHALLENGES

STRENGTHS AND OPPORTUNITIES

- Increasing stability and growing economy
- Well educated workforce at low cost levels
- Favourable geographical position
- Existing free trade agreements (CEFTA, EU and Russia)
- Favourable tax and investment regime
- Needs in all sectors
- Ongoing EU processes

CHALLENGES

- Political changes/instability
- Macroeconomic risks and imbalances
- Slow reform processes
- Bureaucracy and corruption
- Weak judicial system
- Continuous brain drain
- Kosovo issue remains on the agenda

Source: Interviews, STC analysis

TIME CONSUMING AND DEMANDING TO DO BUSINESS IN SOUTH CENTRAL EUROPE

- NETWORK AND LOCAL KNOWLEDGE IS ESSENTIAL

- Networking and maintaining of personal relations is essential for successful business.
 - Without a functioning network it is hard to do business
 - The time has to be invested to visit the market and meet with people
- In general time consuming to do business and to find reliable information in the Balkans
 - Information has to be double/triple checked
- Examples of practicalities to look into and to have in mind:
 - Language, bureaucracy, corruption, transport issues, long processes, good lawyer and accountant
- Sweden, Swedes and Swedish companies have an exceptionally good name

The Swedish brand is very helpful on the markets of South Central Europe

SERBIA PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- About 2.5 hours from Sweden
- Strong growth
- Increasing stability
- Well educated workforce
- Attractive salary levels
- Advantageous tax rates for investors
- Investment needs within all sectors
- EU processes and international support
- “Everybody is not here”

... which has contributed to...

the fact that most of the largest Swedish companies are present and yet around 70 have established business in Serbia

STC Belgrade is the natural partner for all Swedish companies who want to establish or develop their business in Serbia

USEFUL CONTACTS

- SIEPA www.siepa.sr.gov.yu
- Serbian Government www.srbija.sr.gov.yu
- B92 News www.b92.net
- SeeNews www.seenews.com

THE SWEDISH TRADE COUNCIL IN SOUTH CENTRAL EUROPE

The STC offices in South Central Europe collaborate extensively, enabling a more efficient way of coordinating activities between the markets, making us more adaptive and flexible to meet our clients' demands and needs.

Would you like to know more about our multimarket services? Please contact us at southcentraleurope@swedishtrade.se

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