

Competitiveness in South East Europe 2021

A Policy Outlook

Serbia



Serbia has improved its performance since the 2018 Competitiveness Outlook assessment in 13 of the 15 policy areas scored in the assessment. Although this clearly indicates progress in the design of policies to enhance its competitiveness, if these policies are to have a lasting impact then their effective and continuous implementation, monitoring and upgrading should remain a key priority.

Key facts (2020)



GDP growth:

-1.0%



Unemployment:

9.0%
of total labour force



Exports of goods and services:

47.7%
of GDP



Net FDI:

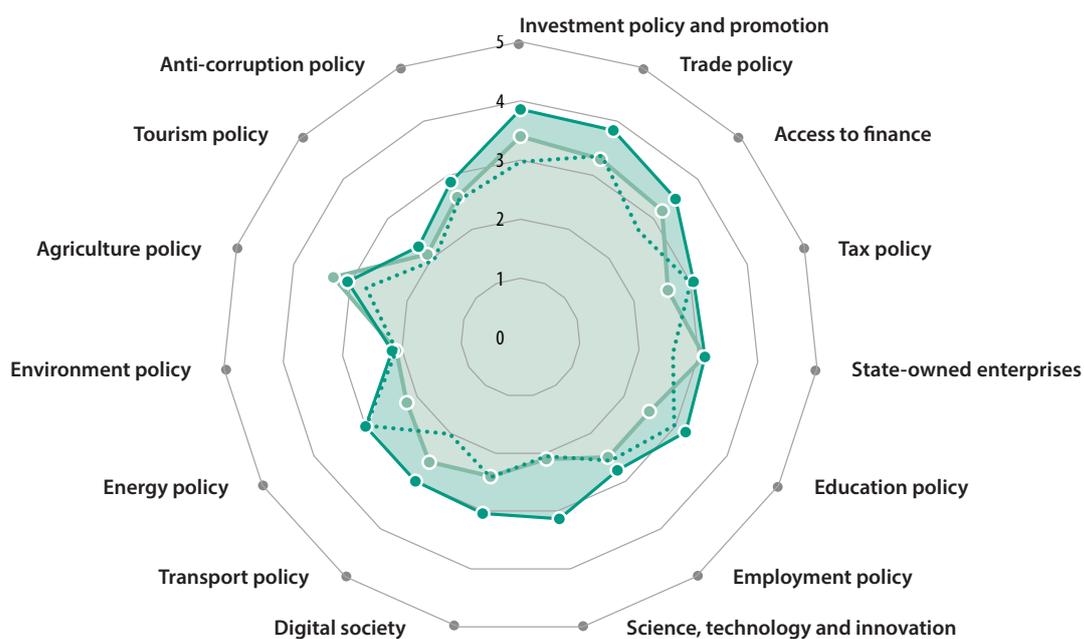
6.2%
of GDP



Personal remittances received:

7.3%
of GDP

Serbia's Competitiveness Outlook performance (2018 and 2021)



—●— 2018 —●— 2021 WB6 2021 average

Main achievements



The FDI regime is less restrictive than the OECD average according to the OECD FDI Regulatory Restrictiveness Index. Net inflows increased from USD 2.3 billion in 2015 to USD 4.3 billion in 2019.



The OECD Services Trade Restrictiveness Index (STRI) analysis shows that Serbia has further lowered restrictions on services trade since 2018.



The scope of the legal framework to access alternative non-bank financing instruments for businesses have been broadened.



A dual model for vocational education, mixing work-based and classroom learning, has been introduced. Moreover, the early school leaving rate has declined over the last decade, and at 6.6% in 2019 has been lower than the EU average rate of 10.2%.



Two important strategic documents that will strengthen Serbia's innovation potential have been introduced in 2020 – the Smart Specialisation Strategy, and the Strategy for the Development of Artificial Intelligence.

Main priorities



The population is exposed to more than twice the maximum level (10 $\mu\text{g}/\text{m}^3$) set by the World Health Organization of air pollutant like fine particulate matter. Reducing air pollution is a need to improve environmental quality of life.



In 2019, the average caseload for each employment counsellor was 827. Increasing public employment agencies' human and financial resources would enable a more effective implementation of employment activation policies and contribute to fighting high unemployment levels.



The majority of State-owned enterprises engage in commercial activities and do not fall under the public ownership framework. A comprehensive state ownership policy is important to reduce inefficiencies and low overall returns on the state's investment.



Sporadic public-private co-operation and the lack of financial resources are among the main obstacles to a more efficient implementation of tourism master plans and development programmes. The harmonised and efficient development of competitive and sustainable tourism products could be promoted by a stronger involvement of the municipalities.

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The third edition of *Competitiveness in South East Europe: A Policy Outlook* comprehensively assesses policy reforms in the WB6 economies across 16 policy dimensions crucial to their competitiveness. It leverages a highly participatory assessment process, which brought together the views of OECD experts, WB6 policy makers and local non-governmental stakeholders to create a balanced and realistic depiction of their performance. The report seeks to provide WB6 policy makers with a multi-dimensional benchmarking tool, enabling them to compare performance against regional peers as well as OECD good practices, and to design future policies based on rich evidence and actionable policy recommendations. Economy-specific profiles complement the regional assessment and provide each WB6 economy with an in-depth analysis of their competitive potential as well as policy recommendations tailored to their specific challenges to inform their structural economic reforms and sustainable development agenda.

