

**EMBASSY OF INDIA
BELGRADE**

**MONTHLY COMMERCIAL REPORT FOR SERBIA
MAY 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 May 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	2016	Up to April 2017
Export of goods	14,880.7	3,740.5
Import of goods	19,255.5	4,892.4
Foreign trade deficit	- 4,374.8	-1,151.9
Total Trade	34,136.2	8,632.9
Balance of Payment, in million USD	2016	In March 2017
Current account deficit (exc. grants)	-1,512	-466
Current account deficit (exc. grants), as % of GDP	-	-
Balance of payments, total	-345	-760
Foreign direct investments, net in million USD	2,057	661
Monetary and Foreign Exchange Indicators	2016	In April 2017
Foreign currency reserves of NBS, in Billion USD	12.5	12.0
Value of USD against Serbian Dinar (1USD)	117.14	113.37
Value of EUR against Serbian Dinar (1EUR)	123.47	123.17
Employment, wages and pension benefits		In April 2017
Unemployment rate, (%)	13.8 %	13.0 %
Net wages, period average, in Serbian Dinars.	53,456.-	49,635.-

Net wages, period average , in USD	456.4	437.7
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Source: Statistical Office of the Republic of Serbia, National Bank of Serbia

* Estimate GDP growth for 2017

Top 5 Imports [January – April 2017]

Products	Values in 000 USD
Total	6,536,750
1. Iron, steel, copper, etc.	696,092
2. Medicaments & chemicals	648,312
3. Automotive parts & vehicles	506,443
4. Food & agro-products	492,404
5. Industrial Machinery	451,656

Top 5 Countries of Import	Values in 000 USD
Total	6,536,750
1. Germany	818,141
2. Italy	654,137
3. Russian Federation	578,155
4. China	521,119
5. Hungary	299,337

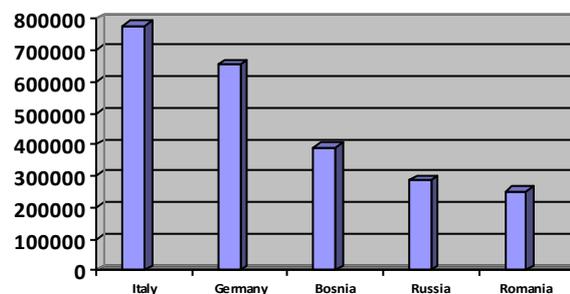
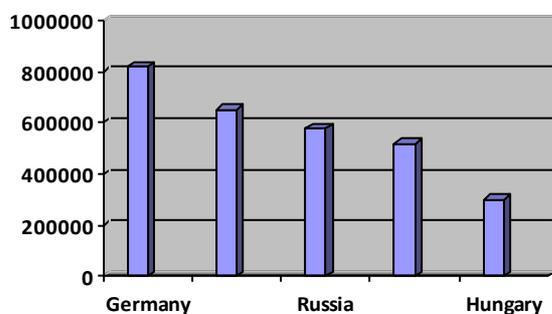
Top 5 Exports [January - April 2017]

Products	Values in 000 USD
Total	5,079,463
1. Food & agro-products	993,175
2. Motor vehicle, parts & car tires	845,033
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	5,079,463
1. Italy	778,367
2. Germany	653,930
3. Rep. of Bosnia and Herzegovina	388,134
4. Russian Federation	286,101
5. Romania	251,908

Countries by Import

Countries by Export



Top Ten Trading Partners [January- April 2017]

Countries	Values in 000 USD
Total Trade	11,616,213
1. Germany	1,472,071
2. Italy	1,432,504
3. Russian Federation	864,256
4. Bosnia and Herzegovina	545,561
5. China	538,222
6. Hungary	473,198
7. Romania	432,797
8. Poland	409,499
9. France	347,229
10. Austria	343,243

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

Serbia

1. FOREIGN TRADE WITH INDIA

India-Serbia bilateral trade from January - April 2017 amounted to US\$ 47.2 million, an increase of 3.6 % compared to the same period in 2016, with Indian exports to Serbia valued at US\$ 45.0 million and Serbian exports to India at US\$ 2.2 million.

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

India's top 5 Imports from Serbia

Product Groups	Values in 000, USD	Product Groups	Values in 000, USD
1. Pharmaceutical & chemical products	10,252	1. Precious metals, silver	894
2. Textile, yarn, garments & footwear	7,709	2. Tobacco / cigarettes	373
3. Coffee, sesame seeds & food prod.	7,158	3. Office CPU's & machinery	261
4. Products of iron & steel	3,540	4. Plastic fittings for pipes, tubes	146
5. Industrial machinery	3,033	5. Telecom equipment	108

Top 10 Products Exported by India (Jan-Apr 2017)	Values in 000, USD	Top 10 Products imported from Serbia (Jan-Apr 2017)	Values in 000, USD
1. Coffee	2,492	1. Silver, unwrought	894

2. Other heterocyclic compounds (with nitrogen)	2,300	2. Cigarettes	373
3. Polyethylene in primary forms	2,067	3. Storage units	229
4. Medicaments, retail	1,770	4. Plastic fittings for pipes, tubes	136
5. Zinc, unwrought	1,333	5. Telecom equipment	82
6. Tobacco, raw	1,239	6. Parts of pumps	66
7. Groundnuts, not roasted	1,162	7. Other instruments and appliances	33
8. Other heterocyclic compounds (nitrogen hetero-atom)	821	8. Other phosphates of calcium	32
9. Shirts and vests, knitted	814	9. Printed circuits	26
10. Cotton Yarn	776	10. Offset printing machinery	24

Source: Statistical Office of the Republic of Serbia

2. COMMERCIAL DEVELOPMENTS IN SERBIA

2.1 Main Economic Overview

Serbian Prime Minister (now President) Aleksandar Vucic led a state and business delegation to Beijing from 13 to 16 May to participate in the Forum "One Belt, One Road" in Beijing. Besides taking part in the summit Serbian PM called on Chinese President Xi Jinping and Chinese Prime Minister Li Keqiang. Addressing the HOSs/HOGs of 28 countries and heads of international organizations such as the UN, the IMF and the World Bank, Serbian PM said that "links" and "being connected" are the key words to describe the OBOR initiative implying on new infrastructure projects, airports, bridges, railways and ways of establishing better ties among the partner countries. He mentioned about infrastructure projects including railways, motorways, and bridges being constructed with technical and financial support of Chinese companies. Prime Minister Vucic suggested that the next OBOR Forum could be held in Serbia.

He sought Chinese President's help in direct air flights and help with the work and functioning of the Bor mining and metallurgical complex. President Xi expressed his gratitude on concrete proposals for new forms of cooperation with Serbia, especially in the fields of agriculture, air transport and energy. China expects Serbia to play a bigger role in China-CEEC cooperation in the fields of infrastructure construction, energy, education and people-to-people and cultural exchanges. During the visit several deals were signed of estimated value of Euro 3.2 billion.

During the forum, PM Vucic met with Russian President Vladimir Putin, Belarusian President Alexander Lukashenko, Hungarian counterpart Viktor Orban, Greek Prime Minister Alexis Tsipras, Polish Prime Minister Beata Szydlo, Spanish Prime Minister Mariano Rajoy, the British Minister of Finance, Philip Hammond, and with World Bank President Jim Yong Kim.

On the domestic front, Serbian Prime Minister spoke of better than expected budgetary saving which will allow the government to increase public sector salaries up to 10%. This measure will be discussed with the IMF, with which Serbia has a stand-by arrangement, when the government starts negotiations about the 2018 budget draft. According to the Serbian Ministry of Labor, Employment, Veteran and Social Affairs unemployment in Serbia stand currently at 13%. This is just above the 11% average of EU countries but well below the 23.8% of unemployment Serbia witnessed in 2012. During 2016 total inflow of foreign direct investment (FDI) into Serbia amounted to Euro 1.9 billion. Out of the total amount Euro 500 million was related to investment projects subsidies by the Serbian Government.

Serbian Ministry of Energy and Mining Mr. Aleksandar Antic stated that Serbian is closely monitoring the Turkish Stream gas pipeline project being built by Russia and Turkey and that

Serbia is interested in connecting to this new gas supply line. Serbia is also committed to reaching its goal of 27% share of renewable energy sources in the total energy consumption by 2020. According to Mr. Antic Serbia will reach close to 24% of renewable energy share by the end of 2017.

Representatives of the European Bank for Reconstruction and Development (EBRD) raised its GDP growth projection for Serbia: Following a strong push in 2016 when economic growth stood at 2.8%, Serbia is expected to have a growth of 2.9% in 2017 and 3% in 2018 with domestic demand being the main moving force behind the increased growth. EBRD has so far invested Euro 5.5 billion in numerous projects in Serbia. For 2017, EBRD has set aside USD 400 million for several investments.

Global ratings agency Dun & Bradstreet expects Serbia's economic growth in 2017 to reach 3.0 %, while in 2018 it should reach 3.3 %. Dun & Bradstreet sees foreign direct investments as the main force behind the increased growth.

According to results of the European Attractiveness Survey 2017 carried out by the auditing-company Ernst & Young, Serbia was ranked at sixth place among the top 20 destination countries by Foreign Direct Investment (FDI) in job creation in 2016. EU countries have recorded record FDI figures in 2016 with 5,845 of realized projects. Increased foreign investments led to employment of 259,673 new workers, out of which 16,396 in Serbia, which is the sixth best result in Europe.

2.2 Inflation upto May 2017 amounted to 3.6 %. Annual inflation during 2016 amounted to 1.6%.

2.3 Industrial production

During April 2017, industrial production in Serbia decreased by 2.6%. Trends in the main sectors in April 2017 as compared to April 2016, were as follows:

- Electric power, gas and water supply – fall of 11.4 %,
- Mining and quarrying– fall of 4.9 % and
- Manufacturing– growth of 0.0%,

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

- Energy- fall of 12.0 %,
- Intermediate products -growth of 5.7 %,
- Durable consumer goods – growth of 9.5 %
- Non – durable consumer goods - fall of 3.4 % and
- Capital goods – growth of 2.3 %,

Drop in electricity production, manufacturing of petroleum products, food products, printing media, motor vehicles trailers and semi – trailers, etc were the main reasons for the fall of industrial production in April 2017.

2.4 Average Net Wages

The average net wages paid in April 2017 in Serbia stood at RSD 49,635.- which reflected an increase of 3.8% in nominal terms and an increase of 3.0 % in real terms when compared to the average net wages paid in March 2017. The average gross wages in April 2017 amounted to RSD 68,246.-.

2.5 Serbia's Foreign Trade

The overall external trade of Serbia during January to April 2017 amounted to USD 11.6 billion, 7.8% increase compared to the same period in 2016. The value of Serbian exports amounted to USD 5.1 billion, an increase of 7.1 % when compared to the same period in 2016. The value of imports amounted to USD 6.5 billion, an increase of 8.3 % relative to the same period in 2016.

The trade deficit from January to April 2017 amounted to USD 1.6 billion - an increase of 12.7 % 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 65.1 % 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 April 2017 amounted to USD 575 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 827 million while imports from CEFTA were to the tune of USD 252 million.

Top exports in April 2017: automotive wires (USD 52 million), diesel cars up to 1500 cm³ (USD 50 million), maize (USD 47 million), hot - rolled iron products (USD 35 million), copper refined (USD 30 million), petrol cars up to 1500 cm³ (USD 29 million), automotive tyres (USD 25 million), diesel cars from 1500-2500 cm³ (USD 20 million), raspberries, frozen (USD 20 million) and cigarettes containing tobacco (USD 19 million).

Top imports in April 2017: automotive parts (USD 74 million), crude oil (USD 51 million), retail medicaments (USD 40 million), natural gas (USD 36 million), iron ore agglomerates (USD 29 million), diesel cars 1500-2500 cm³ (USD 26 million), gaseous oils (USD 22 million), telecom equipment (USD 19 million), coke/coal (USD 17 million) and electric conductors <1000V (USD 14 million).

3. MAJOR INVESTMENTS WITHIN AND OUTSIDE THE COUNTRY

FOREIGN INVESTMENTS

European Investment Fund sets aside Euro 200 million for Serbia through COSME program: The Serbian Government and the European Investment Fund (EIF) have signed a loan agreement worth Euro 200 million for financing small & medium sized businesses in Serbia as per the European COSME program. Favorable loans to SME's will be distributed through the network of UniCredit Bank Serbia.

World Bank to invest Euro 113 million in several projects: Mr. Dusan Vujovic, Serbian Minister of Finance and Mr. Tony Verheijen, World Bank Country Manager for Serbia signed several agreements worth Euro 113 million. The loans are aimed for a preschool education, inclusion projects and projects related to natural disaster and risk management.

Austrian Zumtobel starts building factory in Nis: The Nis City Council signed a Memorandum of Understanding with Austrian producer of LED lighting Zumtobel regarding an investment of Euro 30 million in a new production facility in the southern Serbian city of Nis. As per the MOU, the city of Nis will provide approximately 11 hectares of land free of charge as a subsidy to the Austrian investor.

Japanese Yazaki to open factory in Sabac: Japan's Yazaki Corporation which manufactures wiring systems and cables for the automotive industry has invested Euro 25 million in a new factory in the city of Sabac. Yazaki will manufacture wiring systems for the Dailer Trucks

division and employ close to 2000 workers. The Japanese company has 444 production facilities in 44 different countries and employs close to 280.000 people world-wide.

German Continental opening a research center in Serbia: Serbian PM (now President) Aleksandar Vucic confirmed that the Hannover-based software company Continental is planning to open a software research center in Novi Sad. The German company plans to employ more than 500 highly-qualified IT engineers. Representatives of Continental stated that they expect their research center in Novi Sad to start operations on 1st July 2017.

UniCredit bank allocates Euro 20 million for financing renewable energy projects: The Green Growth Fund (GGF) and UniCredit Bank Serbia have signed a loan worth Euro 20 million for financing of renewable energy projects. GGF will offer technical assistance and verification for the approved project. In 2016, the Italian UniCredit Group invested more than Euro 9.4 billion in renewable energy loans. GGF is a specialized agency for channeling renewable energy projects in South-East Europe with the aim of reducing CO2 emissions by at least 20%.

Microsoft to invest USD 16 million into US-Serbian Frame company: US-Serbian joint venture IT company Frame has signed an agreement worth USD 16 million with Microsoft, the world's largest software company. Frame is a startup company developing software that will enable easy transfer of applications and software tools to Frame cloud servers. Frame has development teams in Nis and Belgrade with more than 30 IT engineers and plans to expand sales and marketing activities in Europe and Asia.

Dutch based Cooperatief IMI Europe to build factory near Nis: Cooperatief (Integrated Micro-Electronics) IMI Europe which produces electrical automotive parts will invest Euro 30 million in a factory in Niska Banja (city of Nis). IMI Europe plans to employ 1,250 workers and will receive Euro 6,800.- per employed worker, as a subsidy, from the Serbian Ministry of Economy.

Italian furniture factory Top Sofa to build a factory in Vranje: Italian furniture factory Top Sofa plans to open up a manufacturing facility in the Vranje Free Trade Zone. All companies operating in the town's Free Zone are eligible for certain benefits including the 6% custom clearance rate, 20% discount on energy prices as well as 50% discount on the price of water.

Canadian Magna increasing its production facilities in Serbia: Canadian company Magna Seating plans to invest an additional USD 3.5 million in its car seat cover production facility in the town of Odzaci. Magna Seating had invested USD 7 million in the Odzaci based facility in 2012 and now wishes to expand its factory from the current size of 4,300 square meters to 10,000 square meters. Once the facility is overhauled an additional 300 workers will be employed bringing the total to 1,500.

India's Excel Industries Limited buys manufacturing company Blok Signal doo, Nis: The Indian company Excel Industries Limited, part of Excel Group with headquarters in United Arab Emirates, has bought the Nis-based factory Blok Signal d.o.o. With an initial investment of Euro 1 million, the company is said to manufacture railway equipment such as railway posts, light signals, railway signs etc. and waste management equipment, namely garbage containers, truck containers, conveyor belt etc. The company which was earlier part of Serbian MIN Holding (Machine Industry Nis), was privatized in 2003 and had closed down two years ago. The laid off technical staff has been re-employed. H.E. Mrs. Narinder Chauhan, Ambassador of India to the Republic of Serbia attended the official opening of company on 28th May 2017.

SERBIAN INVESTMENTS

Serbian Government investing Euro 250 million in Kolubara mining basin: Serbian Prime Minister (now President) Aleksandar Vucic announced on May 1 that the government would invest around Euro 250 million in 2017 in purchasing new machinery and equipment for the Kolubara mine. He added that production of both power and coal needed to be stepped up to at least the level of production in 2016.

Serbian Government to invest Euro 209 million in highway section from Surcin – Obrenovac on Corridor XI: The Serbian Government has signed a loan agreement worth Euro 209 million with the Chinese Exim Bank for construction of the highway section from Surcin – Obrenovac on European Corridor XI. The main contractor for the project will be the China Communications construction company Ltd (CCCC), while local companies will participate in 49% share of the project.

NIS opens natural gas plant near Pozarevac: The Serbian Oil Industry (NIS) has opened a facility for production and wholesale of natural compressed gas at the Ostrovo gas field near the Serbian town of Pozarevac. The facility has annual production plans of 9,000 tons of gas. NIS plans to invest a total of Euro 200 million in 2017 in expansion of its production facilities in Serbia.

Serbian Alfa Plam is investing Euro 6.5 million in a new production facility: Vranje based heating systems manufacturer Alfa Plam is investing Euro 6.5 million in a new boiler factory in the town of Surdulica. The Serbian state will provide subsidy to the project with an additional Euro 1.4 million for local employment of 2016 workers.

4 OTHER COMMERCIAL ITEMS OF INTEREST

Ms Dragana Djermanovic chosen as “Woman of the Decade“ by Women Economic Forum in New Delhi: Serbian entrepreneur, owner of the startup BeeShaper and CEO of the company Bee Premium Group, Ms Dragana Đermanović was proclaimed “Woman of the Decade in Social Media and Leadership“ at the international Women Economic Forum (WEF17) held from 8-13 May 2017 in New Delhi. Women Economic Forum, this year dealt with the global topic of “Creating Innovations for the Future“. As a key speaker, Ms. Dragana held a lecture on “New Business Culture“ and shared with participants her own recommendations for creating innovative systems and developing of an entrepreneurial culture in countries in transition. This is the first time that a woman from Serbia and the region of the former Yugoslavia has received such a significant recognition at the Women Economic Forum for the contribution to business in the global market.

The Serbian Government is working closely with the Foreign Investors Council to improve the local business environment: The Serbian Government and the Foreign Investors Council are working closely together to identify measures that will improve the local business environment and facilitate the needs of foreign investors. Serbia’s Prime Minister (now President) Aleksandar Vucic stated “now that public finances are under control, the Government will undertake measures to achieve macroeconomic stability and improve the local business environment“. Serbian Minister of Construction Zorana Mihajlovic stated that a working group has been set up to monitor developments and implement recommendations from the FIC White Book. These recommendations were given by foreign investors that are doing business in Serbia and pertain to six specific areas: labor laws, food inspection and safety, realty and construction, electronic operations, bankruptcy procedures and foreign currency regulations.

German businessmen satisfied with doing business conditions in Serbia: According to Mr. Ronald Zeligler, President of the German-Serbian Chamber of Commerce, German companies operating in Serbia have made positive assessment of the Serbian business climate for 2017, with 84% of the companies stating that they would invest again in Serbia. The members of the German business community pointed out that some issues need to be addressed such as grey economy, strengthening of the local legal system, more transparency in public procurement, better public administration efficiency and reform of the tax system. German Ambassador to Serbia Mr Axel Dittmann stated that more than 400 German companies are doing business in Serbia and they collectively employ 31,000 workers. Bilateral trade between the two countries stands at around Euro 4 billion and German company have so far invested close to Euro 1.8 billion in Serbia.

Electric Power Industry of Serbia (EPS) to invest EUR 500 million in hydropower projects by 2025: The Electric Power Industry of Serbia (EPS) will continue investing in upgrading of hydro

power plants. It plans to invest Euro 500 million in new hydro projects by 2025. Hydro power plants and renewable energy sources make out one-third of EPS production.

Serbia has the largest gold reserves in South-East Europe: According to a report published by the World Gold Council, Serbia ranked 63rd on the list of countries with the largest gold reserves. The US is top-ranked, with 8,133.5 tons, Germany is second with 3,377.9 tons, while the IMF is third with 2,814.0 tons. As far as South-East Europe, Serbia has the most gold (18.8 tons), followed by Macedonia (77th place) with 6.9 tons. Slovenia has 3.2 tons, Bosnia & Herzegovina 3 tons.

Serbia has some of the world's largest lithium deposits: According to a statement of Serbia Rio Sava Exploration, a daughter company to the multinational mining company Rio Tinto, after 12 years of exploration it is clear that the Jadar region in Serbia has some of the largest lithium deposits in the world. In the Jadar area, the villages of Jarebica and Slatina, near Loznica in western Serbia, in April 2007 a new mineral Jadarite was found which contains large amounts of lithium. Recently the demand for lithium has increased sharply as the mineral is used for production of batteries for electric and hybrid cars, mobile telephones, portable computers and other electric appliances.

Private savings of Serbian citizens reach Euro 9.24 billion: At the end of March 2017 total savings deposited in local banks by Serbian citizens amounted to Euro 9.24 billion. According to the National Bank of Serbia (NBS) savings increased around Euro 32.5 million compared to the previous month.

Serbian public debt reaches 69.2 % of GDP: At the end of the first quarter 2017, Serbia's public debt reached approximately Euro 24.55 billion which amount to 69.2 % of GDP. According to the Serbian Finance Ministry public debt in December 2016 amounted to Euro 24.82 billion or 72.9 % of GDP.

Fiat Chrysler Automobiles (FCA) Serbia presents new Fiat 500L model: Five years after the introduction of the Fiat 500L model, Fiat Chrysler Automobiles (FCA) Serbia has presented a Restyled version of the vehicle which is produced in the Kragujevac based Fiat factory. As much as 40% of the parts are new in the restyled version. The 500L will come in three models: the standard version, a 4x4 tracking version and an extended living version. FCA Serbia has 3,000 employees and its annual exports of automobiles in 2016 amounted to Euro 1.1 billion, which makes the company the largest single exporter in Serbia.

Tesla Automotive is installing superchargers in Serbia for its electric cars: The California based electric automobiles manufacturer Tesla Automotive has announced plans to install its first superchargers for charging Tesla electric vehicles in six countries in southeast Europe. According to the released plans, as far as Serbia is concerned, Tesla superchargers will be set up in Belgrade, Pozega and Nis.

5. SPECIAL INITIATIVES BY THE MISSION

Power & coal official delegation from West Bengal visits Serbia: Mr. S.Kishore, Principal Secretary, Power Department, Government of West Bengal and Mr. Santanu Basu, CMD, West Bengal Power Development Corporation Limited (WBPDC) visited Serbia on 14-15 May 2017 regarding possible collaboration in Coal Mining Technology and Clean Coal Technology. On 15th May a meeting was organized with Ms Mirjana Filipovic, State Secretary and Mr. Sinisa Tanackovic, Assistant Minister, Ministry of Mining & Energy of Serbia. This was followed by a round table meeting with the Electric Power Industry of Serbia (JP EPS) which was led by Mr Slobodan Mitrovic, Executive Director of Coal Production Technical Affairs and included Mr Miomir Radisic, Director of Sector for Maintenance and Additional Investments in Mining Capacities and Mr Branko Jectic, Director, Process Development in Coal production. Mr. Kishore sought cooperation in mining sectors of Serbia and West Bengal and invited Serbian government and businesses to attend the Bengal Global Business Summit in Kolkata (January 2018). Mr

Santanu Basu, CMD of WBPDCCL apprised the EPS and the Serbian Ministry of the prospects of coal mining in West Bengal informing about the 'Deocha Pachami' coal block in Birbhum, West Bengal which has estimated reserves of 2.1 billion tonnes making it world's second largest deposit. The Indian delegation also visited the Kolubara mining basin and closely examined the technologies being used in the mines. Apart from mining technology, the Indian side sought cooperation with Serbian mining institutes.

Ambassador visits 84th International Agricultural Fair, Novi Sad, Serbia: On 17th May, Mrs. Narinder Chauhan, Ambassador visited the 84th International Agricultural Fair in Novi Sad and interacted with representatives of prominent Indian agri-machinery companies, namely, Indian tractor manufacturers TAFE (represented by Amalgamations Group), Mahindra & Mahindra (represented by Agropanonka) and Sonalika (represented by FPM Agromehanika). The 84th International Agricultural Fair held from 13-19 May 2017, in Novi Sad is the largest agribusiness event in Serbia and one of the largest agricultural events in South-East Europe which brings together the biggest players who present their products and services in the area of agricultural production, food and beverage industry, agricultural machinery, food-processing industry equipment, chemical and protective substances, organic food, as well as other products and services in agribusiness. The fair was inaugurated by Mr. Ivica Dacic, First Deputy Prime Minister and Minister of Foreign Affairs of Serbia and brought together more than 1,500 exhibitors from 60 countries and the most prominent businesspeople from the Serbian agriculture industry and other sectors. Indian agri-machinery companies enjoy a fine reputation in Serbia and the Balkans. Indian company Mahindra and Sonalika are assembling tractors in Serbia through their local partners.

India's Excel Industries Limited buys manufacturing company Blok Signal d.o.o., Nis: The Indian company Excel Industries Limited, part of Excel Group with headquarters in United Arab Emirates, has bought the Nis-based factory Blok Signal d.o.o. Ambassador attended the official opening of company on 28th May 2017. With an initial investment of Euro 1 million, the company is said to manufacture railway equipment such as railway posts, light signals, railway signs etc. and waste management equipment, namely garbage containers, truck containers, conveyor belt etc. The company which was earlier part of Serbian MIN Holding (Machine Industry Nis), was privatized in 2003 and had closed down two years ago.

Defence cooperation: A four member delegation from Serbia's state run Zastava Arms Industry from Kragujevac visited New Delhi in May 2017 to explore expanding cooperation with Indian firm Continental Defence Solutions Pvt Ltd (CoDSO). Zastava is manufacturer of weapons and military equipment and have been invited by CoDSO in connection with tender for Sniper Bolt action rifle under Make in India.

Ambassador attends the "xCEED2017": On 18th May, Ambassador attended the "xCEED 2017 - Roadmapping The Digital (r)Evolution" conference on the digitization of financial operations which was held from 17 to 19 May in Belgrade. Among the speakers was Mr Deepak Sharma, Chief Digital Officer, Kotak Mahindra Bank, who participated in the panel discussion on "The New Frontiers: Crypto Currency, AI, Digital Identity and Security". It was a very good opportunity for India to showcase its strength in the field of e-payment, e-wallet etc. The conference was an eye opener for local audience.

India promotion in Šabac: Mrs. Narinder Chauhan, Ambassador visited the Serbian city Šabac on 1st June 2017 and held a lecture on different aspects of Indian polity, economy and culture including IDY. At the occasion the film "Common Yoga Protocol" was screened and students of the Šabac Gymnasium, local officials and yoga practitioners were encouraged to take part in this year's event.

Ambassador meets Mr Vladimir Gak, President of the Indjija Municipality: On 2 June 2017, Ambassador met with Mr Vladimir Gak, President of the Indjija Municipality to discuss Indian

investments in IT, film making, agri-machinery and food processing. Ambassador also 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. Ambassador also delivered lecture on India on the occasion of 70th Independence anniversary at local high school and vocational college.

Commercial & trade visits to India: Mr Bozidar Petkovic - owner, Mr Aleksandar Nedeljkovic and Mr Luka Cebedzic engineers of the Arandjelovac based firm Pestan visited India to discuss cooperation with Mumbai based Sahil Enterprises in the field of pipe fittings and industrial moulds.

Five software engineers from Novi Sad based Schneider Electric DMS visited India to assist Schneider Electric Infrastructure Ltd in a project related to power engineering.

Mr Nenad Pecec, Application Developer, Zemun Polje attended annual ICT4D 2017 Conference at Hyderabad from 15-18 May. The annual ICT4D brings together public private and civil society organizations from across the humanitarian and international development community.

Mr. Igor Raicevic General Manager of Belgrade based GrEco JLT Shared Serviced Ltd visited Mumbai to discuss cooperation in risk insurance management with JLT- Jardine Lloyd Thompson India Pvt Ltd.

Apart from above several Serbian companies visited India for commercial & trade purposes mainly from IT, factory automation, defense, steel production, telecom, power engineering, risk management etc. Some of the companies are MHT Balkan doo, DAD Draxlmaier Automotive doo, P3 Communications, Ball Packaging Europe, Ace Automatic Controls, Ziza Machinery, GL Trade Software 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, Textiles 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 May 2017, the Embassy issued 54 visas out of which 26 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. *GMR Group, in consortium with Greek Terna Group, has since been shortlisted in the first round and has qualified to participate in the second stage of bidding along with three other consortia and one company.*

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 end 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. The Serbian government has extended until 30th September 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

8th International Fair of Armament and Defence Equipment 'Partner 2017'	27-30 June 2017	www.partner.mod.gov.rs/
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 2017	www.sajamtehnike.rs

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

7. TRADE ENQUIRIES DURING MAY 2017

Trade Enquiries from India

- Indian company Gujarat Metals and Chemicals has expressed interest in exporting water treatment chemicals to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Keshavam International has expressed interest in exporting wheat, rice, spices, & other agro products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Prime Preciturns has expressed interest in exporting brass components to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Goyum India has expressed interest in exporting industrial weight bridges to the Serbian market. List of Serbian exporters has been provided to them.
- Indian company Sharma Marketing Services has expressed interest in exporting truck, tractor & scooter parts to the Serbian market. List of Serbian IT companies has been provided to them.
- Indian company Gajanan Food Enterprise has expressed interest in exporting dehydrated & fresh onion, garlic, banana, mango etc. to the Serbian market. List of Serbian importers has been provided to them.

- Indian company Super Impex has expressed interest in exporting earthing & lighting cables & accessories to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Infinite Corporation has expressed interest in exporting herbal, pharma & cosmetic products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Anagha International has expressed interest in exporting textiles & jewellery products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Unilink Chemicals Pvt Ltd has expressed interest in exporting pharmaceutical raw materials products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Medibher Pharmaceuticals has expressed interest in exporting pharmaceuticals, bulk drugs, API, FDF products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Till & Yield Pvt Ltd has expressed interest in exporting spices & herbs products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Kohinoor India Pvt Ltd has expressed interest in exporting bicycle tyres & tubes to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Exporting Global has expressed interest in exporting spices, dehydrated products, fruit & vegetables to the Serbian market. List of Serbian importers has been provided to them.
- Indian company White Owl Impex has expressed interest in exporting ceramic tiles & sanitary wares to the Serbian market. List of Serbian importers has been provided to them.

Trade Enquiries from Serbia

- Serbian company Eko-Stanprom expressed interest in exporting insecticides to the Indian market. 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
www.privreda.gov.rs
<http://ras.gov.rs/>