

# FIC OVERVIEW

Seventeen years ago, the Foreign Investors Council (FIC) was founded as an independent business association of foreign investors in Serbia. Today, with more than 120 members, the FIC represents the biggest voluntary, exclusively foreign investors' grouping in the country. To illustrate this number closer, the FIC members directly employ over 100,000 people, with investments exceeding EUR 35 billion so far.

Since its foundation, the FIC has remained committed to its core mission: to actively promote and develop a predictable, competitive, and sustainable business environment, through an open dialogue with the decision-makers and other relevant stakeholders. With determination to support Serbia's economic reform processes and be a partner for a stronger and more business-friendly economy, the FIC remains grounded in its fundamental features: independence, expertise, international best practices, cooperation and anchoring the processes towards EU integration.

## INDEPENDENCE

The FIC's operations are financed solely through membership fees. Thus, it is self-sustainable entity, without accepted external grants, donations, or sponsorships. Regardless of their size, member-companies pay the same fee, with the exception of those elected to the Board of Directors, who pay a higher membership fee.

The FIC promotes broader interests of the business community. Through the established mechanism of a two-step decision-making process, it ensures that the majority view is represented, without positions and recommendations conflicting with the interests of other member companies. All decisions are taken first at the level of working committees, with the full inclusion of members, and subsequently confirmed by the FIC's Board of Directors. All member-companies have the same voting power.

## EXPERTISE

Despite the fact that there are more than 20 different sectors under the FIC's roof, their competition and opposing interests and views do not pose limitations to joint recommendations and their active promotion. The exceptional value of the FIC is its ability to find common ground among interests of different sectors and industries and ultimately among various possible solutions. The FIC's expertise comes from its members and their vast international knowledge and experience, which the FIC intersects and utilizes for the mutual benefit.

The FIC is immensely proud of its 11 working committees, both cross-sectoral and sectoral, as they gather representatives of the member companies which are experts in their respective fields. Based on exchange of knowledge and expertise, they analyze specific regulatory areas and policies, and formulate joint conclusions and proposals.

The FIC's youngest committee, the Pharma Industry Committee formed in September last year, today numbers more than 10 members, some of them being the largest companies in this area on the global level. The FIC has a policy to form and dissolve working committees, based on members' interest in participating in impacting improvements of the regulatory framework in a specific area.

The White Book is a trademark of the FIC, which covers a broad range of information. Based on its main conclusions, the FIC continuously participates in number of advocacy activities to improve the existing or draft regulations, as well as their implementation. The FIC communicates its views and proposals through the so-called position papers (PPs), which are prepared by the FIC working committees and then discussed with the state and stakeholders.

Finally, the FIC offers its regulatory expertise free of charge to all stakeholders through various projects and activities.

## BEST PRACTICES

The FIC and its members are setting their work goals to high ethical standards, clear management rules, and innovation. Led by the best practices model, foreign investors bring not only fresh capital but also new technologies, strong corporate rules, solid business ethics, and a sustainability concept. By reinforcing responsibility towards shareholders, the workforce, suppliers, clients, the environment and society, the FIC promotes strong ethical rules and corporate governance principles. Over the seventeen years, the FIC has adopted a series of statutory acts determining the rights and obligations of FIC members and officials in more detail, promoting competition rules, and defining guidelines for engagement in the association.

## COOPERATION

Since the foundation, the FIC has been advocating for business climate reforms. In regular dialogue with the state, and with all relevant stakeholders, such as the EU and diplomatic corps, international financial institutions, development

agencies, academia, and other business and public-private associations, the FIC has always remained open to project partnerships with those who share its views and goals.

The FIC is particularly proud of its institutionalized cooperation with the Government of Serbia through the Working Group on the Implementation of the White Book Recommendations, chaired by the Prime Minister and composed of members of the FIC's Board of Directors and Ministers of the Government responsible for topics covered by the White Book. The task of the Working Group is to define concrete measures for the implementation of the White Book recommendations and to monitor the implementation of those measures.

## EU INTEGRATION

Seventy-five percent of the FIC members come from the EU, while other members also have an EU footprint. Thus, the FIC has the unique ability to combine knowledge and experience about the European and Serbian markets and provide advice and concrete suggestions on how to complete the process of Serbia's economic integration with the EU as efficiently and productively as possible.

Since the start of accession negotiations between Serbia and the EU, the FIC has increased its engagement in this field, maintaining regular dialogue with both negotiating sides and providing expert advice.

### OVERVIEW OF FIC ACTIVITIES DURING THE PERIOD OCTOBER 2018 – OCTOBER 2019

The FIC has reviewed in detail 30 regulations and submitted over 50 written initiatives regarding existing or new draft laws during the period between the two editions of the White Book. We have also kept a watchful eye on the implementation of legislation, with particular attention on the degree and consistency of the implementation of laws and regulations adopted during the past period.

The topics we covered were mainly from the following 6 areas we believe to be priorities:

1. Improvement and more consistent application of tax regulations, with particular emphasis on the transparency of the legislative procedure,
2. Improvement of labour law regulations, focusing on the draft Law on Agency Employment,
3. Creation of a framework for promoting digitalization and e-commerce,
4. Introduction of a harmonized overall legal framework, with emphasis on regulations regarding the protection of personal data, protection of competition and foreign exchange operations,
5. Improvement of regulations on real estate and construction, particularly the Law on Planning and Construction and Law on Converting the Right of Use into the Right of Possession over Construction Land with Compensation,
6. Ensuring efficient market surveillance and support to the full implementation of the Law on Inspection Oversight through participation in the Government Working Group for Combating Illicit Commerce.

We would particularly like to note the engagement of the FIC in the following:

- Analysis of the draft Law on the Protection of Competition, where to date the Legal Committee of the FIC has provided 180 elaborated proposals for improvements as a member of the Government Working Group for drafting this regulation. The draft Law has not been adopted yet, thus the final results of this activity are unknown at this point;

- Improvement of tax regulations, where the Tax Committee of the FIC has conducted a detailed analysis of several laws and key by-laws in this field, including the Law on Corporate Income Tax, Law on Personal Income Tax, Law on Property Tax, and regulations on the tax depreciation of fixed assets and registration of value added tax;
- Promotion of the uniform implementation of the new Law on the Protection of Personal Data, with the FIC organizing a “Reality Check” conference in July with representatives of the Ministry of Justice and the Commissioner.

Furthermore, the FIC also worked on the improvement of regulations and their implementation regarding the Company Law, foreign exchange operations, protection of personal data, enforcement and security, alternative investment funds, open investment funds with public supply, control of state aid, consumer protection, public-private partnerships, Law on Value Added Tax, Law on Tax Procedures and Tax Administration, Law on Accounting, agency employment, occupational health and safety, tax treatment for the reimbursement of transportation costs for coming in and leaving work, modernization of trainings in the field of insurance, as well as regulations in the field of agriculture (food safety and product declarations), automotive industry (electric vehicles and combating illicit commerce), leasing (simplification of the registration process for vehicles subject to leasing), and telecommunications.

The FIC has maintained a very active dialogue with all levels of the state – from meetings with the highest representatives of the Government to fundamental discussions with representatives of state administration. Furthermore, our representatives were and still are participants in 20 Government working groups on various topics, from the modernization of the Tax Administration, through facilitation of commerce and combating illicit commerce, amendments to the laws on the protection of competition, enforcement and security, litigation proceedings, investment funds, and the conversion of the right of use to the right of possession over construction land with compensation, to employment and occupational health and safety.

During the past year the FIC has continued its active participation in the European integration process of Serbia. During early October a FIC delegation travelled to Brussels where it held a number of meetings with eight directorate generals of the European Commission and the Ambassador of Serbia to the European Union, including a meeting with the Director for the Western Balkans at the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations.

We firmly believe it is important to continuously and consistently communicate that Serbia needs to remain in the focus of the EU, and that we are ready to provide active support to both negotiating parties to better understand the specifics of the Serbian market and modalities of its adaptation to European principles and standards.

In 2019, the FIC organized a “Reality Check” conference dedicated to the harmonization of the implementation of the new Law on the Protection of Personal Data. Participants in the panel discussion held at the conference were the authors of the new Law, representatives of the Ministry of Justice, and representatives of the Commissioner. The FIC members had the opportunity to engage in an open dialogue on the views of responsible institutions regarding the interpretation of the provisions of the new Law.

The FIC has also maintained an active dialogue throughout the year with all other relevant stakeholders, international financial institutions, development agencies, embassies, and of course, business and other associations. We believe in dialogue and a positive effect that synergy with partners can bring, and will remain open for cooperation in the future.

Finally, we wish to emphasize that everything the FIC is doing stems from the direct engagement of its members – foreign companies that voluntarily invest their resources and share their knowledge to increase the wellbeing of all. Therefore, the FIC can also be seen as a product of corporate social responsibility, as one of the many activities that the FIC members, champions of corporate social responsibility, are implementing in Serbia as part of their dedication to doing business in accordance with high management standards, and contributing to the communities they are operating in.

To achieve its goal, the FIC will continue to listen to the interests of its members, promote an active debate and work hard on formulating recommendations to improve the competitiveness of the Serbian market and create better conditions for new investments. We will also endeavour to remain a reliable partner in the future to all relevant stakeholders in our joint efforts aimed at the economic development of Serbia.

- The Foreign Investors Council was established in 2002, by 14 foreign companies, with the support of the OECD, and the shared commitment to contribute to the improvement of the investment environment in Serbia.
- The FIC's mission today is to actively promote and develop a predictable, competitive, and sustainable business environment, through an open dialogue with the authorities and other relevant stakeholders.