## PILLARS OF DEVELOPMENT

In this year's edition of the White Book, in the Pillars of Development, we presented the results of the sectors that made the greatest progress in the previous year. These were: digitalization, telecommunications, and energy.

## **DIGITALIZATION AND E-BUSINESS**

The digitalization and e-business sector, which includes e-commerce, e-identification, issuing electronic documents, and e-business for administrative bodies, including the connection of public databases, achieved the highest score for improving the business climate in 2025.

On a global level, the sector has undergone major changes in the previous period and has been a driver of overall improvement. There has been a significant popularization of ChatGPT, introducing artificial intelligence as the most important topic in the domain of digitalization. These trends have also directly reflected on the dynamics and priorities of the IT sector in Serbia. The government has continued to develop new e-government services.

Following the adoption of the Law on Electronic Communications, aligned with EU regulations, a public debate was announced on the conditions for organizing an auction of radio frequencies intended for 5G technology. Significantly more than a million mobile phone users in Serbia already own 5G-compatible devices.

The volume of online trade has increased significantly. A similar trend has existed in previous years. The IPS payment system introduced by the NBS has contributed in particular to this.

Administrative procedures have been simplified within the framework of the "ePapir" program. A large number of citizens have accounts on the eGovernment portal, driven by the wide range of services it offers.

Since 2023, the "elnvoice" system has been implemented across the economy through the SEF system of the Ministry of Finance, replacing paper invoices. This has achieved a great administrative relief, increased transparency, and narrowed the space for the shadow economy. It is expected that this will improve the VAT refund process and reduce the costs of storing invoices.

Qualified signature issuance services in the "Cloud" have been introduced. In order to raise the quality and availability of digital services, the first Al-chat bots have been introduced, which enable citizens to provide interactive support in state processes. A digital assistant based on artificial intelligence has been implemented on the eGovernment portal, which uses everyday language to direct citizens to the desired service and make navigation through the por-

Electronic invoicing has become the standard for telecommunications services

Significant progress has been made in the digitalization of the economy and the public sector. The Foreign Investors Council has made four recommendations in this areastwo have achieved significant improvement, and two have shown some improvement, resulting in a score of 2.50 (0.21 above the previous year's score).

## **TELECOMMUNICATIONS**

The telecommunications sector in 2025 achieved the second-most-dynamic improvement in the business climate 2025. In general, the previous period was marked by a series of activities related to the development of by-laws by RATEL, harmonized with the new Law on Electronic Communications, aimed at greater rights and protection for users, as well as at encouraging competition and equal treatment of market participants.

Numerous activities were carried out during this period. The focus was on activities to harmonize the market with the regulatory framework introduced by the new Law on Electronic Communications, and partially implemented activities were initiated to improve regulations in the fields of telecommunications infrastructure construction and environmental protection. Activities were also initiated in other fields. In 2025, prepaid user registration was completed.

In February 2025, the Government of the Republic of Serbia adopted the Regulation on Reducing Security Risks Associated with the Introduction of Fifth Generation Mobile Networks, which met the legal and security requirements for the introduction of 5G technology.

In cooperation with the relevant ministries, the need to harmonize the by-laws of the Republic of Serbia regarding non-ionizing radiation with European Union regulations was recognized, while taking into account the development of technology in the field of electronic communications and the increasing use of electronic communications

services, and thus, in February 2025, new by-laws entered

Joint meetings of operators signatories to the EU-WB Declaration on Roaming continued in 2025. Based on RATEL data on mobile operator users in the Republic of Serbia, traffic is continuously increasing, both for users in the country and for traffic during their stay in roaming, which is a direct consequence of lower roaming service prices. It is also important that all three mobile operators operating in the Republic of Serbia continuously invest significant effort in improving the offer of roaming services to their users, both in terms of the quality and quantity of content, and in terms of cost-effectiveness and accessibility.

Communication with the Ministry of Information and Telecommunications, the Ministry of Environmental Protection, and RATEL is carried out transparently and in a two-way manner, resulting in successfully implemented activities across various areas of cooperation. The Foreign Investors Council expects that the positive practice will continue through open dialogue and that solutions that can yield the best results will be implemented.

The successful implementation of prepaid user registration has achieved a higher level of security and prevented the misuse of electronic communications means through the anonymous use of prepaid services, modeled on the positive practice of mandatory registration of these users in Europe and around the world.

Significant progress in telecommunications in 2025 ranked it second. The Foreign Investors Council has made eleven recommendations in this area, of which six have achieved significant improvement, two have shown some improvement, while three have not improved. The score is 2.27 (a 0.61-point improvement from the previous year).

## **ENERGY**

The energy sector, which includes the production and transmission of electricity, the market for renewable energy sources, and energy efficiency, has faced numerous challenges in recent years. Three years ago, this was related to potential risks in the electricity supply sector, but these have now been successfully overcome. With the global energy crisis, supply problems arose for other energy sources. In the second half of 2025, the issues of oil supply,

the operation of the Pančevo refinery, and the supply of oil derivatives and gas were raised.

The previously introduced liberalization of the electricity market could have led to a significant increase in household and economic costs, which is why the Government had already introduced price controls. The management structure and business policy were also changed, and the main causes of its poor performance were eliminated. The electricity supply has been improved and stabilized. The transformation of EPS from a public company to a joint-stock company has begun. A new supervisory board has been appointed, which has taken important steps towards the professionalization of EPS management.

In 2023, Serbia amended the regulatory framework in line with the EU's Third Energy Package and de facto liberalised the electricity market. In this regard, the policy of full implementation of relevant EU regulations has continued.

Coal remains the dominant source of electricity generation — more than 70% of annual production comes from coal-fired power plants. Coal mines are in relatively poor condition. The transition to a "green" economy has been postponed for the time being.

For renewable energy sources, a system of incentive measures to support their electricity production is key. Incentive measures are envisaged in the form of a market premium and feed-in tariff system. Both systems will be implemented through auctions and relate to the price of electricity, assumption of balancing responsibility, and the right to priority access to the network. By abandoning the incentive system and introducing auctions, the possibility arises for a new investment cycle and achieving a competitive electricity purchase price.

In the area of energy efficiency, the Directorate for Financing and Incentives for Energy Efficiency has started operating. In the energy efficiency market, many local governments have begun implementing energy performance contracting (EnPC) projects for public lighting. Energy supply contracting (ESC) has also begun operating, primarily in the public sector, with schools and hospitals as priorities.

The Foreign Investors Council has made 15 recommendations to improve the business climate. Significant progress has been recorded in six, and some progress has been made in five. Therefore, energy, together with Digitalization and Telecommunications, is at the top of the list of sectors that have seen the greatest progress. The Foreign Investors Council assessed the progress in energy in 2025 at 2.13, down from 2.63 in 2024, resulting in a decrease of 0.49.

With its recommendations, the Foreign Investors Council aims to encourage efforts to improve the business climate and stimulate future growth by ensuring sustainable development with maximum respect for environmental standards on the path to the EU.