



**Serbia**

**Business Opportunity**

## Content

- Geographical coverage
- Economy situation
- Industry structure
- Education, Infrastructure
- Tax system
- Financial grant system
- Trade agreements
- Italian presence
- A lookout at Sid region

## SERBIA: GEOGRAPHICAL COVERAGE

- Official Name: Republic of Serbia
- Area: 88,361 km<sup>2</sup>
- Population: 9.5 million
- Official Language: Serbian
- State Form: Democratic Republic
- Capital: Belgrade (1.6 million)
- Currency: Serbian Dinar (RSD)



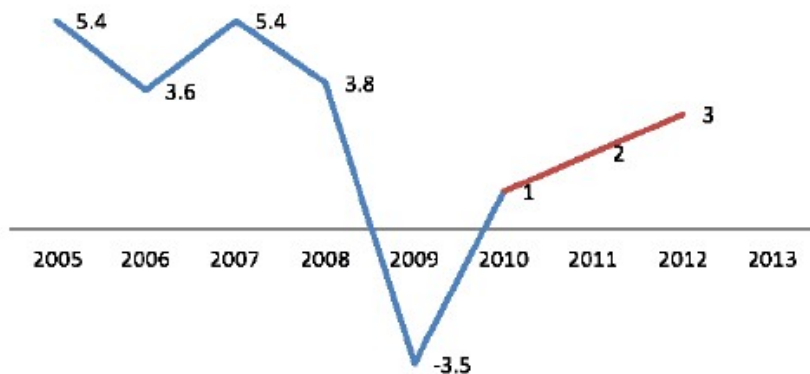
## SERBIA: TRENDS & PROJECTIONS OF SERBIAN ECONOMY

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GDP growth rate (%)</b>	5.4	3.6	5.4	3.8	-3.5	1	2	3	to be revized
<b>Unemployment rate (%)</b>	21.8	21.6	18.8	14.4	16.9	20	20.5	20.6	19.5
<b>FDI (€ million)</b>	1,162	3,242	1,448	1,590	1,304	830	1,100 jan-aug 2011	to be determin ed	to be determin ed
<b>Inflation (%)</b>	13.6	7.3	11.0	8.6	6.6	10.3	8.7	4.2	4.0
<b>Export (€ million)</b>	3,608	5,102	6,432	7,428	5,961	7,393	7,772	8,219	8,752
<b>Import (€ million)</b>	8,439	10,463	13,951	16,478	11,504	12,621	13,643	14,817	16,092

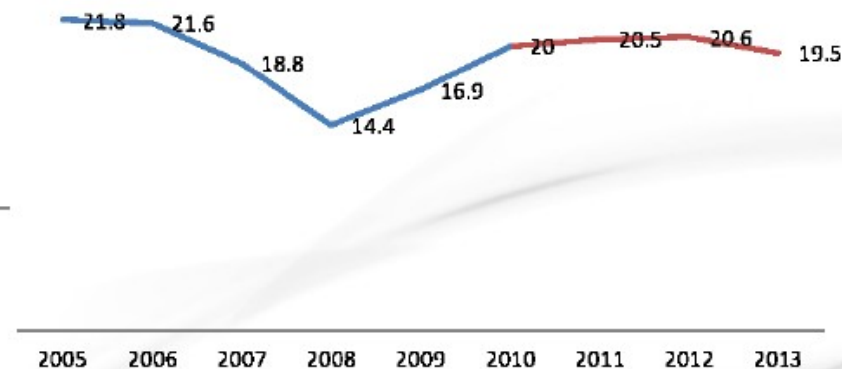
Projected by Serbia Ministry of Finance, National Bank of Serbia, World Economic Outlook Database and International Monetary Fund

## SERBIA: TRENDS & PROJECTIONS OF SERBIAN ECONOMY

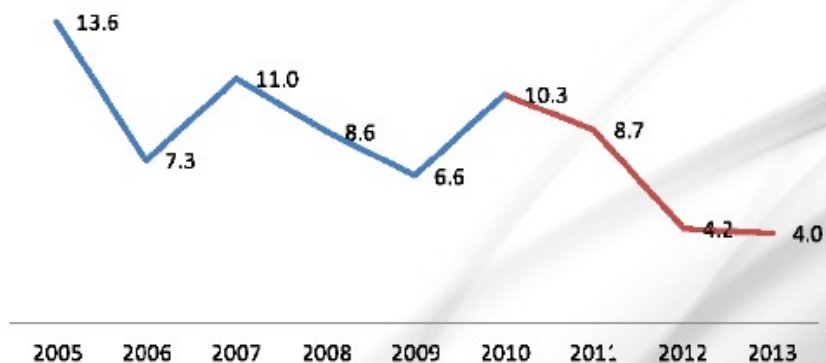
### GDP growth rate (%)



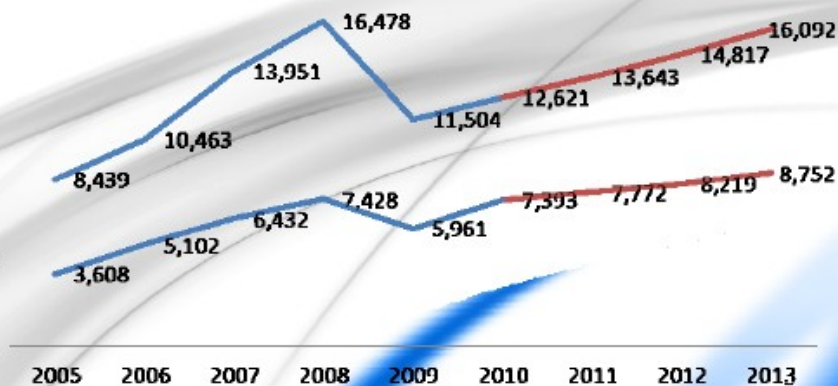
### Unemployment rate (%)



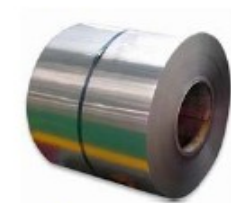
### Inflation (%)



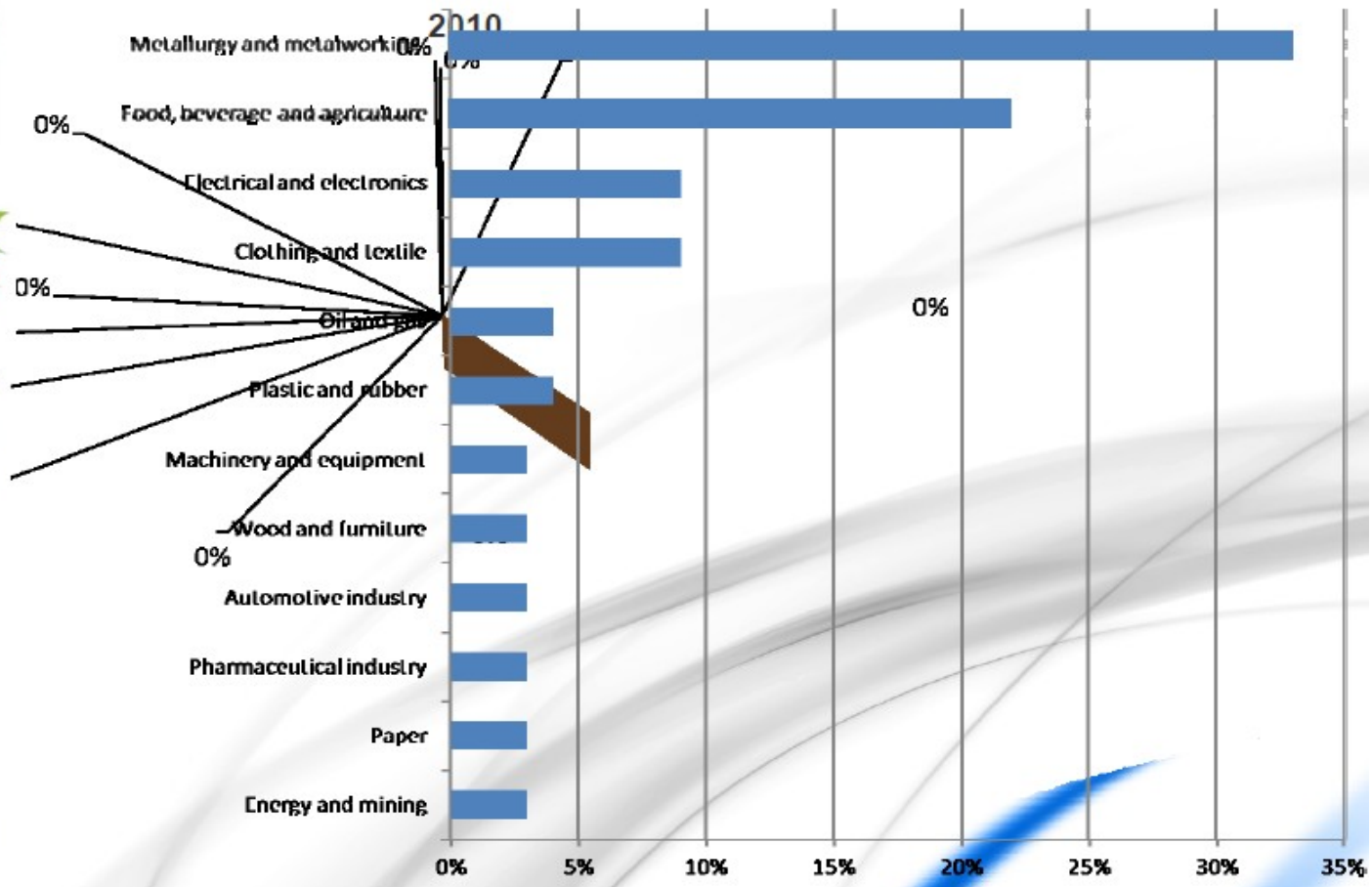
### Import and Export (eur mil)



# SERBIA: INDUSTRY TODAY

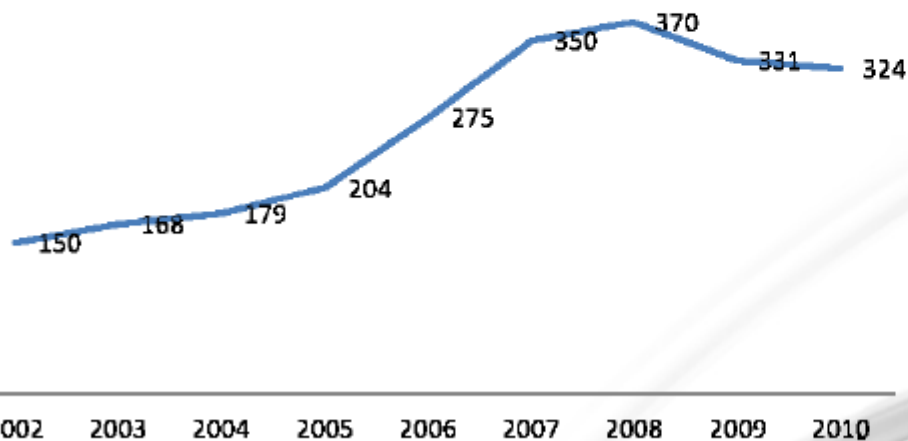


Serbian Top Export Sectors



## SERBIA: COST TABLE

**Average net salary (€)**



Typical monthly salaries:	Net:	Total:
Minimal salary:	171 €	282 €
Average blue collar salary	250 €	412.5 €
Average white collar salary	550 €	907.5 €
Working week:	40h	
Overtime:	8h/week 4h/day	
No. of shifts:	max 3	
Utilities:		
Electricity cost:	0.05 €/kWh	
Gas cost:	0.42 €/m <sup>3</sup>	
Water cost:	0.2 €/m <sup>3</sup>	
Building:		
Average rent cost:	5 €/sqm	
Average building cost:	400 €/sqm	



# SERBIA: HIGH TECHNICAL EDUCATION



Faculty of Technical Sciences  
Novi Sad



Faculty of  
Traffic and Transport Engineering  
Belgrade



Faculty of Technology and Metallurgy  
Belgrade



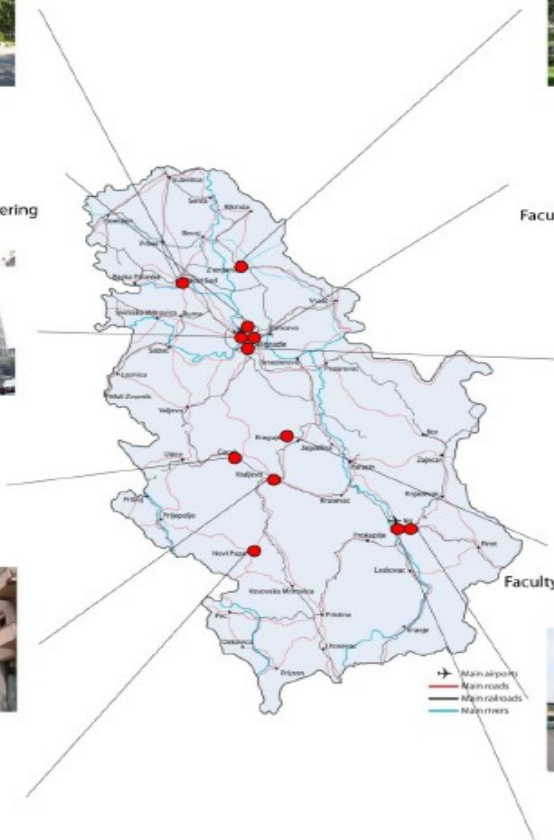
Technical Faculty  
Cacak



Faculty of Mechanical Engineering  
Kraljevo



Technical Faculty  
Novi Pazar



Technical Faculty "Mihajlo Pupin"  
Zrenjanin



Faculty of Electrical Engineering  
Belgrade



Faculty of Mechanical Engineering  
Belgrade



Faculty of Mechanical Engineering  
Kragujevac



Faculty of Mechanical Engineering  
Nis

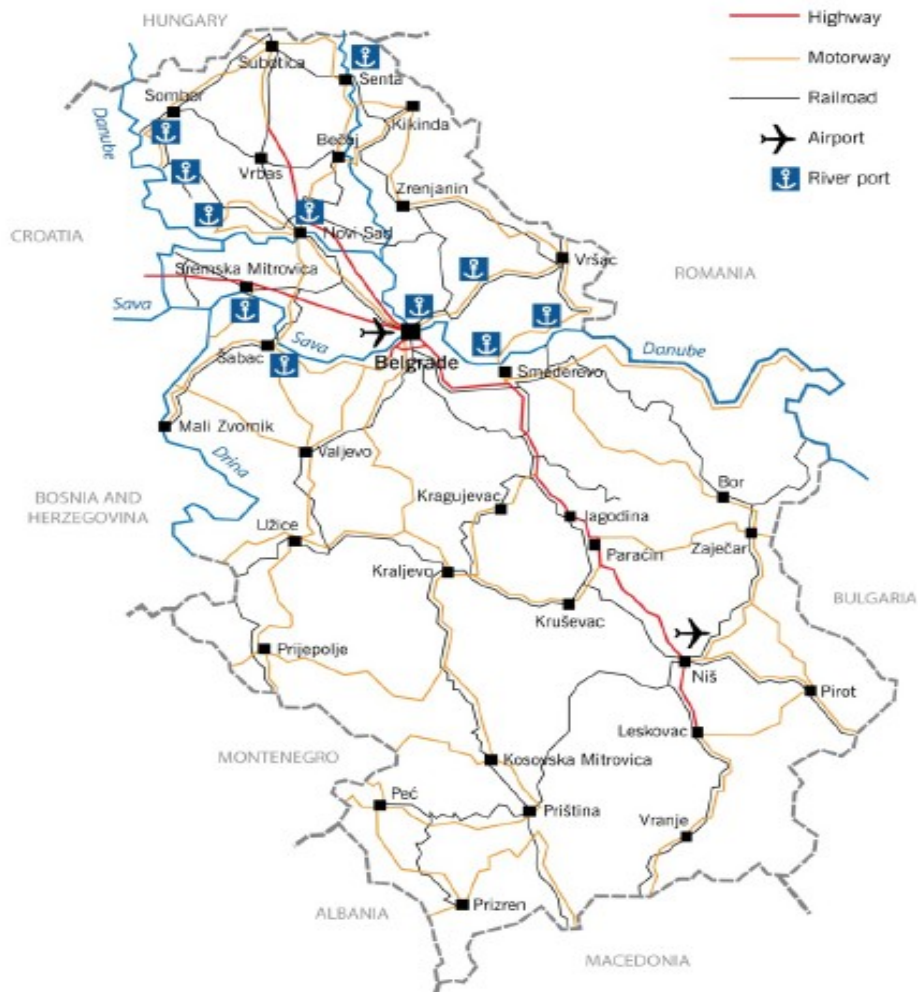


Faculty of Electronics Engineering  
Nis

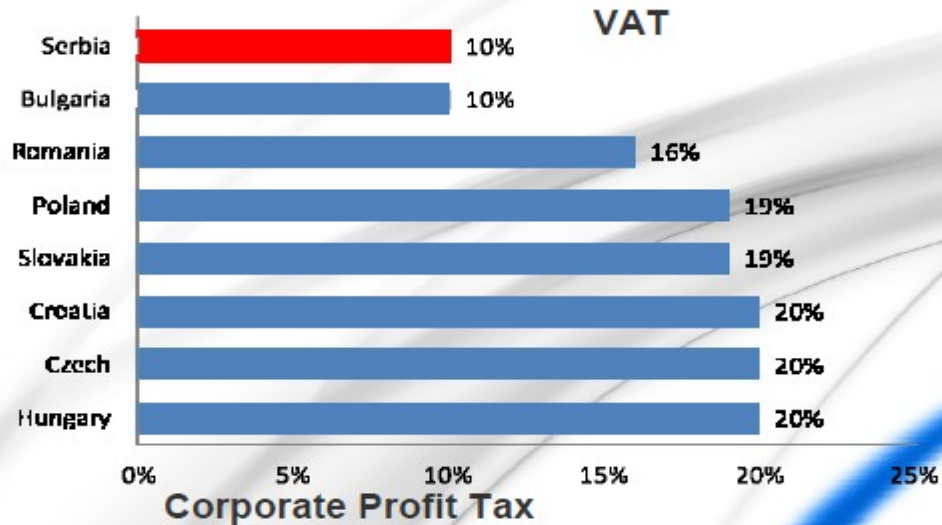
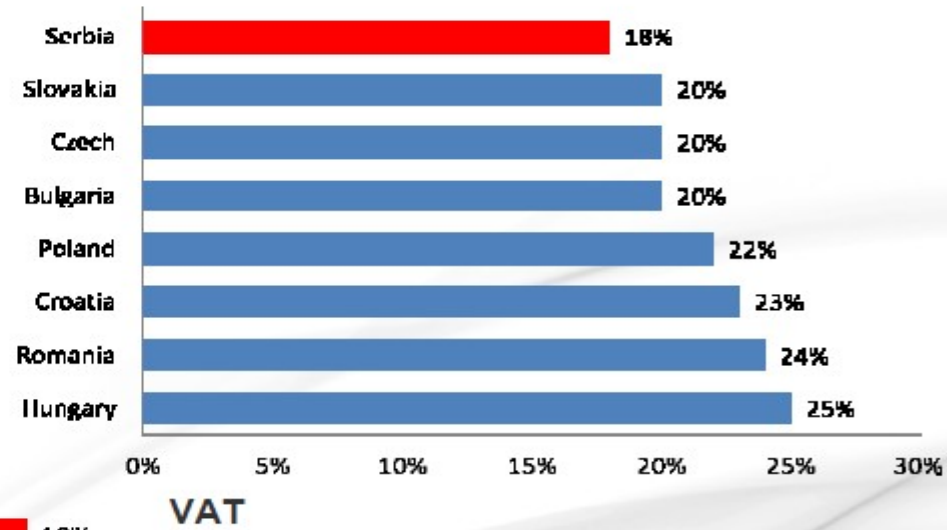
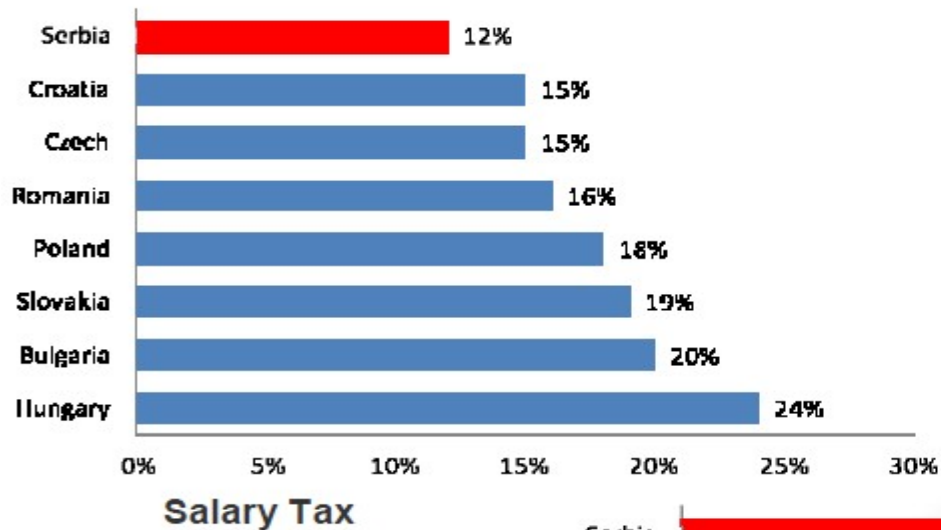




# SERBIA: DEVELOPMENT OF ROAD INFRASTRUCTURE



## SERBIA: MOST ATTRACTIVE TAX SYSTEM IN EUROPE



## SERBIA: MOST ATTRACTIVE TAX SYSTEM IN EUROPE

Tax:	Rate:	Recurrence	Possible incentive:
Corporate Profit Tax	10%	yearly	10 year holiday (investments over 7.7 million euro and 100 new jobs) or 20%, 40% or 80% of investment value as tax credit
Withholding Tax (for dividend, shares in profits, royalties, interest income, capital gains, lease payments for real estate and other assets)	20%	yearly	lower rate of 10% or 5% according to double taxation agreement
VAT	18% - standard 8% - lower rate	monthly	import VAT return import VAT exempt in free trade zones
Property Tax	up to 0.4%	yearly	varies by municipality
Absolute Rights Transfer Tax	0.3% - stocks and bonds 2.5% - other	at purchase of property	
Salary Tax	12%	monthly	3 - year holiday for hiring apprentices 2 - year holiday for hiring unemployed workers
Annual Income Tax	10% - for annual salaries between 3 and 6 x average 15% - over 6 x average salary	yearly	
Pension and disability insurance	11%	monthly	3 - year holiday for hiring apprentices 2 - year holiday for hiring unemployed workers
Health insurance	6.15%	monthly	3 - year holiday for hiring apprentices 2 - year holiday for hiring unemployed workers
Unemployment insurance	0.75%	monthly	3 - year holiday for hiring apprentices 2 - year holiday for hiring unemployed workers

## SERBIA: FINANCIAL GRANT SYSTEM

Eligible Sectors	Large-scale Projects		Standard-scale Projects			
	Manufacturing		Manufacturing			Export Related Services
	Capital and Labour Intensive Projects	Capital Intensive Projects	Investment Realised in Devastated Regions	Investments in Automotive, Electronics and IT, Realised in Regions of Special State Interest	Investment Realised in Other Regions	Investments in All Regions
Grant Amount (EUR)	20% of the total investment	20% of the total investment	€ 4,000 - 10,000 / per job created	€ 5,000 - 10,000 / per job created	€ 2,000 - 5,000 / per job created	€ 2,000 - 10,000 / per job created
The Minimum Investment Amount	€ 200 mn	€ 50 mn	€ 0.5 mn	€ 0.5 mn	€ 1 mn	€ 0.5 mn
The Minimum Number of New Jobs Created	1.000	300	50	50	50	10

## SERBIA: FREE TRADE AGREEMENTS



European  
Union



EFTA



Russia



Kazakhstan



CEFTA



Turkey



Belorussia

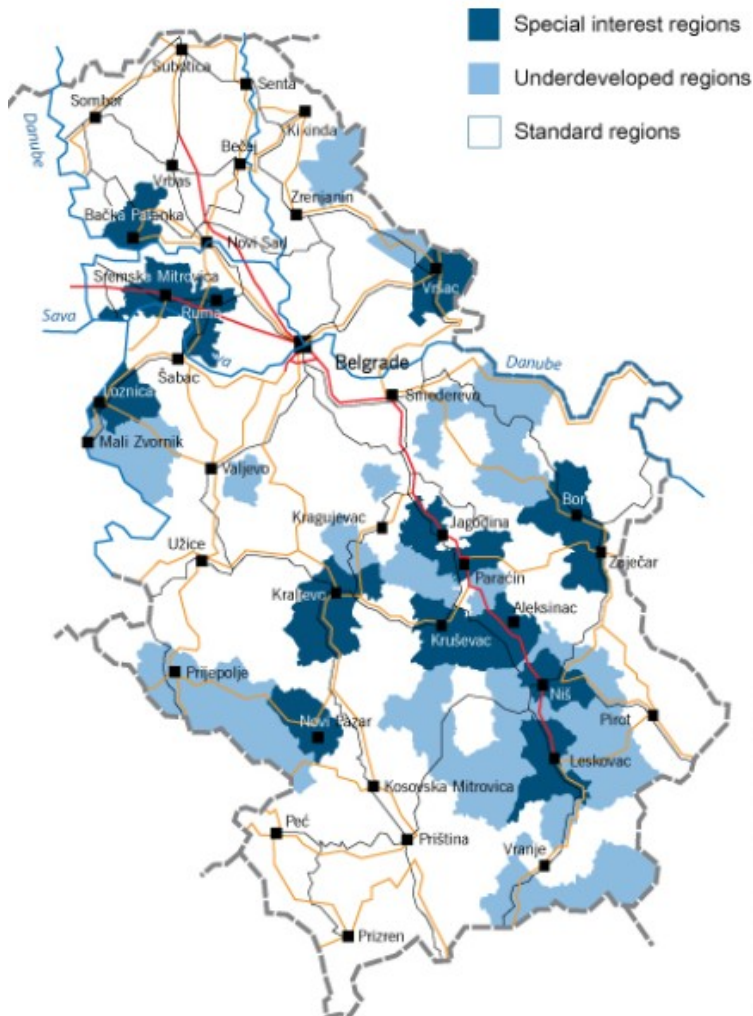


USA –

0% import duties – 0% export duties



## SERBIA: FINANCIAL GRANT SYSTEM



In standardly developed municipalities:

- Incentives from 2,000 to 5,000 EUR/ every new job created

In the municipalities of special interest for regional development:

- Incentives from 5,000 to 10,000 EUR for every new job created

In the underdeveloped municipalities:

- Incentives from 4,000 to 10,000 EUR/ every new job created

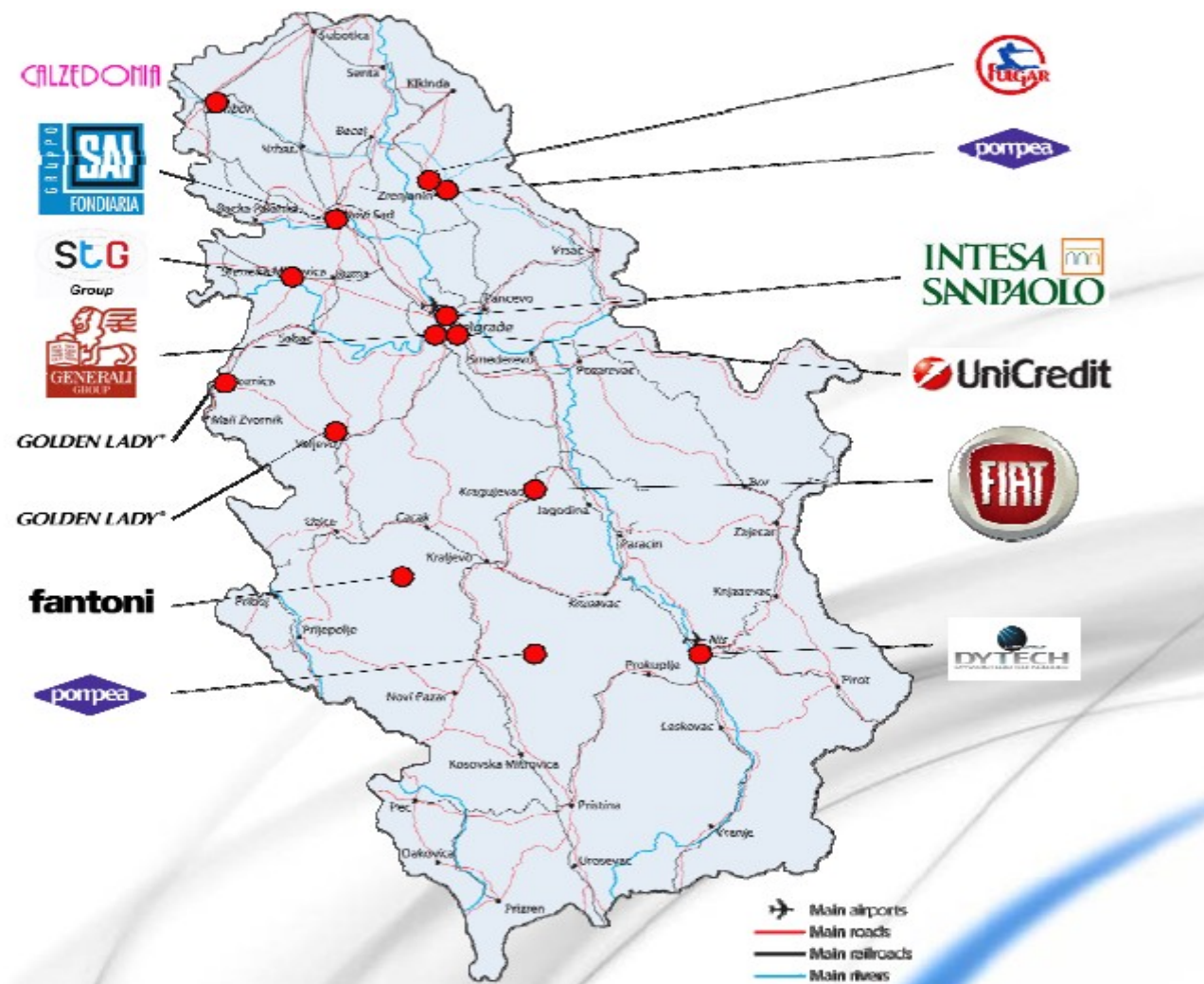
## **SERBIA: ITALIAN INVESTORS**

**More than 200 Italian companies have invested in Serbia:**

- Business turnover is estimated in 2 billion euro
- 18.000 people employed
- In the last 5 year the number of Italian companies in Serbia has been increased by 3 times



# SERBIA: ITALIAN INVESTORS



## **SERBIA: ITALIAN INVESTORS**

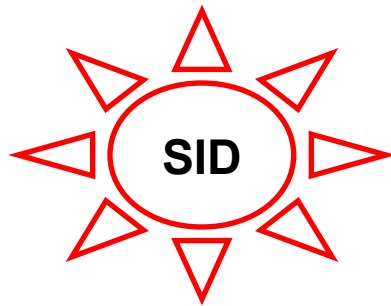
- Pompea, Calzedonia, Golden Lady – Ladies stockings and underwear
- Benetton – textile/clothing
- Adige Bitumi – Asphalts, tar, road construction
- Fantoni – Wood, furniture
- Decotra & Acegas – multiutilities
- Ferrari & Ferraroplast – civil construction
- Amadori – Food
- Mondadori – Books
- Sirmium Steel – metals
- Dytech – automotive
- Printer & Tec – Printers
- Intesa SanPaolo – Banking
- Gruppo generali - Insurance

**FIAT ACQUIRED ZASTAVA MAIN ASSETS INVESTING 1 BILLION EURO  
FIAT IS #1 ITALIAN INVESTOR IN SERBIA**

## Sirmium Steel in Sremska Mitrovica

- Italian STG-group, famous steel manufacturer that uses waste iron as raw material, is finishing its Sirmium Steel foundry in Sremska Mitrovica, which will be put in operation in mid-September. It will have 200 workers and produce 250,000 tons of steel beams per year, which will be later used in rolling mills for production of various types of building armature that is in high demand.
- They invested EUR 35m in this foundry and are going to employ 200 people, while the steel beams that will be produced in it will be used to satisfy the needs of the market of Serbia, as well as some other markets. About 10% of production will be turned into building armature in company Metalfer Steel Mill in Sremska Mitrovica - says STG-Group CEO Dario Bodino.
- CEO Bodino points out that there is only one more foundry that produces beams in the region that includes Croatia, Slovenia, Bosnia and Herzegovina and Montenegro. That foundry is situated in Split, it uses old technology and produces 200,000 tonnes of beams per year. However, this foundry will be closed soon.

As far as Sirmium Steel foundry is concerned, it will start with the annual production of 250,000 tonnes of steel beams and 200 workers. However, its annual production capacity is 500,000 tonnes of beams if enough raw materials are provided and new people are employed. Of course, the decision on production growth will be dictated by the market.



## **SERBIA: SID REGION BENEFITS**

1.Sid province is the closest to Europe and is situated on corridor 10 (Belgrad – Zagreb – Italy), therefore the best possible logistic access.

1.Well developed transport infrastructure

1.Existing industrial tradition

1.Qualified work force

1.Benefits to investors, such as estates given at “symbolic” rates (as a function of the workforce employment plan) – to be further investigated

1.Low energy cost (7c/KW)

1.No local taxes for investments above 3M€ or more than 50 new workplaces.

1.Every new investors is supposed to have a dedicated single point of contact to guide the startup of the new company throughout all the process