

# Interview: Sanja Ivanic – Director General, French Chamber of Commerce

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*Sanja Ivanic, director general of the French-Serbian Chamber of Commerce, discusses the advantages of working in Serbia, the opportunities that the country offers, Serbia’s entrance into the EU, the Chamber’s innovative work strategies, and new and exciting projects across the Balkans.*

## Why should foreign companies come to Serbia?

If we are to look at the geography of the country, Serbia has an ideal location. It is situated on the crossroads of Europe, a corridor between the Middle East and the West. Belgrade is the only metropolitan hub in the Balkans and it also sits on the Danube. Most companies look fondly at its central location in terms of working with clients in Serbia and the surrounding region – it’s a regional hub with a European feel. In such a way, you have access to 700 million clients (Europe) from a strong strategic position. By the way, Serbia is also a fantastic country in which to vacation, with massive tourist potential. Belgrade is often hailed as the ‘New Berlin’ and the rivers, lakes, and mountains make for fantastic scenery.

Secondly, fiscal policies in Serbia make it an attractive place for foreign companies to do business. Trade agreements also provide benefits: Serbia is the only country outside of the CEE (Central and Eastern Europe) that has a free trade agreement with Russia, amongst other countries.

When considering the country’s human resources, Serbia benefits from a highly-skilled, educated and international workforce that exhibits high adaptability. This is sometimes overlooked when it should be emphasized. Serbians are particularly skilled in tech and unfortunately, tech giants such

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as Microsoft often come snooping to try to poach skilled workers. That said, innovation remains very strong.

And finally, the Serbian language opens doors across the Balkan region. Entrance to Bosnia, Croatia, Montenegro and almost all ex-Yugoslavian countries is made possible due to a commonly held language root that's access to a market of over 22 million people. For example, French companies that work in Serbia have partnerships with other Balkan countries in the region and use Belgrade as their base.

### **What is currently keeping the French Chamber of Commerce in Serbia busy?**

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We are currently very busy with the organization of our "French week." This is the biggest event that we have had for five years. The idea behind this demonstration is to assert that the French presence in Serbia is large, diverse and that there are many French products and services available to bid on here. Our aim is to encourage as many of our members to participate as possible. The event takes place every Thursday in November.

### **There are over 100 French companies present in Serbia. What is your strategy to support them?**

The Chamber of Commerce (CoC) has two activity centers. First, the promotion of Serbian business activity, for which we organize activities such as French Week, training sessions on new technologies and legislation. Members of this group benefit from the opportunity to attend events which are most pertinent to them. The other, less visible center to our activity "but also the most time-consuming" is to support French businesses looking to set up in Serbia. This work entails aiding French businesses that look to sell, export or to indeed move operations to Serbia. This segment also looks to create partnerships with preexisting Serbian companies.

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This work is not exclusive to the pharmaceutical domain. It is useful to consider the CoC as a prospecting service for many businesses looking to expand operations in Serbia. In pharma however, if a French wholesale pharmaceutical vendor was looking to sell drugs in Serbia, we would be able to put them in touch with the hospitals and healthcare systems that are in need.

### **France is currently one of the Top Ten investors in Serbia. What factors have characterized Serbia as an appealing investment destination?**

Top Ten "it should be higher! There is a multitude of French companies already present here and we should have even more French investment. I think that, unlike Italian or German investors, French investors are more thoughtful and take more time before investing. French prospective investors require more reassurance and safety in their foreign investment.

The main obstacle that we face is convincing French investors that Serbia exists as a reliable financial center. It is a relatively unknown market in France. If we go back to WWI, when the Franco-Serbian friendship began, cooperation was strong. Many Serbs went to study in France after the war and business development between the two nations appeared strong. Unfortunately, over time this partnership weakened, and the two countries grew apart. Consequently, Italy, Austria, and Germany began to fill this void.

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On a positive note, on the day that Serbia became an official candidate for the EU, the number of demands and requests from French companies tripled! This really does go to show that the French are eager to invest – they just need a little reassurance.

I have felt this change in perception personally since the acceptance vote. I have been in Serbia for seven years. For the first five years of my time here, we experienced little over five French companies moving operations to Serbia. In the past year alone, we have had five new companies. This is a very good sign and I hope to see more and more French companies investing and beginning businesses in Serbia.

### **What more can be done to attract companies to Serbia?**

The key encouragement is positive communication. The biggest problem in Serbia is that it still suffers from an unfair perception. People are often ill-informed about Serbia – whether it be the country's location or the number of inhabitants (it is over seven million) – and most of their knowledge and prejudice comes from the now distant wars. During business to business (B2B) meetings in France, I am surprised to remark that one of the more common questions is "is it safe out there, is the war over?"

I see this stark contrast in Eastern European country perception when I see colleagues in countries like Poland and the Czech Republic. France has strong trade ties with these two countries; possibly due to the fact that they appear safer.

### **What advice would you give to a French company looking to come to Serbia?**

Come and see with your own eyes how lucrative the Serbian economy can be for your company. We have so many success stories and there are many more to come. Michelin has tripled their operation here in as many years, Hutchinson has doubled production in two years and Le Bâlier (a French production company) has again doubled its production in two years. Do not let the prejudice surrounding Serbia put you off, Serbia is full of opportunity!

### **How present are the French pharmaceutical companies present here?**

Sanofi is of course very present given that it was one of the 12 founding members of the Chamber. We have an excellent relationship with Sanofi. We collaborate with Servier and a smaller lab that is not a member of the Chamber.

### **Serbia is an evolving country. What have been the most impactful changes occurring here?**

Overall, I would agree that it is excellent and exciting news that Serbia wishes to be a member of the European Union. This can be seen as the biggest change. That said, it is the process of joining the union that counts and not so much the date that Serbia joins. Despite this, Serbia needs the reforms that joining the EU will present.

Outside of Pharma, in previous years we had a serious problem in obtaining construction permits in Serbia. The process was too lengthy and time-consuming. Construction permits are necessary to build, grow cities and develop the economy. Thanks to reform, the system has been digitized and it is now possible to obtain permits electronically in much shorter time periods. This has changed the face of construction within the space of a year. This kind of progress counts and is interesting for firms.

When looking at pharmaceuticals and the health sector, Serbia suffers from similar problems to the rest of Eastern Europe. Public health systems are in a poor state, the private sector is small and

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underinvested, and the two systems lack the necessary communication to make progress. It would be enterprising to observe and learn from how other countries's health services work, such as France. In France, the public and private sector work hand in hand and the choice is given to the consumer. In Serbia, the necessary agreements to make this happen are not in place, and should, therefore, be considered a priority to develop healthcare.

### **What does the Chamber do to stimulate innovation?**

Over the past two years, our priority has been digitalization and entrepreneurship. We understand that although chambers are ancient institutions, they need to be up to date with modern technology. We have been organizing workshops and publishing articles to help stimulate this change.

We created a project 'Start-Up Accelerator' this year which involved a competition where winners receive our help in creating their business. The two winners this year are Serbian start-ups who have benefited from free Chamber membership, free legal advice and free consulting assistance from PwC. The final benefit is the aide of the CoC's marketing experts. The Start-up accelerator has been such a success we hope to repeat it next year.

The 'PME incubator' is another tool we use to stimulate innovation. We offer French and Serbian businesses the freedom to use our infrastructure in the Chamber, whether that be photocopy machines, desk space or meeting rooms. In such a way, smaller businesses do not need to worry about small details when starting out.

### **How optimistic are you about Serbia's growth rate?**

I am of course optimistic, although as is the common feeling in the country, we often feel that the growth rate could be a little faster! We should be advancing further given Serbia's huge potential.

### **What needs to be done to set Serbia on the right path to EU admission?**

There are 35 chapters to open on the path to EU admission and so far, we have engaged with 10. The first chapters are the most difficult, so it is safe to say we are making good progress. We expect 3 more chapters to be opened by the end of the year.

Perhaps what is most disappointing to Serbian people is the tightening of EU rules due to the Greece crisis, Brexit and the entrance of Bulgaria and Romania. Standards have changed, and the EU is less eager to accept to new members. As a result, despite our sound progress, the process is slow. Serbia is doing the best it can in these more difficult conditions. I hope that Serbia's acceptance and progress in entering the EU will lead to the entrance of other Balkan candidates.

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