

## ANALYSIS OF THE SERBIAN ECONOMY (WITH THE FOCUS ON THE VOJVODINA REGION)

Subić Jonel, Ph.D., Senior Research Associate  
Jeločnik Marko, M.A., Research Assistant  
Jovanović Marijana, M.A., Research Assistant,  
Institute of Agricultural Economics  
Republic of Serbia

Efficiency in achieving objectives and measures defined by the Development Strategy of the Republic of Serbia until 2020, will depend on the level of reached macroeconomic stability during the Strategy implementation.

Estimations show that on macroeconomic level this period will be marked with bigger or smaller degree of instability and presence of many risks (Government of the Republic of Serbia, 2010). Mentioned is pointed out by economic trends in transition period, which are additionally burdened with impacts of the world economic crisis (started at the end of 2008), where crisis has led to a global fall of all macroeconomic aggregates and indicators.

As more serious phenomenon, with longer recovery process, in 2011 came to new wave of crisis (public debt crisis), followed by the deepening of foreign trade deficit, fluctuation of exchange rate, low capital accumulation, higher investment risk and general illiquidity of business entities. Mentioned aspects affected further weakening of national economy.

Macroeconomic aggregates represent a system of global and synthetic indicators for expression of structure, dynamics and results of the economic activity of certain economy. Basic macroeconomic indicator of any economy is the GDP (Gross domestic product), which expresses the sum of values of final goods and services produced during the defined period in observed territorial unit (Velicković, Barać, 2009).

Until 2006, in statistical methodology of the Republic of Serbia were calculated slightly different macroeconomic aggregates. Consequently, GDP is fit to DP (Domestic product) which was formed exclusively by sum of values of final goods (excluding services). This was mainly the consequence of administrative division of activities on economy and non-economy (established in 1977). Theoretically, mentioned division is based on narrower concept, where only the economic activities were created domestic product, and non-economic activities were involved in its redistribution and consumption.

It should be noted that after 2005, Statistical Office of the Republic of Serbia (SORS) was not published data about GDP per municipalities, as on municipal level this indicator does not have large explanatory power. So, until 2006 were available only data about total DP and DP per capita expressed in current prices. There are no complete data on the DP structure, nor about its growth, as it is impossible to calculate having in mind that there is no data about DP measured by base period prices (it can be only calculated the growth of nominal DP), (Subić et al., 2013). Although, there is necessity to make a certain conclusions according to available data, present problems and analysis limitations should be clearly stressed.

Methodology and data sources

By paper will be presented the results of the national economy macroeconomic indicators analysis: GDP (Gross domestic product) and inflow of FDI (Foreign direct investments), within the period 2006-2012, both on republic and regional level. Data were collected from official databases of Statistical Office of Republic of Serbia (SORS).

Table 1 - Basic macroeconomic trends in Republic of Serbia (period 2006-2012)

Indicator	Year							Average annual growth rate (in %)
	2006	2007	2008	2009	2010	2011	2012	
GDP, current prices <sup>1</sup> , in mld. RSD	1.962,10	2.276,9	2.661,4	2.720,1	2.881,9	3.208,6	3.348,7	9,32
GDP, growth rate, % <sup>1</sup>	16,55	16,04	16,89	2,21	5,95	11,34	4,37	-
GDP, mil. EUR	23.327,44	28.473,9	32.678,9	28.951,9	27.967,8	31.472,4	29.601,0	4,05
GDP, per capita, EUR	3.147,44	3.857,4	4.446,0	3.954,7	3.835,7	4.350,6	4.111,8	4,56
Population, mid-year average, in 000	7.411,57	7.381,58	7.350,22	7.320,81	7.291,44	7.234,10	7.199,08	-0,48
GDP, mld. RSD (current prices previous year, ref. year 2010)	2.702,60	2.848,06	2.956,83	2.853,17	2.881,89	2.927,06	2.882,48	1,08
GDP, real growth, % <sup>1</sup>	3,60	5,40	3,80	-3,5	1,00	1,60	-1,50	-
FDI <sup>2</sup> , net, mil. EUR <sup>3,4</sup>	3.322,60	1.820,80	1.824,40	1.372,50	860,10	1.826,90	231,90	-35,83
FDI, growth rate, %	165,72	-45,20	0,20	-24,77	-37,33	112,41	-87,31	-
FDI, % GDP	14,24	6,39	5,58	4,74	3,08	5,80	0,78	-38,37
Exchange rate EUR - RSD, period average	84,10	79,96	81,44	93,95	103,04	101,95	113,13	5,07
Number of employed, average, in 0005	2.026,00	2.002,00	1.999,00	1.889,00	1.796,00	1.746,00	1.727,00	-2,63
Unemployment rate, MOR <sup>6</sup>	20,90	18,10	13,60	16,10	19,20	23,00	23,9	-

#### Results with discussion

Achieved domestic product (DP per capita) represents one of the basic economic indicators with main goal to roughly describe level of development of observed economy. As indicator it has greater explanatory power (different levels can be directly compared), but because of certain imperfections it is taken with a reserve.

According to previously mentioned, availability of data about DP for municipal level represents serious limitation (data are available just for the period until 2005, in current prices, what disabled the growth rates calculation). There is also a limitation

from the aspect of time range, and there is no data about the structure of DP. Basic trends of macroeconomic indicators in Serbia (for the period 2006-2012) are given in next table (Table 1).

Note: 1 From January 2011 new methodology for GDP calculation is applied; 2 Foreign direct investments; 3 From 1st January 2010 was introduced a general system of trade that covers all goods which enter/leave the economic territory of some country, except goods in transit. According to this are corrected 2007, 2008 and 2009; 4 From 2007 is established a new methodology for balance of payment; 5 SORS is corrected the data about employed persons starting from March 2009, besides all because of organization of records of Republic fund for health insurance; 6 Annual data of SORS from Questionnaire of labour force for population older than 15 years.

Source: SORS, Gross Domestic Product (GDP) in Republic of Serbia 1997-2012; Ministry of Finance, Basic indicators of macroeconomic trends; NBS, Basic macroeconomic indicators.

Although the recovery of economic activity in Serbia after the first wave of crisis is noticeable, indicators of macroeconomic trends are still at the level below the pre-crisis (transition) period 2006-2008. In 2011 had been achieved a slight recovery of national economy (real growth of GDP for 1,6%), but with the presence of certain dose of risk of further deterioration under the influence of a new crisis wave. For complete coordination of national socio-economic and political goals, along with the process of accession to the EU, Serbia has harmonized its goals with the strategy Europe 2020 (European Commission, 2010). As previous model of growth, based on growth of domestic consumption and import, was unsustainable, new model of economic growth based on industrial growth, investment and export, acceleration of reforms and European integration was established (Assembly of AP Vojvodina, 2013).

New wave of recession, during the 2012, brought to appearance of debt crises in EU countries, as well as to real fall of GDP in Serbia (of 1,50%). In compare to 2011, it comes to significant decrease of FDI (real fall of 87,31%). According to obtained negative variations in trends of observed macroeconomic indicators within the period 2006-2012, it can be noted considerable instability of the Serbian macroeconomic environment. Coming out the crisis is imposing the institutional and economic-political adjustments that will initiate changes in consumers and investors behaviour (Bošnjak, 2011).

State should has a key role in overcoming the market collapse and from that aroused mistrust among market players. So, the view that market can solve by itself the crisis it caused with short-term losses is unfounded, and without the state intervention and institutional adjustment it can not be increased the market efficiency and stability, as well as the quality of economic policy.

Effects of the global economic crisis that affected the entire national economy during the period 2006-2012, have also spilled over the economy of Vojvodina Region. It should be noted that in 2011 Region had larger share in formation of national GDP than it was the case in 2010 (respectively, it was achieved the growth of 0,8%). Also, mentioned Region had in 2012 slightly higher participation in national GDP creation than it was the case in 2011 (respectively, it was achieved the growth of 0,6%), (Table 2).

After focus on Vojvodina Region, according to calculation principle – place of work in 2012, it can be ascertained:

Share in Republic GDP is 27,4%;

With GDP of 477,000 RSD per capita it has for 2,6% higher value per capita than republic average (what is for about 5,9 % higher value in compare to data from 2010);

Index is slightly above the republic level, what reflects relatively higher growth rates of mentioned region within the period 2010-2012.

Table 2 - Regional GDP<sup>2</sup> (period 2011-2012)

Territorial Unit	GDP (Current price, mil. RSD)			Index		Share (%)			BDP per capita (000 RSD)			Index level (RS=100)			Average annual growth rate
	2010	2011	2012	2011/2010	2012/2011	2010	2011	2012	2010	2011	2012	2010	2011	2012	
Republic Serbia	2.881.891	3.208.620	3.348.689	111,3	104,4	100,0	100,0	100,0	395	442	465	100,0	100,0	100,0	7,80
Belgrade Region	1.152.005	1.271.691	1.326.547	110,4	104,3	40,0	39,6	39,6	703	772	797	177,8	174,6	171,4	7,31
Vojvodina Region	748.673	59.808	917.636	114,8	106,7	26,0	26,8	27,4	382	442	477	96,8	100,0	102,6	10,71
Šumadija and West Serbia Region	562.911	610.143	635.037	108,4	104,1	19,5	19,0	19,0	276	301	315	69,9	68,2	67,6	6,21
South and East Serbia Region	418.302	466.979	469.469	111,6	100,5	14,5	14,6	14,0	253	285	294	63,9	64,4	63,3	5,94
Region Kosovo and Metohija <sup>1</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Note: 1 without data for KiM.

Source: SORS, 2013; SORS, 2014.

Summarizing the macroeconomic trends in previous decade, it can be concluded that the economic growth and development was driven through the attempt of simultaneous achievement of personal and public consumption growth, as well as through market reforms, privatization and inflow of foreign direct investments, with establishment of institutional and material assumption for sustainable development. However, if results achieved in the period 2006-2012 are analyzed, it can be concluded that they are, in best case, just halfway. Achieved average annual rate of real GDP growth of about 1.8%, at first glance is acceptable, but it is still insufficient to compensate the large developmental gap created during the 90s of the XX century. On the other side, great

<sup>2</sup> Regional GDP represents regional equivalent of GDP as most important macroeconomic aggregate of certain national economy and parameter of its productivity and efficiency in goods and services production needed in different types of consumption. Sum of all regions GDP is identical to GDP of the Republic of Serbia.

problem is reflected through the unfavourable structure of creation and use of moderately increasing GDP, what leads to increase of foreign trade/economy imbalance (growth of foreign trade and current balance of payment deficit). In this period main components of economy growth were services.

#### Conclusion

Contemporary concept of management and decision making in regional development includes 3 principles (Assembly of AP Vojvodina, 2013): decentralization, planning and partnership. So, synergy of terms and stakeholders at different management levels is enabled by complete business environment, or by:

system of strategic decision-making on lower levels (decentralization);  
planned management and targeted investment attraction (planning);  
establishment of network within the public-private sector (partnership);  
competitiveness advantages (of local area).

Development Strategy of Republic of Serbia up to 2020 is based on new model of economic growth, established on sustainable and dynamic industrial development, which can be adjusted to unique EU market, and hold out the competitiveness pressure of its member countries.

Without stable industry growth and its dominant influence on export, and through it on balance of payments, it is not possible to keep economic growth and macroeconomic stability of the Republic and all regions. So, in period up to 2020 economic growth and development will be based on next principles (Authors team, 2010): dynamic and sustainable industrial growth and development; proactive role of the state - institutional building; improvement of investment ambient (attraction of more FDI requires opened economy and health market ambient); encouraging of faster entrepreneurship development; export increase and restructuring; educational system reform in line to needs of economy; active and dynamic cooperation between science and industry; reform of labour market and employment policy (decreasing of fiscal burden of labour); polycentric development of regional industrial centres and regional business infrastructure; improvement of energetic efficiency; environmental protection, etc. According to mentioned, basic scenario of future development include the change of domination of consumption growth with growth of investments.

#### References

1. Bošnjak, M. (2011): Globalna finansijska i ekonomska kriza i njen uticaj na privredu i finansije Srbije, study, Ministry of Finance, Belgrade, Serbia, available at: [http://mf.gov.rs/UserFiles/File/dokumenti/GLOBALNA%20FIN\\_i%20ek\\_kriza%20i%20njen%20uticaj%20na%20priv\\_Srbije\\_17\\_2\\_2011\\_.pdf](http://mf.gov.rs/UserFiles/File/dokumenti/GLOBALNA%20FIN_i%20ek_kriza%20i%20njen%20uticaj%20na%20priv_Srbije_17_2_2011_.pdf)
2. Subić, J., Brankov, T., Njegovan, N. (2013): Stanovništvo i privredna struktura, Chapter in monograph - Stanje i mogućnosti razvoja održive poljoprivrede i ruralnog razvoja u Podunavlju, IAE, Belgrade, pp. 90-120.
3. Assembly of AP Vojvodina (2013): Program razvoja AP Vojvodine 2014-2020, author's team, Assembly of AP Vojvodine, Novi Sad, Serbia, available at: [www.region.vojvodina.gov.rs/upload/Program\\_razvoja\\_AP\\_Vojvodine\\_2014\\_2020\\_3891.pdf](http://www.region.vojvodina.gov.rs/upload/Program_razvoja_AP_Vojvodine_2014_2020_3891.pdf)

4. Statistical Office of Republic of Serbia (SORS), Gross domestic product (GDP) in Republic of Serbia, period 1997-2012, database of SORS, Belgrade, available at: <http://webrzs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=61>
5. Ministry of finance (MF), Basic indicators of macroeconomic trends, documentation of MF, Serbia, Belgrade, available at: [www.mfin.gov.rs/pages/article.php?id=7161](http://www.mfin.gov.rs/pages/article.php?id=7161)
6. National Bank of Serbia (NBS), Basic macroeconomic indicators, portal NBS, Belgrade, available at: [www.nbs.rs/internet/cirilica/80/index.html](http://www.nbs.rs/internet/cirilica/80/index.html)
7. European Commission (2010): Communication from the Commission - Europe 2020: A strategy for smart, sustainable and inclusive growth, EC, Brussels, COM(2010) 2020 final, available at: [http://ec.europa.eu/europe2020/documents/related-document-type/index\\_en.htm](http://ec.europa.eu/europe2020/documents/related-document-type/index_en.htm)
8. Authors team (2010): Postkrizni model ekonomskog rasta i razvoja Srbije 2011-2020, USAID, FREN, Institute of Economics, Belgrade, available at: [www.kss.org.rs/doc/1102\\_makroekonomska\\_proj\\_razv\\_Srbije\\_2011-2020.pdf](http://www.kss.org.rs/doc/1102_makroekonomska_proj_razv_Srbije_2011-2020.pdf)
9. Statistical Office of Republic of Serbia (SORS), (2013): Regionalni bruto domaći proizvod 2010-2011, SORS, Belgrade, available at: <http://webrzs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=62>
10. Statistical Office of Republic of Serbia (SORS), (2014): Regionalni bruto domaći proizvod 2011-2012, SORS, Belgrade, available at: <http://webrzs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=62>
11. Government of Republic of Serbia (2010): Srbija 2020 - koncept razvoja Republike Srbije do 2020. godine, draft for public discussion, Dec 2010, Government of Republic of Serbia, Belgrade, available at: [www.srbija.gov.rs/externalfile/sr/145381/koncept\\_razvoja\\_srbije\\_do\\_2020.pdf](http://www.srbija.gov.rs/externalfile/sr/145381/koncept_razvoja_srbije_do_2020.pdf)
12. Trukhachev V., Ivolga A., Lescheva M. Enhancement of land tenure relations as a factor of sustainable agricultural development: case of Stavropol krai, Russia. Sustainability. 2015. T. 7. № 1. C. 164-179.
13. Veličković, D., Barać, S. (2009): Makroekonomija, University Singidunum, Belgrade.

## **РАЗВИТИЕ ГОСТИНИЧНОГО БИЗНЕСА В КАЗАХСТАНЕ**

Смагулова Ж. Б., магистр экономики

Казбекова Л. А., к.э.н.

Муханова А. Е., к.э.н.

Кызылординский государственный университет имени Коркыт Ата  
Республика Казахстан

Английское слово «hospitality» происходит от старофранцузского слова «hospice», что означает «гостеприимный дом». Появление первых прообразов гостиниц, как и самой профессии по обслуживанию клиентов, уходит своими корнями в далекое прошлое. Гостинные дома были широко распространены повсеместно. Услугами этих гостинных домов пользовались как путешественники, так и гонцы, курьеры и высокопоставленные гости, правительственные служащие. В