

**EMBASSY OF INDIA
BELGRADE**

**MONTHLY COMMERCIAL REPORT FOR SERBIA
JUNE 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%	1.2%				*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%	1.2 %
Inflation		In June 2017
Annual inflation target (y-o-y growth)	4.0 % +-1%	3.0 % +-1%
Monthly Inflation	0.1 %	- 0.0 %
Inflation rate – Consumer price index CPI (%)	1.6 %	3.6 %
Foreign trade, in million USD	2016	Up to May 2017
Export of goods	14,880.7	6,547.8
Import of goods	19,255.5	8,471.1
Foreign trade deficit	- 4,374.8	-1,923.3
Total Trade	34,136.2	15,018.9
Balance of Payment, in million USD	2016	In April 2017
Current account deficit (exc. grants)	-1,512	-1,017
Current account deficit (exc. grants), as % of GDP	-	-
Balance of payments, total	-345	-541
Foreign direct investments, net in million USD	2,057	807
Monetary and Foreign Exchange Indicators	2016	In May 2017
Foreign currency reserves of NBS, in Billion USD	12.5	12.4
Value of USD against Serbian Dinar (1USD)	117.14	109.76
Value of EUR against Serbian Dinar (1EUR)	123.47	122.66
Employment, wages and pension benefits		In May 2017
Unemployment rate, (%)	13.8 %	13.0 %
Net wages, period average, in Serbian Dinars.	53,456.-	47,136.-
Net wages, period average, in USD	456.4	429.7

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

* Estimate GDP growth for 2017

Top 5 Imports [January – May 2017]

Products	Values in 000 USD
Total	8,471,052
1. Iron, steel, copper, etc.	901,848
2. Medicaments & chemicals	863,418
3. Food & agro-products	696,439
4. Automotive parts & vehicles	676,695
5. Industrial Machinery	598,724

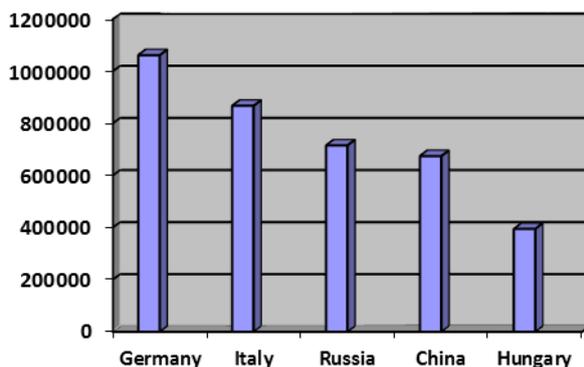
Top 5 Countries of Import	Values in 000 USD
Total	8,471,052
1. Germany	1,061,883
2. Italy	867,437
3. Russian Federation	715,313
4. China	674,557
5. Hungary	394,920

Top 5 Exports [January - May 2017]

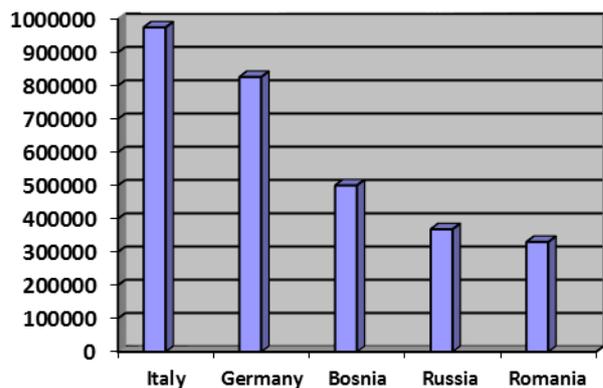
Products	Values in 000 USD
Total	6,547,753
1. Food & agro-products	975,820
2. Motor vehicle, parts & car tires	826,518
3. Products of iron, steel, copper	702,469
4. Electric appliances	436,686
5. Industrial machinery	429,749

Top 5 Export Destination Countries	Values in 000 USD
Total	6,547,753
1. Italy	975,820
2. Germany	826,518
3. Rep. of Bosnia and Herzegovina	500,660
4. Russian Federation	368,796
5. Romania	330,475

Countries by Import



Countries by Export



Top Ten Trading Partners [January- May 2017]

Countries	Values in 000 USD
Total Trade	15,018,805
1. Germany	1,888,401
2. Italy	1,843,257
3. Russian Federation	1,084,109
4. Bosnia and Herzegovina	704,330
5. China	698,237
6. Hungary	620,000
7. Romania	574,081
8. Poland	534,504
9. France	442,319
10. Austria	441,885

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

1. FOREIGN TRADE WITH INDIA

India-Serbia bilateral trade from January - May 2017 amounted to US\$ 65.8 million, an increase of 3.6 % compared to the same period in 2016, with Indian exports to Serbia valued at US\$ 62.8 million and Serbian exports to India at US\$ 3.0 million.

India's top 5 Exports to Serbia (Jan-May 2017)

India's top 5 Imports from Serbia (Jan-May 2017)

Product Groups	Values in 000, USD	Product Groups	Values in 000, USD
1. Pharmaceutical & chemical products	15,590	1. Precious metals, silver	894
2. Textile, yarn, garments & footwear	9,869	2. Tobacco / cigarettes	520
3. Coffee, sesame seeds & food prod.	8,884	3.	342
4. Products of iron & steel	6,607	4. Plastic fittings for pipes, tubes	322
5. Industrial machinery	4,565	5. Office CPU's & machinery	229

Top 10 Products Exported by India (Jan-May 2017)	Values in 000, USD	Top 10 Products imported from Serbia (Jan-May 2017)	Values in 000, USD
1. Other heterocyclic compounds (with nitrogen)	3,771	1. Silver, unwrought	894
2. Coffee	3,320	2. Cigarettes	520
3. Polyethylene in primary forms	3,217	3. Other phosphates of calcium	322
4. Medicaments, retail	2,482	4. Plastic fittings for pipes, tubes	232
5. Aluminium, unwrought	1,996	5. Storage units	229
6. Zinc, unwrought	1,752	6. Metal working machinery	141
7. Groundnuts, not roasted	1,520	7. Telecom equipment	100
8. Tobacco, raw	1,482	8. Parts of pumps	66
9. Other heterocyclic compounds (nitrogen hetero-atom)	1,262	9. Printed circuits	55
10. Shirts and vests, knitted	1,010	10. Offset printing machinery	34

Source: Statistical Office of the Republic of Serbia

2. COMMERCIAL DEVELOPMENTS IN SERBIA

2.1 Main Economic Overview

The International Monetary Fund (IMF) delegation headed by James Roaf arrived in Belgrade on 22 June for the seventh revision of the current three-year stand-by arrangement with Serbia worth Euro 1.2 billion. The main task of the delegation was the review the state of Serbia's economy and implementation of measures agreed under the IMF program that expires in February 2018. During the revision IMF executives called for continuation of agreed macroeconomic and structural reforms, with the main focus on resolving the status of several public enterprises, companies in restructuring, especially in the view of financial discipline, number of employees and efficiency of management. Also necessary was the further reform of the tax and judiciary system and improvement of the conditions for doing business. The IMF Delegation concluded that Serbia's economy has significantly improved since the start of the program in 2015. The country is on its way for a 3% GDP growth rate in 2017, while the fiscal deficit of just 1.1% of GDP is the lowest since 2005. Serbia has registered an inflow of Euro 1.9 billion of foreign direct investments in 2016. Also notable is the drop in unemployment and the number of non payable banking loans. The IMF further advises that any further budgetary saving should be redirected for capital and infrastructure investments rather than the increase of public wages and pensions.

The World Bank (WB) has also increased its GDP growth estimate for Serbia by 0.2% to a total of 3% growth in 2017. WB expects Serbia's GDP to grow around 3.5% in 2018 and 2019. The World Intellectual Property Organization (WIPO) a specialized agency of the United Nations (UN) has in its 2017 report ranked Serbia 62nd out of 128 most innovative countries. Regional countries such as Hungary ranked 39th, Croatia 41st, Romania 42nd, Montenegro 48th, Macedonia 61st and Bosnia & Herzegovina 86th. The innovation index is calculated on the basis of 81 indicators and envisages the competitiveness of a country.

Russia, Hungary and Serbia have continued negotiations on the construction of the South Stream pipeline, capacity of 63 billion cubic meters of gas per year, which should connect to the Turkish Stream pipeline, a project to be carried out by Russian Gazprom and Austrian OMV. Hungarian Foreign Minister Peter Szijjarto stated that Hungary is holding consultations with the European Commission and Bulgaria regarding implementation of the project.

In June 2017, Global credit rating agency Standard & Poor's has maintained its BB- level credit rating for Serbia with positive outlooks for improvement. The agency forecasts average fiscal deficit of 1.9% of GDP for the period 2017-2020. Also expected are continued public sector reforms and further restructuring of public enterprises. S&P also stated that it expects further growth of Serbia's GDP, an increase of foreign investments and as a result a rise of exports and reduction of the foreign trade deficit.

Fitch credit rating agency has kept Serbia's credit rating at the BB- level, with stable prospects for rating improvement. Fitch pointed out that the ratio between public debt and GDP fell for the first time since 2008, and that the share in public expenditure relating to wages fell below 10% of GDP, while public investment increased to 3.3 % of GDP.

Serbia opened two more chapters in its EU accession negotiations at the 6th Intergovernmental Conference in Luxembourg on 20th June 2017. Chapter-29 relates to the customs union and Chapter 7 deals with intellectual property.

2.2 Inflation up to June 2017 amounted to 3.6 %. Annual inflation during 2016 amounted to 1.6%.

2.3 Industrial production

From January to May 2017, industrial production in Serbia increased by 1.2%. Trends in the main sectors in May 2017 as compared to May 2016, were as follows:

- Electric power, gas and water supply – growth of 10.0 %,
- Mining and quarrying– fall of 6.3 % and
- Manufacturing– growth of 9.2 %,

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

- Energy- fall of 3.5 %,
- Intermediate products -growth of 10.9 %,
- Durable consumer goods – growth of 20.3 %
- Non – durable consumer goods - growth of 9.3 % and
- Capital goods – growth of 9.0 %,

A rise in manufacturing of chemicals, food products, metal products, machinery & equipment and the mining of coal were the main reasons for the increase of industrial production in May 2017.

2.4 Average Net Wages

The average net wages paid in May 2017 in Serbia stood at RSD 47,136.- which reflected an decrease of 5.0% in nominal terms and an increase of 4.5 % in real terms when compared to the average net wages paid in April 2017. The average gross wages in May 2017 amounted to RSD 64,860.-.

2.5 Serbia's Foreign Trade

The overall external trade of Serbia during January to May 2017 amounted to USD 15.0 billion, 9.6% increase compared to the same period in 2016. The value of Serbian exports amounted to USD 6.5 billion, an increase of 9.0 % when compared to the same period in 2016. The value of imports amounted to USD 8.5 billion, an increase of 10.0 % relative to the same period in 2016.

The trade deficit from January to May 2017 amounted to USD 2.0 billion - an increase of 13.57 % 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 64.9 % of Serbia's total external trade. Serbia's second major partners were the CEFTA countries. The surplus in external trade with CEFTA from January to May 2017 amounted to USD 760 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 1.1 billion while imports from CEFTA were to the tune of USD 330 million.

Top exports in May 2017: Automotive wires (USD 62 million), maize (USD 46 million), petrol cars up to 1500 cm³ (USD 41 million), diesel cars up to 1500 cm³ (USD 35 million), copper refined (USD 34 million), automotive tyres (USD 32 million), hot - rolled iron products (USD 29 million), cigarettes containing tobacco (USD 20 million), raspberries, frozen (USD 20 million) and automotive seat parts (USD 19 million).

Top imports in May 2017: Automotive parts (USD 99 million), crude oil (USD 83 million), retail medicaments (USD 47 million), diesel cars 1500-2500 cm³ (USD 29 million), natural gas (USD 28 million), gaseous oils (USD 28 million), iron ore agglomerates (USD 26 million), telecom equipment (USD 26 million), electric conductors <1000V (USD 18 million) and coke/coal (USD 16 million).

3. MAJOR INVESTMENTS WITHIN AND OUTSIDE THE COUNTRY

FOREIGN INVESTMENTS

Reliance Defense Ammunition signs a 10 year Strategic Partnership with YugoImport SDPR:

Reliance Defence Ammunition of Reliance Group entered into a 10-year strategic partnership worth Euro 2.8 billion with Serbia's state-owned Yugoimport SDPR for ammunition manufacturing in India. Reliance Defence Ammunition is a subsidiary of Reliance Infrastructure Ltd. The two companies will cooperate in next ten years in the field of defense equipment as per the requirements of the Indian Army. Since India has a large defense industry there is a lot of space for export, transfer of technology and unique defense equipment to India. YugoImport has offered comprehensive technological solutions which are as per the requirements of the Indian army and Reliance Industries has proposed a Greenfield investment into a factory for manufacturing of ammunition. In 2017, after the visit of Prime Minister Aleksandar Vucic (now President) to India for Vibrant Gujarat 2017, the Serbian defence industry is keen on increasing cooperation with India and are looking for newer pastures of cooperation in all the fields.

MK Fintel Wind starts building wind farm outside Vrsac: MK Fintel Wind, a joint venture of Italian Fintel Energia Spa and Serbian MK Group, started the construction of a wind farm at Izbiste (Vrsac Municipality). The company will invest Euro 124 million in the first stage of the project which should be completed by the end of 2018. The Izbiste based wind farm will have 20 wind generators of a total power of 69 MW and will supply power to 40,000 households. This is the third wind farm of the group in Serbia.

VIP Mobile to invest in expansion of 4G network across Serbia: Serbian telecomm operator VIP mobile which is a member of Telekom Austria Group is investing Euro 30 million in 2017 in expanding its 4G network across Serbia. The firm's 4G network currently covers 85% of Serbia but with the new infrastructure the coverage will reach over 90% of population.

EIB approves Euro 30 million credit line for Serbian SME's: European Investment Bank (EIB) and ProCredit Bank signed an agreement for a new credit line of Euro 30 million, which would be directed towards further financial support for small and medium-sized enterprises in Serbia.

Kromberg & Schubert starts production in Krusevac: German manufacturer of complex wiring systems for the automotive industry Kromberg & Schubert started production in its Krusevac based facility in which Euro 29 million has been invested. The production is export orientated and close to 4,000 workers will be employed until 2022.

German KfW bank approves a loan worth Euro 17 million supply and wastewater treatment: The German KfW bank has signed an agreement with the Serbian government regarding a Euro 17 million loan intended for financing of water supply and wastewater treatment in four Serbian municipalities. With the aim of providing better quality of drinking water the municipality of Kikinda will receive Euro 6 million, Vrbas (4.1 million), Paracin (3.45 million) and Knjazevac (4.5 million). German Ambassador in Belgrade Axel Dittmann stated that since 2009, Euro 230 million has been made available for water supply and treatment plants which brought direct benefit to more than three million people.

EBRD to support women entrepreneurship, Euro 5 million loan approved to UniCredit Bank: European Bank for Reconstruction and Development (EBRD) has approved to UniCredit Bank Serbia as per the "Women in Business Program" a Euro 5 million loan for financing small and medium-sized enterprises which are run by women entrepreneurs.

US Ametek opens business campus in Subotica: The US manufacturer of micro-motors has opened a business campus in Subotica and will employ 500 engineers. The opening of the 10,000 square meter plant was attended by President Aleksandar Vucic, Economy Minister Goran Knezevic, US Ambassador Kyle Scott and the heads of the Vojvodina government and assembly, Igor Mirovic and Istvan Pastor. It is expected that Ametek will connect with a large number of local suppliers from Serbia.

Serbiagas and Gazprom sign MoU on expansion of Banatski Dvor facility: Ms. Elena Burmand, CEO of Russian Gazprom and Mr. Dusan Bajatovic, President of Serbiagas signed an MOU on expansion of underground gas storage facility Banatski Dvor. The Russian company said that the memorandum includes the drafting of a technical and financial feasibility study to expand the storage capacities. Depending on the results of the study, the capacities of the underground storage facility could be

increased by 450 to 750 million cubic meters. Gazprom has a 51% ownership share in Banatski Dvor gas storage facility while Serbiagas is owner of the remaining 49%.

Symphony IT company to open new development center in Serbia: The US IT company Symphony has announced it will open new development centers in Novi Sad, Thessaloniki, Sofia, and Skopje, after opening offices in San Francisco, Sarajevo and Belgrade during 2016.

SERBIAN INVESTMENTS

Serbia and EU jointly financing overhaul of vessel lock at Djerdap hydroelectric power plant: The Serbian Ministry of Construction, Traffic and Infrastructure and the European Commission have signed an agreement worth Euro 28.5 million regarding the overhaul of vessel lock at Djerdap hydroelectric power plant. The vessel lock on the Djerdap hydro-plant is part of a crucial European water transport corridor on the Danube river. The project would be realized between 2018 and 2020, where EU would finance 40% of works i.e. Euro 11.5 million, while the remaining Euro 17 million would be financed from the Serbian budget.

New heating pipeline to be built between Obrenovac and New Belgrade Municipality: The Ministry of Mining & Energy, Belgrade city representatives and management of Nikola Tesla Thermal power plant (TENT) signed an MOU with the Power Construction Corporation of China (PCCC) regarding construction of a heating pipeline from Obrenovac to New Belgrade. The pipeline carrying hot water from TENT to New Belgrade will allow Euro 43 million annual saving of heating costs for the Municipality.

Jugoimport and Stavatti Aerospace ink contract on aircraft production: US-based Stavatti Aerospace and Serbia's defense sector firm Jugoimport-SDPR signed a contract to develop and manufacturing of a new single-engine civilian airplane. The aircraft will be manufactured at the UTVA AI factory in Pancevo and would be sold to several markets around the world.

Sabac Dairy to open manufacturing facility in Russia: Sabac Dairy, which exported 75 % of its white cheese to Russia, would construct its own manufacturing facility in Russia in the next six months. The factory will produce 450 tonnes of milk daily, which is capacity in the range of the biggest dairy groups in the Balkan region

4 OTHER COMMERCIAL ITEMS OF INTEREST

Schneider Electric DMS of Serbia in Naya Raipur Smart City Project : Schneider Electric India, subsidiary of the € 25-billion global energy management and automation specialist Schneider Electric SE won a contract in April 2017 from Naya Raipur Development Authority (NRDA) for developing the first greenfield integrated smart city of Naya Raipur in Chhattisgarh. The company along with consortium partner IL&FS Technologies Ltd will execute the project. The Serbian subsidiary Schneider Electric DMS NS, an IT company for research, development and engineering in the field of the electrical power engineering management software, is working on the project under the Smart Cities programme of the Government. The Serbian company carries out businesses relating to the research, development, marketing, sales and licensing of the DMS software and services related to DMS Software deployment, maintenance and support, as well as integration to IT infrastructure of the electric utility distribution network control system. Schneider Electric DMS NS LLC has been delivering its most advanced 3rd generation ADMS in India during the past few years. Starting in 2013 with OPTCL Puri in Odisha, continuing with R-APDRP ADMS projects in Bihar and Kerala, and commencing Smart City project in Naya Raipur (Chattisgarh state) in 2017, Schneider's ADMS is more and more present in the utilities in India.

Five bidders for Belgrade airport concession: Non-binding bids for concession management of Belgrade Nikola Tesla Airport were submitted by four consortiums and one company that met the requirements for the second phase of the procedure. The offers were made by a Indian-Greek consortium (India's GMR Infrastructure Limited and Greece's Terna), a Swiss-French consortium

(Meridiam Eastern Europe Investments, Zurich Airport AG and France's Eiffage), a South Korean-Turkish-Cypriot consortium (South Korea's Incheon International Airport Corporation, Turkey's Yatirimlar ve isletme and VTB Capital Infrastructure), a China's consortium (China's Hainan Air Travel Service, HNA and China National Aero Technology) and France's Vinci Airports.

Serbian pavilion at the Silk Road International Expo 2017 in Xian, China: Mr. Rasim Ljajic, Serbian Deputy Prime Minister and Minister of Trade, Tourism & Telecommunications and Mr. Wang Yang, Chinese Deputy Prime Minister opened the Silk Road International Expo 2017 in the Chinese city of Xian. Serbia is a special guest of the Expo at which 20 Serbian companies are exhibiting mainly from the agricultural and food processing industry. China and Serbia have a Strategic Partnership and it is expected that Chinese investments in the infrastructure projects in Serbia will exceeded Euro 5.5 billion.

Direct flights between Belgrade and Beijing to be established in 2018: Chinese Hainan Airlines is planning to open a direct flight from Belgrade to Beijing in 2018. Until direct flights are established, the capitals of Serbia and China will be linked via Prague, starting on September 15. Hainan Airlines a member of the HNA Group, is also a part of the Chinese consortium that is shortlisted for the concession bid for managing the Belgrade International Airport "Nikola Tesla".

Russian Investments in Serbia amount to USD 4 billion: In the last decade, Russian investments in Serbia amounted to USD 4 billion, out of which more 90% were in the sector of oil & gas industry. The remaining Investments were allocated in the sector of banking and financial services and the food processing industry. Bilateral trade from January – December 2016 amounted to USD 2.3 billion out of which USD 800 million where Serbian exports and USD 1.5 billion imports from Russia.

Belgrade metro construction to start in 2020, investments are expected to exceed Euro 4 billion: The construction of an underground metro rail system in Belgrade could start in 2020 and would it would take at least three and a half years for the project to complete. According to Mr. Sinisa Mali, Belgrade Mayor the French company Egis is expected to draw up a feasibility study within nine months. The total investment in construction of a metro railway system is estimated at Euro 4 billion.

Innovation Fund announces public call for co-financing Serbian innovation projects: Serbia's Innovation Fund announced a public call for competitors to submit innovative projects that could be co-sponsored by the fund. A total of Euro 2.7 million of grants have been made available and 1st September 2017 is the deadline for companies to submit their projects. The funds will be made available in January 2018.

Average income per household reaches RSD 60.065 while average expenses reach RSD 61.370: According to the Statistics Office of Serbia, in the first quarter of 2017 the average disposable assets per household in Serbia were RSD 60.065 (Euro 497.-), while the average expenses amounted to RSD 61.370 (Euro 503.-). When compared to the last quarter in 2016, the average income per households declined by 0.9% while the expenses declined by 0.2%.

Second All-Serbian Diaspora Summit held in Switzerland: Association of Serbian Businessmen from Switzerland, with the support of Serbian Chamber of Commerce (PKS), Novi Sad Fair and Serbian Foreign Ministry organized the Second All-Serbian Summit of Business and Academic Diaspora in the city of Zurich. At the Diaspora EXPO 2017 a business fair and summit gathered more than 60 companies from Serbia and abroad.

Piraeus Bank will sell its branches in Serbia, Romania, Bulgaria: Greek Piraeus Bank announced its intention to sell its branches in Serbia, Bulgaria, Romania, Albania and Ukraine. Piraeus Bank plans to sell its business in South East Europe region and decrease its portfolio of bad loans.

5. SPECIAL INITIATIVES BY THE MISSION

3rd International Day of Yoga (IDY) marked in Serbia -17th June 2017: The Embassy, in association with Government of Serbia and United Nations Country Team in Belgrade marked the International Day of Yoga on Saturday, the 17th June at the historic Kalemegdan Fortress by the Victor Statue overlooking the confluence of River Danube and Sava. More than 250 yoga enthusiasts performed

yoga as per the Common Yoga Protocol in the presence of local officials & diplomats. The yoga demonstration was followed by workshops & consultations on Yoga, Ayurveda and Homeopathy in the City Hall of Belgrade which was addressed by renowned Serbian traditional medical experts and attended by large number of participants from the medical fraternity and other stakeholders. In addition, Yoga on Danube was organized on 21st June. The Embassy organized a quiz and article writing contest on Yoga and its benefits. Ambassador promoted IDY through roadshows to different cities/ colleges/schools of Serbia which helped in spreading awareness about health benefits of yoga. Apart from Belgrade, IDY Celebrations were also held in other cities/municipalities of Serbia, including in Novi Sad, Sabac, Nis, Krusevac, Indjija, Jagodina, Zrenjanin, Apatin, Subotica, Knjazevac, Sremska Mitrovica, Kula, Aleksinac etc. The Government of Serbia was one among the 177 nations that had co-sponsored India's Resolution in the United Nations to declare June 21 as the International Day of Yoga.

State tourism was promoted through special advertisements in prominent Serbian magazines 'Elevate' 'Terminal' 'Turistcki Svet' and 'Diplomacy & Commerce'. On Embassy's initiative, Ms Ljiljana Rebronja, Director & Editor-in-Chief of "Turisticki Svet" visited India for covering the 3rd IDY celebrations in Lucknow and promoting "Incredible India" under M/o Tourism's hospitality package.

Strategic Partnership between Reliance Defence Ammunition and Yugoimport SDPR. Mr. Anil Ambani, Chairman Reliance Group visited Serbia on 20th June, during which Reliance Defence Ammunition entered into a 10-year strategic partnership with Serbia's state-owned Yugoimport SDPR for ammunition manufacturing in India. Mr. Anil Ambani, after his meeting with Mr. Aleksandar Vucic, President of Serbia, announced the partnership worth Euro 2.8 billion with Yugoimport including, inter alia, joint development of next generation ammunition; ToT under Make in India for which Yugoimport has offered a fully compliant technical solution in India; setting up a greenfield facility in India for the production of ammunition. Mr Ambani also met Defence Minister Zoran Dojordjevic and discussed the possibilities for defence production for third markets as well. Serbia has emerged as a reliable source of technology for joint defence production, particularly ammunition, guns and explosives under Make in India.

Ambassador meets President of the Indjija Municipality: Ambassador visited Indjija on 2 June 2017 and met with Mr Vladimir Gak, President of the Indjija Municipality to discuss Indian investments in IT, film making, agri-machinery and food processing. Ambassador invited Mr. Gak to visit India to follow up on initiatives taken by Hon'ble Prime Minister (now President) Aleksandar Vucic during his visit to India in January 2017. Delivering a lecture on the International Day of Yoga 2017 at the Indjija Gymnasium, Ambassador encouraged students of Indjija Gymnasium, local officials and yoga practitioners to participate in this year's event. "Common Yoga Protocol" was screened on this occasion which underlines useful yogic practices for healthy living.

Ambassador's visit to Krusevac: Ambassador visited the Serbian city of Krusevac on 7th June, 2017 and met with Mr. Dragi Nestorovic, Mayor of Krusevac. Ambassador discussed a wide range of issues pertaining to bilateral cooperation with Mr. Nestorovic and invited him to visit India. The two officials agreed that Serbia and India traditionally have friendly relations. The Mayor briefed Ambassador about the development projects in Krusevac and expressed hope that following the recent visit to India by Prime Minister (now President) Mr Aleksandar Vucic, Indian investors will look at the region as an attractive destination for future investments and cooperation. He also expressed the desire to forge cooperation with Indian States and proposed a Protocol on Friendship and Cooperation between Krusevac and Indian cities. Both officials agreed that economic cooperation is one of the primary agenda in bilateral relations with special focus on agriculture, pharma industry, IT sector etc. Ambassador also used this opportunity to apprise the Mayor Nestorovic of the fully-funded ITEC programme of the Government of India and invited officials of the City to utilize the specialized courses offered under the programme. Ambassador also visited Krusevac Gymnasium and the College of Business Studies to speak on India followed by presentation on the International Day of Yoga (IDY) 2017.

Roundtable meeting with the representative of Serum Institute of India: On 28th June, Embassy organized a roundtable meeting of Mr Yogesh Joshi Director – Moscow Representative Office of the Serum Institute of India Pvt. Ltd. with Ms Vera Stoilkovic (Director), Ms Ana Vidmanic (Assistant Director for Quality Management) and Ms Svetlana Janketic from the Institute of Virology, Vaccines and Sera – Torlak, Mr Pavle Zelic (International Cooperation) and Mr Miodrag Stamenkovic from the Medicines and Medical Devices Agency of Serbia and Mr. Mladen Tosic from Serbian company UTI (Representative of Panacea Biotech). At the meeting the possibilities of cooperation between the Serum Institute of India and Torlak were discussed with the aim of joint production of vaccines to fulfil the requirements of Serbia and neighboring countries.

Ambassador meets Director of Yugoimport SDPR: On 21st June 2017, Ambassador met with Mr Jugoslav Petkovic Director of Serbian defense sector conglomerate Yugoimport SDPR to discuss the cooperation of India and Serbia in the defense Industry and the ongoing projects of Yugoimport in India.

Ambassador visits Sabac: Ambassador visited the Serbian city Šabac on 1st June 2017 and held a lecture on the International Day of Yoga (IDY) 2017 at the Šabac Gymnasium. Addressing the students, Ambassador spoke of the physical, mental and numerous health benefits of Yoga. At the occasion the film “Common Yoga Protocol” was screened.

Indian participation in Partner 2017: HBL Power Systems Limited, Manufacturers of Batteries for aviation, telecom, defence, oil & gas industry etc participated in the International Armament and Military Equipment Fair “Partner 2017” held in Belgrade from 27-30 June, 2017.

Performance of Dance – Drama "Where the Shadow Ends" by Kryative Theatre from Bangalore: The Kriyative Theatre of Bengaluru, led by Ms. Laxmi Chandrashekar participated in the 44th International Festival of Alternative and New Theatre (INFANT), Novi Sad where they staged their play, “Where The Shadow Ends”. During their visit to Serbia from 26th June to 3rd July, the Embassy of India organized live performances of the Theatre Group at the Cultural Center of Zrenjanin, Cultural Center of Niš, Student's Cultural Center of Belgrade (within BELEF Festival) and the Cultural Center of Leskovac.

Shooting of Indian film ‘Vivegam’ in Serbia: The shooting of Tamil film, ‘Vivegam’ has taken place in areas around Serbia including in Bor, Belgrade and mountains of Stara Planina. With the appeal of excellent crews and beautiful natural locations becoming increasingly recognized, Serbia has been attracting more and more big budget Indian productions. Vivegam is the latest large Indian production following “Oopiri” – remake of the French film “Untouchables” in 2016 and Mani Ratnam’s ‘Kaatru Veliydai’ (into the wind) (2017) shot on locations in Serbia.

Defence Cooperation: A delegation of Serbian defence sector firm Yugoimport SDPR, lead by Mr. Zoran Jelić Head of Department for Development, visited India in June to discuss ongoing cooperation with New Delhi based Paramahansa Technologies Ltd.

Commercial & trade visits to India: Serbian textile companies participated in Textile India 2017. Mr. Ivan Mirkovic of Prabhu doo, Ms Marija Miladinovic of Tribeca doo, Mr Milan Krunic of Krunateks doo, Mr Cosic Miroslav of Tehno Centar Maf and Ms Ana Mirkovic of Blue Bell visited India to attend the fair in Gandhinagar , Gujarat from 30th June to 02 July.

Mr Zlatan Velickovic, Vice President of the Novi Sad based OBLO Living doo (owned by RT-RK Novi Sad) visited Mumbai to discuss cooperation with Reliance Jio Infocom Ltd in the field of mobile telecomm wireless networks. Reliance Group is in the process of rolling out a PAN India Broadband Wireliess Access Infrastructure and the delegation presented the home automation technology.

Apart from above several Serbian companies visited India for commercial & trade purposes mainly from IT, engineering industry, power engineering, healthcare, tourism and textile industry, etc. Some

of the companies are GL Trade Software, Siemens doo, MHT Balkan, Blue Bell, Krunatex, Bonatti, BelMedic, etc.

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 (World Food India 2017, Indian Mobile Congress (IMC 2017), Textile India 2017, GES 2017, 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: During the month of June 2017, the Embassy issued 44 visas out of which 13 were for business.

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

Indian GMR Group have expressed interest in 25 year Concession of Belgrade International Airport "Nikola Tesla". On 13th February 2017 the Serbian government issued an invitation for bids for a 25 year concession on Nikola Tesla International Airport, the main Belgrade airport and the biggest in the Western Balkan region. The selection process will be in two stages: Submission of non binding bids by 30th May 2017 whereafter the short listed companies may submit binding offer within 75 days. Only those entities that meets the stipulated conditions would be eligible to participate in the second round and would be ranked according to their bids. The long-term strategic goal of the government is to ensure that Nikola Tesla becomes the dominant airport in the western Balkans 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 Euro 11 million. In the longer term, the goal is to increase the capacity of the airport from a current maximum of 7m passengers to around 17m by 2025. The Nikola Tesla international airport serviced 4,92 million passengers in 2016, 3 % more than a year earlier. It currently reports an annual net profit of around Euro 25 million. Apart from GMR, 27 bidders include Fraport from Germany, Vinci & Egis from France, Russian Novaport, Austrian Strabag, Japanese Mitsubishi and China National Aero-technology International Engineering Corporation.

Agriculture Ministry to decide PKB privatization model in 2017: The Serbian Agriculture Ministry will decide which model will be used for the privatization and sale of the Agriculture Combine Belgrade (PKB) by the end of 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.

New Tender for Galenika Pharmaceuticals to be published shortly: 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. The Serbian government has extended until 31st December 2017 the recommendation to creditors

not to enforce collection of debts from pharmaceutical company Galenika. The Ministry of Economy is looking for the adequate model for sale and privatization of Galenika pharmaceuticals and a final agreement between the creditors and the government is expected to be reached within this time frame. The total debt of Galenika is currently Euro 160 million, out of which Euro 90 million is towards state entities and Euro 70 million is towards private entities and banks.

The Serbian Government will look 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 which are part of the petro-chemical complex. Several investors have shown interest in taking part in the privatization 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.

UPCOMING TRADE FAIRS AND EXHIBITIONS IN SERBIA

Pack Tech Expo	13-15 September 2017	www.alexpo.co.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/
International Fair of Horticulture	April 2018	www.sajam.rs
International Fair of Cosmetics	April 2018	www.sajamkozmetike.com
International Construction Trade Fair	April 2018	http://sajamgradjevine.rs/en/home/
International Fair of Agriculture	May 2017	www.sajam.net
International Fair of Technical Achievements	May 2018	www.sajamtehnike.rs
International fair of arms and military equipment	June 2018	www.partner.mod.gov.rs/

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

7. TRADE ENQUIRIES DURING JUNE 2017

Trade Enquiries from India

- Indian company Anil Marble Granite has expressed interest in exporting marble & granite to the Serbian market. List of Serbian importers has been provided to them.
- Indian company New Era International has expressed interest in exporting ground nuts, wheat & flour to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Bhandari Agro Processing Industries has expressed interest in raisins (dried fruits) to the Serbian market. List of Serbian exporters has been provided to them.
- Indian company Kumbh Design Inc. has expressed interest in offering IT advertising services. List of Serbian IT companies has been provided to them.
- Indian company Shreeji Protein & Shreeji dehydrated products has expressed interest in exporting peanuts, dehydrated vegetables, spices & raisins to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Madhu Agro Exim has expressed interest in exporting spices, grains, sugar & seeds to the Serbian market. List of Serbian importers has been provided to them.
- Indian company ABS Foods has expressed interest in exporting spices & herbs to the Serbian market. List of Serbian importers has been provided to them.
- Indian company GPR Exports has expressed interest in exporting organic & inorganic chemicals to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Jay Enterprises has expressed interest in exporting pulses, oil seeds, rice, pulses and vegetables to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Shivangi International has expressed interest in exporting Tri-Hydrate Bauxite ore of metallurgical grade to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Herbs & Crops has expressed interest in exporting orthopedic implants & surgical instruments to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Surgi Safe has expressed interest in exporting organic herbs to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Sidak Life Care Pvt Ltd has expressed interest in exporting medical diagnostic products to the Serbian market. List of Serbian importers has been provided to them.

Trade Enquiries from Serbia

- No trade queries have been received from Serbian companies in the month of June 2017.

Useful Links:

Serbia Chamber of Commerce and Industry

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

National Bank of Serbia

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/>