# Region Business Profile

# *Novi Sad*

## *Short Summary*

Located in the South Backa district, Novi Sad is the administrative, economic and tourist center of northern Serbia and second largest city in Serbia. Within the project, partnerships have been established between Novi Sad, Beocin, Sremski Karlovci and Temerin. Novi Sad is situated 89km from Belgrade on good and important transit routes such as the European Corridors VII and X. It connects Central Europe to the Black Sea through the canal Danube-Tisa-Danube which not only attracts tourists, but also has an economic significance. The closest airports are Belgrade – "Nikola Tesla" (80km), Osijek (96km), Timisoara (126km) and Budapest (247km). Its most developed industries are oil refining, construction, the chemical industry and agriculture. Since the Novi Sad region is situated in the Pannonian Basin, it is very fertile land is conducive to the cultivation of maize, sugar beet and wheat. Famous technical colleges and research institutes are located in Novi Sad. The main university campus provides a unique environment and is the second largest behind that of the University of Belgrade.

## *Quick Facts*

| | Region | National level |
|---|---|---|
| **Territory** | | |
| Total area | 1,105 km$^2$ | 88,502 km$^2$ |
| Agricultural area | 77,018 ha | 5,096,267 ha |
| **Population** | 394,388 | 7,186,862 |
| **Number of formally employed** | 135,776 | 1,000,872 |
| **Average wage (net in July)** | 375 EUR | 380 EUR |
| **Number of enterprises** | 7,573 | 78,934 |
| **Number of entrepreneurs** | | |
| Submitting financial statements | 860 | 15,630 |
| Not submitting financial statements | 16,359 | 224,997 |
| **Value added (in mill EUR)** | 1,945.3 | 14,078.8 |
| **Average success rate of companies (%)*** | 24.5 | 25.4 |
| **Main industries** | Wholesale Trade, Extraction of Crude Petroleum and Natural Gas, Retail Trade, Land Transport, Electric Power Generation and Distribution | |
| **Main exports** | Petroleum and Natural Gas, Condiments and Other Food Products, Plastic Products | |
| **Most important foreign direct investments** | National Bank of Greece & Crédit Agricole Srbija (France) & OTP bank (Hungary), Gazprom Neft - NIS (Russia), Merkator (Slovenia) | |

Source: SORS, CEVES calculations based on SBRA data

* Successful companies are considered to have: 1) managed to overcome negative impacts of the financial crisis; 2) increased its real revenues and employment; and 3) operated profitably over the entire period.

# *Local Economy Basic Structure*

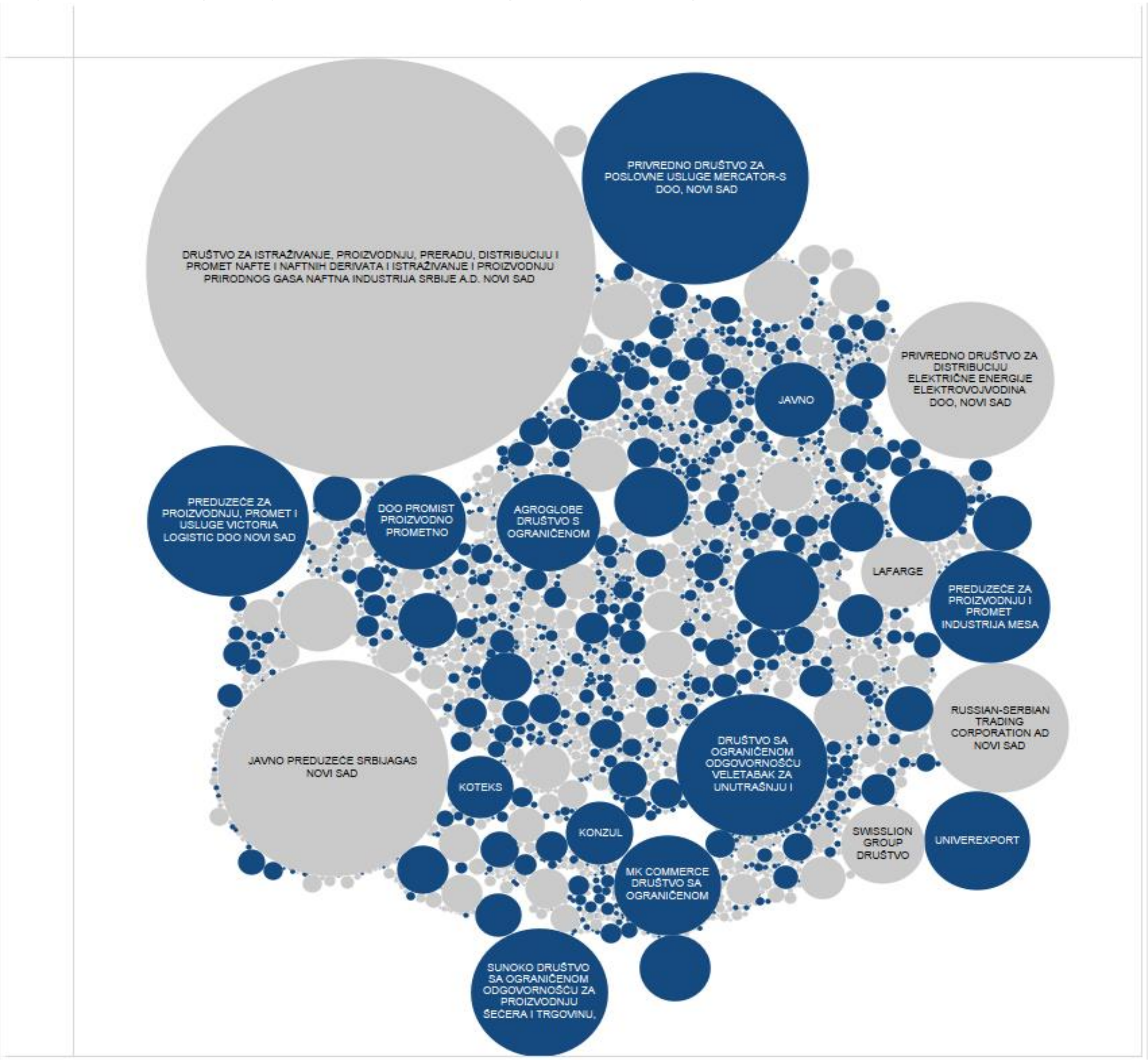
Table 1: *Enterprise structure by size**

| Size of enterprise | *Number of enterprises* | | | *Number of employees* | | | *Business revenues* | | |
|---|---|---|---|---|---|---|---|---|---|
| | Region | | National level | Region | | National level | Region | | National level |
| | *# of firms (2013)* | *Growth rate 2009-2013(%)* | *Growth rate 2009-2013(%)* | *# of employees (2013)* | *Growth rate 2009-2013(%)* | *Growth rate 2009-2013(%)* | *Value (2013; In mill RSD)* | *Growth rate 2009-2013(%)* | *Growth rate 2009-2013(%)* |
| ***Micro*** | 7,476 | -0.5 | -2.0 | 14,559 | -1.6 | -2.2 | 151,876 | 4.9 | 1.1 |
| ***Small*** | 782 | -3.8 | -2.6 | 15,699 | -3.7 | -2.7 | 170,710 | 2.5 | 1.5 |
| ***Medium*** | 130 | -4.6 | -3.5 | 13,348 | -5.7 | -3.5 | 134,590 | -4.3 | 2.2 |
| ***Large*** | 45 | 2.4 | -1.0 | 37,103 | -1.4 | -0.6 | 616,781 | 9.9 | 6.0 |
| ***Total*** | 8,433 | -0.9 | -2.1 | 80,709 | -2.7 | -2.0 | 1,073,958 | 5.6 | 3.3 |

Source: CEVES calculations based on SBRA data, in our analysis were included only those enterprises that have regularly submitted financial reports

*Enterprises are classified by number of employees (1-9 micro, 10-49 small, 50-249 medium, > 250 large)

Graph 1: *Overview of enterprise success rate during crisis period – region**




Source: CEVES calculations based on SBRA data

**Size of bubbles: Business revenues; Color of bubbles: Successful during crisis period (blue) or not (gray)*

Table 2: *Exporters (2013)**

| Size of enterprise | Number of exporters | | | Total value of exports (in mill EUR) | | |
|---|---|---|---|---|---|---|
| | Region | National level | Share (%) | Region | National level | Share (%) |
| **Micro** | 503 | 4,923 | 10.2 | 117.2 | 1,029.2 | 11.4 |
| **Small** | 244 | 2,918 | 8.4 | 140.6 | 1,228.4 | 11.4 |
| **Medium** | 61 | 1,003 | 6.1 | 130.3 | 2,090.7 | 6.2 |
| **Large** | 24 | 299 | 8.0 | 542.5 | 5,875.2 | 9.2 |
| **Total** | 832 | 9,143 | 9.1 | 930.5 | 10,223.5 | 9.1 |

Source: Customs Administration Database, Ministry of Finance of Rep. of Serbia
* Note: Only includes companies that realized minimum exports of 5,000 EUR

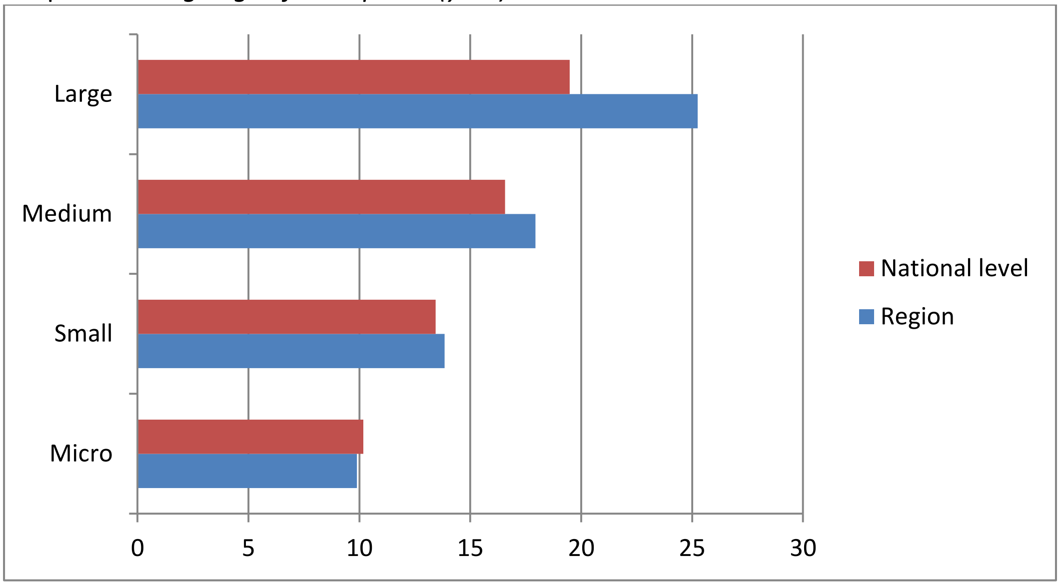
# Economic Vitality

Table 3: *Survival rate of companies*

| Period | Number of enterprises established | | Survived in 2013 (%) | |
|---|---|---|---|---|
| | Region | National level | Region | National level |
| **2006 - 2008** | 3,111 | 35,430 | 50.5 | 48.1 |
| **2009 - 2010** | 1,853 | 20,763 | 65.0 | 61.6 |

Source: CEVES calculations based on SBRA data

Graph 2: *Average age of enterprises (year)*




Source: CEVES calculations based on SBRA data

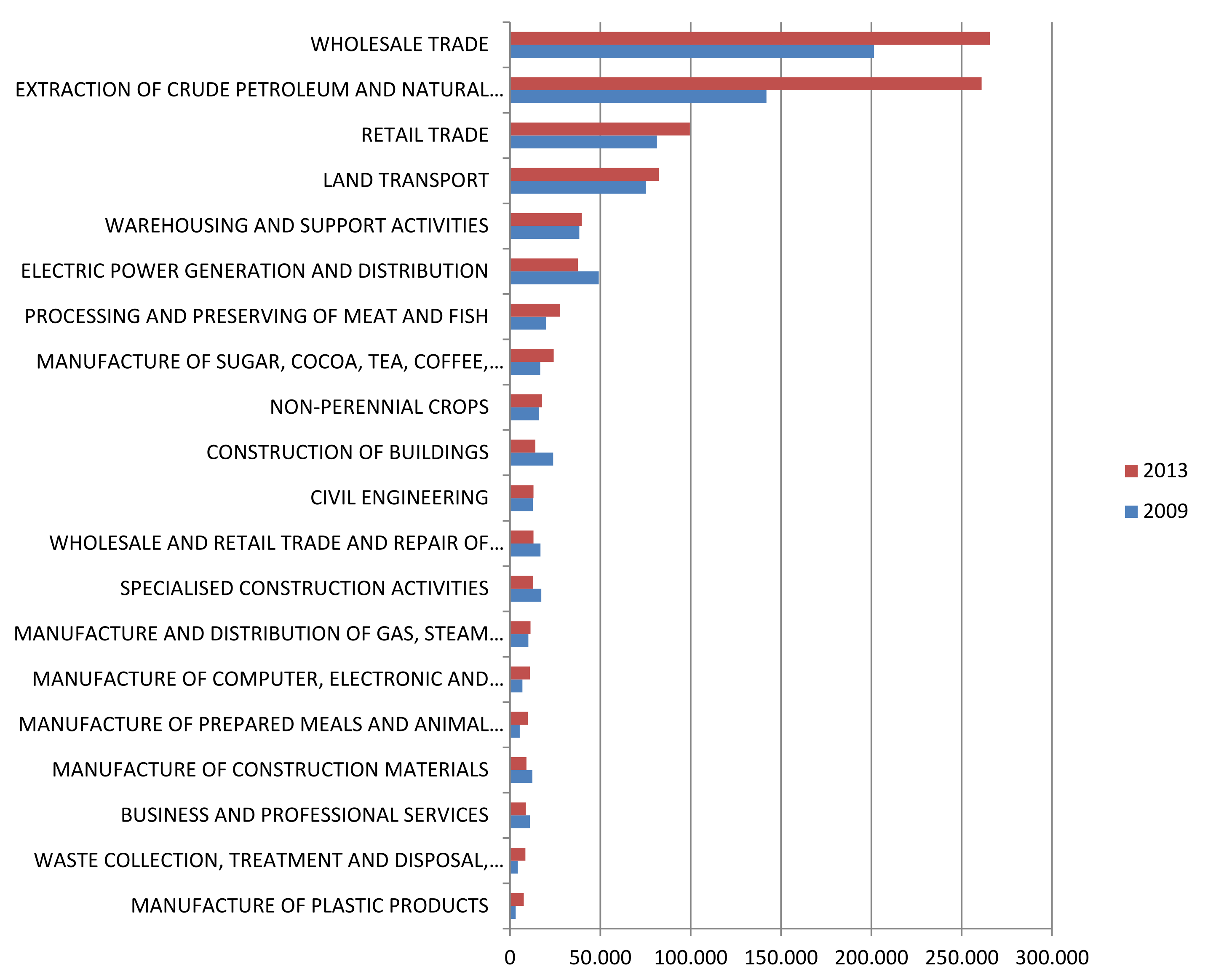
Table 4: *Share of successful enterprises in total - region*

| Size of enterprise | Number of enterprises (2013) | | Successful ent. (%) | | Ent. with blocked account (%) | |
|---|---|---|---|---|---|---|
| | Region | National level | Region | National level | Region | National level |
| **Micro** | 7,476 | 82,453 | 20.9 | 21.8 | 22.9 | 21.8 |
| **Small** | 782 | 9,501 | 42.4 | 43.2 | 21.9 | 14.3 |
| **Medium** | 130 | 2,113 | 55.0 | 45.2 | 15.4 | 16.4 |
| **Large** | 45 | 497 | 55.8 | 41.1 | 20.0 | 17.9 |
| **Total** | 8,433 | 94,564 | 24.5 | 25.4 | 22.7 | 21.0 |

Source: CEVES calculations based on SBRA data

# Industrial Structure

Graph 3: *Industry performance - business revenues (in mill RSD)*




Source: CEVES calculations based on SBRA data

Table 5: *Main industries' performance*

| Industry | Number of enterprises | | | Number of employees | | | Business revenues | | |
|---|---|---|---|---|---|---|---|---|---|
| | Region | | National level | Region | | National level | Region | | National level |
| | # of firms (2013) | Growth rate 2009-2013(%) | Growth rate 2009-2013(%) | # of employees (2013) | Growth rate 2009-2013(%) | Growth rate 2009-2013(%) | Value (2013; in mill RSD) | Growth rate 2009-2013(%) | Growth rate 2009-2013(%) |
| *Metals | 179 | 19.4 | -1.7 | 1,536 | 5.3 | -3.1 | 8,051 | -35.3 | 1.8 |
| *IT Sector | 196 | 6.7 | 4.9 | 1,887 | 20.0 | 11.4 | 4,955 | 12.7 | 15.6 |
| Wholesale Trade | 2,251 | -2.9 | -3.4 | 10,060 | -1.6 | -1.8 | 265,600 | 7.4 | 3.3 |
| Extraction Of Crude Petroleum And Natural Gas | 4 | 41.4 | 36.8 | 6,026 | -15.7 | -15.7 | 261,016 | 16.8 | 16.5 |
| Retail Trade | 507 | -2.1 | -4.7 | 9,528 | 6.0 | -1.0 | 99,499 | 5.4 | 2.7 |
| Land Transport | 365 | 6.2 | 0.3 | 4,415 | 2.8 | -1.6 | 82,453 | 2.6 | 2.6 |
| Warehousing | 156 | 0.0 | 0.0 | 1,284 | -2.5 | 1.0 | 39,782 | 1.2 | 0.0 |

Source: CEVES calculations based on SBRA data

*Industry supported by USAID SLDP

Table 6: *Export competitiveness of main industries- region*

| Industry | Status | Export rank | Export competitiveness |
|---|---|---|---|
| Wholesale Trade | Exporting | 2 | / |
| Crude Petroleum and Natural Gas | Exporting | 1 | Highly Competitive |
| Retail Trade | Exporting | 27 | / |
| Land Transport | Exporting | 23 | / |
| Warehousing | Exporting | 7 | / |
| Manufacture of Sugar, Cocoa, Tea, Coffee, Condiments And Other Food Products | Exporting | 3 | Uncompetitive |
| Manufacture of Plastic Products | Exporting | 4 | Highly Competitive |

Source: UN Comtrade database and Customs Administration Database, Ministry of Finance of Rep. of Serbia

Notes:

Status - whether industry products are exported by the companies from region

Export rank - Industry export rank according to export value from region

Export competitiveness - CEVES analysis of industry export competitiveness based on export volume, dynamics, and diversification

# *Foreign Direct Investments*

Table 7: *Foreign direct investments- region*

| *Industry* | *Number of investments* | *Total value of investments (in mill EUR)* | *Number of persons employed* | *Most important investors* |
|---|---|---|---|---|
| Financial Service Activities | 5 | 994 | 6,120 | National Bank of Greece, Crédit Agricole Srbija & OTP bank (Hungary) |
| Extraction of Crude Petroleum and Natural Gas | 1 | 947 | 12,000 | Gazprom Neft - NIS (Russia) |
| Retail trade | 1 | 500 | 5,000 | Merkator (Slovenia) |
| Real Estate | 1 | 470 | No data | CEE / BIG shopping centers (Israel) |
| Manufacture of Beverages | 3 | 274 | 1,395 | Heineken (Netherlands) & Pepsi CO Marbo (USA) |

Source: SIEPA database

Disclaimer: Due to the lack of official information regarding the amount of individual investments, this information is sourced from research carried out the Serbia Investment and Export Promotion Agency (SIEPA) and includes both completed and forecasted investment projects. Although SIEPA is responsible for maintaining as precise investment data as possible, the agency does not assume any responsibility for any incomplete or potentially inaccurate information.