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Trade and investment relations between the Republic of Serbia and the Tropic French Republic – modern trends^[2]

Abstract: Trade and investment relations between Serbia and France are an important aspect of the overall bilateral cooperation between these two countries. Starting from the history of their economic relations since 1878 to date, the research conducted for the needs of this paper encompasses the analysis of modern trade and investments. The methodology includes the qualitative and descriptive analysis, based on the data of international and national institutions. The results show a stable and dynamic trade exchange with a significant increase in French foreign direct investment in Serbia. New aspects of this research include primarily the overall analysis of current trends and challenges in the analyzed spheres of bilateral cooperation. In conclusion, the paper highlights optimistic prospects for further development of bilateral economic relations between these two countries.

Keywords: Republic of Serbia, French Republic, foreign trade exchange, foreign direct investment, economic cooperation

Introduction

Trade and investment relations between Serbia and France are an important aspect of the bilateral cooperation between these two countries, which is deeply rooted in history and continues

its development in the modern context of global economy. France as one of the leading economic actors in the European Union (EU) and Serbia as the country aspiring to become a member of the EU have established stable and dynamic relations in the sphere of trade and investments. This paper

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analyzes different dimensions of these relations, with a focus on quantitative and qualitative aspects of trade exchange, foreign direct investments, as well as the key sectors contributing to stronger economic cooperation between these two republics. Understanding current trends and challenges in trade and investment relations between Serbia and France is of crucial importance for improving bilateral economic cooperation and defining future directions of development.

Providing first an insight into the history of economic relations between Serbia and France (necessary for understanding the modern context) from the moment of the establishment of diplomatic relations after the Congress of Berlin in 1878, in the context of the research subject, the author opts for analyzing the dynamics, scope and structure of bilateral economic relations between these two countries, mainly from the perspective of foreign trade (commodity) exchange and foreign direct investments (FDI). The research methodology is based on qualitative, and/or descriptive methods, with an attempt at perceiving this subject as completely as possible. Specifically, after the literature overview founded on the archive material dealing with the historical analysis of economic relations, the central chapters of this paper, dedicated to the analysis of the scope of trade and investments, applies the descriptive analysis of statistical data, i.e., modern data bases of relevant international and national financial and statistical institutes (such as the World Trade Organization [WTO], the International Monetary Fund [IMF], the World Bank, the United Nations Conference on Trade and Development [UNCTAD], as well as the National Bank of Serbia [NBS], Statistical

Office of the Republic of Serbia [RZS], La Chambre de commerce et d'Industrie France–Serbie [CCIFS] and others). The final considerations are dedicated to the argumentation of optimism regarding the tendencies of further development of overall bilateral economic relations between Serbia and France.

A short overview of the history of economic relations between Serbia and France

Bilateral relations in general, including economic relations between Serbia and France, have a long and complex history shaped by joint geopolitical interests and events since the end of the 19th century to date. The turning point in these relations was the Congress of Berlin in 1878, when Serbia gained independence, which ensured the establishment of diplomatic relations with France at the level of authorized ministers plenipotentiary (Catsiapis, 2002). Economic relations, as a foundation for political cooperation, developed after 1878, particularly thanks to the construction of the railway financed by French capital, which enabled Serbia's recovery after its liberation wars against Turkey. The signing of the French-Serbian Convention in 1881 constituted an important step in establishing long-term economic relations, ensuring financial and technical aid in the construction of key infrastructural projects (Pavlović, 2015, pp. 26–37). The success of this cooperation enabled Serbia to avoid its full dependence on Austro-Hungary and Russia, which had great strategic significance at the time. France became an important ally of Serbia

not only in economic, but also in political terms, while its influence in the Balkans was important in the context of countering German expansionism (Troude, 2010, pp. 342–343). This cooperation was further strengthened during the First World War, when France, although informally, provided substantial military and humanitarian aid to Serbia, including loans for financing war ventures (Gnjatović, 1991).

The relations between the Kingdom of Serbs, Croats and Slovenes, later Yugoslavia, and France reached their peak in the interwar period (Sretenović, 2009, p. 544), but they were not accompanied by strong economic relations. Although France had a great influence on Yugoslav foreign policy, economic cooperation remained at a low level due to restrictive measures in trade caused by the post-war economic crisis, the decline in the foreign currency value, as well as geographic distance. France preferred imports from its colonies while Yugoslavia, although interested in exporting agricultural products, had difficulty entering the French market. The problem caused by Yugoslav debts additionally compounded economic relations. France continued granting loans and aid to Yugoslavia, but insisted on its repaying pre-war and war debts. The signing of trade agreements (i.e., Convention on Trade and Navigation) from 1929 and subsequent attempts at economic cooperation did not succeed in overcoming these obstacles (Vinaver, 1985). German economic expansionism of the 1930s further weakened French-Yugoslav economic relations. Nevertheless, French enterprises participated in the post-war recovery of Yugoslavia, but their influence was limited. French capital was present in banking, mining and industry, but the

competition of other European countries limited its range (Cvetković, 2006). This misbalance between political and economic relations was crucial for subsequent political changes in the region. However, strong political ties between France and Yugoslavia did not succeed in maintaining economic cooperation at a satisfactory level, which finally led to the weakening of their relations and the strengthening of Yugoslavia's ties with other countries, in particular with Germany.

After the Second World War, economic relations between France and Yugoslavia were regulated primarily by the Agreement on Economic, Industrial and Technical Cooperation from 1969, according to which the Joint Cooperation Committee was established. In 1987, this Committee was replaced by the Yugoslav-French Economic Council (Popović-Petrović, 2000, pp. 416–417). After the war, France tried to increase its influence in Yugoslavia, which was motivated by the geostrategic interests during the Cold War. On the other hand, Yugoslavia was more open for cooperating with Western countries because of the lack of economic aid from the Soviet Union (Sotou, 2003). However, French property in Yugoslavia, which included concessions, banks and industrial enterprises, was subject to confiscation and nationalization. The dispute about the damages for the nationalized property was resolved by the 1951 Agreement which stipulated the payment of the damages to France in the amount of 15 million dinars within 10 years (Cvetković, 2006). This Agreement did not substantially affect French investments in Yugoslavia since they were limited by the socialist economic system. The Western countries, including France, saw

Yugoslavia as a potential opportunity for trade and investment expansion because of its insufficiently used raw-material base and its less extreme form of communism. Yugoslavia became the first East European country to begin industrial cooperation with Western companies in 1967, but this cooperation was limited to the sectors such as industry, agriculture, tourism and scientific research (Milutinovich, Boseman, Vrbanovich, 1975). The scope of trade exchange between Yugoslavia and France did not change substantially in the first decades following the war. However, at the end of the 1980s, France became Yugoslavia's third biggest foreign trade partner, after Germany and Italy. France's share in Yugoslav exports reached almost 4% by 1990, and France became the first country by the growth rate of Yugoslavia's economic cooperation in comparison to other developed countries (Popović-Petrović, 2000, pp. 417–420). The upward tendency in economic relations ceased in 1991 due to political and economic changes in Yugoslavia.

During the war conflict in the Socialist Federal Republic of Yugoslavia (SFRY) in the period 1991–1995, the French public opinion was divided regarding the necessity of the military intervention. At that time, as the medium-range power, France had to agree with the actions of the United States of America and the United Nations, directing its policy towards the proactive use of diplomatic, military and economic means of coercion (Wood, 1994, pp. 129–131). The strategy of the West included sanctions against Yugoslavia, which were in force from 1992 to 1994, and continued until 1996. This led to a decline in political cooperation

and economic relations between Yugoslavia and France. Cooperation agreements and the work of the Yugoslav-French Economic Council were postponed. Trade exchange was reduced and dropped by 33% in 1991 as compared to 1990. The decline continued, with France ranking in the eighth place as a foreign trade partner of the Federal Republic of Yugoslavia (FRY) since 1994 (Popović-Petrović, 2000, pp. 417–418). The war also affected other forms of cooperation between these two countries, such as joint investments and long-term production cooperation. Tourist cooperation stopped in 1991, while financial cooperation, including banks, was reduced because of the sanctions. The lifting of the sanctions in 1996 ensured Yugoslavia's re-inclusion in the world market, but political and economic challenges, including the Kosovo crisis in 1998/1999, worsened the prospects (Adamovich, 1997, pp. 309–311). The 21st century began with the low level of French-Yugoslav economic cooperation.

After the political changes in Serbia at the end of the 20th century and the beginning of the 21st century, economic relations experienced their new dynamics. After the changes of 5 October 2000, diplomatic relations were re-established between Serbia and France, while good political relations led to increasing economic cooperation. Only in 2001, Serbia's exports to France tripled in comparison to the previous year, while the value of imports from France to Serbia increased by almost seven times. In the following period, there was an increase in the scope of foreign trade commodity exchange, as well as the growth of the French

investment fund in Serbia (Rapaić & Matijević, 2022). Today's cooperation between Serbia and France encompasses a broad range of spheres, including industry, information technologies, agriculture, tourism and education, which contributes to the strengthening of economic stability and prosperity in both countries.

Today's foreign trade relations

As it has already been emphasized, 5 October 2000 initiated a series of structural political, as well as economic reforms in Serbia. The 2000s were marked by a period of high economic growth largely due to foreign trade opening, primarily the growth of trade exchange with the EU member-states (Rapaić, 2021, p. 148). The basis for improving economic relations with the EU in general, as well as with France, is the liberalization of relations between Serbia and the EU through the signing of the Stabilization and Association Agreement (SAA). According to the latest data of the World Trade Organization for 2023, all Western Balkan economies, including Serbia, depend in the largest percentage on their trade with the EU: approximately 60–70% of the total imports and 70–80% of the total exports of these economies is related to the EU market. Speaking specifically about Serbia, the data show that 64.1% of Serbia's exports and 54.9% of Serbia's imports are

accounted for by the EU member-states (World Trade Organization [WTO], 2023). The data of the French-Serbian Chamber of Commerce and Industry prove that exchange between these two countries has tripled since 2010, when the interim trade agreement between the EU and Serbia came into force (CCIFS, 2023), while a great incentive to trade and economic relations in general was also the enactment of the Agreement on Strategic Partnership and Cooperation between the Government of the Republic of Serbia and the Government of the French Republic from 2011, with Article 4 stipulating special obligations of both sides with the aim of developing economic cooperation and trade exchange.

If we look at the period after the reforms in the sphere of foreign trade liberalization with the EU member-states (i.e., since 2009 to date), a significant increase can be seen in the scope of foreign trade commodity exchange between Serbia and France. During the observed period and according to the US dollar values, Serbia's exports increased by more than three times, from USD 249 million to USD 833 million, while at the same time its imports from France increased by 117%. As a small market, Serbia continues to record a foreign trade deficit with France but, nevertheless, it is important to point out that the given period is marked by an increase as high as 155% in the total scope of foreign trade commodity exchange.

Table 1. Serbian exports of commodities and imports from France in 2009–2023 (in USD million)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------|------|------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|-------|
| Exports | 249 | 277 | 309 | 283 | 351 | 418 | 409 | 413 | 494 | 530 | 526 | 534 | 716 | 877 | 833 |
| Imports | 522 | 482 | 537 | 516 | 604 | 575 | 534 | 585 | 626 | 721 | 785 | 731 | 884 | 1.126 | 1.135 |
| Balance | -273 | -205 | -228 | -233 | -253 | -157 | -125 | -172 | -132 | -191 | -259 | -197 | -168 | -249 | -302 |
| TOTAL EXCHANGE | 771 | 759 | 845 | 799 | 955 | 993 | 943 | 998 | 1.120 | 1.251 | 1.311 | 1.265 | 1.600 | 2.003 | 1.968 |

Source: Statistical Office of the Republic of Serbia [RZS], 2024a

Although Serbia’s market can be characterized by its size and population as a small one, the comparative advantage of the placement in this market is reflected in the fact that Serbia is a signatory to the Central European Free Trade Agreement (CEFTA) from 2006, and it has also signed Free Trade Agreements with China and Turkey, as well as with the countries of the European Free Trade Zone (EFTA) and of the Eurasian Economic Union (Russia, Belarus, Kazakhstan and Kyrgyzstan). In 2023, as Serbia’s exports partner in the sphere of commodity exchange. France ranked the 14th in 2023, and the 9th as Serbia’s partner in imports of commodities (RZS, 2024a). As for the structure of imports and exports of commodities by the production sectors, France’s exports are diverse, dominated by the category of automotive industry products which records the greatest increase on a yearly basis; general-purpose machines and

equipment rank the second on the list, followed by pharmaceutical products; basic chemical products; nitrogen products; plastic material and synthetic rubber, various chemical products, as well as the products from the category “knives, tools, chains and various metal products” (CCIFS, 2023). Serbia’s exports to France are also dominated by the automotive industry products (road vehicles, power machines and devices), but the most important individual sub-categories by their values in US dollars, even before the sub-categories of automotive industry products, are fruit and vegetables (USD 90.5 million) and rubber products (USD 105.2 million) (RZS, 2024b). More specifically, traditionally the largest items in Serbia’s exports are the tyres produced by Pirot-based company Tigar Tyres, which is owned by French Michelin (Rapaić & Matijević, 2022), one of the greatest French investors in Serbia (which will be discussed below).

Table 2: Serbian-French foreign trade commodity exchange by product structure (2023)

| | Product | Value (in tons) | Value (in USD million) |
|-----------------------------------|--|--------------------|---------------------------|
| Exports from Serbia by sectors | 0 Food and livestock | 41.232,7 | 121,4 |
| | 1 Beverages and tobacco | 6.733,4 | 4,4 |
| | 2 Raw materials, inedible, except for fuel | 5.215,9 | 6,2 |
| | 3 Mineral fuel, lubricants and related products | 47,1 | 0,04 |
| | 4 Animal and plant oils, fats and waxes | 273,5 | 0,2 |
| | 5 Chemical and similar products, not mentioned elsewhere | 54.543,3 | 77,4 |
| | 6 Manufactured products categorized by material | 74.088,1 | 251,7 |
| | 7 Machines and transportation devices | 29.423 | 255,4 |
| | 8 Various finished products | 15.424 | 116,7 |
| | 9 Miscellaneous | 26,2 | 0,2 |
| | TOTAL | 227.007,2 | 833,8 |
| Imports to Serbia by sectors | 0 Food and livestock | 36.157,3 | 91,2 |
| | 1 Beverages and tobacco | 2.508,8 | 15,7 |
| | 2 Raw materials, inedible, except for fuel | 10.817,4 | 36,8 |
| | 3 Mineral fuel, lubricants and related products | 1.769,9 | 8,8 |
| | 4 Animal and plant oils, fats and waxes | 122,5 | 0,03 |
| | 5 Chemical and similar products, not mentioned elsewhere | 35.800,7 | 295,9 |
| | 6 Manufactured products categorized by material | 19.728,1 | 78,4 |
| | 7 Machines and transportation devices | 52.761,8 | 422,3 |
| | 8 Various finished products | 3.123,9 | 52,2 |
| | 9 Miscellaneous | 15.389,2 | 132,8 |
| | TOTAL | 178.179,6 | 1.134,7 |

Source: RZS, 2024b

Today's investment relations: French investments in the Serbian market

Just as with foreign trade, the data show that the European integration process has had a positive effect on the growth of FDI inflow in the countries

which are somehow involved in this process (Antevski, 2008, p. 72). Furthermore, economic reforms in Serbia from the beginning of the 21st century, together with trade liberalization and economy opening, also implied the application of the policy of FDI attraction. The initial momentum was given by the privatization of the state-owned enterprises,

while French companies were among the first to take part in these ventures, with the first large investment recorded as early as 2002, while the presence of the French companies in Serbia has increased on a larger scale since then.

The policy of FDI attraction as a catalyst of economic growth also aimed at reducing unemployment may be said to constitute the constant of Serbia’s macro-economic policy in the 21st century. After 2010, when the privatization process of the largest state-owned production enterprises came to an end, Serbia resorted to new incentive measures with the aim of attracting foreign companies. Together with trade agreements and general preferential systems, bilateral agreements with certain countries (such as agreements on the avoidance of double taxation and agreements on mutual encouragement and protection of investments), as well as the possibility of operating in free zones with fiscal and customs benefits, the forms of relief for foreign companies in Serbia^[3] currently also include:

- Investment government incentives (granted by the criterion of the level of the municipality development – the final destination of the investment, the number of new employees, and the minimum amount of justified investment costs), and
- tax incentives (partial exemption of tax and contributions paid for net salaries, exemption from the obligatory tax on income, transfer of losses from earlier years into the tax balance in the following five years) (PKS, 2024).

Looking at nominal amounts, this policy shows excellent results: only in the period 2010–2020, according to the data of the National Bank of Serbia (NBS), approximately EUR 26 billion entered Serbia through FDIs, which is an extremely large amount for a country with the population of under seven million (Rapaić & Matijević, 2022), while French investors have a substantial share in this amount, which can also be seen from the review of nominal values of investment relations with France since 2010 to date (Table 3):

Table 3. Investment relations between Serbia and France (shown by the principle of assets and liabilities)
2010 - Q1 2024 (in EUR million)

| | 2010. | 2011. | 2012. | 2013. | 2014. | 2015. | 2016. | 2017. | 2018. | 2019. | 2020. | 2021. | 2022. | 2023. | 2024. (T1) |
|--------------------------------------|--------|--------|--------|-------|-------|-------|-------|-------|--------|--------|-------|-------|-------|-------|---------------|
| Assets | -0,6 | -1,9 | -0,8 | 1,2 | -1,4 | -3,2 | -0,5 | -1,2 | -0,4 | -3,6 | 16,7 | -21,9 | 5,1 | -10,3 | 0,5 |
| Liabilities | 107,7 | 179,7 | 131,4 | 99,3 | 51,5 | 76,5 | 72,4 | 85,0 | 716,3 | -322,2 | 58,6 | 48,9 | -36,6 | 26,8 | -53,2 |
| FDI, net (= assets – liabilities) | -108,3 | -181,6 | -132,2 | -98,2 | -52,9 | -79,7 | -72,9 | -86,2 | -716,8 | 318,7 | -41,9 | -70,7 | 41,7 | -37,1 | 53,7 |

Source: NBS, 2024a; NBS, 2024b; International Monetary Fund [IMF], 20244.^[4]

[3] It is important to mention that 10% ownership is the minimum to be invested in Serbia by a foreign investor in order to have its investments labelled as FDI and, on that basis, to be able to have certain relief for its operations (according to: Zakić & Živaljević, 2019, p. 17).

[4] On its official website, the National Bank of Serbia publishes data about FDI in line with the IMF methodology: “The International Investment Position of the Republic of Serbia (IIP) is prepared in accordance with the IMF Manual for preparing

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President of the Republic of Serbia Aleksandar Vučić and President of France Emmanuel Macron in front of the Élysée Palace during President Vučić's visit to France, April 2025.

Photo: Dimitrije Goll

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According to the most recently available data of the French-Serbian Chamber of Commerce, there are more than 130 French enterprises operating in Serbia and employing over 13,000 people. In 2018, France was the leading investor by the amount of inflow (EUR 716.8 million) thanks to the investment by Vinci Airports. During 2019, Company Veolia entered the concession for waste treatment in Vinča near Belgrade, but the same year saw the withdrawal of Société Générale bank

from Serbia, while in the period 2022–2023, another bank withdrew from Serbia – Crédit Agricole. The presence of French companies is in the largest part related to the car equipment sector, through two Hutchinson factories, extended presence of Michelin, Le Bélier and Novares, as well as the investment by Mecafor Company. The main French investors in Serbia are Michelin, Vinci, Veolia, Schneider Electric, Tarkett, Savencia and Lactalis (CCIFS, 2023).

the balance of payments and international investment position, sixth edition (Balance of Payments and International Investment Position Manual, Sixth Edition, BPM6, 2008), and with the IMF Manual for preparing external debt, as well as corresponding accompanying methodological documents. The IIP of the Republic of Serbia is prepared quarterly and represents the state at the end of the period, which is the result of realized balance of payments transactions, currency changes, price changes, and other changes, and represents the balance sheet of its external financial assets and liabilities” (NBS, n. d.). By a comparative analysis of the respective data bases of the NBS and the IMF, it has been established that these are almost identical data (differences are minor and appear probably due to number approximation). For the sake of authenticity, other data bases have been consulted, such as those of the World Bank and the UN Conference on Trade and Development, but also due to the difference in the applied methodology, these data cannot be mutually compared.

Table 4: French companies in Serbia and investment amounts (2002-2020)^[5]

| | Investor | Year | Type of investment | Branch of economy | Investment amount in EUR |
|----|--|-------|--------------------|-----------------------------|--------------------------|
| 1 | Michelin Tigar Tyres | 2002. | Privatization | Automotive industry | 132,000,000 |
| 2 | Tarkett | 2002. | Privatization | Wood and furniture industry | 136,000,000 |
| 3 | Lafarge | 2002. | Privatization | Construction industry | 163,000,000 |
| 4 | Biospringer RS d. o. o. (Alltech Serbia) | 2002. | Other | Food and agriculture | 53,000,000 |
| 5 | Le Belier / LBK Kikinda | 2003. | Privatization | Automotive industry | 35,000,000 |
| 6 | Soufflet Group | 2004. | Privatization | Food and agriculture | 8,000,000 |
| 7 | Bongrain SA | 2004. | Other | Food and agriculture | 25,000,000 |
| 8 | Intermarche | 2004. | Greenfield | Trade | 44,000,000 |
| 9 | Axereal Serbia | 2004. | Brownfield | Food and agriculture | 394,000 |
| 10 | Sicoberry | 2005. | Greenfield | Food and agriculture | 2,000,000 |
| 11 | Crédit Agricole Banka Srbija | 2005. | Privatization | Finance | 259,000,000 |
| 12 | InterEX | 2006. | Greenfield | Trade | 6,000,000 |
| 13 | Lohr | 2008. | Privatization | Automotive industry | 3,200,000 |
| 14 | Schneider Electric DMS NS | 2008. | Acquisition | ICT | 61,900,000 |
| 15 | Tigar Tyres Michelin Expansion | 2010. | Greenfield | Automotive industry | 16,000,000 |
| 16 | Mecaplast | 2011. | Greenfield | Automotive industry | 10,000,000 |
| 17 | Mekaplast/Novares | 2011. | Greenfield | Automotive industry | 15,000,000 |
| 18 | BIG TIGAR | 2011. | Greenfield | Automotive industry | 215,000,000 |
| 19 | Sagem Telecommunications Paris | 2011. | Greenfield | ICT | 5,000,000 |
| 20 | Rai Swellen | 2012. | Greenfield | Construction industry | no data available |
| 21 | Saint-Gobain | 2012. | Other | Construction industry | no data available |
| 22 | Quivogne | 2013. | Brownfield | Mechanical industry | 1,000,000 |

[5] The table containing all these data has also been published in the co-authored paper of the author of this paper (see Rapačić & Matijević, 2022), also based on the request for access to the NALED data base. Since that paper was published in 2022, the author requested access to the NALED data base for the purpose of this author as well, while the data obtained after the more recent access are shown in this paper.

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|--------|----------------------------------|-------|--------------------------|-----------------------|-------------------|
| 23 | Luxury Tannery | 2013. | Brownfield | Leather industry | 10,000,000 |
| 24 | Streit Nova | 2014. | Greenfield | Automotive industry | 6,000,000 |
| 25 | Synechron SRB | 2014. | Brownfield | ICT | no data available |
| 26 | FKL | 2015. | Privatization | Mechanical industry | no data available |
| 27 | Hutchinson | 2016. | Greenfield | Automotive industry | 10,400,000 |
| 28 | Société Générale | 2016. | Greenfield | Finance | 47,000,000 |
| 29 | Somboled – Dukat, Lactalis group | 2016. | Other | Food and agriculture | 26,000,000 |
| 30 | J & J Metalni proizvodi | 2016 | Greenfield | Metalworking industry | 1,786,702 |
| 31 | Mecafor | 2016 | Greenfield | Metalworking industry | 4,000,000 |
| 32 | Tigar Tyres | 2018 | Other | Automotive industry | 15,600,000 |
| 33 | Novares | 2018 | Brownfield | Automotive industry | 5,200,000 |
| 34 | Irelly | 2018 | Other | Automotive industry | 26,000 |
| 35 | Vinci Airports | 2018 | Other | Aerospace industry | 500,000,000 |
| 36 | Tigar Tyres doo | 2020 | Equipment and facilities | Industry | 26,290,836 |
| TO-TAL | | | | | 1,842,797,538 |

Source: NALED, 2024

Having in mind that there is no available data base with the information about all French companies in Serbia, the amount and type of their investments, the author of this paper used the data base of the National Alliance for Local Economic Development (NALED), which has for years collected data about foreign investments in Serbia. This base contains data for a total of 36 French companies, whose cumulative investment amount (adding data about the values of investments where such data are available) for the period 2002–2020 is more than EUR 1.8 billion (EUR 1,842,797,538 EUR) (Table 4).

Instead of a conclusion: prospects of trade and investment relations between these two countries

Economic relations between Serbia and France, at least when it comes to nominal values of foreign trade commodity exchange and amounts of French FDIs in Serbia, are at their historical peak since 2010 to date. Given the trends so far, no substantial negative trends are expected in the domain of economic cooperation. It seems that after recent political changes, France has taken over prima-



President of the Republic of Serbia Aleksandar Vučić with President of France Emmanuel Macron during the wreath-laying ceremony at the Monument of Gratitude to France at Kalemegdan, Belgrade, July 2019

Photo: Dimitrije Goll

cy from Germany in its support to Serbia among other West European countries (Varga-Kocsicska, 2022, p. 9). Sanja Ivanić, General Director of the French-Serbian Chamber of Commerce and Industry, has emphasized that Serbia is “the main country for French investments in the Western Balkans” and, according to her, out of the total stock of French investments in the Western Balkans, over 70% have been made to Serbia (PKS, 2023).

Nevertheless, this does not mean that there is no room for further improvement of economic relations between these two countries. According to the official statements of the Ministry of Foreign Affairs of the Republic of Serbia, its economic cooperation with France can be assessed as good, but “below real possibilities” (Ministry of Foreign Affairs of the Republic of Serbia [MSP], n.d.). Pierre Cochard, Ambassador of France to Serbia, points

out that French enterprises are increasingly present in Serbia, which indicates a substantial increase in the economic exchange between France and Serbia, but also that “not all potentials for further economic cooperation have been used” (Biznis.rs, 2023).

Thanks to the modern technologies brought by them, French companies can “support the road of the Western Balkans towards the EU, in the sphere of green and digital transformation”, said Mihailo Vesović, the Director of the Sector for Strategic Analyses, Services and Internationalization in the Chamber of Commerce of Serbia (PKS 2023). Agriculture is highlighted as a special sector of strategic importance for Serbia, in which French presence might increase in the future, since this is a sector in which good results can be achieved with the aid of foreign technologies and knowledge, thus constituting Serbia’s competitive advantage (Zakić & Živaljević, 2019, p. 38). Moreover, since Serbia has been assessed as one of the most attractive outsourcing destinations in East Europe, a great contribution to the improvement of economic cooperation might also be made by increasing French presence in information technologies industry as currently the fastest-growing sector in Serbia (CCIFS, 2023). That the interest of French companies in the Serbian market does not dwindle was also confirmed at the first France–Western Balkans Forum held on 13–14 June 2024, which gathered the representatives of more than 150 companies from France and the Western Balkan countries. A special emphasis within the Forum was placed on EXPO 2027 (CCIFS 2024), which shows the interest of French companies in continuing their participation in the infrastructural projects in Serbia.

It is also important to note that an important incentive to trade and investment relations is given by the improvement of political relations between Serbia and France. In that respect, the visit of French president Emmanuel Macron during 2019, on the 180th anniversary of the establishment of diplomatic relations, 18 years after the last visit of French president Jacques Chirac to Serbia, was a clear political impulse with the effects of overflowing into the domain of economy. In addition to this visit marking the beginning of the works on the modernization of Belgrade’s airport (Image 1), the delegations of the two governments also signed about twenty agreements with different levels of obligation, aimed at improving economic cooperation (Miladinović, 2019).

French president’s visit in 2019 was of particular importance because of the future plans for the construction of Belgrade Metro as one of the currently most important infrastructural projects for the City of Belgrade and Serbia in general. The above-mentioned signed agreements include the Declaration of Intent on the construction of Belgrade metro system signed by the governments of France and Serbia and the City of Belgrade, which acknowledges France as a strategic partner in the implementation of this project (President of the Republic of Serbia, 2019). This additionally highlighted the role of the companies Alstom and Egis Rail, which had been brought into question due to subsequent agreements on conducting metro works concluded with Chinese companies. According to the results of the negotiations of Serbian, French and Chinese sides, electro-mechanical sub-systems and vehicles will be obtained from the French companies, while the Chinese partners

(PowerChina) will be responsible for implementing conducting construction works (Martinović, 2021).

Taking into account this paper's identified positive trajectories in the development of Serbian-French economic cooperation, as well as the importance of the French president's visits to Serbia

in 2019 and 2024, the relations between Serbia and France should be observed with justified optimism both from the perspective of the future trends of the development of trade, investments and economic relations between Serbia and France in general, and from the perspective of the overall bilateral cooperation of the two countries.

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