

# Automotive Profile Serbia

Quality Works



# About Serbia



| Serbia ID Card      |  |
|---------------------|--|
| Official Name       | Republic of Serbia   |
| Form of State       | Democratic Republic  |
| Political Structure | President<br>Unicameral assembly with 250 seats  |
| Area                | 88,361 km <sup>2</sup>   |
| Population          | 7.1 million  |
| Geographic Position | South East Europe, central part of the Balkan Peninsula, at the intersection of Pan European Corridors N <sup>o</sup> . 10 and N <sup>o</sup> . 7  |
| Border              | In the east–Serbia borders Bulgaria, in the northeast–Romania, in the north–Hungary, in the west–Croatia and Bosnia-Herzegovina, in the southwest–Montenegro, and in the south–Albania and Macedonia |
| Climate             | Temperate continental, with monthly average temperatures ranging between 0.7°C in January and 17.5°C in July   |
| Official Language   | Serbian  |
| Main Religion       | Christian Orthodox   |
| Other Religions     | Roman Catholic, Islamic, Jewish, Protestant  |
| Major Cities        | Belgrade: 1,576,000; Novi Sad: 298,000; Nis: 250,000   |
| Currency            | Dinar (RSD)  |
| GDP (2011)          | € 32,993 million   |
| GDP pc (2011)       | € 4,543  |
| Time Zone           | Central European Time (GMT + 01:00)  |
| Internet Domain     | .rs  |

*"For over half a century, Fiat and Zastava have played an important role in developing the Serbian automotive industry. Moreover, our commitment demonstrates our confidence and trust in Serbia, especially in view of the strong determination of its Government and the perspicacity of President Boris Tadic to enable the country to advance on its European Union path."*

Mr. Sergio Marchionne, Fiat Group President



## SERBIAN AUTOMOTIVE INDUSTRY TODAY



### TRADITION OF SERBIAN AUTOMOTIVE INDUSTRY

#### More than 70 years of car making

The automotive industry in Serbia dates back to 1939 when first trucks emerged of the assembly lines in the city of Kragujevac. After World War II, this factory was renamed Zastava and the production of motor vehicles was resumed under the license of Fiat. This was a booming period for automotive suppliers in Serbia, as many component manufacturers were needed to support the growing new industry. Since Zastava was working under strict Fiat quality standards, its suppliers had to adapt to them, too. High quality production enabled them to work for other Western car manufacturers. Soon, companies like Mercedes, Ford, PSA and Opel were sourcing automotive components from Serbian companies.

The highlight of the company's operations occurred in 1989 when Zastava produced roughly 250,000 cars. They were exported to 70 countries worldwide, including the UK and the USA. Unfortunately, political problems and economic sanctions imposed on Serbia during the 90s halted development of this export-oriented sector. The break-up of former Yugoslavia had a big impact on Zastava's existing supply chain while economic sanctions left it with a severely depleted market. Serbian suppliers faced the same problems. Industry was confined to serving more or less only the Serbian market whereas reduced profit made investment in technology development nearly impossible.

Since the democratic changes in 2000, Serbian automotive industry has rapidly re-emerged. Privatization of companies and a strong influx of foreign capital, combined with the experience of Serbian workers and active government support are producing incredible success in the industry that was completely stagnating just a few years ago.

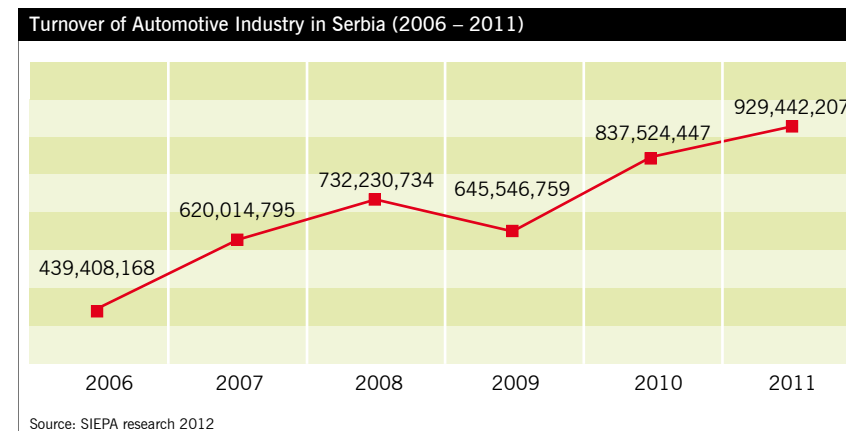
#### Annual growth of 30%

At the end of the 90s the cornerstone of Serbian automotive industry, ZastavaAutomobili, was in serious trouble. There was almost no technical development, the market had shrunk severely, and production had fallen from more than 200,000 vehicles to around 20,000.

The year 2001 initiated the privatization process in all state-owned companies in Serbia and gradually the sector of automotive industry transformed itself. Much needed investments started the modernization of the production but recovery of industry was not an instant one. The structure of automotive parts produced changed together with traditional market as companies became much more export oriented. The entry of foreign capital increased year by year, while the takeover of ZastavaAutomobili by Fiat Group in 2008 signified a new milestone in the sector.

Today automotive industry is one of the key sectors of Serbia's economic development, marked by Government of Serbia as one of the sectors of strategic importance. With the effects of global economic crises waiving, 2012 will be marked by start of production of newest Fiat model in Serbia, restoring vehicle production to its former heights.

The review of sector turnover shows a year by year constant and rapid growth. The period of six years saw the revenues double. With production of vehicles before 2012 only at low volumes most of the turnover comes from production of car parts.





*"Until three or four years ago, not a single company from Serbia had been able to compete on international level. The situation is now much better. Most of them will, as suppliers, join our international companies that will be built in the location of Grosnica by the end of the 2011."*

**Mr. Giovanni de Filippis**, former CEO Fiat Automobili Srbija

#### Breakdown of Automotive Product Groups in Serbia 2011

|                                       |        |
|---------------------------------------|--------|
| Chassis System                        | 32.40% |
| Electrical, Electronic & Power supply | 22.32% |
| Engine & Components                   | 12.52% |
| Motor Vehicles                        | 11.84% |
| Vehicle Interior System & Parts       | 2.65%  |
| Oils And Lubricants                   | 2.62%  |
| Trailers                              | 2.61%  |
| Vehicle Plastic & Rubber parts        | 2.08%  |
| Special Equipment & Accessories       | 1.81%  |
| Drivetrain                            | 1.72%  |
| Vehicle Superstructures               | 1.57%  |
| Automotive Hydraulic & Pneumatics     | 1.13%  |
| Filters & Gaskets                     | 1.05%  |
| Body Parts                            | 0.86%  |
| Braking System                        | 0.80%  |
| Standard Parts                        | 0.01%  |

Source: SIEPA research 2012

#### Largest Products in Automotive Industry in Serbia 2011

|                         |        |
|-------------------------|--------|
| Tires                   | 28.48% |
| Casted & Machined Parts | 13.49% |
| Car Batteries           | 13.10% |
| Wiring Harness          | 9.21%  |
| Passenger Cars          | 8.08%  |
| Oils And Lubricants     | 2.62%  |
| Trailers                | 2.62%  |
| Ball Bearings           | 2.44%  |
| Pressed Parts           | 2.34%  |
| Buses                   | 1.93%  |
| Seat Covers             | 1.91%  |
| Trucks                  | 1.82%  |
| Vehicle Superstructures | 1.55%  |
| Forged & Machined parts | 10.38% |

Source: SIEPA research 2012

Manufacturing of parts of vehicle chassis system is mostly present in the industry, especially tires and suspension parts. Electrical system components are another dominant product group with car batteries and wiring installations being most important products. Also significant is the production of engine components, mostly casted, forged and machined parts like camshafts, brake discs, valves or flywheels.

The ownership structure of the sector shows that around 66% of automotive companies in Serbia are domestically owned. However, many of them are small companies so the share number does not give an indication of the ownership structure in the sector.

Taking a look at the employment structure, most of the workers are again employed by Serbian-owned companies, but this employment represents around 36% in the sector. The fact that 64% of workers are employed in foreign-owned companies is a good indicator of the internationalization of the sector. Leading employers among foreign companies are German, South Korean, Slovenian, French and Italian producers.



#### Analysis of Employment in Automotive Industry in Serbia (2010)

|                 |        |
|-----------------|--------|
| Serbian-owned   | 10,097 |
| German-owned    | 4,382  |
| Korean-owned    | 3,511  |
| Slovenian-owned | 2,996  |
| French-owned    | 2,746  |
| Italian-owned   | 1,350  |
| Other           | 2,963  |

Source: SIEPA Suppliers Database and Serbian Business Registers Agency data



## FDI INFLUX

### Recent years marked by foreign investments

It can easily be said that the past ten year of automotive industry in Serbia were marked by foreign investments. Initially, it was French Michelin and Le Belier and Slovenian Cimos who entered Serbia through privatization process, but in later years capital began to enter through greenfield projects as well. In this period companies like German Dräxmaier, Leoni or Norma Group, Italian Dytech or Korean Yura Corporation built their factories in Serbia to supply the growing markets of EU and Russia.

| Foreign Investments in Serbia by Sectors (in € million) |                |
|---|----------------|
| Financial   | 3,253.5        |
| Food and Beverage, Agriculture                          | 2,721.1        |
| Telecommunications                                      | 2,245.0        |
| Retail  | 1,960.2        |
| <b>Automotive Industry</b>                              | <b>1,577.0</b> |
| Oil and Gas   | 1,524.4        |
| Real Estate   | 1,125.5        |
| Tobacco   | 1,008.0        |
| Construction  | 840.3          |
| Pharmaceutical  | 826.0          |
| Metallurgy and Metalworking                             | 509.1          |
| Wood and Furniture                                      | 317.0          |
| Insurance & Pension                                     | 313.7          |
| Textile & Clothing                                      | 228.7          |
| Tourism   | 213.7          |
| Chemical  | 200.1          |
| Packaging   | 194.2          |
| Electrical & Electronics                                | 168.3          |
| Others  | 338.3          |

Source: SIEPA research 2012

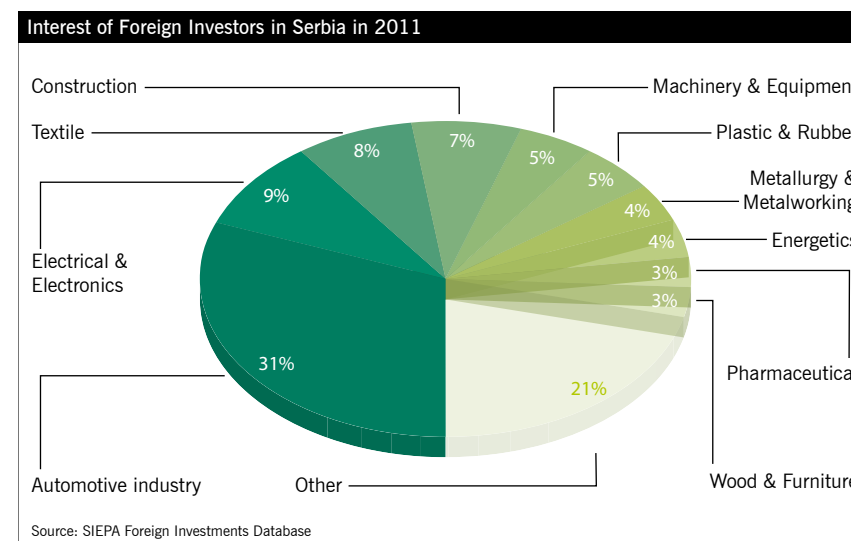
*“Serbia fulfills a lot of preconditions for labor-intensive JIT production with available labor force, good infrastructure and not forget the strong and highly qualified support of the government and local authorities.”*

**Mr. Peter Prohaska**, former General Manager LEONI Serbia

As a location Serbia offers a balance of low operating costs, free trade possibilities, financial incentives and labor availability, while investment security is fully guaranteed through Law on Foreign Investment. Through its free trade agreement with Russian Federation customs union on one side and European Union on the other, Serbia is the only country in Europe which offers custom free export possibilities for automotive parts to both these huge markets.

These excellent conditions for automotive production resulted in almost 1.6 billion € of foreign investment in last ten years accompanied with huge interest for further investment. This is best represented by the fact that 30% of all investors inquiries to SIEPA come from automotive sector. Starting from 2012 brands such as Robert Bosch, Continental and Cooper Tires will have their manufacturing footprint in Serbia as well.

Decision of Fiat to take over the old Zastava plant in 2008 marked a new age in foreign investments in the sector. While previously all investment projects were export oriented and seeking a cost effective manufacturing location, Fiat also revived domestic market for automotive parts. This attracted the new type of investors as brands like MagnetiMarelli and Johnson Controls established their greenfield factories in Serbia in 2011. All together ten international parts and systems producers built their factories in Serbia to supply the Fiat factory.



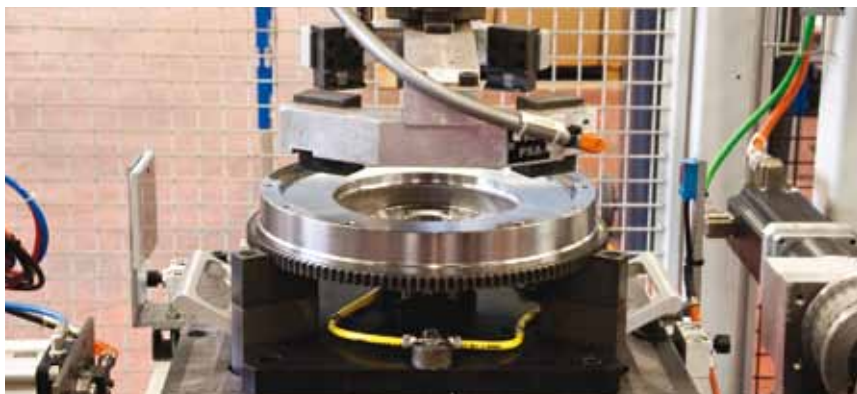
"Serbia is a country that has a very interesting logistic position. From Serbia it is very easy to access the Central Europe and also you can serve the Eastern Europe."

Mr. Giovanni de Filippis, former CEO Fiat Automobili Serbia

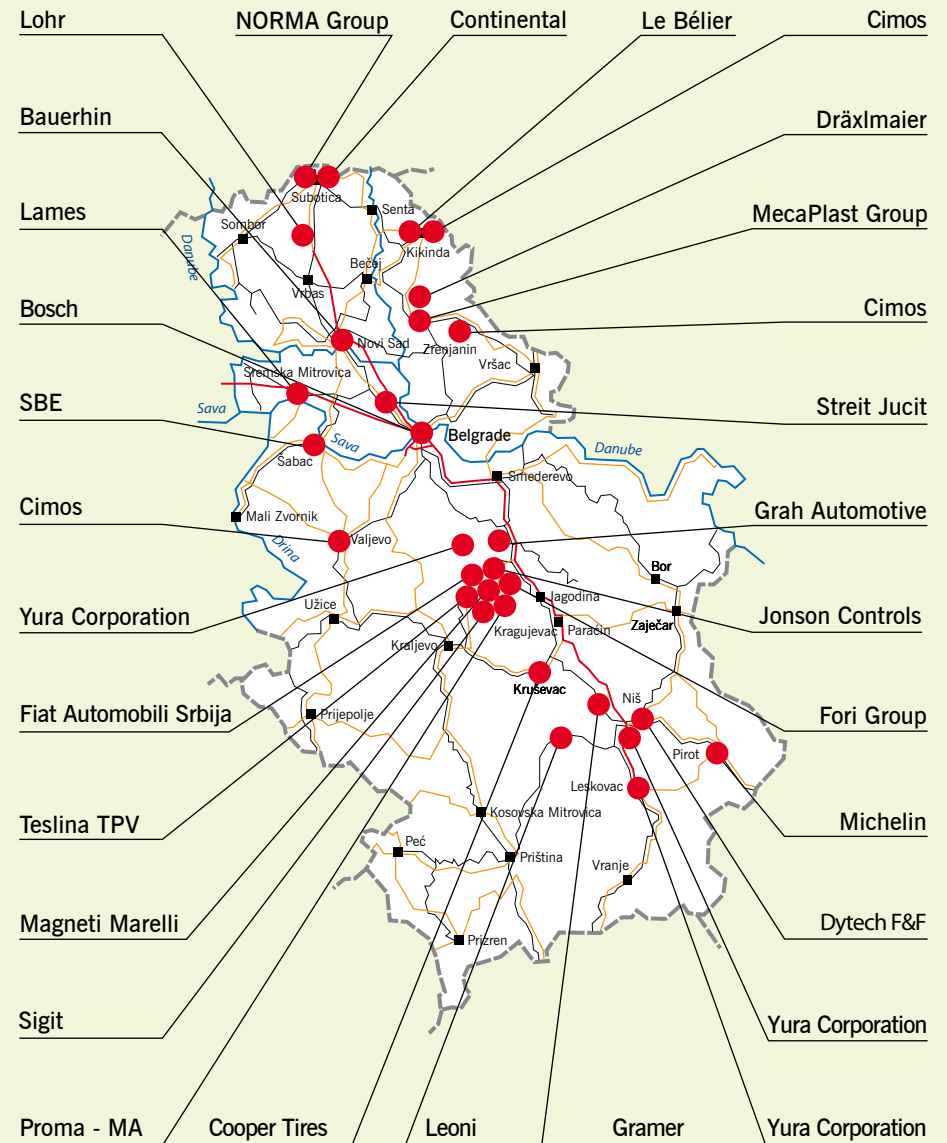


| Largest Foreign Investors in Serbian Automotive Industry 2012 |             |              |       |       |           |
|---|-------------|--------------|-------|-------|-----------|
| Name  | Country     | Municipality | Value | Jobs  | Completed |
| Fiat Automobili Serbia  | Italy       | Kragujevac   | 940.0 | 1.100 | 2008      |
| Michelin TigarTyres   | France      | Pirot        | 150.0 | 2.000 | 2002      |
| Cimos   | Slovenia    | Kikinda      | 120.0 | 1.100 | 2004      |
| Bosch   | Germany     | Pećinci      | 72.0  | 620   | 2011      |
| Cooper Tires  | USA         | Kruševac     | 50.0  | 400   | 2011      |
| Yura Corporation  | South Korea | Rača         | 44.0  | 4.500 | 2010      |
| MagnetiMarelli  | Italy       | Kragujevac   | 26.0  | 170   | 2011      |
| Johnson Controls  | USA         | Kragujevac   | 26.0  | 380   | 2011      |
| Proma - MA  | Italy       | Kragujevac   | 25.0  | 315   | 2011      |
| Dräxlmaier DAD  | Germany     | Zrenjanin    | 15.0  | 1.700 | 2007      |
| Leoni   | Germany     | Prokuplje    | 15.0  | 1.300 | 2009      |
| Le Belier Kikinda LBK   | France      | Kikinda      | 15.0  | 500   | 2003      |
| Sigit   | Italy       | Kragujevac   | 13.5  | 104   | 2011      |
| Dytech F&F Serbia   | Italy       | Niš          | 13.0  | 403   | 2010      |
| NORMA Group   | Germany     | Subotica     | 11.0  | 500   | 2010      |
| Grah Automotive   | Slovenia    | Batočina     | 11.0  | 400   | 2009      |
| Mecaplast   | France      | Zrenjanin    | 10.1  | 120   | 2011      |
| Continental - Conti Tech                                      | Germany     | Subotica     | 8.0   | 250   | 2011      |
| Tesnila TPV   | Slovenia    | Kragujevac   | 6.0   | 100   | 2005      |
| Bauerhin  | Germany     | Indija       | 5.0   | 750   | 2010      |
| Grammer   | Germany     | Aleksinac    | 5.0   | 720   | 2007      |
| Lohr  | France      | Bačka Topola | 3.2   | 84    | 2008      |
| IntertrustZastavaKovacnica                                    | Bulgaria    | Kragujevac   | 3.2   | 360   | 2005      |
| Fori Group  | Slovenia    | Kragujevac   | 3.0   | 360   | 2006      |

Source: SIEPA Foreign Investments Database



Largest Foreign Investors in Serbian Automotive Industry 2012



# Success Stories



Fiat AutomobiliSrbija (FAS) was established in 2008 by a joint venture agreement between Fiat Group Automobiles (67%) and the Republic of Serbia (33%). Based on the subsequent agreement, the government handed over to FAS the ownership of the land and the property of Zastava plant in Kragujevac, as well as a building in Belgrade. In return, Fiat Group invested 940 million EUR in the Serbian Automotive Industry. Fiat Automobiles Serbia factory was officially opened on 16th April 2012. The plant is designed for production of more than 200,000 cars annually.

Important part of the above mentioned agreement is the establishment of a 67-hectar supplier park in Grošnica, which provides components to the plant and contributes to increased production for export. List of key suppliers in this park includes: MagnetiMarelli, Johnson Controls, Proma MA, Sigit and HT&L. From the infrastructural point of view, the government and the local authorities are contributing to this Greenfield investment by improving railway and road conditions and building a connection to Corridor 10.



One of the most interesting investment success stories in Serbia is the Korean Yura Corporation. The leading Korean supplier of automotive electrical and electronics distribution systems first visited Serbia with the idea to establish a manufacturing site in January 2010. Two years later Yura Corporation operates no less than four factories in Serbia. Yura Corporation has invested more than 44 million euros in their factories in Serbia that employ more than 4,000 workers and supply the growing production of Hyundai and KIA cars in Europe.



## COMPETENT LABOR MARKET



# 11%

**Annual  
Productivity  
Growth  
between  
2004 and  
2008**

*"We are very pleased with the professionalism of our employees from operators to engineers. Studies from schools to colleagues are providing students with very good skills in all areas of techniques like chemistry, mechanics and electronics, which are necessary for our high technology industry."*

**Mr. Bruno Masson,**  
Industrial Director  
Tigar Tires Michelin

### High availability of quality work force and experts

Serbia's labor force combines exceptional work efficiency with sizable labor supply. With its unique advantage of high quality and low costs, it is one of the key factors in reaching a strong business performance.

Quality of local labor force is best reflected in robust industrial productivity, rising at an 11% rate between 2004 and 2008. Labor supply in Serbia in 2011 comprises of 730,000 unemployed and that number annually increases by 42,000 university and 2-year college graduates and 74,000 high school graduates. Technical education is particularly strong—high school students are among the best performers at world contests in natural sciences, while Serbian engineers are well-known worldwide for their expertise. In addition, Serbia boasts the highest English speaking proficiency in Eastern Europe. Management education has also been improved with an introduction of joint graduate and post-graduate courses organized by local universities and renowned Western business schools.



Serbia Labor Chart 2011

|   |                |
|---|----------------|
| Average net salary                        | 362€           |
| <b>Contributions paid by the employer</b> |                |
| Pension and disability insurance          | 11.00%         |
| Health insurance                          | 6.15%          |
| Unemployment insurance                    | 0.75%          |
| <b>Contributions paid by the employee</b> |                |
| Pension and disability insurance          | 11.00%         |
| Health insurance                          | 6.15%          |
| Unemployment insurance                    | 0.75%          |
| Personal Income Tax                       | 12.00%         |
| Average gross salary                      | 596€           |
| <b>Labor law</b>                          |                |
| Working week:                             | 40h            |
| Overtime:                                 | 8h/week 4h/day |
| Nº. of shifts:                            | max 3          |
| <b>Labor supply</b>                       |                |
| Employed people                           | 1,746,000      |
| Unemployed people                         | 745,000        |
| Unemployment rate                         | 23.7%          |

Source: Statistical Office of the Republic of Serbia





## COMPLETE LOGISTICS AND INFRASTRUCTURE



# 2 Hour

Flight to  
Anywhere  
in Europe

### Well developed and constantly improving

As a logistics base, Serbia is a perfect location for a company wishing to efficiently serve its EU, SEE or Middle Eastern customers. It borders the EU at the Hungarian, Bulgarian, and Romanian state lines, while offering benefits of working outside the EU. Owing to its excellent strategic position on the geographic borderline between East and West, Serbia is often referred to as a gateway of Europe. Two important European corridors, N° 7 – River Danube and N° 10 – the international highway and railroad, intersect on Serbian territory, providing excellent transportation connections with Western Europe and the Middle East. By using well developed road connections, a shipment from Serbia can reach even the remotest parts of Europe in less than 72 hours. The transport of goods via railroads is highly cost effective. Through the Corridor N° 10, Serbia offers access to major European destinations. Serbia boasts a great potential to grow into the logistics hub of South East Europe. In order to further upgrade the country's road and railway networks, roughly €4 billion will be invested in its modernization over the coming years.

The natural availability of hydropower and coal in Serbia results in the lowest price of electricity in Europe, averaging just 0.05 €/kWh. The gas pipeline covers around 50% of the major cities in Serbia but further boost will come from the new South Stream Pipeline that will transport Russian natural gas across Black Sea, Bulgaria and Serbia into the mainland Europe. The 63 million m<sup>3</sup> per year pipeline is due to be completed by 2015.



*“Serbia has invested a lot of attention to the road and industrial infrastructure as well as the customs system making it possible to establish manufacturing operations and OEM supply at a very fast rate.”*

**Mr. Jongwoo Nam,**  
General Manager  
Yura Corporation

| Transportation Infrastructure    |                       |
|----------------------------------|-----------------------|
| Length of road network           | 40,485 km             |
| Length of railway network        | 3,809 km              |
| Length of navigable routes       | 959 km                |
| Number of river ports            | 12                    |
| Number of international airports | 2                     |
| Average Utilities Cost           |                       |
| Electricity                      | 0.05 €/kWh            |
| Gas                              | 0.42 €/m <sup>3</sup> |
| Water                            | 0.2 €/m <sup>3</sup>  |
| Average Production Hall Cost     |                       |
| Building                         | 400 €/m <sup>2</sup>  |
| Renting                          | 5 €/m <sup>2</sup>    |

Source: Ministry of Infrastructure and Energy of the Republic of Serbia

# 1 Billion People

Total Size of the Market with Customs-Free Access

*"Our operations here will provide the Fiat Group with the means to widen its customer base and to support its expansion and volume aspirations from a strategic region, while, at the same time, contributing to Serbia's industrial and technological development. This initiative will enhance the economic and social growth of the region."*

**Mr. Sergio Marchionne,**  
Fiat Group President

## UNIQUE FREE TRADE AGREEMENTS

### Serving both East and West

Externally, Serbia can serve as a unique base for duty-free trade for a market of 1 billion people including:

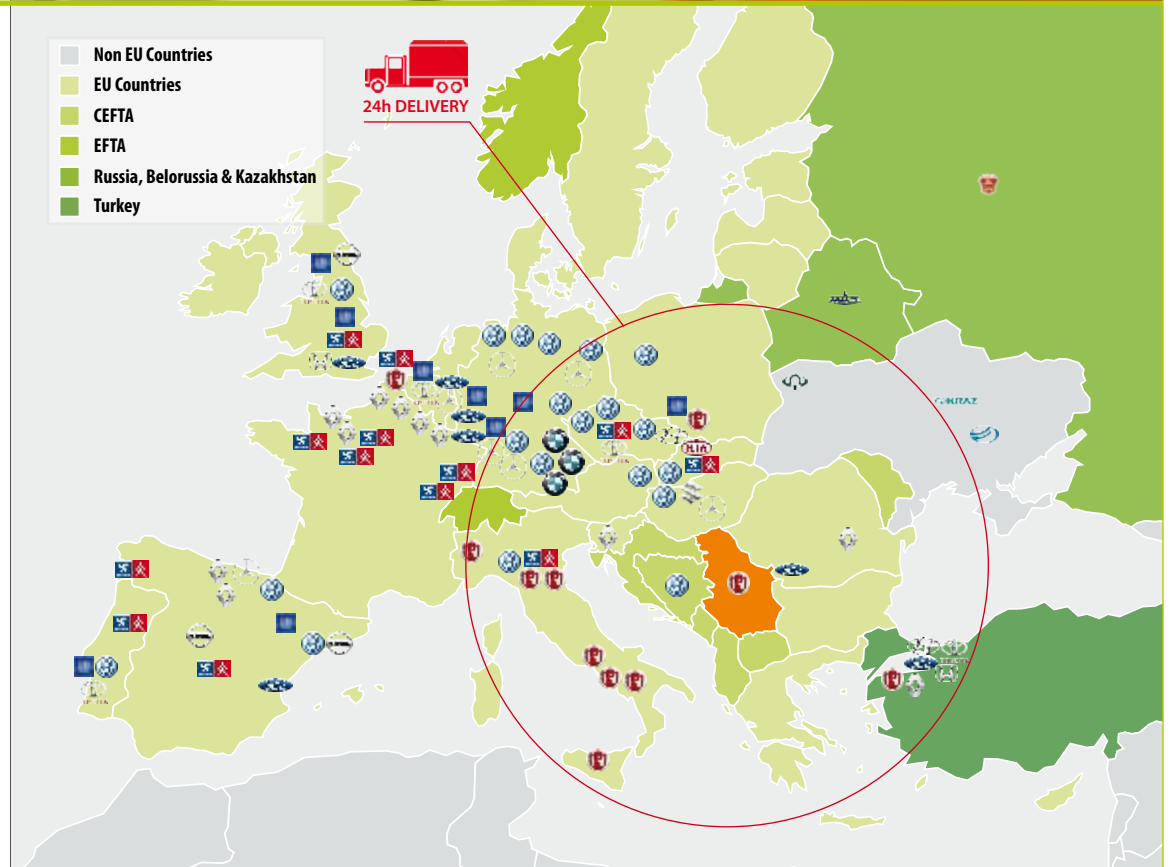
- The European Union,
- The United States of America,
- The Russian Federation,
- Turkey,
- South East Europe,
- The European Free Trade Agreement states,
- Kazakhstan, and
- Belarus.

Serbia is the only European country with free trade arrangements with both European Union and Russian Federation. Not only it bridges East and West but it also serves as a service hub for European and Asian markets. The free trade agreements with EU, EFTA, CEFTA and Turkey allow mutual accumulation of origin, as do the agreements with Russia, Belorussia and Kazakhstan.

Only two restrictions in free trade still exist: when importing from EU to Serbia, there are customs duties that will gradually be reduced to zero by 2014, while the agreement with Russia excludes only passenger cars.

### Free Trade Zones and Inward Processing

Exporters in Serbia do not have to be concerned with import duties and VAT on materials from EU or any other country in the world. In order to stimulate export oriented production, Republic of Serbia provides custom and VAT free import of materials through the Inward Processing procedure. The general permission for Inward Processing is obtained once a year but even further simplification of the procedure can be gained by operating in one of the Free Trade Zones. Free Trade Zone is considered to be outside the custom system and all goods bound for factories inside them are custom and VAT free.



| Market                          | Trade Regime                      | N°. of Inhabitants   |
|---------------------------------|-----------------------------------|----------------------|
| European Union                  | Interim Trade Agreement           | 494,070,000          |
| USA                             | Generalized System of Preferences | 302,558,000          |
| Russia, Belorussia & Kazakhstan | Free Trade Agreement              | 168,640,600          |
| CEFTA                           | Free Trade Agreement              | 29,990,542           |
| EFTA                            | Free Trade Agreement              | 13,000,000           |
| Turkey                          | Free Trade Agreement              | 75,000,000           |
| <b>Total</b>                    |                                   | <b>1,083,259,142</b> |

## FAVORABLE TAX REGIME



# 10%

Europe's  
Second  
Lowest  
Corporate  
Profit Tax  
Rate

### The lowest tax rates in Europe

Serbia's tax system is highly conducive to investment. Apart from featuring the lowest tax rates in Europe, investors can benefit from possible tax incentives which create excellent start up conditions. Primarily, there is a possibility of a 10 year corporate profit tax holiday for investments into the manufacturing sector which are worth over €8 million and create more than 100 new jobs. In addition, investors can receive incentives on almost all principal taxes in Serbia.



*"Production capacities are expected to increase significantly once we have commenced our operations in Subotica. The facility is expected to be at full operating capacity by 2015. Our decision to invest in Serbia will benefit both the region of Subotica and our European customers to meet their high and increasing demand."*

**Mr. John Stephenson,**  
COO of NORMA Group

| Tax   | Rate  | Recurrence              | Possible incentive  |
|---|---|-------------------------|---|
| Corporate Profit Tax  | 10%   | yearly                  | 10 year holiday (investments over 8 million euro and 100 new jobs) or 20%, 40% or 80% of investment value as tax credit |
| Withholding Tax (for dividend, shares in profits, royalties, interest income, capital gains, lease payments for real estate and other assets) | 20%   | yearly                  | lower rate of 10% or 5% according to double taxation agreement  |
| VAT   | 18% - standard<br>8% - lower rate                             | monthly                 | import VAT return for export of finished goods<br>import VAT exempt in free trade zones                                 |
| Property Tax  | up to 0.4%  | yearly                  | rates vary by municipality  |
| Absolute Rights Transfer Tax  | 0% - stocks and bonds<br>2.5% - other property                | at purchase of property |   |
| Salary Tax  | 12%   | monthly                 | 3 - year holiday for hiring apprentices<br>2 - year holiday for hiring unemployed workers                               |
| Annual Income Tax   | 10% - under 8x average salary<br>15% - over 8x average salary | yearly                  |   |
| Pension and disability insurance  | 11%   | monthly                 | 3 - year holiday for hiring apprentices<br>2 - year holiday for hiring unemployed workers                               |
| Health insurance  | 6.15%   | monthly                 | 3 - year holiday for hiring apprentices<br>2 - year holiday for hiring unemployed workers                               |
| Unemployment insurance  | 0.75%   | monthly                 | 3 - year holiday for hiring apprentices<br>2 - year holiday for hiring unemployed workers                               |

## STIMULATING FINANCIAL INCENTIVES

€4,000-  
10,000

State Grants  
for Every New  
Job Created

### Reducing investment costs

Highly competitive and diverse investment incentives are designed to reduce costs of investment projects in Serbia. For standard-scale Greenfield and Brownfield projects, non-refundable state funds are offered in the range between €4,000 and €10,000 per new job created within 3 years.

Large-scale investments may be eligible to receive government funds subsidizing up to 20% of the project's value if the investment meets minimum requirements including initial investment amount and job creation requirements.

For more information see the financial incentives table on the next page.



“Serbian Government is very strongly supporting the industrial development of the country making it very easy and profitable for foreign investors to locate there.”

Mr. Jongwoo Nam,  
General Manager  
Yura Corporation

Medium-sized projects - investments of over €50 million that create at least 150 new jobs within an agreed-upon timeframe of no longer than 10 years - are eligible to receive up to 10% of the total investment value.

Over the past six years, more than 25 investment projects in the automotive industry have benefited from the state grants program. The list of companies that developed their projects in Serbia with a support of financial incentives includes: Fiat, Bosch, Michelin, Continental, Magneti Marelli, Johnson Controls, Leoni, Yura Corporation and many more.

| Financial Incentives                             |   |   |  |
|--|---|---|--|
| Eligible Investment Projects                     | Standard-scale Projects                   |   |  |
|  | Manufacturing Sector                      |   | Internationally-Marketable Services            |
|  | Investments in Underdeveloped Regions     | Investments in Standard Regions           | The Entire Territory of the Republic of Serbia |
| Amount of founding                               | € 4,000 - 10,000 for each new job created | € 4,000 - 10,000 for each new job created | € 4,000 - 10,000 for each new job created      |
| The Minimum Investment Amount                    | € 0.5 mn                                  | € 1 mn                                    | € 0.5 mn                                       |
| The Minimum Number of New Full-time Jobs Created | 50  | 50  | 10   |

| Financial Incentives                   |  |  |  |  |
|--|--|--|--|--|
| Eligible Investment Projects           | Investments of Special Importance        | Large Investments Projects               |  | Mid-sized Investment Projects            |
|  |  | Up to 17% of the total investment amount | Up to 20% of the total investment amount | Up to 10% of the total investment amount |
| Amount of Funding (€)                  | Up to 17% of the total investment amount | Up to 17% of the total investment amount | Up to 20% of the total investment amount | Up to 10% of the total investment amount |
| The Minimum Investment Amount          | € 200 mn                                 | € 100 mn or greater                      | Between € 50 mn and € 100 mn             | € 50 mn                                  |
| The Minimum Number of New Jobs Created | 1.000                                    | 300                                      |  | 150                                      |

## RECOMMENDED INVESTMENT LOCATIONS

"Subotica is a strategic location for NORMA Group, and our local and regional partners made it a convincing choice. Our investment in Serbia furthermore reflects a strongly increasing demand for NORMA Group's innovative solutions in engineered joining technologies and distribution services."

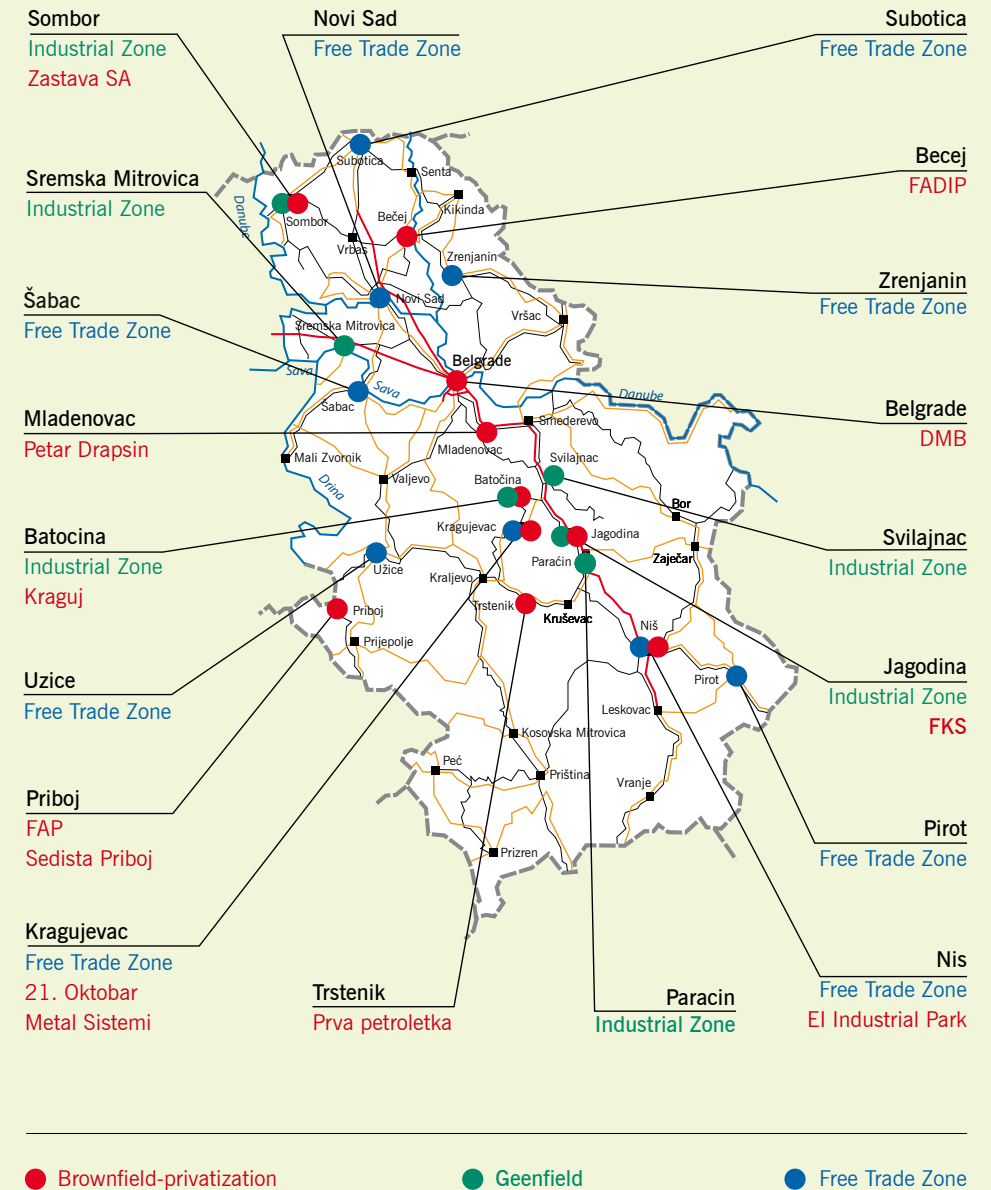
Mr. Werner Deggim, CEO of NORMA Group

40  
million

Square meters  
of equipped  
Greenfield  
locations  
in SIEPA  
investment  
location  
database

### Locate the right spot

One of SIEPA's primary activities is finding suitable investment locations in Serbia. By maintaining an investment location database and working closely with investors, SIEPA advises on opportunities in Serbia, best suited to a particular project. In the automotive industry, SIEPA has already worked with companies such as Leoni, Yura Corporation, Dytech or Norma Group in presenting available locations and assisting in the right selection. Based on our experiences, we can recommend the following investment locations and will be pleased to offer more details to interested investors:





# About SIEPA

Serbia Investment and Export Promotion Agency (SIEPA) is a government organization dedicated to effectively helping foreign investors and buyers, while raising Serbia's profile in the minds of international business decision-makers. Created in 2001 by the Government of the Republic of Serbia, SIEPA's mission is to support foreign companies seeking to set up or expand in Serbia and Serbian companies when doing business worldwide.

Created as a one-stop-information-shop, SIEPA acts as a reliable partner for international companies throughout their investment project to ensure the best results. Foreign buyers committed to the highest quality may rely on our knowledge and expertise when looking for the right supplier.

Major services offered to potential investors are free-of-charge and readily available:

- Providing statistics, economic and legal investment related information,
- Database of Greenfield and other investment opportunities, with site visit organization,
- Assistance in obtaining registration, licenses, permits and other documentation,
- Identifying local partners and suppliers, including meeting facilitation,
- Presenting ready-to-invest projects,
- Maintaining investment and exporters databases,
- Delivering sector analysis and studies.

Some of the largest recent Greenfield projects in Serbia were completed as a result of our assistance. The portfolio of automotive companies that rely on our services to implement their projects in Serbia ranges through brands like Fiat, Michelin, Leoni, Yura Corporation and many more.

To help potential investors speed up completion of their projects, SIEPA networks with all FDI-related public and private sector bodies, including Government ministries and other Governmental bodies, municipal authorities and local self-government, building land agencies, tax and customs authorities, statistical bureaus, chambers of commerce and the National Bank of Serbia.

SIEPA publications and materials on doing business in Serbia, as well as detailed sector analyses and studies feature numerous business opportunities in our country. They are available in hard copy and can be downloaded from our web-site at [www.siepa.gov.rs](http://www.siepa.gov.rs).

We would like to invite you to contact our specialized staff ready to assist you and your business interests. Information packages about law, industries, sectors, business practices, and general doing business in Serbia is tailored and, may be, confidential based on your company's needs and requests. If you would like the best access to the opportunities and intelligence gathered by our expert team, do not hesitate to contact us. Working with us is simple and effective.

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