



CHAMBER OF
COMMERCE AND
INDUSTRY OF SERBIA

Business Activity of Companies in the Republic of Serbia

Q4
-realization-

20
23

Q1
- expectations-

20
24



Belgrade, February 2024



INTRODUCTORY NOTES

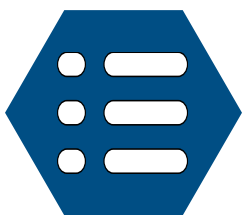
The report on trends in a business activity of companies is prepared for better understanding of the circumstances in which the economy operates in the domestic market. Business performances of the non-financial business economy are considered in details, starting from turnover, capacity utilization, over foreign trade and employment, to investments.

The participation of companies in the survey is on a voluntary basis, and therefore, we extend our gratitude to all those who, through their detailed responses, have given a precise insight into business conditions in the domestic market, the results achieved in the previous period and expectations in the following period. Thus, it provides an insight into the opinions and viewpoints of businesspeople on business conditions and expectations in the following period.

By conducting the Survey of Business Activity of Companies in the Republic of Serbia, the Chamber of Commerce and Industry of Serbia strives to improve the quality of the analysis of trends in the domestic market, especially of the analysis of factors influencing demand and supply for goods and services in the country, as well as the assessment of international operations.

In addition to the regular following and updating of statistical data, including the systematization of qualitative information on turnover, foreign trade, employment, investments and access to sources of financing, the survey results are the foundation for an insight into economic trends in the domestic market. The survey is created with the aim to present objectively expectations and problems faced by the economy in its business operations. Besides it, the survey results provide a systematic insight in business conditions in the domestic market from companies' perspective, as well as the effects of economic policy measures and implemented state incentives. Based on the aforementioned, the survey results are significant for initiatives of the chamber system of Serbia and companies when defining a business policy on the micro level in the following period.

The data collected by the survey are used by the Chamber of Commerce and Industry of Serbia as an important source of information for representing the interests of the business community before the competent institutions both in the country and abroad. Accordingly, the insight into trends of a business activity of companies makes better understanding of the changes happening in this macroeconomic segment, and in that way it significantly contributes to the process of creating public policies and making decisions and strategies.



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Summary

Inflation Slowdown in the Shadow of the New Geopolitical Conflict


According to the latest World Bank Report on Global Economic Prospects, as the middle of the current decade approaches, which was marked as a decade of transformation for the world economy at the beginning of the new economic cycle, given that it was estimated to represent a breakthrough in economic development, the global economy will achieve a negative record by the end of 2024: the slowest GDP growth in the last 30 years. Nevertheless, after the end of another business year, the global economy is definitely in a better place than it was a year ago: the risk of a global recession has receded, primarily due to the strength of the U.S. economy, whereas global inflation is generally stabilized due to an aggressive monetary policy. However, growing geopolitical tensions could create new short-term hazards for the world economy, whereas the medium-term outlook for many advanced economies is not very optimistic, primarily due to the slowdown in growth in most advanced economies, slow global trade and disincentive financial conditions. Global trade growth in 2024 is expected to be only half the average of the decade before the Covid-19 pandemic. The World Bank expects global growth to slow down for the third consecutive year - from 2.6% last year to 2.4% in 2024, nearly 75 basis points below the 2010s average. Advanced economies expect economic activity to grow by 1.2%, whereas developing economies will record growth of 3.9% in the current year, which is about 1 p. p. below the decade average. Meanwhile, borrowing costs for developing economies, especially the ones with poor credit ratings, are likely to remain very high, with global interest rates remaining at their highest levels in four decades in inflation-adjusted terms.

Inflation amounted to 7.6% in December 2023, compared to the same month in 2022. This shows that the peak of inflation on a monthly level has passed and that the process of its slowdown, which will be very long and slow, will follow. High inflation in the past year is mainly driven by the increase in the prices of food and non-alcoholic beverages, as well as the increase in energy prices. According to the NBS projection, inflation peaked in the first quarter of the year and has been declining since April. The decrease in inflation will intensify in 2024. The main instrument for slowing it down is a restrictive monetary policy, i.e., intervention through an increase in the reference interest rate, which has been increased fifteen times since April 2022 and currently amounts to 6.5%.

The economy of Serbia achieved a growth in economic activity of 0.7% in the first quarter, 1.7% in the second quarter and 3.6% in the third quarter of 2023 measured by the real growth rate of gross domestic product, which clearly shows the acceleration of economic activity in the second half of the year. Nevertheless, although the National Bank of Serbia currently expects GDP growth within the range of 2 % to 3%, according to the assessment of RSO, it is realistic to expect that the achieved rate will be at the level of about 2.5%. The reason is the worse performance of the production sector of our most important trading partners, particularly Germany faced by technical recession. Despite this, a return to pre-crisis economic growth rates of about 4% is expected in the medium term.

The labor market situation is stable, with high inflationary pressures slowing down the real growth of average wages. Registered employment during 2023 was further strengthened, whereas the unemployment rate in the third quarter reached 9.0% and is again in single digits.





The major challenges faced by the population in Serbia in 2024 are disruptions in demand and supply of the staple food making up the main consumer basket of every consumer. It is mitigating that the prices of these products are kept under control and stabilized to a certain extent. However, it should be taken into account that these are short-term instruments, which can have adverse effects in the long run. On the other hand, this year's target growth rate is affected by high inflation, tight monetary conditions, which slow down the lending activity of corporate and citizens, geopolitical risks (the Ukrainian crisis, the latest situation in the Middle East), rising tensions in Kosovo and Metohija, disruptions in global supply chains, etc.

As a result of established cooperation with companies, the Chamber of Commerce and Industry of Serbia presents a new report "The Business Activity of Companies in the Republic of Serbia", the implementation of the fourth quarter of 2023 and expectations for the first quarter of 2024. The contribution made by each of almost 1,600 companies from a representative sample is particularly appreciated, since they have contributed to the perception of the current economic situation in the country by their data and projections



Business Activity of Companies

Business Performances

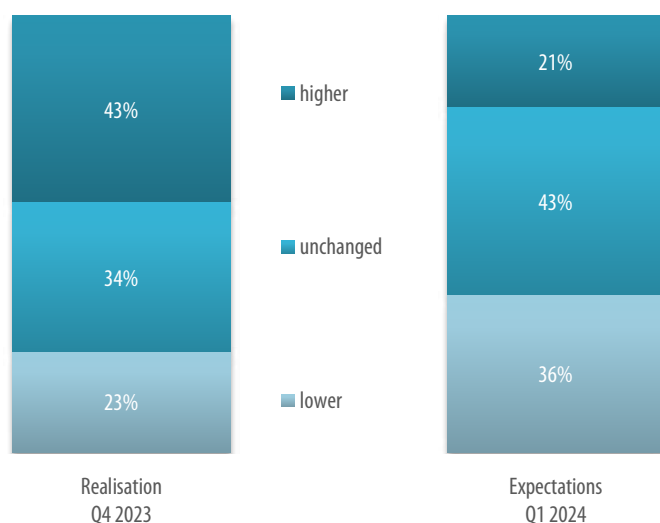
The CCIS survey on business activity of companies in the fourth quarter of 2023 indicates the continuity of sustainable performances of Serbian businesspeople: 43% of the respondents realized a turnover growth, if compared with the previous quarter, whereas 34% of the companies surveyed kept the same level of the turnover, while less than one fourth of respondents recorded a decrease in turnover, if compared with the third quarter of 2023. The companies surveyed state that the average turnover increase in the fourth quarter amounted to 27%, whereas a turnover decrease in the same interval amounted to 24%.

It is encouraging that in the majority of activities about half number of respondents recorded an increase in turnover in the fourth quarter 2023, if compared with the previous quarter: agriculture (52%), electronic communications and tourism (47% each), and other service activities (47%) of the companies surveyed.

Majority of the respondents expect to continue to record good business performances in the first quarter of 2024 as well: 64% of the companies surveyed expect their turnover to be increased or remain unchanged, while 36% of them expect it to be reduced. The surveyed companies foreseeing an increased turnover expect it to be higher by 17% on average, while the surveyed companies projecting a decreased turnover expect it to be lowered by 24% on average. The greatest optimism is shown by the respondents from the public utilities and metalworking industry – 30% and 29% of the respondents expect a turnover growth in the coming quarter. The greatest challenges are foreseen with the respondents from trade and tourism – 46% and 42% of the respondents respectively expect a drop in turnover in the first quarter of 2024.

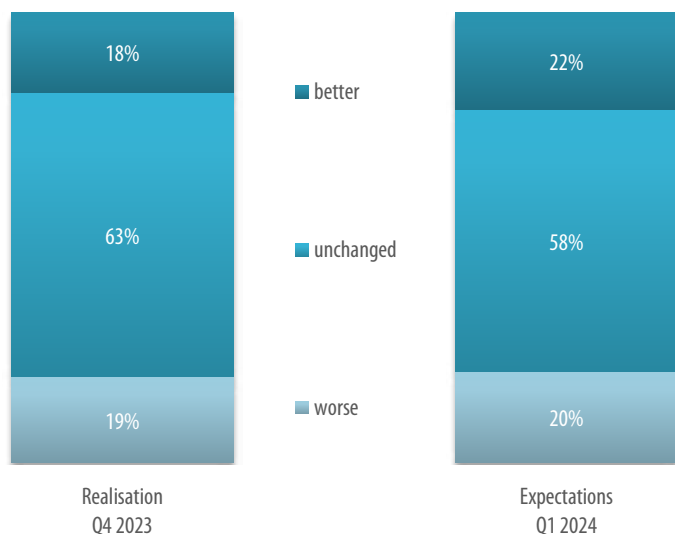
The estimations of the turnover trends in the fourth quarter 2023 and expectations for the first quarter of 2024 (if compared with the previous quarter) are relatively similar, whereas the time delivery of final products and services remain unchanged with 86% of respondents, when compared to the previous quarter, which indicates on stable business environment. A total of 19% of the surveyed, in the fourth quarter 2023, estimate the

Turnover (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

Business climate (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

business climate as worse, in relation to the previous quarter, which is the share (20%) of the companies surveyed that expect the business climate in the first quarter of 2024 to be worse if compared with the fourth quarter of 2023.

On the other hand, it raises concern that the input costs increased with 53% of respondents, if compared with the third quarter 2023. One fifth of the companies surveyed rose the prices of their final products and services, relative to the previous quarter, whereas 75% of the respondents kept these prices unchanged.

The estimations of the turnover trends in the fourth quarter 2023, as well as the expectations of respondents for the first quarter of 2024 depend on the size of company – only 32% of the companies surveyed from the category of micro companies recorded a growth in turnover in the fourth quarter of 2023, unlike 64% of the respondents from the category of large companies.

Horizontal Topics of Interest to the Economy

Tax Credits for Investing in Fixed Assets (Machinery and Buildings)

Companies emphasize their need to return tax credits that used to be ensured through the Law on Corporate Income Tax. It is suggested that the measure abolished in 2014 should be returned into force. Reintroducing the tax credits for investing in fixed assets is a measure supported by all economic entities (particularly representatives of the manufacturing industry, exporters, as well as representatives of the service sector).

Amendments to the Law on Corporate Income Tax

- (example: withholding tax for residential and non-residential legal entities is stipulated by Article 40 of the Law on Corporate Income Tax). The initiative for amending the provisions of Article 40 of the Law on Corporate Income Tax that stipulate the obligation of paying withholding tax under the purchase of secondary raw materials and waste exclusively for legal entities that are residents of the Republic of Serbia, thus putting legal entities, processors of secondary raw materials and waste with their head office in the Republic of Serbia in an unequal position in relation to legal entities with head office abroad. Adopting this initiative would facilitate business operations and further development of the metalworking industry in the Republic of Serbia, and would remove an unequal market position of residential legal entities engaged in purchasing and processing secondary raw materials and waste in relation to non-residential legal entities dealing with the same activity.
- To ensure the reduction of corporate income tax rate from 15% to 10%.

Amendments to the Law on Value Added Tax

- At the proposal of the members of the Group of Accounting Business, an initiative was submitted to extend the deadline for submitting VAT tax returns to the competent tax authority on the prescribed form (Article 50, paragraph 1 of the Law). The extension of the deadline would be from 15 days after the expiry of the tax period, to the period no later than the end of the month for the tax period ending in the previous month.
- Proposal to include trade and import of dried fruits and vegetables in the list of goods and services that are taxed at a special rate of value added tax (Article 23 of the Law on VAT).
- Proposal for supplementing Article 25 of the Law on VAT, which implies releasing from the tax also the services of disinfection, desinsection and deratisation provided by entities registered in the field of veterinary activities.
- The CCIS Association of Tourism and the Business Association of Hotel and Restaurant Industry - HORES launched an initiative to define the tax treatment of tips in the hotel and restaurant industry of the Republic of Serbia. There is a need for tips to be recognized in legislation, and it is proposed that tips should be limited and tax-free to 10% of the value of the service, and recorded on the bill, as well. All income from tips above the legally tax-free limit would be taxed like any other income, in order to avoid the risk of abuse. It has also been proposed to define an annual tax-free income limit (incentive) from tips per employee.

Horizontal Topics of Interest to the Economy

Amendments to the Law on Excise Duties

- At the initiative of private railway operators, a conclusion was adopted on starting an initiative to exercise the right to the refund of paid excise duties on fuel consumed for driving purposes when performing rail transport by diesel traction.

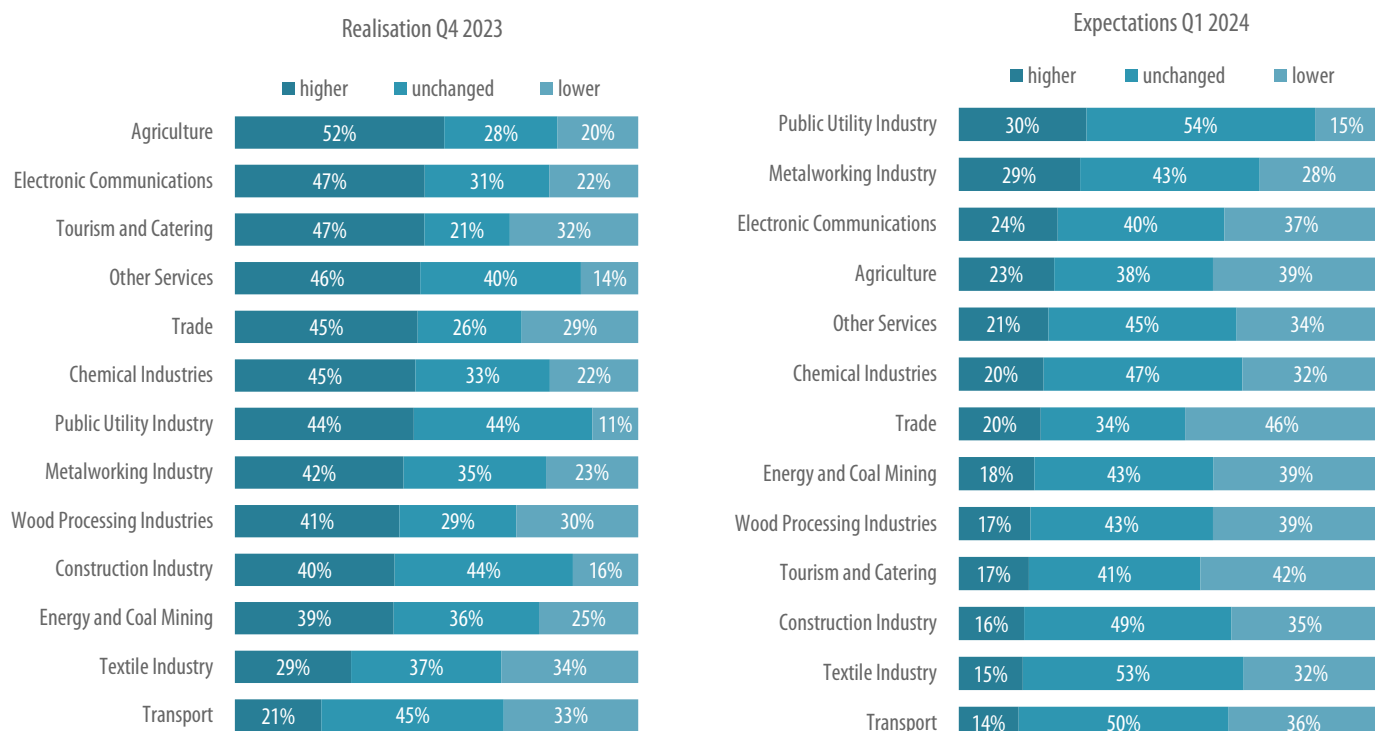
REMINDER - Useful Information

The Government of the Republic of Serbia has adopted an increase in the non-taxable amount of earnings of 25,000 dinars.

The period of benefits for employers who hire new persons, with the fulfillment of the conditions stipulated by law, has also been extended for another year, i.e. until the end of 2024. (Articles 21v and 21d of the Law on Individual Income Tax and Articles 45 and 45v of the Law on Mandatory Social Insurance Contributions).

The Regulation on Amendments to the Regulation on Detailed Conditions, Criteria and Elements for Flat-rate Taxation of Self-employed Income Tax Payers, published in "Official Gazette of the RS", number 89/23, the deadline for limiting the increase in the tax base for flat-rate entrepreneurs to a maximum of 10% compared to the amount determined for the previous year was extended to 2024 and 2025.

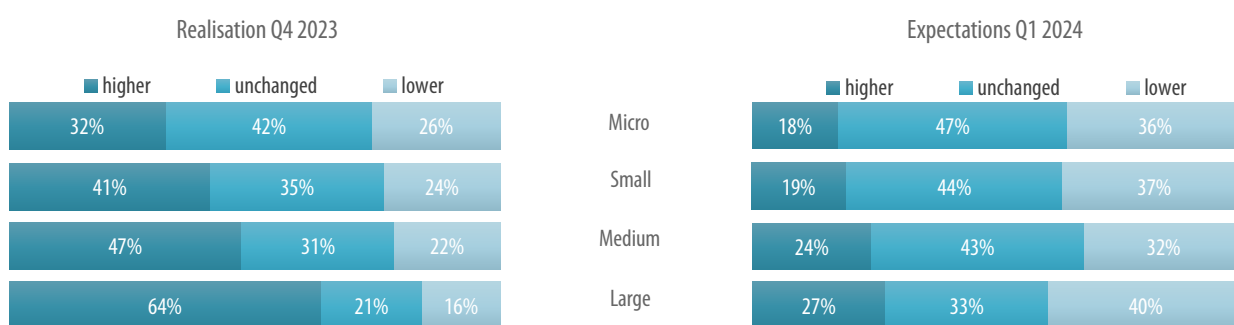
Turnover according to the business activity (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

Note: Business activities are sorted in descending order according to the criteria "increase in turnover".

Turnover according to the size of the responding economic entities (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

Capacity Utilization and Improvement of Business Conditions

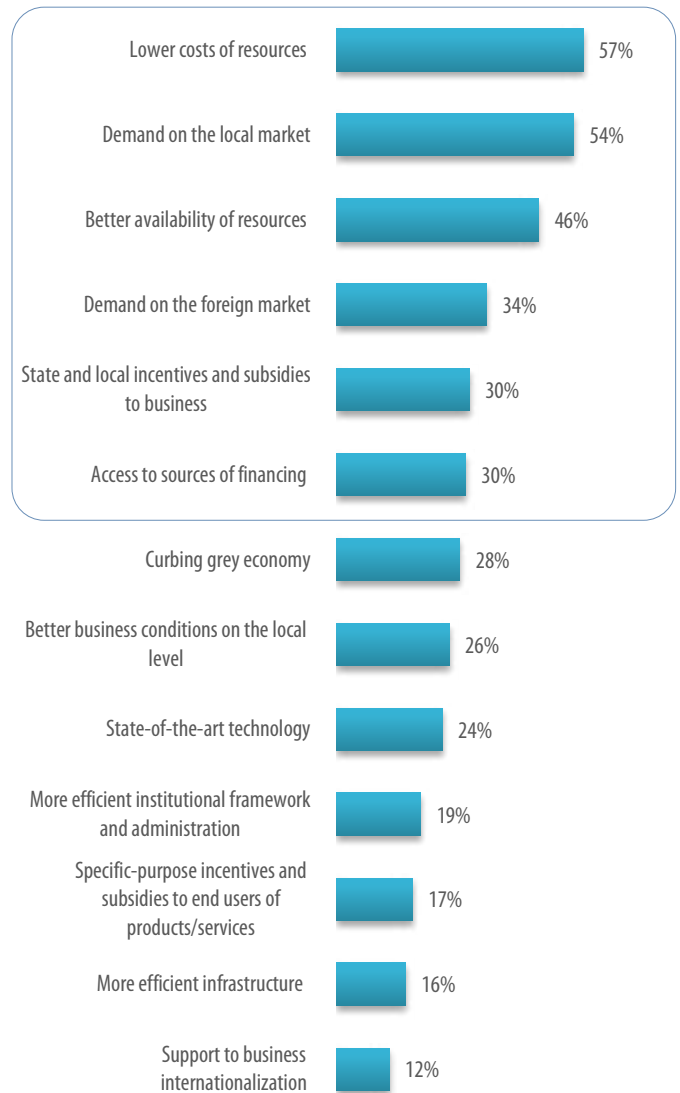
The companies surveyed in the fourth quarter of 2023 achieved the capacity utilization of 75% on average. The resources available in the fourth quarter of 2023 could increase the volume of activities of the companies surveyed by 27%, in case of an increase of demand.

The largest capacity utilization in the fourth quarter of 2023 was recorded by the respondents from the electronic communications and construction industry (the average capacity utilization amounted to 80%).

The survey show that the level of the capacity utilization in the fourth quarter of 2023 is to a large extent connected with a size of company: the average capacity utilization ranges from 68% with micro enterprises to 85% with large companies.

Resources remain the key condition for business improvement and higher capacity utilization, taking into account that as much as 57% of the respondents recorded lower costs of resources, and 46% of respondents recorded better availability of resources as the leading business factors. As in the previous survey, the respondents emphasize that demand in the domestic market is also the key factor (54% of respondents).

The most important factors for improving the business (percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

Note: Respondents could check several answers.

Horizontal Topics of Interest to the Economy

Environment

Law on Waste Management

The Chamber of Commerce and Industry of Serbia was actively involved in the process of amending the Law on Waste Management through the implementation of a dialogue with the business community and the collection and consolidation of comments aimed at solving the issues and challenges faced by the economy in this area. The new Law on Amendments to the Law on Waste Management (Official Gazette of RS, No. 35/23 as of 29 April 2023) entered into force on 7 May 2023, and the most significant amendments refer to:

- abolition of the obligation of a waste producer to obtain a permit for the temporary storage of its own waste generated in the course of carrying out its basic activity at the location where the waste was generated;
- the way of managing waste mercury, sewage sludge from municipal wastewater treatment plants, as well as the way of managing construction and demolition waste;
- separation of the waste storage permit which has previously been part of the integral waste treatment permit;
- competences for issuing permits;
- new base for payment of administrative fees - the fees related to non-hazardous and hazardous waste, etc. are separated.

Packaging, Packaging Waste and Deposit-Return System

Regarding the announced Bill on Amendments to the Law on Packaging and Packaging Waste by the line Ministry, which, among other things, determines the introduction of a deposit system for disposable packaging, it is planned to continue work on the analysis of the validity, feasibility and transparency of the packaging waste management system.

In that context, the Chamber of Commerce and Industry of Serbia persists in timely informing and involving business representatives in the process of active participation in the creation of a regulatory framework favorable for every form of business, all aimed at establishing a dialogue between all stakeholders to formulate a common position on the steps necessary to improve this system.

Amendments to the Law on Fees for the Use of Public Goods

Within the Public Debate Program on the Draft Law on Amendments of the Law on Fees for the Use of Public Goods, which was realized in the period from 10 April to 3 May 2023, the Ministry of Finance and the Chamber of Commerce of Serbia organized round tables where new legal solutions were presented and discussed.

Certain proposals indicated by the businesses in the previous period were adopted and implemented in the said draft (e.g., the fee for drugs was abolished). The Law on Amendments to the Law on Fees for Use of Public Goods was adopted in October 2023 ("Official Gazette of RS", No. 92/23).

Foreign Trade

Based on the findings of this survey, of the total number of the companies surveyed, 50% of them exported their products and services in the fourth quarter of 2023.

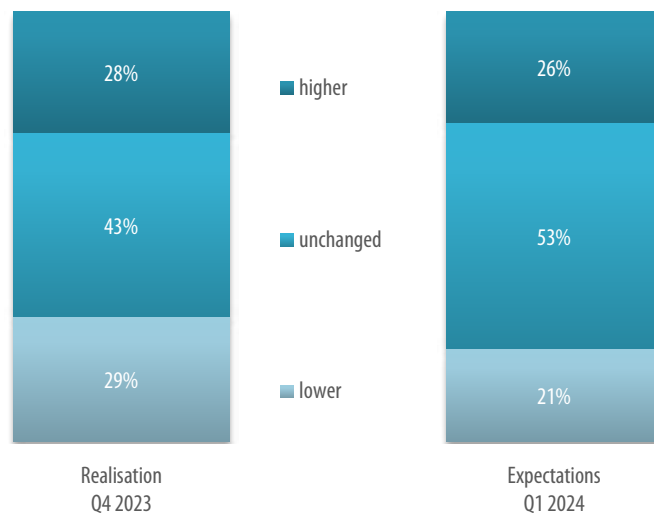
In comparison with the previous quarter, an increased export of 37% on average was recorded by 28% of the surveyed exporters, whereas 43% of the surveyed exporters realized the same export level in the fourth quarter of 2023, as well as in the third quarter. More than one quarter of the surveyed exporters recorded a decreased export of 35% on average, if compared with the previous quarter.

Out of the total number of exporters from the electronic communications sector, 46% of them recorded a growth in exports in the fourth quarter 2023, if compared with the previous quarter. The greatest enthusiasm about the first quarter of 2024 is shown by the surveyed exporters from the textile and energy industries, out of whom 38%, i.e. 33% respectively expect a quarter-on-quarter growth in exports.

Businessmen show that they are very optimistic about the first quarter of 2024 in terms of export trends (26% of them expect to have their quarter-on-quarter export increased by 24% on average, while 53% expect to have the same level of exports). The exporters foreseeing a decrease in exports expect it to be lower by 32% on average.

Out of the total number of the companies surveyed, 52% imported in the fourth quarter of 2023, while an increased or unchanged import volume was recorded by 82% of the importers surveyed. In the first quarter of 2024, as much as 80% of the importers surveyed expect the same or increased volume of imports, when compared with the previous quarter.

Export (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=813).

Internationalization of business operations – proposals of the business community for additional support

Business linking – organized online B2B meetings, hybrid events

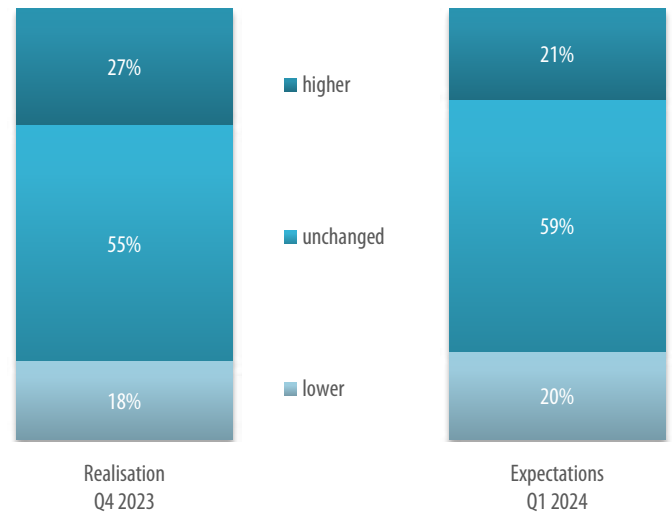
Business community is interested in the organization of company missions, visits to specialized, international fairs, participation in hybrid events and online meetings, aimed at business linking and networking with partners abroad. Companies are also interested in participating in workshops and trainings dealing with the following topics: digitization, green agenda, harmonization of business operations with new EU regulations, possibility of participation in new EU programs (Horizon Europe, Single Market Program, Digital Europe, etc.).

The Ministry of Foreign Affairs has been submitted the initiative to obtain information through diplomatic and consular missions on the conditions under which VAT refunds are made to taxpayers from the Republic of Serbia in the countries important for the business operations of companies. The mentioned countries are: the Republic of Italy, the Republic of Greece, the Czech Republic, the Republic of Poland, the Republic of Türkiye (in its entirety) and the Republic of Bulgaria.

Incentives and measures to encourage export

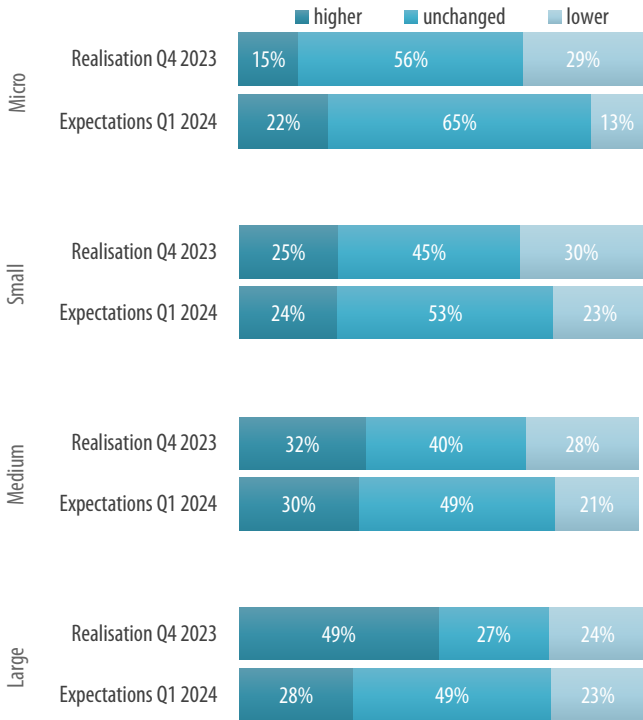
Consider introducing additional measures and expanding the existing economic policy measures with the aim to encourage exporters.

Import (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=826).

Export according to the size of the responding economic entities
(compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=813).

Import according to the size of the responding economic entities
(compared to the previous quarter, percentage of respondents)



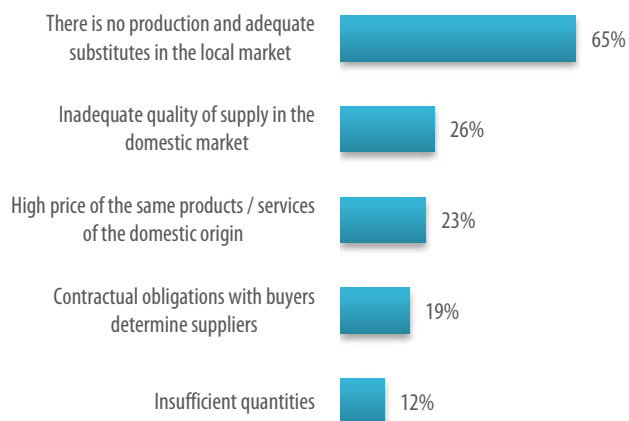
Source: Questionnaire of CCIS (n=826).

Import Substitution Opportunities

Two thirds of the importers surveyed (65%) state that products and services they import or supply for their business operations are not produced and provided in the country. The companies that import reproduction material state that the main reasons why they do not use the substitutes made in Serbia are as follows:

- inadequate quality of offer in the domestic market,
- contractual obligations with buyers, based on which suppliers are identified, and
- high prices of the same products and services of domestic origin.

Why do you import raw materials from abroad? (percentage of respondents)



Source: Questionnaire of CCIS (n=826).

Note: Respondents could check several answers.

Investments

In 2023, 50% of the companies surveyed realized their investments. In comparison with the investments realized in 2022, 83% of companies (that invested in 2023) realized the same or increased volume of investments. If compared with the size of company, there are huge differences: unlike large companies, out of which 84% of the respondents realized investments, only 29% of the respondents from the category of micro companies invested in 2023.

Businessmen's expectations for 2024 are positive ones: as much as 56% plan to invest in 2024, whereas 88% of the respondents plan to keep the same or achieve a higher volume of investments, in relation to 2023.

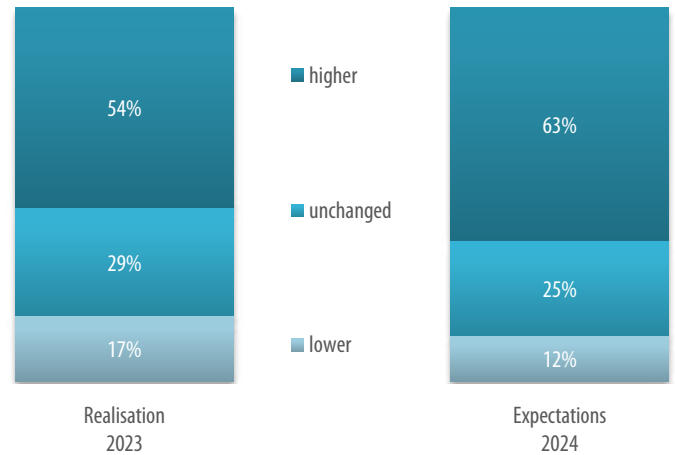
The structure of the investments realized in 2023 and investments planned for 2024 is similar: the companies surveyed state that in the structure of investments the following items have almost equal share: imported equipment (29% of realized investments and 28% of the total investments in 2024), construction buildings and land (28% of realized investments, and 29% of planned investments) and domestic equipment (28% of realized investments, i.e. 26% of planned investments).

Investments in imported equipment are dominant with the respondents from the transport and textile industry, where the imported equipment accounts for 40% each of the total value of investments realized in 2023. The respondents show that they are least interested in investing in intellectual property and digital technology, on average only 5% of the realized investments, and only 6% of assets planned to be invested. Only those surveyed from the sectors of electronic communications and other service activities plan to make more substantial investments in this category in 2024 – 33% and 13% of the total value of planned investments.

The incentives of state institutions and local self-governments were used by 11% of the companies surveyed, whereas 83% of the respondents stated that they did not apply for those funds.

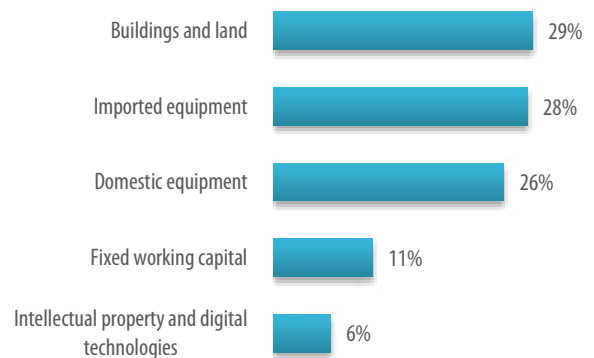
Out of the total number of the companies surveyed, 24% of them stated that in 2023 they introduced some innovation in the previous quarter. The most innovative companies are those from the electronic communications and chemical industry, taking into account that 46% and 38% of the respondents from these sectors stated that they introduced some innovation in 2023.

Investments (compared to the previous year, percentage of respondents)



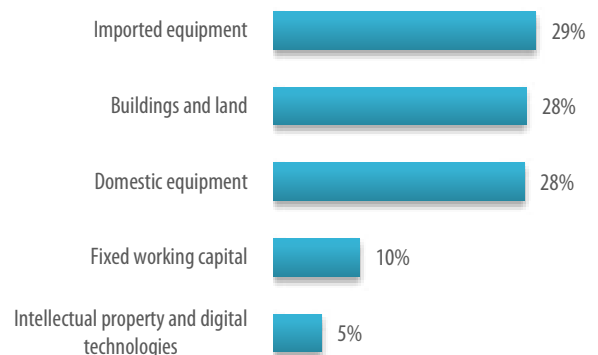
Source: Questionnaire of CCIS.

Structure of the planned investments in 2024



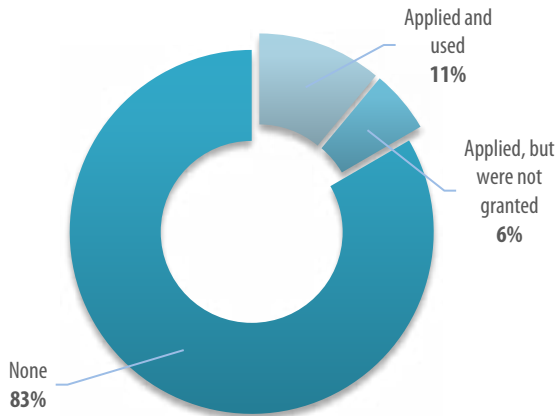
Source: Questionnaire of CCIS (n=886).

Structure of the realized investments in 2023



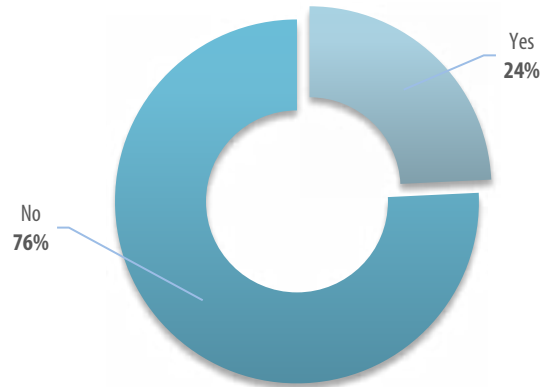
Source: Questionnaire of CCIS (n=793).

**Have you applied for any subsidies granted by state institutions or local self-governments?
(percentage of respondents)**



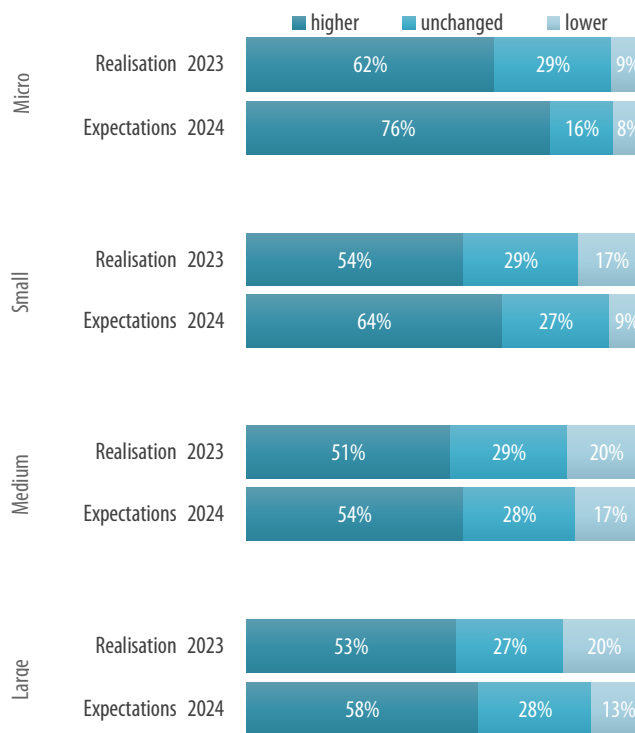
Source: Questionnaire of CCIS (n=1586).

**Does your company deal with innovations?
(percentage of respondents)**



Source: Questionnaire of CCIS (n=1586).

**Investments
(compared to the previous year, percentage of respondents)**



Source: Questionnaire of CCIS.

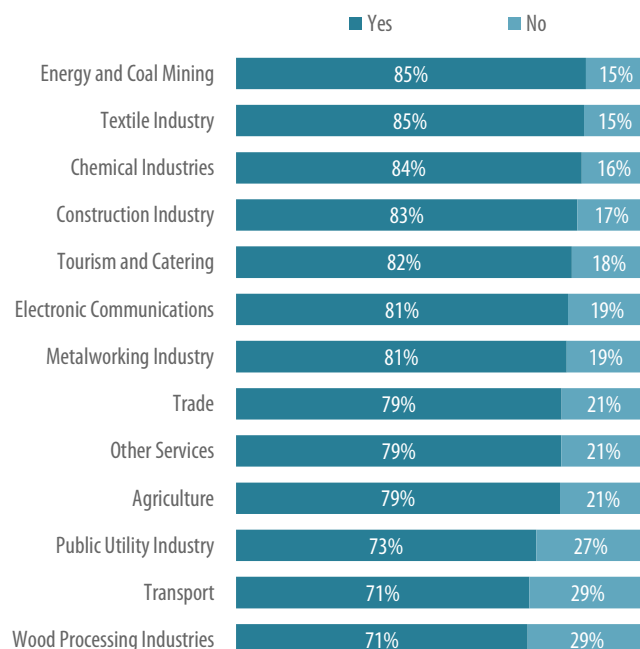
Sources of Financing

In 2023, the companies surveyed mainly use their own assets in business operations (81%) and loans (16%). Budget incentives and other sources of financing have a negligible share in the structure of sources of financing. The companies stating to use loans get indebted mostly in the country, and far less abroad. This relation of domestic and international loans is distinctive for all the economic activities covered by the survey.

It is encouraging information that 80% of the companies surveyed have enough assets for optimal funding of their business operations. The companies not having enough funds for financing their business operations lack 34% on average of assets for optimal funding of their business operations. In addition, 71% of the companies surveyed stated that in the fourth quarter of 2023 had enough funds for their investments.

As for the liquidity, the respondents from the wood processing industry and transport are facing the biggest challenges, taking into account that 29% of the surveyed companies respectively from these industries state that they do not have enough assets for optimal funding of their business operations. The most solvent are the respondents from the sectors of energy and mining, and textile industry (85% of each sector have enough assets for optimal funding of their business operations), followed by the chemical industry, construction industry and tourism, where 84%, 83% and 82% of the companies surveyed state that they had enough assets for optimal funding. In addition, the insolvency problem is dominant with the respondents from the category of micro companies, taking into consideration that 31% of the surveyed from this category did not have enough assets for their optimal funding of their business operations, unlike the respondents from the category of large companies where only 11% of them have liquidity issues.

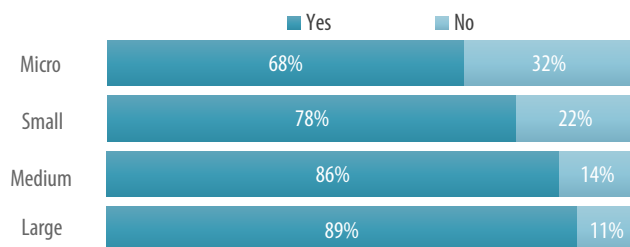
Did you have enough funds for optimum financing of your actual business? (percentage of respondents, according to the business activity)



Source: Questionnaire of CCIS (n=1586).

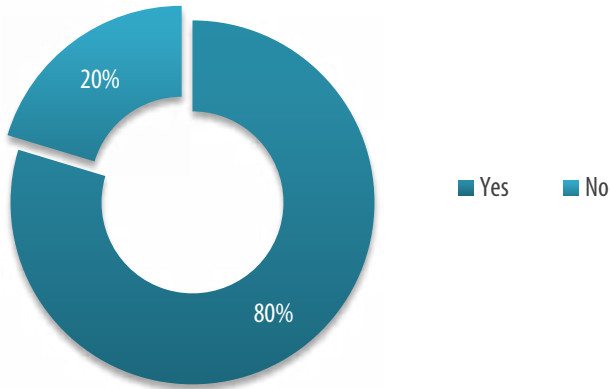
Note: Lack of funds for optimum financing of current business of the business activities is sorted in ascending order, starting with the business activity with the lowest share of the lack of funds for optimum financing relevant to available funds.

Did you have enough funds for optimum financing of your actual business? (percentage of respondents, according to the size of the responding economic entities)



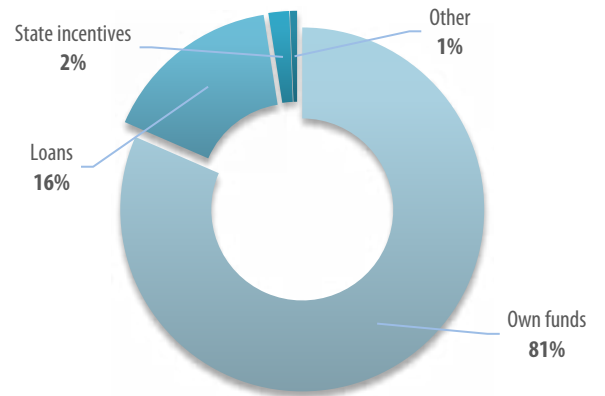
Source: Questionnaire of CCIS (n=1586).

Did you have enough funds for optimum financing of your current business? (percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

Structure of the planned investments



Source: Questionnaire of CCIS (n=1586).

Labour Force

In the fourth quarter of 2023, the employment was also stable, taking into account that 86% of the companies surveyed did not reduce the number of their employees, as well as that 94% of the respondents do not intend to reduce the number of employees in the following quarter either.

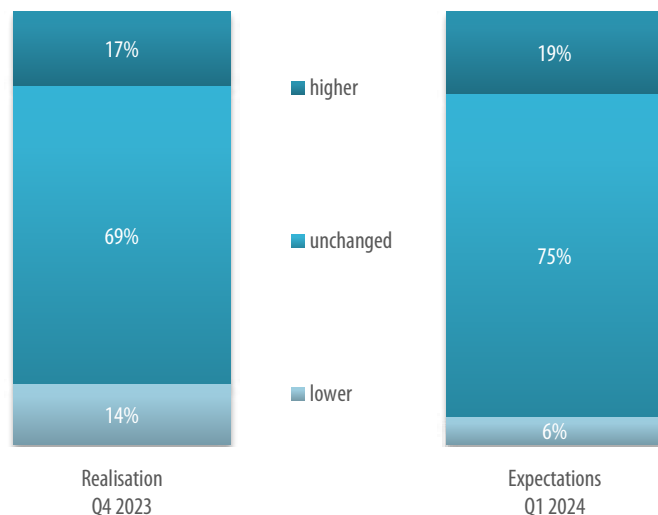
As for the labour force, the largest increase in the number of employees in the fourth quarter of 2023 was recorded with the companies dealing with electronic communications: out of the total number of the respondents from this industry, 32% of them increased the number of employees. If compared with other industries, the respondents from the electronic communications, other service sectors and metalworking industry expect to have the highest increase in the number of employees in the first quarter of 2024 (32%, 23% and 23% of the respondents from these industries respectively expect a growth in the number of employees.

A quarter of the respondents from the category of large companies increased the number of employees in the fourth quarter 2023, unlike 11% of respondents from the category of micro companies.

The respondents have the same expectations in terms of employment in the first quarter of 2024, regardless of the size of company.

The current offer of the labour force in the country, in terms of educational profiles and work experience, meets the needs of 86% of the companies surveyed. However, it raises concern that more than half of the total companies surveyed (60%) consider that there is no sufficient number of adequate staff in Serbia.

Employment (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

Horizontal Topics of Interest to the Economy

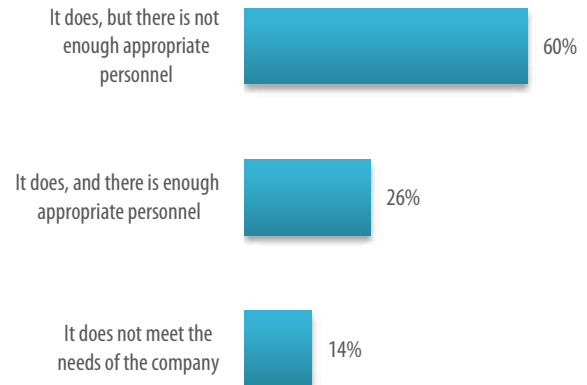
Reduction of Payroll Taxes and Contributions

To successively reduce the payroll taxes and contributions in the following five years in order to decrease them from the current 63% to 46%. The share of taxes and contributions in salaries is high, relative to the neighbouring country.

Shortage occupations (20 most required)

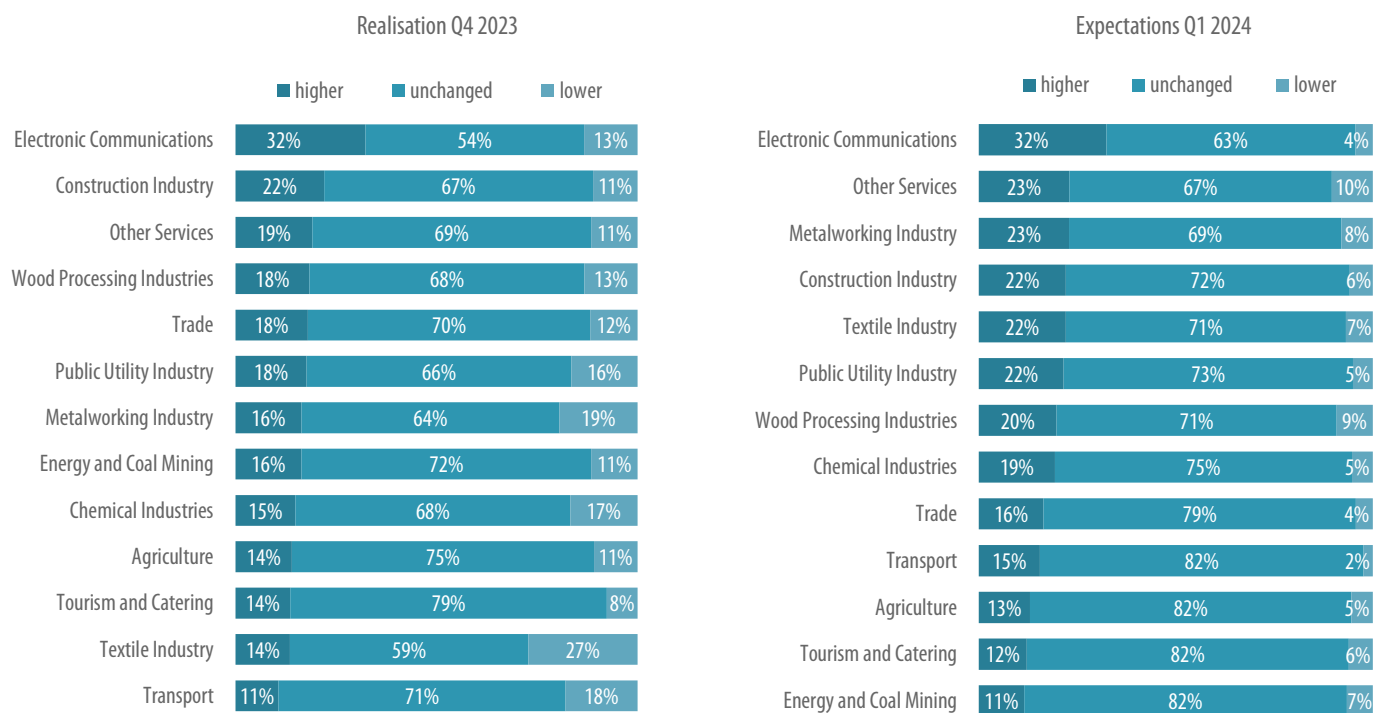
C/E category driver, production worker, welder, mechanical engineer, locksmith, cook, waiter, salesman, CNC operator, construction technician, electrical engineer, steel fixer, bricklayer, construction machinery operator, carpenter, electrical technician, electrician, technologist, mechanical technician, information technology engineer.

Does the current supply of the labour meets the needs of the company? (percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

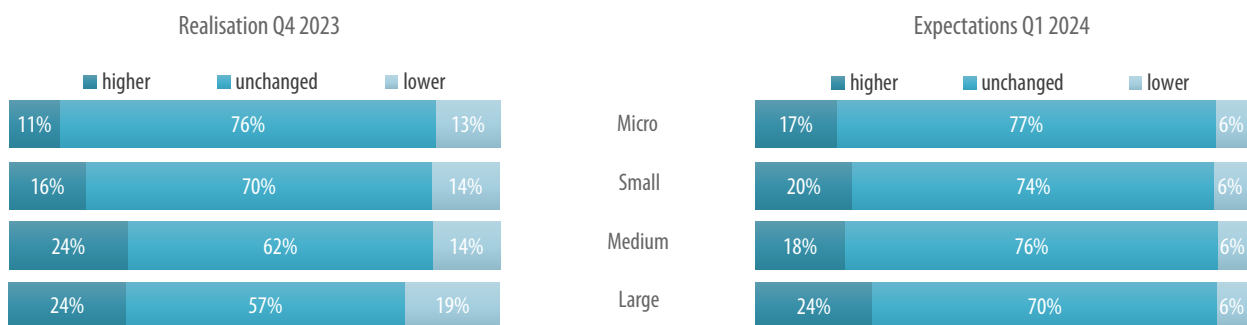
Employment according to the business activity (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

Note: Employment in the business activities is sorted in descending order, starting with the business activity with the highest percentage increase in employment.

Employment according to the size of the responding economic entities (compared to the previous quarter, percentage of respondents)



Source: Questionnaire of CCIS (n=1586).

Methodological Notes

Turnover. In production and service industries, turnover refers to the trends in operating revenues of business entities. A change in the recorded value of operating revenues is expressed in percentages (%). Operating revenues are the revenues generated by the business entity from its business operations, and they are closely linked to its primary business. They consist of the sale of merchandize, sale of products and services, revenues from premiums, subsidies, donations and other operating revenues (based on rental fees, membership fees, etc.).

Capacity utilization. The level of capacity utilization is evaluated as a ratio of the realized level of production of goods or services compared to the level of production with the maximum use of the technical equipment installed. Special subarea relates to factors which affect the capacity utilization.

Foreign trade. With international operations, the division was made according to the viewpoints and opinions of the economy in connection with export potentials and import needs. Evaluation of the export potential is obtained by getting answers to the questions relating to the viewpoints on the expected change in export. The current and estimated import needs are obtained by getting answers to the questions relating to the viewpoints on expected change in import, and the statement if there is production of import products on the domestic market, and the selection of explanations why they are imported from abroad. This way, we get an insight into the possibility of import substitution.

Investments. With investments, which include all types of investments in business entities, viewpoints are evaluated with respect to the implemented and planned investments, with the selection of the structure of planned investments, as a special subarea.

Labour force. Concerning the number of employees (engaged on all jobs in business entities, irrespective of the type of engagement) we evaluate the expected change in the number of employees and the assessment of the quality of the labour supply in the country, with the option to specify required educational profiles.

Sources of financing. As for the sources of financing, we required the assessment of the structure of sources of financing used in operations of business entities (own funds, loans, budget incentives and other), as well as the subarea relating to liquidity of companies and submitting applications for incentives.

Innovation. The statement of innovative activity of a company, which implies the utilization of a new or significantly improved product, service or process, marketing method or new organizational methods in business, work organization or relations of the business entity with the environment, evaluates attitudes about innovative activities of economic entities in the previous period.

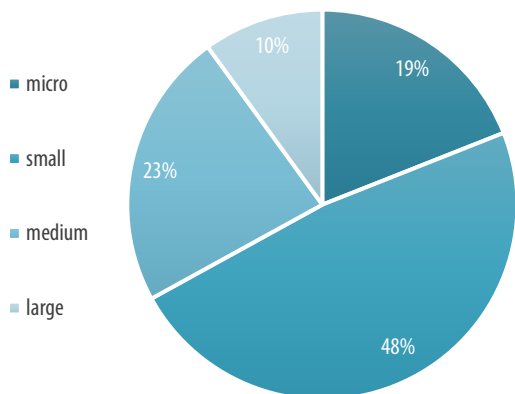
The Questionnaire on business activity is conducted on the sample of size $n=1,586$. The sample is allocated to the Republic of Serbia on the level of branches. The framework for the choice of the sample is active companies which do business in Serbia. The survey does not include business entities from sections K (Financial and insurance activities) and O (Public administration and defence; compulsory social security). Chamber of Commerce and Industry of Serbia does not possess data on companies that belong to the territory of Autonomous Province of Kosovo and Metohija, therefore they are not included in the sample.

Data collection period is from 9th to 26th January 2024.

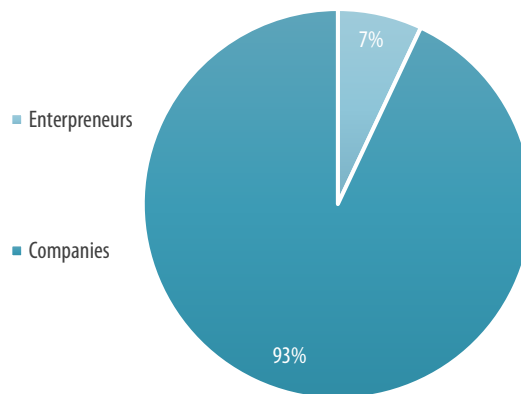
The research was conducted using CAWI (*Computer Assisted Web Interview*) and CATI (*Computer Assisted Telephone Interview*) methods. The findings of the survey were analyzed according the defined criteria, i.e. modalities within the questionnaire according to which we observed turnover, volume of production or services, foreign trade, employment and investments in the business entities that are the most important CCIS members, which were chosen to participate in the survey. The findings are presented through the frequency of answers, i.e. medium values. No weighting of the obtained results was performed. Seasonal component was not excluded from the data.

According for the financial statements for 2022, the economic entities that participated in the study generated the total operating income of EUR 23.9 billion, and based on the data of CROSO, in December 2023, the economic entities had 230,000 employees.

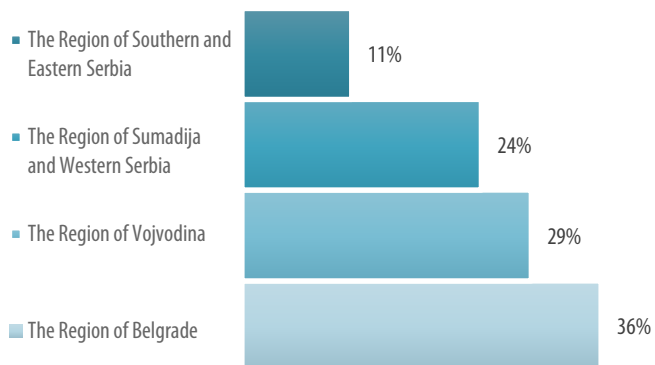
Sample structure according to the size of the responding economic entities



Sample structure according to the form of organization of respondents



Structure of respondents according to the region



Centre for Strategic Analyses, Analytics, Planning and Publications

Reliable and timely information in a modern and dynamic economic environment is one of the key services of the Chamber of Commerce and Industry of Serbia. Owing to a constant communication with economic entities and the availability of databases, the Centre for Strategic Analyses, Analytics, Planning and Publications creates and develops a set of economic indicators, prepares and coordinates the publication of numerous regular economic reports and analyses as follows:

Macroeconomic indicators (annual overview) – the main indicators of economic trends in the Republic of Serbia.

Macroeconomic framework (yearly and quarterly overview) – an overview of the most significant macroeconomic trends in the Republic of Serbia.

CCIS sectoral analyses – a detailed overview of economic activities, support to economy, current events, initiatives, regulations, popular topics by economic sectors in the country presented in the CCIS electronic newsletters of nineteen associations, which are published quarterly.

Business Activity of Companies in the Republic of Serbia – the report on trends in a business activity of companies in the Republic of Serbia is prepared for better understanding of the circumstances in which the economy operates in the domestic market.

Incentives for different sectors of economy (*only in Serbian*) – a detailed overview of all available incentives for economy sectors: agriculture, industry and services.

Benefits for investing in Serbia – the brief overview of different benefits for investing in Serbia.

MAT - Macroeconomic Analyses and Trends (*only in Serbian*) – the most influential professional journal in the area of macroeconomic research in the country.

Barometer (*only in Serbian*) – the publication follows economic trends in the domestic industry, and presents monthly information on indicators of economic expectations.

Standardized foreign trade and economic reports (*only in Serbian*) – containing monthly and annual data on foreign trade.

Upon special request, the information on the Serbian market research (the analysis by economic sectors, regions, municipalities, bilateral cooperation with foreign countries) is available to all stakeholders, as well as the information on the latest trends in international financial and commodity market.

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