

**EXECUTIVE
BOARD
MEETING**

EBS/20/136
Correction 3

August 28, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of Serbia—Fourth Review Under the Policy Coordination
Instrument**

Board Action:

The attached corrections to EBS/20/136 (8/10/20) have been provided by the staff:

**Factual Errors Not
Affecting the
Presentation of Staff's
Analysis or Views**

Pages 28 and 32

Questions:

Mr. Martijn, EUR (ext. 38734)
Ms. Marinkov, EUR (ext. 38914)
Mr. Dallari, EUR (ext. 37560)
Ms. Munkacsi, SPR (ext. 30954)

Table 1. Serbia: Selected Economic and Social Indicators, 2016-2022

	2016	2017	2018	2019		2020		2021		2022
				CR 19/369	Est.	CR 19/369	Proj.	CR 19/369	Proj.	Proj.
(Percent change, unless otherwise indicated)										
Real sector 1/										
Real GDP	3.3	2.0	4.4	3.5	4.2	4.0	-3.0	4.0	6.0	6.0
Real domestic demand (absorption)	1.4	3.9	6.5	4.6	5.2	4.0	-1.8	3.6	8.0	5.9
Consumer prices (average)	1.1	3.1	2.0	1.9	1.9	2.0	1.5	2.2	1.9	2.3
GDP deflator	1.5	3.0	2.1	3.3	2.5	3.4	3.8	3.4	2.3	2.4
Unemployment rate (in percent) 2/	15.9	14.1	13.3	...	10.9	...	...	...	...	...
Nominal GDP (in billions of dinars)	4,521	4,754	5,069	5,417	5,411	5,827	5,448	6,264	5,907	6,414
(Percent of GDP)										
General government finances										
Revenue 3/	40.8	41.5	41.5	41.4	42.1	40.2	38.2	39.8	41.1	41.4
Expenditure 3/	41.9	40.4	40.9	42.0	42.3	40.7	46.8	40.3	43.2	42.0
Current 3/	37.9	36.7	36.4	37.2	37.0	35.9	42.3	35.6	37.5	36.3
Capital and net lending	3.2	3.1	4.1	4.5	5.1	4.7	4.3	4.5	5.3	5.3
Amortization of called guarantees	0.9	0.6	0.4	0.2	0.2	0.1	0.2	0.2	0.4	0.4
Fiscal balance 4/	-1.2	1.1	0.6	-0.5	-0.2	-0.5	-8.6	-0.5	-2.0	-0.5
Primary fiscal balance (cash basis)	1.7	3.6	2.8	1.5	1.8	1.5	-6.6	1.5	-0.1	1.3
Structural primary fiscal balance 5/	1.7	3.7	2.8	1.8	1.6	1.6	1.1	1.6	1.1	1.1
Gross debt	68.9	58.7	54.5	52.7	52.8	51.4	59.8	47.8	57.0	53.2
(End of period 12-month change, percent)										
Monetary sector										
Money (M1)	20.3	9.7	20.1	10.7	16.3	9.7	6.0	8.6	12.2	11.1
Broad money (M2)	9.8	3.3	15.0	8.5	8.8	7.4	5.5	6.2	9.0	8.2
Domestic credit to non-government 6/	1.8	4.4	10.1	7.2	9.5	7.3	6.6	6.9	8.4	9.0
(Period average, percent)										
Interest rates (dinar)										
NBS key policy rate	3.3	3.9	3.1	...	2.3	...	...	...	...	...
Interest rate on new FX and FX-indexed loans	3.1	3.1	2.8	...	3.1	...	...	...	...	...
(Percent of GDP, unless otherwise indicated)										
Balance of payments										
Current account balance	-2.9	-5.2	-4.8	-5.9	-6.9	-5.3	-6.4	-5.2	-6.5	-6.3
Exports of goods	34.9	35.9	35.2	36.2	35.8	36.7	33.2	37.7	33.5	35.1
Imports of goods	-43.4	-46.1	-47.1	-49.2	-48.0	-49.3	-44.1	-49.7	-46.0	-47.8
Trade of goods balance	-8.5	-10.2	-11.9	-13.0	-12.2	-12.6	-10.9	-12.0	-12.6	-12.7
Capital and financial account balance	0.6	4.8	6.7	8.7	10.5	6.7	6.1	5.7	7.3	7.0
External debt (percent of GDP) 7/	76.5	68.9	66.1	58.4	66.2	54.7	68.6	51.1	65.3	61.5
of which: Private external debt	29.4	29.7	30.9	27.5	31.7	25.7	30.3	24.3	29.0	27.4
Gross official reserves (in billions of euro)	10.2	10.0	11.3	12.5	13.4	13.2	13.2	13.5	13.6	14.0
(in months of prospective imports)	5.5	4.7	4.8	4.9	6.3	4.8	5.6	4.5	5.1	4.8
(percent of short-term debt)	345.2	200.3	193.9	191.5	250.8	201.7	247.9	205.7	255.8	262.5
(percent of broad money, M2)	58.7	53.2	52.2	54.2	57.8	53.1	57.2	50.4	54.8	52.0
(percent of risk-weighted metric)	...	...	113.1	117.7	123.1	117.7	121.3	116.4	120.8	118.0
Exchange rate (dinar/euro, period average)	123.1	121.4	118.3	...	117.9	...	...	...	...	...
REER (annual average change, in percent; + indicates appreciation)	-1.0	2.9	2.8	...	1.0	...	...	...	...	...
Social indicators										
Per capita GDP (in US\$)	5,756	6,284	7,246	7,445	7,382	8,086	7,458	8,787	8,442	9,210
Real GDP per capita (percent change)	3.9	2.6	5.0	3.9	4.5	4.4	-2.6	4.4	6.4	6.4
Population (in million)	7.1	7.0	7.0	7.0	7.0	6.9	6.9	6.9	6.9	6.9

Sources: Serbian authorities; and IMF staff estimates and projections.

1/ SORS released revised national accounts in November 2018.

2/ Unemployment rate for working age population (15-64).

3/ Includes employer contributions.

4/ Includes amortization of called guarantees.

5/ Primary fiscal balance adjusted for the automatic effects of the output gap both on revenue and spending as well as one-offs.

6/ At constant exchange rates.

7/ After CR19/369, domestic securities held by non-residents are included in external debt. Historical data were updated since 2015.

Table 4b. Serbia: Balance of Payments, 2016-2025 ^{1/}
(Percent of GDP)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
				CR 19/369	Est. CR 19/369	Proj. CR 19/369	Proj. CR 19/369	Proj.	Proj.	Proj.
(Percent of GDP)										
Current account balance	-2.9	-5.2	-4.8	-5.9	-6.9	-5.3	-6.4	-5.2	-6.5	-4.7
Trade of goods balance	-8.5	-10.2	-11.9	-13.0	-12.2	-12.6	-10.9	-12.0	-12.6	-11.4
Exports of goods	34.9	35.9	35.2	36.2	35.8	36.7	33.2	37.7	33.5	38.7
Imports of goods	-43.4	-46.1	-47.1	-49.2	-48.0	-49.3	-44.1	-49.7	-46.0	-50.2
Services balance	2.5	2.5	2.3	2.8	2.3	3.0	1.5	3.3	1.9	3.4
Income balance	-5.5	-6.5	-5.1	-4.7	-5.4	-4.7	-4.0	-4.6	-4.1	-4.6
Current transfer balance	8.6	9.0	9.8	8.9	8.5	8.9	6.9	8.1	8.3	8.0
Official grants	0.2	0.4	0.6	0.2	0.6	0.2	0.3	0.0	0.3	0.0
Others, including private remittances	8.4	8.6	9.2	8.7	7.9	8.7	6.6	8.1	8.0	8.0
Capital and financial account balance 2/	0.6	4.8	6.7	8.7	10.5	6.7	6.1	5.7	7.3	4.6
Capital transfers balance	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
Foreign direct investment balance	5.2	6.2	7.4	7.8	7.8	6.3	4.7	5.5	5.6	5.5
Portfolio investment balance	-2.5	-2.1	-2.1	0.7	0.4	0.1	3.7	0.2	0.2	-0.6
Other investment balance	-2.0	0.8	1.5	0.3	2.5	0.4	-2.3	0.0	1.6	-0.3
Public sector 2/ 3/	0.8	0.0	0.5	0.0	0.6	0.1	0.2	-0.4	0.7	-0.3
Domestic banks	-1.4	2.2	0.3	0.1	1.3	0.2	-0.6	0.2	0.9	-0.2
Other private sector 4/	-1.5	-1.4	0.7	0.1	0.6	0.1	-1.9	0.2	0.0	0.2
Errors and omissions	1.5	1.0	0.8	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Overall balance	-0.8	0.6	3.0	2.8	4.1	1.4	-0.3	0.5	0.9	-0.1
Memorandum items:										
Nominal growth of exports of goods	11.9	9.8	7.4	9.0	8.8	9.3	-6.7	10.2	8.4	10.5
Nominal growth of import of goods	5.5	13.4	11.8	10.2	9.2	7.9	-7.7	8.3	12.4	8.6
Volume growth of exports of goods	12.7	8.5	5.7	7.3	8.5	7.6	-6.3	8.4	7.7	8.4
Volume growth of import of goods	11.0	10.0	8.9	9.2	9.8	7.0	-5.1	7.0	12.4	6.9
Trading partner import growth	6.0	6.9	5.2	3.9	2.1	3.9	-12.5	3.9	8.8	3.9
Export prices growth	-0.7	1.2	1.6	1.5	0.2	1.5	-0.4	1.7	0.6	1.9
Import prices growth	-4.9	3.1	2.6	0.9	-0.6	0.8	-2.8	1.2	-0.1	1.5
Change in terms of trade	4.4	-1.8	-1.0	0.7	0.8	0.7	2.5	0.5	0.7	0.3
Gross official reserves (in billions of euro)	10.2	10.0	11.3	12.5	13.4	13.2	13.2	13.5	13.6	13.4
(In months of prospective imports of GNFS)	5.5	4.7	4.8	4.9	6.3	4.8	5.6	4.5	5.1	4.1
(in percent of short-term debt)	345.2	200.3	193.9	191.5	250.8	201.7	247.9	205.7	255.8	205.1
(in percent of broad money, M2)	58.7	53.2	52.2	54.2	57.8	53.1	57.2	50.4	54.8	46.7
(in percent of risk-weighted metric, float) 5/	169.5	158.4	164.8	171.4	181.1	170.7	177.3	172.6	180.2	170.2
(in percent of risk-weighted metric, other) 5/	...	...	113.1	117.7	123.1	117.7	121.3	116.4	120.8	112.7
GDP (billions of euros)	36.7	39.2	42.9	45.9	45.9	49.4	46.1	53.1	49.7	57.1
Sources: NBS; and IMF staff estimates and projections.										
1/ SORS released revised 2016 BOP in October 2017.										
2/ Excluding net use of IMF resources.										
3/ Includes SDR allocations in 2009.										
4/ Includes trade credits (net).										
5/ Serbia was reclassified as stabilized exchange rate regime in 2019.										