CHAPTER 3.

ATTRACTIVENESS OF SERBIA FOR FOREIGN DIRECT INVESTMENTS: TENDENCIES, OBSTACLES AND PERSPECTIVES

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Abstract

Taking in account the role and the importance of the FDI, as well as the measures for stimulating the FDI inflows, the overall objective of this paper is to investigate attractiveness of Serbia for inwards FDI, particularly within the South-East European region. The focal point of this paper has been the research on tendencies, sector distribution and spillovers of the FDI in Serbia. Comparison of experiences from the region is given, and some of the best practices are identified, in order to indicate to the direction that Serbia should follow in the future. Furthermore, the key current obstacles for inflow of FDI to Serbia have been analyzed and especially attractiveness of business environment for foreign investors, effects of Serbian national brand, country risk and the role of supporting institutions. Last, but not least, this paper has an aim to identify perspectives of FDI to Serbia in the coming period. Furthermore, the main factors that determine FDI inflow have been evaluated, in order to provide policy recommendations over the obstacles to the FDI increase in Serbia.

Key words: *foreign direct investments, Serbia, attractiveness of business environment, national branding*

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INTRODUCTION NOTES

Foreign direct investment (FDI) plays an important role in economic development, technology transfer, as well as in improving business operations and strengthening exports. For this reason, the level of international competition in attracting foreign direct investment, particularly after the onset of the global financial crisis is constantly growing.

Many countries are taking various measures in order to attract foreign direct investment. Some rely on various forms of tax incentives and financial stimulus, the granting of favorable loans and subsidies. Others try to focus their efforts to improve the infrastructure and meet specific capital requirements of foreign investors. Many countries are trying to create a favorable business climate to attract foreign direct investments through liberalization of various administrative barriers, simplification of certain procedures and conclusion of international commercial arrangements. A large number of countries have established state agencies with the aim to attract foreign direct investments and to assist foreign investors during investment process.

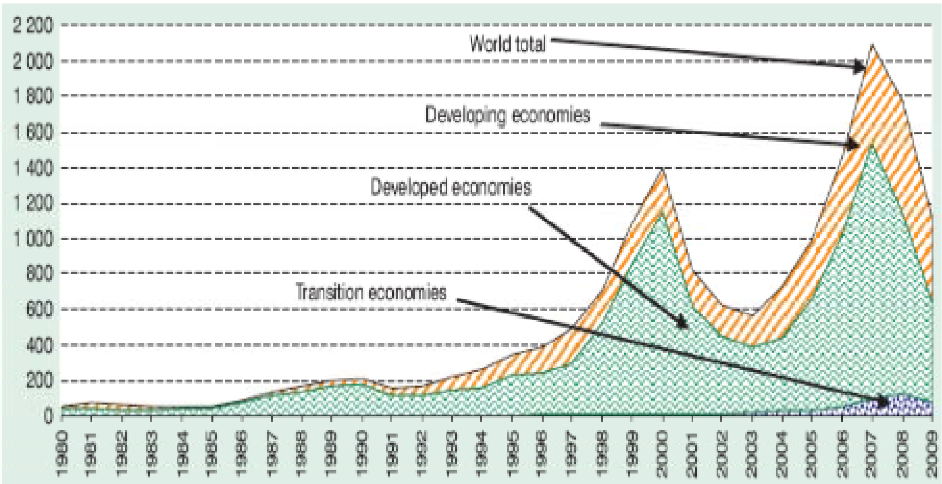
Bearing in mind the role and importance of FDI, as well as measures notably undertaken by all countries in the world to attract larger number of FDI, the overall objective of this paper is to conduct an analysis of the attractiveness of Serbia for FDI inflows. Based on empirical data of the FDI inflows, sectoral distribution and the major forms of investment, the intention of this analysis is to identify the main challenges in the area of FDI in Serbia. Last but not least, the intention of this work is to determine the prospects for the future development of key determinants of FDI in Serbia in order to identify the main barriers and initiate measures of economic policy that can enhance more intensive inflow of foreign direct investments.

CURRENT FDI TRENDS IN THE WORLD

Following the record levels demonstrated in 2007 of around 2,100 billion U.S. $, according to data from UNCTAD [16], FDI recorded a rapid decline worldwide. Primarily under the influence of global economic and financial crisis, FDI inflows in the world have been reduced to 1,771 billion U.S. $ in 2008, and only to 1,114 billion U.S. $ in 2009. The global crisis has had a negative impact on inward FDI in all regions of the world and was noted in virtually all sectors and forms of FDI investment.

A slight recovery of FDI inflows was recorded at the end of 2009 and the first half of the 2010. In addition, the recovery was more expressed in developing countries and transition economies; the growth was noted primarily in cross-border mergers and acquisitions (M&A), whereas the greenfield investments hadn't recorded any significant progress.

Graph 1: Trend of FDI in the world in billions of U.S. $



Source: World Invesment Report 2010

FDI TRENDS IN TRANSITION COUNTRIES

In the period before the global economic crisis European economies in transition have attracted considerable and ever-growing FDI inflows (the value of FDI increased from 47 billion € in 2004 to 111 billion € in 2008). However, mainly as the consequence of the global economic crisis, the value of FDI in 2009 has been reduced to around 58 billion €.

Analyzing the experience [16] of FDI inflows in transition countries, the following conclusions can be drawn:

Analysis of the impact of FDI on economic growth in Central and Eastern Europe during the transition period shows that FDI had a significant positive impact on economic growth. Majority of researches in the past decade, which expose the "net evaluation" of FDI impact in 30 countries over the past 15 years, demonstrated "an obvious positive impact on economic welfare of the host country" [11]. Countries that are successful in attracting FDI achieve higher economic growth than countries with lower FDI inflows.

Table 1: Trend of FDI net inflows in European transition economies (€ millions)

	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Bulgaria	2,736	3,152	6,222	9,052	6,697	3,213
Czech Republic	4,007	9,374	4,355	7,634	4,415	1,965
Estonia	771	2,307	1,432	1,998	1,317	1,204
Hungary	3,633	6,172	5,609	3,956	4,752	1,021
Latvia	513	568	1,326	1,698	863	52
Lithuania	623	826	1,448	1,473	1,223	190
Poland	10,237	7,112	12,711	15,902	9,601	8,251
Romania	5,183	5,213	9,061	7,250	9,496	4,556
Slovakia	2,441	1,952	3,733	2,382	2,323	-36
Slovenia	665	473	513	1,106	1,313	-48
NMS -10	*30,809*	*37,148*	*46,410*	*52,451*	*42,001*	*20,367*
Albania	278	213	259	481	675	698
Bosnia and Herzegovina	567	493	611	1,517	726	361
Croatia	950	1,468	2,765	3,670	4,192	1,875
Macedonia	261	77	345	506	400	181
Montenegro	53	384	493	673	625	944
Serbia	772	1,268	3,392	2,513	2,018	1,410
Southeast Europe	*2,880*	*3,903*	*7,864*	*9,360*	*8,636*	*5,469*
Belarus	132	245	282	1,304	1,471	1,337
Moldova	118	153	186	394	481	62
Russia	12,422	10,336	23,675	40,237	51,490	27,852
Ukraine	1,380	6,263	4,467	7,220	7,457	3,453
European CIS	*14,052*	*16,997*	*28,610*	*49,155*	*60,899*	*32,704*
Total region	47,741	58,048	82,884	110,966	111,536	58,540

Source: WIIW Database on FDI incorporating national bank statistics

Despite the widespread belief that FDI inflows automatically have positive effects on economic growth, productivity growth, transfer of modern technologies, increase of exports, employment and other key economic performances, empirical experience of Central and Eastern Europe does not fully confirm this thesis. The experiences of these countries demonstrated that the type of FDI is much more important than their total volume.

Mergers and acquisition (M&A), as opposite to greenfield investments, have, in the short term, significantly less positive effect on the acceleration of overall economic activity. In many cases it is shown that the M&A led to a reduction or shutdown of local production and its transfer to other locations (in line with corporate strategy of new owners) or to the abolition of some business functions at the purchased companies (e.g. R&D, marketing). As a rule, FDI through M&A, especially in the initial stages, did not lead to job creation, but rather to significant dismissal of employees. Also, FDI through M&A had resulted in the suppression of domestic competition and increase of concentration in local markets. Finally, in many cases there has been no expected high-speed transfer of superior technology.

As opposite, greenfield investments in most cases have significant and rapid positive effects, by stimulating economic growth and often a huge increase in exports (e.g. in the case of Hungary, where eight out of the ten largest exporters represent greenfield investments).

However, it should be pointed out that many of the observed differences in terms of external effects diminish and disappear on the long run. After the initial phase of restructuring and in case of M&A, intensive investments in production, the transfer of new or better technology frequently follows. The differences between these two modes of entry, when it comes to job creation, are often reduced over time and are more dependant on the motives of entry than the way of entry. There remains a concern in developed and developing countries, especially in relation to market power of transnational corporations and potential anti-competitive implications of M&A [2].

Experiences of transition economies show that in the early stages of transition cross-border M&A dominated over the greenfield. Basically, the reason lies in the fact that the first stages of transition, through implementation of massive privatization, created possibilities primarily for cross-border M&A.

Analysis of the main motives of FDI suggests that, in the early stages of transition, a significant share of investments represents the ones that were essentially used for "buying the market"[10], i.e. FDI oriented to the local market. Only in the later stages of transition the share of export-oriented FDI has increased.

The South-East European region, notably the Western Balkans, was far less successful in attracting FDI. This is primarily a consequence of war during the 1990's and delays in implementing transitional reforms in the EU accession. At the same time, the distinct differences can be spotted. Those countries that were more progressive in the implementation of reforms have been able to attract significantly higher "stock" of FDI, such as Romania and Bulgaria (especially after joining the EU) and Croatia. On the other hand, the inflow of FDI into other countries in the Western Balkans, including Serbia, was significantly lower than the possible absorptive capacity and potential.

FDI TRENDS IN SERBIA

In the preceding period Serbia has not achieved significant results in the inflow of FDI. During the 1990's, the inflow of FDI was very low and did not exceed 100 million U.S. $ per year. Only after 2002 the inflow of FDI has intensified and in the period 2004-2009 the average net inflow of FDI amounted to 1,727 million € per year [1]. The highest level was recorded in 2006, being the highest in the region as well, and it was primarily the result of privatization of *Mobte*l (local mobile phone operator) which was bought by the Norwegian company *Telenor*. After that, foreign investors have reduced the pace of investment in Serbia, especially since the end of 2008, when the global economic crisis considerably reduced the inflow of FDI [4].

Over the past six years, the highest level of FDI inflows in Serbia has been made in financial intermediation (27.2% of total inflow), manufacturing (21.4%), commerce (16.5%) and real estate and renting (13.5%).

Table 2: The structure of FDI inflows in Serbia by economic activity (in %)

	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Agriculture	1.0	0.7	0.2	0.6	1.7	1.2
Fishing	0.0	0.0	0.0	0.0	0.0	0.0
Mining and quarrying	0.2	0.0	0.0	0.9	0.9	22.4
Manufacturing	30.4	18.9	18.4	14.1	17.2	29.4
Electricity, gas and water	0.0	0.0	0.0	0.0	0.1	0.3
Construction	1.9	0.8	0.6	5.0	2.5	1.6
Wholesale and retail trade, repair	35.9	22.0	8.6	7.7	12.2	12.3
Hotels and restaurants	1.5	0.0	0.1	1.3	0.7	0.3
Transportation	1.5	0.7	28.8	19.5	7.5	6.5
Financial intermediation	10.6	37.6	36.5	31.7	38.2	8.6
Real estate, renting	13.9	13.2	6.6	16.0	18.1	13.2
Public Admin. and Social Security	0.6	5.7	0.0	0.0	0.1	0.0
Education	0.0	0.0	0.0	0.0	0.0	0.0
Social and personal services	0.5	0.3	0.0	2.9	0.8	1.0
Unclassified	2.0	0.0	0.0	0.1	0.0	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: according to the data of the National Bank of Serbia

[4] In 2008, the annual net FDI inflow was 1,820.8 million €; in 2009 it amounted to 1,372.5 million €, and in the period January-July 2010 it was 519.7 million € - Source: Data of the Ministry of Finance of the Republic of Serbia: Basic macroeconomic indicators, July 2010.

The major part of, particularly large, FDI in Serbia has been made in the form of M&A (in fact through privatization), while the number of greenfield and brownfield investment was relatively modest.

Analyzing the basic trends in FDI inflows in Serbia, one can conclude that:

Total volume of FDI inflows is still obviously low (stock per capita in 2009 is about 2,000 €) and does not reach even half of the FDI per capita in Croatia – 5,729 € and it is several times lower than in advanced transition economies of a similar size as Serbia - Czech Republic Republic € 8,409, Hungary 6,410 €, Slovakia 6,300 € [14].

The largest part of FDI has been made in the form of M&A, basically through the privatization of the real sector and the acquisition of a large number of domestic enterprises in the financial sector and services. The number of greenfield (or brownfield) investments, especially the large ones, was insignificant (*Ball Packaging, U.S. Steel, VIP mobile*).

The major part of FDI was directed to "buying the local market", or to the sector of non-interchangeable goods: banking, insurance, energy, telecommunications, real estate and retail. Very few had been export-oriented. Nevertheless, U.S. Steel with its investment in facilities in Smederevo represents the single largest exporter of Serbia and its export value in the "good years" before the global financial crisis reached almost 1 billion U.S. $.

The applied statistical analysis, in order to detect relations between FDI and GDP and export level in Serbia, did not show adequate results. Significant correlation between FDI and GDP or FDI and export level could not be established according to statistical analysis performed. On the other hand, it would not be appropriate to say that FDI are completely irrelevant for economic development of Serbia. From our point of view, FDI level in Serbia in recent years was too law to detect causality and to retrieve reasonable conclusions.

Merit, greenfield, export oriented FDI, which play a crucial role in economic development, are still low [12]. Although it should be noted that there is some time lag between the realization of FDI and its effects on economic growth, due to the relatively low volume and mainly form and orientation, the inflows of FDI in Serbia had a less-than-expected effects on the growth of overall economic activity, employment and exports.

That is why the question of Serbia’s attractiveness for foreign investment is naturally imposed, as well as of the analysis of basic causes and barriers to greater penetration of Serbia towards FDI. This is especially due to the fact that Serbia has no sufficient sources of own accumulation, and is therefore largely confined to the inflow of foreign capital, which is economically much better provided through FDI than through increased borrowing abroad.

ATTRACTIVENESS OF SERBIA FOR FOREIGN INVESTORS

A number of endogenous and exogenous factors have influence on the investor's decision to invest in a foreign country. Following the economic, strategic, often even subjective reasons, the investors frequently and especially in contemporary circumstances of globalization, choose to invest abroad. Under the impact of tendencies for achieving high profits, conquering foreign markets, providing resources at favorable terms, improving the business efficiency and achieving economies of scale, opposing the competition (and in many other specific reasons), companies invest their capital abroad and enter into various forms of FDI.

Decisions about the investment locations are usually based on detailed calculations and fundamental analysis. In addition, specific objectives, strategies and motives significantly affect the decision making process of some companies regarding the selection of countries for their FDI. In addition to the numerous, heterogeneous internal reasons, some companies, according to empirical experience, the attractiveness of countries for foreign investors is largely determined by current economic environment and investment climate.

There are many indicators of economic environment through which investors can evaluate a country's attractiveness for foreign investment[5]. If the investors use such reports, and most of them do, they would not be able to gain a favorable picture of the attractiveness of investing in Serbia. Due to the limited space, only the results of the most commonly used examinations for evaluating different aspects of investment are listed below:

In the World Bank report "*Doing Business 2010*" on business conditions, which is based on the results of 10 indicators of doing business, the conditions for doing business in Serbia are ranked relatively low. Serbia is ranked 88th out of 183 countries that are included in the analysis and is rated unfavorably compared to many countries in the South-East Europe.

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[5] i.e.:*Doing Business, Economic Freedom of the World, Country Risk Reports, FDI Confidence Index, Global Competitiveness Report, International Country Risk Guide, Index of Economic Freedom, World Investment Report, etc.*

Table 3: Business conditions in Serbia and South-East European region [4]

Criteria / country / rank	Serbia	Macednoia	Montenegro	BiH	Albania	Croatia	Romania	Bulgaria
Starting a Business	73	6	105	160	46	117	42	50
Dealing with Construction Permits	174	137	167	136	137	163	91	119
Employing Workers	95	58	104	111	105	146	113	53
Registering Property	105	63	123	139	70	109	92	56
Getting Credit	4	43	43	61	15	68	15	4
Protecting Investors	73	20	24	93	15	126	41	41
Paying Taxes	136	26	139	129	138	33	149	95
Trading Across Borders	69	62	125	63	66	97	46	106
Enforcing Contracts	97	64	130	124	91	44	55	87
Closing a Business	102	115	42	63	183	79	91	78
Ease of Doing Business Rank	88	32	90	116	82	106	55	44

With this attractiveness level of business conditions it is difficult to count on a greater inflow of FDI. What is most concerning from the perspective of the attractiveness of Serbia for foreign greenfield investment is very low positioning in terms of procedures and extensive waiting for obtaining building permits and ownership registration (Serbia is at 174th and 105th position, respectively).

Altough, certain progress in relation to the results of research from 2009 is encouraging, when Serbia held the 94th place, whereaas it should be noted that Serbia was ranked significantly better (68th position) in 2007. The progress is indisputable in many areas, but the results of these comparative studies suggest that many countries are advancing much faster than Serbia.

According to the Heritage Foundation ranking [7], by the index of economic freedom in 2010, Serbia takes 104th position (together with Algeria, Cambodia and Bhutan) out of 179 countries and by the number of points (56.9 points, which is below the world average) it is classified among "mostly economically non free countries", which is certainly not a recommendation for foreign investors.

The safety of their investments i.e. risk of investing in individual countries, is of vital importance for foreign investors. One of the popular indicators used for measuring investment risk in each country is the country's credit rating which is issued by renowned ratings agencies such as Standard & Poor's, Moody's et al. The following table shows the credit risk of the Western Balkan countries by rating agencies Standard & Poor's [8]:

Table 4: Credit risk of the South-East European countries

Country	Domestic Rating	Foreign Rating	T&C Assessment
Serbia	BB-	BB-	BB-
Macedonia, FYR	BB+	BB	BB+
Montenegro	BB	BB	AAA
Bosnia and Herzegovina	B+	B+	BB+
Albania	B+	B+	BB-
Croatia	BBB	BBB	A-
Romania	BBB-	BB+	BBB+
Bulgaria	BBB	BBB	A

Source: Standard &Poor's

According to this report Serbia has a moderate credit risk, but investing in the Serbian economy is still considered as speculative. By analyzing the previous data it is obvious that only Albania and Bosnia and Herzegovina have a worse credit rating than Serbia. Also, there is another fact for concern i.e. the credit rating from 2005 has weakened and since then has stagnated with no signs of improving. However, it should be emphasized that in the period of turbulence of the economic crisis, the rating is not exacerbated, as was the case with a lot more developed European countries (like Portugal, Spain, etc.).

Table 5: Corruption Perception Indecies the of the Western Bakan countries

Country	2005	2006	2007	2008	2009
Serbia	2.8	3.0	3.4	3.4	3.5
Macedonia, FYR	2.7	2.7	3.3	3.6	3.8
Montenegro	n.a	n.a	3.3	3.4	3.9
Bosnia and Herzegovina	2.9	2.9	3.3	3.2	3.0
Croatia	3.4	3.4	4.1	4.4	4.1
Albania	2.4	2.6	2.9	3.4	3.2

Source: Transparency International

For the determination of foreign investors, the efficiency of the legal system, institutions and state corruption is essential. Foreign investors perceive corruption as a major obstacle for investment. According to reports by Transparency International Organization [5], Serbia takes 83rd position with an index of 3.5. It is followed by Bosnia and Herzegovina and Albania, traditionally the most corrupt country in the region. Progress that Serbia has recorded in recent years in the area of reducing corruption is constant, but unfortunately it is still pretty slow.

And last but not least, the level of investment in a country also depends on the perception by the world community and business circles. According to research of East West Nation Brand Perception Index (one of the few studies of this profile, which includes Serbia), which is based on the analysis of hundreds of thousands of articles from many countries, shows that Serbia is quoted very badly in the world's media [6].

Out of the 200 ranked countries (of which 192 are UN members) Serbia was ranked at 170th place at the end of 2008, and at 182nd place at the end of 2009. According to this survey, Serbia was a country with the worst rank in the region, right after Bosnia and Herzegovina.

Table 6: Rank of Serbia and countries in the region, Country Branding Global Index 200 (CBI) for 2008. and 2009. year

Country	**2008**	**IVQ 2009**
Serbia	170	182
Macedonia	127	66
Montenegro	35	88
Bosnia and Herzegovina	185	188
Croatia	132	146
Albania	81	112
Bulgary	148	109
Romania	47	158

Source: West Nation Brand Perception Index 2009

MAIN OBSTACLES AND PERSPECTIVES OF FDI IN SERBIA

The listed researches and indicators point to the fact that Serbia is faced with numerous challenges and obstacles in attracting FDI, especially when it comes to business environment and investment climate. Therefore, despite the implementation of continuous transition process and improving of the business environment for the inflow of FDI, foreign investors are still very cautious and they rarely enter the Serbian market, particularly when it comes to greenfield investments.

A large number of foreign investors still consider investing in Serbia as insufficiently safe. The fact that there are opportunities for achieving respectively higher profits in Serbia, that the income tax rate is among the lowest in Europe, that wages are comparatively low, that there is a possibility for customs free trade with the Russian Federation, CEFTA, Turkey, doesn't mean a lot to them, because their perception of a significant risk of losing the invested capital persists. Because of the global economic crisis, investors have become more cautious and conservative, and security of investment has become the most important factor. This investment climate does not favor a larger inflow of FDI in Serbia, especially when credit rating is low and the "country risk" high.

Likewise, the perception of the world public and business circles regarding Serbia, which are important for attracting FDI, are still not too good (due to the armed conflicts in the 1990's, the assassination of the Prime Minister, political instability, the crisis over Kosovo's recognition, etc., while occasional successes of Serbian athletes cannot alleviate the existing image). At the same time, Serbia still invests insufficiently in the process of national branding and promotion of the investment image, which would assist in the repositioning and preventing any possible doubts about investing in Serbia.

Based on consideration of key issues in business, foreign investors that are already present in the local market [15] indicate that it is necessary to: a) accelerate the transition reforms that would improve the business environment while bringing Serbia closer to the European Union, b) create conditions for competition in the regulated market; c) complete the adoption of the "Regulatory Guillotine", d) improve the organization and increase the efficiency of all preparatory activities related to the withdrawal of already approved loans from international financial institutions, e) oblige all public companies and other users of public funds to realize their payments to suppliers in maximum 60 days f) consider adopting an action plan to improve Serbia's credit rating.

Another obstacle for the massive inflow of FDI was the absence of well-formulated and effective investment policy. However, it should be noted that in this respect Serbia made significant progress in the recent years. On the basis of the adopted National Strategy for Promoting and Developing Foreign Investments, system of financial support for new investments is developed in Serbia. Serbian Government, through allocation of grants, stimulates the investment projects even up to 25% of total investments, and from 1000 to 10 000 € per job created. These measures undoubtedly represent one of the key generators of current and future intensive inflow of FDI in Serbia, and its application already had stimulating effect on attracting foreign investors and boosting industrial production (e.g., *Leoni* - the German company which built the capacity in Prokuplje, *Jura* - South Korean company that invests in Nis and Raca, etc.) [13].

Expectations are the highest from the joint venture of the Government of the Republic of Serbia and the Italian company *Fiat* (which has invested nearly one billion € in facility in Kragujevac, which should allow the opening of about 5 thousand jobs, and production of over 200 thousand cars per year from 2012) [13].

Despite some criticism that occurred in the domestic professional and general public, it seems that in current conditions this model can quickly lead to the desired much-needed acceleration of greenfield FDI. By following the example of Slovakia, which, based on attraction of primarily high-value investments in the automotive and electronics industries, managed to make its economic activity much more dynamic, it seems that Serbia must lead an active incentive policy when new greenfield FDI are at stake.

With gradual recovery from the global economic crisis, the FDI are expected to recover as well. Most indicators show that the level of FDI in the world in 2011 was higher than in 2009 [9]. Given that, with some variations, the trend of FDI inflows in Serbia followed the trends of FDI worldwide, and one can optimistically anticipate that a greater inflow of FDI would also apply to Serbia. Of course, in order for the latter to happen, it is necessary to meet the appropriate preconditions.

In fact, Serbia is respective, but not very large local market, with not high purchasing power. Also, Serbia is not sufficiently rich in natural resources in order to count on massive inflow of FDI on that basis. In addition, because of the politics of the 1990's, Serbia lagged behind in the attraction of FDI, so that many, especially the large transnational companies, that targeted the South East Europe, have already located their facilities in the neighboring countries. The introduction of further incentives and following an active investment policy is therefore necessary, in addition to continuous efforts to improve the economic environment.

CONCLUDING REMARKS

FDI is essential to the dynamic economic development and social well-being of the host country. Therefore, most countries in the world, especially after the onset of the global economic crisis, have taken measures to attract foreign direct investment.

Unfortunately, in the past period Serbia has not achieved the desired results when it comes to the amount and structure of FDI. The value of FDI inflows in Serbia is far behind the leading transition countries of similar size, but also from many countries in South East Europe. In fact, most FDI has been made in the form of M&A, a major part of FDI was directed to "buying the local market". There were very few greenfield and export-oriented FDI. These tendencies are the result of numerous circumstances and problems when it comes to business environment and investment climate in Serbia.

What is most needed in Serbia is greenfield investment, whose attraction has to be improved. Especially due to the fact that the privatization process in Serbia is ending, wherefore it cannot be a significant basis for attracting FDI. But to ensure the intense inflow of FDI to Serbia, it is necessary to increase the attractiveness of Serbia for foreign investors, primarily through improving business environment and keeping active investment policy. Bearing in mind that creating a propulsive investment business climate and modern institutional infrastructure (and reducing risks for investment) requires a lot of time, special attention must be paid to an active policy of attracting FDI. This involves an intensive promotion of the country in the international public, the targeting of potential investors and providing financial support to realize their projects in Serbia.

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