

Serbia's prime minister said her country has been declared the 'world champion' for attracting foreign direct investment by the Financial Times – but how accurate is the claim? Serbian news agency Tanjug reported on Monday afternoon that according to a ranking in the *Financial Times*, Serbia is first in the world for attracting foreign direct investments in relation to the size of its economy.

This rapidly became national news and the claim was republished by most Serbian media and commented upon by Serbian officials, who credited their own policies for the apparent success.

Serbian Prime Minister Ana Brnabic told Tanjug that “the decision of the respected British *Financial Times* to declare Serbia the world champion in attracting foreign direct investment for the second time in three years is the result of reforms implemented and confirmation that Serbia is a completely different country today than the one found by this government [when it came to power] in 2012”.

President Aleksandar Vucic took up the theme, saying that this means that companies around the world will now check out the conditions for investing in Serbia.

“Now you have got confirmation in the most respectable newspaper in the world that is working on this topic, which means that there is no serious world or European company that will not look at what is the situation in the country, how are the subventions [given by the government], how much state support [is offered] and how is the workforce,” Vucic told state broadcaster RTS.

He added that last year 3.6 billion euros were invested in Serbia from abroad and that in 2019 there will be even more.

However, as officials boasted of their economic success, commentators on social media started to find flaws in the Serbian media's reporting of the story.

BIRN took a closer look at the issue to see if any of the claims were fully grounded in reality.

A 'Financial Times ranking'?

Even though Serbian media and officials referred to the Greenfield FDI Performance Index 2019 ranking as having been produced by the *Financial Times* newspaper, the information actually came from another part of the Financial Times Group – fDi Intelligence, a consultancy firm that says it helps “investment promotion agencies, economic development organisations and other governmental bodies attract inward investment”.

fDi Intelligence describes itself on its website as “a specialist division from the Financial Times Ltd established to provide industry-leading insight into globalisation with a portfolio of world-class products, services and business tools that allow organisations such as economic development organisations, companies, service providers and academic

institutions to make informed decisions regarding foreign direct investment and associated activities”.

The annual report on foreign investment produced by fDi Intelligence was published on its own website, not the *Financial Times* newspaper website.

The methodology of the report

The fDi Intelligence analysis looked at inbound greenfield investment in 2018 relative to the size of each country's economy.

The index uses a methodology devised by UN trade and development body Unctad for overall foreign direct investment and applies it to only greenfield foreign direct investment – excluding mergers and acquisitions, intra-company loans and other forms of cross-border investment.

A greenfield investment refers to a type of foreign direct investment in which a company establishes operations in a foreign country. In a greenfield investment, the company constructs new facilities (such as a sales office or manufacturing facility) cross-border from the ground up.

The fDi Intelligence analysis shows that Serbia, with a score of 11.92, is attracting almost 12 times the amount of greenfield foreign direct investment that might be expected given the size of its economy.

Serbia took first place on the same list for 2016 as well and took second place a year later. In 2017 and 2018, Serbia had a very similar score – 12.02 in 2017, and 11.92 in 2018.

The number of greenfield foreign investment projects announced in Serbia was 77 in 2016, 81 in 2017 and 107 in 2018.

Serbian President Vucic said that he did not want to compare Serbia with the rest of the region because Serbia is more successful, but he omitted to mention that right after Serbia on the fDi Intelligence list is Montenegro, with just 0.43 fewer points.

Best in the world?

Data published by other international organisations should also be taken into account when comparing Serbia with other countries in the region.

In the United Nations Conference on Trade and Development, UNCTAD report for 2018, it was noted that inflows in Serbia grew by 44 per cent to \$4.1 billion and that Serbia became the second-largest recipient of foreign direct investment among transition economies.

“Serbia's economy is the largest in the subregion and is relatively diversified. The country's strategic location facilitates logistics investment, such as the Vinci Airports (France) stake in Nikola Tesla Airport in Belgrade. Its natural resources (especially copper) are also attracting resource-seeking firms. The Zijin Mining Group (China), for example, acquired

RTB Bor's copper production," the UNCTAD report said.

The fDi Intelligence list is one of several economic rankings published annually.

The World Bank's Doing Business global ranking, which ranks economies on their ease of doing business, put Serbia at number 48 in the world – above Montenegro and Croatia but four places below Kosovo.

Forbes magazine's Best Countries for Business list for 2018 ranked Serbia at 56, four places below Croatia.

Source: balkaninsight.com