

How wine affects the Serbian economy

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Abstract: Serbia is a country that is among the most popular wine destinations. The growing interest of consumers in wine, as well as the good situation with the export of this drink, have led to an increase in the number of winemakers and the entry of many new small wineries into this market. Wine has a significant impact on the economy through production, employment in agriculture and processing, exports, as well as through the development of wine tourism. Sales and consumption, especially of high-quality wines, stimulate local development, hospitality and marketing, making the wine industry an important source of income in many regions.

Keywords: Wine; Agriculture; Economy; Value chain; Tourism

1. Wine Production and Agriculture

In many countries around the world, celebrations are followed with a glass of alcohol, yet the most popular one of them all would be wine. For many years, Serbia maintained a reputation for high-quality wine and grapes. This is all thanks to the favorable climate conditions and the fertile soils. The main regions are Vojvodina, Sumadija, Zupa, and Negotin. Making wine can take anywhere from 6 months to five years, depending on whether it's red wine, white wine, or sparkling wine. Typically, it would look like this: firstly, the winegrowers and technologists are in constant search for perfect harmony in soil and plants. Secondly there is the harvest, this is considered a special time in a winery and it takes place from the end of August to the first weeks of October. Next, all the goods harvested are then transported from the vineyard to the winery, this process is important and should be done fast with delicate care. Later comes the processing stage, where the grapes are assigned for quality and any defects. After the maceration, the grapes are de-stemmed, muddled, and macerated for 6-12 hours in macerators in anaerobic conditions. Then it's the filtration stage. After obtaining the juice, the must is purified, and selected yeasts are added; then the alcohol fermentation starts. Now the bundles go through the aging process, and lastly, after the wine is fermented, it's bottled and ready to be sold or poured in a glass for a drink. This is all fascinating, but the real thing that excites me is how wine helps the Serbian economy, how this sector of business creates employment, how this sector increases Serbian GDP (gross

domestic product), and how this sector excels in Serbian trade and relations with other countries. Let's look into more detail [1].

2. Employment and Income Generation

In 2020, in Serbia, there were around 20 to 25 thousand hectares under vineyards, and approximately 35 million liters of wine were being produced, but considering the trend of rising small wineries, wines with geographical origin, quality, and high-quality wines are taking an increasing share. This business is in the primary sector, so most of the employment created belongs in the rural area. Wine production has supported around 100,000 families. The direct jobs people can achieve from the wine industry, including vineyard management (planting, harvesting), processing, marketing, and related tourism, create diverse jobs. Wine exports are growing rapidly, nearly doubling between 2006 and 2014, showing stronger international relations. Investments in modern facilities and technology have increased production capacity and revenues. Focusing on high-quality wines adds value per bottle, while government subsidies support modernization, quality improvement, and higher profitability [2].

3. Exports of Wine

In 2023, Serbia exported 25 million dollars worth of wine, making it the 36th largest exporter of wine. 33 percent was exported to Russia, making Russia their largest exporter. 19 percent was exported to Bosnia and Herzegovina, 12 percent to Montenegro, 7 percent to Croatia, and 4 percent to Switzerland. Wine allowed Serbia to really expand its trade roots, allowing Serbian wine companies to expand into eastern and western markets. Two of the leading exporters are Vinarija Aleksandrovic, whose wines are exported to 20+ countries including the United States, Japan, and Switzerland, and Vinarija Rubin, whose wines are particularly exported to Russia and Germany. Serbia also started to trade with Angola, but they only export around 73 percent, or 186k dollars [3].

4. Value Chain Effect

Tourism is a very important sector in many countries in the world, and Serbia, with many vineyards, can attract tourists, and likewise, people who come to visit Serbia can take a look at the vineyards. Wine routes and festivals introduce tourists to niche sites like Fruska Gora and Zupa, which allows tourists to spend money on local businesses around the area

like hotels, restaurants, and local products, and most of the time tourists buy wine from the winery. The winery can use the money to make better quality products, which increases the value of their product. This connects wine to the tourism and service sector [4].

5. Tourism

What's fascinating about the wine industry is how it affects the Serbian economy through a value chain, meaning a series of connected economic activities from farming all the way to final consumption. Each stage adds and creates income. Firstly is grape production, where farmers earn income growing crops, while suppliers provide seeds and fertilizers. Secondly is winemaking, where wineries invest in processing, storage, bottling, quality control, and supporting manufacturing activity. Then the local producers of bottles, corks, labels, and boxes benefit from winery demand. Wine distribution supports transport companies, warehouses, and exporters. Advertising agencies, designers, retailers, and exporters gain business from promoting and selling wine. Restaurants, hotels, and local guides benefit when wine attracts visitors [5].

6. Conclusions

The wine industry is very important for Serbian culture and its economy. It's one of Serbia's most exported items, which allows it to build relations with other countries. It also created jobs in the primary sector and rural areas. It improved other branches like tourism, and it's an important part of the orthodox church. This all proves that wine not only is used for celebrations but in Serbia is the glue of its economy.

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