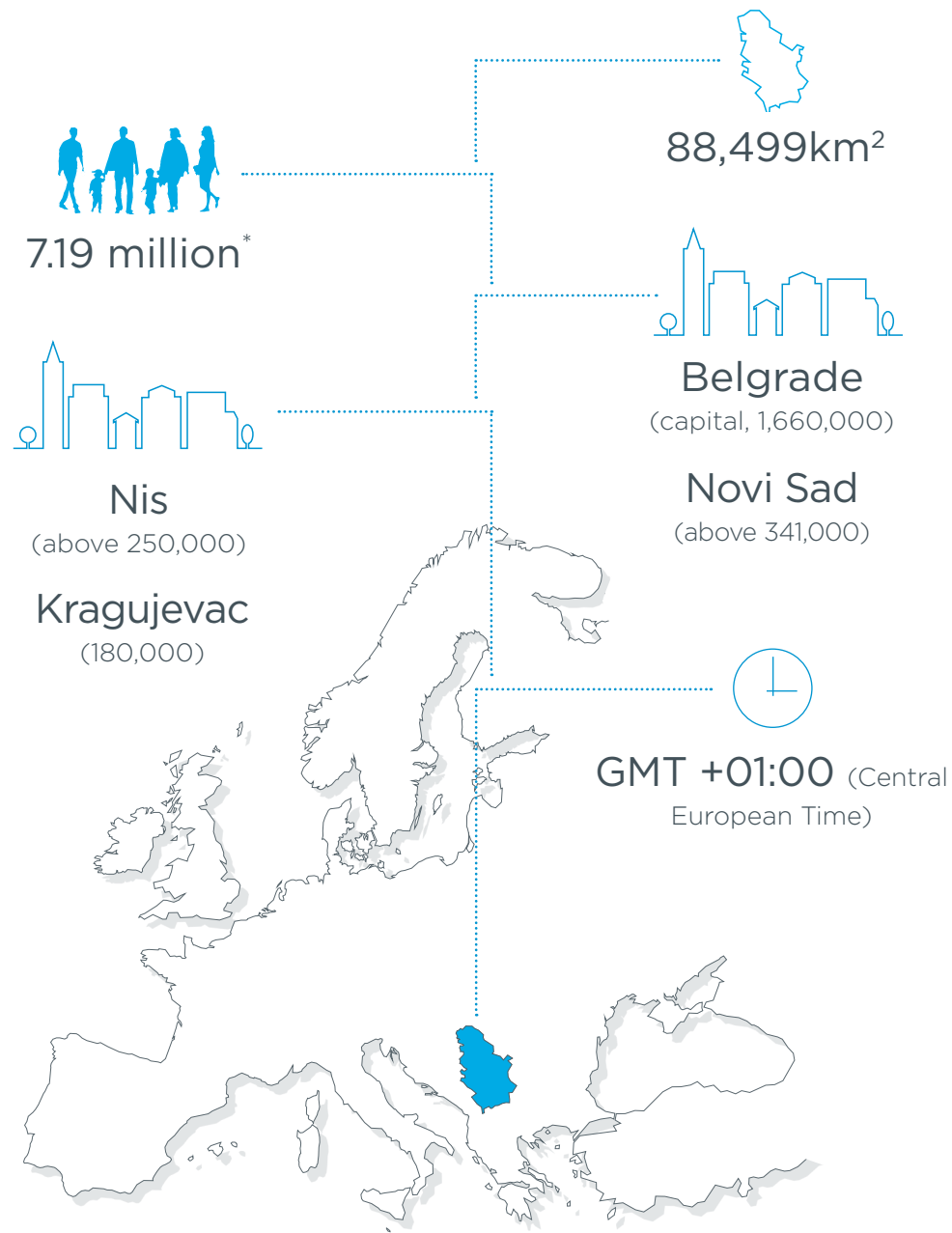


RAS



# Why Invest in Serbia

# Welcome to Serbia!



*I have been nothing but impressed by Serbia - a hidden gem to the business world.*

*Jeff McCroskey, VP Services, Europe, NCR*



Serbia has continued its path toward EU membership: **EU negotiation process officially started**, ready for accession by 2025.

Serbia has confirmed its top position **holding 1<sup>st</sup> place as the top investment destination country in the world**, measured by the estimated number of jobs relative to the size of the population.\*

\*According to IBM Global Location Trends 2018 report, IBM Global Business Services

Efforts in attracting new investments in the Republic of Serbia were also recognized by the new “E&Y European Attractiveness Survey 2018”. Serbia has attracted a record number of FDI in 2017, and **for the first time it is listed as one of the top 15 countries in Europe by the number of FDIs**.

**Serbia** is the only country outside of the Commonwealth of Independent States that **has a Free Trade Agreement with Russian Federation**.

**On WB Doing Business List, Serbia moved up by 43 places over the past 3 years**, and is now ranked 48<sup>rd</sup> globally.

**Belgrade was named a City of the Future** in Southern Europe.

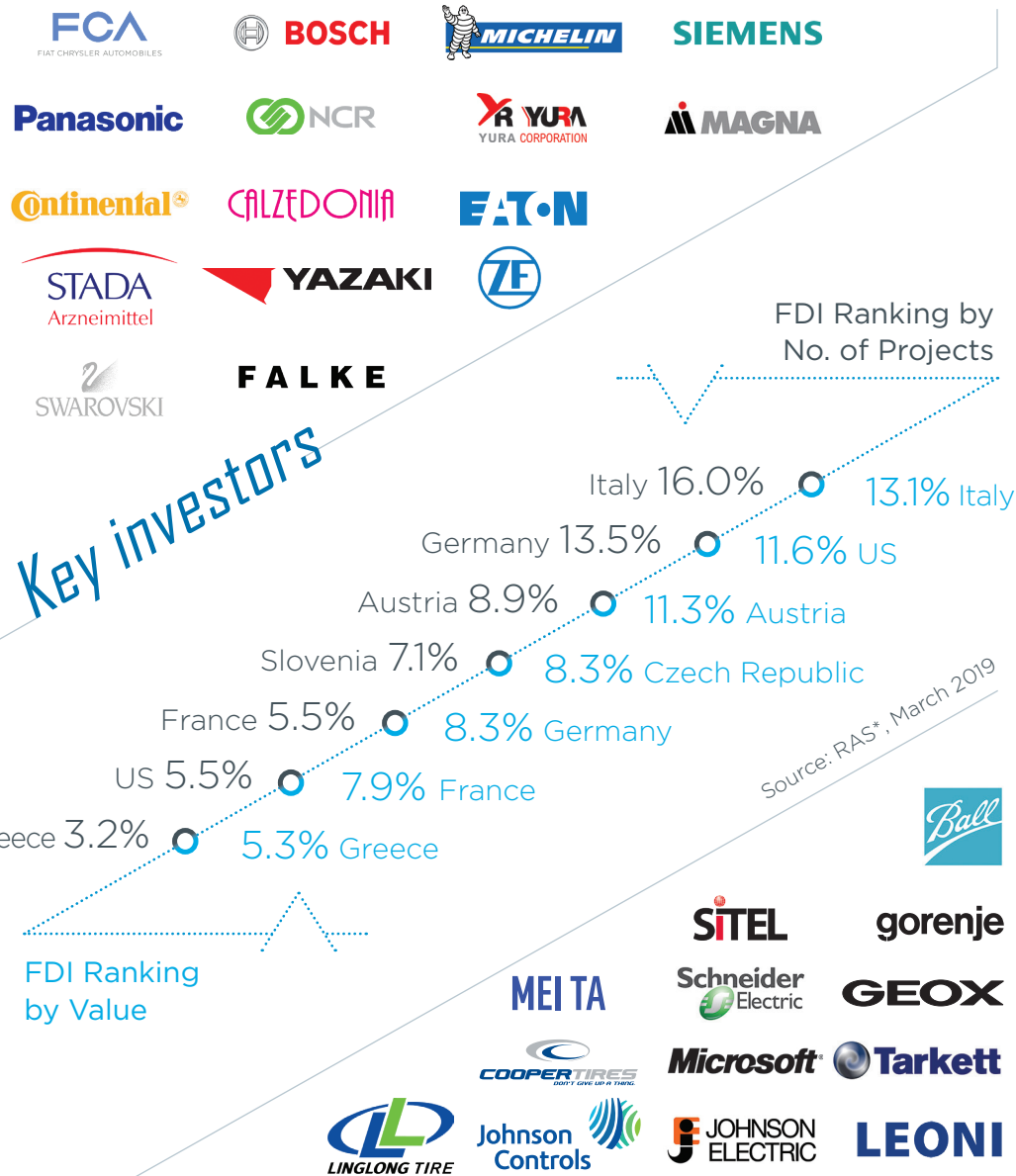
by Financial Times

*The business environment is stable, and it offers transparent market conditions, which creates a good starting point for our business growth in a long run.*

*Marco Aspesi, Former VP Corporate Transformation at SR Technics Group*



## Join the Pool of the Successful



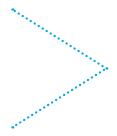
\* RAS database includes almost 400 foreign investment projects and tracks all investment types in the manufacturing and service sector, excluding portfolio investments. Data are based on the research that was done according to the country of origin of the investor company.

*Serbia has taken important steps to implement the reforms necessary for attracting foreign and domestic investors. We are pleased to be further strengthening the investment climate and enhancing governance. Given Serbia's strong potential, such positive changes in what is the largest economy in the Western Balkans will have a wider impact throughout the region.*

*Sir Suma Chakrabarti, EBRD President (2015)*







# Why Invest in **Serbia?**



*The attractiveness of the location, logistics advantages, availability of skilled workforce, and a very good support of the Government of the Republic of Serbia and the local community are the main reasons why the Bosch Group decided to invest in the municipality of Pecinci and the Republic of Serbia.*

.....  
*Mrs. Jovanka Jovanovic, General Manager of Robert Bosch Serbia*



*We saw Serbia as a country with good strategic position, adequate infrastructure and great human resource potential. Being at a unique position in the European market, Serbia offers diverse possibilities and, above all, high quality workmanship.*

.....  
*Mrs. Silvia Verneti - Blina, Director FCA Serbia*

1

Availability of  
High Quality  
Labor

2

Competitive  
Operating Cost

3

Customs Free  
Access to 1.1bn  
Consumers

4

Political and  
Economic  
Stability

5

Financial  
Benefits and  
Incentives

6

Optimal  
Geographic  
Location

## 1 Availability of High Quality Labor

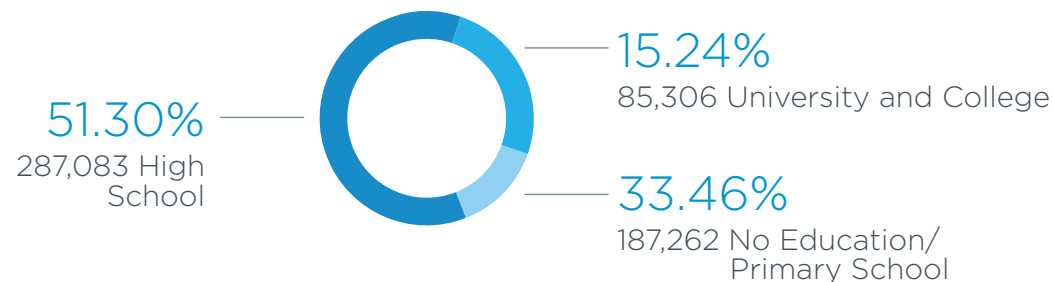
*This initiative demonstrates our confidence and trust in Serbia, its industry, management competence and the skill of its workers.*

*Mr. Sergio Marchionne, Former CEO, FCA*

**12.9%**  
Unemployment Rate

Source: \*Statistical Office of the Republic of Serbia, Q4 2018

### The Structure of Unemployed by Level of Education



Source: \*Republic Serbia National Employment Service, January 2019

*Schneider Electric recognized the knowledge, innovation and experience of young engineers in Serbia and invested resources in the DMS from Novi Sad, which is now a global center of Schneider Electric research, development and production of software for optimal management of electricity distribution.*

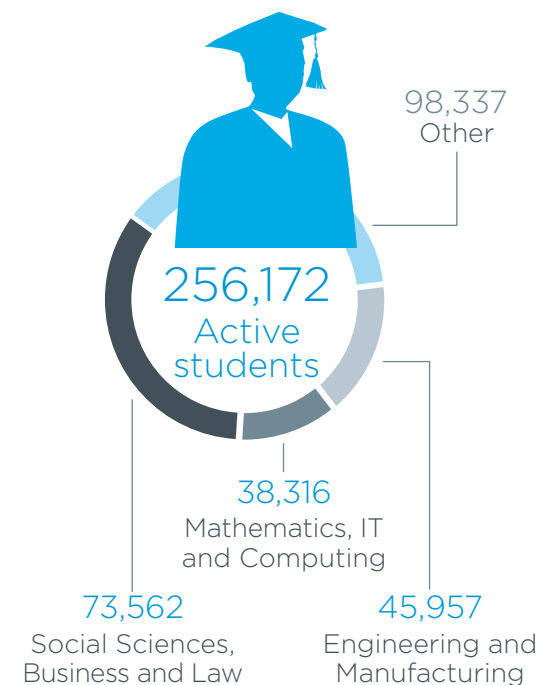
*Mr. Dragoljub Damljanovic,*

*Power Systems & Field Services Cluster VP for South East Europe at Schneider Electric*

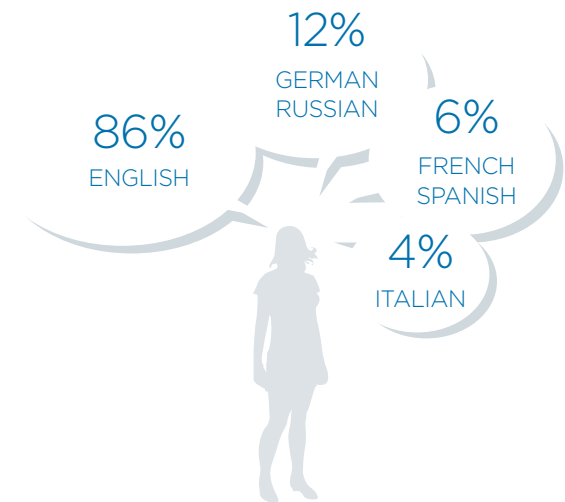
*Our decision (to invest in Serbia) was based on a high confidence to find a very motivated and skilled workforce, to have optimal logistics conditions from and to the other European countries, to develop an intense cooperation with technical high schools and universities and to build a strong partnership with the national and local authorities.*

*Mr. Laurent Cardon, General Manager Operations Europe, Johnson Electric*

## 5 University Centers across the Country



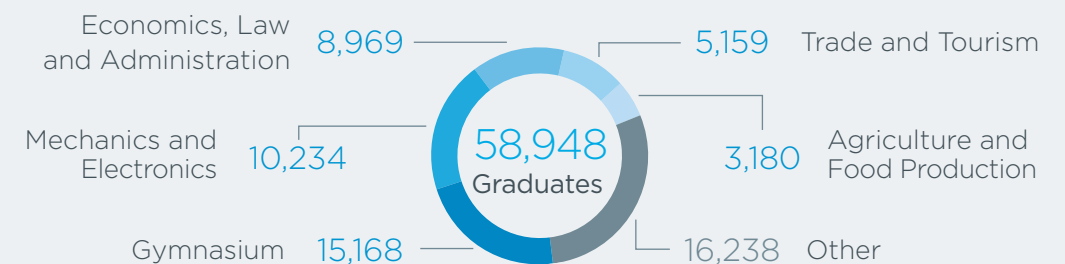
Source: \*Statistical Office of the Republic of Serbia, 2017/18



### Language Proficiency

Source: InfoStud, indication of knowledge of languages, based on 100K+

## 510 High Schools across the Country

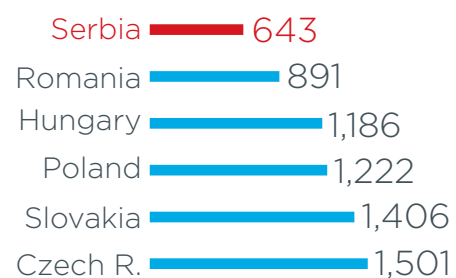


Source: Statistical Office of the Republic of Serbia, 2016/17

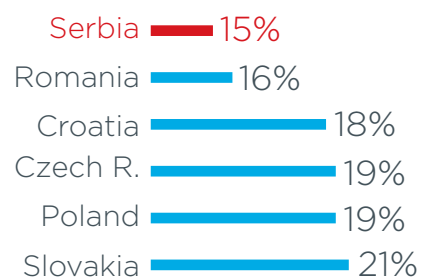
## 2 Competitive Operating Costs

According to EUROSTAT, Serbia has the lowest costs of electricity, gas, other fuels and landline telephony among 37 European states.

Average Gross Monthly Salary (EUR)

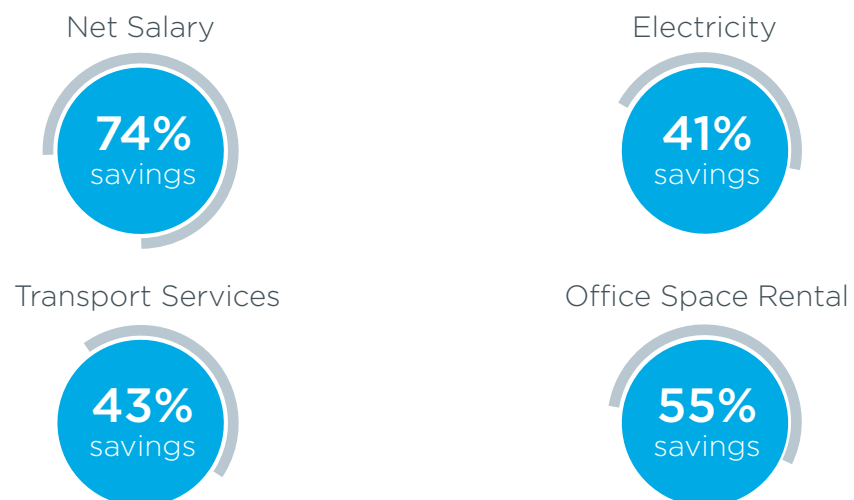


Corporate Profit Tax



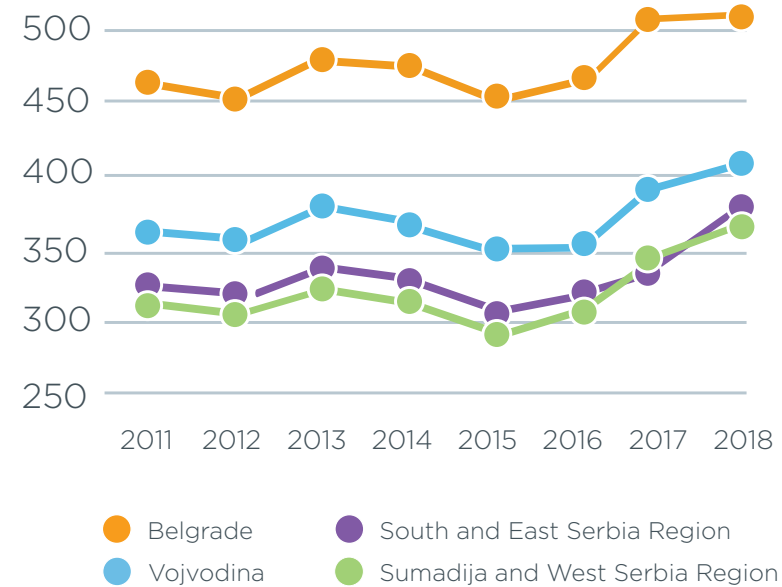
Source: The Vienna Institute for International Economic Studies, 2018

Cost Savings vs EU-28 Average



Source: EUROSTAT, 2018

Average Net Salary by Regions (EUR)



Source: Statistical Office of the Republic of Serbia



Old Build 1-2.5€/m<sup>2</sup>  
New Build 3-5€/m<sup>2</sup>

Industrial Facility  
Lease Cost



200-400€/m<sup>2</sup>

Average Building Cost



0.067 €/kWh



0.6-1.3 €/m<sup>3</sup>



0.38-0.42 €/m<sup>3</sup>

Source: RAS

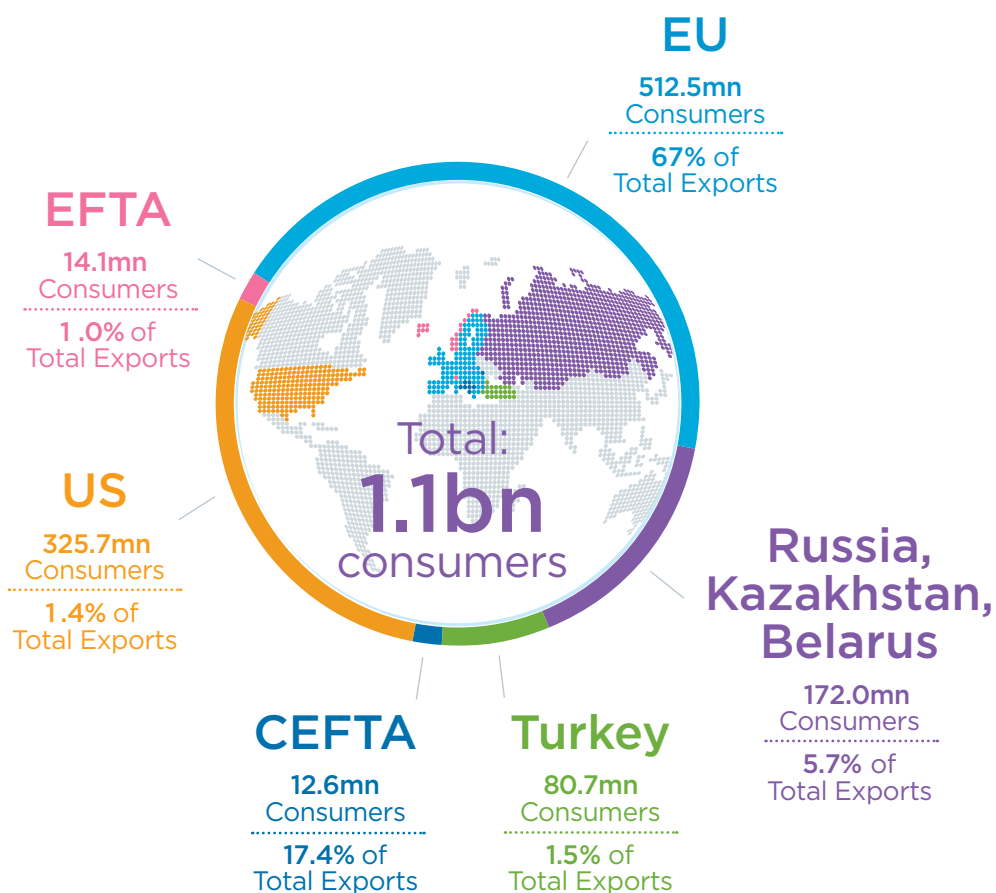


### 3 Customs Free Access to 1.1bn Consumers



*The existence of educated and skilled workforce, incentives to investors, and the free trade agreements with the Russian Federation and Turkey, as well as developed infrastructure and favorable geographical position were the key factors for Grundfos investment to Serbia.*

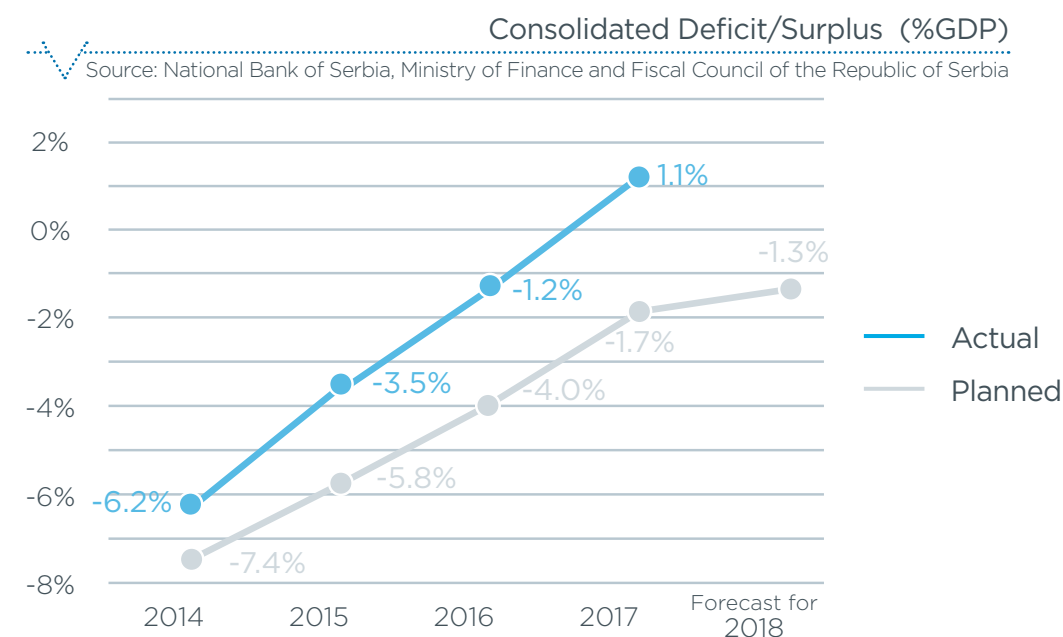
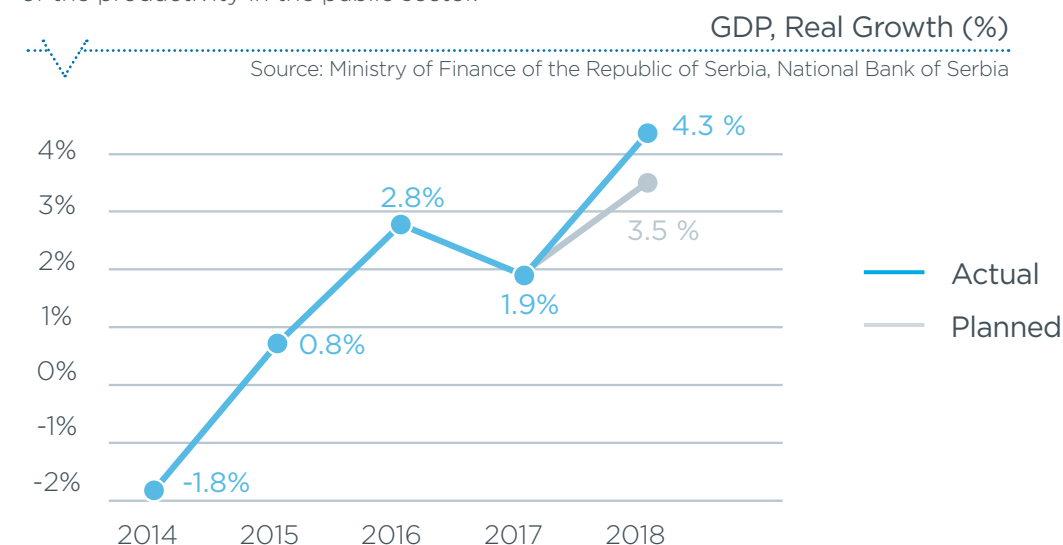
*Jim Toft Nielsen, General Manager, Grundfos Serbia*



Source: Statistical Office of the Republic of Serbia, 2018  
World Bank, 2017

### 4 Political and Economic Stability

Over the past several years Serbia took steps to further improve political and economic stability. In order to reverse the Serbia's trend of economic growth driven by import and consumption, and put the country on a dynamic and sustainable growth path, led by investments and exports, it was necessary to carry out economic reforms consisting of macroeconomic stabilization and improving the business climate. Since 2014, the Government of the Republic of Serbia has taken steps towards reducing the government debt, including greater fiscal responsibility, reform of the public administration, reform of the state-owned enterprises and an overall increase of the productivity in the public sector.



## 5 Financial Benefits and Incentives

### Cash Grants

To offset initial capital investments and ease the start-up of business endeavors, the Government of Serbia offers financial support for Greenfield and Brownfield projects in manufacturing, and the services sector which may be subject to international trade.

### Construction Land Transfer Subsidy

Government or the local municipality can sell construction land at a price which is lower than the market price in support of an investment project that is of national importance (if the land is owned by the government) or an investment projects that promotes local economic development (if the land is owned by the local municipality).

### Corporate Income Tax Relief

A 10-year Corporate Profit Tax Holiday is available for investors who hire more than 100 employees and invest more than 8.5 million euros (1 billion RSD). Tax holiday begins once the company starts making a profit.

### Payroll Tax Incentives

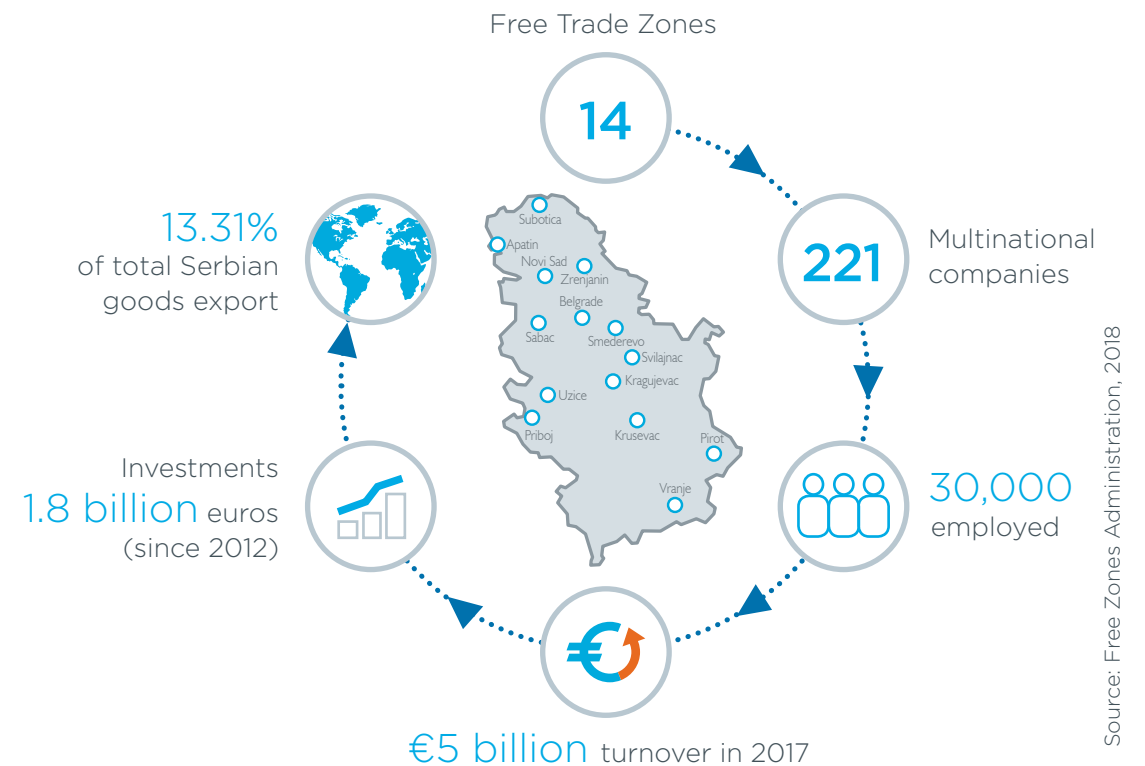
Employment of people who were registered with the National Unemployment Agency for more than 6 months entitles employers to a sizable relief of taxes paid on net salary from the moment of employment until December 31, 2019:

- 1-9 new jobs: 65% reduction
- 10-99 new jobs: 70% reduction
- 100+ new jobs: 75% reduction  
(payroll tax incentives can't be combined with Financial Incentives)

### Double Taxation Avoidance

Republic of Serbia has 54 effective double taxation agreements in place that cover income, capital and property. In addition to having double taxation agreements in place with most European countries, Serbia has double taxation treaties in place with many countries in Asia and Africa.

### Free Trade Zones



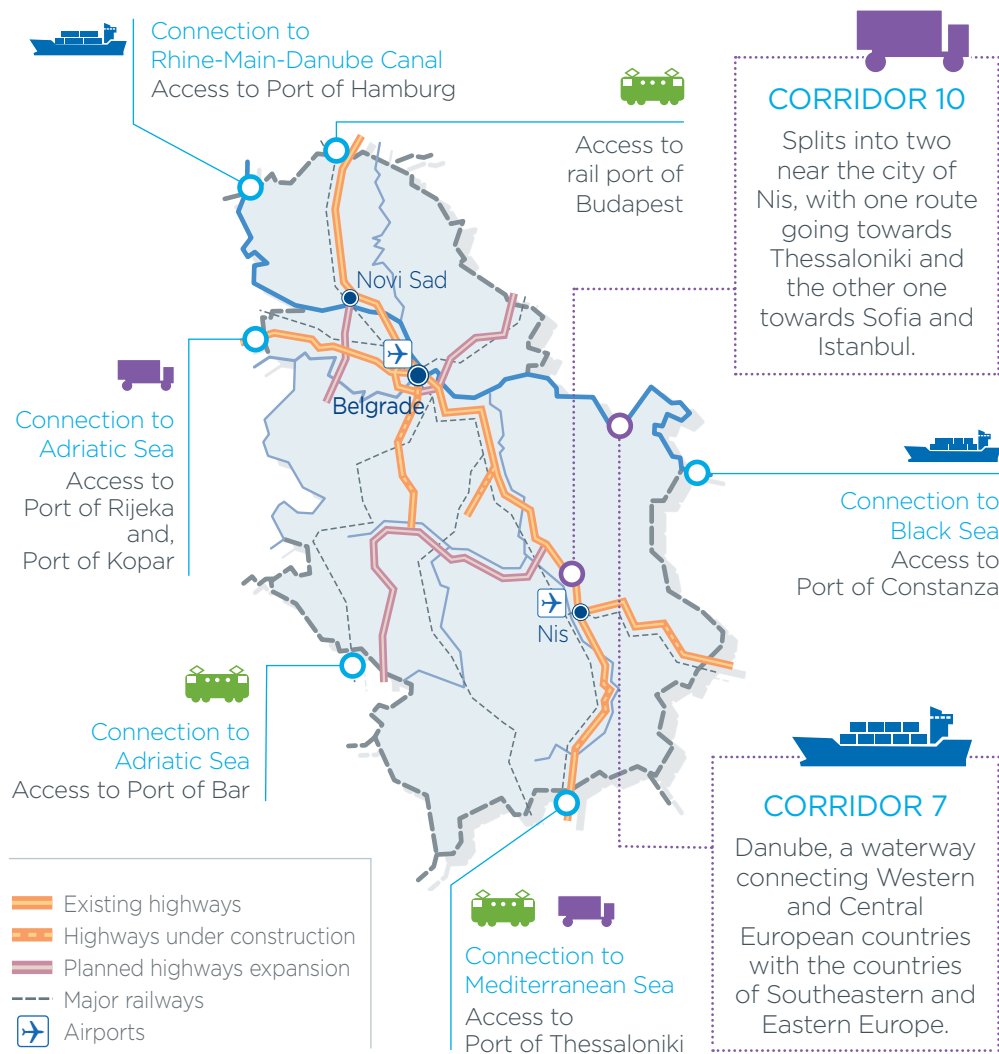
Construction material, energy, transport and fuels cost free of VAT



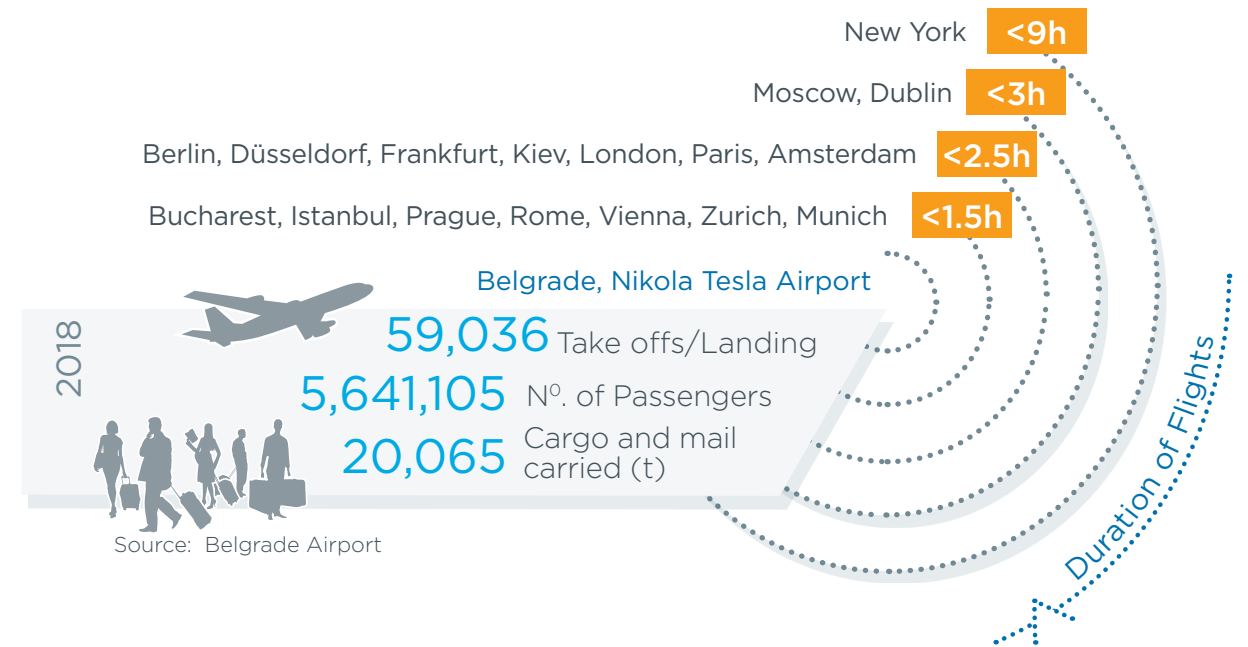
No custom duties (raw materials, equipment, construction materials)



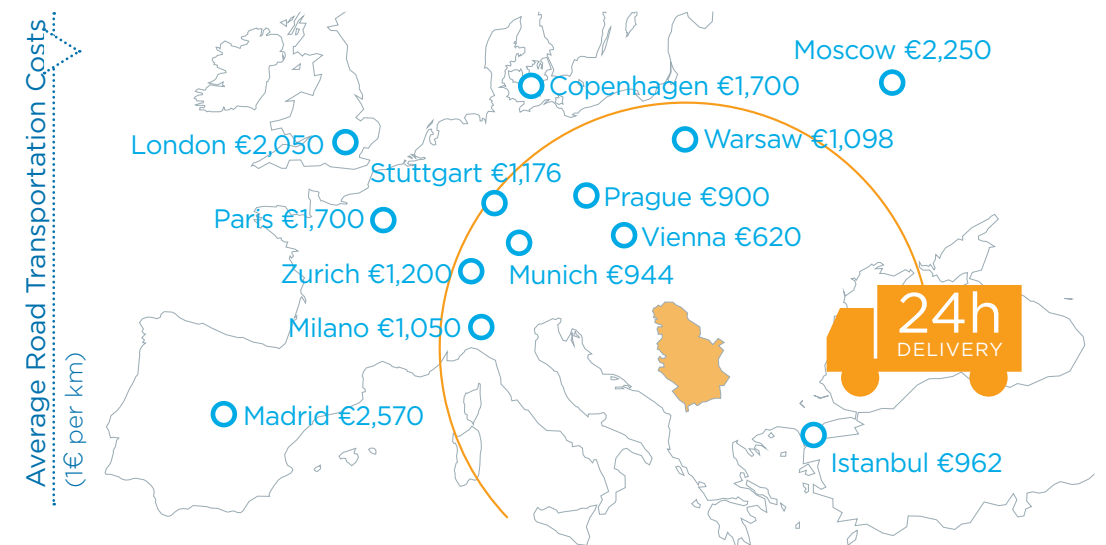
## 6 Optimal Geographic Location



Getting to Serbia is easier than ever!



Stay close to your customers



“

*The Serbian government has also moved ahead with an ambitious economic and structural reform agenda which will contribute to a more attractive business environment: restoring growth, improving competitiveness and creating new jobs.*

.....  
Mr. Johannes Hahn, European Commissioner for European Neighborhood Policy and Enlargement Negotiations

“

*Serbia offers an ideal base for business activities throughout eastern Europe. A strong argument for investing in Serbia is also the access to highly qualified employees, and thus the ability to produce and develop products of the highest quality economically.*

.....  
Dr. Ronald Seeliger, CEO, STada/Hemofarm

“

*The existing infrastructure, speed of issuance of building permits, administrative procedures and existing transport corridors and logistics, provide solid and stable business environment, similar to the business environment in the EU.*

.....  
Mr. Zivko Topalovic, CEO, ContiTech Fluid Serbia (Continental AG)

“

*The IMF Delegation was satisfied with the progress Serbia had made in macroeconomic stability and fiscal consolidation. The economic recovery continues to take hold, supported by strong policies and improved confidence.*

.....  
Mr. James Roaf, Head of the IMF Mission to Serbia (2015)

“

*Wide availability of highly qualified staff in Serbia is the core of our success. Only through their commitment it is possible to survive in a market environment despite increasing difficulties, to develop new markets, to increase efficiency and take position for future challenges.*

.....  
Hubert Forster, Muhlbauer Technologies

“

*BPE Belgrade employs local workforce in all segments of operation, not only in the production process. We have created one of the world's best teams in the industry; our employees now take on central functions, provide support to the head office, as well as to other factories in the group worldwide.*

.....  
Mr. David Banjai, Former Ball Packaging Europe Belgrade General Manager



Development Agency of Serbia (RAS) offers a wide range of services on behalf of the Government of the Republic of Serbia, including support of direct investments and export promotion, and leads the implementation of projects with the aim of improving Serbia's competitiveness and reputation in order to support the economic and regional development.

As a newly established agency, RAS builds upon the knowledge of the former Serbia Investment and Export Promotion Agency (SIEPA) and National Agency for Regional Development (NARD) and brings improvements required to meet the needs of a modern economy.

RAS will serve as a one-stop-shop for both domestic and international companies with a single goal of building a strong and sustainable economy, and increasing the quality of life for the people in Serbia.

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March, 2019