



Embassy of India
Djordja Radojlovica 7a
Belgrade 11040 (Serbia)
Tel: +381 11 2666-520
Fax: +381 11 3674-209
Email: attache.belgrade@mea.gov.in

Com/Bel/205/1/17

Dear Sir / Madam

Enclosed herewith is the Commercial Report in respect of the Republic of Serbia for the month of February 2017.

2. We would like to draw your kind attention to the investment opportunities available in Serbia listed in the report. The information may please be disseminated suitably.

Regards

Yours sincerely

(Upendra Singh Negi)
Attaché (Economic & Commercial)

**EMBASSY OF INDIA
BELGRADE**

**MONTHLY COMMERCIAL REPORT FOR SERBIA
FEBRUARY 2017**

Economic and Financial Indicators

Quarterly figures→	GDP Growth in 2016					GDP Growth in 2017				
	1 st Q.	2 nd Q.	3 rd Q.	4 th Q.	2016	1 st Q.	2 nd Q.	3 rd Q.	4 th Q.	2017
Quarterly GDP Growth	3.9%	2.0 %	2.8%	2.5%	2.8%					*3%

Source: Statistical Office of the Republic of Serbia, National Bank of Serbia

Basic macroeconomic and fiscal indicators	2016	2017
Gross domestic product, current prices, in billion Dinars	-	-
Gross domestic product, in billions USD approx.	-	-
Gross domestic product, per capita, USD approx.	-	-
Gross domestic product, real growth, in %	2.8%	3.0 %
Inflation		In February 2017
Annual inflation target (y-o-y growth)	4.0 % +-1%	3.0 % +-1%
Monthly Inflation	0.1 %	0.6 %
Inflation rate – Consumer price index CPI (%)	1.6 %	3.2 %
Foreign trade, in million USD	2016	Up to January 2017
Export of goods	14,880.7	995.9
Import of goods	19,255.5	1,236.7
Foreign trade deficit	- 4,374.8	-319.1
Total Trade	34,136.2	2,310.9
Balance of Payment, in million USD	2016	In January 2017
Current account deficit (exc. grants)	-1,512	-
Current account deficit (exc. grants), as % of GDP	-	-
Balance of payments, total	-345	-
Foreign direct investments, net in million USD	2,057	-
Monetary and Foreign Exchange Indicators	2016	In January 2017
Foreign currency reserves of NBS, in Billion USD	12.5	12.0
Value of USD against Serbian Dinar (1USD)	117.14	115.79
Value of EUR against Serbian Dinar (1EUR)	123.47	123.96
Employment, wages and pension benefits		In January 2017
Unemployment rate, (%)	13.8 %	13.8 %
Net wages, period average, in Serbian Dinars.	53,456.-	41,508.-
Net wages, period average , in USD	456.4	358.5

Source: Statistical Office of the Republic of Serbia, National Bank of Serbia

* Estimate GDP growth for 2017

Top 5 Imports [January- December 2016]

Products	Values in 000 USD
Total	19,255,481
1. Medicaments & chemicals	1,997,343
2. Iron, steel, copper, etc.	1,803,215
3. Automotive parts & vehicles	1,793,224
4. Industrial Machinery	1,414,122
5. Food & agro-products	1,353,210

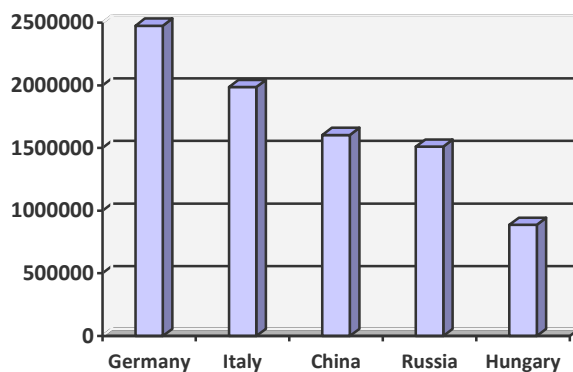
Top 5 Countries of Import	Values in 000 USD
Total	19,255,481
1. Germany	2,476,095
2. Italy	1,986,287
3. China	1,603,930
4. Russian Federation	1,511,201
5. Hungary	886,981

Top 5 Exports [January - December 2016]

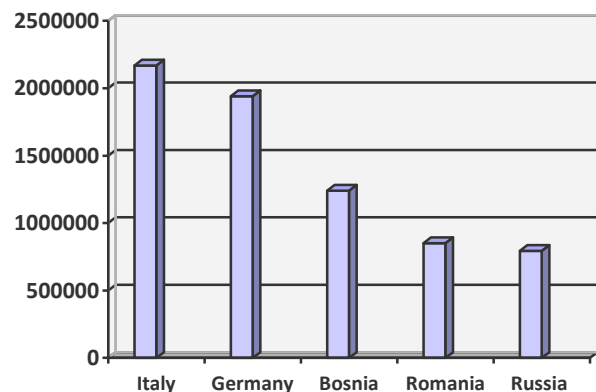
Products	Values in 000 USD
Total	14,880,707
1. Food & agro-products	3,147,622
2. Motor vehicle, parts & car tires	2,314,570
3. Products of iron, steel, copper	1,758,815
4. Industrial machinery	1,291,272
5. Electric appliances	1,241,452

Top 5 Export Destination Countries	Values in 000 USD
Total	14,880,707
1. Italy	2,168,804
2. Germany	1,940,366
3. Rep. of Bosnia and Herzegovina	1,239,730
4. Romania	851,454
5. Russian Federation	795,124

Countries by Import



Countries by Export



Top Ten Trading Partners [January- December 2016]

Countries	Values in 000 USD
Total Trade	34,136,187
1. Germany	4,416,461
2. Italy	4,155,092
3. Russian Federation	2,306,325
4. Bosnia and Herzegovina	1,689,248
5. China	1,629,195
6. Romania	1,404,887
7. Hungary	1,393,154
8. Poland	1,172,260
9. Slovenia	1,009,489
10. France	1,001,015

Source: Statistical Office of the Republic of Serbia, National Bank of Serbia

1. FOREIGN TRADE WITH INDIA

India-Serbia bilateral trade from January to December 2016 amounted to US\$ 142.7 million, a decrease of 2 % compared to the same period in 2015, with Indian exports to Serbia valued at US\$ 133.3 million and Serbian exports to India at US\$ 9.4 million. The bilateral trade decreased mainly due to acquisition of Smederevo Steel Mill by Chinese HeSteel Group in April 2016 which resulted in drop of Indian iron & steel exports by approx. USD 12 million over the corresponding period in 2015. Similarly privatization process of Galenika Pharmaceuticals led to reduction in Indian export of pharma & chemical products by USD 4.2 million.

India's top 5 Exports to Serbia (Jan-Dec 2016)

India's top 5 Imports from Serbia (Jan-Dec 2016)

Product Groups	Values in 000, USD	Product Groups	Values in 000, USD
1. Pharmaceutical & chemical products	34,441	1. Pharma / chemical formulation	3,776
2. Textile, yarn, garments & footwear	23,079	2. Tobacco / cigarettes	2,807
3. Products of iron & steel	14,047	3. Industrial machinery	709
4. Coffee, sesame seeds & food prod.	12,625	4. Office CPU's & machinery	697
5. Plastic products	10,908	5. Telecom equipment	353

Top 10 Products Exported by India (Jan-Dec 2016)	Values in 000, USD	Top 10 Products imported from Serbia (Jan-Dec 2016)	Values in 000, USD
1. Other heterocyclic compounds (nitrogen hetero-atom)	8,532	1. Cigarettes	2,776
2. Polyethylene in primary forms	7,568	2. Acetic acid	2,315
3. Medicaments, retail	7,229	3. Derivatives containing nitro and nitroso group	1,196
4. Coffee	6,374	4. Storage units	670
5. Aluminium, unwrought	3,556	5. Telecom equipment	279
6. Zinc, unwrought	2,917	6. Plastic fittings for pipes, tubes	241
7. Parts for pumps, compressors, fans	2,107	7. Other phosphates of calcium	220
8. Polystyrene other	2,081	8. Other air conditioning machines	154
9. Shirts and vests, knitted	2,064	9. Parts for the pumps	115
10. Heterocyclic compounds, n.e.s.	1,834	10. Printed circuits	102

Source: Statistical Office of the Republic of Serbia

2. COMMERCIAL DEVELOPMENTS IN SERBIA

2.1 Main Economic Overview

On 27 February, at an inter-governmental session in Brussels, the EU opened Chapter 20 on “entrepreneurship and industrial policy” and Chapter 26 on “culture and education” in accession negotiations with Serbia. Serbia has so far opened 8 chapters for negotiations out of the total of 35 chapters. Deputy Prime Minister of Malta Louis Grech stated that enlargement would be high on Malta's agenda during its EU presidency until mid- 2017. According to Grech preparations are ongoing for three more chapters i.e. Chapter 29 on customs union, Chapter 6 on corporate laws and Chapter 7 on intellectual property.

According to the latest Government data, Serbian GDP growth in Q4 of 2016 amounted to 2.5% while GDP growth for the entire 2016 amounted to 2.8%. The larger than expected GDP growth and revival of Serbia's economy was based on higher consumer spending and increase of Serbian exports. The European Commission (EC) estimated that Serbia's GDP growth in 2017 will reach 3% while GDP growth for 2018 is pegged at 3.3%. The EC further expects that Serbia's strict fiscal policy will lead to the decline of public debt which amounted to 73.7% of GDP in 2016. It is expected to drop to 69.8% by the end of 2018.

Mr. Sebastian Sosa, Head of International Monetary Fund (IMF)'s office in Serbia praised Serbia's growth in 2016, strict fiscal policy and reforms being undertaken in the public sector. The IMF believes that Serbia should, as soon as possible, stop subsidizing non-profitable state-owned companies and should try to find a long-term sustainable solution for their continued operations. The fiscal expense and subsidies for non-profitable state-owned companies are amongst the largest burdens to the state budget and it would be advisable to reduce them and if possible abolish them completely. The burden to the state budget is estimated at Euro 1 billion annually and most of the funds are channeled to companies such as Mining and Smelting Basin (RTB) Bor and companies part of the petro-chemical complex.

Austrian Chancellor Christian Kern visited Serbia on 17 February and held meeting with Serbian Prime Minister Aleksandar Vucic. The main topics of discussion were the European migrant crisis and regional economic cooperation and stability. Serbian PM Vucic presented a project of forming a Customs Union in the Balkan region, which would include countries that are still not members of the EU such as Serbia, Albania, Bosnia, Macedonia and Montenegro. The Western Balkans Customs Union proposed by the Serbian PM would have a joint market of 18 million people and an estimated joint GDP of USD 243.5 billion.

In February, Serbian PM Vucic emphasized that one of the main priorities for the Serbian Government in 2017 will be the completion of works on European Highway Corridor X which is passing through Serbia. The Government will look to solve the problems that the Greek company Actor is facing in finishing the eastern branch of the Corridor and the construction of the Predejane tunnel by the Bulgarian Consortium Alliance X. Ms Zorana Mihajlovic, Serbian Minister of Construction, Traffic and Infrastructure stated that the goal of the government is to increase the participation of construction industry in Serbia's GDP from the current 5.1 % to 7% by 2019. This will be achieved once full capacities are utilized on construction of Corridor X and XI and the start of the project of modernization of the Belgrade-Budapest railway line which is expected in May 2017. Serbia has in the past three years increased the share of the construction industry from 4.4% to the current 5.1% of GDP.

The Governor of the National Bank of Serbia (NBS) stated that annual inflation in 2016 amounted to 1.6% and that the target inflation for 2017 is 3%. In 2016 the fiscal deficit fell to 1.4 % of GDP while the current account deficit dropped from 4.7 % to 4% of GDP. Another positive tendency was the

reduction of non-performing (bad loans) which dropped from 21.6 % to 17 % of the total amount of issued loans.

2.2 Inflation up to February 2017 amounted to 3.2 %. Annual inflation during 2016 amounted to 1.6%.

2.3 Industrial production

During January 2017, industrial production in Serbia increased by 2.8%. Trends in the main sectors in January 2017 as compared to January 2016, were as follows:

- Electric power, gas and water supply – fall of 7.0 %,
- Mining and quarrying– fall of 4.4 % and
- Manufacturing– growth of 8.2 %,

The product-wise data on industrial production in January 2017 was as follows:

- Energy- fall of 7.0 %,
- Intermediate products -growth of 11.9 %,
- Durable consumer goods – fall of 9.6 %
- Non – durable consumer goods - growth of 8.7 % and
- Capital goods – growth of 9.1 %,

The biggest reason for growth of industrial production in January 2017 was the increase of manufacturing of food products, basic metals, pharmaceuticals, rubber & plastic products and manufacturing of machinery and equipment.

2.4 Average Net Wages

The average net wages paid in January 2017 in Serbia stood at RSD 41,508.- which reflected a decrease of 22.3% in nominal terms and a increase of 23.4 % in real terms when compared to the average net wages paid in December 2016. The average gross wages in January 2016 amounted to RSD 57,231.-.

2.5 Serbia's Foreign Trade

The overall external trade of Serbia in January 2017 amounted to USD 2.31 billion, 10.6% increase compared to the same period in 2016. The value of Serbian exports amounted to USD 995.9 million, an increase of 7.6 % when compared to the same period in 2016. The value of imports amounted to USD 1.32 billion, an increase of 13.0 % relative to the same period in 2016.

The trade deficit in January 2017 amounted to USD 319.1 million - an increase of 34.1% in comparison to the figure for the same period in 2016. The external trade in the reference period touched the highest level with countries with which Serbia has signed agreements on free trade. EU member countries accounted for 65.0 % of Serbia's total external trade. Serbia's second major partners were the CEFTA countries. The surplus external trade with CEFTA in January 2017 amounted to USD 85.2 million, resulting mainly from export of agricultural products (cereals and produces thereof and various types of drinks), steel and various finished products. Major items of import were iron and steel, coal, fruits & vegetables and medicaments. Exports to CEFTA countries valued USD 139.8 million while imports from CEFTA were to the tune of USD 54.6 million.

Top exports in January 2017: Automotive wires (USD 52 million), diesel cars up to 1500 cm³ (USD 40 million), copper refined (USD 24 million), automotive tyres (USD 24 million), hot rolled iron

products (USD 17 million), raspberries, frozen (USD 17 million), petrol cars up to 1500 cm³ (USD 17 million), automotive seat covers (USD 17 million), apples (USD 16 million) and paper and hardboard coated with plastic (USD 15 million).

Top imports in January 2017: crude oil (USD 679 million), natural gas (USD 47 million), retail medicaments (USD 34 million), electricity (USD 33 million), telecom equipment (USD 19 million), coke/coal (USD 16 million), electric conductors <1000V (USD 12 million), copper ores (USD 10 million), diesel cars 1500-2500 cm³ (USD 9 million), and paper and hardboard (USD 8 million).

3. MAJOR INVESTMENTS WITHIN AND OUTSIDE THE COUNTRY

FOREIGN INVESTMENTS

Italian bank ICBPI becomes owner of two Serbian companies: The Italian bank ICBPI (Istituto Centrale delle Banche Popolari Italiane) specialized in providing monetary, financial and security services, had bought 100% of the Italian financial services company Bassilichi, which has in its ownership two Serbian based companies Bassilichi CEE and Ars Blue. The value of total transaction is Euro 230 million.

EU COSME Programme funds distributed through Bank Intesa: Soft loans from the EU COSME programme - Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs), will be offered to Serbian entrepreneurs through the local subsidiaries of Bank Intesa. The bank has, in the past, already approved Euro 25 million of COSME fund. The European Investment Fund has set aside additional funds of Euro 60 million for implementing the programme in Serbia.

EBRD sells its share in Agri Europe Group: European Bank for Reconstruction and Development (EBRD) sold its ownership share in Agri Europe company owned by the Serbian MK Group. Agri Europe, leading agriculture business group, is doing most of its business in Serbia and Ukraine. EBRD became a part of the ownership structure of the company in 2013 with an investment of Euro 50 million in order to support business expansion in agriculture plantations, storage, processing and the meat processing industry.

The World Bank is financing construction of kindergartens in Serbia: Board of Directors of the World Bank approved Euro 47 million for project financing to the Novak Djokovic Foundation with the aim of building new pre-school institutions in Serbia and implementing Inclusive Pre-School Education (IPOIV). The approved funds will be used for construction of 17,000 new kindergartens.

EFSE and UniCredit Bank Serbia are expanding their partnership: The European Fund for Southeast Europe (EFSE) and UniCredit Bank Serbia signed a contract on the credit line worth Euro 20 million intended for financing housing loans in Serbia. The additional funds will strengthen the position of UniCredit Bank in the local market and make housing loans more competitive in towns across Serbia.

German Leoni builds a new factory in Nis: German automotive parts manufacturer Leoni started construction of its new factory in Nis in which Euro 22 million will be invested. Leoni will hire 2,200 workers that will assemble automotive wiring systems in the factory. This is the third factory for the German company in Serbia, two facilities are already operational in the towns of Prokuplje and Doljevac, in which Euro 70 million have been invested so far.

Kazakhstani firm buys Serbian state owned ZGOP: Mr. Goran Knezevic, Serbian Minister of Economy and Mr. Khuram Muradov, CEO of Kazakhstan's Zhol Zhondeushi company signed a contract worth Euro 3.6 million for the sale of assets of the Company for construction, repair and maintenance of railway lines ZGOP from Novi Sad.

Hungarian automotive company Knott Autoflex is opening a production facility in Serbia: The Knott Autoflex South company part of the Hungarian Autoflex Knott Group, which is

manufacturing various metal automotive parts, is investing Euro 1.3 million in a production facility in the Serbian town of Becej.

Japanese government to support projects in Serbia: The Japanese government will donate approx. Euro 435,000 to support eight local projects in Serbia. The funds have been earmarked for JKP Komunalac in Vlasotince, the Institute of Adults with Disabilities in Doljevac, the Poletarac kindergarten in Zagubica and the School of Agriculture Rados Jovanovic in Prokuplje.

SERBIAN INVESTMENTS

The construction of the Surcin-Obrenovac highway to start on 1st March 2017: Ms Zorana Mihajlovic, Serbian Minister of Construction, Transport & Infrastructure stated that the construction of the Surcin-Obrenovac highway section, part of Corridor XI, is set to start on 1 March 2017. Euro 208 million will be invested to construct 17.6 kilometers of highway including a new bridge over the Sava River. Chinese CRBC is the main developer while 49 % of the project will be carried out by local companies.

MK group to buy the business of Greek Alpha Bank in Serbia: Serbian based MK Group announced that they have agreed to take over the branches of the Greek Alpha Bank in Serbia. The banks will be merged after all approvals have been obtained from the authorities. MK Group already owns AIK Bank Serbia which is the sixth largest bank on the local market with a total balance of Euro 1.5 billion. The amount for taking over Alpha Bank Serbia has not been disclosed.

Serbian Direktna Bank buys Findomestic Bank assets in Serbia: The Serbian based Direktna Bank a.d. Kragujevac has bought a 100% ownership of the Italian Findomestic Bank subsidiary in Serbia. Italian Findomestic Bank is part of the global banking system BNP Paribas. The financial details have not been disclosed but once the merger is complete, Serbian Direktna Bank will have a more than 45 branch offices, 350 employees and assets close to Euro 200 million.

Serbian Swisshion Takovo buys Vrsac Vineyards: Swisshion Takovo owned by the Serbian businessman Rodoljub Draskovic has bought the Vrsac Vineyards (Vrsacki Vinogradi) wine production company for Euro 4.6 million. Vrsac Vineyards is amongst the largest vineyards in Europe with a single 1,300 hectare estate.

4 OTHER COMMERCIAL ITEMS OF INTEREST

Cooperation between Indian Eagle Press Private Limited and State Lottery of Serbia: Indian Eagle Press Group dealing with security printing, it services & lottery products and solutions, was awarded a major tender by the State Lottery of Serbia (DRZAVNA LUTRIJA SRBIJE) to supply printed Instant Lottery tickets for an approximate value of US Dollars 1 million for a period of one year. State Lottery of Serbia and Eagle Press Group will work together to jointly develop and roll-out successful electronic and web based lotteries in Serbia and the region.

Serbia will not join the WTO any time soon: The Serbian Minister for Trade, Tourism and Telecommunication Rasim Ljajic stated that he does not believe that Serbia will join the World Trade Organization (WTO) any time soon. The main reason is the immense public pressure against the placement of genetically modified (GMO) goods on the Serbian market which is a condition for admission into the WTO. Serbian law explicitly bans on the production and trading in GMO, while WTO member countries allow it. Out of the 163 WTO member countries, Serbia still needs to complete negotiations with four member countries- Brazil, Ukraine, the U.S. and Russia. After that multilateral negotiations would be conducted and Serbia would at this point have to endorse the standards of the international trade body.

Serbia and Kazakhstan looking to form a joint investment and trade fund: At a meeting between Mr. Branislav Nedimovic, Serbian Minister of Agriculture & Environment Protection and representatives of the Kazakhstan state-owned holding Kazagro, modalities were discussed to increase bilateral trade and investments in the field of agriculture. The two sides called for forming of a joint capital fund which would finance prospective trade and investment projects in both countries. Kazakhstan has already established this kind of cooperation with Hungary.

The EU anti-dumping fees for Chinese steel will not be introduced to the Smederevo Steelworks: The European Commission has concluded that the anti-dumping fees against Chinese steel products are not to be introduced to the Serbian based Smederevo Steelworks which is owned by the Chinese HeSteel. The EU has introduced anti-dumping fees for steel products coming from China and Taiwan which are over-flooding the European market. However, Serbian manufactured steel product will not be sanctioned by the measures.

Serbia and China are looking to establish a direct air link: Serbian Prime Minister Aleksandar Vucic stated that negotiations are ongoing with a private Chinese airlines for introduction of direct flights between Belgrade to Beijing. Serbian PM Vucic explained that a direct air link between the two countries would facilitate trade and investments and would mean a lot for the local tourism industry.

FIC and Government are forming a joint working group for improvement of business climate: The Foreign Investors Council and the Serbian government are forming a working group that will work on implementation of the recommendations made by foreign investors in the FIC White Book. The working group will look to increase competitiveness in the market, encourage expansion of the existing investments and attract new investments which should lead to higher economic growth and the reduction of unemployment.

Serbia and Montenegro to jointly present their tourism offer: According to Mr Rasim Ljajic, Serbian Minister of Trade, Tourism and Telecommunications, Serbia and neighboring Montenegro have agreed to jointly present their tourism offer to global markets. The two countries have created a common tourism offer which includes seven programs, including seaside, mountain and spa tourism, rafting, hiking, cycling and gastronomy. This announcement was made during the International Fair of Tourism in Belgrade where Montenegro is the partner country at the annual tourism event. The two countries plan to present their common tourism offer at three fairs in China during 2017 and also jointly appear at an exhibition in Iran.

In 2016, a total of 2.75 million tourism visits in Serbia: The Tourist Organization of Serbia (TOS) announced that from January to December 2016, a total of 2.75 million tourists visited Serbia which is an annual increase 13 %. Out of the total 1.28 million where foreign tourist while 1.47 million where domestic guests visiting Serbia's tourist destinations.

Serbia achieves record exports of agro and food products. In 2016, Serbian agriculture and food processing industry achieved total exports worth USD 3.2 billion, increase of 11.9 % when compared to 2015 and the highest export figure so far. According to experts this is a great result but Serbia still has a lot of room left to grow. In 2016, the agriculture sector had 21.6 % share in Serbia's total commodity exports.

In 2016, Serbia exported USD 800 million worth of firearms: According to Serbia's Ministry of Trade, Tourism and Telecommunications more than USD 800 million worth of export permits have been issued by the authorities for export of firearms in 2016. Some of Serbia's largest exporters are not only state owned companies such as Yugoimport-SDPR, Prvi Partizan, and Zastava Arms, but also private companies such as Partizan TECH d.o.o, Tehnoremont d.o.o, Uni Global d.o.o. Eling a.d. and others. Most of Serbian firearms were exported to the countries of the Middle East, Africa and Asia.

Participation by Serbian military industry in IDEX 2017 in Abu Dhabi: According to Serbian Defence Ministry, Serbian companies Yugoimport SDPR, Sloboda, Prva Petoletka, Zastava Oruzje, Krusik and Borbeni Slozeni Sistemi presented their production capacities at the International Defense Exhibition and Conference in Abu Dhabi (IDEX 2017) from 19-23 February 2017. Four new products of the Serbian defense industry premiered at the fair. Among them were the long-range missile Sumadija (300 km), unmanned helicopter Strsljen, multi-purpose armored vehicle Milos and missile Grad, with a range of 52 kilometers and a caliber of 122 millimeters.

5. SPECIAL INITIATIVES BY THE MISSION

Second Meeting of India-Serbia Business Forum : The Embassy organized the second meeting of the India-Serbia Business Forum (ISBF) on 27 February 2017 in the backdrop of recent visit by Mr Aleksandar Vucic, Prime Minister of the Republic of Serbia to India and to prepare for the third session of the India-Serbia Joint Economic Committee scheduled for 10th March through video conferencing. Mrs Narinder Chauhan, Ambassador of India and Mr Nemanja Stevanovic State Secretary from the Serbian Ministry of Foreign Affairs co-chaired the forum. ISBF was attended by more than 60 Serbian businesspersons from varied sectors, senior Serbian government functionaries including Mr Zeljko Sertic, Director, Serbian Development Agency; Dr. Viktor Nedović, Assistant Minister, Ministry of Education , Science and Technological Development; Mr Sava Savic, Assistant Minister for ICT Sector, Ministry of Trade, Tourism and Telecommunications; Ms. Aleksandra Cupovic, Head of India Desk, Ministry of Agriculture; Mr Vladimir Bozovic, Advisor, Prime Minister's Office; Ms Margareta Maric Nikolic, Member of Cabinet of First Deputy Prime Minister & Foreign Minister; Ms. Ljiljana Belojevic, Minister Counsellor for India Desk, Ministry of Foreign Affairs; representatives of Indian and Serbian businesses, Serbian Business Chambers and media persons. The primary goal of the Forum is to bring together Serbian companies and to develop possible strategies to remove hurdles and facilitate improvement of environment for smooth trade relations between our two friendly countries. The Forum was informative and participants discussed opportunities that would enhance bilateral trade and investment.

Meeting of Ambassador with the Serbian Minister of Youth & Sports. On 7th February 2017, Ambassador called on Serbian Minister of Youth & Sports Mr Vanja Udovicic to discuss the preliminary draft regarding the Programme of Cooperation in the Field of Youth and Sports with India. This programme is expected to be implemented once the Agreement on Cooperation in the Field of Culture, Arts, Youth and Sports is signed between India and Serbia.

Participation in the 39th International Tourism Fair, Belgrade: The Embassy participated in the 39th International Tourism Fair held from 23-26 February 2017 at Sajam Fair, Belgrade. The India Pavilion showcased 'Incredible India' tourism potentials, tourism brochures and tour packages, as well as also Audio-Visual presentations on Indian Tourism/Culture. The Embassy of India had organized Free Consultations on Ayurveda by the medical doctor. This is the fourth time in a row that the Embassy participated at the International Tourism Fair of Belgrade to promote India as a year-round tourism destination, including medical tourism, adventure tourism, desert tourism, beach tourism, Himalayan tourism, spiritual tourism, touring forts and palaces etc. The number of Serbian tourists visiting India has shown year on growth of 26% in 2016. The e-Tourist Visa (eTV) facility extended to the Republic of Serbia with effect from 26th February, 2016 is gaining popularity and has been utilized by more than 500 Serbian tourists..

Celebration of ITEC Day: Mrs. Narinder Chauhan, Ambassador of India hosted a reception in Belgrade on 13th February 2017 to mark the Indian Technical & Economic Cooperation (ITEC) Day. Ms.Ivana Stojiljkovic, Member of Parliament and the President of India-Serbia Parliamentary Friendship Group was the Guest of Honour. Mr Zoran Mihailovic, Assistant Minister, Ministry of Health, Mr. Nenad Miloradovic, Assistant Minister, Ministry of Defence and Mr. Aleksandar Jankovic, Head of the Department for Asia, Australia and the Pacific, Ministry of Foreign Affairs represented the Government of the Republic of Serbia on the occasion. Large number of ITEC

Alumni attended the Reception. In her welcome remarks, Ambassador gave an overview of the ITEC programme, stressing that it was an important pillar of bilateral cooperation with Serbia. Ambassador also informed the gathering about the recent visit of Prime Minister Aleksandar Vucic to India to attend Vibrant Gujarat Global Economic Summit and the discussion held with Indian leadership and business community. The celebration also included screening of the documentary film “A Day in the Life of India”. Serbia has been India’s ITEC partner since 2008 and so far 140 scholars from Serbia have been imparted training on a wide and diverse range of skills and disciplines, including in ICT, Expenditure Management, Entrepreneurship, WTO, Banking & Finance, Renewable Energy, Climate Change, Legislative Drafting, Yoga, English proficiency, etc. Scholars who have undergone training under ITEC come from various fields of Serbian society, including both from Government and private sector. Photos of the event can be seen on Embassy’s facebook page <https://www.facebook.com/IndiaInSerbia> .

Promotion of Indian Technical & Economic Cooperation Programme: Mrs. Narinder Chauhan, Ambassador delivered an address at the Indian Technical & Economic Cooperation [ITEC] Promotion Programme organized by the Secretariat for Culture and Information of the Municipality of Nis on February 22, 2017 at Nis. Ambassador made presentation on ITEC programme being offered to various countries, including Serbia and expressed satisfaction on the great interest and enthusiasm received from Serbian institutions towards ITEC training courses. Ambassador also met Deputy Mayor of Niš Prof. Dr. Miloš Bandjur and exchanged views on the economic cooperation between Serbia and India, underscoring that despite the distance, there are many similarities between the peoples who share a long-lasting true friendship. They agreed to the importance of the recent historical visit of Serbia’s Prime Minister to India after thirty years, and steps have already been taken towards further strengthening the economic cooperation between the two countries. Also discussed in the meeting was the potential cooperation between the City of Niš and India in tourism, culture, education and trade.

Commercial & trade visits to India: Mr. Rade Stanic of Karametal doo attended Buyer Seller Meet for Ceramics Sanitaryware Allied products held from 7-9 Feb 2017 at Ahmedabad and Morbi. Mr Bojan Reljic, First Officer, Air Serbia visited Jet Airways in Mumbai in connection with the Fuel Efficiency Working Group (FEWG) Project. Mr Dejan Lekic Director and Ms. Nevena Josipović Deputy Director of BIGZ Office Group d.o.o. from Belgrade visited Indian Handicrafts & Gifts Fair (IHGF) 2017 that was organized from 16-20 February in New Delhi. A delegation from Pro Media comprising of Mr. Milan Jovanovic, General Manager and Mr Jovan Bajkin, Depot Manager visited HiMedia Laboratories in India. ProMedia is official exclusive distributor of HeMedia Laboratories Ltd products in Serbia. A delegation from RT-RK Computer Based System led by Mr. Strahinja Veselinovic, Vice President, visited Reliance Group in India which is in the process of rolling out a PAN-India Broadband Wireless Access Infrastructure. Mr Veselinovic presented the home automation technology. Apart from above several Serbian companies visited India for commercial & trade purposes mainly from the IT, telecom, pharmaceutical marketing, electric, automotive and packaging. Some of the companies are MMS Communications, Schneider Electric DMS, OBLO Living, Wood Master d.o.o., NCR d.o.o, RT-RK Computer,etc.

Prof. Aleksandar Petrovic of University of Belgrade visited India under ICCRs Academic Visitors Programme 2016-17. Mr. Ljubisa Kocinac, Professor, University of Nis visited India to deliver series of lectures on Topology in the University of North Bengal, Darjeeling. Ms. Nebojsa Lalic, Dean, Faculty of Medicine, University of Belgrade participated in the 7th World Congress of Diabetes - DiabetesIndia 2017 held in New Delhi on 23-26 Feb 2017. BITEF TEATAR Group of Serbia was invited to perform the play titled 'Freedom: Most expensive capitalist word' at the 9th International Theatre Festival of Kerala from 20-28 Feb 2017 at Thrissur, Kerala.

The Mission has been making several trade promotion efforts to enhance bilateral trade and investment between India and Serbia. The Mission regularly disseminates information on fairs/exhibitions/conferences held by centre and state governments (Vibrant Gujarat, IE29BF, India Stonemart, Global Rajasthan Agri-tech Meet, Tex-Style India 2017, India Steel Expo, India Pharma 2017, India Medical Device 2017, etc being the recent ones) to Serbian companies and to the

regional/local Chambers of Commerce. Wide publicity is given to Indian trade events through Mission's website and social media platforms. Also monthly "India Newsletter" focusing on economic and commercial news are being sent to the Serbian Government Ministries, Agencies, Chambers of Commerce, Municipalities and the local business community.

Number of travel visas issued by the Mission: In the month of February 2017, the Embassy issued 98 visas out of which 25 were for business. eTV is gaining popularity and 112 Serbian nationals utilized the facility during the month of January 2017. In 2016 there has been a 26% year on growth in the number of Serbian tourists visiting India.

6. INDIA'S INVESTMENT INTERESTS/FUTURE AUCTIONS AND TENDERS

Serbian government invites bidders for 25-year Belgrade airport concession: Serbia has invited bids for a 25-year concession to operate Belgrade's international airport Nikola Tesla, the biggest in the Western Balkan region. Serbian Prime Minister Aleksandar Vucic stated that the sale of the concession is expected to yield an upfront payment of approaching Euro 400 million, plus an annual fee of €11m. In the longer term, the goal is to increase the capacity of the airport from a current maximum of 7mn passengers to around 17mn by 2025. During 2016, the Nikola Tesla international airport serviced 4,92 million passengers which is 3 % more than a year earlier. It currently reports an annual net profit of around Euro 25 million. Under terms of the offer, prospective bidders, companies or consortia, must not have more than a 20 % in an airport within the range of 450 kms, which serviced more than 1 million passengers in 2016.

Agriculture ministry to decide PKB privatization model by June: The Serbian Agriculture Ministry will decide which model will be used for the privatization and sale of the Agriculture Combine Belgrade (PKB) by the month of June this year. The Ministry is in consultation with potential investors to see what kind of privatization model would suit them. In 2015 a tender was published for PKB with a starting price of Euro 154 million, but despite several interested companies no binding offers had been submitted. PKB is one of the largest agricultural producers in Serbia and one of the largest milk producers in Europe. It employs 1,782 workers, has crops planted on 20,500 hectares of arable land and has about 23,000 of cattle. In 2016, PKB produced 60 million liters of milk which accounts for around 10-12% of the total milk production in Serbia and 53% of the dairy market in the capital city of Belgrade. So far eight investors have shown interest in the privatization of PKB: three from Serbia, two from Great Britain and one each from the United Arab Emirates, China and Singapore. Letters of interest had been received from the companies Matijevic and MK Commerce from Serbia, Al Dahra from the UAE, while the other investors from Great Britain, Singapore and China had requested confidentiality.

Unsuccessful tender for the sale of 25% stake in Galenika Pharmaceuticals: The Serbian Government has stated that the recent tender for the sale of 25% of Galenika Pharmaceuticals was not successful and that negotiations that have been conducted with the British-Russian consortium Frontier-Pharma Petrovax have failed. The Government is now looking for a new model for privatization of Galenika. In this regard, the government concluded and sent a recommendation to state creditors that they should not issue any orders for debt collection which would block the bank account of Galenika, but also to withdraw any collateral that is due for payment by Galenika or its subsidiaries. This will give the Government time to make a final agreement with commercial creditors, but the process will not last longer than 31 March 2017.

The Serbian Government plans to appoint professional management in the Copper Mining and Smelting Complex RTB Bor: The Serbian Ministry of Economy stated that the government plans to publish a public call for engagement of professional management to run the Copper Mining and Smelting Complex RTB Bor. Since RTB Bor is considered a company of strategic importance for the Republic of Serbia, recently a pre packaged reorganization plan was adopted during which USD 1.35 billion of debt is intended to be restructured. The Government aims to restructure the company so

that with fresh capital of a strategic partner RTB Bor can continue its development of new mines and realize fresh investment projects.

The Serbian Government is looking to privatize the petro-chemical complex: According to Mr Goran Knezevic, Serbian Minister of Economy, the government is looking to publish public calls for privatization of the Methanol Plant, Azotara- Fertilizer Plant and HIP Petrohemija, three companies part of the petro-chemical complex. Several investors have shown interest in taking part in the privatization of the petro-chemical complex and the government is looking to finish the process by the end of 2017.

It is worth mentioning that Serbia should be seen both as a local market of about 7.2 million inhabitants and as a regional hub for access to a number of lucrative markets in Europe with which Serbia enjoys preferred trade status because of FTAs with the EU, US, Russia, EFTA, Turkey, Belarus, Azerbaijan, Kazakhstan and CEFTA, etc. Thus, by investing in a Serbian manufacturing facility, Indian companies would gain preferential access to these markets. Serbia is also the only country outside the CIS that enjoys preferential trade access to Russia. This provides an added advantage as the goods produced in Serbia with prevailing value added in Serbia are considered of Serbian origin and can therefore be exported with 1% custom duty to Russia. Serbia offers itself as a low cost manufacturing base with technically qualified manpower to set up manufacturing for local consumption and exports.

Serbian state owned companies up for sale: Serbia's Government has announced plans for sale of several large state companies and their subsidiaries, including Trayal rubber products, Bor Copper Mine and Smelter, PKB Corporation, Car Factory Priboj (FAP), Resavica coal mines, Azotara fertilizer plant, furniture manufacturer Simpo, etc. More information is available at: <http://www.privreda.gov.rs/kontakt/>

UPCOMING TRADE FAIRS AND EXHIBITIONS IN SERBIA

International Automotive Show	23 March- 2 April 2017	www.sajam.rs
International Fair of Horticulture	6-9 April 2017	www.sajam.rs
International Fair of Cosmetics	8-9 April 2017	www.sajamkozmetike.com
International Construction Trade Fair	19-23 April 2017	http://sajamgradjevine.rs/en/home/
International Fair of Agriculture	13-19 May 2017	www.sajam.net
International Fair of Technical Achievements	15-19 May 2017	www.sajamtehnike.rs
International Fair of Medicine	12-14 October 2017	www.sajam.rs
International Fair of Cosmetics	14-15 October 2017	www.sajamkozmetike.com
International Energy Fair	04-06 October 2017	http://energetika-ekologija.talkb2b.net/en
International Belgrade Book Fair	22-29 October 2017	http://sajamknjiga.rs/en/
International Jewellery Show	02-05 November 2017	www.sajam.rs
International Fair of Furniture, Equipment & Interior Decoration	7-12 November 2017	www.sajam.rs
12 th Ethnic Food & Drinks Fair	22-25 November 2017	www.sajam.rs
Balkan Textile Fair	March 2018	http://www.balkantekstila.com/

More information available at: www.sajam.rs (Belgrade Fair) www.sajam.net (Novi Sad Fair)

7. TRADE ENQUIRIES DURING FEBRUARY 2017

Trade Enquiries from India

- Indian company Batra Group of Social Enterprises has expressed interest in exporting hospital furniture & equipment to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Oscar Overseas has expressed interest in exporting of baby textile items to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Ajanta Chemical Industries has expressed interest in exporting food colors to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Shree Shikhar Enterprises has expressed interest in exporting men formal business suits to the Serbian market. List of Serbian exporters has been provided to them.
- Indian company Surgi Safe has expressed interest in exporting orthopaedic implants and surgical instruments to the Serbian market. List of Serbian importers has been provided to them.

Trade Enquiries from Serbia

- Serbian pharma company Medikunion d.o.o has expressed interest in cooperation with Indian pharmaceutical manufacturers. The necessary contact details have been provided to them.

Useful Links:

Serbia Chamber of Commerce and Industry

<http://www.pks.rs/Default.aspx?idjezik=3>

National Bank of Serbia

<http://www.nbs.rs/internet/english/index.html>

Federal Statistical Office of Serbia

<http://webrzs.stat.gov.rs/WebSite/>

Government of the Republic of Serbia

http://www.srbija.gov.rs/?change_lang=en

Ministry of Economy

www.privreda.gov.rs

Serbian Development Agency

<http://ras.gov.rs/>