

SERBIA

The Balkans’ economic powerhouse

The country has evolved to become one of Europe’s fastest-growing economies that attracts the majority of foreign direct investment into its region

In 2024, Serbia’s gross domestic product grew by 3.9% and a 4.5% rise is predicted in 2025 for the republic that sits at the crossroads of Europe and Asia. “Despite global challenges, Serbia has transformed into one of Europe’s fastest-growing economies. This marks a dramatic shift from 2012 when it was on the verge of bankruptcy and experiencing negative growth,” stated First Deputy Prime Minister and Minister of Finance Siniša Mali.

Every economic indicator confirms the former Yugoslavian state’s remarkable evolution over the last 13 years. For example, “GDP has nearly tripled to \$93 billion, our unemployment rate has dropped from 26% to 8.1%, the minimum monthly wage has quadrupled to more than \$500, foreign exchange reserves have reached a record \$33 billion and public debt is 44% of GDP, far below the Eurozone 89% average,” Mali detailed. “Despite rapid growth, we’ve maintained macro-economic stability. A milestone demonstrating our progress came in 2024, when Serbia received its first-ever investment-grade credit rating from Standard & Poor’s.”

Furthermore, the country now consistently draws in over 60% of all foreign direct investment into the Western Balkans, and it attracted \$5.9 billion in FDI inflows last year, a historic high for the region and 14% up on 2023’s total. According to Marko Čadež, president of the Serbian Chamber of Commerce and Industry, “Around 20,000 companies in the country are foreign-owned, including many major global players in manufacturing and information and communication technologies. That’s a clear gauge of Serbia’s strong business environment.”

The nation has numerous advantages for those investors, including a skilled workforce, low operational and energy costs, and generous incentives. In addition, “Serbia’s strategic location, investment in infrastructure and free trade agreements give manufacturers access to 2.8 billion people, including in Europe, the US, Turkey, China, Japan and the United Arab Emirates,” Čadež said. “We also work together with neighboring countries to offer investors access to larger markets, from the 6.5 million in Serbia to 22 million in the region. Despite past political challenges, leaders now recognize the importance of cooperation for mutual success.”

The country’s economic collaboration across the continent will step up several gears if it succeeds in joining the European Union. The minister disclosed: “We’re fully committed to integrating into the EU family and we’re aggressively aligning our laws and regulations with the bloc’s standards. By 2027, we will have met all formal EU membership requirements.”

Knowledge-based high-tech economy

For Čadež, one key achievement since 2012 has been shifting from a labor-intensive, low-val-



Home to 2 million people, Belgrade is undergoing major infrastructure upgrades in preparation for Expo 2027.

ue-added economy to a knowledge-based one. “Automotive factories are now producing complex high-tech products, for instance, and our ICT service exports are up tenfold to over \$4.4 billion, making that sector our biggest export industry,” he noted.

“Today, Serbia is home to research and development hubs, including one of Microsoft’s largest R&D centers. Last year, US-based AMD opened two engineering centers where, relying on domestic IT experts, it develops cutting-edge computer chip technologies.”

This shift has been supported by government investment in R&D incentives, science and technology parks and education, with around 88,000 students enrolling in science, technology, engineering or math courses every year. Rising levels of education has also led to an increase in entrepreneurialism. “Serbia has the fastest-growing startup ecosystem in Europe. US entrepreneurs seeking new markets and the chance to build from scratch should look at Serbia,” said Čadež.

The country offers solid backing to startups and the other small and medium-sized enterpris-



Siniša Mali
First Deputy Prime Minister and Minister of Finance

es that make up more than 90% of all Serbian businesses. Mali explained: “I’m focused on strengthening Serbia’s capital markets and helping SMEs to access them. We also provide affordable loans for new investments and partner with international financial institutions to facilitate low-cost financing via commercial banks.” Predrag Mihajlović, CEO at the biggest bank by capital size OTP banka Srbija, commented: “The banking sector is resilient. With a strong capital base and customer-centric approach, Serbian banks are well positioned to navigate global economic shifts while driving sustainable growth in the local economy.”

Going forward, one sector Čadež believes Serbia has huge potential in is electric vehicles: “With companies like Stellantis having already started EV production, and given Serbia’s rich lithium reserves and other rare materials such as copper, graphite and boron, we’re an ideal hub for an integrated value chain running from mining to batteries and EV factories.” Another industry that is developing quickly is green energy. Mali stated: “We aim to generate 45% of our energy from renewables by 2030 and become carbon neutral by

2050. One illustration of our commitment to this is our agreement with the US company UGT Renewables to build a 1GW solar park.”

The government is also committed to continuing to improve living standards and infrastructure. In two years, the Serbian capital will host over 120 countries and millions of visitors at a World Expo event. Prior to this, “We will invest \$20 billion

SINIŠA MALI
FIRST DEPUTY PRIME MINISTER AND MINISTER OF FINANCE

“As we approach Expo 2027 Belgrade, the region’s largest growth opportunity, we expect rising interest from US and global investors.”

in 323 projects covering roads, rail lines, energy, schools, hospitals, agriculture and more. This will fuel GDP growth, enhance quality of life and make Serbia more competitive,” the minister asserted. “Serbia is already the dominant economy in the Western Balkans. As we approach Expo 2027 Belgrade, the region’s largest growth opportunity, we expect rising interest from US and global investors, and we look forward to welcoming them to our country.”

A revitalization of US-Serbia bilateral relations

The US is an increasingly important element in the Balkan nation’s multi-pillared network of international partnerships

Serbia has historically acted as a bridge between the West and East and maintains a multi-pillared foreign policy that has enabled it to build ties with the European Union, the US, China, Russia and other Asian, African and Middle Eastern states. “We have a unique geopolitical position, global outreach and network of partnerships, friendships and free trade agreements,” Minister of Foreign Affairs Marko Đurić confirmed.

For Đurić, who was the country’s ambassador to the US before taking up his current position in 2020, one of the most positive geopolitical developments in recent years has been a revitalization of the links between Serbia and the US. “Our nations established relations in 1882 and were allies in both world wars. Serbia was non-aligned during the Cold War and kept good relations with the US,” he said. “We have a strong history, over a million people of Serbian origin live in the US and five US towns are named Belgrade after Serbia’s capital. We’re now reestablishing our strategic partnership across all sectors.”

For example, the countries signed an agreement aimed at stimulating investment and cooperation in Serbian infrastructure projects in 2018, and a similar agreement covering energy followed in 2024. The relationship appears to be strengthening since President Trump’s election later that



Marko Đurić
Minister of Foreign Affairs

year, with high-level meetings taking place and the launch of a bilateral strategic dialogue program in January 2025. The dialogue will address economic, trade and investment, energy, environmental, information technology, media, security and other areas of mutual interest.

In addition, “Serbia’s US congressional caucus has more than doubled in size recently, reflecting growing interest among US lawmakers,” Đurić disclosed. “We also have a new Serbian-American Business Council in Washington, which unites major US investors in Serbia and the region and

actively advocates for stronger ties. Economic exchange between our countries is now measured in billions and the US is Serbia’s top partner in services.”

Investing in the country’s huge potential

Nearly 1,000 US companies have operations, production facilities or research and development centers in the Balkan nation, including Microsoft, Google, NCR, Rivian, Philip Morris, UGT Renewables, Bechtel, Coca Cola, Lear Corporation, Johnson Controls and Ametek. Many of them are affiliated to the thriving American Chamber of Commerce in Serbia, which boasts 262 members that employ 119,000 people and have invested nearly \$16 billion in the country. New names are arriving all the time, with one notable recent an-



Serbia’s location makes it a key strategic ally for the US.

MARKO ĐURIĆ
MINISTER OF FOREIGN AFFAIRS

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nouncement being a Trump Tower development project in the capital Belgrade that is valued at over \$550 million.

As First Deputy Prime Minister and Minister of Finance Siniša Mali pointed out, “There is much more untapped potential in US-Serbia cooperation, particularly in sectors like information and communication technologies, energy and real

estate. There’s also strong American interest in areas like artificial intelligence and defense, which we need to capitalize on to further strengthen relations.”

Đurić invited US investors and visitors to experience Serbia firsthand. “With visa-free entry, direct flights from New York and Chicago, and hopefully a Miami-Belgrade route soon, Serbia is well connected to the US,” he affirmed, adding that the capital’s hosting of a World Expo event in 2027 offered a perfect opportunity to visit. “Expo 2027 Belgrade will be a global hub for networking, economy, culture, business and sports, and we’re thrilled that the US has confirmed its participation with a major pavilion. Come and see Serbia, a unique, often overlooked country with great potential for US cooperation in the 21st century.”

SERBIA’S ECONOMIC TRANSFORMATION IN NUMBERS


3.9% GDP growth in 2024, the 2nd-highest rate in Europe


Consistently attracts over **60%** of all FDI into the Western Balkans


4%-5% annual GDP growth forecast for 2025 through to 2027


\$5.9 billion in FDI inflows last year, **14%** more than in 2023


GDP has almost tripled in value since 2012 to reach **\$93** billion


88,000 students enroll in STEM education courses every year


Free market access to **2.8** billion people in Europe, the US, Asia and the Middle East


ICT services are Serbia’s biggest export, bringing in over **\$4.4** billion in 2024


About **\$20** billion will be invested in infrastructure in the run up to Expo 2027


Nearly **1,000** US companies have established operations in Serbia to date

New-era financing, tailored to clients' demands

A forward-focused financial sector is a reliable partner for Serbian individuals and companies, as well as inward investors

The Serbian economy benefits from a robust banking industry, which is made up of 20 licensed commercial institutions that dominate the country's financial services sector with around 90% of the total market. "Serbia's banking sector has demonstrated exceptionally high resilience to external factors in recent years, primarily due to its strong capitalization and liquidity," stated Davor Macura, chairman of the management board of Alta Banka, the country's fastest-growing bank in 2024 and one of the few to be under local ownership.



Davor Macura
Chairman, Alta Banka

through personalized approaches to data handling. We're committed to innovation-driven growth and are continuously improving and developing our services to remain a reliable partner for our clients."

The universal bank has a 45-year history in the sector. Originally called Jubmes, its name was changed after its acquisition in 2019 by Alta Group, a major player in financial services with subsidiaries that include a successful network of money exchange offices and Alta Pay, the largest electronic payment services operator in the country.

"We translated the skills and agility of the group's other businesses into the development of an institution with a strong legacy, transforming it into a new-era bank. Experienced banking and financial professionals, with extensive backgrounds in both domestic and international systems, joined us. Our workforce has increased nearly fivefold and we now have over 500 highly qualified employees," Macura revealed. "Alta Banka is a story of a team of professionals who work 25 hours a day, follow innovations and the world's best trends, while respecting domestic and international regulatory frameworks, market specifics and the needs of our clients — all while developing solutions that make a difference."

Progressive and digitalized

The bank has launched a broad range of added-value new products and electronic services in the past few years, many incorporating advanced tools such as artificial intelligence. "Our goal is to offer services at the highest level. Given the constantly evolving client base for banking, digital solutions — particularly those utilizing AI technology — have become essential for delivering a superior customer experience and facilitating a transition from offline to online banking. AI enables a predictive approach to understanding and tailoring solutions to user needs," he stated.

"One of our key advantages is our synergy with other members of Alta Group, particularly Alta Pay, which has more than 4,200 payment points across both Serbia and Montenegro. For example, we collaborated on the development of a digital consumer and cash loan application process that is conducted entirely online. Users submit photos or scans of documentation, the approval and disbursement process takes less than 24 hours, and the service is available throughout Alta Pay's extensive Serbian network."

Robust support system for incoming investors

Serbia offers an attractive mix of low taxes, broad incentives and a solid legal framework

Serbia is home to a number of professional service companies that help investors in all sectors navigate its evolving business environment. Among the most prominent is Aleksić & Associates, one of the country's largest full-service corporate law firms. We asked its managing partner, Nemanja Aleksić, to provide an overview of the business climate.



Nemanja Aleksić
Managing Partner
Aleksić & Associates
Law Office

The Serbian economy has changed dramatically. How competitive is it today?

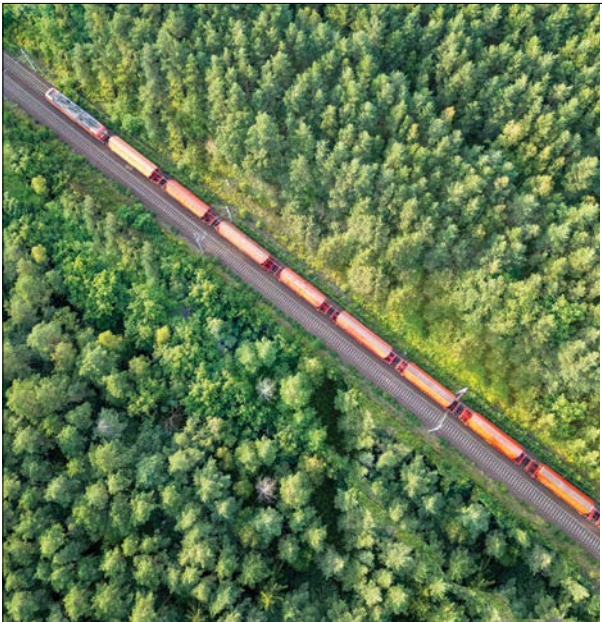
Serbia is emerging as one of the most dynamic and resilient economies in Southeast Europe. Serbia has achieved exceptional progress in the last 12 years since the appointment of Aleksandar Vučić, first as prime minister and then as president. It's transformed from a cost-driven location into a diversified investment-attractive market, offering a rare blend of stability, opportunity, affordability and high-value human capital, which is educated, multilingual and innovation-driven. With sustained commitment

to the rule of law, digital transformation and green development, Serbia is well on its way to becoming a leading business and innovation hub.

The country is the top destination for foreign investment in the Western Balkans. Why is it attracting so many investors?

Serbia's appeal goes beyond its low business costs. It has built a robust support system for investors that includes cash grants and investment subsidies for greenfield and brown-field projects; payroll tax reliefs of up to 75% for job creation; and 10-year corporate tax holidays for large investments. There are also special benefits for innovation-based and intellectual-property-heavy companies, including research and development tax breaks and exemptions for qualified IP income.

In addition, Serbia's taxation system is one of the more competitive and investor-friendly in Europe. It's built on a flat-tax model, which keeps things relatively simple and predictable. The corporate profit tax rate is 15%, among the lowest in Europe, and



Danubia Group

We take pride in our position as the forefront leader in the Balkan Region, delivering integrated supply chain solutions that are digitally powered, sustainably driven, and dedicated to advancing green energy initiatives.



www.danubia.group



Belgrade's waterfront along the River Sava is lined with bars and restaurants.

The bank is also expanding its physical network of branches, which are open seven days a week. "We're aware of the challenges and fast-paced nature of modern life, as well as the need for clients to balance their private and professional obligations. As one of the few Serbian-owned banks, we're dedicated to raising the standards of everyday banking in the country," explained Macura.

Both the bank and its staff are focused on supporting the communities in which they operate too. "By fostering strong relationships, upholding true values and investing in the right causes, we're building a better future," he said. Among other initiatives, it sponsors numerous sports clubs and associations, as well as art, science and music foundations. One project that is particularly important to the chairman is Alta

DAVOR MACURA
CHAIRMAN, ALTA BANKA
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for Children's Smiles, which involves bank employees regularly visiting and giving assistance to disadvantaged children in social welfare institutions. "The message of this campaign is love and its goal is to provide opportunities for every child, ensuring their inclusion and a chance for a better life. Seeing the children's smiles is our reward," he asserted.

"In addition, we're actively supporting Serbia in its green transition. Over the past year, we've developed green credit lines and work daily with our clients and partners to raise awareness and promote the adoption of this critical change. Sustainable financing is a fundamental necessity for both the economy and the market."

This viewpoint is shared by the sector's regulator, the National Bank of Serbia, which is currently collaborating with the World Bank on the development of a sustainable finance

roadmap that aims to accelerate and strengthen capacities for green lending.

Macura is confident that the bank and wider Alta Group will continue to flourish and grow in tandem with the nation's economy. "One of the most significant events of 2024 was Serbia's assignment of an investment-grade credit rating by Standard & Poor's. This is expected to lead to an increased inflow of foreign investments, as it serves as a guarantee of a stable and favorable business environment. The presence of progressive and digitalized financial institutions such as Alta Banka undoubtedly contributes to this environment," he concluded.

Lazo Ostojić, CEO of the Belgrade Stock Exchange, described S&P's upgrading of Serbia's rating as a "breakthrough moment" for a capital market that the government has worked hard to develop over the past three years. Various measures have been implemented to increase the range of financing options available for companies; enhance transparency, good governance and compliance; and draw in more international investors. As a result of those reforms, the stock exchange experienced a trading volume increase of over 70% in 2024 when compared to 2023.

"The most notable addition has been a new corporate bond issuance program and we expect to have over 20 companies offering their bonds to investors in the near future. Furthermore, in 2024, Raiffeisen Bank issued our first long-term minimum-requirement-for-own-funds-and-eligible-liabilities bonds, which had a total value of 6 billion Serbian dinar [\$55 million]," said Ostojić. "Inclusion of MREL eligible bonds is a first step in strengthening the offer for financial instruments at Belgrade Stock Exchange. We have ambitious plans."

As an illustration, the exchange, which celebrates its 131th anniversary this year, intends to align all its operations with the European Union's Markets in Financial Instruments Directive regulatory standards soon. "This will enhance our visibility among foreign institutional investors, facilitate easier access for international investors, including those from the US, and demonstrate our security and transparency," he noted. "The ongoing development of Serbia's capital market and the offer of new forms of financial assets on the Belgrade Stock Exchange will be an additional impulse to attract large investors."



Aleksić & Associates' team of 309 professionals serve many international clients.

the standard VAT rate is 20%, with a 10% rate for essentials, which is in line with or below most regional peers. Like many countries, tax complexity can still be a concern, especially at the local level, where interpretation of rules can vary. But its fiscal competitiveness is strong, especially for export, tech-driven and labor-intensive industries.

Serbia is preparing to join the European Union. How is this affecting legislative and regulatory systems?

The country has taken serious steps to strengthen its legal and institutional frameworks in line with EU standards. For example, it has signed many bilateral agreements on investment protection and is a signatory to key international treaties. Domestically, the constitution guarantees protection of property, legal equality and freedom of entrepreneurship, while foreign investors enjoy the same rights and obligations as domestic companies. When it comes to dispute resolution, Serbia has specialized commercial courts and the option for alternative dispute resolution, including arbitration and mediation. On the IP side, it has a well-developed legal framework aligned with the World Intellectual Property Organization standards and EU IP legislation.

At Aleksić & Associates, we've observed a steady and meaningful shift in Serbia's regulatory environment, particularly in corporate transparency, compliance and alignment with EU standards. Major reforms have included tightening anti-money laundering regulations, introducing mandatory disclosure of beneficial ownership and adopting a framework aligned to the EU's General Data Protection Regulation. Serbia is on the right path, but it still needs to do more work. Judicial inefficiency, administrative burdens and regulatory inconsistencies, particularly at the municipal level, remain challenges for investors.

NEMANJA ALEKSIĆ
MANAGING PARTNER
ALEKSIĆ & ASSOCIATES LAW OFFICE
"Serbia's taxation system is one of the more competitive and investor-friendly in Europe."

Beyond legal services, we see ourselves as their advisors on doing business in Serbia. That means helping them understand the broader landscape — tax, incentives, labor regulations, corporate structures and dispute resolution mechanisms — all in a language and format that they are comfortable with.

Aleksić & Associates stands ready to support investors' journeys. Whether you're entering the market, expanding operations or exploring partnerships, we bring a combination of local insight and international expertise. For US companies and citizens considering investments in Serbia, we offer complimentary initial legal counsel and opinions. Please reach out to us at aleksicandassociates.usa@lawofficealeksic.rs.



Serbia's new National Football Stadium will seat 52,000 soccer fans.

Constructing a revitalized Serbia

Numerous large-scale infrastructure projects are transforming the country and particularly its capital, Belgrade

Construction has been an increasingly prominent contributor to Serbia's economic growth over the past decade. In 2013, it produced 3.7% of the country's gross domestic product through projects valued at \$1.7 billion. By 2023, it was generating around 6% of GDP a year from projects worth \$6.1 billion. During that time, huge amounts have been spent on transportation, energy and many other forms of infrastructure.

The most eye-catching addition to the landscape is Belgrade Waterfront, a vast mix-use urban redevelopment scheme along the river Sava. Since 2014, \$3 billion has been invested in this new city-within-a-city project by the public-private partners overseeing it: the Serbian government and the Emirati real estate firm Eagle Hills. Recent announcements confirm that the sector's strong growth will continue. For example, Belgrade Waterfront is being expanded to include real estate worth \$12 billion, while the government plans to invest \$19.4 billion in preparing for Expo 2027, a global event that will take place in the Serbian capital, and the majority of this sum will be spent on new infrastructure.

In the following interview, Stojan Vujko, CEO of Millennium Team, a frontrunner in Southeast European infrastructure construction, explained how the sector is transforming the nation.

The Serbian construction industry's revenues grew by over 350% in the decade to 2023. What impact has that had on the country as a whole?

Construction is one of the fastest-growing sectors in Serbia. Between 2012 and today, 2,000 major projects have been completed or are currently under construction. The country is now interconnected with new roads, over 300 miles have been completed and just as many are being developed. Factories have been built, so now we have 400 industrial zones, plus 300

hospitals and other healthcare facilities have been finished or are under construction.

Huge residential blocks have emerged and, with the construction of Belgrade Waterfront, the capital has gained a new face, one that a European metropolis deserves. Among many other advances, the country only had one international passenger terminal on its rivers in the past, now it has ten. Serbia has great nautical potential, with more than 620 miles of navigable waterways.

From the perspective of a large country like the US, these numbers may not seem significant, but for a country with fewer than 7 million inhabitants, this is almost unimaginable. It's the equivalent of the US building 31,000 miles of completely new roads or 15,000 new healthcare facilities in just a decade.

The largest project for the Serbian construction industry at the moment is the Expo 2027 complex, which our company is participating in. This is a project we expect to attract millions of people from all over the world.

You founded Millennium Team with your partner Ivan Bošnjak in 2003. Since then, it has grown substantially to work on increasingly large and complex projects. Could you describe how the company has evolved?

We've expanded our expertise and the areas in which we operate, earning a reputation as a regional leader in infrastructure construction. Today, Millennium Team is implementing some of the largest, most significant and most challenging infrastructure projects in Serbia, using the most advanced technological solutions that have minimal impact on the environment.

Our projects cover five areas: energy, engineering structures, ecology, humanitarian demining and special construction works. In energy, we're engaged in the design and construction of gas pipelines, district heating systems and related infrastructure. Our engineering projects



Millennium Team's landmark Danube Riverside development in Belgrade.

include the building of roads, railways, bridges, and other civil engineering and building structures. In ecology, we design and construct water supply systems, sewage systems and water treatment plants. We also have a team dedicated to humanitarian demining and we're the regional leaders in that field. Among our current projects, we're particularly proud of the Expo 2027 complex and National Football Stadium, which will be the largest sports facility in Serbia, with 52,000 seats for spectators.

STOJAN VUJKO
CEO, MILLENNIUM TEAM
"Among our current projects, we're particularly proud of the Expo 2027 complex and National Football Stadium."

Over the course of 22 years, the number of employees in Millennium Team has grown to more than 700, while our wider group has over 2,000 staff. The group now consists of 21 affiliated legal entities, through which we've expanded our business into areas that are not involved in the construction industry. For example, we have vineyards producing wine and a restaurant that brought the first Michelin star to Serbia. Our group also operates the most renowned institute for the development of water resources in this part of Europe.

The development of first-class tourism infrastructure and attracting global operators to that sector is a priority for the country. How is Millennium Team contributing to these goals?

After years of building our reputation as a reliable partner in construction and being involved in executing works on a large number of major projects, we decided that it was time to realize our own visions. Therefore, we're building a large spa and medical complex, Vranjska Banja Resort, at the site in southern Serbia where the hottest thermal water in Europe springs. Marriott International, the largest US brand in the hotel industry, recognized the potential of this location and decided to participate in our investment project. It's Marriott's largest investment in the Western Balkans.

Our partnership with Marriott has now deepened with a new and even more exclusive project that we've invested in: Danube Riverside on the banks of the Danube in Belgrade, which will be the site of the first The Ritz-Carlton ho-

tel in this region of Europe. Danube Riverside will be a modern complex where, in addition to the central building housing the hotel, two towers approximately 500 feet tall will be built. One will be for businesses and the other will be residential, with over 500 apartments.

This complex will become a new landmark and meeting point in Belgrade, with a promenade along the Danube, a boat dock, restaurants and shops.

Digital technologies and green solutions are becoming increasingly important in global construction practices. Is Millennium Team leveraging advanced technologies such as artificial intelligence?

Construction is a traditional industry and probably one of the last where AI will be able to replace human labor. That doesn't mean there is no room for improving our business by introducing technologies like this. We are considering applying artificial intelligence and data science in managing our business. Our construction sites are large, the projects are complex and the documentation is extensive. Machine processing, classifying and searching all that data, followed by prediction and optimization of processes, would save a significant amount of time and resources.

When it comes to environmental protection, our entire business is based on the principles of sustainability, and we strive to ensure that all Millennium Team's investment projects align with the highest environmental standards.

Millennium Team has an extensive portfolio of ongoing projects and the boom in Serbian infrastructure development shows no sign of slowing down. Will the group continue to dedicate its resources to its home market, or have you thought about expanding internationally?

With our experience and the exceptional professionals who make up our team, we're ready for expansion beyond Serbia. We're considering business opportunities and projects that would be professionally challenging for us. We're the largest builders in the region and I am confident that we can extend what we are currently doing in Serbia, where we are the best, to other countries, primarily in the Southeast European region.

Given the size of our expert team, we also have plenty of capacity for cooperation with new foreign partners entering the Serbian market. I'm very proud to be involved in projects that are creating an even more beautiful Serbia.

Strong foundations for infrastructure projects

Serbia's construction industry has quickly mastered advanced practices and technologies

Serbia has a long history in world-class infrastructure. "Traditionally, we had strong ties with the German construction market, and Serbian companies led major projects in places like Africa, Iraq and Iran during the 1970s," noted Miloš Hranisavljević, CEO of Novkol, a frontrunner in foundations, as well as geotechnical and hydrotechnical construction.

Due to a series of economic downturns that crushed local demand, the industry gradually declined over the following decades until about 2013. "When the market rebounded, Serbian companies faced a challenge — they had strong traditional expertise but a gap in experience with modern technologies and methods. They had to catch up quickly," Hranisavljević stated.

Novkol, which was founded in 1997 by three Serbian engineers, had been ahead of the pack in recognizing the need to modernize. "We studied leading global firms, adopted their best practices, integrated the latest technologies and techniques and researched soil conditions in Belgrade. We became leaders in using advanced technologies," he explained. "Today, Novkol operates on par with top Western companies, proving that rapid adaptation and openness to innovation are key to success in this evolving industry. What sets us apart from local competitors is not just our use of cutting-edge technologies, but also our strong in-house design department. We provide investors with complete know-how from start to finish and are the only Serbian company that operates this way."

The first notable step in the firm's transition to market leader in its areas of operation came in 2004, when the global giant Vinci Group acquired a majority of its shares, enabling Novkol to gain experience on large state-of-the-art projects. As a result of 2008's financial crisis, Vinci exited the Western Balkans and the three original partners took back control of the company. "The next few years were difficult, but in 2013, foreign investors began arriving in Serbia and working with us, starting with Israel's Astron.

Their project, a shopping center in Belgrade's historic district, was complex due to foundation depth and preservation requirements," he said.

Shortly after, the Abu Dhabi-based real estate investment and development specialist Eagle Hills asked Novkol to take on projects at Belgrade Waterfront, one of Europe's most iconic urban redevelopment projects that has transformed the capital. "At the time, we were the only company capable of meeting the high-quality standards Eagle

Hills required," disclosed the CEO. "A milestone for us was working on a Belgrade Waterfront building designed by Chicago's Skidmore, Owings & Merrill. We had to implement strict US standards. This was a challenge, but we adapted, strengthening our expertise and reputation in the process. Following our success at Belgrade Waterfront, our expertise has been tested by a wide range of international investors."

MILOŠ HRANISAVLJEVIĆ
CEO, NOVKOL

"What sets us apart from local competitors is not just our use of cutting-edge technologies, but also our strong in-house design department."

Novkol has also been entrusted with important public sector projects, including one of Serbia's biggest investment initiatives to date: the 62-acre Expo 2027 center on the outskirts of the capital. "We completed the Expo 2027 foundations 10 months ago and are now finalizing work on the National Stadium, which was even more complex," he revealed about a soccer arena that will sit next to the Expo 2027 site, cover almost 850,000 square feet and be 177 feet high.

The company has also recently finished work on the reconstruction of a bridge over the Danube, which required underwater foundation restoration using marine construction techniques.

At present, Novkol is utilizing a tunnel boring machine in a tunnel project. "It involves complex engineering, including tunneling under a railway embankment using pipe roofing technology. However, our most significant ongoing project remains Belgrade Waterfront, where we currently hold three contracts," Hranisavljević said. "Our biggest upcoming opportunity is the construction of Belgrade Metro."

In 2020, the government announced it would invest over \$1.8 billion in this 43-mile-long system of three rail lines that will run under the capital. It is hoped that the first section will open in 2030. "We see a major opportunity in metro station construction. Given Belgrade's challenging geology of soft ground near rivers and rocky terrain in the city center, only experienced companies will be selected. We are well-positioned for this and our role will be crucial, especially in constructing foundations for the stations," he asserted. "Beyond the metro, Serbia urgently needs at least five new bridges on the Danube."

To take on as much of these large-scale projects as possible, Novkol needs to scale up. "While we could start work on the metro tomorrow, our current capacity would allow us to handle two stations at a time, far below the full 52 stations. We're looking for an international partner to join us as an active business partner. We know the local market well, but we need support from a bigger company to succeed in huge projects like this," Hranisavljević detailed. "The country offers a welcoming atmosphere for investors and it's a great base for expanding into neighboring markets. Investors should consider not only the strong investment potential in Serbia, but also in the broader region."

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A tenfold increase in ICT exports since 2012

The nation’s booming ICT sector is supported by huge investments in infrastructure

Serbia’s information and communication technologies sector has seen extraordinary growth over the last decade. “It’s gone from zero to hero,” Former Minister of Information and Telecommunications Dejan Ristić said. “In 2012, Serbia’s ICT export income was just \$406 million. By 2024, it had surpassed \$4.47 billion — that’s more than a tenfold increase. Serbia has built a thriving tech industry, achieving a 20% increase in exports in just the last year, a trend that is expected to continue.”

This success is the result of strategic planning and coordinated efforts from the government, businesses and institutions. “The boom is being driven by our focus on three key pillars: First, we prioritized education to ensure a steady pipeline of skilled professionals. Second, we developed a robust legislative framework, continuously adapting to the fast-changing ICT landscape. Finally, we invested in infrastructure to support sustainable growth,” he explained. “Additionally, our free trade agreements cover over 3 billion people, providing an advantage for local companies and the many international firms that have established branches here.”

New infrastructure for the sector includes four science and technology parks in university cities. “These house more than 800 companies. To meet demand, we’re expanding them and building two more,” Ristić revealed. The country is also now home to first-class research centers, including one of Europe’s only institutes for artificial intelligence. “Serbia is contributing to the world through knowledge, innovation and cutting-edge research,” he said. “We’re also recognized as a role model in cybersecurity. Our State Data Center is the only data center in Southeast Europe that meets the highest cybersecurity standards. Global giants like Microsoft, Oracle, IBM, Google, Amazon and the European Organization for Nuclear Research trust it, which is a testament to Serbia’s reliability. To solidify our status in this field, we’re setting up a cybersecurity institution and building an innovation district next to the data center.”

DEJAN RISTIĆ
FORMER MINISTER OF INFORMATION AND TELECOMMUNICATIONS

“Serbia has built a thriving tech industry, achieving a 20% increase in exports in just the last year.”

Another catalyst for the ICT sector is the country’s extensive digital infrastructure. Dragan Kovačević, chair of the Regulatory Agency for Electronic Communications and Postal Services (RATEL), explained: “There’s been continuous investment in network modernization. Between 2019 and 2023, investments increased by around 9%.” As a result of those investments, 98% of the country has internet coverage, the highest figure in Europe, and the upcoming launch of 5G will further boost connectivity.

The Serbian population is embracing the improved services that the nation’s digital infrastructure can deliver. “The telecommunications sector is experiencing constant growth,” Kovačević noted. “Its revenues grew 31% between 2019 and 2023, reaching nearly \$2.5 billion. The largest part comes from mobile telephony, followed by fixed broadband internet access and media content distribution, with the latter expanding by 16.5% in the last five years.”

Competition between telecom businesses is also on the up, he added: “The market is open both to domestic and foreign investments. In fact, three of the four major operators are owned by foreign companies.” Ristić would like to see more US firms in the sector: “Our cooperation with the US already spans various areas, including 5G, and we’re working on a memorandum of understanding in telecommunications, with a focus on ICT and cybersecurity, with the US. We aim to organize economic and ICT forums, share knowledge and exchange experts.”

Embracing and accelerating digital transformation

Serbia’s postal service is a key facilitator of the country’s expanding digital economy

The postal service “is a fundamental institution in every country,” declared Post of Serbia’s acting director Zoran Anđelković. “Whether in the US or Serbia, it has always been essential to a country’s development and always enabled communication.”

Post of Serbia has been fulfilling those roles since 1840. Today, it operates the nation’s largest logistics system and its embrace of technology is accelerating Serbia’s transition to a digital economy. “The Post of Serbia, just like the state of Serbia, is at the forefront of digital transformation, constantly introducing all kinds of new technological solutions,” Anđelković said.

Over 277 million items a year pass through Serbia’s postal systems, which includes an escalating volume of packages. In 2024, 65% of the population bought goods or services online, according to Eurostat. “E-commerce is expanding significantly in Serbia, recording 50% growth in



ZORAN ANĐELKOVIĆ
Acting Director
Post of Serbia

2024 compared to 2023, and Post of Serbia’s business in this domain is increasing at a fast pace,” he noted. To cater for this evolution, “We place emphasis on the fastest possible development of electronic services, artificial intelligence and intelligent systems in logistics, processing, forecasting and tracking,” he stated. “For example, we’re opening four new logistics centers where robots will be engaged in sorting. One more center will be equipped with robots in the near future. My goal is for the Post of Serbia to become fully robotized during this year, which marks our 185th anniversary.”

In addition, the company has installed hundreds of parcel lockers throughout the country where customers can leave or collect their items. “We’re working intensively on developing more. Our goal is for Serbia to have the largest number of parcel lockers in Europe,” Anđelković commented. Post of Serbia also collaborates with global e-commerce platforms and postal



Information and communication technologies are Serbia’s biggest export sector.

productions receiving wider audiences through partnerships with other international media platforms and global distributors. The group offers the region’s strongest sports content too, which includes exclusive rights to the top European leagues in soccer, as well as the US’s National Football League and National Basketball Association matches.

Telekom Srbija Group has made a number of acquisitions to expand its content portfolio and support its distribution. The most recent came in February this year when the group purchased the regional internet-based TV platform NetTV Plus and digital satellite service provider DTH, as well as Sport Klub’s sport broadcasting rights in the Western Balkans, from United Group for almost \$700 million. This Netherlands-based entity has decided to exit the region to target its resources at its core EU markets. “With this acquisition, we will be the only player offering all services and content, completing our consolidation process and solidifying our position as the largest pay-TV player in the region with over 60% of the market,” Lučić disclosed.

VLADIMIR LUČIĆ
CEO, TELEKOM SRBIJA GROUP
“It’s essential to have robust fiber optic and 5G networks, as they will be key drivers of the digital economy.”

The group has also implemented a strategy that could double or treble its customer base. “Four years ago, we identified a valuable opportunity among the diaspora. Over 10 million people from this region live abroad in the US, Canada and Western Europe. They remain connected to their families and remittances they sent to Serbia alone totaled over \$5 billion last year. We’ve developed a project targeting this diaspora, starting with Austria, Switzerland and Germany, and expanding to the US this year,” he announced. “By partnering with AT&T, we will offer our US-based diaspora mobile telephony services, SIM cards with no roaming charges, access to 300 channels of media content and digital services, which are being developed in cooperation with the world leader Vodafone.”

Telekom Srbija Group’s overall plans for its future could see its annual revenues exceed \$3

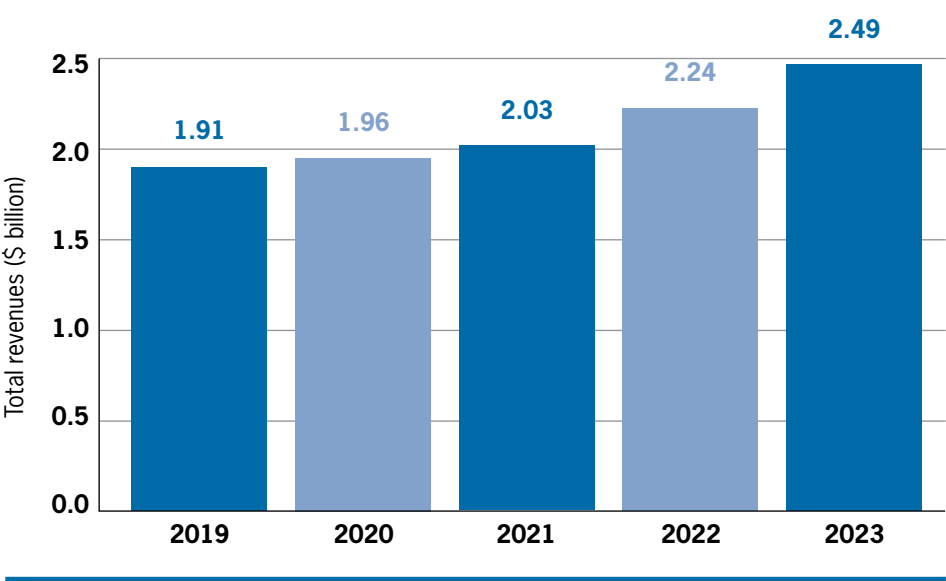
billion by 2030. To help fund its ambitions, in 2024 it raised \$900 million in a Eurobond issue that was seven times oversubscribed, demonstrating the confidence that major international investors have in the group’s operations. “Our primary focus is consolidating Telekom Srbija Group as the leading telecom provider in the Western Balkans. Significant investment in high-quality fiber optic and 5G mobile infrastructure, digital media and mobile services and strategic acquisitions will continue to drive subscriber growth and our international reach. Telekom Srbija Group also sees opportunities in content acquisition, creation and syndication in partnership with global players, as well as investment in digital technologies, revealed Lučić.

“We plan to expand into online ICT services, starting with cybersecurity. We aim to become a leading player in this space. Investment in AI will be another key focus over the next four years. We will become the largest Serbian company in this field with over 200 engineers, who will accelerate AI and its application in our systems. Furthermore, we’re investing in disruptive startups and new digital solutions for global markets through our venture capital fund.”

Established in 2021, TS Ventures Fund has played a pivotal part in advancing digital entrepreneurs as the country’s first official source of venture capital, which provides financing and guidance to promising startups. According to the fund’s CEO, Davor Sakač: “We’ve invested in 18 companies to date. Many of these have Serbian founders, which aligns with our mission to support Serbian talent and foster future growth. And we have over nine AI-focused startups, seven of which are in deep tech. One example is Fuller Vision, a company making smart glasses that automatically adjust, eliminating the need for two pairs, which could revolutionize everyday habits.”

In its second year of operating, the fund achieved its first exit with 60seconds, an AI-powered real-time analysis tool for commerce and real estate companies, which has already been sold. “All of our fund’s startup companies have the potential to become unicorns and Serbia is likely to see its first unicorn in the next five years,” Sakač stated. “Serbia has great potential to create globally impactful businesses. It’s an innovative country of the future, with a forward-thinking approach and focused on progress.”

GROWTH IN TELECOM SECTOR REVENUES



Post of Serbia wants its operations to be fully robotized this year.

operators in neighboring countries to ensure its systems can seamlessly handle international shipments, which are rising sharply.

Another fast-growing segment is electronic delivery. Post of Serbia is cooperating with the government on the e-delivery of official documents, certificates and other materials and they are working together on implementing the new law for postal services that will facilitate improved e-delivery and e-commerce services.

Anđelković was keen to stress that, although the company is investing heavily in digital solutions, it is committed to supporting members of society who must not be left behind by the digital transition. Post of Serbia operates a chain of 1,575 post offices, a number that is expanding, which offers a wide range of services, including payment transactions, local and international money transfers and currency exchange. Fur-

thermore, its mail carriers make deliveries to any address in the country from the 4,700 access points they reach every day. “Our mail carriers have also taken on a social role. They not only deliver mail, but they spend time talking to senior citizens, helping them obtain food and medicine or access digital services, among other things. This is what we call ‘the last mile’ in postal services,” he explained.

Post of Serbia has not held a monopoly over the country’s postal services for many years and around 50 other businesses operate in the free and competitive market. “Nonetheless, we remain an essential economic player and a successful company that has thrived in a radically transformed industry,” stated Anđelković. “I expect and encourage further changes and transformations that will contribute to Serbia’s ongoing competitiveness.”

Serbian IT expertise crosses borders

The country is creating innovative solutions based on advanced technologies that meet the needs of global customers

Serbia is gaining a reputation as the Silicon Valley of the Balkans. Its information and communication technology (ICT) sector contributes about 7% of national gross domestic product, and it is the country’s biggest net exporter, generating a trade surplus of \$3.5 billion in 2024.

Around 7,250 ITC companies with 110,000 employees are active in Serbia, including giants such as Oracle, Microsoft, NCR, Cisco and IBM, which have set up research and development (R&D) centers there. “Many US companies have recognized the high quality of Serbian developers,” said Davor Sakač, CEO of the nation’s first venture capital fund, TS Ventures Fund. “In addition, 95% of global developers working on blockchain and web3 speak a Slavic language like Serbian, which positions us well in emerging fields like gaming, blockchain and artificial intelligence (AI). The information technology (IT) sector is more flexible than traditional industries, so developers can create products in Serbia and sell them worldwide without political barriers.”

The nation’s ICT industry’s export revenues are expected to reach over \$10 billion a year by 2027, more than double their current value, according to Egzakta Group, one of Serbia’s leading consulting firms and the fastest-growing consultancy in Southeast Europe, which specializes in management, IT and AI consulting.

“Serbia has emerged as a prominent European player in the technology sector because it has a number of key competitive advantages,” the group’s CEO Vladan Atanasijević revealed. “These include a strong science, technology, engineering and math education system that produces a constant flow of highly qualified IT professionals; a vibrant innovation ecosystem, with a focus on cutting-edge technologies such as AI, the Internet of Things (IoT) and automation; government-backed policies promoting digitalization and offering attractive investment incentives; and competitive labor costs compared to Western Europe, making Serbia an appealing destination for foreign companies.”

As a result of those advantages, “Serbia has made significant progress in AI, machine learning and process automation, establishing itself as a regional leader in digital transformation,” he continued. “However, challenges persist in bridging the gap between innovation and industrial application, an area where Egzakta Group is actively engaged. Our mission is to empower organizations with the knowledge and technology needed to thrive in the digital economy.”

The group’s expert team provides companies working in a wide range of sectors with unique integrated services that combine consulting, IT



VLADAN ATANASIJEVIĆ
CEO, Egzakta Group



DIANA GLIGORIJEVIĆ
Co-Founder
TeleGroup

and advanced technology solutions, which aim to boost its clients’ competitiveness.

“We begin by analyzing core business processes to identify areas where digital tools will generate the most value. Then, our AI Lab can develop customized solutions for firms in industries such as finance, manufacturing and telecommunications, ensuring practical and scalable AI adoption,” Atanasijević explained. “We also guide companies through the modernization of outdated IT systems, employing a phased approach that incorporates application programming interfaces, microservices and automation.”

To date, the group has completed over 300 successful AI, automation and IT integration projects for clients. “Egzakta is playing a pivotal role in Serbia’s digital transformation by aligning business strategy with technological innovation. Our approach is holistic, ensuring that digitalization delivers tangible business growth and efficiency outcomes, rather than merely implementing new technologies,” he stated.

Expanding capabilities and markets

The group continuously invests in developing new innovative solutions in order to remain at the forefront of global trends. It also invests heavily in training and mentoring its employees. “Serbia boasts a strong talent pool in consulting and IT, but the rapid pace of technological advancement necessitates ongoing upskilling,” said the CEO. “Our AI Lab, for example, serves as a great training hub for young AI engineers, enabling them to apply cutting-edge research to real-world business challenges.”

Egzakta is committed to nurturing upcoming generations of tech professionals too. It supports startups looking to commercialize their innovations, collaborates with a number of universities, has established a renowned bootcamp for e-sports and has created its own master of business administration program with Rome



Egzakta Group has set up an MBA program that focuses on digital transformation.

Business School in Belgrade, which provides specialized executive education in managing digital transformation.

In 2024, the Belgrade-based group’s workforce grew by 47% and it has recently opened offices in the Netherlands, Slovenia and the United Arab Emirates. “Egzakta is undergoing a strategic transformation with a focus on international expansion. We will be relocating our headquarters to the Netherlands to enhance access to European Union markets, and strengthening our presence in the Middle East, particularly in UAE.

VLADAN ATANASIJEVIĆ
CEO, EGZAKTA GROUP

“Egzakta is playing a pivotal role in Serbia’s digital transformation by aligning business strategy with technological innovation.”

Our ambition is to position Egzakta as a dynamic challenger to established EU consulting firms by leveraging our agility, deep technological expertise and track record of efficient execution,” he disclosed. “We’re also exploring opportunities to enter the US market through strategic partnerships. The US is particularly attractive due to its mature AI ecosystem and demand for high-end IT consulting and digital transformation solutions.”

Additionally, the group has been extending its technology portfolio by acquiring companies such as TubelQ, which has developed a simple platform for automating business processes, and Prozona, a leader in custom software for large public and private sector entities. It has also restructured and invested in companies like EKWB, a world leader in water block cooling systems.

“In 2024, we launched Egzakta Studio, our investment and innovation arm, which is focused on further strategic acquisitions, partnerships and co-investment ventures that align with our core business areas,” Atanasijević revealed. “We’re targeting opportunities in technology-driven sectors, prioritizing companies with global scalability, proprietary intellectual property and high innovation potential. Our goal is to enhance our capabilities in AI, digital transformation and business resilience.”

Although the group’s international footprint is expanding, it will continue to invest in its home country. “Serbia is a premier investment destination for technology and digital transformation, with a proven record of successful tech partnerships,” he asserted. “It has the expertise, innovation and business-driven approach that investors seeking AI-driven business solutions, IT consulting or strategic collaborations need.”

Another leading Serbian company that exports its services beyond Europe is TeleGroup, which supplies high-tech infrastructure engineering and IT solutions. “Our experience spans the Middle East and Africa,” said its co-founder Diana Gligorijević. “Over the past 15 years, we’ve collaborated on major projects, such as supporting IBM in delivering services for the National Bank of Kuwait, working with Motorola Mobility on internet-based television in Seychelles, and contributing to telecom infrastructure in Namibia with Ericsson.”

Gligorijević offers her perspective on Serbia’s attractiveness to investors in ICT: “Serbian children begin learning about IT as early as the third grade, nearly all young professionals speak fluent English and our time zone enables seamless communication with both Europe and the US. Furthermore, Serbian companies and the country’s tech industry have the right competencies and skills to meet global market demands. Investors should embrace the opportunity Serbia offers.”

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Telekom Srbija Group



Hiking and cycling routes traverse Tara National Park in western Serbia.

A balanced and peaceful tourist destination

Travelers are increasingly attracted to a little-known gem that has a rich cultural heritage, fabulous nature and great gastronomy

Although it remains one of Europe’s lesser-known destination gems, Serbia’s tourism sector has seen remarkable growth in the past few years. “In 2024, we had 4.4 million total tourists, up 5.7% from 2023. Within that, international tourist arrivals rose 11.7% to 2.4 million,” said Minister of Tourism and Youth Husein Memic. “The World Travel and Tourism Council estimates that the sector’s share of Serbia’s gross domestic product reached 6.6% last year and its workforce accounted for 7.3% of total employment.”



Husein Memic
Minister of Tourism and Youth



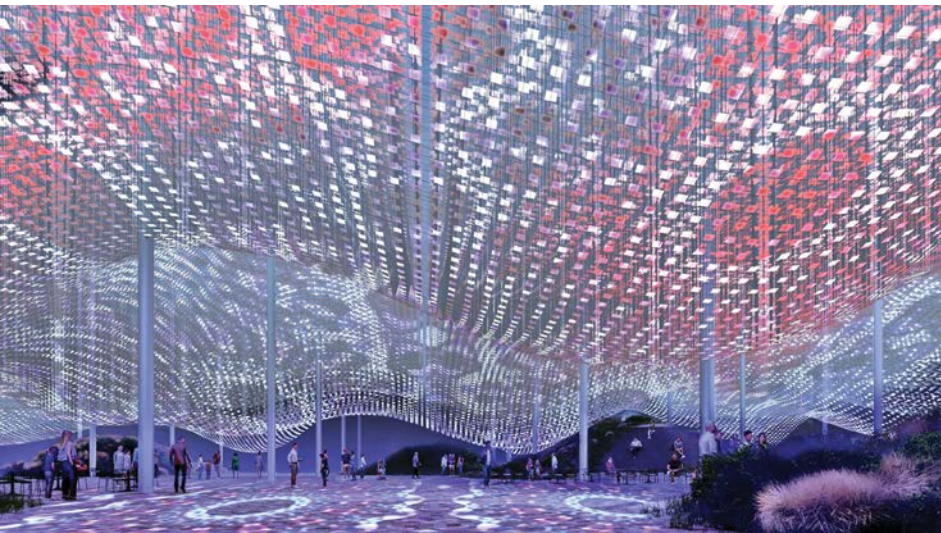
Jiri Marek
CEO
Air Serbia

According to the United Nation’s World Tourism Barometer, Serbia is a global leader in terms of expanding income from international tourism at the moment. “We generated \$3.1 billion in revenues in 2024, an 11% increase from the previous year and 30% above pre-pandemic levels,” noted Marija Labovic, director of the National Tourism Organization of Serbia (TOS).

Abundant authentic experiences

The diversity of experiences the small Balkan nation contains helps to explain its rising popularity. For instance, it boasts numerous physical reminders of the people who have lived there over the last 8,000 years, ranging from Stone Age and Celtic remains to substantial Roman metropolises, Byzantine churches, medieval monasteries, Ottoman fortresses and majestic architecture from the Austro-Hungarian era.

Then there is Serbia’s stunning countryside that includes snow-topped mountains, forests, national parks, caves, gorges, plains, farms, orchards, vineyards, lakes and mighty rivers like the Danube and Drina — all of which are magnets for adventure seekers and nature-loving travelers. On top of that, the country is home to dynamic cities that are some of the oldest in



Expo 2027 Belgrade’s doors will be open from 15 May to 15 August 2027.

ABSOLUTELY THE FASTEST-GROWING BANK IN SERBIA IN 2024.

THANK YOU FOR YOUR TRUST!

Source: Award from the Belgrade Chamber of Commerce, September 30, 2024.



Historic Belgrade Fortress marks the confluence of the Rivers Sava and Danube.

The government and TOS have made concerted efforts to develop the sector and promote it internationally. “Our rising receipts and foreign exchange inflows from tourism reflect our constant investment in, for instance, cultural, culinary, nautical, spa, alpine, urban and rural tourism,” the minister disclosed. “This has yielded outstanding results in recent years. We’ve established Serbia as an attractive, safe year-round destination, with our country emerging as a strong competitor to coastal Mediterranean nations.”

As well as investing in transportation that has improved accessibility throughout the nation, the government has invested heavily in infrastructure dedicated to the sector. “Between 2022 and 2024, the Ministry of Tourism and Youth financed 150 projects worth more than \$27 million, which are aimed at strengthening the tourism value chain,” said Memic. “Examples include the construction of an inland port at Donji Milanovac on the Danube, cycling routes, sports and recreation facilities, tourist information centers, and a bike and e-scooter rental system.”

The country has also joined the Global Sustainable Tourism Council and is actively promoting responsible tourism. Labovic revealed: “Our focus is on rural and protected areas, ecotourism and slow travel to reduce tourism’s carbon footprint. We highlight villages, local crafts and festivals, Serbian food products with protected origin status and our UNESCO-recognized intangible cultural heritage assets, such as plum brandy, the kolo folk dance and Zlaku pottery.”

The minister is confident that more and more people will choose Serbia for their vacations going forward. “Global trends suggest tourists will increasingly turn to authentic, unknown and less crowded destinations, where their stay can be a blend of the old and the new, where life is lived at a more leisurely pace, where they can sample real local cuisine and where tourism is based on the sustainable use of natural and cultural assets. That’s Serbia,” he asserted. “With increasingly hot summers worldwide due to climate change, travelers are also likely to want to spend their vacations in cooler places like Serbia.”

Seemlessly connected to the world

In 2024, 51,431 US tourists arrived in the country and the authorities are keen for that number to rise. “This January, we returned to the Travel & Adventure Show in New York to showcase Serbia, marking our first visit since the pandemic,” Labovic said. “The US is a key market for us, especially as there are direct flights between Belgrade and both New York and Chicago.”

Those services are operated by the national airline. “Post-COVID, our US flights have

grown in popularity and we’re now expanding our US network through a codeshare with Jet-Blue and cooperation with American Airlines,” stated Air Serbia’s CEO, Jiri Marek. “Our next logical direct flight destination in North America is Miami and we’re also considering Toronto.”

Established in 1927, the airline’s wider connectivity has expanded considerably since the pandemic and it now flies to over 100 airports worldwide. “We grew massively in 2022 and 2023, launching over 40 new destinations in two years and nearly doubling our operations compared to pre-COVID. We carried 4.44 million passengers in 2024 and had the most profitable year in our history, with over \$760 million in revenue and \$45 million in net profit,” Marek said.

“Our success comes from agility and flexibility. We’re able to swiftly open new destinations or redeploy capacity in response to geopolitical challenges. Another advantage is our geographic position. We’re based at Nikola Tesla Airport in Belgrade, which serves as the center of gravity for the Balkans, and we’ve capitalized on this by covering 17 destinations in the region. By making Belgrade a hub, we can offer seamless connectivity to the rest of the world,” he added

“We’ve established Serbia as an attractive, safe year-round destination, with our country emerging as a strong competitor to coastal Mediterranean nations.”

Air Serbia expects to carry many of the passengers and much of the cargo that will arrive in the country for Belgrade Expo 2027, a huge international event focused on culture and innovation that is forecast to attract around 4 million visitors over three months.

According to the minister, “Expo 2027 will have a major impact on tourism infrastructure development, as it will involve the construction of new hotels, transport network modernization and investment in sustainable tourism projects. Belgrade and Serbia will be exposed to a global audience.”

That exposure will help foster future growth in the country’s hospitality, air travel and tourism sectors. “Serbia is poised to emerge as a must-see destination in the coming years,” Memic asserted. “We’ve developed a tourism offering that caters to the wishes of our visitors and provides them with an abundance of opportunities to create new, authentic experiences. Tourists arriving in Serbia will definitely be pleasantly surprised.”



Marija Labovic
Director, National Tourism Organization of Serbia

Dusan Borovcanin
CEO
Expo 2027 Belgrade

We expect over 120 countries to be present, co-creating humanity’s future,” he explained. One of those nations is the US, which will have a large pavilion. “Having the US at the Expo is very important for us — and we now have direct flights between our countries, so the Expo offers a great opportunity for American citizens to come to Serbia,” the CEO suggested.

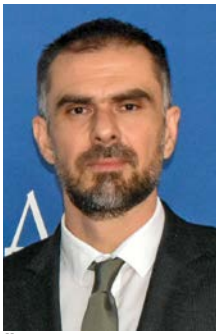
The government is investing more than \$19 billion in the event, which will take place on a 62-acre site near to the city center and its airport. “It’s a completely new urban development with all the necessary infrastructure for this area of the city to further develop, including roads, rail and communications. The event will transform Belgrade and stimulate its growth,” Borovcanin described. “Part of the Expo’s legacy will be the new Belgrade Trade Fairground, the most modern in Europe; a National Stadium for soccer; 1,500 residential units; museums; galleries; and schools. Our post-use plan covers every single piece of infrastructure. Economic, social and environmental sustainability are vital because the investments are not small and the infrastructure is here to stay for decades.”

In Labovic’s opinion, “Belgrade Expo 2027 will leave a lasting and sustainable legacy, with substantial transportation upgrades enhancing connectivity and major new facilities bolstering Serbia’s appeal as a top tourism and event destination.”

Explore an extraordinarily diverse country

Beyond Serbia’s wonderful capital, tourists are discovering the delights of its other cities, ski resorts, spas and rural areas

World Expo events are renowned for bringing millions of visitors into their host cities. In 2027, the same is expected to happen in Belgrade, which is already the most popular Serbian destination for international tourists, thanks to its unbeatable location at the meeting point of the great Sava and Danube rivers, as well as its wealth of culture, art, history and vibrant nightlife.



Zarko Micin
Mayor, Novi Sad

“Our Expo will also be a motivator for visitors to discover the wider country, which has a lot to offer,” stated Expo 2027 Belgrade’s CEO Dusan Borovcanin. “To facilitate this, we will create an off-site program for people coming for the event, which will allow them to explore not just Belgrade but the rest of Serbia.”

Zarko Micin, mayor of Novi Sad, said the Expo would “undoubtedly be a new engine for strengthening our economy. It will be an event to remember from which all of Serbia will benefit.” Novi Sad is the capital of the country’s northern province, which currently welcomes the second-highest number foreign tourists in Serbia. “Novi Sad is only 50 miles from Belgrade and I’m sure that most visitors will include our beautiful city within their Expo itineraries. We’re truly looking forward to the summer of 2027,” he exclaimed.

A green capital of culture

Known as the Serbian Athens, Novi Sad is home to about 400,000 people and sits on the banks of the Danube, with the mountains of Fruška Gora National Park towering over it. Despite its laid-back nature, “It’s a strong industrial center, with dominant industries being food and beverage production, automotives, trade, transport and information technologies — it’s the center of the IT industry in this part of Europe. Agriculture is also important, as agricultural land covers 60% of the city’s total territory,” Micin disclosed.

“We’ve invested huge funds in the development of industrial zones, so today some of the biggest names in the IT and automotive industries operate here. The arrival of large global companies has led to technological progress, increased economic turnover and reduced our unemployment rate to below 5%.” The city is also packed with startups, more than 160 of which have emerged from the University of Novi Sad, Serbia’s second-largest state university, which specializes in science and technology.

When it comes to tourism, the European Capital of Culture 2022 contains plenty of

cultural and historical interest and hosts internationally famous events such as the EXIT music festival, while its stunning natural surroundings provide relaxation and adventure. The city itself is green as well. “We’ve received global recognition for sustainable urban development that protects wetlands and improves quality of life.

Novi Sad also has more than 87 miles of cycling paths and is a significant node on the European Bicycle Route,” he noted. “Congress tourism is developing rapidly here too, and the arrival of an increasing number of business tourists has resulted in the development of modern facilities for luxury accommodation, business events and meetings. “With over 200 events a year, Novi Sad is the regional leader in event tourism.”

Regions emerge from under the radar

Beyond Serbia’s two biggest metropolises, traditional draws for tourists have been its smaller but equally enticing cities and the fabulous ski resorts in the Zlatibor and Kopaonik mountain ranges. However, according to Minister of Tourism and Youth Husein Memic, “In addition to the already established popular destinations, there’s growing interest in regions that had previously remained under the radar, such as rural areas.”

An illustration of this is Vrnjacka Banja, a historic mountain spa town in the south of the country with healing hot springs that were first enjoyed by the Romans. In recent years, public investment into renovating the town and developing new sympathetic transport and tourism infrastructure has helped transform it into a bucket-list destination.

The private sector is also contributing to the area’s rising status, with the most notable ongoing project being Millennium Team’s Vranjska Banja Resort, which is located in an entrancing, tranquil spot just outside the town. The leading Southeast European infrastructure group’s development will include two Marriott-branded luxury hotels, as well as villas, bungalows and a medical center.

One way the government and National Tourism Organization of Serbia (TOS) are encouraging travelers to experience less-visited towns, villages and rural regions is by setting up tourist routes dedicated to, for example, gastronomy, historical eras and creative sectors. The most established of these is the Roman Emperors and Danube Wine Route. Celebrating the fact that Serbia was a crucial part of the



23 Serbian restaurants appear in the latest Michelin guide.



Traditional rural homes offer visitors immersive vacation experiences.

Roman Empire and sixteen of its emperors were born there, this trail runs alongside the river and incorporates an array of important archaeological sites and tempting vineyards.

While Serbia initiated the route, it has now been extended to include treasures in 10 other countries. “It’s a regional cooperation model, showcasing how cultural heritage can become a resource for sustainable development, empowerment of local communities and increased international visibility,” Memic asserts.

Last year, his ministry also allocated \$2.4 million to support the development of tourism and hospitality offered by rural households and small farmsteads, which is enabling travelers to fully immerse themselves in Serbia’s traditions and customs.

To help visitors find out what is available in every region of the country, the government has launched a digital app platform with an interactive map containing details about all landmarks, attractions, accommodation options and other amenities. In addition, it has launched an accommodation booking portal that only includes information about registered providers.

TOS’s director, Marija Labovic, observed: “We’re embracing new technologies while keeping people at the heart of Serbian tourism. We’re confident that once people visit Serbia and experience its culture, history, nature, gastronomy and hospitality, they will want to return again and again. We invite visitors to make unforgettable memories here.”



Aura’s manufacturing complies with European Union quality standards.

Beauty brand eyes US market

An entrepreneur is conquering the world with quality cosmetics at an affordable price

Travel broadens the mind, the saying goes, and it is certainly true for Serbian entrepreneur Mila Litvinjenko, CEO of Aura, a leading Southeast European cosmetics brand.

“My journey into cosmetics began while working as an interpreter at a major Italian beauty fair in 1995, where I picked up many samples. I knew nothing about the industry, but couldn’t stop thinking about it when I returned to Serbia,” she recalled. “I started researching the market and founded Aura on my own a year later. At the time, the sector was dominated by state-owned companies prioritizing chemical products over modern cosmetics. This gap in the market was my opportunity.”

Litvinjenko began with high-quality nail polishes and lipsticks. “I hired nine workers. At first, we made 1,200 lipsticks per shift. I refined the process and, within six weeks, we’d reached 3,500 — on par with top global companies. Now, we produce even more. Experience has taught me that being hands-on is key to success,” she stated. “Customers liked those items and others we introduced. When they trusted us enough to use our foundation, I knew we’d made it. People won’t put just anything on their face.”

Today, the company has around 100 employees; over 500 makeup, haircare and accessory products in its portfolio; its own distribution network; and subsidiaries in Croatia, Bosnia and Macedonia. “We’ve experienced 25%-35% annual business growth since 2020 and hit a record production of 7–8 million units last year,” said Litvinjenko. Asked to explain Aura’s popularity, she replied: “For 27 years, we’ve focused on excellence in products and packaging. I believe in persistence, quality and adapting to trends, and I advocate for authenticity — makeup that enhances natural beauty.”



Mila Litvinjenko
Founder and CEO
Aura

To ensure quality, Aura is meticulous about the suppliers it uses, while its cutting-edge production facilities meet the European Union’s Good Manufacturing Practice standards. The company also has a research and development department that is constantly creating innovative new products.

“Ingredients and market trends are changing rapidly in the digital era. And the focus is no longer just on long-lasting color, but also on natural ingredients, hydration and skincare benefits,” she disclosed. “Care is the future of cosmetics and we’re fully embracing it. All our upcoming products will incorporate skincare benefits, including sun protection.”

Aura’s premium products are currently available in 16 countries across Southeast Europe and the EU. “We’re finalizing a distribution deal for 15 African countries, negotiating in India and setting up a new distributor for the United Arab Emirates. With our strong marketing, display and product quality, we can succeed in the US too, which is my personal goal. We’ve been working on completing documentation for the US, and are now considering whether to open a company there or work with a distributor,” revealed Litvinjenko.

“While we could expand faster, my philosophy is step by step, reinvesting profits instead of relying on loans — there’s strong interest in acquiring Aura, but I’m not ready to sell.” As the company grows, “Our mission will remain the same: providing the best quality products that meet needs without overpricing consumers,” the CEO noted, adding that she will also continue to travel. “I attend six big makeup fairs yearly that showcase trends and allow me to listen to customers, for example. For me, traveling is crucial to staying ahead.”

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Decarbonization accelerates toward net zero

By diversifying its energy mix and strengthening its mining industry, the Balkan nation aims to become a regional pillar for renewable electricity and green manufacturing value chains

Serbia is decarbonizing its energy sector faster than any other nation in its region, according to European Union reports. “We’re committed to meeting the EU’s 2050 carbon neutrality target,” Minister of Mining and Energy Dubravka Đedović Handanović stated. “We’re accelerating our energy transition and introduction of renewable energy. One of our key goals is for almost half of our electricity to be produced from renewables by 2030.”

Realizing that goal will also help the country reduce its reliance on the imported oil and gas that, together with its own coal resources, supply the majority of its energy needs today. Dušan Živković, general director of the state-owned electricity utility Elektroprivreda Srbije (EPS), said: “It’s especially important for us that the energy transition brings energy security and sovereignty, which have been threatened in the EU and our region by recent geopolitical events.”

To achieve the nation’s ambitions, “We estimate we will need investments of more than \$15 billion in the energy sector over the next 10 years,” Đedović disclosed. “Most of that will be for renewable energy, electricity transmission and distribution, and diversification of gas and oil sources.”

In the past two years, substantial public and private sector investments have already been made in those areas. For example, Serbia is likely to be among the first in its region to interconnect its electricity market with the EU’s, which is penciled in to happen in 2026. Furthermore, the share of renewables in its electricity mix has risen by 83%, and green sources are now contributing around 40% of power consumed.

A diversifying energy mix

Approximately 27% of Serbia’s electricity is generated by long-established hydropower plants that are owned by EPS and are being upgraded. “Serbia has a rich potential in hydro. We would like to expand our capacities and are working on two large projects,” the minister noted. “One is a pumped storage plant on the border with Romania. If we can implement this, we’ll become a regional leader in energy. It’s at the feasibility-study stage, which the US engineering corporation Bechtel is involved in.”

The other 650MW initiative in eastern Serbia, is slightly more advanced. “Bistrica pumped storage hydropower project will be of great importance, as it will be able to store about 1,500MW produced from wind and solar plants,” Živković commented. “That would provide grid balancing and stability. We would gain flexible capacity at the heart of the electricity system not only of Serbia, but of countries we interconnect with.”



Dubravka Đedović Handanović
Minister of Mining and Energy



Dušan Živković
General Director
Elektroprivreda Srbije

The government also wants to facilitate investments in 3.5GW of new wind and solar installations by 2030, as the nation offers excellent conditions for those energies that it has only recently started to tap into. It is on track to reach this figure, thanks to its introduction of incentivized wind and solar power auctions, which Matteo Colangeli, regional director at the European Bank for Reconstruction and Development (EBRD), has described as “a game changer in terms of unlocking the country’s renewable energy potential.”

Successful bidding rounds took place in 2023 and 2024, attracting domestic and international investors that will receive market premiums from EPS for 1.1GW in electricity. There will be a third round later this year, which is expected to be just as competitive as the previous ones.

DUBRAVKA ĐEDOVIĆ HANDANOVIĆ
MINISTER OF MINING AND ENERGY
“We estimate we will need investments of more than \$15 billion in the energy sector over the next 10 years.”

Of the two energies, wind is the most advanced at the moment. The largest development to come online in the last year is the 94MW Pupin wind farm. Owned by Israel’s Enlight, the \$100-million facility was financed by EBRD and the local Erste Bank. These investors had already partnered on the 105MW Kovačica Wind Park that was connected to the grid in 2019.

In both cases, Serbian renewables developer New Energy Solutions provided services from the projects’ initial design stages through to their construction and connection, and it is now operating and maintaining them. NES also



CWP Europe is developing renewable projects with 1.7GW capacity in Serbia.

operates the country’s biggest wind installation to date: Čibuk 1. This farm was developed by CWP Europe, which has a pipeline of over 7GW in wind, solar and storage projects in Southeast Europe. Among those, two in particular will play a key role in Serbia’s energy diversification. One is the 300MW Vetrozelena wind farm it is building with Chinese construction company PowerChina. The other is the 150MW Solarina photovoltaic plant, which will be the nation’s first utility-scale exploitation of solar.

Vetrozelena was a winner in 2023’s electricity auction and Solarina in 2024’s. When the latter was announced, CWP Europe’s commercial director Vladan Rankov told the local newspaper Blic: “In addition to the capacity that will be delivered within the market premium, the remaining 30% of Solarina’s capacity is available for signing corporate power purchase agreement contracts with industrial consumers. This provides the opportunity for large companies to ensure long-term supply of green energy at fixed and competitive prices.”

Public sector investment in wind and solar infrastructure is being directed through EPS. “We’re currently completing the construction of our first wind farm that will have 66MW capacity in wind and will include a 10MW solar plant,” Živković revealed. “In addition, we’ve launched a project to build large self-balancing solar power plants with a total installed capacity of 1GW in energy and 200MW in battery storage.”

This \$1.75-billion project, which is among the largest solar investments in Southeast Europe, will see six facilities being built over the next three years. EPS will operate the sites, but the government has awarded the contract for their development to Miami-based UGT Renewables and South Korea’s Hyundai Engineering. At the contract’s signing in 2024, UGT’s CEO Adam Cortese said that, as well as transforming the country’s electricity mix and energy security, the public-private partnership aimed to reinforce economic links between the US and Serbia.

The European nation is also considering introducing nuclear energy to eliminate coal as a fuel. Đedović explained: “We removed a moratorium on constructing nuclear power plants last year, and we’re now undertaking initial analysis to see which technology would be most suitable.”

The government sees natural gas as essential while transitioning to renewables and it will, therefore, continue to invest in diversifying its gas supply routes “Last year, we completed an interconnector between Serbia and Bulgaria that gives us access to Greece’s liquefied natural gas terminal in Alexandroupolis,” said the minister. “By completing an interconnector between

Serbia and North Macedonia, we’ll increase our capacity to source from that LNG terminal, and an interconnection with Romania will give us access to additional sources. We’re also working to strengthen our existing interconnectivity capacities with countries, including Hungary, Bosnia and Herzegovina and Montenegro.”

High potential in responsible mining
As well as hydropower, wind and sun, the nation is home to many minerals that will help make the future greener. “We’re the second-biggest copper producer in Europe, with ambition to become the biggest, and we have one of the continent’s largest lithium potentials, with sufficient to satisfy about 17% of Europe’s demand for electric vehicles,” declared Đedović. “A large list of other critical materials are present in Serbia, in terms of either verified or potential reserves.”

DUŠAN ŽIVKOVIĆ
GENERAL DIRECTOR
ELEKTROPRIVREDA SRBIJE
“We’ve launched a project to build large self-balancing solar power plants with a total installed capacity of 1GW.”

The country has a centuries-long tradition in mining and interest in investing in the industry is rising. Anglo-Australian giant Rio Tinto, for instance, is planning a \$2.55-billion project that could extract about 58,000 tons of battery-quality lithium carbonate annually. To further strengthen and modernize mining, the government is amending its legal and regulatory frameworks. “The goal is to incentivize investments and protect our natural resources,” she stated. “Another priority is to create full value chains, not to just export raw materials. In electric vehicles, for example, we could develop vertically integrated production, from batteries and cathodes to final vehicles. Our strategy is to work in that direction.”

Given the country’s extensive ambitions for its green economy, there are numerous openings for investors in public and private sector projects. US companies are in pole position to take advantage of these, as the Serbian and US governments signed a strategic energy cooperation agreement in 2024 that seeks to promote US investments into the Balkan country. “I’m sure this will open up more cooperation, be it in renewables, nuclear energy, transitional energy sources or mining,” Đedović said. “I only see opportunities for those considering investments in Serbia.”

An interconnected region

Serbia offers nearshorers and friend-shorers a sustainable multimodal logistics model

Serbia’s location and extensive free trade agreements make it an ideal base for export-focused manufacturers and distributors. “It borders other Balkan nations and is part of an established trade corridor between Croatia, Hungary, Romania, Greece and on to the heart of Europe,” said Erich Cossutta, president of Danubia Group, a preeminent player in integrated multimodal supply chain solutions across the Balkans and Central Europe.

To capitalize its position, the government has bolstered cross-border connectivity in the past decade by investing in infrastructure, particularly rail lines and roads. “That has boosted our business and attracted a lot of investment, which is naturally drawn to places that companies can easily ship their products to and from,” Cossutta stated. As a result, “Danubia is now focused on Serbia because we believe it has a central role to play in regional logistics. With increasing nearshoring and friend-shoring on the horizon, Serbia is one of the best destinations in Europe.”

Further infrastructure projects in Serbia and countries it links to are underway or in the pipeline. For example, billions of additional dollars are going into the nation’s rail, road and airport systems in the run up to Belgrade’s Expo 2027,



Erich Cossutta
President
Danubia Group

and it is a critical node in the European Union’s cross-bloc Trans-European Transport Network initiative. It will also soon have improved connections with Central Europe, the Caucasian region, Turkey and Montenegro’s Port of Bar, with the later offering landlocked Serbia an alternative shipping point to the ports in Croatia and Greece it mainly uses at the moment.

Danubia, which has three integrated market-leading divisions — Log Max in logistics and terminal operations, Kombi Pro in rail transport and Dragon in maritime transport — is well-placed to take advantage of the country’s rising importance in global supply chains. “Our story goes back to 1936, when my family first became involved in Balkan logistics. In the 1990s, I established my own venture in order to switch to a multimodal transport model connecting ports with inland infrastructure,” explained Cossutta. The group’s focus is sustainable transportation, especially the use of rail in intermodal transport between the Balkans, the rest of Europe and its ports, and it has made substantial investments into capital-intensive projects like rail lines, rolling equipment and rail terminals in recent years.

“We’ve shown the market that rail intermodality is possible, and that rail can have a key role



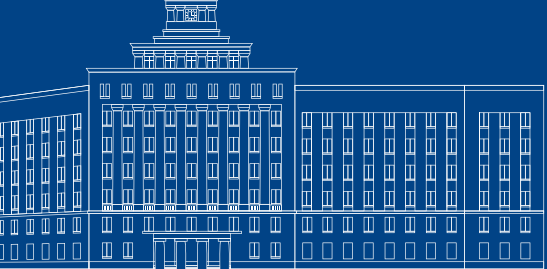
Danubia Group has shown that rail can play a key role in intermodal logistics.

not only in the logistics of a country, but also in its economic development,” he disclosed. “Over the next 10 years, we’ll see more and more trains shipping cargo through ports and into inland Europe. The trucking industry will slowly disappear from long routes and be dedicated to shorter routes at the beginning and end of journeys. Rail is more targeted, puts customs operations in a more borderless environment and is more sustainable.”

Sustainability is a core priority for the group. “For instance, we measure the carbon footprint of our operations over our combined road, rail and sea delivery chain. We’ve started reforestation projects in Serbia and Croatia and our aim is to plant 30,000 trees in the next few years, which will offset everything down to the last mile,” revealed Cossutta. It is about to launch new services that will make exports to the US greener as well. “We’re connecting Serbia with North European ports and more Mediterranean ports by rail. This

will yield shorter transit times to North America and reductions in emissions.”

Danubia is also a heavy investor in digital tools. “Today’s customers want visibility about where their cargo is and when it will arrive at its destination. We’ve been digitalizing all our information so we can provide real-time data about the status of shipments, whether they are being transported within Belgrade or coming from Asia,” he disclosed. According to Cossutta, Expo 2027 is accelerating Serbian digitalization. “Customs procedures are transforming, for example,” he said. “Expo 2027 is a major challenge for the local logistics industry, but also an opportunity to update and improve the way we work. It will also give Serbia exposure as a tourist and investment destination with a business-friendly environment, smooth operations, minimal bureaucracy and little geopolitical risk. It’s a unique opportunity and one of Serbia’s greatest achievements in the last 20 years.”





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