

**“Strengthening integration of the economies in transition into the world economy through economic diversification”**

**Day 1  
Roundtable 1**

**COORDINATING THE EFFORTS OF INTERNATIONAL  
AND DOMESTIC INSTITUTIONS**

**SIEPA**

**Serbia Investment and Export Promotion Agency  
Dragana Zoric  
Foreign Investment Advisor**

**Geneva  
April 2-4, 2007**

# SIEPA – Who are we?

## A Specialized Government Agency with a Mission:

- To attract foreign direct investment and facilitate its entry and establishment in Serbia, and
- To promote exports by assisting Serbian companies to penetrate new markets

**INFORMATION  
& FACILITATION  
ONE STOP SHOP**

**FDI  
Department**

**Export  
Promotion**

**Marketing &  
Research**

# Key Drivers to FDI

- Long-term political stability
- Sound macroeconomic policy
- Business-friendly legislation
- State and local incentives
- International free trade agreements
- Great market potential
- Quality intellectual base
- Low overhead costs
- Availability of local suppliers
- A good country image
- Who else is there?

# FDI Obstacles

- SIEPA Negative country image**
- SIEPA Inefficient administration**
- SIEPA Indifference towards FDI**
- SIEPA Corruption and red/tape**
- SIEPA Lack of information**
- SIEPA Unrealistic expectations**

# FDI Development Strategy



# Legal Reforms

- Land issues – freehold ownership of land, removing red tape, developing industrial and technology parks
- Commercial courts capacity building
- Fast-track business registration
- Further liberalization of foreign trade and foreign currency operations
- Additional tax cuts

## Serbia:

- More than 260 laws passed since March 2004
- Majority related to economic environment:
  - Bankruptcy (avg. 7 years -> 1 year)
  - Business Registration (51 day -> 5 days )
  - Company Law
  - A package of tax laws, including VAT
- Constitutional changes and privatization of industrial land expected in the near future, as a result of a new Constitution adopted in November 2006.



# Legal Reforms

## Tax Incentives

- **A 10-year corporate profit tax holiday for investment over €7 million and 100 employees**
- **Tax credits up to 80% of total fixed assets investment**
- **Salary tax and social insurance contribution exemptions for employees under 30 and over 45 years**
- **Carrying forward of losses up to 10 years**
- **Accelerated depreciation of fixed assets**
- **Customs-free import of equipment based on foreign investment**

# Legal Reforms

## Financial Incentives

- Based on the Government Decree adopted in June 2006
- Grants for new investments:
  - Production: from €2,000 up to €5,000 per new job created
  - Services: from €2,000 up to €10,000 per new job created
  - R & D: from €5,000 up to €10,000 per new job created
- The minimum investment amount 1 million EUR and 50 new employees required to qualify for the program
- 5 rounds up to date
- Results:
  - 26 074 000 EUR approved grants
  - 360 333 493 EUR investments
  - 12 204 new jobs created
  - 38 municipalities throughout Serbia
  - Industries: wood, pharmaceutical, textile, food, chemical, eco, auto-motive, RD, services, etc.

# Institutional Capacity Building



- SIEPA** Defining FDI-related responsibilities at the national level
- SIEPA** Reviewing institutional and financial position
- SIEPA** Investment training for local officials

# Competitiveness Improvement

- Encouraging cross-border cooperation through the unified Free Trade Agreement in South East Europe
- Introducing international quality standards
- Developing industry clusters

# Competitiveness Improvement

## Market Access

- Serbia is in the center of CEFTA – duty free access to 30 million people market
- Autonomous Trade Measures granted by the EU in December 2000, provide for duty free exports to the EU
- The only country outside the CIS that has an FTA with Russian Federation - market of 150 mil. people

Limited number of exceptions: complete vehicles, confectionery, some alcoholic beverages

- Customs operations have been improved by electronic database, electronic declarations, and imports & exports time drastically shortened



# Competitiveness Improvement

## Industry Clusters

-  Clusters in most sectors backed by the Ministry of Economy and international organizations
-  Funds provided for initial cluster activities

# Competitiveness Improvement

## Quality Standards

- Introduction of HACCP supported by the Ministry of Agriculture
- Around €3 million made available
- Over 300 local companies already certified
- Other quality standards covered by the Export Support Program

# Competitiveness Improvement

## Local Suppliers

- Decades of cooperation with International companies
- JVs, licensing and other partnership forms
- Automotive component, textile, electronics, food and beverages, and IT industry leading the way



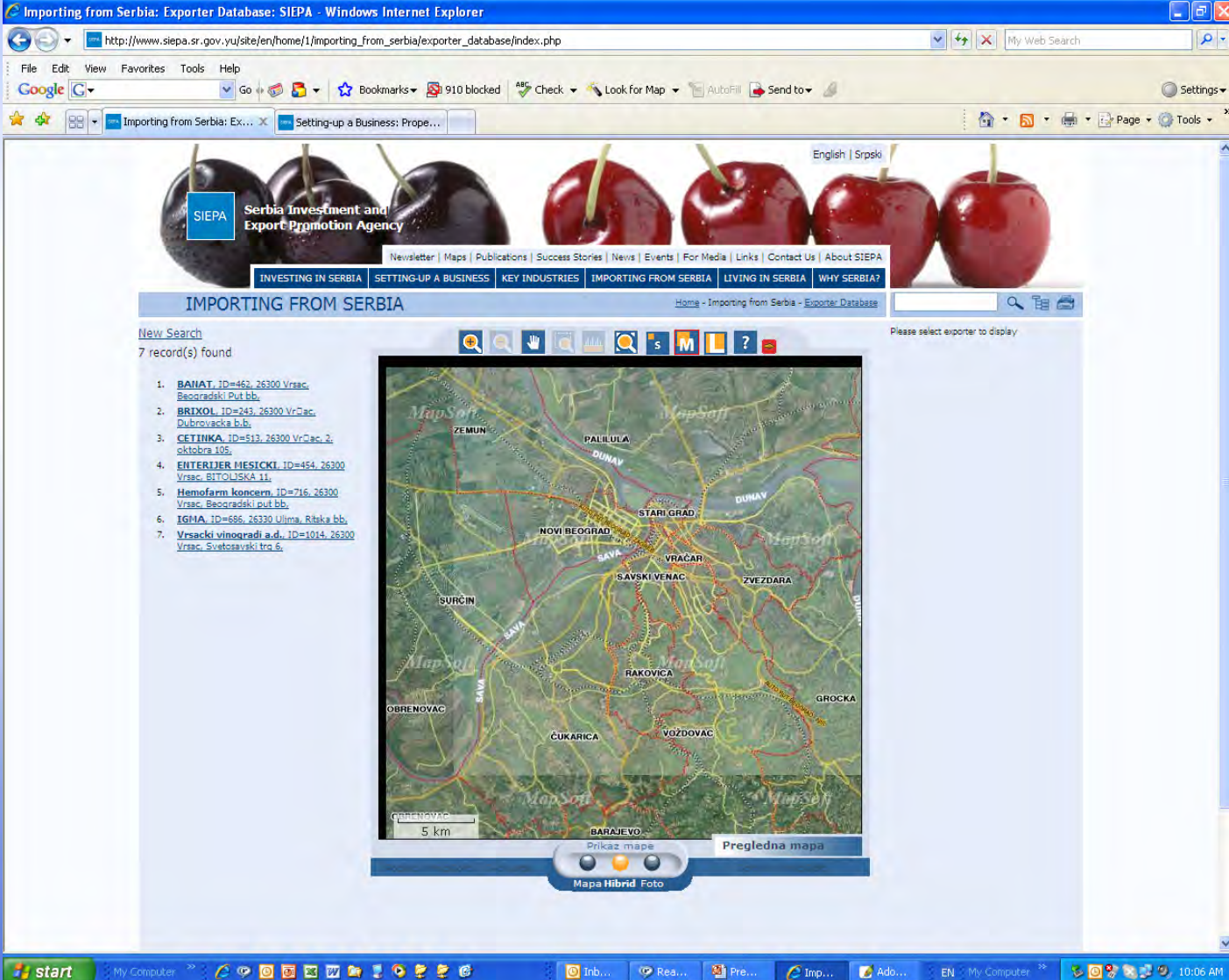
# Competitiveness Improvement

## Local Suppliers Development Programme

- Part of Serbia Investment Promotion Program (SIPP) – funded by EAR and executed by FIAS, in cooperation with SIEPA.
- Goal: SMEs competitiveness improvement through consulting and technical assistance
- Result: higher demand for domestic products and services by foreign investors in Serbia.
- Effect: increase of FDI in Serbia, enhancing cooperation between Serbian and foreign companies and integrating local SMEs in the FDI scheme in Serbia, but also in global supply-chain.
- Sectors: food and agribusiness, IT, metal processing and engineering, wood and furniture industry, chemical and pharmaceutical industry, packaging, rubber and plastic and auto-motive industry.
- Foreign companies in Serbia are actively involved.
- Support:
  - Training programs – marketing innovations, business finance
  - Meet the Buyer event – large MNCs participating

# Competitiveness Improvement

 More than 1,000 domestic suppliers in an online database



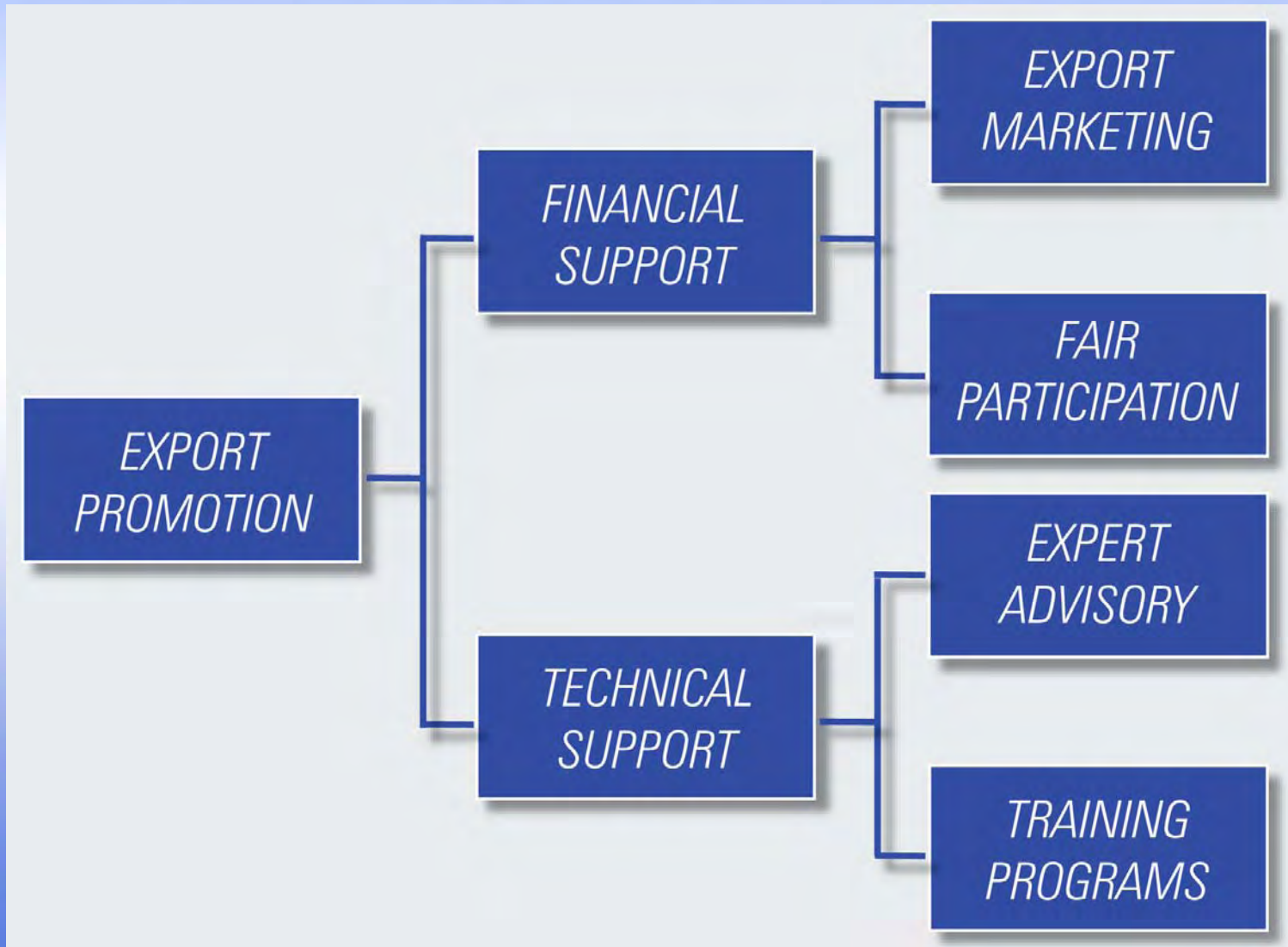
The screenshot displays the SIEPA website interface within a Windows Internet Explorer browser window. The browser's address bar shows the URL: [http://www.siepa.sr.gov.yu/site/en/home/1/importing\\_from\\_serbia/exporter\\_database/index.php](http://www.siepa.sr.gov.yu/site/en/home/1/importing_from_serbia/exporter_database/index.php). The website header features the SIEPA logo and the text "Serbia Investment and Export Promotion Agency". Below the header, there are navigation links for "INVESTING IN SERBIA", "SETTING-UP A BUSINESS", "KEY INDUSTRIES", "IMPORTING FROM SERBIA", "LIVING IN SERBIA", and "WHY SERBIA?". The main content area is titled "IMPORTING FROM SERBIA" and includes a search bar and a "New Search" button. The search results show 7 records found, listed as follows:

1. [BAHAT\\_ID=467\\_26300 Vrsac, Beogradski put bb.](#)
2. [BRIXOL\\_ID=343\\_26300 VrZac, Dubrovačka b.b.](#)
3. [CETIINKA\\_ID=513\\_26300 VrZac 2, oktobra 105.](#)
4. [ENTERIJER MESICKI\\_ID=454\\_26300 Vrsac, BITOLJSKA 11.](#)
5. [Hemofarm koncern\\_ID=716\\_26300 Vrsac, Beogradski put bb.](#)
6. [IGMA\\_ID=686\\_26330 Ulima, Ritka bb.](#)
7. [Vrsacki vinooradi a.d., ID=1014\\_26300 Vrsac, Svetosavski trg 6.](#)

Below the search results, there is a map of Serbia showing various regions and cities, including Zemun, Palulula, Novi Beograd, Stari Grad, Vracar, Savski Venac, Zvezdara, Surcin, Obrenovac, Cukarica, Vozdovac, Grocka, and Barajevo. The map includes a scale bar for 5 km and a "Pregledna mapa" button. The browser's taskbar at the bottom shows the Windows Start button, several open applications, and the system clock displaying 10:06 AM on 10/06/2008.

# Competitiveness Improvement

## SIEPA Activities



# Marketing Campaigns

## **SIEPA** Creating internal FDI awareness

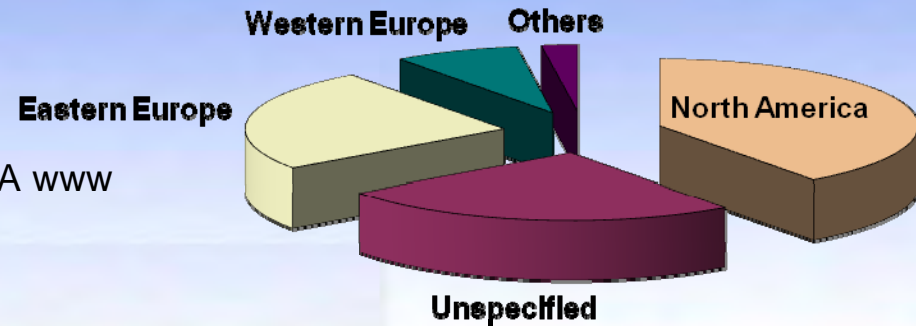
- SIEPA** Series of seminars with internal institutional and market participants

## **SIEPA** Country's international image building

## **SIEPA** Marketing tools

- SIEPA** Brochures
- SIEPA** Sector studies
- SIEPA** Contacts information
- SIEPA** Databases
- SIEPA** Internet
- SIEPA** Video
- SIEPA** Newsletters

Geographic origin of visits to SIEPA www



- Three languages
- More than 30,000 monthly visits
- MIGA: “professional design, impressive publications, variety of information available in three steps”

# SIEPA Among the Best

## ■ SIEPA success stories

Company	Country	Industry	Investment value (EUR mn)	Number of employees
Japan Tobacco International	Japan	Tobacco	100	376
Ball Packaging Europe	USA	Packaging	60	120
Knauf	Austria	Construction	20	290
Veno Establishment	Cyprus	Logistics	20	tbd
Albon Engineering	Great Britain	Automotive	18	200
Bianca Alena	Great Britain	Textile	5	3,000
Farmina	Italy	Food	4	v25
Volvo	Sweden	Automotive	4	100
Baufinanzierung-Bayern	Germany	Services	tbd	150

*SIEPA is ranked among the 8 best agencies in the world (out of 114 reviewed), according to the assessment conducted by the World Bank Group (MIGA)*

**European Attractiveness Award 2007**

A close-up photograph of a white computer keyboard. The focus is on the 'Serbia' key, which features a red arrow pointing left and the word 'Serbia' in red. Other visible keys include F10, F11, F12, '+', '=', '[', ']', 'Shift', and 'Ctrl'.

# THANK YOU!

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