

Serbia—Your Investment and Sourcing Hub in South East Europe

The quality of Serbia’s business climate has been reflected in \$17 billion of FDI since 2001. Key investment benefits include market potential, economic growth, skilled labor, low costs, and investment incentives.

Since the onset of economic reforms in 2000, Serbia has grown into one of the premier emerging investment locations in Central and Eastern Europe. Over the past eight years, inward FDI in the country has reached \$17 billion, with EU countries and the US leading the way.

Investment Benefits

In recent years alone, dozens of world-class companies have placed trust in Serbia for its booming market potential, featuring duty-free access to a market of 1 billion people, robust economic growth of app. 7% in the past 4 years, quality human resources reflected in 11% productivity growth since 2004, low overhead costs, including Europe’s second lowest corporate income tax of 10% and attractive investment incentives, such as €2,000-10,000 state grants for every new job.

Booming Market Potential Externally, Serbia can serve as a perfect basis for duty-free exports to a market of 1 billion people, comprising the European Union, the United States, Russia, South East Europe, and Belarus. Internally, with 75 million people, Serbian market is 2nd largest in South East Europe. Average net monthly salary rose from €91 in 2001 to as much as €402 in 2008. Coupled with rapid consumer loans expansion, this fuels a sharp increase in local demand.

Robust Economic Growth For years, Serbia is among Europe’s fastest growing economies. Starting 2004, economic growth averages 6.3%, while GDP per capita almost doubled. Based on the metal, food, textile, chemical, machinery, and furniture sector, Serbian exports also increase at a sharp rate of more than 29% p.a.

Quality Human Resources Serbia’s intellectual force combines high working efficiency with massive labor supply. Local labor force quality is best reflected in robust industrial productivity, rising at the 11% rate over the past five years. University graduates population grows by more than 15% annually, averaging over 16,000. Technical education is particularly strong—high school students perform among the best at world contests in natural sciences, while Serbian engineers are well-known for their expertise. Essentially, Serbia offers a wide availability of highly qualified staff. The number of engineers and managers is still sufficient to meet the growing demand of international companies.

Low Overhead Costs Cost-effective operating in Serbia is ensured through competitive tax rates, labor, and utility costs. Corporate tax rates are among the lowest in Europe—corporate

Leading Foreign Investors			
Company	Country	Industry	Investment Value (EUR mn)
Telenor	Norway	Telecommunications	1,602
Gazprom Neft	Russia	Energy	947
Intesa Sanpaolo	Italy	Banking	660
Philip Morris	USA	Tobacco	611
Mobilkom	Austria	Telecommunications	570
Stada	Germany	Pharmaceuticals	475
AB InBev	Belgium	Food	427

Source: SIEPA

profit tax rate stands at merely 10%, VAT is set at 18/8%, while the salary tax amounts to 12%. In addition, total labor expenses average below 50% of the level in EU members from Eastern Europe.

Attractive Investment Incentives On top of this, overheads can be further cut down by taking advantage of a variety of financial and tax incentives. For large investors in the automotive, electronics, and IT industry, a special financial package is designed. If the project’s value exceeds €200 million with the minimum of 1,000 new jobs created, the state covers up to 25% of the investment. For smaller-scale Greenfield and Brownfield projects in the manufacturing, services, and R&D sector, non-refundable funds, ranging between €2,000 and €10,000, are available. In addition, key tax incentives include a 10-year corporate profit tax holiday, various tax credit schemes or 2-3-year salary tax and social insurance charges exemptions.

SIEPA Services

To be able to set up or expand your business at a low cost and in the minimum amount of time, you can rely on the services offered by Serbia’s key investment institution - SIEPA. The long list of our clients includes blue-chip companies, such as U.S. Coca-Cola and Ball Corporation, Danish Grundfos, German Knauf, Indian Embassy Group, and many others.

On the investment side we specialize in Greenfield ventures, providing a full project follow-through. We act as a one-stop-information-shop where you can get highly professional services, be they economic or legal information, plant location advisory, permits obtaining assistance or investment after care. For those seeking high-quality Serbian products, we will be happy to introduce you to our top exporters from a variety of industries.

The Agency’s expert staff is ready in assisting you and your business interests. SIEPA’s free-of-charge services are tailor-made to best match your company’s needs and requests.



SERBIA. GET CLOSER, PERFORM BETTER.

Discover why Serbia is ranked a global third in PWC Manufacturing Index and is among the top 10 worldwide services destinations in 2008! *

Locate at the South East Europe's investment hot spot, featuring impressive growth in the number of hosted FDI projects! **

They already did – Michelin, FIAT, Microsoft, Coca-Cola, STADA, Telenor, Henkel, Ball Corporation and more than 200 companies from around the globe.

SIEPA

Serbia Investment and
Export Promotion Agency

+381 11 3398 550

office@siepa.gov.rs

www.siepa.gov.rs

* PricewaterhouseCoopers

Balancing Risk & Reward, June 2008

** Ernst and Young

SEE Attractiveness Survey, June 2008