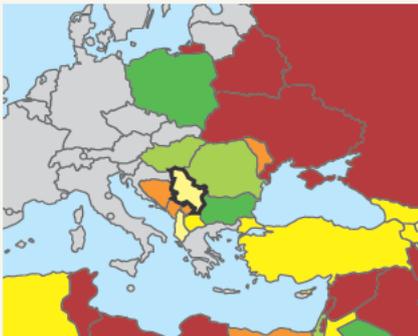


Basic facts (2025)

Population: 7 million

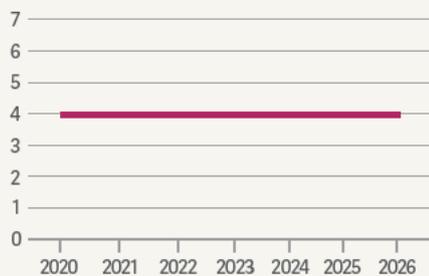
GDP, nominal: USD 100 billion

GDP/capita: USD 15 322



The country risk categories are arranged on a scale from 0 to 7. The lower the figure, the better the country's creditworthiness

Country classification history



Source: EKN

Strengths

- + Diversified economy
- + Strong repayment capacity
- + Sound public debt levels

Weaknesses

- Balancing relations between Russia and the EU
- Persistent public protests against the government
- Business environment (widespread corruption)

Balancing EU integration and eastern ties

Serbia has gradually improved its country risk classification and was most recently upgraded in 2020 to country risk category 4. Serbia is an upper-middle-income country, just below the threshold for high-income status according to the World Bank's definition and has a diversified economy with a dynamic manufacturing sector. Serbia maintains close cooperation with the IMF and has recently completed a three-year financing arrangement before entering into a new three-year policy agreement aimed at continuing reform efforts and maintaining sound fiscal discipline. A favourable investment climate has historically supported a steady inflow of foreign direct investment.

Since 2012 Serbia has been a candidate country for EU membership and accession negotiations have begun. Most of the 35 negotiating chapters have been opened, but only two have so far been provisionally closed. Formally the EU integration process continues, but in practice it has slowed.

Serbia also has historically strong ties with Russia. The country depends on Russian gas and the national oil company is owned by the Russian Gazprom group. Russia also supports Serbia in its opposition to Kosovo's independence. Since Russia's annexation of Crimea in 2014, Serbia has not aligned itself with EU sanctions against Russia, which has complicated relations with the Union. Since 2022 a significant number of Russian citizens have relocated to Serbia. NATO's bombing of Serbia in 1999 is another factor explaining why many Serbs remain cautious about closer alignment with the West.

In terms of trade and investment, the EU is Serbia's most important partner. In 2024, 61 per cent of Serbia's total exports went to the EU, while 56 per cent of its imports originated from the EU.

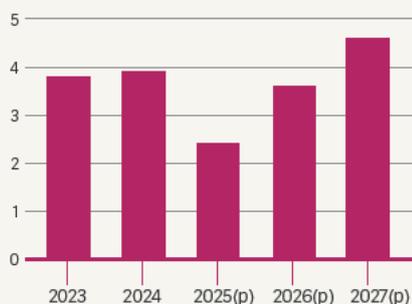
At the same time, China has grown in importance as an economic partner. Since launching its Belt and Road Initiative in the early 2010s, China has invested heavily in infrastructure and mining in Serbia. China is the single largest source country of foreign direct investment in Serbia and accounted for around 30 per cent of inflows in 2022–2024. The EU as a whole accounted for 62 per cent.

In foreign trade, China is the largest source of imports (around 14 per cent of total imports), followed by Germany (12 per cent). For exports the pattern is reversed: Germany accounts for 16 per cent while China accounts for six per cent. Trade with Russia has declined over time and is now at its lowest level in twenty years, at around three per cent of total exports and imports.

Political challenges, financial strength

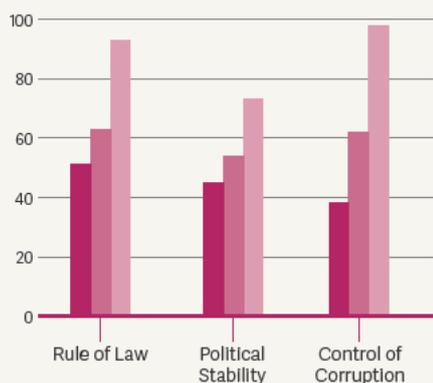
The government and President Vučić are facing sustained public protests following the collapse of a newly constructed roof at a railway station in Novi Sad in November 2024. What initially appeared to be a corruption scandal related to the station project – in which at least 15 people died – has since evolved into broader protests against corruption, governance failures and a perceived lack of accountability within the state administration. Ministers and the prime minister have been replaced, but the protests have continued. At present there are few signs of them subsiding and the likelihood of early elections, ahead of the scheduled elections in 2027, has increased. The opposition, however, remains fragmented and lacks a clear leadership figure.

Real GDP growth (constant prices, % per annum)



Source: IMFWEQ, Macrobond

Business environment



■ Serbia
■ Europe and Central Asia
■ Sweden

Ranking from 0 (worst) to 100 (best)

Source: The World Bank, Macrobond

Swedish export to Serbia

	MSEK
2025	na
2024	2 346
2023	2 109
2022	1 817
2021	1 587

Source: SCB

EKN:s exposure

	MSEK
Guarantees	627
Offers	28 219

A key challenge in the country risk assessment is the political risk arising from Serbia balancing its strong ties with Russia on the one hand and its EU integration ambitions on the other. Serbia's close relationship with Russia has led to its national oil company, NIS, being placed on the US sanctions list because its largest owner, Gazprom Neft, is itself subject to sanctions. Serbia is seeking a solution that would remove the listing, as the sanctions hinder oil imports via pipeline and therefore also the ability to refine petroleum products.

In economic terms, Serbia has made clear progress. Since 2021, in cooperation with the International Monetary Fund (IMF), the country has reduced public debt by ten percentage points to 44 per cent of GDP, which is relatively low in regional comparison, while foreign exchange reserves have risen to record levels. GDP growth has averaged just over three per cent over the past five years. High levels of investment-related imports have contributed to a current account deficit of around five per cent of GDP. Inflows of foreign direct investment largely finance this deficit.

Serbia has an extensive investment plan under which the state intends to invest more than EUR 17 billion – corresponding to around 25 per cent of GDP – in infrastructure, transport and energy supply over the next five years. Government financing is diversified between domestic borrowing, bond issuance, loans from multilateral institutions, EU financing and project financing.

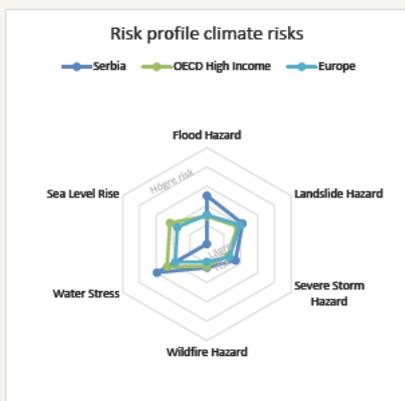
After a dip in 2025, when GDP growth is estimated at two per cent, growth is expected to recover in 2026 to around three per cent. Large investment programmes in the coming years are likely to increase financing needs in the current account, while inflows of foreign direct investment may weaken due to political uncertainty. Strong foreign exchange reserves provide a buffer, but the uncertainties mean that forecasts for debt levels may be revised somewhat upwards. Overall, the political turbulence is not expected to significantly affect the country's repayment capacity.

Business environment

According to the World Bank's Worldwide Governance Indicators, Serbia's institutional capacity is relatively solid, though slightly below the average for Europe and Central Asia. The index showed a clearly positive trend in the early 2000s, but this trend has reversed since 2015. Efforts to combat corruption in particular lag behind, with Serbia ranking well below the regional average. Transparency International's Corruption Perceptions Index places Serbia at 105 out of 180 countries, placing it in the lower half of the European comparison.

Serbia's close relationship with Russia also affects the business environment. The country is considered one where there is an elevated risk of re-exports to Russia and attempts to circumvent sanctions directed at Russia. US sanctions against Russian companies operating in or owning companies in Serbia have also created a risk that the central bank could be subject to secondary sanctions if it processes payments on behalf of these companies. There are currently no EU sanctions against Serbia.

Serbia's banks are generally well capitalised and liquid and are largely funded through deposits. The share of non-performing loans is relatively low. One challenge is that a large share of lending and deposits is denominated in euros, which is partly offset by the central bank's strong foreign exchange reserves used to maintain exchange rate stability.



The foregoing chart information was obtained from Verisk Maplecroft*

In EKN's business assessment, account is taken of the risk of adverse impacts on human rights. EKN focuses on the potential impact of the activities in which the exported goods will be used. In this context, issues such as working conditions, child and forced labour, excessive use of force by security services, indigenous peoples' rights and land rights are of particular importance.

In Serbia, the risks of human rights violations relevant to business operations are assessed to be somewhat higher than the average in Europe and among OECD high-income countries in five out of seven indicators.

EKN's policy

EKN classifies Serbia in country risk category 4 of 7 since 2020. There are no specific restrictions on transactions with the state, banks or the private sector, meaning that transactions are assessed on their own merits without general restrictions beyond the standard risk assessment. For transactions with public buyers, EKN requires a letter of credit, sovereign guarantee or bank guarantee.

EKN's commitment and experience

EKN's guarantees amount to SEK 636 million and are dominated by telecommunications. Over the past five years EKN has issued guarantees in twelve transactions with a total value of SEK 717 million, all to the private sector. Payment experience has been good, and no claims payments have occurred during the period. EKN currently has no outstanding payment delays or claims receivable.

The offers mainly relate to a transaction in the energy sector where the payment risk is on the Serbian sovereign.

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