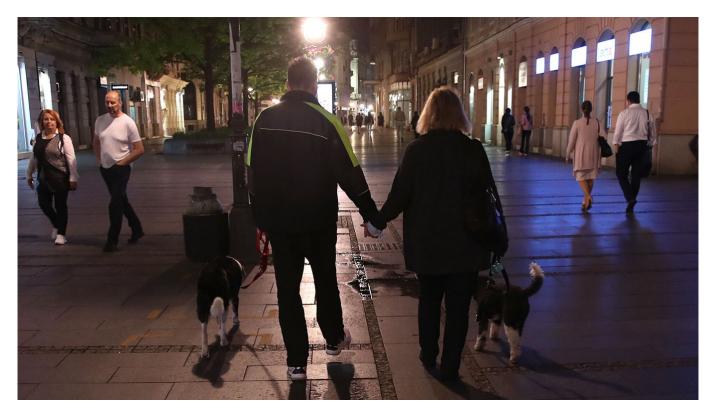


Russian Entrepreneurship in Serbia Booms as Wartime Emigres Settle Down

By Amelia Rucker

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People walking down the street in Belgrade. Valery Sharifulin / TASS

BELGRADE, Serbia — Russian nationals registered some 9,000 new businesses in Serbia by the end of 2023, a number that is set to grow in 2024, according to the Serbian Business Register Agency (APR).

The data reflects the Russian community's interest in laying down long-term roots nearly two years after the invasion of Ukraine sparked the arrival of some 370,000 Russians to this Balkan nation.

In the initial months after the invasion, new Russian arrivals tended to open restaurants, bars and beauty salons that catered to Russian tastes. Some of these were shadow companies set up by migrants to obtain a temporary residence permit in Serbia, according to a Center for European Policies (CEP) poll.

But by late 2023, Russians were more likely to open kindergartens, online shops, production facilities, property companies and co-working spaces in Belgrade and Novi Sad.

IT specialists, software development, legal advice, and business consulting are also leading the surge, capitalizing on benefits provided by Serbian authorities.

Maria, who worked as a florist in Moscow before leaving the country in March 2022, set up a flower delivery service, <u>ciao.flowers</u>, in Belgrade two months ago.

She said she was motivated by a feeling shared by many urban Russians — that they "can't find the quality of service they are used to."

"I decided to start my own business when I realized that I couldn't find a flower shop in Belgrade where I'd like to buy flowers," she told The Moscow Times. "I wanted something modern, trendy, with nice compositions and good taste."

She first tested the appetite for a flower subscription service among the concentration of Russians working in Yandex's large Belgrade office, where her husband works. Demand was so high that she launched a full service a month later.

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"If we talk about setting up business here for foreigners, it's a lot easier than in Turkey, for example," she said. "And affordable. Plus when we came, we already had many friends who set up businesses, so it wasn't hard for us."

However, Dmitry, who fled Russia in September 2022 and set up a rental service for hiking and mountaineering equipment called Veterok, said Serbia could be more conducive for small businesses.

"As an individual entrepreneur, you're obligated to pay a minimum of 350 euros (\$380) every month," Dmitry said. "To cover this cost and make a profit, you need a significant turnover, which is impossible at the project's start. Consequently, many people resort to working illegally."

When the first surge of Russians came in 2022, many hastily set up businesses to obtain residency, which can lead to a Serbian passport after three years. The number of Russianowned businesses jumped to 6,000 that year, up from 2,000 in 2021, according to the APR.

The surge in emigre-owned businesses is reinforced by growing economic ties between Russia and Serbia.

Unlike Western countries that have made it difficult for Russians to do business, let alone cross their borders, Serbia has resisted pressure to join sanctions on Moscow and sever its long-standing friendly ties to the country.

Air Serbia operates daily flights between Belgrade and Moscow and St. Petersburg, allowing opportunistic entrepreneurs to travel to and fro.

Serbian companies have even been sanctioned by the U.K. and EU for exporting dual-use goods to Russia.

Russian supply chains in Serbia have increased in turn. Most noticeable are the rows of Alyonka chocolate, with its iconic baby face, and other Russian products now found on Serbian grocery shelves. At the same time, reports in Russia show that Serbia's traditional brandy, rakia, is increasingly found on Moscow shelves.

Russian businesses such as nail salons or coffee chain Koffilin, faced with material shortages, opt to import pricier Russian materials instead of sourcing from local suppliers or Chinesemade alternatives, further strengthening Russia-Serbia supply chains.

Serbia is also deeply reliant on Russian gas. A December <u>report</u> by the APR showed that the oil company <u>Nafta Industrija Srbije</u> (NIS), which is Russian co-owned, was the most profitable company in Serbia in 2022. Russian gas giant Gazprom <u>acquired</u> a majority stake (51%) in the company in 2008. Gazprom also supports Belgrade's main football team, Red Star.

While Brussels and London voice concerns about the strengthening of ties between Russia and Serbia — with British Foreign Minister David Cameron calling Serbia a "Russian proxy" — Serbia appears to have welcomed the influx.

Prime Minister Ana Brnabic welcomed the thousands of Russian IT professionals, saying the new arrivals could help transform Serbia into a tech hub.

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Locals, in contrast, have mixed feelings toward the new diaspora-founded businesses.

"We can see that these young people are raising the level of fashion here," said Milica, a Serbian owner of a fashion label and design store in Belgrade who has patronized several small Russian businesses, including bars. "Their new bars are setting new standards in the service industry."

"We had a decrease in personal pride and stylishness in Belgrade because so many [Serbian] people left and our politics are bad, but the Russians have injected new energy and quirky ideas," she said.

But Milica added that these emigres "live in a parallel world, a mini-Moscow," with most of their companies actively recruiting Russians, and she hopes they'll integrate more.

Maria, the florist, said that while most of her customers are Russians, she has several Serb clients and hopes to find more.

Likewise, Dmitry, the hiker, said that he is developing an advertising strategy for 2024 targeting local Serbians and expanding to other Balkan countries.

This will include a plan to install equipment rental vending machines in national parks, allowing hikers to rent gear onsite rather than transporting it from the city.

"Our plans are ambitious — it looks like I'll be in Belgrade for a while," he said.

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