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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 March 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.

Kind regards

Yours sincerely

(Upendra Singh Negi)  
Attaché (Economic & Commercial)

**EMBASSY OF INDIA  
BELGRADE**

**MONTHLY COMMERCIAL REPORT (SERBIA)  
MARCH 2017**

Economic and Financial Indicators

Quarterly figures→	GDP Growth in 2016					GDP Growth in 2017				
	1 <sup>st</sup> Q.	2 <sup>nd</sup> Q.	3 <sup>rd</sup> Q.	4 <sup>th</sup> Q.	2016	1 <sup>st</sup> Q.	2 <sup>nd</sup> Q.	3 <sup>rd</sup> Q.	4 <sup>th</sup> 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	<b>2016</b>	<b>2017</b>
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 March 2017
Annual inflation target (y-o-y growth)	4.0 % +-1%	3.0 % +-1%
Monthly Inflation	0.1 %	0.4 %
Inflation rate – Consumer price index CPI (%)	1.6 %	3.6 %
Foreign trade, in million USD	<b>2016</b>	Up to February 2017
Export of goods	14,880.7	2,211.9
Import of goods	19,255.5	2,896.6
Foreign trade deficit	- 4,374.8	-6,84.6
Total Trade	34,136.2	5,108.5
Balance of Payment, in million USD	<b>2016</b>	In January 2017
Current account deficit (exc. grants)	-1,512	-124
Current account deficit (exc. grants), as % of GDP	-	-
Balance of payments, total	-345	114
Foreign direct investments, net in million USD	2,057	54
Monetary and Foreign Exchange Indicators	<b>2016</b>	In February 2017
Foreign currency reserves of NBS, in Billion USD	12.5	12.1
Value of USD against Serbian Dinar (1USD)	117.14	116.13
Value of EUR against Serbian Dinar (1EUR)	123.47	123.91
Employment, wages and pension benefits		In February 2017
Unemployment rate, (%)	13.8 %	13.8 %
Net wages, period average, in Serbian Dinars.	53,456.-	46,990.-
Net wages, period average, in USD	456.4	404.6

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

\* Estimate GDP growth for 2017

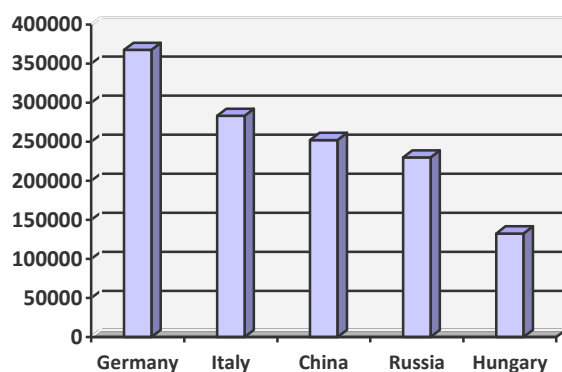
### Top 5 Imports [January - February 2017]

Products	Values in 000 USD	Top 5 Countries of Import	Values in 000 USD
Total	2,896,580	Total	2,896,580
1. Medicaments & chemicals	298,003	1. Germany	367,468
2. Iron, steel, copper, etc.	252,111	2. Italy	283,041
3. Automotive parts & vehicles	215,605	3. China	252,199
4. Industrial Machinery	201,523	4. Russian Federation	229,860
5. Food & agro-products	184,909	5. Hungary	132,677

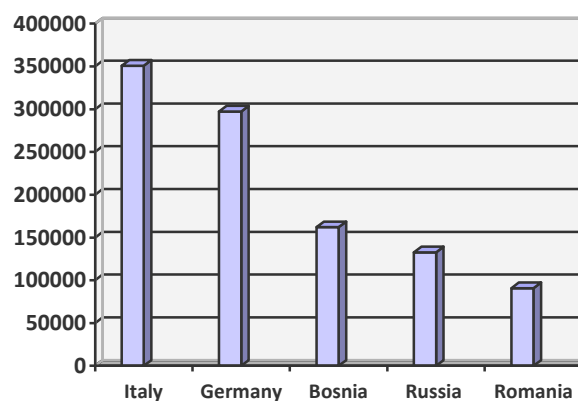
### Top 5 Exports [January - February 2017]

Products	Values in 000 USD	Top 5 Export Destination Countries	Values in 000 USD
Total	2,211,937	Total	2,211,937
1. Motor vehicle, parts & car tires	423,338	1. Italy	350,794
2. Food & agro-products	410,391	2. Germany	297,262
3. Products of iron, steel, copper	290,560	3. Rep. of Bosnia and Herzegovina	162,028
4. Electric appliances	201,110	4. Russian Federation	132,498
5. Industrial machinery	195,050	5. Romania	90,879

Countries by Import



Countries by Export



### Top Ten Trading Partners [January- February 2017]

Countries	Values in 000 USD
Total Trade	5,108,517
1. Germany	664,730
2. Italy	663,835
3. Russian Federation	362,358
4. China	259,056
5. Bosnia and Herzegovina	225,449
6. Hungary	220,282
7. Poland	184,389
8. Romania	170,660
9. France	160,578
10. Austria	147,258

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

## 1. FOREIGN TRADE WITH INDIA

India-Serbia bilateral trade from January - February 2017 amounted to US\$ 22.1 million, an increase of 16.3 % compared to the same period in 2016, with Indian exports to Serbia valued at US\$ 20.9 million and Serbian exports to India at US\$ 1.2 million.

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

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

Product Groups	Values in 000, USD	Product Groups	Values in 000, USD
1. Pharmaceutical & chemical products	5,163	1. Precious metals, silver	463
2. Coffee, sesame seeds & food prod.	3,217	2. Tobacco / cigarettes	291
3. Textile, yarn, garments & footwear	2,187	3. Office CPU's & machinery	261
4. Products of iron & steel	1,401	4. Electric appliances	50
5. Industrial machinery	1,349	5. Fruits & vegetables	37

Top 10 Products Exported by India (Jan 2017)	Values in 000, USD	Top 10 Products imported from Serbia (Jan 2017)	Values in 000, USD
1. Coffee	1,153	1. Silver, unwrought	463
2. Other heterocyclic compounds (with nitrogen)	1,101	2. Cigarettes	291
3. Vegetable mucilages and thickeners	704	3. Storage units	229
4. Groundnuts, not roasted	700	4. Telecom equipment	35
5. Other heterocyclic compounds (nitrogen hetero-atom)	645	5. Electric panels not exceeding 1000V	33
6. Medicaments, retail	620	6. Data processing machines	32
7. Polyethylene in primary forms	590	7. Plastic fittings for pipes, tubes	19
8. Cotton Yarn	557	8. Raspberries, frozen	13
9. Zinc, unwrought	524	9. Printed circuits	11
10. Parts for pumps, compressors, fans	390	10. Sour cherries	8

Source: Statistical Office of the Republic of Serbia

Pursuant to Serbian PM Aleksandar Vucic's visit for Vibrant Gujarat 2017 in January 2017, following seven take aways have emerged: (i) intergovernmental MOU for abolition of visas for ordinary passports (ii) creation of techzone in Embassy Group's IT Park (iii) tractor manufacturing by TAFE under Serbian brand IMT (iv) mother and child hub and spoke super speciality hospital and spas by Padamshri B.R.Shetty. (v) Offer by Serbian-UAE JV for export of soyabean, sunflower and wheat (vi) EoI by Mahindra to move forward in agreed areas including electric cars, scooters, IT, hospitality and defence (vii) offer by Gujarat CM to set up a mechanism for bilateral cooperation in agriculture, tourism, pharma, aerospace and defence.

## 2. COMMERCIAL DEVELOPMENTS IN SERBIA

### 2.1 Main Economic Overview

The Serbian Economists Association and the Association of Corporate Directors of Serbia had organized the 23rd Kopaonik Business Forum (KBF) 2017 from 8-10 March 2017 at the Kopaonik Convention Centre. Serbia's main business forum was attended by leading Government officials, business representatives, leading entrepreneurs, financial experts, diplomats and journalists. The main topics of this year's forum were the current state of Serbia's economy, necessary state and public sector reforms as well as necessary measures that should be undertaken for achieving sustainable economic growth. At the forum, Serbian Prime Minister Aleksandar Vucic stated that the most important task of the government will be to support the private sector in booting competitiveness

and creating new jobs. PM Vucic announced that taxes on wages will be somewhat reduced while a more significant increase in public sector wages and state pensions can be expected during the year.

Mr James Roaf , Head of the International Monetary Fund (IMF) Mission in Serbia stated that short-term macroeconomic perspectives of Serbia are positive, but risks and structural economic challenges remain. The economic reform in Serbia have yielded good results with GDP growth of 2.8% in 2016, increase of foreign investments, exports and the reduction of unemployment. The achieved budget deficit of 1.4% of GDP is the lowest since 2005, while public debt has dropped to 74% of the GDP. Addressing the participants, World Bank (WB) Director for the Western Balkans Ellen Goldstein congratulated the government on its reform efforts and voiced expectations that Serbia's GDP will grow by more than 3% in 2017. He added that Serbia has made very good progress in fiscal consolidation, but the issue of state-owned and strategic enterprises needs to be solved to ensure even faster economic growth.

Serbian Economy Minister Goran Knezevic presented the government plans for privatization of state owned companies which are not able to do business profitably. The main goal will be the privatization of the Mining and Smelting Basin (RTB) Bor for which Chinese companies have shown interest and resolving the problems of Serbia's petrochemical complex (Petrohemija company, Fertilizer Factory and the Methanol-Vinegar Complex (MSK). These are companies of strategic importance for the state and have good perspectives for further development if they are able to attract fresh investment capital.

In its March 2017 report, Global rating agency Dun & Bradstreet sees moderate business risk in Serbia and improvement of the banking environment. In terms of business risks in the region, Serbia is in the same risk group as regional countries Croatia, Bulgaria, Romania, Hungary, Macedonia and Albania. The report praised the policy of the National Bank of Serbia (NBS) as Serbia recorded low inflation of 1.6 % in 2016. During the year, the NBS also decreased its reference base rate to 4.0 % from 11.25 % in 2013, which has led to a fall of bank loan interest rates on the Serbian market.

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

### 2.3 Industrial production

During February 2017, industrial production in Serbia decreased by 1.7%. Trends in the main sectors in February 2017 as compared to February 2016, were as follows:

- Electric power, gas and water supply – fall of 9.8 %,
- Mining and quarrying– fall of 2.9 % and
- Manufacturing– growth of 5.5%,

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

- Energy- growth of 10.4 %,
- Intermediate products -growth of 4.9 %,
- Durable consumer goods – fall of 0.1 %
- Non – durable consumer goods - growth of 8.7 % and
- Capital goods – growth of 7.3 %,

The biggest reason for fall of industrial production in February 2017 was the decrease of electricity production, refining of petroleum products, manufacturing of machinery and wood products.

### 2.4 Average Net Wages

The average net wages paid in February 2017 in Serbia stood at RSD 46,990.- which reflected an increase of 13.3% in nominal terms and an increase of 12.4 % in real terms when compared to the

average net wages paid in January 2017. The average gross wages in February 2017 amounted to RSD 64,847.-.

## 2.5 Serbia's Foreign Trade

The overall external trade of Serbia from January to February 2017 amounted to USD 5.1 billion, 6.7% increase compared to the same period in 2016. The value of Serbian exports amounted to USD 2.2 billion, an increase of 4.9 % when compared to the same period in 2016. The value of imports amounted to USD 2.9 billion, an increase of 8.1 % relative to the same period in 2016.

The trade deficit from January to February 2017 amounted to USD 6851 million - an increase of 19.8% in comparison to 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 65.7 % 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 February 2017 amounted to USD 222 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 332 million while imports from CEFTA were to the tune of USD 110 million.

Top exports in February 2017: automotive wires (USD 52 million), diesel cars up to 1500 cm<sup>3</sup> (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 cm<sup>3</sup> (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 February 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 cm<sup>3</sup> (USD 9 million), and paper and hardboard (USD 8 million).

## 3. MAJOR INVESTMENTS WITHIN AND OUTSIDE THE COUNTRY

### FOREIGN INVESTMENTS

The World Bank to approve loans worth USD 640 million to Serbia: According to Mr. Tony Verheijen, Head of World Bank (WB) Office in Serbia, the WB will approve loans worth USD 640 million to Serbia. A loan worth USD 50 million will be approved for education programs. Around USD 400 million will be approved for support of Serbian Railways, the Electric Power Industry of Serbia and Srbijagas, while the remaining funds will be used for support of the local financial sector, primarily for the increase of state capital in Postanska Stedionica (Postal Savings Bank) and Dunav Insurance.

US NCR is expanding its presence in Serbia: US Company NCR is planning to expand its business in Serbia and hire an additional 1500 employees. NCR is a global leader in manufacturing of ATMs and other money transaction devices. NCR plans to make Serbia its regional center and invest a total of USD 400 million in Serbia. The US firm currently employs 2100 local workers and will receive a government subsidy worth USD 10 million for the planned expansion of business.

GTC investing Euro 100 million in construction of Ada shopping mall: GTC Serbia part of GTC international Group, a leading developer in real estate in Central and Eastern Europe, has started construction of the Ada shopping mall in Belgrade's suburb of Cukarica. The investment is estimated at Euro 100 million and construction of the mall should be completed by the end of 2018.

German KfW Bank funding energy industry projects: Mr. Aleksandar Antic, Serbian Minister of Mining & Energy signed two agreements on soft loans worth Euro 75 million with representatives of

the German KFW bank. The first loan worth Euro 45 million is intended for financing upgrading of the Nikola Tesla Thermal Power Plant (TENT) while an additional Euro 30 million was made available for the trans-Balkans electric power corridor (section between Kragujevac and Kraljevo).

Confectionary industry Jaffa buys Banini: The Jaffa company, part of the Cypress Kappa Star Group, has taken over the confectionary industry Banini from Kikinda, an investment worth Euro 15 million. Jaffa plans to keep the Banini brand and keep manufacturing the same portfolio of products.

Continental opens new factory line in Subotica: German manufacturer of automotive parts Continental has opened a new production facility in the town of Subotica for manufacturing automotive parts in which Euro 15 million has been invested. An additional 500 workers will be trained to manufacture rubber & plastic automotive parts.

French company Le Belier to build a new factory in Kikinda: French company Le Belier, a producer of casted aluminum products for the automotive industry, started construction of a factory in the city of Kikinda. Le Belier plans to invest Euro 12 million in the project and employ close to 600 workers.

Etihad Aviation Group opens Shared Services Center in Belgrade: On 13<sup>th</sup> March, the Etihad Aviation Group opened a Shared Services Center in Belgrade which will cater the needs of Etihad Airways and partner companies. The center is expected to service 4.4 million customer calls by 2020. The center's staff will offer booking services, including sales, itinerary changes and special requests. The center will also run the loyalty program for Etihad Airways, Air Serbia, Air Seychelles and Etihad Regional. The plan is to include Alitalia and Air Berlin in the future.

Switzerland donates Euro 9 million to Serbia: The Swiss Government is donating Euro 9 million for implementation of energy efficiency and energy management projects in four Serbian cities. Public institutions in the cities of Krusevac, Uzice, Paracin and Vrbas will be able to apply for the fund. The objective of the project is to introduce European energy efficiency certificates for local public institutions.

French Hutchinson opens its second facility in Ruma: French Hutchinson, a renowned producer of rubber parts for the automotive industry, opened its second facility in the city of Ruma. Hutchinson has invested USD 7.3 million in the new facility and plans to employ an additional 800 workers. French companies in Serbia employ as much as 10.000 people and bilateral trade is close to Euro 1 billion.

German company Grammer AG is expanding its manufacturing facility in Serbia: Mr. Pierluigi Ghione General Manager of German company Grammer AG stated that the firm is investing Euro 5 million in expansion of production facilities in its Aleksinac based factory. Grammer AG is manufacturing automotive interior and seating systems.

Italian Pasubio to start production in Serbia: Italian company Pasubio a manufacturer of luxurious leather seats for the automotive industry will start production in the Serbian town of Sabac. Pasubio is supplying leather seats to companies such as Lamborghini, Porsche, Jaguar, Ferrari, BMW and Bentley.

## SERBIAN INVESTMENTS

Construction of Corridor XI highway sections begins: The China Road and Bridge Corporation (CRBC) has started construction of the highway section Surcin-Obrenovac on European Corridor XI. The Serbian Government has set aside USD 208 million for the project which is expected to be completed by the end of 2019. At least 49% of work will be carried out by domestic companies.

Serbia investing Euro 60 million in construction of gas interconnection with Bulgaria: According to Mr. Aleksandar Antic, Serbian Mining & Energy Minister, the natural gas interconnecting pipeline between Serbia and Bulgaria should be completed by 2019. The European Union has approved Euro

50 million grant for the project. The Government will invest an additional Euro 10 million in the project bringing the total investment in the pipeline to Euro 60 million.

Start of reconstruction of the Rakovica-Resnik railway section: The Chinese company CCECC started reconstruction of 7.5 kms railroad in Belgrade's Rakovica municipality. The railroad section between Rakovica and Resnik is expected to be finished by March 2018. The European Bank for Reconstruction and Development (EBRD) has extended a loan of Euro 23.7 million to the Government of Serbia for the project. The section is a part of the railroad connecting Serbia and Macedonia.

Serbian EPS investing in construction of solar and wind farms: The Electric Power Industry of Serbia (EPS) is investing in developing renewable energy projects and has started construction of solar and wind farms in Kostolac. The current project of building solar and wind farms is expected to generate an additional 70 megawatts of power. EPS is the largest producer of energy in Serbia, currently accounting for 98% of local energy production. Around 60% of energy is produced from coal while 30% comes from hydro energy sources. Serbia has set a goal of producing 27% of its energy needs from renewable energy sources by 2020.

#### 4 OTHER COMMERCIAL ITEMS OF INTEREST

Serbian President Tomislav Nikolic visits China: On 30 March Serbian President Tomislav Nikolic arrived in Beijing and held talks with Chinese President Xi Jinping on deepening bilateral cooperation and realizing joint projects. Chinese President Xi Jinping stated that he will personally encourage Chinese entrepreneurs to participate in the realization of joint projects and added that the signing of China-Serbia Agreement on Comprehensive Strategic Cooperation will give a boost to the bilateral relations. Serbia was the first CEE country to forge a strategic partnership with China. The two leaders discussed cooperation regarding the "One Belt – One Road" initiative and Serbia's active role in the "16 plus 1" initiative between China and CEEC countries. The two Presidents also discussed the privatization of the Mining and Smelting Basin Bor, the privatization of Nikola Tesla International Airport and introducing direct flights between Belgrade and Beijing, for which two Chinese companies have shown interest. In his meeting with Chinese Premier Li Keqiang, President Nikolic welcomed Chinese businesses to invest in Serbia and strengthen cooperation in infrastructure & production capacity projects, speed up building of the Serbia-Hungary railway, expand agricultural products trade and jointly explore cooperation opportunities in third party markets. Premier Li called for expanding two-way trade, strengthening cooperation in areas including finance, customs, culture, tourism, and people-to-people exchanges, and intensify coordination within the 16+1 framework. President Nikolic expressed Serbia's willingness to expand cooperation with China under the bilateral and "16+1" cooperation framework. President Nikolic also held meeting with the Chairman of the National People's Congress (NPC) Standing Committee Mr. Zhang Dejiang. Serbian President met with a delegation from the Huawei company, Liten Group and Shanghai Leasing, to whom he presented the advantages of investing in the Serbian economy. Chinese Zhejiang Kangyi Sanitary Ware signed a MoU with the Serbian side on an investment worth USD 35 million in a plant of metal sanitary ware products in the city of Kula as part of the "New Silk Road" project. President Nikolic also visited Shandong Province and the cities of Qingdao and Jinan. He opened the works on the construction of a Chinese-Serbian cultural village, in the town of Laisi near Qingdao. He met with the management of the Shandong province where he stated that economic cooperation between Shandong province and Serbia had grown by 29% after the Chinese President's visit to Serbia in June 2016. President Nikolic received the title of honorary citizen of Beijing, as a sign of recognition of his personal contribution to improved friendly relations between the two countries. In honor of the visit of Serbian President, China decided to donate approximately Euro 14 million EUR to Serbia.

Chinese Hainan Airlines plans direct flights to Serbia: Hainan Airlines, largest Chinese private air carrier is expected to launch more than ten international flights this year. Direct flight to Belgrade is



expected to be introduced. Mr. Hou Wei, Senior Vice President of Hainan Airlines told the "China Daily" that economic growth campaigns like the Belt and Road Initiative, of which Serbia is a part, and various bilateral free trade agreements have led to a rise in people-to-people exchanges, which is spurring demand for flights to certain destinations. The Chinese airline has carried out a feasibility study on flights between China and Serbia, and details about the agreement should be published soon.

“Russia-Serbia Expo” held in Belgrade: Mr. Ivica Dacic, Serbian Foreign Minister and Russian First Deputy Minister of Industry and Trade Gleb Nikitin inaugurated the 4<sup>th</sup> “Russia-Serbia Expo 2017” and the Belgrade Business Forum on 15<sup>th</sup> March. A large number of Russian and Serbian companies took part in the three-day event which mainly focused on renewable energy, oil & gas industry, engineering, metal industry, aviation and rail industry, banking, telecommunications, healthcare, food-processing, science and new technologies. Bilateral trade between Russia and Serbia in 2016 amounted to Euro 2.1 billion.

Iranian delegation advocates Free Trade Agreement: The Serbian Minister of Trade, Tourism & Telecommunications Mr Rasim Ljajic received a delegation of the Iranian Parliament on 9<sup>th</sup> March and held talks on speeding up negotiations for signing of a free trade agreement between the two countries. The head of the Iranian delegation Alaeddin Boroujerdi also advocated the introduction of a direct air link between Belgrade and Tehran as it would be very important for enhancement of bilateral relation between the two countries.

Saudi Businesses want to invest in Serbia: Saudi Ambassador to Serbia Hani bin Abdullah Momin stated that several businessmen from Saudi Arabia are interested in investing in Serbia’s medical tourism sector, banking, agriculture and heavy industries.

Foreign currency savings in Serbia reach Euro 9 billion: Governor of the National Bank of Serbia (NBS) Jorgovanka Tabakovic stated that in January 2017 foreign currency savings of Serbian citizens surpassed Euro 9 billion for the first time. Governor Tabakovic added that annual inflation in 2016 amounted to 1.6% and that problematic banking loans are at a six years minimum of 17.5% overall placements.

Serbia received remittances worth Euro 2.7 billion: In 2016, the Serbian Diaspora sent home a total of Euro 2.7 billion worth of remittances – which is about 8% Serbia’s GDP, most inflow came from Germany, Switzerland, Austria and France – all countries with sizable Serbian Diaspora.

Serbia records Euro 1.6 billion agriculture trade surplus: In 2016 Serbia recorded a surplus in trade of agriculture and food products of USD 1.6 billion. According to figures from the Serbian Chamber of Commerce (PKS), Serbian agro exports amounted to Euro 2.9 billion. Main export products are agro commodities.

Serbian import of coffee reaches Euro 59.2 million: In 2016, Serbian import of coffee reached Euro 59.2 million. During the year, coffee prices in Serbia increase by 20% mainly due to the price increases on the global market. The coffee imports from Brazil amounted to Euro 34.7 million whereas from Vietnam and India were Euro 10.3 million and Euro 5.8 million respectively.

Serbian company to export mineral water to Kuwait: Serbian Vrujci-based Voda Voda company has signed a three-year contract with Kuwaiti Caro General Trading regarding export of three million liters of mineral water to Kuwait. The Voda Voda water is drained from the depth of 605 meters and it is unprocessed, but bottled right after quality control. Voda Voda is exporting 500.000 liters per year to South Korea, other export destinations include Hong Kong, Slovenia, Bosnia-Herzegovina, Macedonia and Montenegro.

Chinese company Yinlong shows interest in Ikarbus: Chinese company Yinlong confirmed through its intermediary LTO Energy Zagreb that it is interested in the Belgrade bus factory Ikarbus. Yinlong

is the largest global manufacturer of electrical vehicles, lithium batteries and similar items, with annual production of 60,000 buses. Yinlong is exploring the possibility of making Ikarbus its regional hub.

Zastava arms factory developed a revolutionary model of automatic rifle: Kragujevac-based Zastava Arms factory finalized the development of a new modular automatic rifle. It is designed on the basis of Kalashnikov system, but of 7,62x39 caliber and alternatively of 6.5 Grendel caliber, as it has a removable barrel. The factory engineers have managed to create this new and revolutionary automatic rifle in less than a year. Some military experts claim that such a rifle has not been made by any army in the world so far.

Fenix Group opens logistical center for distribution of medications: The German pharmaceutical company Fenix Group opened a logistical center for the Western Balkans in Belgrade. Now, Belgrade, Prague and Warsaw, will be the regional center for distribution of medicines and other medical products for the company.

## 5. SPECIAL INITIATIVES BY THE MISSION

Third Meeting of India-Serbia Joint Economic Committee through video conferencing: Ambassador participated in the third meeting of the India-Serbia Joint Economic Committee (JEC) that was held through video conferencing on 10th March 2017. The JEC was co-chaired on the Indian side by Ms. Anita Praveen, Joint Secretary, Department of Commerce, Ministry of Commerce & Industry and Mr. Nemanja Stevanovic, State Secretary of Ministry of Foreign Affairs of Serbia. The two sides informed each other of the economic situation in their respective countries and discussed the prospects to enhance bilateral economic & trade relations. Both sides agreed to further strengthen and diversify bilateral economic & commercial relations and continue linkages between business associations/trade bodies on either side to promote bilateral trade. The Indian side apprised the Serbian side about the latest economic developments in India and highlighted the flagship projects such as Make in India, Skill India, Digital India, Smart Cities, Swachh Bharat, Start-Up India, etc. Both sides examined and discussed the status of bilateral economic cooperation, including trade and investment, agriculture & food processing, energy, mining, scientific and technical cooperation, Information Technology & Electronics, civil aviation, health, pharmaceuticals, tourism, film making, youth affairs & sports and cooperation between private sectors. Ambassador emphasized on the import of wheat, soyabean, oil seeds from Serbia and called for visit of Indian delegation to work out the modalities. The Indian side also expressed interest in procuring copper and gold from Serbia. The two sides expressed readiness to develop and continue their mutual economic cooperation and find ways and means for its further development. Both sides agreed to undertake follow-up actions on the subjects discussed during the meeting.

Others: Ambassador's address to KONSEK 2017, Economics Student's Congress of Belgrade University; address to students of the Faculty of Law of Belgrade University; meeting with Jagodina Museum of Marginal and Naïve Arts on permanent exhibition of Chandigarh Rock Garden; premier of first Indo-Serbian production 'Dev Bhoomi' directed by Goran Paskaljevic.

Commercial & trade visits to India: Ms. Slobodanka Simić Manager of Production & Quality Control Avramović and Ms. Vesna Gojkov Manager of GMP Department from the Serbian pharmaceutical company Galenika a.d. visited India to discuss cooperation with Mumbai based Sun Pharmaceutical Industries Ltd. Ms. Ljiljana Lazic and Mr. Mladen Tošić CEO of Serbian pharma company UTI doo visited New Delhi to discuss further expansion of cooperation with Indian Panacea Biotec Ltd. Ms. Matija Nikolic, Technical Supervisor of Stilles doo visited India in connection with the interior designing of Grant Hyatt Kochi Project. Mr. Lukas Rasulic, Neurosurgeon, Clinical Center of Serbia participated as International Delegate in International Conference on Complications in Neurosurgery (ICCN 2017) in Mumbai from 3-5 March. A delegation from ABB doo, Power engineering company visited factory in Nasik in connection with the testing and inspection of 36 kv outdoor circuit breakers. Apart from above several Serbian companies visited India for commercial & trade purposes mainly from the IT, telecom, pharmaceutical marketing, science & Technology, steel, recycling, engineering, design, textiles & footwear Industry. Some of the companies are FCA Serbia, Veriest

Venture Serbia, Technosteel & Consulting doo, Schneider Electric DMS, Robert Bosch doo, NCR doo, Dellano doo, Chemico Export doo, 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 (Vibrant Gujarat, IE29BF, India Stonemart, Global Rajasthan Agri-tech Meet, Tex-Style India 2017, India Steel Expo, India Pharma 2017, India Medical Device 2017, Global Exhibition on Services 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 March 2017, the Embassy issued 81 visas out of which 23 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

India's infrastructure enterprise GMR Group submits a non-bidding offer for a 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. Interested bidders were expected to submit non-binding proposals by 10th March 2017. 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 is located 17 kilometres from Belgrade's city centre and in 2016 it had serviced 4,92 million passengers, or 3 % more than a year earlier. It currently reports an annual net profit of around Euro 25 million. Serbian Deputy Prime Minister Zorana Mihajlovic has revealed that 27 companies from all over the world had submitted their concession bids for "Nikola Tesla Airport". The government will now evaluate the proposals, and invite the best ones to submit a binding offer within 75 days. Among the 27 bidders are world-renowned companies from Germany, France, China, Russia, Turkey, Switzerland, Korea, Greece apart from GMR Group. Other major companies include Fraport from Germany, Vinci & Egis from France, Russian Novoport, Austrian Strabag, Japanese Mitsubishi and China National Aero-technology International Engineering Corporation.

Agriculture Ministry to decide PKB privatization model by June: The Serbian Agriculture Ministry will decide on the model 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.

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, Minister of Economy, the Serbian 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 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

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

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

## 7. TRADE ENQUIRIES DURING MARCH 2017

### Trade Enquiries from India

- Indian company Purohit Impex has expressed interest in exporting spices, grains, rice & other agro commodities to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Fibrox 3D Printing Solutions has expressed interest in offering 3d printing jewellery services exporting. List of Serbian jewelers has been provided to them.
- Indian company Pursuit Pharma has expressed interest in exporting chemicals to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Nulife Global Medical has expressed interest in exporting electro medical products to the Serbian market. List of Serbian exporters has been provided to them.
- Indian company JET Granito has expressed interest in exporting porcelain tiles to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Dharamvir Exports has expressed interest in exporting food, rice, spices, & other agro products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Atop Communication Solutions has expressed interest in exporting industrial automation products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Mutha Brothers has expressed interest in exporting pens and quality writing instruments to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Piramal Enterprises Limited has expressed interest in exporting herbal ayurvedic products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Cmaan Exports has expressed interest in exporting metal repousse arts to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Goldi Green Technologies has expressed interest in exporting Solar energy photovoltaic (PV) modules 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  
National Bank of Serbia  
Federal Statistical Office of Serbia  
Government of the Republic of Serbia  
Ministry of Economy  
Serbian Development Agency

<http://www.pks.rs/Default.aspx?idjezik=3>  
<http://www.nbs.rs/internet/english/index.html>  
<http://webrzs.stat.gov.rs/WebSite/>  
[http://www.srbija.gov.rs/?change\\_lang=en](http://www.srbija.gov.rs/?change_lang=en)  
[www.privreda.gov.rs](http://www.privreda.gov.rs)  
<http://ras.gov.rs/>