

Tech in Serbia

Return of the geeks

BELGRADE

An unexpected digital boom is taking place in the Balkans

IT WAS MID-JANUARY and the Serbian capital was covered in toxic smog. Belgraders peered into their phones to check an app informing them about the air quality. It was “hazardous”, but if they were at a bus stop there was one thing to celebrate. Though they could barely see 200 yards, they could tell when their bus was arriving, as timings had just been added to Google Maps, years after most other European capitals. The digital revolution is at last arriving for Serbs. And as Europe goes green, more good news may be on the way. Serbia is sitting on one of the continent’s largest reserves of lithium, an essential ingredient for the batteries of electric cars.

Tech accounts for at least 6% of Serbia’s GDP. It employs some 45,000 people. Foreign firms have spent more than \$500m on Serbian startups in the past six years, says Zoya Kukic of the Digital Serbia Initiative (DSI), which champions the sector’s interests. Last year’s exports are expected to have reached €1.4bn (\$1.5bn), an increase of 55% on 2017. The real figure could be much higher, says Nebojsa Djurdjevic, head of the DSI. Foreign-exchange rules mean that payments are often sent to companies set up abroad, and no one can keep track of an estimated 10,000 freelancers who often operate alone.

Educated Serbs are leaving in droves—but not if they work in tech. It is one of the few sectors that draws skilled people back home. Many industry heads, including Dragan Tomic, who runs Microsoft’s Belgrade development centre, are diaspora Serbs who have returned with skills, contacts and capital. Mr Djurdjevic graduated in electronics in 1990. From his class of about 70, some 40 left. Ten are now back.

One part of Serbia’s government is still enmeshed in the wars of the past. It has only just agreed to reinstate long-severed rail and air connections to Kosovo, which it refuses to recognise. But another part has invested \$79m in digital infrastructure, reforming regulatory frameworks and creating tax breaks to woo investment. Primary schools now teach coding. The country’s education system is churning out 5,000 graduates a year primed for tech jobs.

Blockchain and games development are already big parts of Serbia’s digital economy. Top Eleven, a football game produced by Nordeus, Serbia’s best-known tech company, has 219m registered users. But fintech, biotech and AI are increasingly im-



portant, though they still find it hard to attract investors at home.

While digital tech is Serbia’s current boom industry, lithium may be the next. Rio Tinto has invested \$200m to explore a site near Loznica. Marnie Finlayson, its general manager for Serbia, says that the ore would be processed on the spot; it would be Europe’s biggest supplier. Unlike many other lithium mines, this one would be close to where it is needed. Fiat cars are Serbia’s second biggest export. Ms Finlayson says that by 2035 Rio Tinto expects 50% of cars to be electric. If Rio Tinto’s board gives the go-ahead, production would begin in 2025. With all the ancillary industries, she says that might add “a couple of percentage points to GDP”. ■

Austria’s Jews

Charity confiscated

VIENNA

A Rothschild heir sues Vienna

AUSTRIA’S TRAGEDY is that only a tiny number of Vienna’s Jews returned after the second world war to the city, once the glittering home of Sigmund Freud, Gustav Mahler, Stefan Zweig and Arthur Schnitzler. Some 150,000 Jews lived in Vienna at the turn of the 20th century; today the city’s Jewish community is only around 7,000, many of them new immigrants from eastern Europe or Russia. The unofficial Jewish royal family, the Rothschilds, never returned to Vienna full-time.

One Rothschild descendant, Geoffrey Hoguet, travelled from his home in New York to Vienna this month on a family mission (Mr Hoguet is a distant cousin of the

Rothschilds who own a stake in *The Economist*). He is taking the city of Vienna to court over the way the municipality has managed a charitable trust set up by his great-grandfather, Albert Freiherr von Rothschild, to honour the will of his childless brother Nathaniel. The first hearing took place on February 20th.

Mr Hoguet is dismayed by how the city of Vienna has dealt with the Nathaniel Freiherr von Rothschild’sche Stiftung für Nervenranke, a foundation set up in 1907 to pay for hospitals for the treatment of the mentally ill, which was expropriated by the Nazis in 1938 and taken on by the newly independent second republic in 1956. The foundation was once fabulously rich, with an endowment estimated at €120m (\$130m). Nathaniel’s gift is the biggest charitable donation ever made in Austria.

Mr Hoguet wants to re-establish a 12-member committee (of which the Rothschilds would nominate nine) to manage the foundation. By retaining control over the foundation, Vienna was “in effect perpetuating the Nazi Aryanisation programme”, says his court filing. Mr Hoguet also wants to nullify the sale in 2002 of the Maria Theresa Schloß, a baroque palace that was one of the world’s earliest psychiatric hospitals—which, he claims, the city sold to itself at a “grossly undervalued” price. And he aims to nullify a clause added in 2017 stipulating that the foundation’s wealth would go to the city of Vienna if it were ever dissolved.

The city insists that it has always dealt responsibly with its Nazi history. Its lawyer told the court that the foundation’s wealth had dwindled to €8m by the time the Nazis annexed Austria. He claimed the city invested €500m-600m in the foundation over the years, so that it could run its hospitals. Yet the presiding judge, Ursula Kovar, reprimanded the city, calling “massively alarming” the clause it added making itself the sole beneficiary of the foundation’s wealth in case of its dissolution. On her recommendation, the two sides have now agreed to negotiate.

Mr Hoguet says he remains attached to Austria, and to the many friends he has made in the Alpine republic. He used to work for Creditanstalt, a big Austrian bank founded by his ancestor. Until recently his family still owned lots of land. Last year they parted with the last chunk, selling about 7,000 hectares (17,300 acres) of forest in Lower Austria.

The sale marked the end, after more than 200 years, of the physical presence of the Rothschilds in Austria. Yet Mr Hoguet’s ancestors would approve of his fight for their posthumous rights. Although he was an exile in America at the time of his death in 1955, his great uncle Louis, the last male Austrian Rothschild, chose to be buried at the Central Cemetery in Vienna. ■