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Veröffentlichungsversion / Published Version
Zeitschriftenartikel / journal article

Empfohlene Zitierung / Suggested Citation:
Trailović, D., & Rapaic, S. (2021). Political and Economic Aspects of Serbo-Russian Relations from the Perspective of Serbian Citizens. *Eurasian integration: economics, law, politics*, *15*(3), 82-96. https://doi.org/10.22394/2073-2929-2021-03-82-96

DOI 10.22394/2073-2929-2021-03-82-96

Political and Economic Aspects of Serbo-Russian Relations from the Perspective of Serbian Citizens

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ABSTRACT
We are witnessing that with the appearance of new global players on the international scene a multipolar world is gradually emerging and a new balance of power is being formed. Given this circumstance, it is very important that all other states clearly define their position towards these emerging poles of power. As Russia appears as one of those poles, it is necessary to look at the position of Serbia concerning political and economic cooperation between the two countries. One of the ways to do that is to look at these issues from the perspective of Serbian citizens. Accordingly, this paper aims to present the basic findings concerning the assessment and opinion of the citizens of Serbia towards political, economic and military cooperation between the Republic of Serbia and the Russian Federation based on the analysis of surveys conducted by the Institute for Political Studies in 2015–2020 period. The authors will also present the basic economic, trade and financial indicators of cooperation between Russia and Serbia, mainly trade relations and foreign direct investment.
Keywords: Serbo-Russian relations, Republic of Serbia, Russian Federation, political cooperation, military cooperation, economic cooperation, foreign trade, foreign direct investment
For citing: Dragan Trailovic, Stevan Rapaic. Political and Economic Aspects of Serbo-Russian Relations from the Perspective of Serbian Citizens // Eurasian integration: economics, law, politics. 2021. Vol. 15. No. 3. P. 82–96.

Политические и экономические аспекты сербско-российских отношений с позиции сербских граждан

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РЕФЕРАТ
Мы являемся свидетелями того, что с появлением на международной арене новых глобальных игроков постепенно формируются многополярный мир и новый баланс сил. Учитывая это, очень важно, чтобы все государства четко определили свою позицию по отношению к возникающим полюсам силы. Поскольку Россия выступает в качестве одного из таких полюсов, необходимо взглянуть на позицию Сербии в отношении политического и экономического сотрудничества между двумя странами. Один из способов сделать это — взглянуть на эти проблемы с точки зрения граждан Сербии. Соответственно, это исследование направлено на представление основных выводов, касающихся оценки и мнения граждан Сербии в отношении политического, экономического и военного сотрудничества между Республикой Сербия и Российской Федерацией на основе анализа опросов, проведенных Институтом политических исследований в период 2015–2020 гг. Авторы также представили основные экономические, торговые и финансовые показатели сотрудничества между Россией и Сербией, в основном торговые отношения и прямые иностранные инвестиции.

Ключевые слова: сербско-российские отношения, Республика Сербия, Российская Федерация, политическое сотрудничество, военное сотрудничество, экономическое сотрудничество, внешняя торговля, прямые иностранные инвестиции

Для цитирования: *Dragan Trailovic, Stevan Rapaic.* Political and Economic Aspects of Serbo-Russian Relations from the Perspective of Serbian Citizens // Евразийская интеграция: экономика, право, политика. 2021. Т. 15. № 3. С. 82–96.

1. Introduction

The Republic of Serbia is facing numerous challenges in its current foreign affairs. Among these challenges are certainly issues of its political, economic and security cooperation with other countries, especially with those that are gaining increasing influence at the global level. New emerging economies, such as the BRICS countries, are becoming important drivers of world economic flows, on the one hand, but they also call into question the previously established political positions of other important actors in international relations, on the other. The emergence of new influential players on the international scene brings with it the possible transformation of existing international institutions, norms and principles and the creation of new forms of multilateral economic, political and security connectivity [4]. As important for other countries, so it is important for the Republic of Serbia to determine its place in such an international context. This can be achieved only if the state has a clearly defined foreign policy strategy, which would be based on a broad social consensus on vital national interests [2, p. 201–202].

At the moment, the Republic of Serbia does not have an adopted document on foreign policy strategy. For that reason, the main vectors of Serbia's foreign policy can be seen only from the speeches of the Ministers of Foreign Affairs, the Prime Minister and the President, but also from the document — National Security Strategy of the Republic of Serbia.[1] According to these sources, Serbia is equally cooperating with the European Union (EU), North Atlantic Treaty Organisation (NATO) and the Collective Security Treaty Organization (CSTO), as well as with the United States, the Russian Federation and the People's Republic of China, in order to preserve global, European and regional stability. In addition, by the decision of the National Assembly in 2007, the Republic of Serbia declared its military neutrality concerning all existing military alliances [1, p. 29].

As can be seen, one of the main vectors of Serbian foreign policy is cooperation with the Russian Federation. Serbia has a traditional friendship and established cooperation with Russia in numerous areas. Formally, this cooperation is based on several documents — Declaration on Strategic Partnership, Protocol on Exemptions from the Free Trade Regime and Rules on the Origin of Goods, Free Trade Agreement and Memorandum of Understanding between the Government of the Republic of Serbia and the Government of the Russian Federation in the field of economic cooperation, the attraction of investments and implementation of joint projects. Furthermore, Serbia also signed a Free Trade Agreement with the Eurasian Economic Union (EAEU) in 2019. These agreements ensure that Serbia exports about 99% of various types of goods to the Russian market in a free regime and in unlimited quantities [4]. In the past ten years, Serbia has based its economic development on attracting foreign direct investors and liberalizing its foreign trade policy, which has significantly increased the volume of economic cooperation between Serbia and Russia. Apart from the increase in foreign trade between the two countries, the inflow of foreign direct investments from Russia to Serbia is increasing from year to year, and Russian companies, which were among the first to enter the Serbian market, continue to invest in new technologies and their own capacities.

Within its cooperation in the field of security, in addition to the one it has with NATO through the Partnership for Peace Program, with the European Union and the Organization for Security and Co-operation in Europe (OSCE), Serbia seeks to develop security and military cooperation with the Russian Federation and with those international security organizations in which Russia is represented. One of the types of that cooperation is the place of Serbia as an observer in the CSTO [5].

[1] Стратегија националне безбедности Републике Србије: 94/2019-13 [Electronic resource]. URL: https://www.pravno-informacioni-sistem.rs/SlGlasnikPortal/eli/rep/sgrs/skupstina/strategija/2019/94/2 (accessed: 15.05.2021).

Starting from the fact that the full membership of the Republic of Serbia in the European Union is still major — but unfulfilled — strategic foreign policy goal, it is important to take into consideration possible alternatives to this foreign policy vector.

Relying on the view that the foreign policy behaviour of the state and cooperation with other states, i. e. its inclusion in international political, economic and security flows must be under basic social values and interests of the community, and based on broad social consensus on what are vital national goals, it is very important to know the citizens' attitudes on these issues. In accordance with that, the authors, based on conducted surveys, will analyse the attitudes of the Serbian citizens towards some of the main foreign policy priorities of the country, namely cooperation with the Russian Federation by placing the results in a contextual frame presented in the introduction and discussion section of the paper. In addition, for the purposes of this paper, we have limited our research primarily to two basic segments of economic relations between Russia and Serbia that is trade relations and foreign direct investment.

2. About the Surveys — Methodology

Institute for Political Studies carried out eight surveys from 2015–2020 on a representative sample in Serbia. A sample ranged from approximately 1,200 to 1,700 respondents per survey. In 2015, the survey was conducted in the period from 16 to 26 November, on a sample of 1272 respondents, 2016 in the period from 20 to 30 November on a sample of 1272, 2017/1 in the period from 25 May to 5 June on a sample of 1272, and 2017/2 from 20 to 30 November on a sample of 1474. In May 2018 the survey was conducted on a sample of 1480 respondents. Two surveys were conducted in 2019 (on a sample of 1775 and 1184) and one in 2020 on a sample of 1200 respondents.

Face-to-face interviewing was implemented. Interviews were conducted through structured questionnaires. The sampling frame was based on the data from the 2011 Census. Respondents were recruited in a stratified three-stage probability sampling procedure. The first stage sampling was done by polling station territory. The second stage included randomly selected households and the third stage included respondents randomly selected within households [For more on the Institute's surveys and used methodology see 6 and 7].

The questions were mostly about trust in political institutions, questions related to elections, identity issues, but also those related to attitudes towards other states and international organizations. When it comes to Russia there were two groups of questions: a) the first group referred indirectly to Russia and was related to the Eurasian Economic Union; b) the second group of questions referred to the citizens' attitudes towards Russia segmented in 1) citizens attitudes towards Russia in general, 2) citizens attitudes towards military cooperation with Russia, 3) citizens attitudes towards possible Russian involvement in Kosovo and Metohija issue.

As a source of data for trade cooperation and foreign direct investment, the authors used official data from the Statistical Office of the Republic of Serbia, the National Bank of Serbia and the National Alliance for Local Economic Development (NALED).

3. Results

In this part of the paper, the authors are going to present the results of surveys conducted by year and the type of questions. Firstly, the results related to the Eurasian Economic Union will be presented, then the results concerning Russia — general attitudes of citizens towards Russia, attitudes of citizens about military cooperation with Russia and citizen's attitudes on Russia's role in Kosovo and Metohija issue. Furthermore, the basic indicators of trade cooperation between Serbia and Russia will be presented, as well as the rates of foreign (Russian) direct investments in Serbia.

3.1. Citizens attitudes towards Eurasian Economic Union

The first poll in 2015 asked the opinion of citizens on whether they would opt for membership in the European Union or the Eurasian Economic Union. 37.3% of respondents (467) answered that they would opt

for the European Union, while 30.6% (383) of them would opt for the Eurasian Economic Union. It is important to note that approximately the same percentage of respondents, more precisely 32.1% at that time chose the option "N/A — no answer" (See Figure 1).

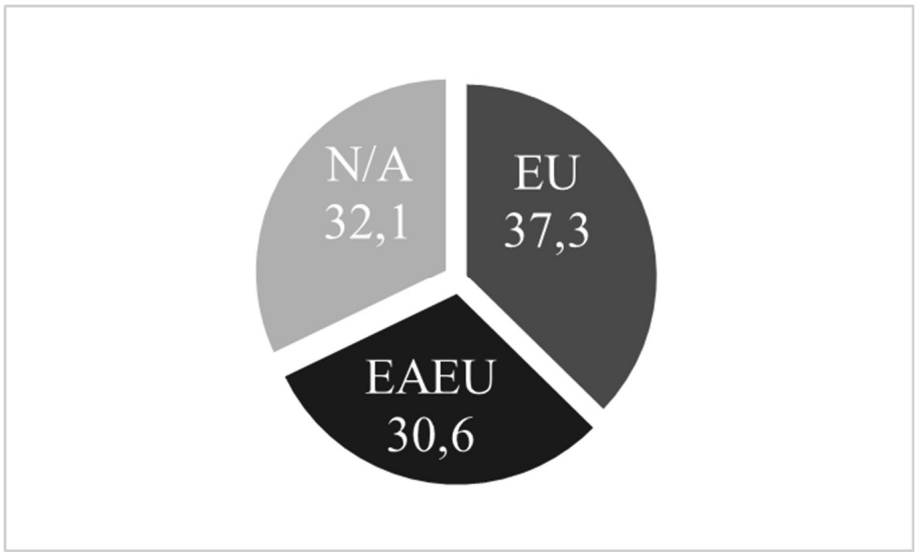


Fig. 1. If you had the opportunity to opt for membership in the European Union or the Eurasian Economic Union, how would you decide? 2015

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2015.

In the following polls conducted in 2016, 2017 and 2018 the question related to the commitment to the European Union or the Eurasian Economic Union was segmented into political, military and economic commitment. The findings show that when it comes to military affiliation, a larger percentage of respondents, which was the highest in 2016, with 53.4%, opted for Eurasian integration. On the other hand, only in 2016 a higher percentage of respondents economically opted for the Eurasian Union[1], while in 2017 and 2018, 38.4% and 42% of them chose the European Union. When it comes to political affiliation in all years of surveys (2016–2018), a higher percentage of respondents opted for the Eurasian Economic Union (See Figure 2).

Also, when in 2019 citizens were asked to opt for political membership with the European Union or the Eurasian Economic Union, a higher percentage (45.9%) of them opted for membership in the Eurasian Economic Union (See Figure 3).

One of the questions in the 2017 and 2018 surveys was aimed at obtaining the opinion of the respondents about the European Union and the Eurasian Economic Union by rating it on a scale of one to five, where one is very unfavourable, and five is very favourable opinion. It turned out that in the period when the surveys were conducted, a higher percentage of respondents had a more positive — very favourable — opinion about the Eurasian Economic Union than the European Union (See Figure 4). The main finding is that the respondents in the highest percentage opted for the mean value of "three" in the assessment of their opinion, both on the European Union and the Eurasian Economic Union. Graph 5 shows the percentages for Eurasian Economic Union.

[1] One of the questions was focused only on membership in the European Union, without mentioning alternatives. The question was "Are you in favour of Serbia's accession to the EU?" The percentages are as follows: 2015 — Yes 40.6%, No 42.7%; 2016 — Yes 39.9%, No 46.3%; 2017/1 — Yes 44.1%, No 43.4%; 2017/2 — Yes 47.1%, No 41.3%; Public opinion survey, Institute for Political Studies, Belgrade, 2015, 2016, 2017/1, 2017/2 — cited in [3, p. 85].

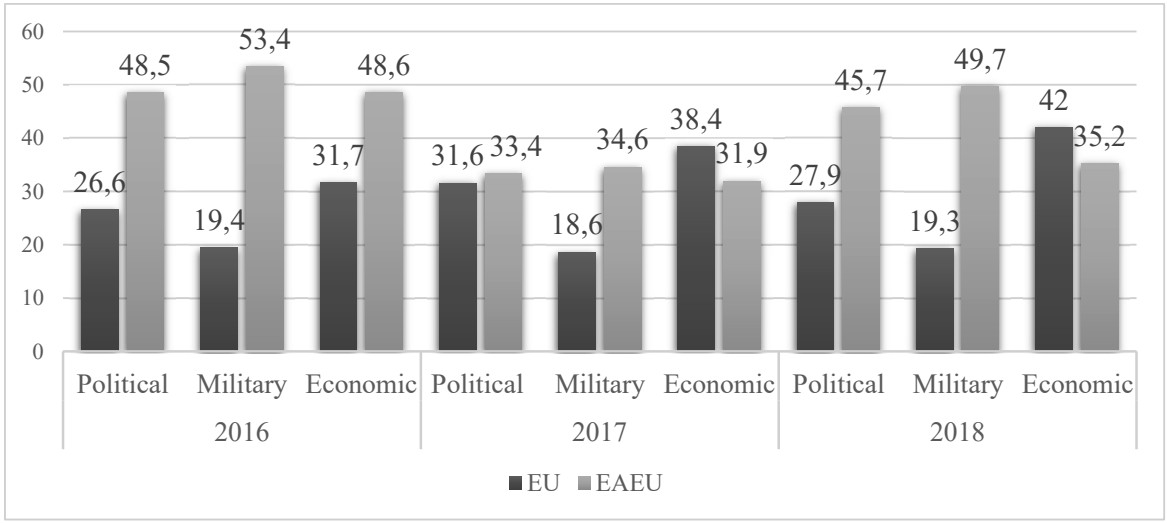


Fig. 2. If you had the opportunity to decide for political, economic and military membership in the EU or the Eurasian Economic Union, how would you decide? 2016, 2017, 2018

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2016, 2017, 2018

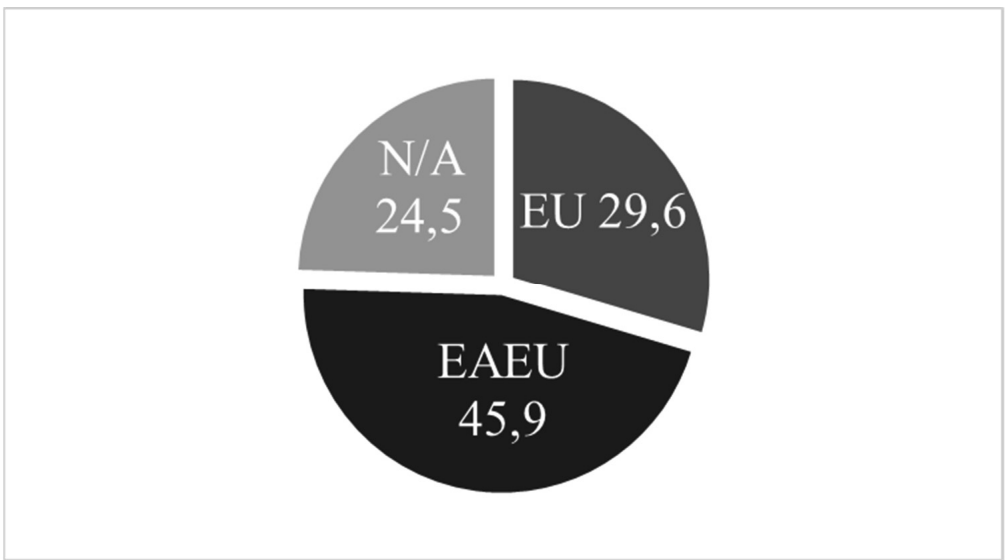


Fig. 3. If you had the opportunity to decide for political membership in the EU or the Eurasian Economic Union, how would you decide? 2019

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2019

3.2. Citizens attitudes towards Russia

The surveys also contained questions that sought to obtain the opinions of citizens towards individual countries, especially those that represent growing poles of influence in the international system, such as Russia. Respondents were asked to give their opinion on these countries by rating them on a scale of one to five, where one is very unfavourable and five is a very favourable opinion. Graph 6 shows the percentages for Russia. The highest percentage (49.1) of respondents who rated their opinion of Russia as “very favourable” was in 2015, while the lowest percentage (34.6) of those who chose the value of five — a “very favourable” opinion of Russia — was in 2017/2. The highest percentage of those who had a “very unfavourable” opinion of Russia was in 2016 — 5.5%. In other years, that percentage was 5 or less than that.

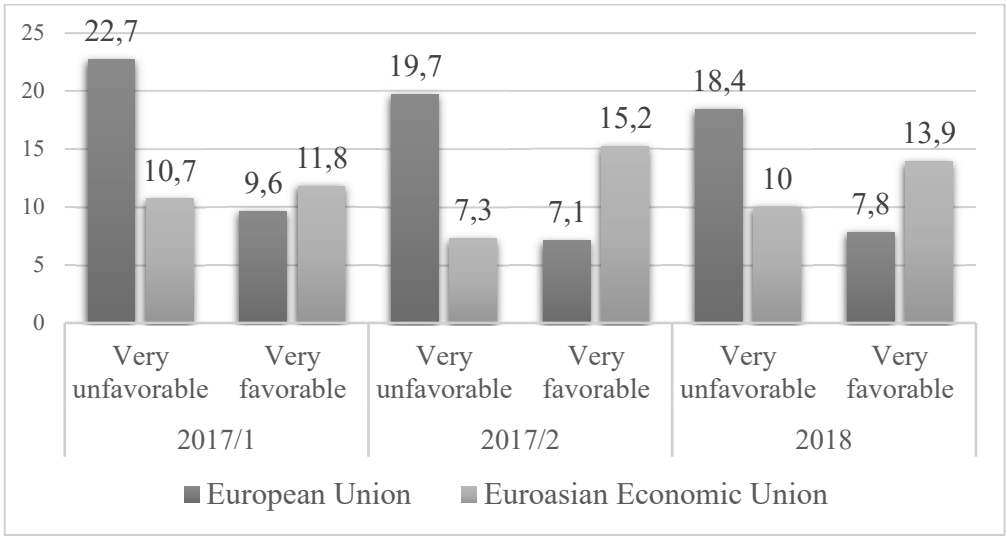
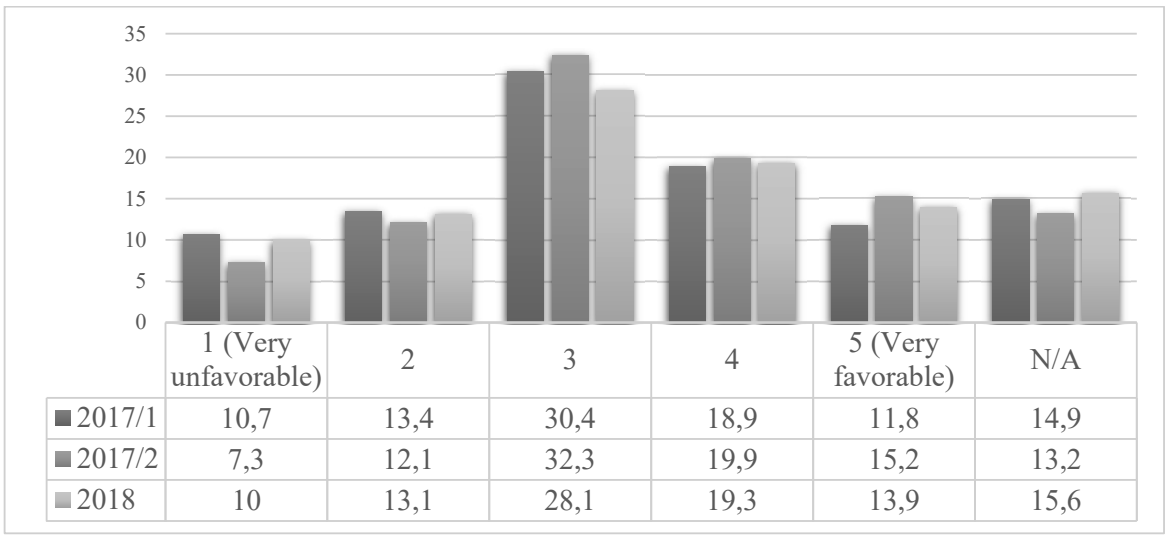


Fig. 4. Please give your opinion on the mentioned countries and alliances — European Union; Eurasian Economic Union, 2017, 2018

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2017/1, 2017/2, 2018



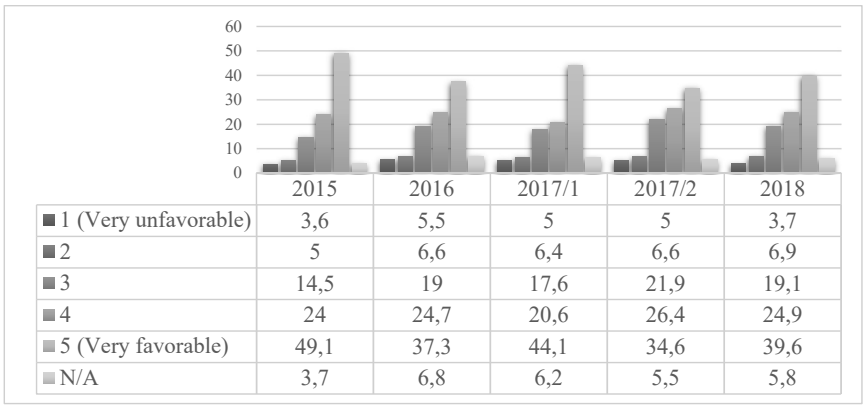
	1 (Very unfavorable)	2	3	4	5 (Very favorable)	N/A
2017/1	10,7	13,4	30,4	18,9	11,8	14,9
2017/2	7,3	12,1	32,3	19,9	15,2	13,2
2018	10	13,1	28,1	19,3	13,9	15,6

Fig. 5. Please give your opinion on the mentioned countries and alliances — Eurasian Economic Union, 2017, 2018

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2017/1, 2017/2, 2018

In addition, the respondents were asked to rate the influence of the mentioned countries, Russia among others, on the political position of Serbia in the world on a scale from one (very negative influence) to five (very positive influence). In all polls (2016–2018), almost always a third of citizens thought that Russia had a very positive influence on Serbia's political position in the world.

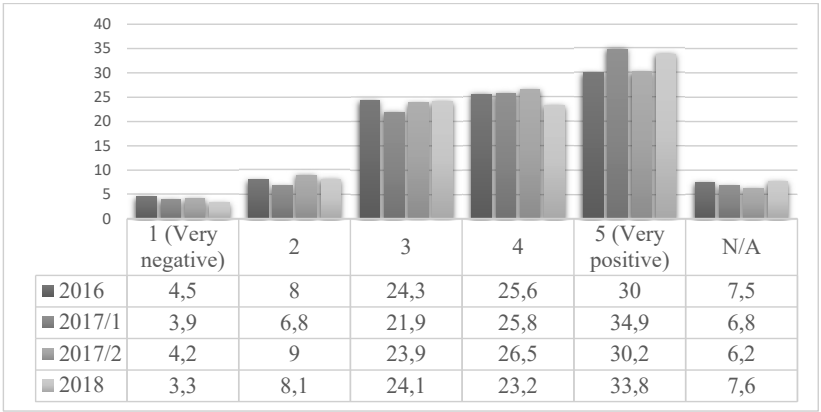
In a survey conducted in 2020, respondents were asked to give their opinion on which country should be a priority in Serbia's foreign policy or Serbia should be a neutral country. 34.3 per cent of the respondents thought that cooperation with Russia should be a priority in Serbia's foreign policy.



	2015	2016	2017/1	2017/2	2018
1 (Very unfavorable)	3,6	5,5	5	5	3,7
2	5	6,6	6,4	6,6	6,9
3	14,5	19	17,6	21,9	19,1
4	24	24,7	20,6	26,4	24,9
5 (Very favorable)	49,1	37,3	44,1	34,6	39,6
N/A	3,7	6,8	6,2	5,5	5,8

Fig. 6. Please give your opinion on the mentioned countries and alliances — Russia, 2015, 2016, 2017, 2018

Source: *ublic opinion survey*, Institute for Political Studies, Belgrade, 2015, 2016, 2017/1, 2017/2, 2018



	1 (Very negative)	2	3	4	5 (Very positive)	N/A
2016	4,5	8	24,3	25,6	30	7,5
2017/1	3,9	6,8	21,9	25,8	34,9	6,8
2017/2	4,2	9	23,9	26,5	30,2	6,2
2018	3,3	8,1	24,1	23,2	33,8	7,6

Fig. 7. How do you assess the influence of the listed countries and international organizations on the political position of Serbia in the world? (Russia) 2016, 2017, 2018

Source: *Public opinion survey,* Institute for Political Studies, Belgrade, 2016, 2017/1, 2017/2, 2018

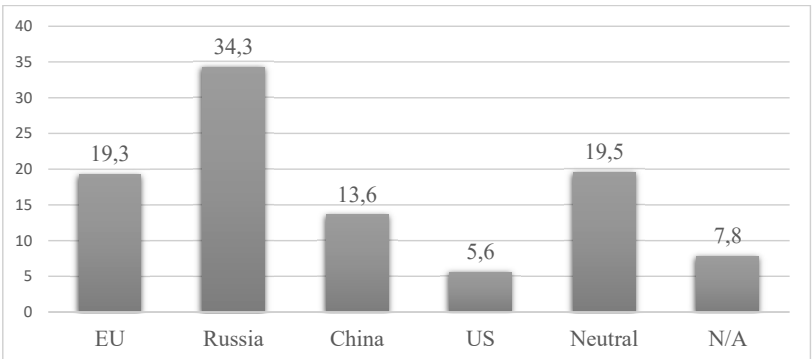


Fig. 8. Cooperation with which of the mentioned countries should be a priority in Serbian foreign policy or the Republic of Serbia should be neutral? (EU, Russia, China, USA, Neutral) 2020

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2020

3.2.1. Citizens attitudes towards military cooperation with Russia

Nearly 60 per cent of the respondents thought that Serbia and Russia should have closer military cooperation (see Table 1).

Table 1

Are You in Favour of Greater Military Cooperation between the Armed Forces of the Republic of Serbia and the Russian Federation Armed Forces?

	2017/2	2018
YES	59.4%	57.9%
NO	23.4%	23.3%
N/A	17.2%	18.8%

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2017/2, 2018

Respondents were also asked to determine on a scale of one to five the extent to which they support the cooperation between the Serbian army and the Russian army. About a third of the citizens stated that they completely support this type of cooperation between the two countries, while at most nine per cent of them did not fully support the military cooperation between the two countries (see Figure 9).

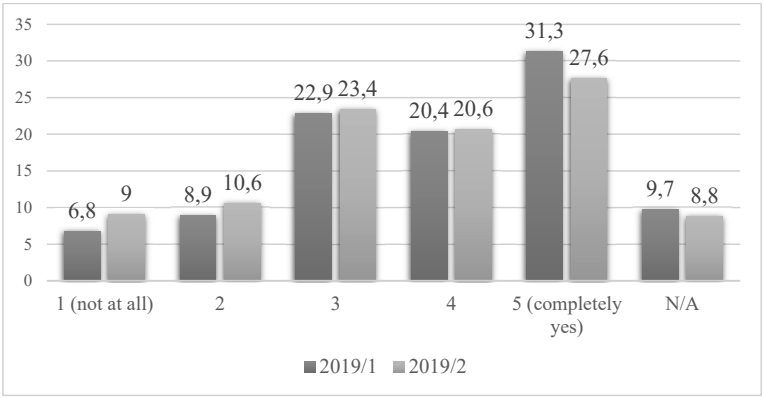


Fig. 9. To what extent do you support the cooperation of the Serbian Armed Forces with the Armed Forces of the Russian Federation?

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, (2019/1, 2019/2)

Almost 40 per cent of the respondents thought in 2018 that Serbia should allow Russia to open a military base on its territory (see Table 2).

Table 2

Should the Republic of Serbia Enable Russia to Open a Military Base on Its Territory?

	2018
YES	39.5%
NO	36.4%
N/A	24.1%

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2018

3.2.2. Serbian citizen's attitudes towards possible Russian involvement in Kosovo and Metohija issue

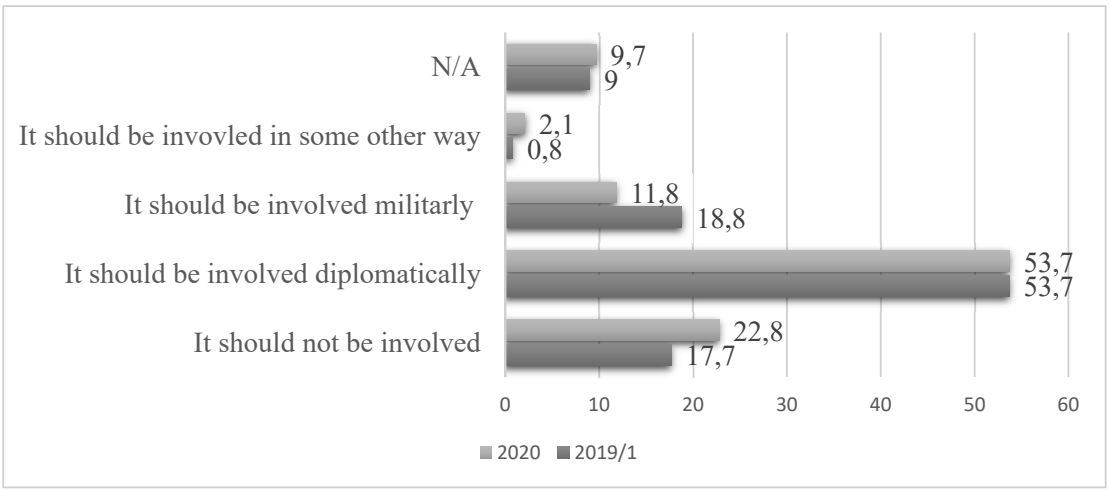


Fig. 10. Whether and how Russian Federation should get involved in resolving the issue of the status of Kosovo and Metohija? 2020, 2019
Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2019/1, 2020

Table 3

Would the Inclusion of the Russian Federation Speed up Negotiations between Belgrade and Pristina?

	2019/1
YES	53,3
NO	27,3
N/A	19,4

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2019/1

Table 4

Do You Think that the Russian Military Presence Would Strengthen the Political and Negotiating Position of Serbia?

	2019/1	**2019/2**
YES	50,1	44,1
NO	30,3	32,9
N/A	19,6	23,00

Source: *Public opinion survey*, Institute for Political Studies, Belgrade, 2019/1, 2019/2

3.3. Foreign trade

Serbia's merchandise exports in 2019 amounted to 19.6 billion dollars, while in the same year, merchandise import was worth 26.7 billion dollars[1]. In the last twenty years, Serbia has recorded a tenfold increase in exports, but this significant growth is primarily due to a very low base. We should not lose sight of the fact that

[1] WTO, Trade Profiles — Serbia [Electronic resource]. URL: https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/RS_e.pdf (accessed: 15.05.2021).

Serbia liberalized its foreign trade policy only at the beginning of the 2000s, as well as that it was burdened with sanctions in the 1990s. The growth of exports was accompanied by the growth of imports, so Serbia is a highly import-dependent country with a constant foreign trade deficit. Imports of goods as a percentage of GDP in 2019 amounted to 48% [9].

Table 5

Serbian Export and Import, Value and Balance of Trade (2015–2019)

	Value, mill. USD		Balance of Trade	
	Exports	Imports	Exports minus Imports, mill. USD	Exports as % of Imports
2015	13376	17875	-4499	74,8
2016	14883	18899	-4016	78,8
2017	16997	21921	-4923	77,5
2018	19239	25883	-6644	74,3
2019	19633	26731	-7098	73,4

Source: Statistical Office of the Republic of Serbia, *Statistical Yearbook of the Republic of Serbia 2020*, Belgrade, p. 307.

Serbia mostly exports machines, appliances, devices and parts, i. e. electrical and electronic equipment, which is mainly produced by foreign investors in Serbia. The value of 4.4 billion dollars of exports of this type of product represents a quarter of the total Serbian exports in 2019. The same group of products occupies first place on the list of imports, and in 2019, the value of imported machines, appliances, devices and parts amounted to 4.8 billion dollars [8, p. 312]. The statistics of the World Trade Organization note that in 2019, Serbia exported the most industrial products (70.4%), agricultural products (18.4%), as well as fuels and mineral products (8.8%). When it comes to imports, industrial products account for 62.1%, fuels and mineral products account for 17.1% of imports, while agricultural products account for 9.1%[1].

Table 6

The Most Important Trade Partners of Serbia (Share in Total Merchandise Exports and Imports, 2019)

	Exports	%	Imports	%
1	Germany	12,6	Germany	12,9
2	Italy	10,1	Russia	9,7
3	B&H	7,7	China	9,4
4	Romania	5,9	Italy	8,7
5	Russia	5,0	Hungary	4,3
6	Hungary	4,2	Poland	3,4

Source: Statistical Office of the Republic of Serbia, *Statistical Yearbook of the Republic of Serbia 2020*, Belgrade, p. 308.

Serbia mostly exports and imports goods from the EU. The EU's share in Serbia's total exports is 64.8%, while its share in imports is 57.3%[2]. Of the EU countries, Germany and Italy stand out as the most important foreign trade partners of Serbia. In 2019, Serbia exported the most goods to Germany in the value of 2.4 billion dollars, while exports to Italy amounted to 1.9 billion dollars. In the same period, Serbia imported goods from Germany worth $ 3.4 billion, while the value of goods from Italy amounted to $ 2.3 billion [8, p. 309]. The second most important market for Serbian products is Bosnia and Herzegovina, which accounts for 7.7% of total exports, representing $ 1.5 billion.

[1] WTO, Trade Profiles — Serbia [Electronic resource]. URL: https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/RS_e.pdf (accessed: 15.05.2021).

[2] WTO, Trade Profiles — Serbia [Electronic resource]. URL: https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/RS_e.pdf (accessed: 15.05.2021).

Table 7

Serbian Import and Export to Russia, mill. USD

Year	Import	Export
2015	1746	725
2016	1503	795
2017	1586	995
2018	2037	1024
2019	2584	977

Source: Statistical Office of the Republic of Serbia, *Statistical Yearbook of the Republic of Serbia 2020*, Belgrade, p. 309.

Considering that the EU is a single market, Russia is Serbia's third export market with a share of 5% in the total Serbian exports. Serbia exports mostly agricultural products, socks, medicines and vehicle tires to Russia. The value of Serbia's export to Russia in 2019 amounted to 977 million dollars, while imports from Russia were significantly higher and amounted to 2.5 billion dollars [8, p. 309].

3.4. Foreign direct investments

According to the data of the National Bank of Serbia, from 2010 to the end of 2019, a total of 22.9 billion EUR of foreign direct investments arrived in Serbia. During this period, the net inflow of FDI as a percentage of GDP grew progressively, and in 2019 it amounted to 7.8%. The total stock of foreign direct investments in Serbia in 2019 amounted to 43.9 billion dollars according to UNCTAD data [10, p. 245].

Table 8

FDI Inflow in Serbia from Selected Countries / Economies in EUR million (2010–2019)

Parameter	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
All	1,278.4	3,544.4	1,008.8	1,547.9	1,500.5	2,114.2	2,126.9	2,548.1	3,464.5	3,815.3	22,948.6
EU	860.7	2,794.4	624.4	1,145.0	1,109.3	1,530.1	1,410.4	1,819.7	2,084.0	2.114,8	15,492.8
Russia	216.2	488.5	232.5	189.7	73.5	96.4	41.1	170.4	263.0	576.8	2,348.1
China	2,0	6,0	1.0	-0.4	82.5	24.1	69.5	103.5	191,8	264,2	744.2
USA	59.9	37.0	31.5	22.1	8.5	38.5	16.8	37,6	70,4	185,7	635.9

Source: National Bank of Serbia, Balance of payments [Electronic resource]. URL: https://nbs.rs/en/drugi-nivo-navigacije/statistika/platni_bilans/index.html (accessed: 15.05.2021).

The most significant Russian investment in Serbia is certainly Gazpromneft, which bought the Serbian oil industry in 2009, and which continued to invest in this company in the following years. This company is also one of the largest Serbian exporters. According to the National Alliance for Local Economic Development, we can see that Gazpromneft's investments in Serbia so far have amounted to over one billion EUR. However, the first major Russian investment in the Serbian market was the Lukoil in 2003, which invested an initial 210 million EUR in the privatization of gas stations. In addition to these two important companies, several other Russian companies operate in Serbia in the field of oil and gas processing and distribution, as well as in the tourism sector, the automotive industry, and food production. Of the companies from the financial sector from Russia, Sberbank certainly stands out, which has been present on the Serbian market for many years and which has positioned itself as one of the largest.

Table 9

The Most Significant non-Financial Russian FDI in Serbia (2001–2019)

Rank	Company	Year	Form of investment	Sector	EUR
1	Gaspromnjeft	2012	Privatization	Oil and gas	547.000.000
2	Gaspromnjeft / NIS	2018	Greenfield	Oil and gas	330.000.000
3	Lukoil	2003	Privatization	Oil and gas	210.000.000
4	Gaspromnjeft /NIS	2019	Greenfield	Energy	180.000.000
5	Nestrogrupa	2016	Greenfield	Oil and gas	8.000.000
6	SvetiIzvor	2010	Greenfield	Tourism	6.000.000
7	Sogaz Ado	2012	Brownfield	Insurance	6.000.000
8	GSK KrasniyTreugolnik	2012	Greenfield	Car industry	5.000.000
9	NaftnaIndustrijaSrbije — NIS	2008	Privatization	Oil and gas	4.000.000
10	C-Project	2008	Greenfield	Food and Agriculture	2.500.000
11	MikroFinans Invest	2014	Greenfield	Food and Agriculture	1.200.000
Total					1.299.700.000

Source: National Alliance for Local Economic Development (NALED) [Electronic resource]. URL: https://naled.rs/baza-stranih-investicija (accessed: 15.05.2021).

4. Discussion

First of all, when the question was asked about membership in the European Union without mentioning alternatives, even up to 50% of respondents opted for the EU (see footnote 1). However, when there is another option besides the EU, i. e. when the question is asked in the form of whether you are in favour of EU membership or the EAEU, the percentage of those who decide for the European Union drops significantly. In addition, if the issue of membership in the two alliances is segmented into political, economic and military, a larger number of citizens opt more in favour of the Eurasian Economic Union, but only when we talk about military and political membership. In economic terms, most citizens are again in favour of EU membership. Also, a large percentage of citizens did not have an opinion on these issues and chose the "no answer" option. Such inconsistent behaviour of citizens as well as the lack of a clear and unambiguous foreign policy commitment is actually in line with the same behaviour of the political elite in the field of foreign policy. This is primarily reflected in the lack of a precise foreign policy strategy of the country which leads to situations where foreign policy priorities are determined ad hoc, that they are often not complementary to each other, and it is often not clear whether there is a hierarchical structure between them in the sense of which of the foreign policy vectors are strategically more important than the others [2, p. 205]. Over time, the public discourse of Serbia has been dominated by the view that Serbia's main foreign policy priority is membership in the European Union. However, it is often noticed that Serbian political elites conduct policies towards other actors of international relations, especially when it comes to China and Russia[1], differently from what is expected from a country that pleads to become a full member of the EU. This leads to confusion among the citizens themselves about foreign policy alternatives as well as to the lack of a broader social consensus, as surveys have shown.

If the strategic determination of Serbian foreign policy is to join the European Union, the question arises whether Serbia can be a member of the EU and a militarily neutral country. According to many, Serbia's membership in the EU will also mean NATO membership.However, if we take into account the text of the Resolution on the military neutrality of Serbia, as well as the social and political context in which it was enacted, we can say that for both the political elite and the citizens of Serbia neutrality actually means non-NATO

[1] For instance, Serbia did not join in imposing any sanctions on Russia.

membership, while it implies security cooperation with everyone. In fact, the declared military neutrality of Serbia does not represent a distancing of Serbia from the newly formed military alliances but aims to eliminate the possibility of joining NATO and at the same time to eliminate a possible confrontation with the Russian Federation [5]. This is also shown by the results of the polls, according to which the majority of Serbian citizens are in favour of closer military cooperation with Russia, while about 40 per cent of them even support the idea of opening a Russian military base in Serbia. Also, when it comes to political neutrality, it is supported by almost 20 per cent of respondents, while at the same time the majority of citizens believe that Serbia's main foreign policy priority should be cooperation with Russia. As the results show, the Serbian citizens have a very positive opinion of Russia and they believe that Russia has a positive effect on Serbia's position in the world. On the other hand, they have a negative opinion about other international actors that are marked as pillars of Serbian foreign policy, especially when it comes to the United States, where only 5,6 per cent of citizens believe that the USA should be a priority in Serbian foreign policy.

When we talk about the Kosovo and Metohija issue, the official position of Russia is support to the territorial integrity of the Republic of Serbia, and by that, Russia does not accept the unilaterally declared independence of this Serbian province. The Republic of Serbia enjoys full Russian sustenance on this issue at the international level, especially within the United Nations system. This role of Russia is also recognized by the citizens of Serbia, so it is not surprising that more than half of the citizens believe that it is necessary Russia get diplomatically involved in negotiations on a final solution to this issue.

Due to the high value of imports, Russia is the second most important foreign trade partner of Serbia. Approximately 10% of the total import to Serbia originates from Russia. Like most European countries, Serbia is dependent on the import of Russian gas and oil, so more than half of the value of imports from Russia falls on these two derivatives.

After the devastating 1990s, a period of ethnic conflict, sanctions, civil war and NATO bombing, Serbia entered a period of high economic growth at the beginning of the new millennium, which lasted until 2008, and the outbreak of the global economic crisis. In these eight years, Serbia had an average economic growth of 5.9%, which is an excellent result for the newly opened economy. Serbia liberalized its foreign trade policy and market access for foreign investments, and privatization was the main source of capital inflows.

One of the important factors of privatization in Serbia was foreign direct investments. Companies from Russia had a significant share in this process in Serbia. From the beginning of the transition, Serbia is a leader in the region in attracting foreign direct investments. In the period from 2010, Serbia introduced a number of measures that facilitated the inflow of foreign investments, liberalized investment and capital transfer, and privatization was the most common form of foreign investment in the Serbian economy. Subsidies for foreign investment were and remain the largest in the region. Back in 1995, Serbia signed an agreement on mutual encouragement and protection of investments with the Russian Federation. Foreign investors are guaranteed fair and equal treatment and full protection and security of foreign investments. In addition to this agreement, the Free Trade Agreement with the Russian Federation is one of the factors of Serbia's competitiveness as a destination for foreign investment. The possibility of duty-free exporting to the Russian market has attracted numerous EU investors. The largest exporters to the Russian market from Serbia are the foreign companies from the EU like Tarket, Hemofarm, and Tetrapak. However, this agreement contains certain restrictions on Serbian goods. Thus, the free trade agreement with Russia excludes the following products: poultry meat, various types of cheese, sugar, sparkling wine, cigars, tires for motor vehicles, certain types of fabrics, compressors for refrigeration devices, tractors, and motor vehicles. The exemption of motor vehicles from the free trade regime with Russia is a significant restriction for Serbian manufacturers of buses, trucks, tractors, and passenger vehicles. Having in mind the physical distance between Serbia and Russia, as well as the fact that most of the transport takes place by road, which is one of the most expensive, it is clear that Serbia has not used all the potential of the foreign trade arrangement with Russia. This leads us to the conclusion that the geographical distance and the amount of logistics costs play a significant role in Serbia's foreign trade, ie Serbian exports. In other words, when it comes to Serbia, the level of trade liberalization cannot compensate for the advantages of geographically close markets such as countries in the region and the EU.

With the inflow of foreign direct investments of 4.3 billion dollars, Serbia was in 2019, for the second year in a row, the second in the world in terms of inflow to countries in transition. This represents an increase of 4% compared to 2018 [10, p. 59]. Russia is ahead of Serbia with an unattainable 32 billion dollars in inflows of foreign direct investments in 2019. One-third of foreign investments in Serbia in 2019 ended up in the construction sector, the other third in the transport sector, trade, and information technologies, while 10% of investments ended up in the automotive cluster.

Major advantages for Serbia when it comes to attracting FDI come from Serbia's geographical position and level of the country's skilled labour force. Serbia has the lowest costs of electricity, gas, other fuels, and telecommunications among 37 European states, which makes this country competitive when it comes to operating costs. The financial benefits and incentives that the Serbian government provides are among the highest in Europe. There are considerable cash grants, construction land transfer subsidies, corporate income tax reliefs, as well as significant payroll tax incentives. This is the main reason why most of the FDI went to Serbia's growing automotive cluster. In addition to the agreement with the Russian Federation, Serbia has also signed an agreement with the EU, which practically implies free export to the entire EU market.

5. Conclusion

It turned out that most respondents in terms of economic cooperation choose the European Union while when it comes to possible political and military cooperation most of them opt for the Eurasian Economic Union. Research findings show that a higher percentage of citizens, but always about a third, choose a middle grade (3) on a scale of one to five, where (1) is very negative and (5) is a very positive opinion of the Eurasian Economic Union. The findings show that the largest percentage of citizens have a very or mostly positive opinion of Russia, and also most citizens believe that Russian Federation has a positive impact on Serbia's position in the world. Also, a significant percentage of respondents believe that cooperation with Russia should be a priority of Serbia's foreign policy. Over half of the respondents think that Serbia should have greater military cooperation with Russia, and about a third of them think that it should be allowed to open a military base. Over 50 per cent of respondents believe that Russia should be involved in resolving the status of Kosovo and Metohija, as well as that would strengthen Serbia's negotiating position and speed up negotiations between Belgrade and Pristina.

Relying on all the obtained results, one of the main conclusions of the study is that the attitudes of citizens reflect the political behaviour of the ruling elites, which since 2009/2010 have based the country's foreign policy on the approach that neglects the saying "you can't sit in two chairs at the same time". This approach has become more pronounced in recent years. It turns out that there is nowider consensus in the Serbian society about the further positioning of the country in the international context in terms of membership in existing political and economic alliances.

When it comes to attitudes towards specific countries, the situation is clearer, because the majority of citizens are constantly in favour of greater political, economic and military cooperation with the Russian Federation compared to others. Russia is an important economic and political partner for Serbia. The attitudes of the Serbian population towards Russia are also reflected in the attitudes towards investments from Russia. Russian goods and capital are welcome in Serbia. Russian investors such as Gazprom and Sberbank have long positioned themselves as leaders in the Serbian market, while Gazprom is also one of the 5 largest exporters from Serbia. Russia is the second most important foreign trade and investment partner of Serbia, after the European Union. Of the total Serbian exports, 5% ended up on the Russian market, while the share of Russian goods in the total imports to Serbia in 2019 was about 10%. In 2019, the total foreign trade exchange between Russia and Serbia amounted to over 3.5 billion USD. Serbia is dependent on the import of oil and gas from Russia, while on the other hand, it mostly exports fruits, medicines, car tires, textiles, and textile clothing accessories, as well as socks to the Russian Federation. Apart from gas and oil derivatives, Serbia mostly imports fertilizers and tobacco from Russia. Total Russian investments as foreign direct investments in Serbia have so far amounted to 2.3 billion EUR. In addition to these direct investments, Russia is involved in the construction of Serbian railway infrastructure through loans.

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