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[Home](#) :: [Business climate - Up in the air](#)

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## Business climate - Up in the air

13/05/2010 | Kester Eddy

When Niki Air, the Austrian budget carrier, began flights from Vienna to Belgrade's Nikola Tesla airport last February, Vesna Hadzivukovic breathed a sigh of relief.

"My fiancé lives in Vienna; before Niki, return tickets were typically between E230 and E280. Prices have now come down to E95 and E125, and now both Austrian and JAT, our Serbian airline, often give special offers. Last month I even got a E60 deal. You can imagine this makes travelling a whole different world," says Ms Hadzivukovic, a Belgrade-based graphic designer.

Budget carrier interest in Belgrade has been sparked by the EU's move to allow Serbs visa-free travel last December, and the Open Skies agreement, which came into effect in January.

AirBaltic, the Latvian budget carrier, initiated four flights a week from Riga this May while Wizz Air, the Hungarian-based carrier, will scorch the Belgrade tarmac this summer with flights from Dortmund and London Luton.

The better commercial prospects have also spurred traditional carriers, such as Romania's Tarom and Malev of Hungary, to restore flights to Belgrade.

Wizz Air says it expects the routes to carry 50,000 passengers in the remainder of the year, but – at least in the very early stages – the improved air links have so far had limited impact on Belgrade traffic: passenger figures for the first quarter were just 7% up on 2009.

But Zorica Jovanov, head of international marketing at the National Tourist Office, expects the new flights will create a substantial increase in tourism while raising awareness of the country.

"We have been growing our tourism arrivals in foreign markets by marketing the destination for short breaks, winter sports and cultural tourism. More airlines will help increase capacity, bed nights and will improve our competitiveness as a European leisure destination. Since we are out of the eurozone, Serbia is an ideal destination for those seeking value," she says.

But, rather like the transformation of the Serbian economic environment, it seems more could be done. Wizz Air, for example, appears not wholly convinced.

"Serbia has good potential, and we are looking forward to exploiting this. Having said that, there are issues such as regulatory constraints and the cost of logistics that we have to address with the other stakeholders [i.e. Belgrade airport] to unleash the full growth potential Wizz could deliver," says the airline's spokesperson.

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