

**EMBASSY OF INDIA
BELGRADE**

**MONTHLY COMMERCIAL REPORT FOR SERBIA
OCTOBER 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%	1.0%	1.3%	2.1%		*1.5%

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%	2.3% *
Inflation		In October 2017
Annual inflation target (y-o-y growth)	4.0 % +-1%	3.0 % +-1%
Monthly Inflation	0.1 %	0.2 %
Inflation rate – Consumer price index CPI (%)	1.6 %	2.8 %
Foreign trade, in million USD	2016	Up to September 2017
Export of goods	14,880.7	12,525.7
Import of goods	19,255.5	15,738.7
Foreign trade deficit	- 4,374.8	- 3,213.0
Total Trade	34,136.2	28,264.7
Balance of Payment, in million USD	2016	In September 2017
Current account deficit (exc. grants)	-1,512	-1,323
Current account deficit (exc. grants), as % of GDP	-	-
Balance of payments, total	-345	1,035
Foreign direct investments, net in million USD	2,057	1,812
Monetary and Foreign Exchange Indicators	2016	In September 2017
Foreign currency reserves of NBS, in Billion USD	12.5	13.9
Value of USD against Serbian Dinar (1USD)	117.14	101.3
Value of EUR against Serbian Dinar (1EUR)	123.47	119.4
Employment, wages and pension benefits		In September 2017
Unemployment rate, (%)	13.8 %	11.4 %
Net wages, period average, in Serbian Dinars.	53,456.-	48,212.-
Net wages, period average, in USD	456.4	475.9

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

* Estimate GDP growth for 2017

Top 5 Imports [January – September 2017]

Products	Values in 000 USD
Total	15,738,743
1. Iron, steel, copper, etc.	1,797,348
2. Medicaments & chemicals	1,632,565
3. Industrial Machinery	1,268,323
4. Food & agro-products	1,218,151
5. Automotive parts & vehicles	1,188,487

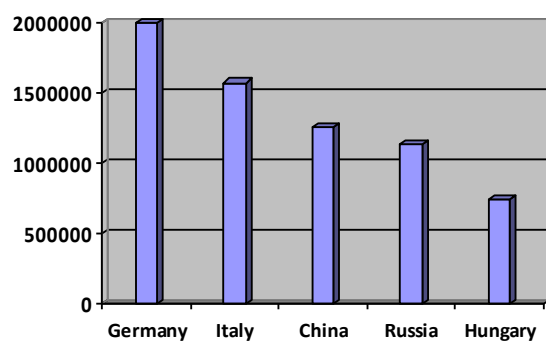
Top 5 Countries of Import	Values in 000 USD
Total	15,738,743
1. Germany	1,997,878
2. Italy	1,571,404
3. China	1,259,976
4. Russian Federation	1,137,582
5. Hungary	741,398

Top 5 Exports [January - September 2017]

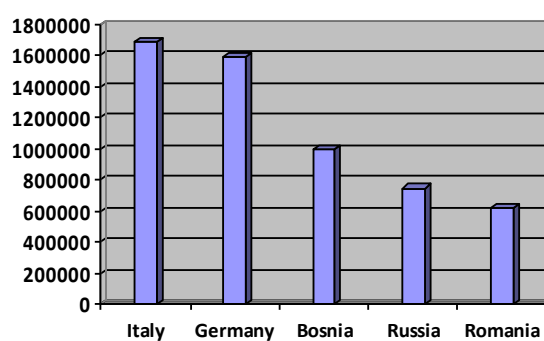
Products	Values in 000 USD
Total	12,525,682
1. Food & agro-products	2,463,036
2. Motor vehicle, parts & tires	1,949,543
3. Products of steel, copper	1,754,949
4. Electric appliances	1,088,505
5. Industrial machinery	1,062,161

Top 5 Export Destination Countries	Values in 000 USD
Total	12,525,682
1. Italy	1,687,488
2. Germany	1,590,927
3. Rep. of Bosnia & Herz.	997,861
4. Russian Federation	749,420
5. Romania	621,736

Countries by Import



Countries by Export



Top Ten Trading Partners [January- September 2017]

Countries	Values in 000 USD
Total Trade	28,264,425
1. Germany	3,588,805
2. Italy	3,258,892
3. Russian Federation	1,887,001
4. Bosnia and Herzegovina	1,415,049
5. China	1,305,475
6. Hungary	1,199,166
7. Romania	1,054,997
8. Poland	987,277
9. Slovenia	853,483
10. Croatia	844,053

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

1. FOREIGN TRADE WITH INDIA

India-Serbia bilateral trade during January-September 2017 amounted to US\$ 139.2 million, **an increase of 30.5% compared to the same period in 2016**, with Indian exports to Serbia valued at US\$ 132.3 million and Serbian exports to India at US\$ 6.9 million.

India's top 5 Exports to Serbia (Jan-Sep 2017)	Values in 000, USD
1. Pharmaceutical & chemical products	28,915
2. Products of iron & steel	24,411
3. Coffee, sesame seeds & food prod.	18,778
4. Textile, yarn, garments & footwear	17,119
5. Industrial machinery	11,084

India's top 5 Imports from Serbia (Jan-Sep2017)	Values in 000, USD
1. CPU / storage units	2,131
2. Precious metals, silver	1,173
3. Chemical products	1,072
4. Tobacco / cigarettes	774
5. Industrial machinery	664

Top 10 Products Exported by India (Jan-Sep 2017)	Values in 000, USD
1. Aluminium, unwrought	13,890
2. Polyethylene in primary forms	7,465
3. Other heterocyclic compounds (with nitrogen)	6,905
4. Coffee	6,016
5. Medicaments, retail	4,316
6. Agricultural tractors	3,299
7. Zinc, unwrought	3,263
8. Parts of pumps	3,007
9. Tobacco, raw	2,685
10. Groundnuts, not roasted	2,610

Top 10 Products imported from Serbia (Jan-Sep 2017)	Values in 000, USD
1. Storage units	2,094
2. Silver, unwrought	1,173
3. Cigarettes	774
4. Other phosphates of calcium	747
5. Plastic fittings for pipes, tubes	456
6. Other nitrile-function compounds	300
7. Metal working machinery	265
8. Telecom equipment	177
9. Parts of pumps	132
10. Printed circuits	66

Source: Statistical Office of the Republic of Serbia

2. COMMERCIAL DEVELOPMENTS IN SERBIA

2.1 Main Economic Overview

Turkish President Recep Tayyip Erdogan paid two-day visit to Serbia on 10-11 October 2017 to discuss key bilateral projects and take part in the Serbia-Turkey Business Forum. Serbian President Aleksandar Vucic mentioned about the financial stability Serbia has achieved and assured Turkish businesses that Serbia would offer them better conditions for investment than any other country in the region. Turkish President Erdogan stated that current bilateral trade of USD 870 million can reach USD 1.2 billion in the short-term while it has the potential of reaching USD 3 billion in long-term. President Erdogan acknowledged the potential for Turkish investment in Serbian spa resorts and hotel industry in particular. Besides tourism both sides also discussed Turkish Stream gas pipeline project which is expected to supply Russian gas to Europe via Black Sea and Turkey.

Serbian Prime Minister Ms. Ana Brnabic announced at a Government session in October that effective from January 2018 all state employed personnel will get a 10% salary increase, while state pensions will be increased by 5%. Pensioners will also get one-time bonus of RSD 5,000 (USD 50). The 10% increase in wages will be applicable to culture, education, healthcare, judicial, tax administration, military and police services. The Serbian Government has been able to increase wages and pensions due to a successful fiscal consolidation carried out in the last two years and a higher than expected budget surplus. The Government has drafted the 2018 budget and will soon decide whether it will continue its stand-by arrangement with the International Monetary Fund (IMF) which will expire in February 2018.

According to estimates by the National Bank of Serbia (NBS) remittances sent by Serbia Diaspora will amount to Euro 2.7 billion in 2017. This is a significant inflow as it amounts to 9% of GDP which is more than the inflow of foreign direct investments (FDI's) which amount to around 6% of DGP.

The Government of Serbia has defined priority measures aimed at suppressing the grey economy and should take effect from January 2018. It was decided to increase the number of Tax Supervision Officers and Tax Judiciary employees. Prime Minister Brnabic has declared the goal of reducing grey economy from the current 30.1% to 26.7% of GDP. The large percentage of businesses operating in the grey are not only hurting the state budget but are also responsible for unfair competition the local manufacturing industry is facing.

Serbia improved its ranking on World Bank's doing business list for 2018 and is positioned at 43rd rank (47th in 2017) out of 190 countries. Serbia has made the significant progress in the area of issuing construction permits, ranking 10th, up from 36th place the year before. In the area of starting a business, Serbia ranked 32nd, 96th in getting electricity, 57th in registering property, 55th in getting credit, 76th in protecting minority investors, 82nd in paying taxes, 23rd in cross-border trading, 60th in enforcing contracts, and 48th in resolving insolvency. New Zealand is the top ranked country, followed by Singapore and Denmark, The best ranked country in the region is Macedonia (11), ahead of Slovenia (37), Montenegro (42), Romania (45), Hungary (48), Bulgaria (50), Croatia (51), Albania (65), and Bosnia & Herzegovina ranked (86).

Mr. Paulo Correa, World Bank (WB) Manager for Trade and Competitiveness stated that Serbia's economic growth is being affected and depleted by a high percentage of "brain drain" or young educated people leaving the country due to the lack of development possibilities. A lot of untapped potential is lost due to the limited opportunities in science and technology (S&T). One of the main bottlenecks is that out of the total investments in S&T in Serbia, as much as 80% is coming from public sources and there is a very weak link between science institutions and Serbian business & industry representatives. Private investments in the sector would allow more flexible ways of financing S&T research and this would be beneficial for both the scientific and business community.

2.2 Inflation in October 2017 amounted to 2.8 %. Annual inflation during 2016 amounted to 1.6%.

2.3 Industrial production

Industrial production in Serbia increased by 3.5% during the period January to September 2017. Trends in the main sectors in September 2017 as compared to September 2016, were as follows:

- Electric power, gas and water supply – flat
- Mining and quarrying– growth of 8.0 % and
- Manufacturing– growth of 9.0 %,

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

- Energy- growth of 24 %,
- Intermediate products -growth of 7.5 %,
- Durable consumer goods – fall all of 9.1 %
- Non – durable consumer goods - fall of 3.9 % and
- Capital goods – growth of 8.0 %,

A rise in manufacturing of machinery & equipment, refined petroleum products, chemicals & chemical products, rubber & plastic products and manufacturing of fabricated metal products were the main reasons for the increase of industrial production in September 2017.

2.4 Average Net Wages

The average net wages paid in September 2017 in Serbia stood at RSD 48,212.- which reflected an increase of 2.1% in nominal terms and an increase of 2.0 % in real terms when compared to the average net wages paid in August 2017. The average gross wages in September 2017 amounted to RSD 66,438.-.

2.5 Serbia's Foreign Trade

The overall external trade of Serbia during January to September 2017 amounted to USD 28.3 billion, 12.8% increase compared to the same period in 2016. The value of Serbian exports amounted to USD 12.5 billion, an increase of 13.0% when compared to the same period in 2016. The value of imports amounted to USD 15.7 billion, an increase of 12.6 % compared to the same period in 2016.

The trade deficit from January to September 2017 amounted to USD 3.2 billion - an increase of 11.3% in comparison to the same period in 2016. The external trade in the reference period touched the highest level with countries Serbia has Free Trade Agreement. EU member countries accounted for 64.3 % 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 August 2017 amounted to USD 1.5 billion, 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 2.2 billion while imports from CEFTA were to the tune of USD 590 million.

Top exports in September 2017: Automotive cables & wiring (USD 78 million), automotive tyres (USD 53 million), diesel cars up to 1500cc (USD 39 million), copper refined (USD 32 million) and petrol cars >1000cc<1500cc (USD 32 million).

Top imports in September 2017: Automotive parts (USD 75 million), crude oil (USD 66 million), retail medicaments (USD 55 million), diesel cars >1500cc< 2500cc (USD 26 million) and natural gas (USD 26 million).

3. MAJOR INVESTMENTS WITHIN AND OUTSIDE THE COUNTRY

FOREIGN INVESTMENTS

Nevsun Resources, a mining and exploration company based in Canada is planning to invest USD 1.5 billion in opening of a copper and gold mine at Cukaru Peki, a location 7km from the city of Bor. According to research results and a preliminary economic feasibility study carried out by Nevsun Resources, high grade deposits have been mapped in the Bor area. The Canadian mining company is expected to mine a million tons of copper and 70 tons of gold in the planned 15 years of operations.

China Road and Bridge Corporation (CRBC) in cooperation with the Serbian Government plans to invest Euro 300 million in construction of the Serbo-Chinese Industrial Park in Belgrade. Mr. Nenad Popovic, Minister without portfolio in charge of Innovations and Technological Development met with representatives of CRBC and the city of Suzhou which are already operating similar industrial park. The Serbian side would offer 320 hectares of land while the Chinese would secure the necessary finances. According to Minister Popovic a MoU has already been signed with 40 Chinese companies which have shown interest to start business in the industrial park.

The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation are providing a loan of Euro 215 million to Tesla Wind for construction of a 158 MW Cibuk 1 wind farm. The total cost of the wind farm project is estimated at Euro 300 million which is expected to be finalized in the first half of 2019. The 158 MW wind farm is being developed by Vetroelektrane Balkana, owned by Tesla Wind which is a joint venture between Masdar, a renewable-energy company based in Abu Dhabi, and Cibuk Wind Holding, a subsidiary of the US-based wind-energy developer Continental Wind Partners. This is the largest wind project in Serbia and the Western Balkans till date.

Serbian Minister of Construction, Transportation and Infrastructure Mrs Zorana Mihajlovic stated that the World Bank (WB) has approved a loan worth Euro 100 million to Serbia for construction and overhaul of infrastructure and energy efficiency projects. Out of the total, Euro 60 million is earmarked for maintenance of road infrastructure and Euro 40 million for energy efficiency projects.

Turkish fashion textile company Taypa is planning to invest Euro 35 million in opening of a textile production facility in Kraljevo. The company which operates four factories in Turkey and one each in Bangladesh and Egypt, plans to employ 2500 workers for its Serbian plant.

British Poseidon Group and Belgian Mitiska REIM have invested Euro 30 million in the construction of the Capitol Park shopping mall in Rakovica, suburb of Belgrade. Spread across 65,000 square meters, this is the third such mall to be constructed in Serbia. Poseidon Group and Mitiska REIM have already opened Capitol Parks in the cities of Sabac and Sombor, while a fourth park is expected to be constructed in the city of Leskovac during 2018.

Luxembourg-based Aelius, a Subsidiary of EMS pharma company from Brazil has taken over 93.7% stake in Serbian Galenika pharmaceuticals for Euro 16 million. The Brazilian side is obliged to invest Euro 5.5 million to expand the production and will also have to settle Euro 25 million of Galenika's debt to financial institutions.

The Belgrade-based company SCMG 14 Oktobar, a subsidiary of 'Czechoslovak Group' from the Czech Republic has bought the Krusevac based IMK 14 Oktobar for an undisclosed amount. The Czech group already operates well known truck manufacturing companies such as Tatra and Avia trucks. By taking over the company which used to produce heavy mechanization, excavators and

caterpillar tractors, as well as components for tanks, SCMG is expected to initiate the production immediately after acquiring the working permit,

German electric equipment manufacturer Gruner plans to invest Euro 6.6 million in a new production facility in the Serbian town of Vlasotince. The investment is an expansion of its existing plant of 4000 m². Besides Serbia, Gruner has manufacturing facilities in Germany, India and Tunisia.

SERBIAN INVESTMENTS

The City of Belgrade and the Japanese-French consortium SUEZ Groupe & I-Environment Investments limited have signed an agreement worth Euro 300 million for construction of a waste treatment facility and clean up of the Vinca waste dump. The funds for the project will be provided by the city of Belgrade and the public-private partnership is signed for a period of 25 years. The new waste treatment facility should be operational within three years.

Serbian MK Group has taken over the luxurious hotel complex Istrian from the Austrian company HETA for an undisclosed amount. The hotel is based in the Croatian coastal city of Istra and MK Group now operates a total of 7 five and four star luxurious hotels in the region.

4 OTHER COMMERCIAL ITEMS OF INTEREST

Serbia and Turkey have revised the bilateral Free Trade Agreement of 2009. A review of a bilateral free trade agreement was signed by Turkish Economy Minister Nihat Zeybekci and Minister of Foreign Trade, Tourism and Telecommunications of Serbia, Rasim Ljajic during the visit of Turkish President Recep Tayyip Erdoğan to Serbia. Mr. Branislav Nedimovic, Minister of Agriculture, Forestry and Water Management stated that the new [Free Trade Agreement](#) will define new quotas for duty free export from Serbia to Turkey, pertaining to beef, sunflower oil, sunflower seeds, soybeans, animal feed and pet food, and the quotas for export of peas, beans, green peas, sweet corn and prunes have been increased.

Serbia and Greece are looking to upgrade European railway corridor X. Mrs Zorana Mihajlovic, Serbian Minister of Construction, Transport & Infrastructure met Mr. Christos Spirtzis, Greek Minister of Infrastructure & Transport to discuss the overhaul of Greece-Serbia Railway link (Piraeus-Belgrade-Budapest rail corridor) which is a priority for all countries involved.

According to the Ministry of Mining and Energy around 220 exploration projects are currently under way in Serbia and most of the research is in the field of gold, copper, silver, molybdenum, zinc, lead and lithium. The key issues pertaining to the Serbian mining sector with a special focus on development of mineral resources were discussed at the '7th International Conference on Mineral Resources in the Republic of Serbia' held on 4th October 2017 in Belgrade. Currently the sector account for 1.5% of GDP but it is expected it will reach 3% by 2020.

The Serbian Government has set a goal of tripling IT Export from the current Euro 700 million annually to Euro 2 billion by 2022. For this, the Government is undertaking a set of measures to support local IT companies and facilitate education of a larger number of IT professionals. Currently around 2,000 IT companies operate in Serbia and employ close to 18,000 IT professionals. Experts claim that the market needs are much higher and that there is a demand in Serbia for as much as 30,000 IT experts.

According to Israeli Ambassador to Serbia Alona Fisher-Kamm, Israeli investments in Serbia have crossed Euro 1 billion and that the interest of the Israeli companies is growing for doing business in Serbia. Majority of the investments are in the real estate industry but there is interest for energy cooperation, renewable energy, water purification technologies and also significant is the recent boom in the tourism sector.

In the first three quarters of 2017, Belgrade International Airport Nikola Tesla has registered 570,000 passengers which is an increase of 9% when compared to the same period last year. At the same time cargo worth 2,300 tons was transported which is a year on year increase of 48%.

According to the National Tourism Organization of Serbia, 2.1 million tourist arrivals were registered during the period from January to August 2017 with 13% annual increase. Foreign tourists are mostly visiting the cities of Belgrade and Novi Sad, mount Zlatibor and Kopaonik and Spa centers in Vrnjacka Banja.

5. SPECIAL INITIATIVES BY THE MISSION

Indian and Serbia launch cooperation in Science, Technological Development and Innovations: The 2nd meeting of the India-Serbia Joint Committee on S&T was held in Belgrade on 2-3 October 2017. The Indian delegation was led by Dr Jagdish Chander, Scientist-G & Adviser-International Cooperation, Department of S&T and comprised Prof. Romesh K. Salgotra, Sher-e-Kashmir University of Agriculture Sciences & Technology and Dr. Asif Mohammed, International Centre for Genetic Engineering & Biotechnology (ICGEB), New Delhi. Prof. Dr. Viktor Nedovic, Assistant Minister, Ministry of Education, S&T Development co-chaired the committee from the Serbian side. The two sides agreed to hold two workshops – in the scientific domains of (a) biotechnology & human health and (b) ICT to be held in India and Serbia, respectively. Both sides also agreed to announce joint calls in the second half of 2018 after the workshops in accordance with priority fields as incorporated in the POC i.e. (i) New materials and Nanotechnology, (ii) Energy and Energy efficiency, (iii) Information and Communication Technologies, (iv) Human health, (v) Biotechnology including food technology and food security. Ambassador remarked that India-Serbia has history of collaboration in biotechnology & agriculture science and expressed hope that the joint session will further deepen bilateral technological collaboration. During the visit, the Indian delegation visited the Belgrade University, one of the leading institution of higher education in the region where Prof. Dr. Ivanka Popovic, Vice Rector briefed them about the activities in the fields of higher education and scientific research. They also visited Institute of Molecular Genetics & Genetic Engineering (IMGEE) and Institute for Biological Research “Sinisa Stankovic” where they had the opportunity to exchange experiences with Serbian Researchers. Dr. Mohammed and Dr. Salgotra made presentations on their respective institutes and invited Serbian researchers to participate in upcoming conferences to be organized by the institutes. The Indian delegation also had a productive roundtable meeting with the Innovation Fund of Serbia and Serbian technology companies including (i) Coprix Media, (ii) Milinkovic Company and (iii) NovellC. A networking event was organized by the Embassy with Serbian entrepreneurs, academicians, researchers and young Indian IT professionals to create new business synergies.

Ambassador attended first meeting of India-Serbia Joint Committee on IT & Electronics: The first meeting of the India-Serbia Joint Committee on IT & Electronics was held through video conferencing on 16th October 2017. The Indian delegation was led by Shri Rajiv Kumar, Joint Secretary, Ministry of Electronics and IT where as Ms Tatjana Matic, State Secretary, Ministry of Trade, Tourism & Telecommunication co-chaired the committee from the Serbian side. The two sides exchanged cooperation agendas in the field of IT industry, e-Governance including Cloud Computing, IoT, Big Data etc. and Start-up ecosystem. Ambassador highlighted the similarities of Digital India and Serbia’s push for digitalization. Mr. Rajiv Kumar presented the latest development on the process and activities of implementation the Digital India programme and proposed to share information and experiences with Serbian experts in the field of e-Governance. Serbia suggested cooperation in the field of 5G mobile systems and Cyber security. Prof Dr. Irini Reljin, Assistant Minister for Electronic Communications & Postal Services proposed to share the list of Serbian companies interested in cooperation in the field of IoT and Cloud Computing technologies especially in agriculture sector. India offered expertise in solving challenges in start-up ecosystem and technology incubation with Serbian companies and provide them market as well as opportunities. India also invited Serbian companies to participate in Indian-EU Innovation platform which is

expected to be ready by the end of the year. Serbia sought cooperation in developing Smart cities' technology in Serbia.

Ambassador attended inauguration of production plant of Wai Wai noodles in Ruma: CG Food India (CGFI), a subsidiary of Singapore based Cinnovation Group, has invested Euro 9 million in a wholly owned state of art factory to produce instant noodles under the brand name Wai Wai in Ruma, Serbia. Ambassador attended the official opening of the plant along with H.E. Mr. Aleksandar Vucic, President of Serbia on 5th October 2017. The plant has already commenced production of dehydrated instant noodles with more than 80% of the local raw material. The factory spread over 6300 sq meters has a monthly production capacity of 3 million packets in one shift operation. The company plans to employ 400 individuals by 2020 and eventually more than 1,200 individuals in its Serbian unit. Wai Wai has nine production units in India and the production plant in Ruma, Serbia makes it the 17th manufacturing unit of Wai Wai globally. Wai Wai products will be exported to 30 nations taking advantage of Serbia's FTAs with EU, Russia, Turkey, Belarus, Kazakhstan, Azerbaijan, European Union, CEFTA etc.

Ambassador calls on Serbian Prime Minister: Ambassador called on Prime Minister Ana Brnabic along with Mr. G.M.Rao, Chairman, GMR Group in connection with GMR's bid for Nikola Tesla airport. Mr Rao also met Mr. Ivica Kojic, Chief of Staff to President and Mr. Zoran Ilic, Assistant Minister, Ministry of Construction, Transport & Infrastructure.

Ambassador calls on Minister for Agriculture, Forestry & Water Management of Serbia: Ambassador called on Mr. Branislav Nedimovic, Serbian Minister for Agriculture, Forestry & Water Management of Serbia on 17th October 2017 to discuss participation of the Serbian delegation in 'World Food India (WFI) 2017' in New Delhi from 3-5 November 2017. Minister Nedimovic is leading a delegation comprising representatives from Ministry of Agriculture, Forestry & Water Management, Chamber of Commerce & Industry of Serbia, Development Agency of Serbia and 11 top Serbian agro-processing companies to WFI 2017. Chamber of Commerce & Industry of Serbia is setting up a 126 m2 stall at the fair where following Serbian companies will be presenting their products: ITN Group, Yumis, All Berries, Mirax Agrar, Bambi Concern, Elixir Food, Lucic Group, Sirogojno Compnay, Agranela, Maize Research Institute "Zemun Polje". Ahead of the visit, Minister Nedimovic announced negotiations with Indian companies for manufacturing of Tractors in Serbia under Serbian brand IMT.

Ambassador calls on Minister for Construction, Transport & Infrastructure of Serbia: Ambassador called on Ms. Zorana Mihajlovic, Serbian Deputy Prime Minister and Minister of Construction, Transport & Infrastructure on 4th October 2017 to discuss bilateral cooperation in several field such as agriculture, healthcare, new technologies, energy efficiency, tourism, with special emphasis on cooperation in the field of air traffic, infrastructure projects and initiatives on gender equality. Ambassador expressed her gratitude to Serbian Government for abolishing visas for Indian nationals and noted that establishment of a direct air service would largely contribute to a higher level of cooperation in tourism and trade between the two countries. She pointed out that Serbia, through the implementation of current reforms, represents a favourable ground for new investments, adding that she expects more Indian companies to enter the Serbian market. Minister Mihajlovic suggested visit of Indian business delegation to which the current infrastructure projects in Serbia could be presented as a push to step-up bilateral cooperation.

Ambassador participated in the Women's Leadership Summit 2017: Ambassador attended the "Women's Leadership Summit 2017: Digital, Hyper Connected World as a Chance for Society's Faster Development and Women's Active Role in it", organized by AFA Women's Network on October 25-26, 2017 in Belgrade. The themes discussed at the Summit were, among others, business and entrepreneurship, science and technology, education, administration, diplomacy, media and culture, marketing and communications, fashion and beauty, creative industries, digitalization, etc. The Summit was attended by Government functionaries, members of the diplomatic corps,

representatives of the business community and various companies, education sector, media, culture and sports.

Memorandum of Understanding (MOU) between Indian and Serbian Export Credit Agencies: During the Berne Union Annual General Meeting held in Belgrade, an MOU was agreed between ECGC Ltd, a Government of India Enterprise and AOFI, Serbian Export Credit and Insurance Agency with the aim of developing cooperation between the Indian and Serbian Export Credit Agencies to increase the bilateral trade of goods and services. The MOU was signed by Mrs. Geetha Muralidhar, Chairman & Managing Director of ECGC Ltd. and Mr. Dejan Vukotic, President of the Executive Board and CEO of AOFI at the Indian Embassy in the presence of the Ambassador on 4th October 2017. ECGC Ltd. (Formerly Export Credit Guarantee Corporation of India Ltd.), wholly owned by Government of India, is an export promotion organization, seeking to improve the competitiveness of the Indian exporters by providing them with credit insurance covers. AOFI is the official export credit agency of Serbia established for the purpose of export promotion and development of foreign economic relations. AOFI aims to create strategic improvement of business operation conditions for export economy and overall promotion of the structure of exports of Serbia.

Memorandum of Understanding on archival cooperation signed between the Archives of Yugoslavia and the National Archives of India : An MoU on archival cooperation was signed on 18th October, 2017 between the Archives of Yugoslavia and the National Archives of India. Mrs Narinder Chauhan, Ambassador signed the MoU with Dr. Milan Terzić, Director of Archives of Yugoslavia in Belgrade. After the signing, the two sides announced future joint projects including an exhibition of documents marking 70 years of diplomatic relations between the two countries.

India Pavilion at the 62nd International Belgrade Book Fair 2017: The Embassy participated in the 62nd International Belgrade Book Fair from 22-29 October, 2017. India Pavilion was inaugurated by Ambassador and Ms Tatjana Matic, State Secretary in the Serbian Ministry of Trade, Tourism & Telecommunication. Other guest at the inaugural included Indian tourism, film and media representatives as well as representatives of Belgrade University, Belgrade Schools, book publishers, media, etc. This was the fifth year in a row that the Embassy participated in this event which attracts tens of thousands of visitors from the country and the region. Indian participation included: (i) Special exhibit of books on yoga and Ayurveda (ii) Books on Contemporary India including Indian political economy, diverse culture and history (iii) Indian cuisine (iv) Religion & Philosophy (v) Indian publication on Buddhism and Buddhist art from Buddhist Rock-cut cave (vi) Indian books in Serbian language (vii) Children's books as well as English-Hindi dictionaries and 'Learn yourself Hindi' Kit (viii) Fiction covering wide range of books (ix) Books on lives and teachings of Mahatma Gandhi, Sri Aurobindo, Rabindranath Tagore, Jawaharlal Nehru etc. The India Pavilion also presented works of award winning modern Indian authors including Salman Akhtar, Chetan Bhagat, Anita Desai, Vikas Swarup, Anita Nair, Aravind Adiga, Kunal Basu, Manju Kapur, V.S. Naipaul, Amitav Ghosh, Indu Sundaresan, Hari Kunzru, Radhika Jha, Jhumpa Lahiri, Mahesh Rao, Vikram Chandra, Deepak Chopra, Upamanyu Chatterjee, Asha Miro, Rohinton Mistry, Navtej Sarna etc.

Ambassador's interview to Ilustrovana Politika: On 24 October, Serbian weekly, Ilustrovana Politika, published an interview with Ambassador with the theme "People with a big heart". Ambassador spoke on history of India-Serbia deep friendly relation and Serbia's role in India's nation building. She talked about the history and culture of India and push for Digitalization, development of ICT, biotechnology, energy efficiency etc. Ambassador also mentioned about the historic visit by President Aleksandar Vucic (as PM) to India in January 2017 which has infused elements of a new relationship including abolition of visas for Indians that will further stimulate tourism and trade. She said that the visits by top Indian companies including Ambani, GMR, and Tata Power etc. are indicative of their interest in the growing opportunities in Serbia. Ambassador spoke on the possibilities of bilateral cooperation in agriculture, food processing, IT & electronics, minerals & mining, healthcare, traditional medicine & Yoga, tourism , air connectivity, etc. Full interview is available at: www.eoibelgrade.gov.in/pages.php?id=102 .

Visit of Indian tour operators: The Embassy organized visit of five Indian tour operators comprising representatives from Travkart, Express Holidays, Anuga Holidays, Pushpak Group and Eco travels on familiarization tour from 21-25 October 2017 to form a network of tour operators in order to enhance two-way tourism. Apart from Belgrade, the delegation also visited Fruska Gora, Sremsko Karlovci, Novi Sad, Viminacium archeological site, Golubac, etc and held a workshop with Serbian tour operators and National Tourism Organization of Serbia. The visit enabled Indian tour operators to present diverse opportunities available in India's tourism sector to their Serbian counterparts and explore potential tourist destinations in Serbia.

Visit of Indian Travel Writers to Serbia: The Embassy organized visit of three Indian Travel Writers to Serbia from 16-21 October 2017. The delegation visited various historical, archeological, cultural tourist attractions in Belgrade, Zlatibor, Topola, Nis, Sremski Karlovci and Novi Sad.

Indian film professionals visit Serbia: A delegation of film professionals visited Serbia in October 2017 to explore film making opportunity in Serbia. The delegation called on Ms Ana Ilic, Advisor to Serbian Prime Minister for Digital & creative industries, film & tourism and held meetings at Serbian Film Commission. Workshops were organized for the visiting delegation with Serbian film producers, production houses, studios, casting agencies, etc. and Round table with Serbian Film Commission, National Tourism Organization, Serbian government officials and Serbian production houses.

India in Belgrade Fashion Week 2017: Indian fashion designer and model Kamran Patel presented RAEGUN fashion label at the 42nd Belgrade Fashion Week which was held from 28th October to 3rd November 2017. Ambassador addressed the audience on this occasion. With the aim to establish and develop direct links between Indian and Serbian fashion/textile industry, a workshop on Indian textiles and designs was organized during event. Belgrade Fashion Week is a commercial, promotional and artistic fashion event which focuses on both national and international levels through exchange of ideas and know-how from different designers and brands.

INDIA DAY Bazaar in Serbia: On the occasion of Diwali, Embassy organized 'India Day Bazaar' at the AVIV Trade Centre, Zvezdara on 18th October 2017 to showcase and promote Indian products in the local market. The following Serbian companies dealing with Indian products participated in the above event:- Wai Wai Noodles, Himalaya Herbals, Lilama doo (Indian Ayurveda products), Orient Emporium (household linen, Indian handicrafts and incense sticks, etc.), Bombaj Textile (Indian silk) and Blue Bell (Indian garments). Information on Indian trade policies, economic reforms, etc was disseminated during the event.

The Mission undertook several trade promotion efforts: The Mission disseminated information on fairs/exhibitions/conferences held by center and state governments (World Food India 2017, Global Conference on Cyber Space (GCCS 2017), Indian Mobile Congress (IMC 2017), Textile India 2017, GES 2017, India Stonemart, GRAM 2017, 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 was given to Indian trade events through websites and social media platforms. Monthly "India Newsletter" focusing on economic and commercial news was sent to the Serbian Government Ministries, Agencies, Chambers of Commerce, Municipalities and the local business community.

During October 2017, the Embassy issued 80 visas out of which 42 were for business. During the period Jan-Oct 2017, nearly 900 Serbians have availed of e-visa facility to visit India.

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

Indian GMR Group is shortlisted for 25 years 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 long-term strategic goal of the government is to ensure that Nikola Tesla becomes the dominant airport in the western Balkans region. 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. The offers were made by a Indian-Greek consortium (India's GMR Infrastructure Limited and Greek company 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.

The Serbian Agriculture Ministry will decide on the model to 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.

The Serbian Government 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 Petrochemicals, 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

40 th International Tourism Fair	22-25 Feb 2018	www.sajam.rs
Balkan Textile Fair	08-11 March 2018	http://www.balkantekstila.com/

Automotive Show 2018	22-28 Mar 2018	http://sajam.rs/en/
International Fair of Horticulture	4-7 Apr 2018	http://sajam.rs/en/
International Building Trade Fair	18-21 Apr 2018	http://sajamgradjevine.rs/en/home/
International Fair of Agriculture	May 2017	www.sajam.net/en
International Fair of Technics and Technical Achievements	21-25 May 2018	www.sajamtehnike.rs
<u>26th International IT & Office Equipment Fair – BIROEXPO</u>	26-29 Sep 2018	www.sajam.rs
14 th International Energy Fair	3-5 October 2018	http://energetika-ekologija.talkb2b.net/en
43 rd International Fair of Medicine	11-13 Oct 2018	http://sajam.rs/en/
International Fair of Cosmetics	13-14 Oct 2018	www.sajamkozmetike.com
International Belgrade Book Fair	21-28 Oct 2018	http://sajamknjiga.rs/en/
13 th Fair of Ethnic Food & Drinks	21-24 Nov 2018	www.sajam.rs
International Fair of Furniture, & Interior Decoration	Nov 2018	http://sajam.rs/en/
Ethnic Food & Drinks Fair	Nov 2018	www.sajam.rs

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

7. TRADE ENQUIRIES DURING OCTOBER 2017

Trade Enquiries from India

- Indian company Asiantic Foods has expressed interest in exporting dehydrated onion & garlic to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Zenith Industrial Rubber Products has expressed interest in export of rubber, sheets, mats, coverings products to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Vissco Rehabilitation Aids has expressed interest in export of orthopedic appliances to the Serbian market. List of Serbian importers has been provided to them.
- Indian company RE Components expressed interest in exporting automotive parts, steering & suspension to the Serbian market. List of Serbian importers has been provided to them.
- Indian company Intas Animal Health has expressed interest in exporting veterinary & animal health products to the Serbian market. List of Serbian importers has been provided to them.
- Indian J&J International has expressed interest in exporting spices, rice & seafood to the Serbian market. List of Serbian importers has been provided to them.
- Indian Sunhearrt Ceramik has expressed interest in exporting ceramic wall & floor tiles to the Serbian market. List of Serbian importers has been provided to them.
- Indian MarchVET has expressed interest in exporting veterinary medicines to the Serbian market. List of Serbian importers has been provided to them.
- Indian Aadhitech has expressed interest in exporting tyres & tubes to the Serbian market. List of Serbian importers has been provided to them.

Trade Enquiries from Serbia

- In October 2017, there were no queries by Serbian companies.

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

Serbian Development Agency <http://ras.gov.rs/>