



RAS

WHY INVEST IN SERBIA



Welcome to Serbia!



I have been nothing but impressed by Serbia, a hidden gem to the business world.

Jeff McCroskey, VP Global Customer Support & Delivery, NCR

AREA:

88,499km²

POPULATION:

6.8 million

MAJOR CITIES:

BELGRADE CAPITAL

1,684,567

NOVI SAD

364,325

KRAGUJEVAC

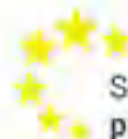
173,533

NIS

251,460

GMT +01:00

CENTRAL EUROPEAN TIME



Serbia has continued its path toward EU membership: **EU negotiation process officially started**, ready for accession by 2025.

Serbia is ranked No. 1 at the FDI 2019 Europe list, based on the criteria of Greenfield investments relative to the size of economy*

*Financial Times, ICI Report 2020

Serbia has confirmed its top position holding **1st place as the top investment destination country in the world**, measured by the estimated number of jobs relative to the size of the population.*

*According to IBM Global Location Trends 2019 report, IBM Global Business Services

Efforts in attracting new investments in the Republic of Serbia were also recognized by the new "E&Y European Attractiveness Survey 2019". Serbia has attracted a record number of FDI in 2018, and it is listed as one of the top 15 countries in Europe by the number of FDIs.

On WB Doing Business List, Serbia moved up by 47 places over the past 5 years, and is now ranked 44th globally.

For a second consecutive year, **Belgrade scored No1** as the city with the biggest economic potential, according to the **Business-Friendly Cities Perception Index** created by Emerging Europe.



The business environment is stable, and it offers transparent market conditions, which creates a good starting point for our business growth in a long run.

Marco Aspesi, Former VP Corporate Transformation, SR Technics Group

Join the Pool of the Successful



Serbia has taken important steps to implement the reforms necessary for attracting foreign and domestic investors. We are pleased to be further strengthening the investment climate and enhancing governance. Given Serbia's strong potential, such positive changes in what is the largest economy in the Western Balkans will have a wider impact throughout the region.

Sir Suma Chakrabarti, EBRD President (2015)

KEY INVESTORS



OVER **€42**
billion of
FDI inflow
since 2007

Largest Foreign Investors in Serbia

by No. of Projects (%)		by Value of Projects (%)	
GERMANY	20.2	GERMANY	13.0
ITALY	15.4	ITALY	11.8
CHINA	7.9	USA	11.4
USA	7.5	RUSSIA	11.2
AUSTRIA	5.6	CHINA	9.9
FRANCE	4.9	FRANCE	8.7
SLOVENIA	3.8	AUSTRIA	7.7

Most Attractive Investment Sectors

per Sector by No. of Projects (%)	
Automotive	25.4
Agriculture, Food and Beverage	13.9
Textile and Clothing	10.8
Electrical and Electronics	8.5
Furniture and Wood Industry	6.1
Machinery and Equipment	5.6
Metallurgy	4.4

Investment Climate

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AVAILABILITY OF HIGH QUALITY LABOR

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POLITICAL AND ECONOMIC STABILITY

2

COMPETITIVE OPERATING COSTS

5

FINANCIAL BENEFITS AND INCENTIVES

3

CUSTOM FREE ACCESS TO 1.3bn CONSUMERS

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OPTIMAL GEOGRAPHIC LOCATION

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We saw Serbia as a country with good strategic position, adequate infrastructure and great human resource potential. Being at a unique position in the European market, Serbia offers diverse possibilities and, above all, high quality workmanship.

Mrs. Silvia Verneti - Blina,
Former Director, Fiat Chrysler Automobiles Serbia

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The attractiveness of the location, logistics advantages, availability of skilled workforce, and a very good support of the Government of the Republic of Serbia and the local community are the main reasons why the Bosch Group decided to invest in the municipality of Pecinci and the Republic of Serbia.

Mrs. Jovanka Jovanovic,
General Manager, Robert Bosch Serbia

AVAILABILITY OF HIGH QUALITY LABOR



People in Serbia are recognized as ambitious, persistent and hardworking. They stand out with a unique competitive spirit, and that is what makes their performances in the project great and their contribution to the projects outstanding.

Sasa Cioringa, General Manager, Continental Automotive Serbia

9.2% Unemployment Rate

Source: Statistical Office of the Republic of Serbia, Q4 2022

The Structure of Unemployed by Level of Education



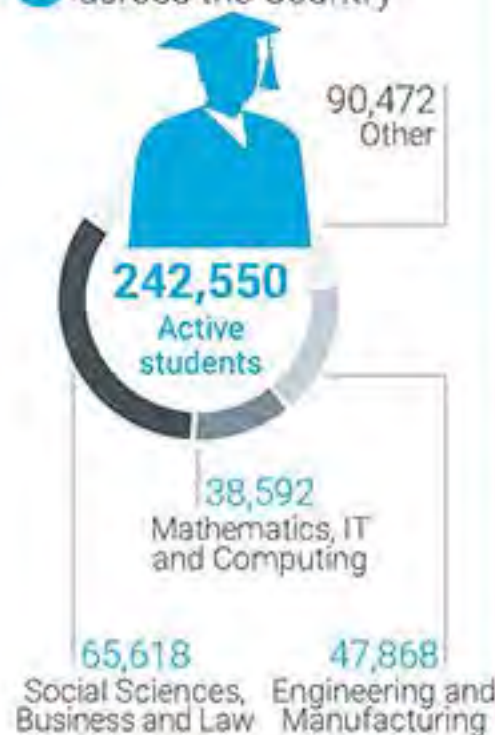
Source: Statistical Office of the Republic of Serbia



Our decision (to invest in Serbia) was based on a high confidence to find a very motivated and skilled workforce, to have optimal logistics conditions from and to the other European countries, to develop an intense cooperation with technical high schools and universities and to build a strong partnership with the national and local authorities.

Mr. Laurent Cardon, VP Global manufacturing, Johnson Electric

5 University Centers across the Country



Source: Statistical Office of the Republic of Serbia, School Year 2020/21



Source: InfoStat, Indication of knowledge of languages, based on 100K+

518 High Schools across the Country



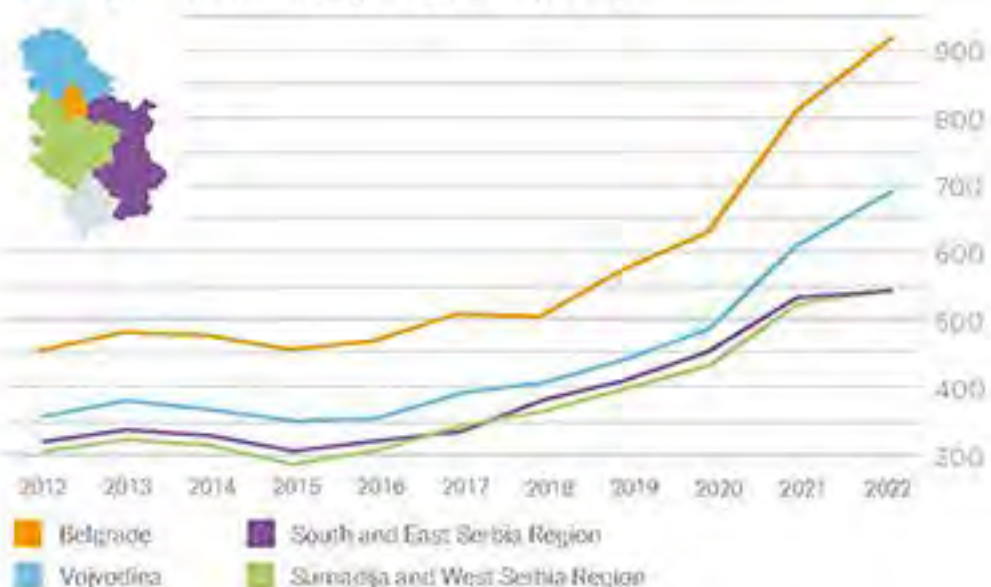
Source: Statistical Office of the Republic of Serbia, 2020/21

According to EUROSTAT, Serbia has the lowest costs of electricity, gas, other fuels and landline telephony among 37 European states.

Average Gross Monthly Salary (EUR)	Corporate Profit Tax
SERBIA 772	SERBIA 15%
ROMANIA 1,125	ROMANIA 16%
SLOVAKIA 1,211	CROATIA 18%
HUNGARY 1,224	SLOVENIA 19%
POLAND 1,245	POLAND 19%
CZECH R. 1,478	CZECH R. 19%

Source: The Vienna Institute for International Economic Studies, 2022; tradingeconomics.com, 2022

Average Net Salary by Regions (EUR)



Source: Statistical Office of the Republic of Serbia

Cost Savings vs EU-27 Average

Net Salary

79%
savings

Electricity

52%
savings

Transport Services

38%
savings

Office Space Rental

30%
savings



Old Build **1-2.5€/m²** Industrial Facility
New Build **3-5€/m²** Lease Cost



500€/m² Average Building Cost



0.096 €/kWh



0.6-1.3 €/m³



0.38-0.42 €/m³

Source: RAS

Source: EUROSTAT

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CUSTOMS FREE ACCESS TO 1.3BN CONSUMERS



The existence of educated and skilled workforce, incentives to investors, and the free trade agreements with the Russian Federation and Turkey, as well as developed infrastructure and favorable geographical position were the key factors for Grundfos investment to Serbia.

Jim Toft Nielsen, Sn. Manager, Grundfos

Total: 1.3bn Consumers



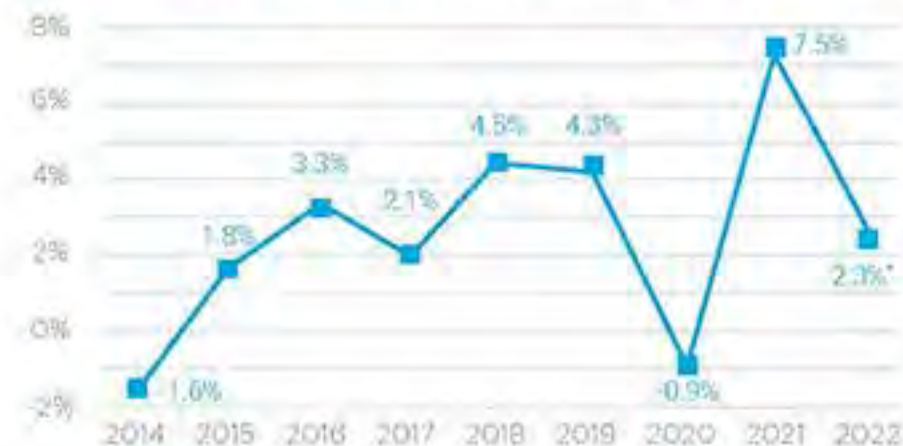
*FTA - Free Trade Agreements
 **GSP - Generalized System of Preferences
 *** Partnership, Trade and Cooperation Agreement
 Source: Statistical Office of the Republic of Serbia, 2021; World Bank, 2021

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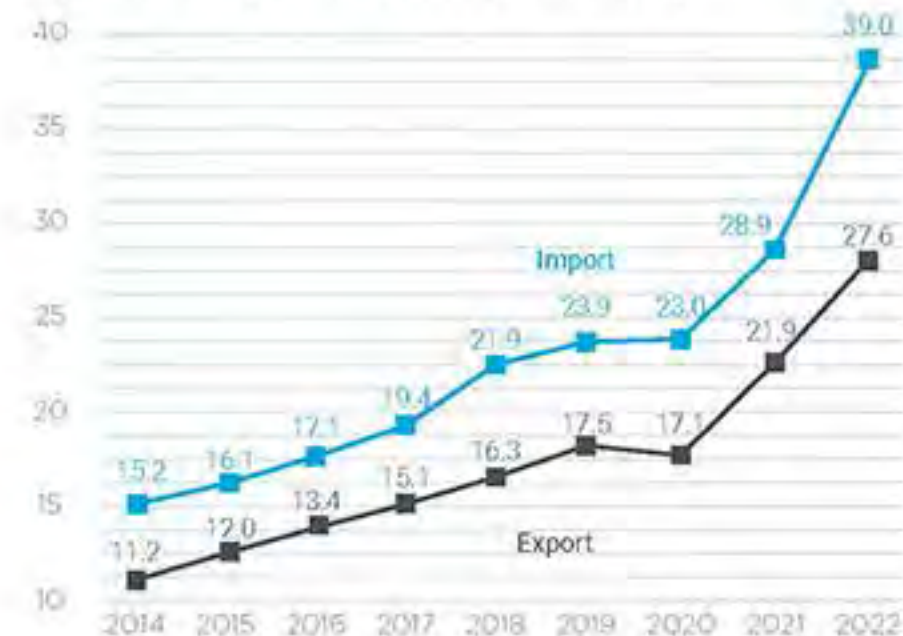
POLITICAL AND ECONOMIC STABILITY

GDP, Real Growth (%)

The lowest GDP drop in Europe in 2020 (Source: IMF)



Import and Export of Goods (billion EUR)



Notations
 Source: National Bank of Serbia; Ministry of Finance of the Republic of Serbia



Cash Grants

To offset initial capital investments and ease the start-up of business endeavors, the Government of Serbia offers financial support for Greenfield and Brownfield projects in production sector and service centres services.

Construction Land Transfer Subsidy

Government or the local municipality can sell construction land at a price which is lower than the market price in support of an investment project that is of national importance (if the land is owned by the government) or an investment projects that promotes local economic development (if the land is owned by the local municipality).

Corporate Income Tax Relief

A 10-year Corporate Profit Tax Holiday is available for investors who hire more than 100 employees and invest more than 8.5 million euros (1 billion RSD). Tax holiday begins once the company starts making a profit.

Payroll Tax Incentives

Employment of people who were registered with the National Unemployment Agency for more than 6 months entitles employers to a sizable relief of taxes paid on net salary from the moment of employment:

- 1-9 new jobs: 65% reduction
- 10-99 new jobs: 70% reduction
- 100+ new jobs: 75% reduction (payroll tax incentives can't be combined with Financial Incentives)

Double Taxation Avoidance

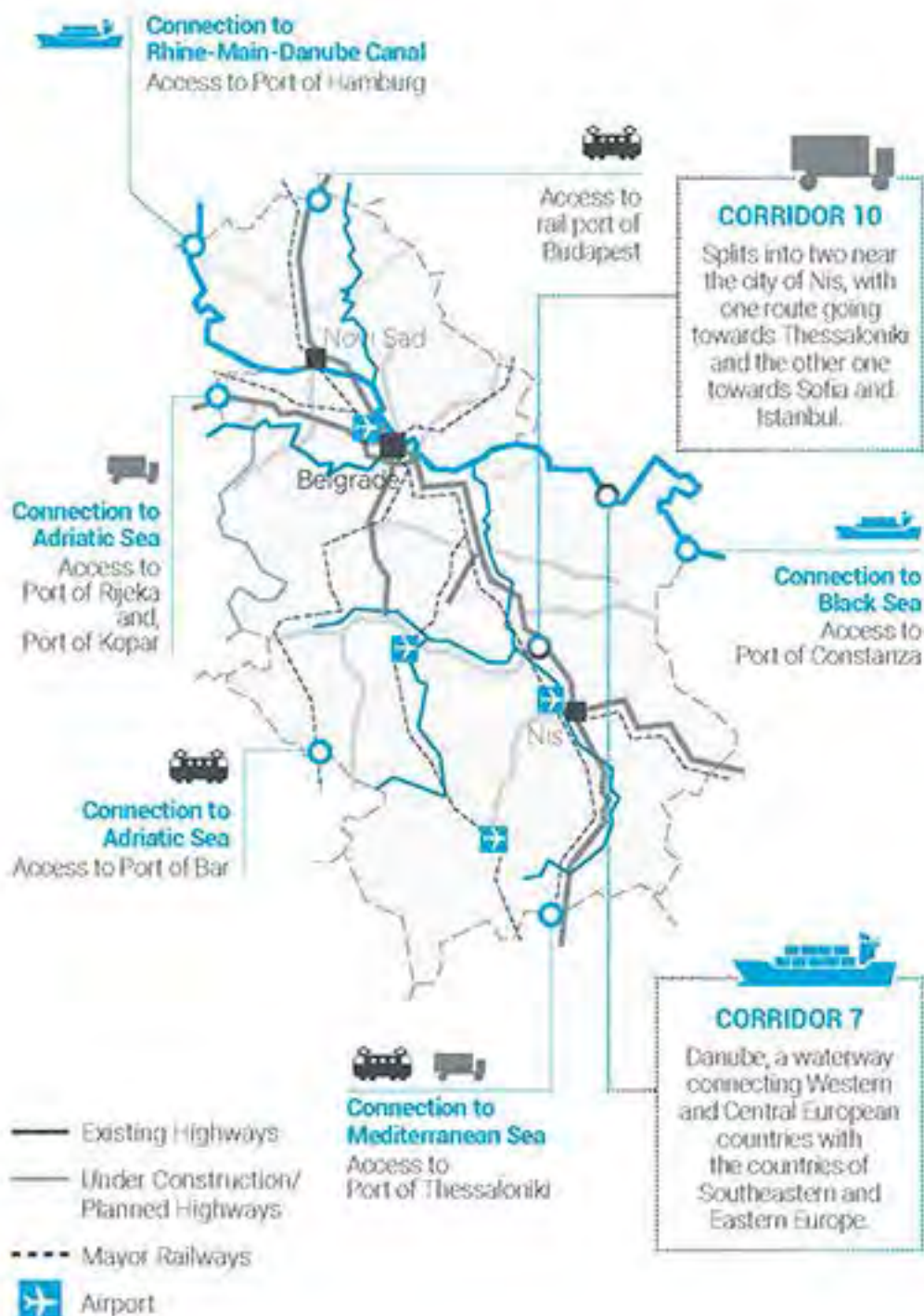
Republic of Serbia has 62 effective double taxation agreements in place that cover income, capital and property. In addition to having double taxation agreements in place with most European countries, Serbia has double taxation treaties in place with many countries in Asia and Africa.

Free Trade Zones

NO VAT	Energy, transport, construction material and fuels cost free of VAT
NO	custom duties (Specialized equipment, construction material)



Source: Annual Business Report 2021, Free Zones Administration 2022



Getting to Serbia is easier than ever!

Duration of Flights



Stay close to your customers

Average Road Transportation Costs (1€ per km)

