

# AUSTRIA IN SERBIA

BUSINESS CONFIDENCE SURVEY 2022



© aim

With over 400 subsidiaries Austria remains one of the biggest investors in Serbia, bilateral trade has been on the rise and a new all-time high is predicted for 2022. Austrian exports to Serbia are predicted to reach an impressive growth of 34%, whilst Austrian imports from Serbia are predicted to grow by an exceptional rate of 38%.

When we last published the business confidence survey the effects of the pandemic have still been very present in the business environment and therefore it affected all Austrian subsidiaries and offices in Serbia alike. This year I am honoured to report that the majority of businesses has already reached pre-pandemic levels again and the majority of respondents feel that the economic climate has remained the same throughout the past year. Furthermore, subsidiaries were able to increase their total turnover and order books whilst employing the same or just slightly increasing the workforce.

For the next year a further increase of the total turnover is expected as well as that the business environment will remain the same or slightly get worse.

Serbia has established itself as a very attractive investment location for Austrian companies and especially the political stability, employment laws and the predictable economic policies encourage companies to invest in the country. Furthermore, the high level of digitalisation, as well as the quality and the availability of local supplies boost business in Serbia. As the trend of near-shoring increases in Europe, this also increases the attractiveness of Serbia and the Western Balkans. As most branches are subsidiaries selling Austrian products or services or are local production facilities, production is prone to stay afloat next year.

Those outcomes are some of the key findings of the Austrian Business Confidence Survey, which we conduct in the fourth quarter every year. In this handbook we are trying to give you a better understanding of the overall perception of Austrian subsidiaries and offices in Serbia, what motivates businesses to operate in Serbia, how they are affected by current global political and economic developments impact and their experiences in the past five years.

We hope this sparks your interest not only in Austrian Serbian businesses but rather the bilateral trade in-between those countries.

Jürgen Schreder  
Commercial Counsellor  
Head of ADVANTAGE AUSTRIA Serbia

Belgrade, December 2022

## **1. AUSTRIAN BUSINESS IN SERBIA**

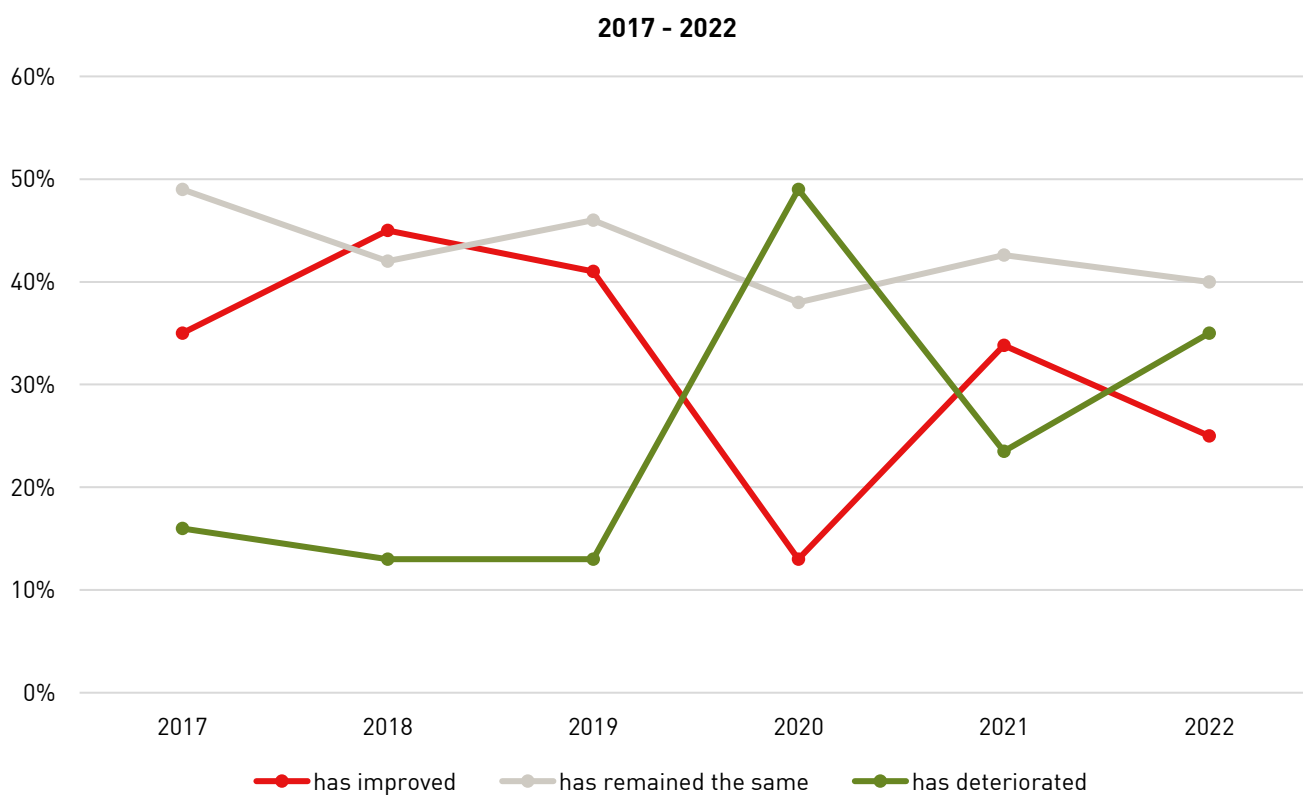
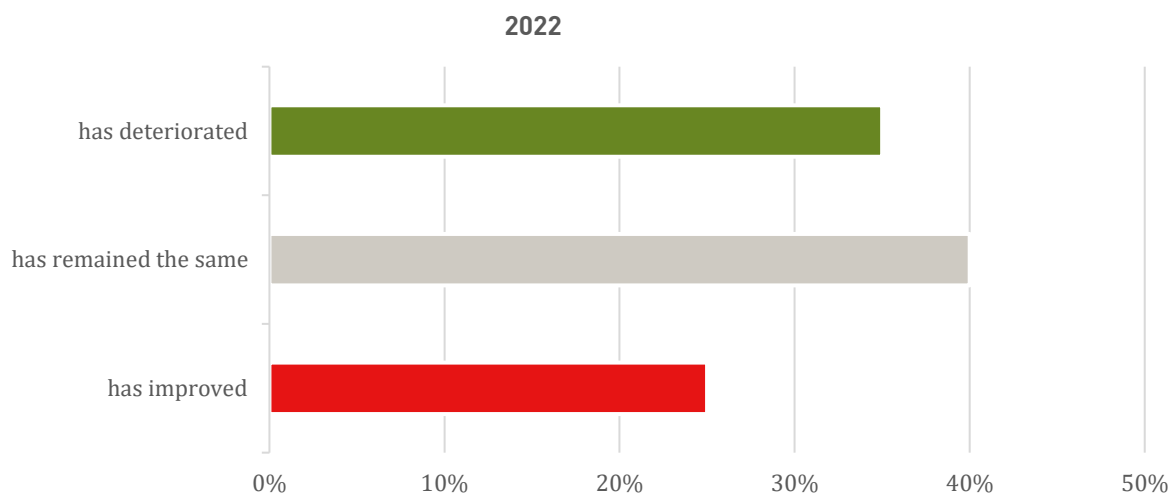
### **1.1. GENERAL OUTLOOK**

Serbia is the most important trading partner of Austria in the Western Balkans and the interest in the country is at an all time high. With the increasing trend of near-shoring not only in Austria but rather the whole of Europe, Austrian bilateral trade with Serbia is at a never-seen before number. In the first nine months of 2022, Austrian exports to Serbia have surged by 29 % to 783 Mio. EUR, whilst imports from Serbia have increased by an impressive 29 % to 673 Mio. EUR. This makes Serbia the 29<sup>th</sup> most important trading partner of Austria worldwide and we can expect that Serbia will increase in this ranking in the coming years.

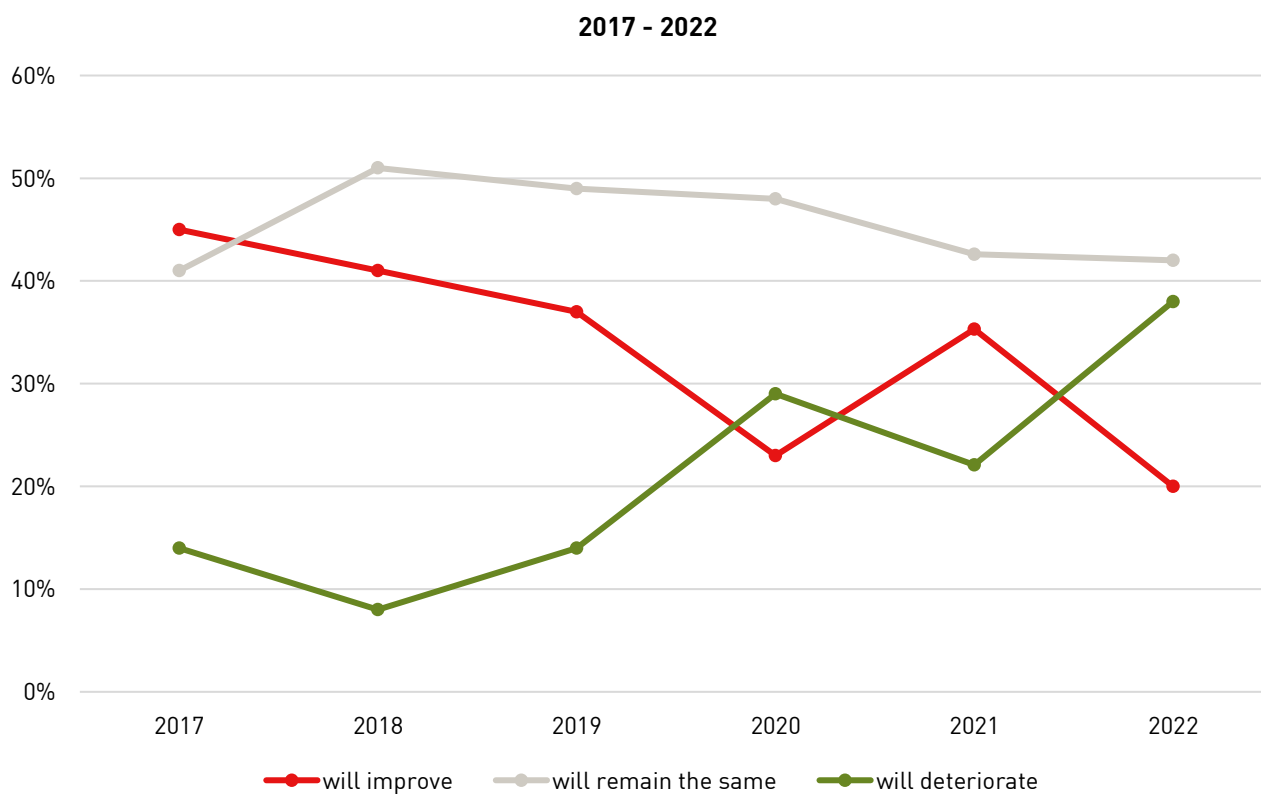
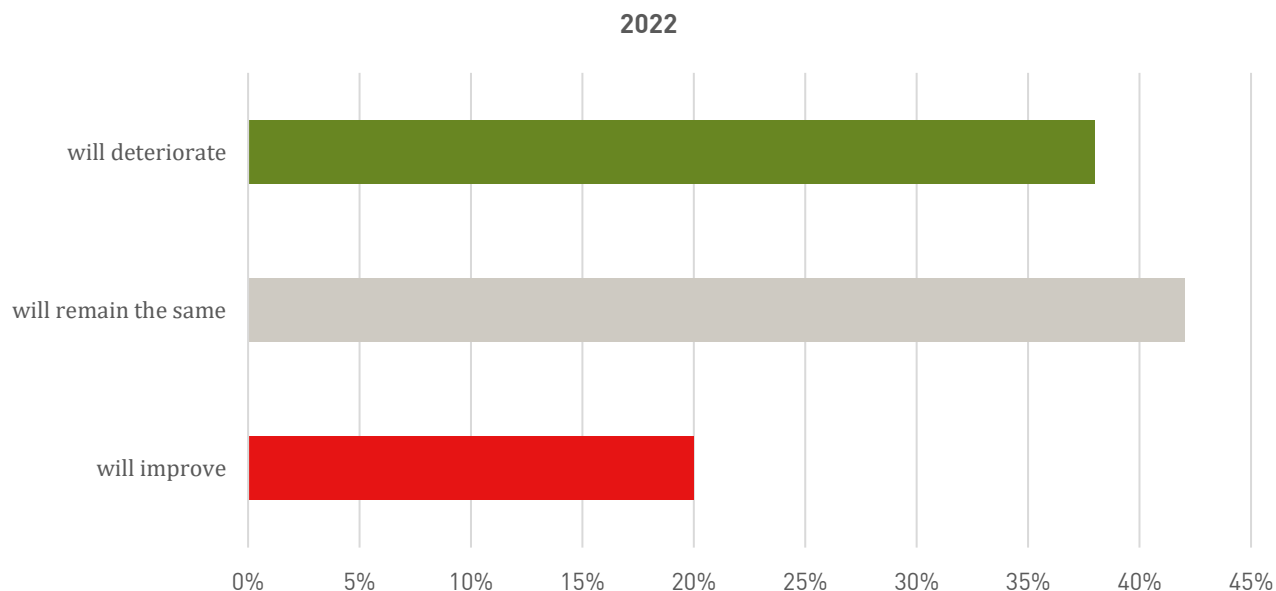
As Serbia and Austria have quite a long history, it is always worthwhile to look back to the past years to get a better understanding of bilateral trade. The overall economic situation is perceived to have remained the same, as 40 % of participants have stated in the survey. In comparison to previously collected data, it can be seen that this perception has roughly remained the same throughout the last years, as 40 – 50 % of yearly participants tend to perceive the economic situation as stable. In 2022 however an increasing number of 35 % have perceived the economic situation as deteriorating, whilst in contrary 25 % would say that it did indeed improve. In comparison to last year this number has decreased, however in regard to the post-pandemic relief and the new worldwide geopolitical situation and new problems arising from these, it could be said that the business in Serbia is currently being influenced by never seen before circumstances.

Furthermore, it is also important to look at the future perception and the outlook on the coming 12 months in order to understand the perception of the current situation. Roughly 42 % of participants do believe, that the Serbian business environment will remain the same in the following months, which follows the trend from the previous years. In contrary to the past six years however, an increasing number of participants, 38 % to be exact, do believe that the changes worldwide will also affect the business environment within the country and therefore the Austrian subsidiaries and offices.

## How would you assess the general economic situation / climate from a business perspective over the past 12 months?

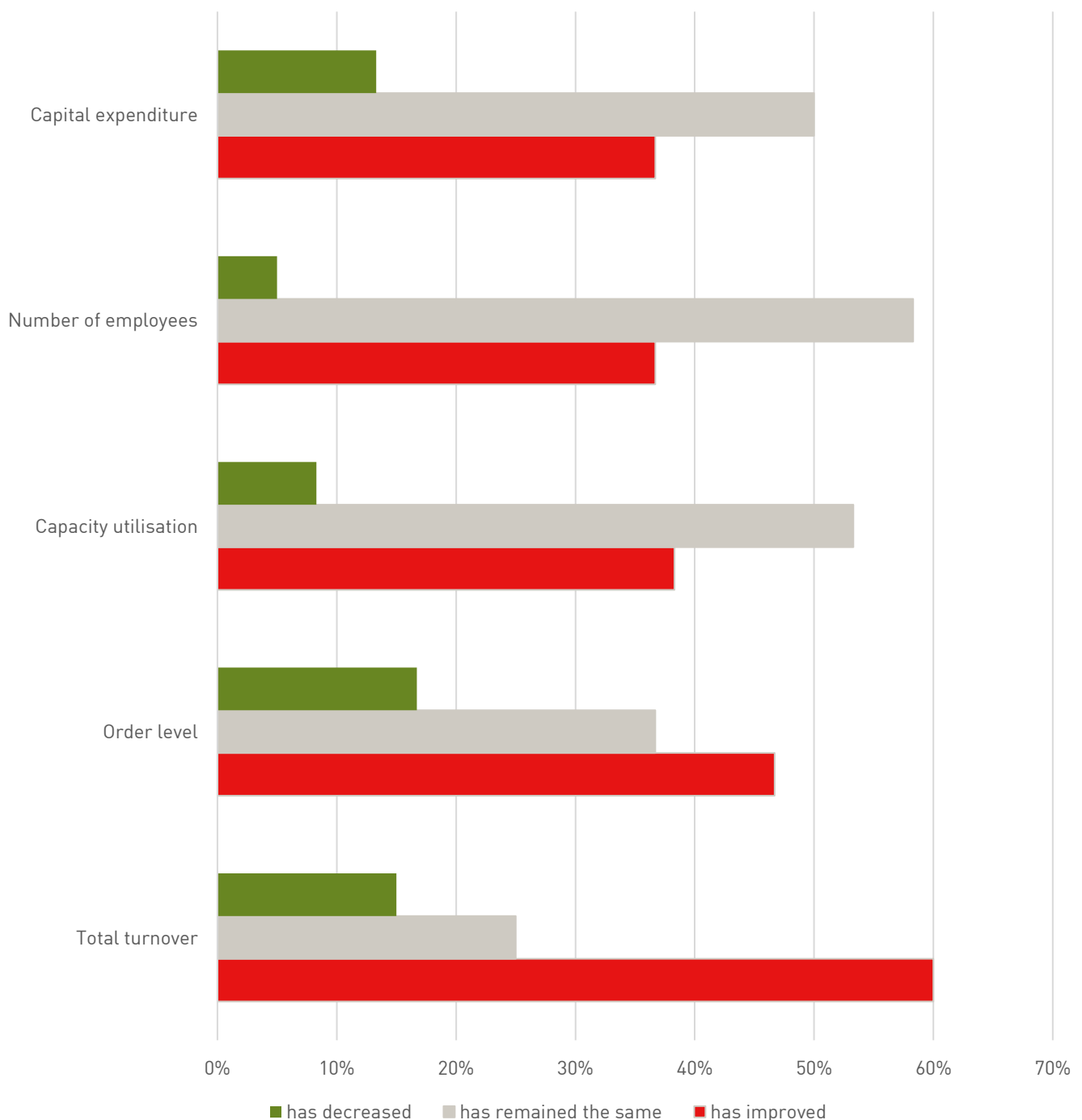


## How would you assess the general economic situation / climate from a business perspective over the next 12 months?



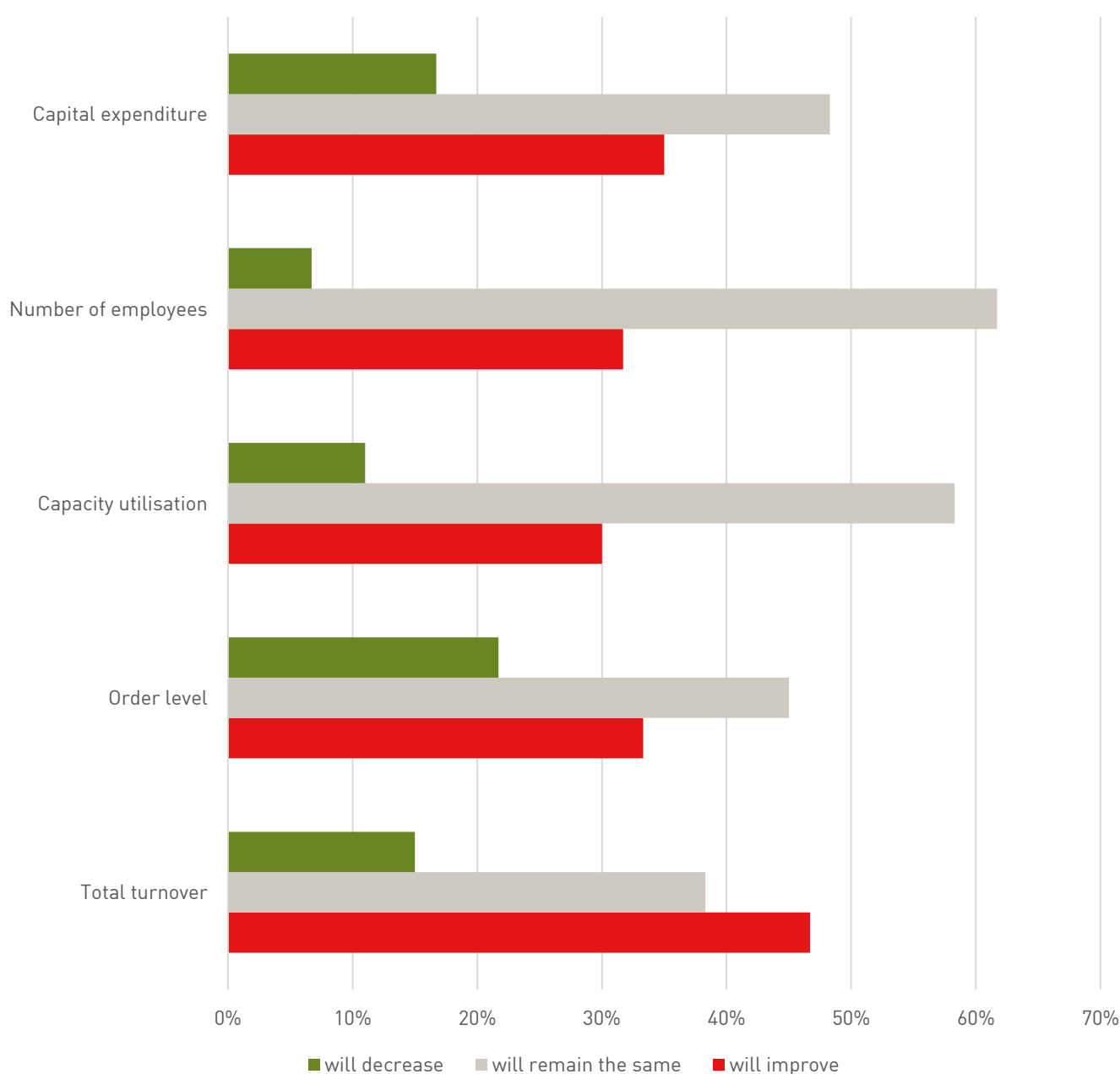
The previous findings already indicated that the subsidiaries and offices have had a good financial year and 60 % of participants confirmed this by stating that their business has been able to increase their total turnover, with 47 % being able to increase their order levels whilst their workforce (58 %), capacity utilisation (53 %) and capital expenditure (50 %) have roughly remained the same over the past 12 months.

### Development of key business figures over the past 12 months



As for the coming 12 months, the majority of participants (47 %), expect a further increase of their annual turnover, however it is presumed that order levels (45 %), capacity utilisation (58 %), capital expenditure (48%) and the number of employees (62 %) will remain the same. An increase in total turnover whilst the remaining key figures will remain the same would further increase the importance of the bilateral trade between Austria and Serbia.

### Outlook on key business figures over the next 12 months

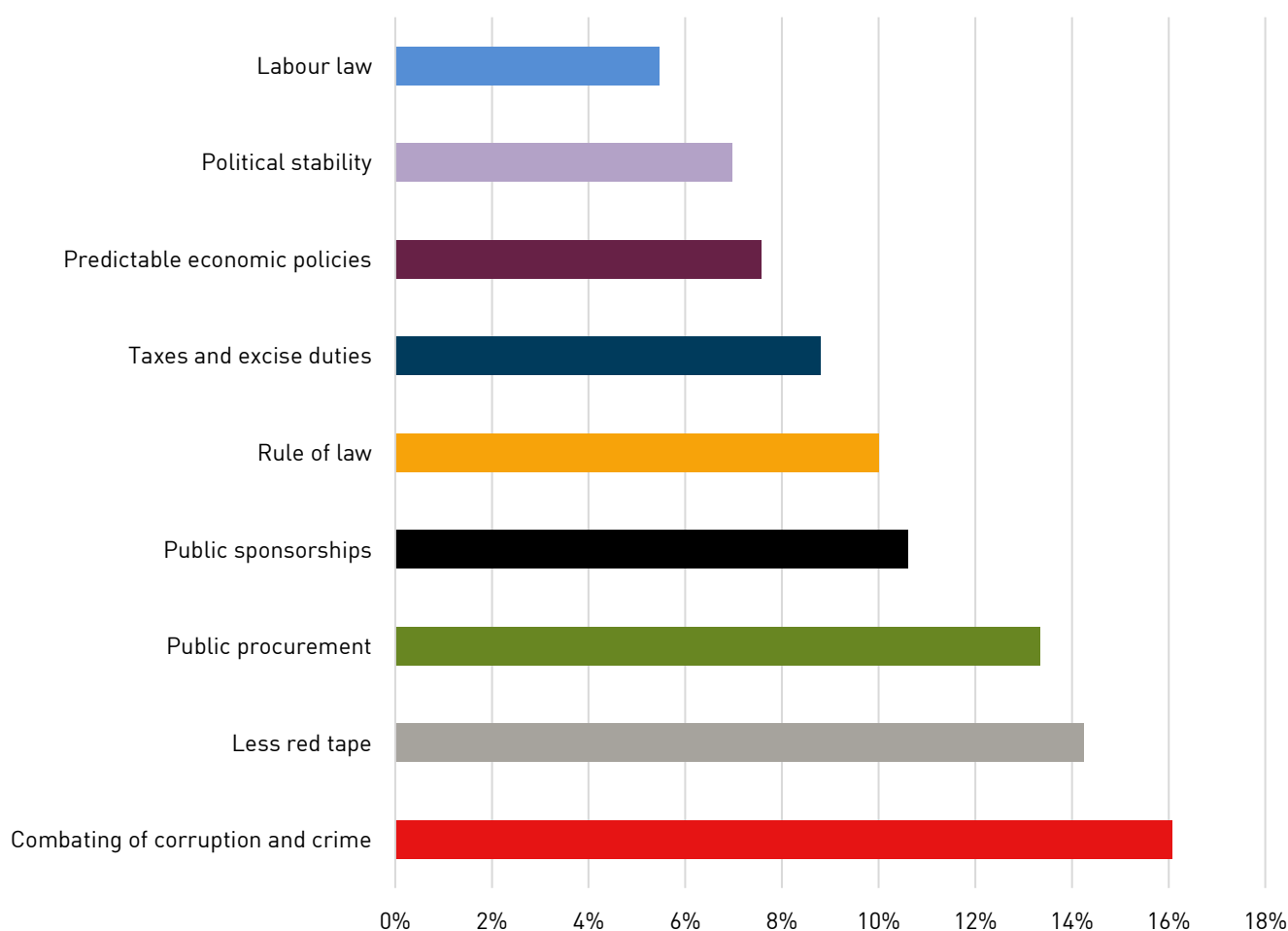


## 1.2. MARKET CHALLENGES, IMPROVEMENTS AND REFORMS

Serbia has implemented a vast majority of substantial reforms in the last years in order to improve the business environment within the country, which have been welcomed by the business community. Nonetheless, especially in regard to combating corruption and crime (16 %) and the red tape (14%) there is still room for improvement.

Nevertheless, over the years Austrian companies have changed their perception towards other issues, such as the rule of law, which implicates that the governmental advances were fruitful.

### Which 3 key areas in public administration have the most urgent need for reform?

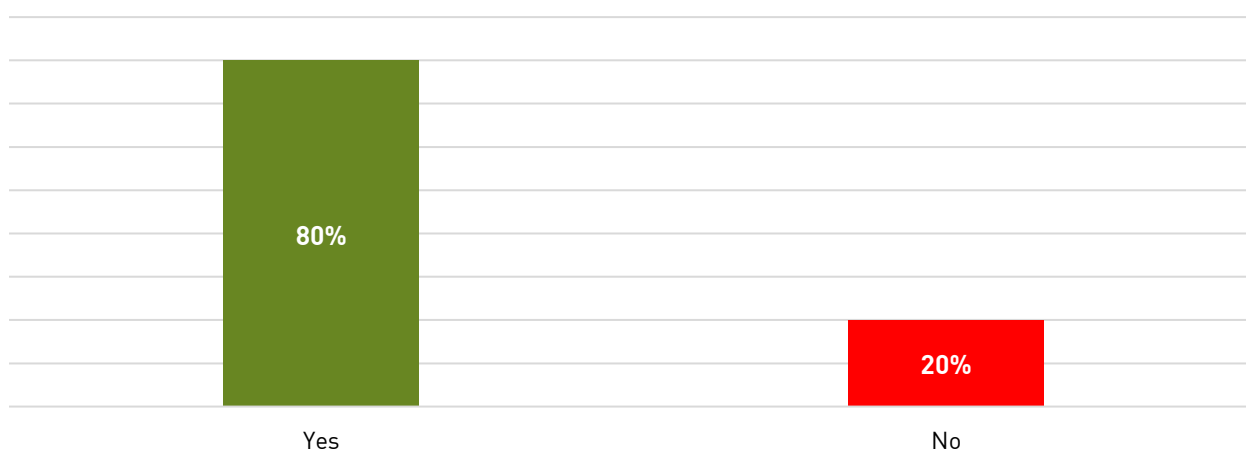




### 1.3. EXTERNAL EFFECTS ON BUSINESSES

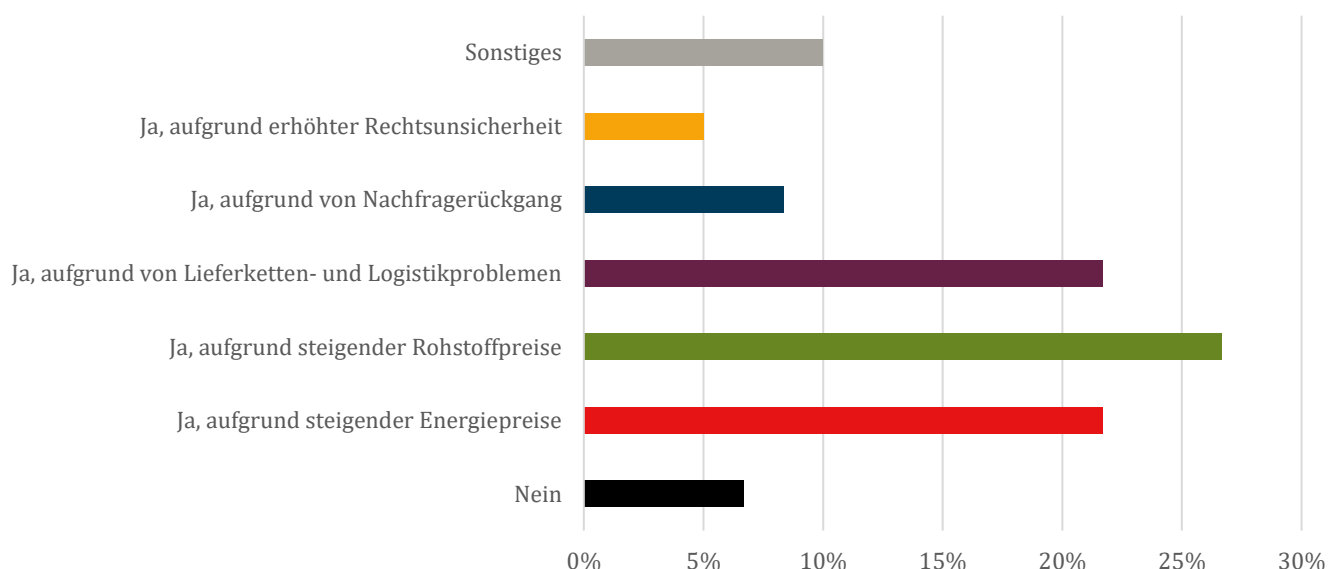
The pandemic did not only affect the workforce in businesses but also the total turnover and other key figures. One of the most important findings from this study is therefore the fact, that 80% of the Austrian subsidiaries and offices have reached their pre-pandemic levels and often have been able to already exceed those.

#### Was your company able to match pre-pandemic levels again in 2022?



Furthermore, with the outcomes of the pandemic

#### Are the current global political and economic developments impact your business in a negative way?



## **2. METHOD**

Advantage Austria conducts the Austrian Business Confidence Survey in its biggest Export- and Investment countries, which Serbia is a part of. Every year in the fourth quarter of the calendar year a qualitative online survey is being sent out to the subsidiaries in those markets. Managers of Serbian subsidiaries or offices have been able to answer a total of 10 question, either open or closed to add specific answers or general experience.

Participation in the Austrian Business Confidence is not mandatory; however, we can see an increase of participants across a wide range of industries every year and are therefore able to portray the business environment in Serbia.

## **3. PROFILE OF PARTICIPANTS**

As a wide range of industries takes part in the survey the subsidiaries and offices conclude a vast range of business in Serbia. 43 % of the respondents stated, that their main activity in Serbia was to act as a subsidiary of an Austrian company distributing Austrian products or services. 42 % participants identified themselves as providers of services in Serbia and 15 % identified themselves as subsidiaries with a local production facility.

## CONTACT

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