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Original Scientific Article

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# DYNAMICS, SCOPE AND STRUCTURE OF EXTERNAL TRADE OF THE REPUBLIC OF SERBIA

**ABSTRACT:** The COVID-19 pandemic has changed global economic perspectives and led to a turning point in economic trends around the world, as well as in the Republic of Serbia. With a detailed analysis of key figures of external trade of goods, the main aim of this paper is to appraise the position and results of the Republic of Serbia in the field of foreign trade exchange, as one of the most important indicators of economic activity. The methodology covered in the paper includes qualitative research techniques, such as analysis, comparative analysis, and synthesis. The first part of the paper deals with the trend of external trade in the past three decades, with special reference to the effect of the crisis caused by the COVID-19 pandemic. The second thematic unit analyzes the structure of the Republic of Serbia's foreign trade, according to the economic purpose of goods and the classification of activities. The focus of the third part is the territorial distribution of foreign trade of the Republic

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of Serbia by main economic and geographical zones, ie countries of purpose and origin. Finally, concluding remarks are given. We found that the Republic of Serbia has many possibilities to improve external trade, which should primarily focus on increasing exports, in quantitative terms, but at the same time not to fail to raise the quality and value of our export products.

*Key words:* external trade, Republic of Serbia, dynamics, volume, structure, COVID-19

## INTRODUCTION

Foreign economic relations are an important part of the economic activities of the Republic of Serbia (hereinafter Serbia). They are subject to regulation and direction of economic and political activity (Ignjatovic et al. 2020). The last decade of the XX century is characterized by a strained period in economic policy of the Republic of Serbia, followed by a period of reopening to the world, which is characterized by the growth of foreign trade. After the political changes in 2000, approaching the European Union became the main foreign policy priority of Serbia, which is still a strategic goal of the whole society (Markovic, Toskovic, 2013). The COVID-19 pandemic has changed significantly the global economic perspectives (Ignjatovic, et al.2021) and led to a turning point in economic trends in other countries of the world, as well as in Serbia.

In recent years, the foreign trade change between Serbia and China has become increasingly important (Jacimovic et al., 2018), precisely on the basis of the "17+1" mechanism, which is part of the Belt and Road Initiative. This mechanism, among other projects, affects the increase in trade exchange (Filipović, Ignjatović, 2021a). It includes 12 countries in Central and Eastern Europe and 5 countries in the Western Balkans and China, in order to strengthen EU-China relations (Filipović, Ignjatović, 2021b). Although the surrounding countries are uncompetitive in size and economic influence in international trade compared to China, Serbia has made the most progress in trade, which has doubled in the last ten years (Beraha, Jovicic, 2021).

Although China's influence is increasingly present, Serbia's largest foreign trade partners are still the countries of the European Union, and then the members of the CEFTA agreement (Vlaović, 2019). Regarding the exports, Germany is Serbia's largest trade partner, followed by Italy, and in third place is a member of CEFTA, Bosnia and Herzegovina. Consequently, another EU member, Romania, is in fourth place, while the Russian Federation is in fifth place. In relation to the import of goods, Germany is Serbia's number one partner, followed by China in second place, Russia holds the third place, while Italy is in the fourth place. Neighboring Hungary ranks fifth as a partner of the Republic of Serbia in terms of imports.

Therefore, the aim of this paper is to look at the current position of the Republic of Serbia in the field of international trade, based on the analysis of the volume, dynamics, structure, and other relevant indicators of foreign trade. The structure of the paper is organized into three parts, with the first part analyzing the trends and the volume of foreign trade of the Republic of Serbia. The second part of the paper defines the structure of foreign trade of the Republic of Serbia, while the third part deals with the territorial distribution of foreign trade in Serbia. Finally, concluding remarks are given. Given the above, the methodology covered in the paper includes qualitative research techniques, such as analysis, comparative analysis, and synthesis.

## EXTERNAL TRADE OF SERBIA: TREND AND VOLUME

In last 35 years, caused by many political events and the new political status of the Republic of Serbia in the international community, numerous changes in external trade have been involved concerning the level, structure and range of goods included in trade (Crnomarković, 2010). At the end of the 1980s, there was an increase in the SFRY (Socialist Federal Republic of Yugoslavia) trade with foreign countries, which reached its highest volume in 1990. At the end of the 1980s, the level of exports and imports was approximately the same, with an extremely small foreign trade deficit. Unfortunately, as early as 1991, the trend of declining foreign trade began. Due to international sanctions imposed in the period 1992-1998, one of the most difficult periods for the country's economy followed, during which data on foreign trade were not available. The isolation of our economy from world markets has left numerous negative economic consequences. Although the sanctions from 1996 were partially lifted, the destruction was not stopped, because in 1999 there was a NATO bombing of the then Federal Republic of Yugoslavia. In addition to the decline in the volume of foreign trade in the years after the sanctions, there is also an increase in the foreign trade deficit, which inevitably indicates that the economy has suffered major disruptions.

After a decade of economic downturn and sanctions, better times have finally begun in the 2000s. The larger part of the sanctions has been lifted, with the country's reintegration into many international, financial, and economic flows. The economic recovery began with the growing trend of foreign trade. However, only in 2003, imports were at the level of 1990, while exports reached that level in 2005. At the same time, since 2000, there has been an increase in the negative balance of foreign trade, with stronger growth in imports compared to exposts. Until 2004, the foreign trade deficit grew at an average annual rate of 41%, and in 2005, the value of the trade deficit decreased by 19% compared to the previous year (Crnomarković, 2010). In the period 2006-2008, there was a significant growth of imports and exports, but together with a strong deficit growth. In those years, negative records of the foreign trade deficit were achieved, which have not been surpassed to date, although the volume of trade is far higher than in those years. In particular, the deficit in 2007 was 9.729 million USD, and in the following year 2008, this indicator was even worse, amounting to 11.902 million USD (Crnomarković, 2010). Since 2009, there has been a reduction in the trade deficit, which can be attributed to a significant reduction in imports compared to the reduction in exports (Rapaić, Dabić, 2013). After 2008, Serbia recorded a significant decline in exports and imports, which can be attributed to the global economic crisis, resulting in a drastic decline in world trade. The decline in exports is accompanied by a decline in imports to a greater or lesser extent, due to the high import dependence of companies participating in exports. In the observed period, 1998-2009, within the import of goods, the changes were smaller in terms of volume and structure, while on the export side, the changes are larger both in volume and structure[4] (Crnomarković, 2010).

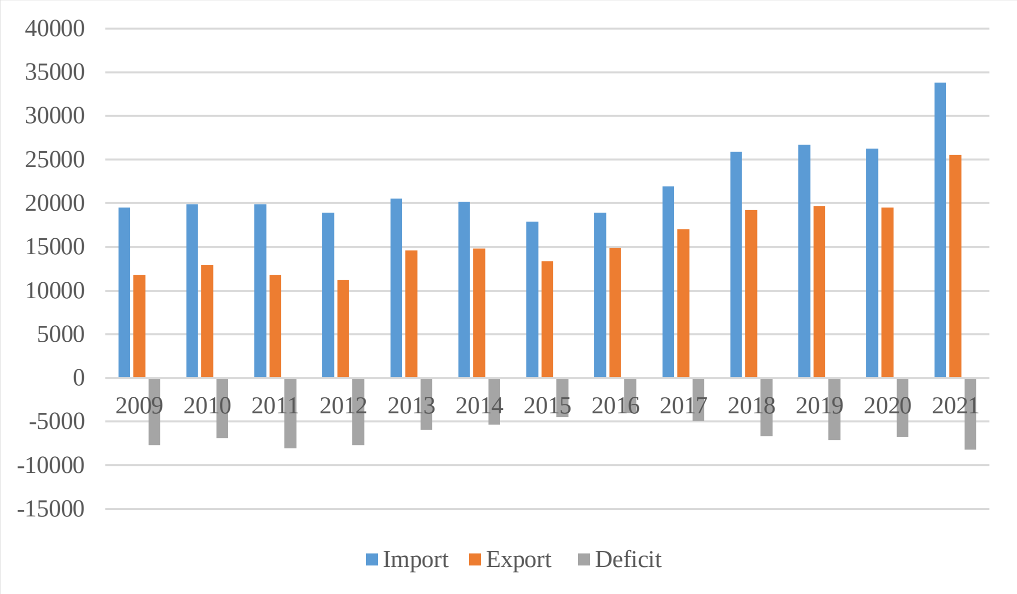
In the following tenyears, in the period 2009-2018, there were numerous changes in the volume of foreign trade. After a sharp decline in 2009, there will be relative stagnation in the next few years until 2012. The trend of imports and exports, in the period 2009-2012, did not notice significant changes and dynamics. Imports ranged around 19.000-20.000 million USD, while exports in millions of USD ranged from 11.000-12.000, with a slight increase in 2010. Following this dynamic, the negative trade balance did not have significant oscillations and ranged from around 7.000–8.000 million USD. In terms of foreign trade, the period 2013-2014 was very successful. Significant growth of exports was achieved, as well as slightly lower growth of imports, which had favorable effects in reducing the foreign trade deficit. In 2015, there was a significant decline in the volume of foreign trade and its basic indicators. Significant growth of imports and exports was achieved during 2015-2016, with a positive foreign trade balance. In this period there was no significant increase in the deficit (SORS, 2022a).

Two years before the COVID-19 pandemic, Serbia achieved the historically best result in terms of the volume of foreign trade, followed by the same ratio of imports and exports, ie the accompanying growth of the foreign trade deficit. The total foreign trade of Serbia in 2019 amounted to 46363.6 million USD, which is an increase of 2.8% compared to 2018. Exports of

[4] Note: Changing the state border affects the content of data on exports and imports and disrupts their comparability.

goods had a value of 19633.0 million USD, which is an increase of 2.0%, while imports of goods amounted to 26730.6 million USD, which is 3.3% more than in 2018. The foreign trade deficit in 2019 also had an increase of 6.8% compared to 2018 (Chart 1).

*Chart 1:* Imports/exports of Serbia, 2009-2021. (million USD)




*Source:* Authors based on data SORS, 2022c.

The impact of the COVID-19 pandemic on the scope, but also on the structure of Serbia's foreign trade, since the beginning of the pandemic, has not been pronounced and is reflected primarily in stagnation. According to official data (SORS, 2022c), the total volume of foreign trade of the Republic of Serbia in 2020 decreased by 1.4 percent compared to 2019. Compared to 2019, exports in 2020 decreased by 0.7% and imports by 1.9%. The foreign trade deficit even achieved the largest reduction of 5.1% compared to 2019, which is a positive result. During the second year of the pandemic, 2021, Serbia achieved many very good economic results, which also refers to the value of the volume of external trade, which was recorded in 2021. Total foreign trade of the Republic of Serbia for the period January - December 2021, was higher by 29.8% compared to the same period in 2020. Export in the amount of 25563.5 million USD, achieved a growth of 31.1%. Goods worth 33797.0 million USD were imported, which is 28.8% more than in 2020. The foreign trade deficit increased by 22.3% compared to 2020 and amounted to 8233.4 million USD. The coverage of imports by exports last year was 75.6% and is higher than the coverage in 2020 when it was 74.3% **(**SORS, 2022c**)**. In 2021, Serbia achieved a record level of volume and value of foreign trade, and it will not be an easy task to repeat or exceed such results during the current year, taking into account current global developments. However, 2022 started very well for Serbia, in terms of growth, volume, and value of foreign trade, but some indicators are still worrying. According to the latest available data (SORS, 2022d), the total external trade of Serbia for the period January-February 2022 amounts to 10535.1 million USD, which is an increase of 32.1% compared to the same period in 2021. Exports were worth 4283.7 million USD, which is an increase of 19.8%, and imports of goods worth USD 6251.4 million USD, which is a growth of 42.1%. As a result of this growth in imports, there was an enormous increase in the deficit of 139.1% compared to the same period in 2021. Also, the coverage of imports by exports is 68.5% and is lower than the coverage in the same period last year, when it amounted to 81.3% (SORS, 2022d).

## STRUCTURE OF SERBIA'S FOREIGN TRADE EXCHANGE

Besides data on the value of exported and imported goods, external trade statistics also include data about: exports and imports growth/decline rates, trade balance, coverage of imports by exports, export/import according to CA and SITC classifications, by country of destination/origin, by economic and geographical zones, and their development level, the economic purpose of products, types of external trade activities, etc. (SORS, 2022a). Each of these aggregates can be considered a separate indicator for analysis (Bjelić, 2018). One of them for which data are available is exports and imports for economic purpose of the European Union[5]. In terms of this classification, in 2021, as well as years ago, the structure of exports and imports of Serbia is dominated by intermediate goods with about 40% (Table 1).

*Table 1*. Exports/imports by economic purpose of the European Union, 2021.

| | Imports (%) | Exports (%) | Balance (million USD) |
|---|---|---|---|
| Energy | 9.0 | 2.9 | -2298.6 |
| Intermediate goods | 37.9 | 42.8 | -1864.1 |
| Capital goods | 20.1 | 20.6 | -1506.9 |
| Permanent consumer goods | 2.1 | 4.8 | 519.5 |
| Impermanent consumer goods | 16.3 | 21.3 | -72.3 |
| Unclassified | 14.6 | 7.5 | -3011.0 |

*Source* - SORS, 2022a.

[5] The European Union classifies industrial products into five groups according to their purpose.

As data shows, after the category of Intermediate goods, in the external trade structure of Serbia the most important categories are Capital goods and Impermanent consumer goods with the participation of around 20% each. It is important to point out that Serbia achieves a negative foreign trade balance in almost all categories of imports and exports of goods according to the economic purpose of the EU, and imports significantly more than exports, especially in the categories of intermediate goods, energy and in the group unclassified by the economic purpose of the EU. The only exception is the group of permanent consumer goods, in which Serbia achieved a surplus in 2021, which amounted to about 500 million USD. In 2021 strong increase on the import side was recorded in the category of energy, where the deficit increased by about 830 million USD, mostly caused by major problems in the Electric power industry of Serbia and the need to import large amounts of electricity but also additional increased needs for other energy sources. A large change in the value of the increase in the deficit of almost one billion USD was achieved in the group unclassified by the economic purpose of the EU (SORS, 2022a). One of the structural indicators of exports and imports is by sectors and areas, ie the classification of activities[6] (hereinafter CA) according to the principle of prevalence**.** Following the previous indicator, the data for Serbia in this group are similar. The manufacturing sector dominates with almost 80% share, and in relation to it, other divisions are almost negligible (Table 2).

*Table 2*. Imports/exports by divisions of CA, 2021.

| | Imports (%) | Exports (%) | Balance (million USD) |
|---|---|---|---|
| Agriculture, forestry and fishing | 2.5 | 6.2 | 722.2 |
| Mining and quarring | 7.4 | 3.7 | -1532.0 |
| Manufacturing | 77.6 | 78.5 | -3686.2 |
| Electricity, gas, steam and air conditioning supply | 0.5 | 0.6 | -9.9 |
| Water supply, sewerage, waste management and remediation activites | 0.4 | 1.0 | 107.8 |
| Information and communication | 0.2 | 0.3 | - 6.0 |
| Professional, scientific and technical activities | 0.0 | 0.0 | 0.3 |
| Arts, entertainment and recreation | 0.0 | 0.0 | 0.2 |
| Other service activities | 0.0 | 0.0 | 0.0 |
| Unclassified according CA | 11.3 | 0.0 | -3829.9 |

*Source* - SORS, 2022a.

[6] CA - Classification of Activities, more information at: https://www.stat.gov.rs/en-us/istrazivanja/klasifikacije/

Category Manufacturing has the largest deficit, which increased by about 600 million USD in 2021 compared to 2020. The group Unclassified by CA, in accordance with the previously mentioned similar group Unclassified by the economic purpose of the EU, has a significant share, but also an extremely large deficit, which also in 2021 had a significant increase of 900 million USD. Once more, the import of electricity falls into the category of electricity, gas, steam, and air conditioning supply, where a deficit has been recorded for the last year. Category Mining and quarrying do not have a large percentage share in imports and exports, but there is a significant deficit in terms of value. Agriculture, forestry, and fishing stand out due to the surplus that the Republic of Serbia has of over 700 million USD (SORS, 2022a). The latest classification recognized globally is the one adopted by the United Nations, known as the Standard International Trade Classification (hereinafter SITC). According to this, it can be seen that in the structure of imports and exports the largest share has goods from the group Machinery and transport devices, Manufactured products classified by material and Chemical and similar goods (Table 3).

*Table 3*. Imports/exports by divisions of SITC, 2021.

| | Exports (%) | Imports (%) | Balance (million USD) |
|---|---|---|---|
| Food and live animals | 14.1 | 6.2 | 1509.5 |
| Beverages and tobacco | 3.1 | 1.2 | 368.4 |
| Crude materials, inedibles, except fuel | 6.5 | 3.8 | 396.6 |
| Mineral fuels, lubricants and related materials | 2.9 | 9.1 | -2319.0 |
| Animal and vegetable oils, fats and waxes | 1.2 | 0.3 | 208.3 |
| Chemicals and related products | 10.3 | 15.2 | -2515.6 |
| Manufactured goods classified chiefly by materials | 2.4 | 19.1 | -730.7 |
| Machinery and transport equipment | 26.7 | 25.3 | -1728.8 |
| Miscellaneous manufactured articles | 11.4 | 8.0 | 210.8 |
| Commodities and transactions not classified elsewhere in the SITC | 1.4 | 11.8 | -3633.0 |

*Source:* SORS, 2022a.

Serbia has a surplus in several product groups. In the Food and live animals category, it is the largest, achieving an increase of about 400 million USD in 2021. The surplus is also recorded in Beverages and tobacco, as well as the group of Crude materials, inedible, except fuel, which increased by over

500 million last year and, more importantly, went from deficit to surplus. The largest deficit is in Mineral fuels, lubricants and related materials, whose value increased by almost a billion USD in 2021. Group Chemicals and related products, and Machinery and transport equipment are also with high deficits, which has achieved even greater growth over the past year. Finally, the last category Commodities and transactions not classified elsewhere in this classification, which value is not negligible at all, especially in the context of the achieved growth of about 770 million USD only during 2021 (SORS, 2022a). In the structure of Serbian exports and imports, it was noticed that Serbian companies mostly export processed products, ie primary products, and import machines, appliances, and transport devices of twice the value. This structural view of exports, which is dominated by products of the lower stage of processing and imports, comparedto technology-intensive products, is unfavorable and reflects the technological level of the Serbian economy and global competitiveness (Rapaić, Dabić, 2013).

## TERRITORIAL DISTRIBUTION OF SERBIAN EXTERNAL TRADE

Statistical territory, by definition, is the territory for which data are collected, which gives us data on the territorial distribution of foreign trade. For Serbia, this indicator is very interesting from the analytical point of view, especially if we take into account the uneven regional development of the country, and even still, according to some opinions, strong centralization, especially in the capital, and maybe only a few large urban centers. The data show that it is completely expected that the Belgrade and Vojvodina regions have the largest share in the total exports and imports of the Republic of Serbia. Almost half of the total imports go to the Belgrade region and a third to Vojvodina (Table 4).

*Table 4*. Imports/exports regional distribution, 2021

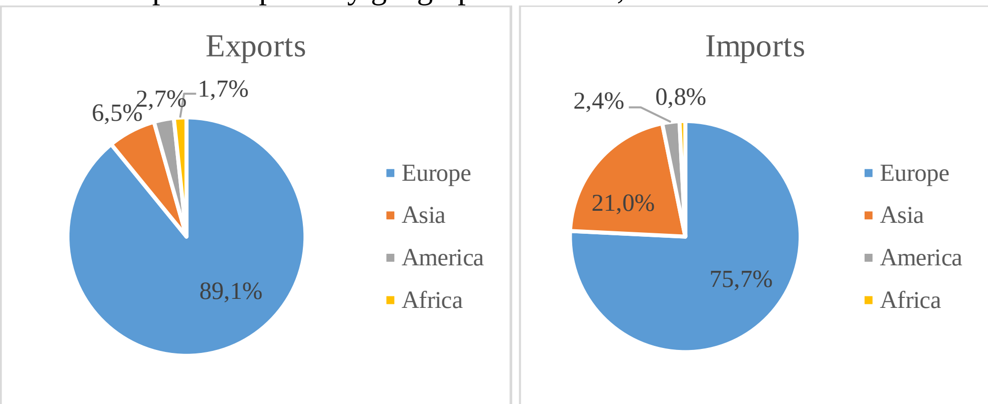
| | Imports (%) | Exports (%) | Balance (million USD) |
|---|---|---|---|
| Belgrade region | 46,0 | 23,8 | -9460,0 |
| Region of Vojvodina | 29,8 | 34,8 | -1190,6 |
| Region of Šumadija and Western Serbia | 13,8 | 21,8 | 900,6 |
| Region of Southern and Eastern Serbia | 9,6 | 19,5 | 1735,5 |
| Unspecified by territory | 0,7 | 0,1 | -218,9 |

*Source:* SORS, 2022a.

On the other hand, these regions have an extremely high negative foreign trade balance when looking at the value in millions of USD. Belgrade region is a convincing leader with an increase in deficit during 2021 of over 1600 million USD, as well as Vojvodina with the same tendency to increase the deficit which only last year increased by almost 900 million USD. The regions of Šumadija and Western Serbia and Southern and Eastern Serbia do not have such a share in total imports and exports, but they are regions that export more than they import and have a surplus. Especially the region of Southern and Eastern Serbia, which during 2021 increased its surplus by one billion USD compared to 2020 (SORS, 2022a).

Insight into the structure of Serbian exports and imports, observed by countries of destination/origin, by main economic and geographical zones, it is clear that Europe in all these aspects is the most important trade zone with a share of total exports of 89.1% and share of total imports of 75.7% in 2021. The share of Europe and other geographical zones in Serbia's external trade is shown in the following graphs (Chart 2).

*Chart 2:* Exports/imports by geographical zones, 2021.




*Source:* Authors based on data SORS, 2022a.

In line with the above, the EU is traditionally a key trading partner of the Republic of Serbia. In the period after 2000, Serbia achieved slightly higher growth rates of trade with EU countries than the growth of total trade, ie relatively high average annual growth rates of domestic exports and imports in that period (Nikolić, 2018). According to data for 2021 (RZS, 2022a), Serbia more than half of its exports of goods (64.5%) are conducted with the EU, while the largest part of imports (57.2%) also comes from the EU. The value of Serbian exports to the EU has almost quadrupled from almost 3.2 billion euros in 2009 to over 11 billion euros in 2021. The total value of Serbian exports to the EU reached a new record in 2021 and amounts to almost 14 billion euros, which significantly exceeds the pre-pandemic record in 2019 when the amount was 11.4 billion euros. Serbia's exports to the EU is growing faster than EU imports. The coverage of imports by exports from the Serbian side in relation to the EU has significantly improved: from 48% in 2009 to over 85% in 2021. The trade-in agricultural products, with which Serbia has a surplus in relation to the EU, is especially emphasized. This surplus on the Serbian side reached its peak in 2021 at more than 688 million euros. Serbia's agricultural exports to the EU have almost quadrupled in the past decade, from 640 million euros in 2009 to over 2.3 billion euros in 2021. At the same time, Serbian imports of agricultural products from the EU have been steadily rising over the past decade from 440 million euros in 2009 to over 1.6 billion euros in 2021 (EU Delegation in the Republic of Serbia, 2022). Overall, the structure of Serbian exports to the EU is unfavorable, but after the Great Recession, some progress has been made, e.g. through a decline in the share of resource-intensive products (Nikolić, 2014). The EU's economic and trade interest in Serbia is unquestionable, and it will become increasingly important in the context of Serbia's further European integration (European Commission, 2016). Chapter 30, Foreign Economic Relations, refers to the rules applicable to foreign trade and the rules of the Common Trade Policy and which opened in 2017. In many cases the accession process of other countries, Chapter 30 has been treated as technical and very easy to close. However, in the case of Serbia, this chapter also refers to the economic aspects of cooperation with certain third countries, among which Russia is certainly the most important, and the fact that Serbia is still not a member of the World Trade Organization. Despite the constant growth of economic cooperation with the EU and countries in the region, which are also in the process of joining the EU, it is often pointed out that cooperation with third countries is key to initiating economic development. However, it is important to point out that Serbia, as a candidate for membership, will have to redefine economic and political relations with third countries in a way that corresponds to the common policies that member states pursue within the European framework. Without denying the importance of cooperation with third markets, this redefinition of relations does not necessarily have to be dramatic, if reforms are initiated in time and Serbia's interests are protected in a constructive way (ISAC fund, CEP, 2014).

Serbia's external trade by country of destination/origin primarily confirms all of the above, but some other countries stand out as prominent trade partners of the Republic of Serbia. Some EU member states are traditionally at the top of the list of the Republic of Serbia's most important trade partners in the field of goods. These are primarily Germany, Italy, Hungary, and Romania as important export destinations for Serbian goods. In general, the average importance of countries as trading partners in the past twenty years has not changed significantly. For the Republic of Serbia, the major external trade partners in exports are Germany, Bosnia and

Herzegovina, Italy, Russia, China, Hungary, Romania and Montenegro. The major external trade partners in imports are China, Germany, Russia, Italy, Turkey, and Hungary (SORS, 2022a). The importance of the mentioned trade partners has been almost the same for a long time, with the exception of China, which has significantly increased its share in the total trade with the Republic of Serbia during the last decade. In terms of participation and total value, Germany is undeniably the most important trade partner of the Republic of Serbia, with whom we achieve the largest volume of trade (7.700,9 million USD in 2021), far ahead of other countries. It is followed by China, from which it imports four times more than it exports from the Republic of Serbia, and the deficit that the Republic of Serbia has with China is about 40% of the total foreign trade deficit, which was 8,233.4 million USD last year. The third most important trade partner country for Serbia is Italy, from which we import a little more. A very important fact that should be emphasized is that foreign trade with Germany and Italy, which are in the top three partners of Serbia, has a well-balanced level of imports and exports, without major surpluses or deficits, which cannot be said for the already mentioned exchange with China. Russia and Bosnia and Herzegovina are fourthand fifth external trade partner countries, with which the volume of total trade is approximate, but Russia exports much more to the Republic of Serbia (due to energy imports), while Serbia exports twice as much to Bosnia and Herzegovina compared to imports (Table 5). Hungary, Romania, Poland, Czech Republic, Slovenia, Austria, France, Croatia, Bulgaria are countries with which trade volumes are smaller or larger, but with them a solid trade balance is established, and with these partners there is no major deviation in terms of excessive deficit or surplus. Turkey is a country with which we have a good exchange, but with five times higher imports to Serbia from Turkey, while Bosnia and Herzegovina, North Macedonia, and Montenegro are very important export markets for Serbia. Foreign trade was the largest with countries with which Serbia has signed trade agreements. After EU member states, Serbia’s second most important partner is the CEFTA 2006 countries[7]. In the current CEFTA, Serbia has a dominant position, as the largest and most developed economy in the region, which is reflected in the growing trade surplus with CEFTA 2006 signatory countries. This is mainly the result of exports of oil and petroleum products, iron and steel, agricultural products (cereals and cereal products), electricity, and electrical machinery and apparatus (SORS, 2022b).

[7] CEFTA 2006 - Central European Free Trade Agreement (changed 2006). Signatory countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, North Macedonia, Moldova, Romania, Montenegro, Serbia and the United Nations Interim Administration Mission in Kosovo in accordance with UN Security Council Resolution 1244.

*Table 5*. Exports and imports with selected countries, 2021.

| | Total (million USD) | Export (million USD) | Export (%) | Import (million USD) | Import (%) |
|---|---|---|---|---|---|
| Germany | 7700.9 | 3243.2 | 12.7 | 4457.7 | 13.2 |
| China | 5280.5 | 971.7 | 3.8 | 4308.8 | 12.7 |
| Italy | 4903.3 | 2.177.2 | 8.5 | 2726.1 | 8.1 |
| Russia | 2802.3 | 996.2 | 3.9 | 1806.1 | 5.3 |
| Bosnia and Herzegovina | 2764.7 | 1845.8 | 7.2 | 918.9 | 2.7 |
| Hungary | 2711.7 | 1289.0 | 5.0 | 1422.7 | 4.2 |
| Romania | 2411.5 | 1410.5 | 5.5 | 1001.0 | 3.0 |
| Turkey | 2044.0 | 342.2 | 1.3 | 1701.8 | 5.0 |
| Poland | 2003.6 | 895.8 | 3.5 | 1107.8 | 3.3 |
| Czech Republic | 1674.0 | 887.7 | 3.5 | 786.3 | 2.3 |
| Slovenia | 1660.1 | 810.6 | 3.2 | 849.5 | 2.5 |
| Austria | 1606.4 | 755.9 | 3.0 | 850.5 | 2.5 |
| France | 1602.0 | 717.8 | 2.8 | 884.2 | 2.6 |
| Croatia | 1579.3 | 801.3 | 3.1 | 778.0 | 2.3 |
| Bulgaria | 1537.9 | 828.7 | 3.2 | 709.2 | 2.1 |
| Northern Macedonia | 1325.5 | 962.9 | 3.8 | 362.6 | 1.1 |
| Montenegro | 1062.6 | 969.2 | 3.8 | 93.4 | 0.3 |

*Source* - Authors based on data SORS, 2022a.

Analyzing the data from the previous table, Serbia had a foreign trade with the countries in the region last year, with a total value of around 13,400 million USD, which brings us to the importance of further development of regional cooperation and the pertinence of countries in the region as Serbia's foreign trade partners. Increasing exports to these economies will be more demanding in the future, as the trade potentials of cooperation are increasingly exhausted and will require new forms of economic cooperation, through investment, exchange of intellectual property, etc. The political problems reduce the chances for increased exports of Serbian companies to countries in the region, so it is necessary to work on political stability in the region, and on new forms of trade and investment cooperation in the regions, preceding our EU membership (FREN, 2018).

## CONCLUSION

Serbia has been going through a very difficult economic period since the end of the 20th century, which has significantly disrupted and threatened external trade. In the period after the lifting of sanctions and the NATO bombing in 1999, it was very difficult to return to the old markets, primarily to Western European markets. Nevertheless, Serbia managed to establish a growth trend in external trade by year 2009. After the decline in the value of foreign trade turnover, due to the World Economic Crisis, stabilization occurs, followed by stagnation until 2012. The five-year period 2012-2016 was characterized by a significant increase in exports and a reduction in the external trade deficit, and after that, from 2017, a tendency of strong growth of all indicators was established. With the onset of the COVID-19 pandemic crisis, this trend was stopped. As the data show, when it comes to external trade, Serbia found itself in 2020 at a level similar to that of the year 2019, so this one-year interruption of the existing growth trend can be considered a COVID-19 consequence. In support of this fact, full recovery happened in 2021, with the incredible growth of exteral trade. However, taking into account a longer period of time, Serbia has had a foreign trade deficit for 22 years, with realistic prospects that it will continue in the future. The structure of Serbia's imports and exports has remained almost the same for years. Also, there were no major changes in the territorial distribution of foreign trade and foreign trade partners by country of destination/origin. Serbia has the largest trade exchange with the EU countries, then with the countries in the region, ie the signatories of the CEFTA 2006 agreement, which are important export markets for Serbia. The most important individual countries for the foreign trade are Germany, which has a dominant position, followed by China and Italy.

There is certainly plenty of space for improvement of Serbia's external trade that above all should focus on increasing exports, in quantitative terms, but concurrently not neglect to raise the quality and value of our export products. Partners of Serbia from other continents are incomparably smaller, which should be seen as an opportunity that could be used to increase exports by expanding markets, primarily in Asia, Africa, and America. China has become a much more important trading partner in recent years, mostly on the import side, but it is still a market that should be more important for our exports. It is not easy for Serbia to respond to the volume of production needed for large markets like China, but it is far from impossible. The formation of regional clusters is a measure of regional development but at the same time an opportunity to increase production and exports. With such an organized approach, several companies produce the same products for which there is interest, according to defined standards imposed by the export market. Special attention should be paid to underutilized opportunities for the placement of our agricultural products. In the context of Serbia's European integration, long-term trade advantages of EU membership may cause changes in the structure of Serbian exports, which will increase the share of quality technology-intensive products in total exports, which would be a key factor in international competitiveness. It is necessary to implement a carefully and thoroughly planned foreign trade policy, which will certainly have numerous changes with approximation and harmonization with the EU Common Trade Policy, which represents open and free markets as part of the solution to the economic crisis, clear regulatory frameworks, fair world trade system and combating protectionism. Until then, Serbia should take full advantage of all the benefits of signed bilateral and multilateral trade arrangements.

## REZIME
## DINAMIKA, OBIM I STRUKTURA SPOLjNOTRGOVINSKE RAZMENE REPUBLIKE SRBIJE

Pandemija COVID-19 promenila je globalne ekonomske perspektive i dovela do prekretnice u privrednim kretanjima kako u svetu, tako iu Republici Srbiji. Osnovni cilj rada je da se detaljnom analizom ključnih pokazatelja spoljnorgovinske robne razmene sagleda pozicija i rezultati Republike Srbije u oblasti međunarodne trgovine, kako jednog od najznačajnijih indikatora privredne aktivnosti zemlje. Metodologija obrađena u radu obuhvata kvalitativne istraživačke tehnike, kao što su analiza, komparativna analiza i sinteza. Prvi deo rada se bavi trendom kretanja obima spoljnotgovinske razmene u protekle tri decenije, sa posebnim osvrtom na efekat krize izazvane pandemijom COVID-19. Druga tematska celina analizira strukturu spoljne trgovine Srbije, prema ekonomskoj nameni robe i klasifikaciji delatnosti. U fokusu trećeg dela je analiza teritorijalne raspodele spoljnotrovinske razmene Srbije po glavnim ekonomskim i georgrafskim zonama odnosno zemljama namene i porekla. Na kraju su data zaključna razmatranja. Svakako da ima dosta prostora za unapređenje spoljnotrgovinske razmene Srbije, koja pre svega treba da se fokusira na povećanje izvoza, u kvantitativnom smislu, ali da se istovremeno ne zamanje podizanje vrednosti kvaliteta i proizvoda naših proizvoda.

*Ključne reči*: spoljnja trgovina, Republika Srbija, dinamika, obim, struktura, COVID–19

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