

Public debt in 2021 has increased in absolute amount by three billion euros or 10 percent, and in the previous two years by 5.7 billion euros, said Miloško Arsić, at the presentation of the Quarterly Monitor.

In relative terms relative to GDP, growth is minimal or non-existent. According to him, this is a consequence of GDP growth, but also the impact of the exchange rate and inflation.

"Public debt is mostly in foreign currency and is calculated at a fixed exchange rate, so the debt is smaller than if the dinar was allowed to depreciate. On the other hand, we share that public debt with GDP, the growth of which is also affected by inflation, so that the movement of public debt is greatly influenced by the exchange rate. Next year, the state's borrowing will be at least 1.5 billion euros, all under the assumption that the economy and public finances are moving as planned," Arsić estimated.

A high inflow of foreign capital was recorded in the third quarter. On the basis of FDI, 1.1 billion euros entered the country, on the basis of portfolio investments, and in fact state borrowing 1.3 billion euros and special drawing rights of the IMF amounted to 800 million euros.

Foreign direct investment to GDP in the third quarter reached as much as 8.2 percent of GDP, and in total in the first nine months their share was 7.1 percent of GDP.

Arsić points out that there are several reasons why we are so successful in attracting FDI. "It was certainly influenced by macroeconomic stability and a stable exchange rate, because although it may not be good for the economy, investors like a stable exchange rate. Then we still have low costs. Labor costs are still lower than in Central Europe, as well as in Romania and Bulgaria. We have higher salaries than in other countries of the Western Balkans, but Serbia is ahead of them in other parameters and is historically a bigger and stronger economy. Foreign investments were also influenced by the construction of infrastructure, subsidies and the acceptance of FDI from all parts of the world. That is good, just so that everyone respects the laws of Serbia. In addition, foreign investors have a special privileged position and are not exposed to pressures and bureaucracy to which domestic investors are exposed. Low interest rates and the favorable geographical position of Serbia have a favorable effect. As labor costs in the Far East grow, because wages in China are much higher than in our country, and transportation has become more expensive, we are becoming more favorable for producers. This will attract many European investors who will no longer produce for the European market in China," Arsić said, Danas reports.