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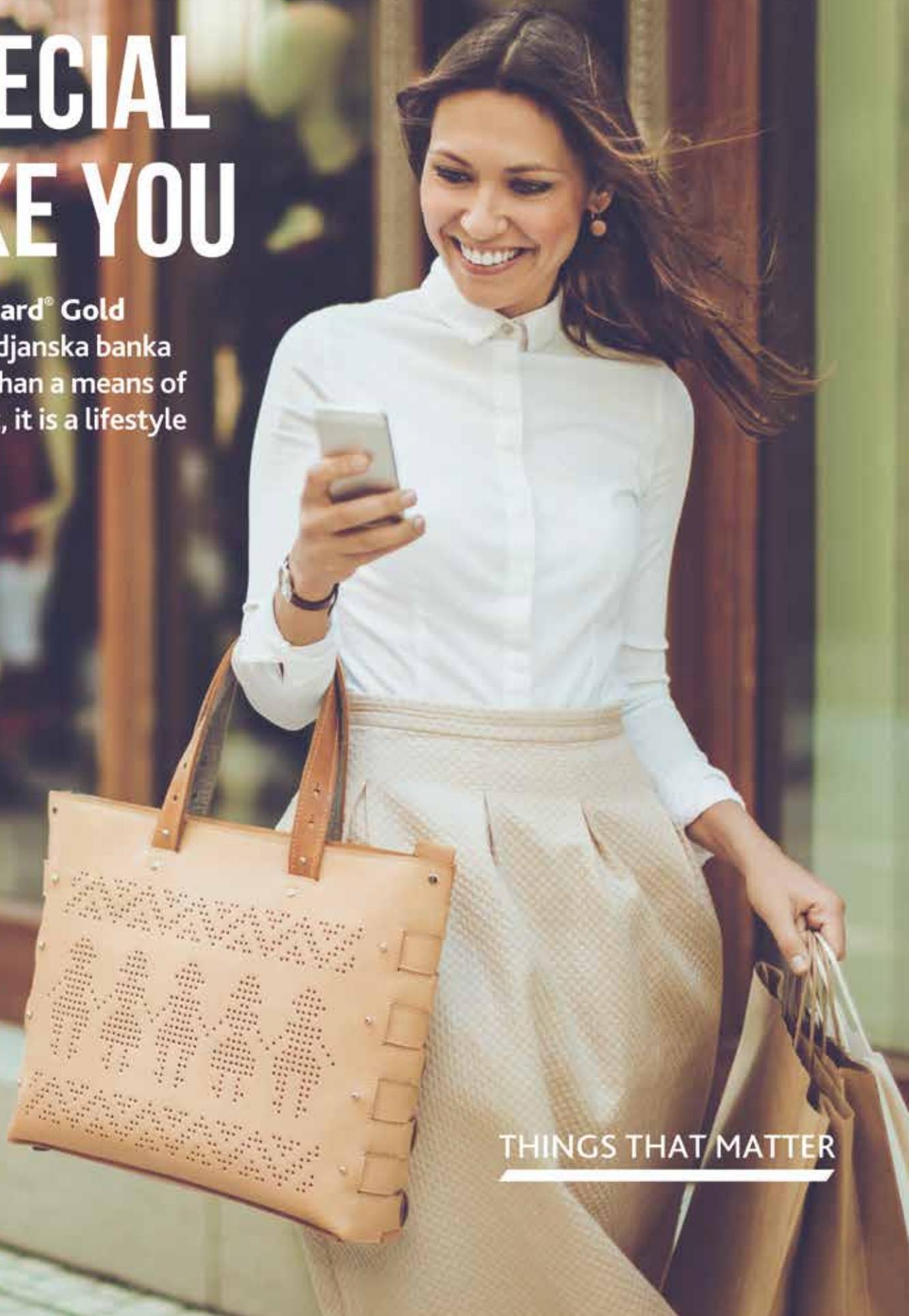
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Values Of Public-Private Dialogue

At a juncture when the Serbian Government is launching short-term measures to accelerate economic growth, sight shouldn't be lost of two important lessons learned from the last three years. One is that patient work on reforms yields tangible economic results, while the other is that constructive dialogue between the government and the business community has made Serbia a better place for investing and doing business.

Serbia has recorded a significant slowdown in the growth of social product in the first two quarters of this year. After several years in which GDP grew above expectations, such a turnaround leads to consideration of whether this is an unfortunate combining of numerous independent factors – a bad year for the power industry, a long strike in the leading exporter and drying company – or whether bad results point to Serbia's economic growth facing serious systemic obstacles.

The government's attention is currently focused on short-term measures to incentivise GDP growth, primarily to accelerate capital investments, as potentially the strongest and highest quality engine of economic activity. In the long run, economic growth must primarily rely on the growth and development of the private sector of the economy.

The reasons for the slowdown in GDP growth highlight the important characteristics of the Serbian economy that can only be addressed through dedicated work. One of these characteristics is the unfinished reform process in public companies, the second is an export structure in which a few large companies still determine total export performance, while the third is the high vulnerability of the economy to atmospheric conditions and its low resistance to external shocks.

Various Serbian governments from the beginning of the transition process to this day have tried with greater or lesser success to respond to the economy's observed structural weaknesses. The last three years have seen encouraging shifts made in regulating the situation in public companies, among other things also because the government decided to rely on professional and financial assistance from numerous international financial institutions. The job, however, is not done and undoubtedly needs to be addressed regardless of whether or not Serbia decides to conclude a new arrangement with the International Monetary Fund.

The export performance of the Serbian economy has improved primarily thanks to a proactive relationship with foreign

investors that have brought export-orientated production to Serbia and contributed to the improvement of the business climate, which, judging by the results achieved, has favoured all companies, both domestic and foreign.

Solid progress in this field is largely the result of a different relationship between the government and the private sector. Even though it still happens today that some regulations are amended without consultation with the sector of the economy, there are considerably fewer such cases than before. Open and constructive dialogue with the business sector, based on reliance on the expert capacities brought by companies that operate here and the organising of high-quality discussions and argument-

based debate, have contributed to removing some enduring obstacles.

One of the pioneers in creating space for this dialogue between the public and private sector is the Foreign Investors Council, which this year marks 15 years of its existence and 14 years of publishing the annual *White Book*, which is a kind of testimony to the transition path of the Serbian economy.

At the start of the year, based on the initiative of the government, or rather its then prime minister, a working group was formed between the Government of Serbia and the Foreign Investors Council, which, through six sub-groups, thematically addresses identified problems precisely targeted in the domain of tax policy, labour legislation, inspections and food safety, real estate and construction, e-business, bankruptcy and foreign exchange operations.

The objective that has been set is to annually adopt 50% of recommendation contained within the *White Book*. Even if this objective is not met in the first year of work, the willingness to work on these issues provides hope that the problems slowing down the growth of the Serbian economy will be addressed even on the broadest reform front and on the ground where the desired GDP growth is actually realised. ■

The export performance of the Serbian economy has improved primarily thanks to a proactive relationship with foreign investors that have brought export-orientated production to Serbia and contributed to the improvement of the business climate

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We Want A More Successful, Efficient And Wealthier Serbia



ANA BRNABIĆ

Prime Minister of the Republic of Serbia

This government is continuing to build on the foundations set by its predecessor and opening new doors for economic growth through the digitisation process. This is a key condition that will enable faster growth in the competitiveness of the economy and more innovations, and a different relationship between the state and its citizens

Serbia's credit rating also improved.

At the end of June, we had a surplus of 44.1 billion dinars at the general government level, despite a projected deficit of 36 billion. Likewise, public debt is falling faster than expected and was at the level of 65.7% at the end of June.

In the period ahead we will focus on better execution of capital investments and, considering the positive state of the budget, we will also consider which capital projects we can start this year, although they were not planned. During the term of this Government we will strive to further reduce unemployment, which is already down, to the level of the European Union.

All this testifies to us today having healthy public finances, and a stable and predictable macroeconomic environment. What is especially important for us and for investors is that these positive trends are sustainable and that this government is continuing to build on the foundations set by its predecessor, as well as starting to seek growth in some non-traditional areas, in order to create some new perspectives for Serbia and all of its citizens.

► **What do you consider as the biggest systemic obstacles to further strengthening economic activity, domestic and foreign investments, and exports, and how will the government address them in the period ahead?**

– We are led by the principle that the state should be a partner of the economy and we are aware that unclear, often complicated and slow procedures deter numerous investors, whether domestic or foreign, and cause difficulties for people with excellent business ideas to start doing business.

An efficient state administration and simplified procedures are crucial to removing the barriers faced by the economy when communicating with the public administration, and in this process digitisation must play an important role. It will enable businesspeople to complete many jobs with the state swiftly and efficiently, using the

We spoke with Prime Minister Ana Brnabić about the next steps of the government, and specifically regarding digitisation, dialogue with the business community and education reform.

► **How would you assess the overall macroeconomic environment in the country? Which measures does the Government intend to use to help accelerate economic growth?**

– Thanks to reforms and fiscal consolidation measures that were implemented during the previous government's term, Serbia has, for the first time after 10 years, received a prime minister whose mandate begins with the state coffers in good order. Macroeconomic and fiscal stability have been achieved, conditions for doing business have improved significantly, as evidenced by Serbia's advancement on the World Bank's Doing Business list by as many as 32 places, which we achieved last year. Also contributing to the improvement of the investment climate was inflation remaining within the envisaged boundaries and the dinar maintaining a stable exchange rate.

CONTINUITY

What is especially important for us and for investors is that these positive trends are sustainable and that this government is continuing to build on the foundations set by its predecessor.

DIGITISATION

Digitisation will enable businesspeople to complete many jobs with the state swiftly and efficiently, using electronic services we're developing.

DIALOGUE

A dialogue with investors and the business community will remain among the priorities of the Government I lead, to more easily achieve our common objective – a successful, efficient and wealthier Serbia.

electronic services that we are developing. For example, many projects related to improving conditions for doing business have already been launched, the E-Taxes system has started operating, we will soon finalise e-health booklets, the Government adopted the draft Law on E-Commerce and forwarded it to the Assembly. This is the basis for finally introducing electronic archives, assimilating paper and electronic documents, and many other things that will greatly ease the work of the administration and reduce the costs of doing business.

One thing that we need to promote more quickly and that we all have to work on together is strengthening the rule of law and a more efficient judiciary. This is essential for us to ensure greater legal security for business operations in Serbia. This is certainly also something that's an important factor in our European integration, and the Government will continue working on it with dedication.

► **How do you now, with the insights gained as state administration minister and in the position of prime minister, view the possibilities for the state to be able to meet the economy's demands for reduced tax burdens, fewer administrative procedures, and a reduction in the level of corruption?**

– The good fiscal results we achieved last year and this, which have improved our economic ambience, have created space for us to be able to consider reducing the tax burden for the economy. Serbia is still in an arrangement with the IMF and maintaining fiscal stability and reducing public debt is our priority, but at the same time we are also focused on those things that could generate stronger economic growth next year and in 2019.

We are working on analyses of how we can reduce taxes on earnings and some other taxes, how to improve and stimulate non-cash payments, while it is important for the Finance Ministry to complete work on the Law on Charges. These things will contribute to the struggle against the grey economy, as well as fewer general impositions on the economy.

As I have already said, digitisation, within which I always also mean the introduction of e-government, is a key lever for the continuation of economic growth, and that's why we've already started simplifying procedures and reducing administrative barriers, and making it easier for businesses to fulfil their obligations towards the state.

► **What can Serbia do, and what does it intend to do, to improve the business environment and attract investments with higher added value?**

– In the previous period, the Serbian government has seriously approached analysis of measures aimed at creating a better business environment, taking into consideration best practices from the region and worldwide. Even despite the shift on the "Doing Business" list, we are aware that there is still room for improvement, because our goal is for Serbia to be recognised as an attractive country for investment.

A stimulating tax policy is a very important factor in supporting an innovative ecosystem, through tax incentives for innovation, development, export, the development of entrepreneurship and

strengthening the entrepreneurial culture, which is why the Government will consider incentives for newly founded enterprises, innovative companies, and a set of benefits for IT companies that invest directly in education.

When it comes to foreign investments, we are already working on the development of road and rail infrastructure, creating efficient state administration by simplifying procedures, which, along with the very good and highly qualified workforce that we already possess, are the main preconditions for attracting new investments and encouraging existing investors to invest additionally in our country.

We have also embarked on reforming the education system, in order to make education that is adequate for the 21st century. We are introducing dual education, IT as a compulsory subject in primary schools and raising the capacities of colleges. I see this as an essential point that will provide our country with long-term, dynamic, sustainable development.



One thing that we need to promote more quickly and that we all have to work on together is strengthening the rule of law and a more efficient judiciary

► **You've stated that digitisation in all economic segments is one of the new government's priorities. In which sectors do you see room for the fastest growth of digitisation?**

– Digitisation must be a continuous and comprehensive process that will encompass different spheres of society. It will change our lives fundamentally. My goal is for citizens and businesses to be at the centre of electronic administration, to no longer be couriers of the state, but for them to become their service. This is a key condition that will enable faster growth of the competitiveness of our ►►

economy and more innovations, a different relationship between the state and its citizens.

With this in mind, the Government of Serbia has established the Office for Information Technologies and Electronic Administration; we are strengthening IT programmes and capacities in schools with which we prepare the youngest generation for the future, while we've extended quotas for IT studies by more than 700 places.

We provide support for the development of the digital economy, create conditions for the digitisation of the entire society, and we also plan to invest tens of millions of euros in infrastructure.

In this way, we will change the way of thinking that inhibits creativity, and we will teach young people not to give up when they encounter obstacles, rather to believe in themselves and go out of their way to realise their ambitions. To fight and seek solutions, instead of seeing only obstacles. That's a long journey and I am determined for us to make it together.

► **Are the existing education system and the level of digital literacy of those already employed ready to respond to the challenges of e- and m-government?**

– Creating new experts is one of the priorities of this Government, and the key for that high-quality education that encourages innovation and critical thinking, and provides young people with skills they can apply easily.

Teachers have already passed the applicable internet training for the preparation of IT classes, which become mandatory in the fifth year. This training will continue into next year for teachers who teach in primary school, while by September all schools will be connected through the academic broadband network of Serbia.

It's important we restore confidence in the education system and that's why we offer it support in every way, in order for personnel employed there to be ready for new "e-challenges".

I would like to use this opportunity to thank all companies and civil society organisations that helped the Government and the Ministry of Education to complete this important work. Without the partnership with the economy and the civil sector, many of the novelties being launched in education in Serbia in terms of digitisation would not have been possible.

► **What tangible steps does the Government intend to take in the field of digitisation aimed at providing a favourable environment for the efficient development of digitisation in Serbia?**

– As a society, we must step up to meet changes that will accelerate our accession to the group of developed economies, and great potential for faster development lies in digitisation. The government has already taken certain steps, namely by raising the level of the Ministerial Council for Innovative Entrepreneurship and Information Technology to a higher level, the level of the prime minister.

The Office for Information Technology and Electronic Administration has been established, as the centre of functioning in the Government, and we also intend to set up a Coordination Body for IT and e-

government, which, besides myself, as prime minister, would include the director of the Office for IT, the directors of the IT sectors of all state bodies, representatives of universities, the economy and non-governmental organisations. So, we will include all segments of society, because digitisation is an inclusive and comprehensive process.

As of the beginning of this year, 6.7 million documents became available in electronic form, which will save citizens six million hours of waiting at counters and require them to pay as much as 245 million dinars less per year for various charges. We are investing in IT education and working on legal regulations that will ease the launching of private IT business; we are also working to improve the system for linking institutions and information exchange, as well as on establishing a cyber security centre.



The good fiscal results we achieved last year and this have created space for us to be able to consider reducing the tax burden for the economy

Through the digitisation process, the state administration becomes a true service for citizens and businesses, and by investing in IT we want to show that this sector has great importance and a huge role to play in the country's development. We can't be competitive in the 21st century with counters and stamps.

In your opinion, how is the quality of public-private dialogue? In this context, how would you assess the contribution of the Foreign Investors Council to this dialogue over the last 15 years?

Conditions for doing business in Serbia have improved considerably over the last three years. Public finances are under control, and the macroeconomic environment is stable and predictable, which is important for businesspeople and for increasing investments.

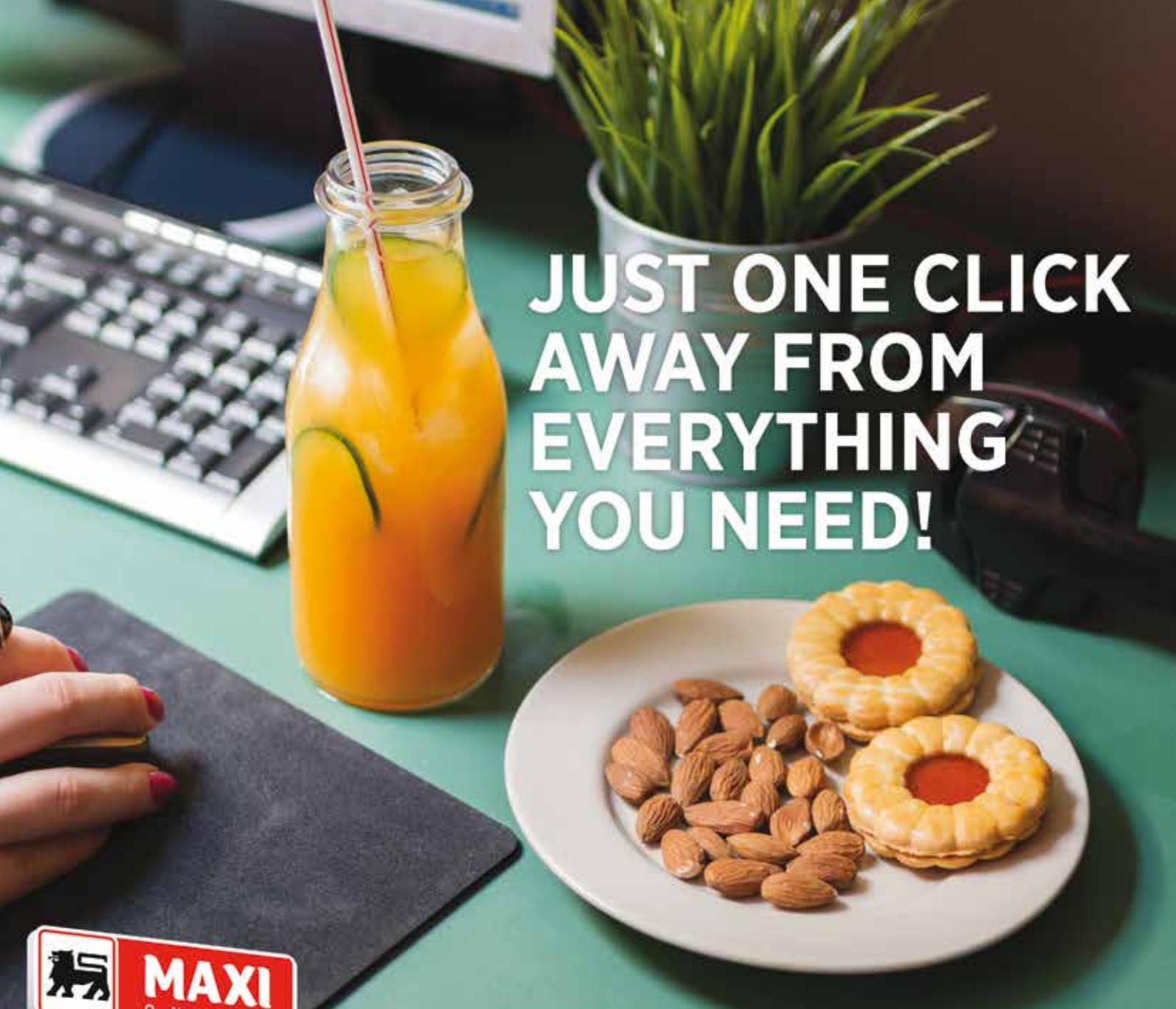
The dialogue between the business community and the Serbian government is very important and such invitations should always be answered positively, as this is one way of continuing to solve the problems faced by businesses in their everyday operations. For me, dialogue is crucial, because even when we don't agree, we still need to talk. I believe that constructive dialogue and conflicting stances always yield the best solutions.

The Foreign Investors Council has been a significant partner of the Serbian Government all these years, capable of recognising and supporting economic policy, while

at the same time helping us, with its opinions and research results, to face everything hindering the business world and how we can work together to improve the business environment.

A dialogue with investors and the business community will remain among the priorities of the Government that I lead, in order for us to more easily achieve our common objective – a successful, efficient and wealthier Serbia.

I would like to thank all members of the Foreign Investors Council for understanding that reforms often go slowly, but also for recognising that the Government has sincere intentions and is working with devotion every day on implementing them and changing Serbia for the better. Thanks for criticism that's always constructive and helped us to advance faster and change all segments of our society. Only together can we be successful. ■



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Faithful To Its Principles And Mission



YANA MIKHAILOVA

President of the Foreign Investors Council and
Regional Director of Nestlé Adriatic

Since its establishment in 2002, the Foreign Investors Council has remained faithful to its principles - transparency, equality and predictability. Today, as in the past, the FIC promotes a predictable and clear business environment that provides equal opportunities for all, as well as sound business ethics

We spoke with Yana Mikhailova, President of the Foreign Investors Council and Regional Director of Nestlé Adriatic, on the occasion of the FIC's 15th anniversary.

► **The Foreign Investors Council celebrates its 15th anniversary this year. How did it look at the beginning, and how does it look today?**

– The 15th anniversary is a remarkable milestone for the Foreign Investors Council. The FIC was founded with an important purpose of improving the business environment in Serbia and helping its member companies and its organisation to grow, and becoming Serbia's partner for growth. The Council was founded in 2002 by 14 major foreign investors that were then present in Serbia, with the support of the OECD Investment Compact SEE. It today comprises over 130 companies, accounting for investments exceeding €28.7 billion. Our share of GDP is 21.7%, and 22.2% in Serbian

exports. If we know how important it is for Serbia to be competitive and resilient, this export share is very important. FIC member companies account for 18% of Serbian state revenue from corporate income tax and directly employ more than 94,000 people. And if you ask me why the FIC is still growing and developing successfully, I would say it is because it has strong founding principles - transparency, equality, predictability and a clear purpose.

Let me cite some more data about the FIC's development. Investments grew by €5.2 billion in the past year, while the direct share of GDP increased by 3.7% in the last two-year period, based on further growth and the inflow of new members. This growth highlights the FIC's capacity. It also corroborates the FIC message that foreign investors, FIC members, which are developing operations in Serbia, have long-term interests in the country. The consistency and long-term development programmes of FIC member companies help the Serbian economy to evolve and increase its competitiveness.

► **What has marked the FIC's work in the previous period?**

– We have many ongoing activities, but it is worth mentioning that a joint FIC-GoV Task Force was established on 31st January. This initiative was launched after the presentation of the White Book, during discussions with government officials and the then

PRINCIPLES

The main principles of the Foreign Investors Council are transparency, equality and predictability. Our power resides in being faithful to these principles.

STRENGTH

Firstly, the FIC is an independent association that has solid expertise and solely promotes a unified voice of more than 100 entities, whose operations depend on the development and growth of the entire Serbian market.

GROWTH

The continuation of growth, both within our companies and within the FIC as a whole, is our key objective. We believe this will benefit the Serbian economy and its citizens and society.

PM, Aleksandar Vučić, now president. The goal of this task force is to define concrete measures and implement recommendations from the White Book, as well as following the implementation of those measures. More concretely, the task force's goal is to improve the implementation of FIC White Book recommendations and achieve 50% progress on an annual basis, instead of the previous average of 35-45%.

► How does this working group function operationally?

– The Task Force is led on the governmental side by Deputy Prime Minister Zorana Mihajlović and includes members of six relevant ministries, FIC members, the FIC Board and the FIC executive director. The task force has six expert sub-groups, comprising FIC committee chairs and representatives of the state administration, and deals with FIC priorities like taxes, labour, inspections and food safety, real estate, e-commerce and e-government, bankruptcy and Forex. The outcome of this work has to have a positive impact on the business environment, by making it either clearer or more compact.

► What targets has the Task force set for itself in the first year of operations and how measurable will they be?

– The FIC prepared a work plan proposal concentrating on six key areas and predominantly suggesting activities that can be executed swiftly, mainly by changing the opinions of ministries or government decisions. The next edition of our White Book, due in November this year, will track the success rate of this joint endeavour. In the case that it works, it makes sense to continue something that yields good results.

► What are the key principles that the FIC's activities initially relied on and rely on today?

– The main principles of the Foreign Investors Council are transparency, equality and predictability. The power and credibility of the FIC lies in it being faithful to these principles. The FIC promotes a predictable and clear business environment, which provides equal opportunities for all and abides by these principles in its work. It promotes the principles of sound business ethics, setting the example of solid governance both via FIC operations directly and members' operations indirectly.

► How does the FIC differ from other investor associations?

– First, the FIC is an independent association that has solid expertise and solely promotes the unified voice of more than 100 entities, whose operations depend on the development and growth of the entire Serbian market. This is the united view of all member

companies. I also want to emphasise that the FIC is one of few organisations whose opinions and proposals are public and easily accessible to all, notably via the White Book project.



FIC members' investments grew by €5.2 billion in the past year, while the direct share of GDP increased by 3.7% in the last two-year period, based on further growth and the inflow of new members

► Has the FIC changed internally in accordance with changes in the economic milieu of Serbia and, if so, how?

– Throughout these 15 years, the capacity and capability of the FIC has grown consistently. The number of committees even grew significantly during 2016, with the FIC deciding to expand the number of working committees from 8 to 10 and increase the number of employees to six. This direction immediately gave results, with the number of committee growing by 32% to 111 activities, compared to 84 in 2015.

► What has been the FIC's key contribution to reform efforts in Serbia? ►►

– The FIC has been supporting Serbia's transition by providing the Government with concrete suggestions, based on the joint experiences of member companies. Judging from the feedback of members and stakeholders, the FIC has been one of the key reference points in creating a better business environment. The FIC owns a success barometer – the White Book shows that many of the initial FIC recommendations (from 2003/4) have been fulfilled. It is important to mention that similar reforms have been promoted by other stakeholders, so the FIC cannot take full credit for their implementation. We respect all efforts of all stakeholders, both public and private, who wish to contribute to the same purpose, making Serbia a better place to do business.

The key difference with the FIC is that general statements are followed up by tangible and joint proposals of FIC members on how to overcome concrete business climate issues.

► **What do you see as the key challenges of the Serbian economy today that the FIC can contribute to significantly with its expertise?**

– The FIC has three main expectations. First, that important structural reforms – especially the privatisation and corporatisation of state-owned enterprises – will be accelerated. As we always state, it is important to make a more level business environment. Another expectation is law enforcement. We expect missing institutions to be created, and clear procedures and guidelines to be established. Cutting unnecessary bureaucracy is also important. I think the government already has a great interest in moving in that direction through e-government and m-government. This will certainly cut the massive bureaucracy, modernise institutions and create new competences. People working in the administration will be more efficient when they receive sufficient training to deal with the changing context. The focus should be on those responsible for market surveillance, such as the Tax Administration and inspections. We also expect Serbia to continue the efficient harmonisation of domestic laws with the EU Acquis.

► **Will the changes you advocate for also benefit domestic investors and the local business community?**

– There are not that many difference between foreign and domestic investors, except the origin of their capital. All companies here operate as Serbian legal entities. The FIC advocated for years for a level playing field, and that means for equal business conditions for all investors, regardless of whether they are domestic or foreign. We want an investment-friendly environment. I think this is relevant to any investor – whoever that might be. We also advocate for the predictability of the business climate as a precondition

for legal certainty that will benefit not only big investors, but also medium-sized and small investors too.

► **How do you see the future of public-private dialogue, given the experience gained to date?**

– More than a decade after its establishment, we can say that all Serbian governments have been receptive and open to hearing the positions of foreign investors on the business climate. The FIC welcomes all opportunities provided to date to be part of consultations about drafting important laws and changes to regulations. This is a big deal, because the capability of having this dialogue demands competence and maturity from both sides, public institutions and the private sector, both business and the government. The level of our dialogue has grown substantially. So, we can talk, we can be heard, we can agree or disagree – but the willingness to

have a dialogue is very, very good. It is important to be persistent in changing, and to ensure that these changes are well guided and executed. But this part of the changes is usually more complicated. This may not necessarily be due to a lack of will, but rather due to the complexity of transition and the challenge of building the institutional capacity to apply a new legal framework.

► **In this context, how do you see the future of the FIC and its involvement in the reform process?**

– We will continue to promote a sustainable business environment through an open dialogue with the authorities and other relevant stakeholders. Moreover, the FIC will continue to be a private sector focal point in the EU negotiation process, as we have a unique capability to support the process of EU integration, with over 75% of FIC members coming from the EU and other members having a footprint on the EU market. Whatever we do, we will do it to make the Serbian economy more resilient, more competitive and more investment friendly, for the benefit of companies operating here, but above all for the benefit of all the people who live in this country and for Serbian society as a whole.



The goal of the FIC-GoV Task Force is to improve implementation of the FIC White Book recommendations and achieve 50% progress on an annual basis, instead of the previous average of 35-45%

► **What kinds of tasks lie ahead for the FIC leadership and your members?**

– The FIC's priorities and agenda need to remain relevant at all times. We target having more members who are not only willing to join the FIC, but are also interested in contributing – through their active participation in FIC committees – to making Serbia a better place to do business. The continuation of growth, both within our companies and within the FIC as a whole, is our key objective. We believe this will benefit the Serbian economy and its citizens and society. We are ready to continue contributing to the growth of the Serbian economy, as we have already done to a great extent – the aforementioned figures about the FIC speak for themselves. ■

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We've Made Major Steps In Building Infrastructure

ZORANA MIHAJLOVIĆ PHD

Deputy Prime Minister and Minister for Construction,
Transport and Infrastructure

We have shown that we are ready to tackle the most challenging issues such as the reform of public enterprises, building roads and improving railway services. Cooperation with the private sector allows us to test our decisions in practice



We spoke with Zorana Mihajlović PhD, Deputy Prime Minister and Minister for Construction, Transport and Infrastructure about the Government's and the ministry's current reform tasks.

► **Will the new government be strong enough to carry out the most challenging part of the reforms, the part that will not be completed before the arrangement with the IMF has expired, primarily the restructuring of public enterprises?**

– The reform of public enterprises, or rather the professionalization of public enterprises, is the most important part of the comprehensive economic reforms launched in 2014 when Aleksandar Vučić was elected Prime Minister. The question is not whether we have the strength to reform public enterprises because we have to do the job. The question is how long it will take us to reform them. The Government will continue to work hard.

► **How much progress has been made in this regard in your sector?**

– If I were to list everything we've done, I'm afraid it wouldn't fit in your magazine. But I will mention the most important work.

We have started a comprehensive reform of the Serbian railways – an unthinkable task for previous governments.

The question is not whether we have the strength to reform public enterprises but how long it will take us

We have unbundled Serbian Railways into a holding company with three subsidiaries: Railway Infrastructure, responsible for rail track maintenance, and Serbia Cargo and Serbia Train, responsible for goods and passenger transport respectively. Contributions from the state budget have been reduced dramatically. The decades of debts on electricity bills have been resolved, the railway market has been opened for the first time and we now have a private operator.

According to the IMF, Serbia can be an example for other countries in terms of speed and quality of railway reform.

We are investing a great deal in connecting Serbia with the region and Europe. We are finishing Corridor 10 towards Bulgaria and Macedonia, we are heavily involved in the construc-

CHALLENGE

We have started a comprehensive reform of the Serbian railways - an unthinkable task for previous governments.

PRIORITY

Cadastral reform is an absolute priority and is crucial for Serbia's further progress on the World Bank's Doing Business List.

ENDEAVOUR

I am expecting to start work on the "motorway of peace" from Niš to Priština. After many years of conflict, this will be the first project where Serbs and Albanians will be working side by side.

tion of the Corridor 11 motorway to Montenegro with Chinese companies, we are finishing work on the Žeželj Bridge in Novi Sad, the new bridge over the Drina near Bratunac, the Ypsilon arm of Corridor 10 near Subotica, and we have yet to start the modernisation of the Belgrade-Budapest railway, which will be running trains at 200 km/h.

But I have to mention something unrelated to infrastructure that I am very proud of. The Coordination Body for Gender Equality, which I chair, is about to adopt a draft law on gender equality, after more than two years of work. This is an extremely important law that affects every citizen and it should guarantee greater gender equality than we have now.

► How prepared is the railway sector for major changes primarily in terms of track modernisation and the introduction of competition in freight transport?

– The railways are ready in terms of staff, organisation and operation, and we will provide funds for modernising the tracks. We are working in cooperation with the Russian Railways and have obtained funds from "the Russian loan". More importantly, everything is done to European standards because as a future EU member state Serbia is part of the European transport network. So far we have rebuilt 127 km of track, work on 85 km is underway and work on an additional 155 km should start by the end of the year.

The reliability and safety of trains has been improved and their speed increased to an average 100-120 km/h on the renovated tracks.

► What can we realistically expect in 2017 and 2018 in terms of large infrastructure projects?

– Definitely the completion of the most important road in Serbia, Corridor 10, in both directions, towards Macedonia and towards Bulgaria. There is still a section to be done through Grdelička Klisura and Sićevačka Klisura canyons, and we will soon open another 30 km of motorway from Pirot to Dimitrovgrad. Corridor 10 is important both to us and to Europe as this year it will have carried 13 million vehicles more than three years ago.

The Obrenovac to Ljig section of the motorway to Montenegro is nearing completion. With the Ljig to Preljine and Čačak section already open, we will have over 100 km of motorway through Šumadija. The ring road around Belgrade connecting Corridors 10 and 11 should also be finished soon. In cooperation with the EU we will find the best mode of financing and start building the "motorway of peace" from Niš to Merdar to Priština, connecting more than 100,000 people in Toplički District. After many years of conflict, this will be the first project where Serbs and Albanians will be working side by side.

This year, in cooperation with our Chinese partners, we are starting modernisation of the Belgrade-Budapest rail track, the track to the border with Hungary. We also want to start work on the Belgrade-Sarajevo motorway.

► Why is the Government so hesitant to find the right concessionaire for Nikola Tesla Airport?



There is one thing I'm very proud of that has nothing to do with infrastructure. After over two years of hard work we are about to adopt a draft of the Law on Gender Equality

– There is neither hurry nor hesitation when it comes to finding the best concessionaire. Our airport is one of the fastest growing in the region – I expect it to serve a record 5.5 million passengers in 2017. Substantial funds are required for it to develop its potential further, which will be the concessionaire's obligation. I believe that the airport will have found a new concessionaire and the state new revenues from the concession by the end of the year.

► Some of the major reform achievements are the simplification of issuing building permits and the introduction of electronic building permits. How are they faring today?

– The US Ambassador Kyle Scott told me that our building permit system is better than the USA's, which really means something. The Ambassador's kind words aside, it's a fact that Serbia has advanced on the Doing Business List by 150 positions thanks to its electronic building permits. Nowadays, a ►►

building permit can be obtained in five working days on average, and in some Serbian municipalities even faster. In the first quarter of 2017, the number of electronic permits issued went up by 120 per cent compared with last year.

► **Progress has been made in land conversion, but there have been some issues concerning restitution. What is the ministry doing to resolve these issues?**

– During the drafting stage of the law, strict care was taken not to lessen the rights of former owners. Article 1 of the Law on the Conversion of the Right of Use into Proprietary Right on Building Land for a Fee prescribes that the rights guaranteed under that law do not limit the rights guaranteed under the Law on the Restitution of Property to Churches and Religious Communities. The law also prescribes that upon receiving a restitution claim, the authorities must obtain a certificate from the Restitution Agency proving that the land in question is not under restitution. If it is, they have to stop conversion until restitution of the confiscated property has been completed.

However, problems have occurred as a large number of cases started to emerge where only financial compensation was possible, rather than restitution, and the conversion couldn't be completed until compensation was paid. To allow the conversion to continue, the ministry and the Restitution Agency agreed that it would be enough to submit the Agency's decision on the right to compensation even though the compensation had not been paid. This and other outstanding issues will be covered in the guidelines that are currently being drafted.

► **One of the ministry's major tasks is cadastral reform. How are you satisfied with progress since there are many unresolved cases?**

– Cadastral reform is an absolute priority and is crucial for Serbia's further progress on the World Bank's Doing Business List. We have prepared a draft law on cadastre which will shorten the registration time to three to five days, and introduce electronic registration of property as of 2020. The draft law is now out for public consultation. Our goal is for cadastral reform to be as successful as the building permit reform has been.

► **What other areas could help Serbia improve its ranking on the Doing Business List?**

– In addition to cadastral reform, we will initiate the abolishment of business stamps and move to full electronic business administration. We will provide better protection for small shareholders through greater transparency of information on securities transactions. We will also provide transparent and accessible information on the managing bodies of joint-stock

companies. Additional reliefs in electronic tax payment have been agreed and the rulebooks issued by the Ministry of Finance have been amended.

► **As a minister you are known for your excellent cooperation with the private sector. How much can the expertise of the private sector help improve the business climate in Serbia?**

– Business associations gather together companies and the companies feel the effects of the reforms first-hand, on day-to-day basis. This is why it's very important to us to get their feedback.

That's why we formed a working group for improving Serbia's ranking on the Doing Business List. This working group should also prevent the adoption of any regulation that might negatively affect businesses in Serbia. The Serbian Government has formed another working group with the Foreign Investors Council, responsible for implementing the recommendations provided by the Foreign Investors Council in the White Book.

► **What do you expect from this new mode of cooperation between the Government and the Foreign Investors Council?**

– The Foreign Investors Council and the Serbian Government have common goals: to attract as many foreign companies to Serbia as possible, for them to work as smoothly and effectively and generate as much profit as possible, and for the state to use tax revenue to create a modern and successful country. I have every reason to believe that the Serbian Government will accept all the Council's recommendations aimed at these goals.

► **In your opinion, how has the Foreign Investors Council contributed to this dialogue over the past 15 years?**

– There is no doubt that the Foreign Investors Council contributed a lot to establishing a dialogue between business and the government in the first place. Later on, its recommendations were organised in the White Book, helping improve the business environment. I hope that the dialogue and cooperation continue, and our joint working group is a guarantee that they will. ■



FIC and the Government have common goals: to attract as many foreign companies to Serbia as possible, for all of them to work as smoothly and effectively as possible to generate maximum profit, and for the state to use the tax revenue to create a modern country

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We'll Continue Along The Road Of Reform



GORAN KNEŽEVIĆ

Economy Minister of the Republic of Serbia

The Government of Serbia and the Ministry of Economy will continue to work on improving the business environment and the climate for doing business, with the aim of creating a more efficient, more prospective, attractive and competitive economy, and equal treatment on the European Union market

The Serbian government has proved successful at promoting investment. Alongside subsidies, this also implies the improvement of the business climate and the environment for doing business, while investment in infrastructure is essential for the start of any serious investment, says Goran Knežević, Economy Minister of the Republic of Serbia. Minister Knežević expects around two billion euros to be invested in Serbia by the end of the year, but he emphasises that it is much more important than this financial indicator that Serbia has attracted important world brands in this way, that it succeeds in gaining access to modern technologies and modern ways of doing business, and that more jobs than originally estimated have been created. Our interlocutor also highlights the government's com-

mitment to the domestic sector of the economy, primarily to small and medium-sized enterprises, for which support lasting ten years has been secured.

We spoke with Minister Knežević about some of the most current topics in the field of his ministry's work, such as new legislative proposals, the continuation of investments in local governments in which investors have the greatest interest in investing, as well as the financial and non-financial support of the government in creating a reliable network of suppliers that large companies will be able to rely on. We also spoke about the continuation of reform processes, primarily in the area of privatisation and improving management in public enterprises.

► **How would you estimate the economy's functioning to date and what are your expectations until the end of 2017?**

– Our economy is showing signs of recovery. In the first six months of this year, compared to the same period last year, growth in total industrial production was recorded at 2.1%, with growth of 6.3% in the processing industry, while unemployment also declined and the number of enterprises increased. All this points to better conditions for doing business and a better business climate.

SUPPORT

We also support the sector of small and medium-sized enterprises, without which no large company would be able to function.

COMPETITION

Modern technologies and digitisation are crucial to the competitiveness of our economy.

CERTAINTY

We additionally advance the business environment in such a way that it is certain and safe for operations, which is also the obligation of the state.

► **What level of investment do you expect in 2017, in which sectors, and with the creation of how many new jobs? What further investment incentives are you planning?**

– Our goal is to reach two billion euros of foreign direct investments this year. The investment incentives we offer both domestic and foreign investors have proven to be efficient, because not only have these measures brought world-famous brands to this country, they have also brought with them the latest technologies and knowledge, but also hired far more workers than we agreed contractually. If you look only at the 72 companies that came out of control of the Ministry of Economy, i.e. those which fulfilled all their obligations towards the state, there is sufficient proof of the success of the incentive policy. They were supposed to hire around 12,400 workers, but today they employ almost 40,000 people, which is 27,500 more than agreed!

But new investments are not only secured by incentives. We strive to make Serbia more attractive for investments in other ways. We invest in industrial zones, utilities, energy

infrastructure, roads and other things that are important to investors when they are considering investing. For this purpose, we invested about 2.5 billion dinars last year, especially considering the interest of investors in individual zones. This year we are also continuing to co-finance works

Last year we invested 2.5 billion dinars in industrial zones, utilities, energy infrastructure, roads and other things that are important to investors when they are considering investing

on the construction and renovation of roads, utilities, energy and other infrastructure, as well as works that ensure the availability of business zones and their connection with the environment in 26 cities and municipalities.

Zdravlje nije sve, ali bez zdravlja sve je ništa.

Šta je dobrovoljno zdravstveno osiguranje?

Dobrovoljno zdravstveno osiguranje je vrsta osiguranja koja vam omogućava efikasan vid medicinske zaštite, kao i pokriće za najkvalitetnije lečenje u zdravstvenim ustanovama.

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- savremene metode i komforne uslove lečenja;
- brzo i lako zakazivanje pregleda, bez čekanja i nepredviđenih odlaganja;
- slobodu izbora lekara i zdravstvene ustanove u kojoj ćete se lečiti;
- pokriće troškova lečenja u skladu sa izabranim paketom usluga.

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We also support the sector of small and medium-sized enterprises, without which no large company would be able to function. We want to create a reliable network of suppliers and that's why the state strongly supports this sector with concrete financial and non-financial support. I believe that our SMEs have never been stronger, and I am confident they will be even stronger, as we have ensured continuity in this support over the next ten years.

► **How will the losses of companies under bankruptcy and liquidation procedures be dealt with?**

– In Serbia, as elsewhere in the world, there is a system, and this is the bankruptcy procedure, through which a company that has fallen into difficulties can settle obligations towards its creditors and repay its debts. We have further enhanced



The incentives we offer investors have proven efficient, because we gained world-famous brands, the latest technologies and knowhow, but also far more workers were hired than we agreed contractually

this system, which is otherwise assessed as good, and recently the Government adopted the Draft Law on Amendments to the Bankruptcy Law, which further improves mechanisms that contribute to the discontinuation of the “vicious circle of debt” between companies and enable their more liquid operations. We protect the position and protection of creditors – workers, other companies, the state. In addition to this, preventative mechanisms have also been established, such as consensual financial restructuring, which is completely voluntary, the out-of-court model for resolving debt issues through the redefining of debt-trust relations between companies in financial difficulties and its creditors (banks, suppliers etc.). With this we additionally advance the business environment in such a way that it is certain and safe for operations, which is also the obligation of the state, and not to interfere in operations and repay the debts of failed companies.

► **Has EPS really become a big problem for the Serbian economy; what are the solutions?**

– Although we are awaited by the most important steps in the reform of public companies with the introduction of corporate governance, we have to be realistic and say that, views as a whole, it operates better. Compared to the period two and a half years ago, when they had losses of more than 65 million dinars, preliminary results from the end of 2016 show that they were operating with profits exceeding eight billion dinars. I'm sure that public companies can operate well, and that is also proven by their business results, because there is political will and determination in the Government of Serbia to reform it.

► **At what stage are the privatisation processes of large enterprises?**

– When it comes to companies that are in the process of privatisation, regardless of how much it is a recurrence of the past or a major problem that nobody has dealt with seriously in the past and whose solution has been permanently postponed for the purposes of political gains and social peace, and no matter how resolved we are to bring this story to an end, because that is in the interest of our economy, we must bear in mind that our citizens work in them. That's why we fight for each of them. We are looking for buyers and partners who will secure the future of these companies, such as Hestil (Hibis) did for the Smederevo steelworks. Perhaps some of these stories will not have a happy ending, and we must tell people that openly, but that's why we are also strengthening the private sector, in order for it to be able to accept people who are left jobless in these processes.

► **What does the government's focus on digitisation mean when it comes to the sector of the economy and the Ministry of Economy?**

– Modern technologies and digitisation are crucial to the competitiveness of our economy. The Prime Minister is completely right when she places an emphasis on digitisation, because in conditions when science changes the world every day, we must primarily keep pace technologically with the modern world, and then maintain that tempo.

► **What is envisaged by amendments to the Law on Companies and in relation to the protection of small shareholders?**

– By amending the Law on Companies we create conditions for doing business that will ensure companies have complete legal security, easier operations, a shortening of the registration procedure, increasing the efficiency of the administration, strengthening financial discipline and significantly increasing the transparency of operations, which all together will result in a more efficient, more prospective, more attractive and more competitive economy, and ensure equal treatment on the market of the European Union. Securing all of this is especially important for joining the EU, and I would add that it is important to us because of ourselves, because a regulated state is our ultimate goal. ■

Investing In Employees Improves The High Quality Of Our Work

SWAROVSKI SUBOTICA

Swarovski Subotica is an important part of Swarovski's global production network. Some 670 employees operate in a working environment that motivates and encourages the development of skills

Two years ago, in 2015, Swarovski's modern production facility in Subotica was established and put into operation. Since then, Swarovski Subotica has grown to become an important part of Swarovski's global production network, settled in an attractive location with highly skilled and motivated workforce surroundings.

Since 2015, operations have been constantly increased at the 15,000-square-metre site, where part of the crystal component processing and finishing tasks, such as the production of forward-integrated elements, is concentrated, in addition to Swarovski's main facility at the company's headquarters in Wattens, Austria. Today about 670 employees work in the state of the art facility, with working conditions that are in accordance with international standards.

This has not only been proved by a SME-TA audit* that was conducted in 2016 by Intertek, but also by the Responsible Jewellery Council (RJC), after it achieved the RJC's Code of Practices Certification.

"We are very proud that the Intertek audit report for the Swarovski Subotica plant contains excellent marks and good examples. Particularly when it comes to complying with standards and working conditions, Swarovski Subotica adheres to all standards," says Dejan Jovanović, Managing Director of Swarovski Subotica.

The RJC's Code of Practices Certification is a landmark standard for the jewellery supply



chain, providing evidence of responsible business practices. Swarovski's certification confirms that it is compliant with the industry's highest standards of sustainability, including the areas of business ethics, human rights, social and environmental performance.

This certification reinforces the company's commitment to high-quality craftsmanship and mastery of precision cutting, while at the same time embracing sustainable methods. By agreeing to uphold the Responsible Jewellery Coun-

and to maintaining its place at the forefront of design, creativity and technological innovation.

What started in 1895 as a small crystal manufacturing business in Wattens, Austria, has grown to become a leading global group of companies that for generations has recognized that the long-term success of the company is inseparable from the well-being of its customers, employees, the environment and society as a whole.

The Swarovski Crystal Business has a global reach, with approximately 2,800 stores

The application of ethical standards strengthens the company's commitment to high-quality craft techniques and precision cutting skills, while at the same time adopting sustainable methods

cil's standards, Swarovski demonstrates a clear and proactive ethical commitment to maintain and reinforce responsible business practises across Swarovski Professional's supply chain.

A SPARKLING WORLD

Swarovski designs, manufactures and sells the highest quality crystal, genuine gemstones, created stones, and finished products, such as jewellery, accessories and lighting solutions. With a rich history and a culture of technological leadership, Swarovski is committed to growth

in around 170 countries, more than 27,000 employees, and annual revenue of about 2.6 billion euros in 2016.

The Swarovski Group comprises Swarovski Optik, which produces precision optical instruments like telescopes and binoculars; Tyrolit, a leading producer of grinding, sawing, drilling and dressing tools, as well as a provider of tools and machines; and the Swarovski Crystal Business. In 2016 the Group generated revenue of about 3.36 billion euros and employed more than 32,000 people. ■

*SMETA is an audit procedure that is a compilation of good practise in ethical audit technique. Using SMETA, a supplier can have one audit conducted and share it with multiple customers, rather than having a different audit conducted for each customer. The SMETA documents are designed to be used by experienced auditors in line with current established practises.

We'll Continue Leading A Responsible Monetary Policy



JORGOVANKA TABAKOVIĆ

Governor of the National Bank of Serbia, NBS

The preservation of price and financial stability is the lasting priority of the National Bank of Serbia. By achieving these objectives we also support the implementation of the Government's economic policy by contributing to the creation of an environment conducive to sustainable economic growth

is that the period of low interest rates could last for some time yet, due to the impact of structural factors in developed countries. In the case of Serbia, the fact is that macroeconomic conditions have improved significantly in the past few years. We reduced inflation from 12.9% in October 2012 to 2.2% in October 2013, and since then it has been at a low and stable level. The current account deficit has fallen significantly, down to 4% in 2016, thanks to significantly more dynamic growth of exports than of imports of goods and services. All this indicates that the resilience of our economy to developments in the international environment has now increased.

The National Bank of Serbia (NBS), in accordance with the mandate entrusted to it, contributes to the creation and improvement of an environment for achieving sustainable economic development, the growth of employment and the living standard, says NBS Governor Jorgovanka Tabaković. We spoke with Governor Tabaković about the challenges in the area of monetary policy and inflation in the wake of changes on the global market and other current issues in the work of Serbia's central bank. We also specifically addressed the legislative activity of the NBS and its participation in the digitisation process.

► **In your opinion, will the recovery of the Eurozone bring an end to the era of low interest rates and, if so, what would that mean for monetary policy and Serbia's overall macroeconomic stability?**

– Movements in the international environment have long been characterised by uncertainty with regard to the pace of global economic recovery, which is also reflected in the pace of normalisation of the monetary policies of leading central banks. The IMF's latest estimate

► **In the recent period we have for the first time seen inflation expectations of the corporate sector equalling 3.5%, which is slightly higher than in the previous period, though still within the target range. What is the reason for this?**

– If we look at movements from the beginning of the year to May, inflation expectations have recorded growth in the financial and corporate sectors, while declining in the household sector. This indicates that their perception is partly a result of differences in interpreting the importance of certain factors that can influence inflation in the period ahead. The perception of corporates is to a certain extent related to the movement of prices of basic inputs, primarily energy products, which was confirmed in the past few months, when their expectations were influenced by an increase in prices of crude oil on the world market. Through assessments in terms of economic policy in general, corporates emphasise the belief that the NBS will use its measures to impact on inflation moving within the boundaries of the targeted corridor and remaining low. They also expect further growth in economic activity and the growth of the living standard.

PRIORITIES

The priorities of the National Bank of Serbia are clear and defined by law - price and financial stability, and with that also support for the implementation of the Government's economic policy.

RESISTENCE

Low and stable inflation, and a reduced current balance of payments deficit, indicate that our economy's resilience to developments in the international environment has now increased.

DIGITISATION

The NBS is an active stakeholder in almost all state projects for encouraging e-business, and we will be a reliable partner to the Government in the digitisation process.

► Serbia will complete its three-year arrangement with the IMF soon. Has the NBS fulfilled all the tasks set as part of this arrangement?

– Early next year Serbia will complete the arrangement with the IMF, which can already be assessed as highly successful.

After each review of the arrangement, IMF representatives assessed the implementation of the activities agreed and stressed that the NBS did its job well and achieved excellent results. During the programme itself, we kept inflation at a low and stable level, while foreign exchange reserves were at a higher than agreed level, and we also carried out all agreed activities in the financial sector. The share of NPLs in total loans decreased by 6.1 p.p. to 16.1% as at end-May 2017, which is its lowest share in the last seven years. From the conclusion of the arrangement, we have endeavoured to be a reliable and responsible partner, adhering to the principle of taking on those obligations that are in the function of further progress.

► Could a decision of the Serbian government to forgo a new arrangement with the IMF have consequences on the modification of monetary policy goals?

Since the conclusion of the arrangement with the IMF, we have endeavoured to be a reliable and responsible partner, adhering to the principles to assume those obligations that are in the function of further progress

– Our main goal is to achieve and maintain the stability of prices, which means that in the future we remain committed to maintaining the achieved low and stable inflation. In addition to this, maintaining financial stability also remains in our focus, and without bringing into question the achievement of these goals, we will also continue to support the implementation of the Government's economic policy, which encourages sustainable economic growth. Since the objectives

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are clear and defined by the Law on the NBS, there is no room or reason to modify them. I believe IMF representatives would agree that the most important thing is for the NBS to continue working as it has in previous years – responsibly and with dedication, adopting adequate and timely measures with the aim of preserving the stability of prices and the financial system, which is in the interest of all Serbian citizens.

► **Although the level of non-performing loans has fallen in relative terms, it remains high on the whole. Why has Serbia been unable to do more to reduce it?**

– The adoption of the national Strategy for Resolution of Non-Performing Loans in August 2015 showed the readiness of the competent institutions to approach this issue systematically and in a coordinated way. Since the adoption of the Strategy, the level of non-performing loans has been reduced in both relative and absolute amounts, which demonstrates the correctness of the model and envisaged steps, and



The further liberalisation of cross-border, inter-company invoicing operations will be considered in cooperation with the Ministry of Finance

the NBS has implemented all activities envisaged by its Action Plan. Further steps towards reducing non-performing loans can certainly be expected both from the aspect of relevant institutions and from the aspect of banks. Relevant institutions undertake activities planned by the Strategy, the effects of which have not yet been fully exhausted, while banks aim to resolve this issue through established instruments and mechanisms for overseeing their operations.

► **What is your view on FIC proposals for improving the Law on Foreign Exchange Operations, such as cash-pooling and cross-border inter-company invoicing etc.?**

– When considering the development or introduction of instruments and methods of international payments, the NBS approach is cautious and bears in mind potential negative impacts from the external environment on macroeconomic movements within our country. As our economy is small and open, we established together with the Ministry of Finance phased liberalisation of the movements of capital, which ensures macroeconomic and financial stability. Further liberalisation of cash-pooling activities will progress in parallel with the

liberalisation of depositing activities which will, in accordance with the National Programme for Adoption of the Acquis, be implemented at the latest by the date of joining the Union, while the further liberalisation of cross-border intercompany invoicing operations will be considered in cooperation with the Ministry of Finance, which is responsible for proposing regulations that govern intra-corporate settlements under foreign trade operations.

► **Is the NBS considering legislative amendments that would completely equalise leasing with other forms of financing?**

– The NBS cannot influence amendments to laws under the jurisdiction of other state bodies, which relate to VAT or personal income tax, but it will, as has been the case to date, take measures to develop the financial market based on fair competition among market participants and support initiatives to amend laws to that end. Considering the identified need to amend the Law on Financial Leasing, the NBS has prepared the working Draft Amendments to the Law, also accepting the proposals that broaden the activity of financial lessors, as well as proposals that relate to a single capital threshold regardless of the lease asset, by re-defining the scope of operations and the responsibilities of the management and executive board, conditions for contract termination due to material shortcomings of the lease asset, civil and misdemeanour liability linked to the use of the lease asset during contract validity..

► **Is the NBS considering further regulation in this sector, for example in the form of an Insurance Supervisory Law, Insurance Contract Law and Insurance Brokers and Agents Law?**

– The NBS supervision of insurance companies, reinsurance companies, brokerage and agent firms agents and individuals who perform insurance agency activities as an additional activity, is regulated by the Law on Insurance. Considering the degree of development of the domestic market, we believe it is appropriate at this moment for a single law to regulate both the status issues of participants in the insurance market and the supervision of those participants. The issue of insurance contracts is regulated by the applicable Law on Contracts and Torts, and will also be subject to the new Civil Code that is being drafted. Thus we believe it would be inappropriate to regulate this matter additionally with a special law on insurance contracts.

► **One of the most important priorities of the new Serbian government is digitisation. What kind of tasks does this set for the NBS?**

– Digitisation is a topic that we have placed high on the list of priorities. We have created prerequisites for the issuance of electronic money, the establishment of payment institutions and electronic money institutions, and, in cooperation with the Government, we have resolved dilemmas that arose over years in relation to the implementation of regulations in the field of international payment operations. In order for us to further encourage the use of non-cash payment methods, we have prepared the Draft Law on Interchange Fees and Special Operating Rules for Card-Based Payment Transactions and we will soon announce another legal solution that should introduce faster and easier changes of banks and greater transparency of commissions. We are also working intensively on the introduction of an instant payment system. The NBS is an active stakeholder in almost all government projects for encouraging e-business, and we will be a reliable partner to the Government in the digitisation process. ■

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We Want To See Serbia In The EU

GENOVEVA RUIZ CALAVERA

Director for the Western Balkans at the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations of the European Commission

My priority is to provide all our help, advice and support to Serbia on its path towards European Union membership. The European Commission is the guardian of the integrity of the accession process and a friend of Serbia



We spoke with Ms Genoveva Ruiz Calavera, Director for the Western Balkans at the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations of the European Commission.

► **The Western Balkan countries have, in the recent past, shown the willingness to both reconnect and further connect with the EU, but they have also been very much in the news due to neighbourhood quarrels. What do you see as the prevailing trend?**

– Indeed, the outbursts of nationalist rhetoric that we witness every now and then in the region are always a source of serious concern. It's natural for neighbours to have different or even conflicting views on certain issues, but you need to address those through constructive dialogue and reconciliation. So far I remain a cautious optimist – people and countries in the region have so much more to gain if they act together, and so much to lose if they remain stuck in past conflicts. The re-

cent summit in Trieste proved that the willingness to move forward together is stronger than nationalist sentiments and extremism. I hope this is the trend that will prevail in the long

We need to see a judiciary free of political influence, and overall functioning justice, accessible to all

term, but all sides need to make conscious and continuous efforts in order for this to happen.

► **The future of the EU is widely discussed in the Western Balkan countries, with both hope and doubt. What can the WB countries expect in the next five to ten years, in terms of their chances of becoming EU member states?**

– I don't want to speculate about dates. The enlargement process does not have a timeframe; it's not a race. It is driven by

ENLARGEMENT

The perspective of accession for the Western Balkans is real and within reach.

TRUST

I am confident of Serbia's capacity to move forward on important reforms.

EXPERTISE

We count on the Foreign Investors Council to contribute, through its expertise, to a better regulatory environment for trade and investment in the region.

results based on clearly defined benchmarks and criteria. The focus for the countries concerned should be on meeting these criteria, implementing the necessary reforms and making sure they produce solid and sustainable effects. Hypothesising about dates in this context would only create confusion and dilute the focus. Having said that, let me emphasise that the perspective of accession for the Western Balkans is real and within reach. Let's just recall Croatia, a country from the region that joined the EU in 2013. The EU leaders who gathered in Rome earlier this year to celebrate the 60th anniversary of the Rome treaty made it crystal clear on that occasion that the EU door remains open for new member states.

► What did the Trieste summit bring to the EU perspective of the Western Balkans?

– Trieste was important for two reasons. Firstly, if we look at the official statements made at the summit, it clearly reconfirmed the EU's commitment to the EU perspective of the Western Balkans, sending a strong political signal of continued EU engagement towards this goal. And, even more importantly, we heard a very clear message from the leaders in the region that they are committed to seriously preparing their countries for accession and working together to make Europe stronger.

Secondly, important tangible, practical steps were agreed, so it wasn't only about abstract statements. Let me just mention the signing of the Transport Community Treaty, supported by the Commission's 'connectivity package', totalling €194 million in grants, and leveraging investments of €500 million, for seven new regional projects to improve transport and energy links within the Western Balkans and with the EU. In this context, let me express my hope that Bosnia-Herzegovina will sign the Transport Community Treaty soon.

► How would you assess Serbia's efforts on the path towards the European Union?

– We have seen good progress in a number of areas. This has led to the opening of negotiations on ten chapters and the provisional closing of two. Among the open chapters are those covering the rule of law and the dialogue between Belgrade and Pristina (chapters 23, 24 and 35). The pace of progress on these chapters determines the pace of overall accession negotiations. Progress in these areas will enable the opening of more chapters, preparations for which are already well advanced. I strongly believe that this will bring tangible benefits for the Serbian people and economic operators alike.

► How much has Serbia moved forward in fulfilling political criteria, such as reforming the judiciary, fighting organised crime, furthering freedom of expression, fighting corruption and reforming public administration?

– We have seen progress. For instance, Serbia has adopted ac-



Serbia needs to focus on reforms fostering healthy economic development - and these reforms cover a number of accession negotiation chapters

tions plans for chapters 23 and 24. The EU is monitoring their implementation closely. We do need, however, to understand the process. Serbia initially adopts action plans; then, on the basis of these plans, it introduces legislation and builds up its institutions; finally, in all these areas, Serbia will need to produce track records, i.e. tangible results. For instance, we need to see a consistent fight against corruption that will result in court verdicts, a more transparent and independent system for appointing judges, a judiciary free of political influence, and overall functioning justice, accessible to all.

► What do you see as the most important priorities of the Serbian government in that respect?

– Further progress in strengthening the rule of law in all

areas, as well as enhancing rights, freedoms and dedication in fighting corruption, are undoubtedly among the top priorities. Furthermore, the dialogue with Pristina needs to resume, and agreements reached to date need to be implemented for the benefit of people in both Serbia and Kosovo. Economic reforms need to continue and be strengthened. Further legal and institutional reforms that are necessary for opening new chapters in the accession negotiations should also be prioritised.

► **What are your priorities in working with Serbian stakeholders in the future?**

– I do believe that we sing from the same hymn sheet with Serbia and that we share the aforementioned priorities. For my part, my priority is to provide all our help, advice and support to Serbia on its path towards European Union membership. The European Commission is the guardian of the integrity of the accession process and a friend of Serbia. We want to see Serbia in the European Union.

► **How do you see Serbia's progress in terms of readiness indicators on fundamental areas of Economic criteria, such as a functioning market economy and competitiveness in the EU?**

– Serbia has made significant progress when it comes to macroeconomic stability. It has demonstrated impressive results in terms of fiscal consolidation, with a major reduction of the budget deficit and a reversal of the negative trend of growing public debt. This was accompanied by higher than expected growth in 2016, and expectations are similar for the years ahead. Combined with low inflation, this gives room for optimism. Reforms do need to continue, however – there is no room for complacency.

Further efforts are needed on structural reforms. Excessive state influence in the economy and a lack of private sector dynamism are obstacles to further economic growth. The process of restructuring state-owned enterprises needs to be finalised. The private sector continues to be troubled by a costly, unpredictable and non-transparent system of para-fiscal charges, while there is difficulty accessing finance, excessive red tape and a large informal economy. The level of state aid continues to be relatively high, while the process of granting state aid is non-transparent. A substantial share of the working age population remains inactive. Jobs are hard to find and this leads, in particular, to a large scale brain drain among the young population.

► **One of major areas of work of the DG NEAR is to contribute to increasing prosperity in the EU and in the enlarge-**

ment and neighbourhood countries, through new efforts to increase economic and trade opportunities. How do you see the role of the Western Balkans and Serbia in that respect?

– The 'Western Balkans Six' agreed at the Trieste Summit of July 2017 to deepen regional economic integration, including in the areas of trade in goods, investments, services, workers' movements and a digital market – a decision that we welcome and support. It is expected that all six Western Balkan economies will undertake measures at the national level that will contribute to regional harmonisation, coordination and the transparency of countries' economic poli-

cies. In this sense, the region will send a powerful signal to the outside world about its determination to create a more integrated market of some 20 million consumers, with enormous untapped potential. It is very positive that the region's leaders are committed to working together with the support of the EU and International Financial Institutions.

► **When it comes to economic requirements, how do you see the role of the Foreign Investors Council in the enlargement process?**

– Meeting the economic criteria for EU accession requires the existence of a functioning market economy, as well as the ability to withstand the competitive pressures of the EU single market. Foreign investors have good knowledge about the operational conditions of other economies in which they do business, and so may help identify the remaining distorting factors to the good functioning of local economies in the Western Balkans, as well as possible measures to improve their competitiveness. They have a unique ability to offer advice and recommendations to local authorities. This is why we all count on the Foreign Investors Council to contribute, through its expertise, to a better regulatory environment for trade and investment in the region.

► **What does continuous communication between the FIC and the European Commission regarding Serbia's EU accession bring to the process as an additional value?**

– The Commission values the continuous exchange with the FIC, as a unique source of information about foreign investors' views on the strengths and weaknesses of the Serbian economy, which then feeds into the policy dialogue between the Commission and the Serbian authorities. We also value the FIC's views on Serbia's annual economic reform programmes, in particular the measures to boost competitiveness and the development of the private sector. ■



We value the FIC's views on Serbia's annual economic reform programmes, in particular the measures to boost competitiveness and the development of the private sector

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Serbia Must Address “Transitional Gaps”

DANIEL BERG

EBRD Director for Serbia

EBRD activities in Serbia continue to be focused on improving the governance of state-owned and private companies, supporting investments that help increase innovation and productivity, strengthening the resilience of the economy and promoting green initiatives, such as investments in renewable energy



We spoke with Daniel Berg, EBRD Director for Serbia, about the Bank’s engagement in the future, the role of foreign investors in transitional economies and EBRD support to domestic companies.

► The EBRD’s new transition concept, introduced this year, claims that a good market economy is one that is competitive, inclusive, well-managed, environmentally friendly, elastic and integrated. What does that mean in practical terms for the EBRD’s activities in transition economies like Serbia’s?

– The EBRD assesses the magnitude of so-called “transition gaps”, which denotes the relative performance of a country in each category compared to what we would describe as the “best-performing” countries. Serbia is in the middle range, with relatively large gaps in nearly every category. The largest gaps are in the categories – “competitive”, “well-governed” and “resilient”.

The EBRD assessment of the magnitude of so-called “transition gaps” shows that Serbia is in the middle range, with relatively large gaps in nearly every category, the largest being in the categories – “competitive”, “well-governed” and “resilient”

This “transition gap” assessment is the basis for developing EBRD’s Country Strategy and that strategy then defines areas and actions that can best target and respond to the gaps. In Serbia’s case, EBRD activities – both lending and policy advice – continue to be focused on improving the governance of state-owned and private companies, supporting

SUPPORT

The EBRD will continue to support Serbia's integration with the Western Balkan region and Europe, through infrastructure investments and policy support.

EXPECTATIONS

We expect the new Serbian Prime Minister to maintain the reform initiatives and work on convergence with the EU and integration within the Western Balkans.

GOAL

Serbia should target around four to five per cent annual growth in the medium term, in order to achieve meaningful convergence towards developed countries.

investments that help increase innovation and productivity, strengthening the resilience of the economy and promoting green initiatives, such as investments in renewable energy. We will also continue supporting Serbia's integration with the Western Balkan region and Europe, through infrastructure investments and policy support.

► What do you consider as being the most important priorities of the government in the period ahead?

– Our forecast from May was 2.9 per cent in 2017 and 3.0 per cent in 2018, with domestic demand driving growth. However, growth can be negatively impacted by first half developments, including in the energy and agricultural sector. Government is seeking ways to counteract these negative developments, but in the medium to long term, growth can be supported primarily through an improved business climate. This includes successful fiscal consolidation, macro stabilisation and, more importantly, implementing structural reforms.

Economic programmes under the IMF's three-year precautionary Stand-By Agreement are yielding results. The fiscal indicators are ahead of programme targets (fiscal deficit fell from 6.6 per cent of GDP in 2014 to 1.4 per cent in 2016, while public debt is stabilising). However, public debt remains high, at around 73 per cent of GDP. The restructuring of large public companies needs to be accelerated, as they distort markets and their performance can impact on government spending requirements.

Accelerating growth is important to support both economic convergence and the reduction of public debt. Serbia should target around four to five per cent annual growth in the medium term, in order to achieve meaningful convergence towards developed countries. This requires further reforms in support of investment and economic resilience. Our studies show that, along with macroeconomic stability, better governance, economic inclusion (encouraging the employment of the young, women, older people and disadvantaged groups), infrastructure quality, energy efficiency and NPLs/corporate over-indebtedness are the most important factors to address in support of productivity and growth.

We expect the new Serbian Prime Minister to maintain the reform initiatives and work on convergence with the EU and integration within the Western Balkans. The EBRD has an effective relationship with numerous government ministries and we expect to maintain our good work, as with the government to date.

► Although the EBRD is constantly present in Serbia, the scope of this engagement is less than it was five years ago, when these investments reached around 500 million euros. What are the key reasons why Serbia is now oscillating between 300 and 400 million euros of EBRD support?

– The EBRD does not set a certain target for its annual business volume, but is rather more concerned about the



We try to make sure our investments remain both additional and make an impact on the country's continuing transition to a fully functioning market economy

quality of its investment and policy inputs. To some degree, a lower volume of EBRD investment is a sign of success, as the State and many companies and banks can now access financing on their own. We try to make sure our investments remain both additional and make an impact on the country's continuing transition to a fully functioning market economy. As such, our investments are often linked to policy measures -- like we see in state and municipal companies, such as EPS and GSP. Our private sector investments are also tied to new technologies or governance measures. This year, for example, we have devoted significant attention to investments in renewable energies. These projects may not be easy to finance without an EBRD involvement, given the long tenor and dependence on regulatory/policy measures. Besides our contin-

ued investment activities, we have actually increased our policy advisory activities. This includes SME advisory programmes and high-level policy interventions with the state and state entities. We expect to continue such policy work in the coming years.

► **How important do you think the entry of foreign investors was for economic sector reforms?**

– Our Transition Report (and for that matter, an array of domestic and international observers) have noted that the Serbian economy can benefit greatly from greater innovation and entrepreneurialism. We have found that foreign investment is likely to bring exactly these attributes -- modern technologies, raising productivity and export capacity. Foreign investors bring new ways of doing business, linkages to international value chains, training in new technologies etc. They also encourage other investors, suppliers or clients to come and invest, so in this way they help build productive clusters and increase the domestic value added. They are also usually leaders in pushing for a better business environment and combatting the shadow economy (e.g. as through the Foreign Investor Council). These steps also help domestic entrepreneurs. Finally, foreign investors usually provide better pay, training and working conditions compared to many domestic companies, thus creating healthy competition for labour. Of course, not every foreign investor behaves perfectly -- and they should be held to the same standards – but, on balance, FDI has definitely been a plus for the economy.

► **You have financed mainly large trade players and their entry into the Serbian market. Why did such financially strong companies require EBRD support?**

– We have supported both large foreign investors and small local companies. Investors work with the EBRD for a host of reasons – be it our experience in the sector, country and region, our ability to provide creative financial products, or our ability to syndicate large loans. The EBRD provides more than money – it provides local knowledge and long-term partnership, which can support investors throughout the life of their investments.

► **Every time the EBRD “enters” some Serbian company, it is considered high quality, but when it “exits” or “withdraws” from a company, the public’s prejudicial percep-**

tion is that something doesn’t function properly in that company. What exactly are your principles when you choose to be a shareholder in an enterprise or to sell your stake, as happened with Agri Evropa?

– I do not agree with the presumptions behind this question. If companies and countries did not need EBRD support, either financial or policy support, we likely would not be involved whatsoever. Although we cannot invest in companies that are beyond hope and the companies we support may be relatively strong performers, they still require EBRD support to fulfil their objectives (often hoping to become world class competi-

tors). EBRD support helps them achieve this, and there are many examples of our equity investments leading to great successes. Ultimately, however, the EBRD is not the lead shareholder and cannot force a company and shareholder to do something if they are not themselves committed to reforms and improvements.

We aim to support private investment and in so doing we can temporarily become co-owners in order to encourage certain investments or help make them more efficient. We usually exit when the company does not need us any longer or when there are other private investors ready to invest.

► **You recently encouraged the formation of a national mark of “Serbian quality”. How much can such instruments help preserve the place of local products on the domestic market, where very strong foreign competition is present?**

– Since Serbia has liberalised most of the sector, agribusiness companies are exposed to tough competition. Partly due to the country’s isolation in the 1990s and limited investments, Serbian companies lost their historic export markets. Recently, being outside the EU, there has been little direct EU support to agriculture compared to neighbouring EU members. In this tough environment,

only niche players or large vertically-integrated businesses can survive. However, Serbia is still known for its tradition of agricultural quality. Therefore, the EBRD, together with the FAO, has worked with the Ministry of Agriculture and relevant associations to develop a Serbian Quality Mark, to help differentiate its quality products. Since Serbia is not likely to be a high-volume producer, we believe it is appropriate to focus on this quality. This is an important first step; much more is needed to make such initiatives sustainable, and we intend to continue to work with our partners on these initiatives. ■



Foreign investors, such as those in the FIC, are usually leaders in pushing for a better business environment and combating the shadow economy. These steps also help domestic entrepreneurs



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THOMAS LUBECK

IFC Regional Manager for the Western Balkans and Central Europe

The IFC is actively engaged in helping Serbia improve its business and investment climate, the insolvency framework and debt resolution, and to attract private investments in infrastructure through public-private partnerships and concessions

when we look at the overall FDI stock. FDI in Serbia exhibited a downward trend prior to the financial crisis, but has since performed better than some comparators in the Western Balkans, when taken as a percentage of GDP. What is also interesting

about Serbia is that the source country of its FDI has diversified, in particular from the UAE and China. The Russian Federation has been the source of some important historical investments in energy, though FDI from EU countries still makes up a strong majority, at 60 per cent.

In terms of the sector-based composition of FDI, around three quarters of total FDI has been to “non-tradable” sectors,

primarily telecoms, banking and retail, while only one quarter to “tradable” sectors, most of this to manufacturing. This skew has an impact, as non-tradable sectors largely target the domestic market and thus have limited growth potential and a limited effect on competitiveness. What Serbia and other Western Balkan countries need is more export-orientated FDI, especially in higher domestic value added production. FDI of

We spoke with Mr Thomas Lubeck, IFC Regional Manager for the Western Balkans and Central Europe, about the current status of Serbian reforms and IFC’s scope of work in the country.

► From the end of the crisis to this day, the Western Balkan region has attracted a noticeably lower level of foreign investment (FDI) than the countries of central Europe. In your opinion, what is the main reason for the region’s failure to be attractive to investors?

– The Western Balkan region is lagging behind the countries of Central Europe in terms of FDI. The stock of FDI in manufacturing on a per capita basis in Serbia is two to three times behind most countries in Central Europe. The same is true

Serbia and other Western Balkan countries need more export-orientated FDI, especially in higher domestic value added production

IMPROVEMENT

Serbia still has a lot of scope for improvement, but the clear signals from the Serbian President and Prime Minister are encouraging.

SUPPORT

The IFC can support the Government in privatising state-owned enterprises, either in an advisory capacity or by financing the acquisition by the investor.

GUIDANCE

The FIC White Book, alongside the Doing Business Report, provides essential guidance for the development of the private sector in Serbia.

this nature is difficult to attract and is heavily dependent on a favourable and predictable business environment.

► **What direction should the region's countries take to get out of the trap of a constant race to the bottom in labour costs and increasing subsidies for foreign investors?**

– The countries of the Western Balkans need to continue improving their investment climate. The outlook for the region's growth is improving, but it remains far below its potential. From our perspective, structural issues need to be accelerated. The challenges are remarkably similar across the countries: bloated state budgets, state-owned enterprises (SOEs) competing with or replacing the private sector, ineffective administration and bureaucracy. These lead to suboptimal private investment, high formal unemployment and low labour market participation.

I see most of the constraints as being in the space of the investment climate and the low efficiency of the public sector, to the extent that countries are not finding ways to bring capital and improved efficiency to the public sectors. We often talk about infrastructure, because without strong and efficient infrastructure it is hard to build a basis for other sectors of the economy. We can also talk about the need for improved connectivity, for physical and institutional linkages, among the countries themselves and towards the EU and the rest of the world.

► **How much do you think foreign investors, in cooperation with international institutions, have contributed to improving the business environment?**

– For several years now, the highest levels of the Serbian Government have signalled that they would like to try and implement a wide range of reforms in the business environment. This effort is driven to increase employment and economic prosperity for the citizens of Serbia, and is also intertwined with the country's goal of EU membership. The response from a wide range of international institutions has been to engage and provide as much support as possible. International institutions are working with the Serbian Government and business in numerous areas, such as fiscal consolidation, tax administration, e-Government, judicial reform, financial reporting standards etc.

Several years ago, Serbia set up a task force intended to improve the business environment and the Doing Business Rankings, headed by Deputy Prime Minister Zorana Mihajlović. This high-level commitment has definitely yielded some results, with Serbia ranking among the global top 10 improvers in this year's edition of the Doing Business Report. Serbia still has a

lot of scope for improvement, but the clear signals from the Serbian President and Prime Minister are also encouraging.

► **In this context how do you see the influence of the Foreign Investors Council?**

– As being indispensable. Since it was established in 2002, the Foreign Investors Council in Serbia has been a strong promoter of FDI in the country and an important channel for communicating necessary reforms for improving the overall



Lower levels of Government and SOEs often oppose reforms. Important political decisions need to be made about how to support those segments of society

business environment to the Government of Serbia. The FIC's activities complement the IFC's activities to encourage sustainable development through the private sector. I'm a big fan of the FIC White Book, which, alongside our Doing Business Report, provides essential guidance for development of the private sector in Serbia.

► **What structural reforms should give Serbia an advantage and where can they rely on the expertise of the IFC? ►►**

– There are three critical areas of structural reform where the IFC is actively engaging to help Serbia improve efficiency.

First is the business and investment climate. We can help the Government of Serbia to reduce the burden businesses face through streamlining licenses and permits, reducing costs, and helping to increase transparency through the online issuance of licenses and permits. We are particularly excited about the Prime Minister's efforts to establish systems to offer a wide range of business related permits and services online.

Another important area is improving the insolvency framework and debt resolution. Serbia still suffers from high NPL rates, which take up banks' management time and effort.

Finally, the IFC has a specialised transaction advisory service that helps governments attract private investment into infrastructure through public-private partnerships (PPPs) and concessions.

► **In that light, how do you see your cooperation with the City of Belgrade?**

– The City of Belgrade is one of the IFC's strongest partners. Since the start of the new administration three years ago, the IFC has been working closely with the City to realise its vision for improving services and quality of life for Belgrade's inhabitants. The IFC has several advisory mandates and is considering direct financing of several projects. The IFC is advising the City on how to structure and implement PPPs for large infrastructure projects in water and sanitation. PPPs are an agreement between the City and a specialised private company, where the City pays the private company to deliver municipal services. The private company is selected through a competitive tender on the basis of its expertise, experience and cost efficiency. This arrangement enables the City to tap into world-class know-how at a competitive price, resulting in improved services for citizens, and to mobilise private sector financing, thus reducing the direct impact on the City's budget. The City chose this arrangement to develop a modern waste-to-energy project in Vinča, with an estimated investment size of €300 million. The IFC will continue advising the City of Belgrade on water and sanitation PPPs until completion.

► **You recently announced the IFC's specific willingness to help privatise largest state-owned enterprises. Why has so little changed?**

– The IFC can support the Government in privatising state-owned enterprises, either in an advisory capacity or by financing the acquisition by the investor. We would like to see any privatisation happen through a competitive and transparent tender. Progress in privatising SOEs has sometimes been difficult, because this is a sensitive political topic in Serbia. SOEs

have been the source of large amounts of employment to politically influential, unionised employees. The most difficult cases are those SOEs that require large subsidies from the budget in order to continue operating. This is no longer financially sustainable.

► **The IFC is especially active in the banking sector, where it has made certain progress in reducing problematic loans, though their level remains high. Do you see the key to this problem in insufficient banking expertise, or in the generally weak condition of local business?**

– At the end of June 2017, NPLs accounted for 16.8% of total loans, representing the lowest level since January 2011, and a sharp decrease from 23% in mid-2015, when the Government's NPL Resolution Strategy was adopted. A relatively recent asset quality review of 14 banks in Serbia revealed that none of the banks participating in the review had a capital adequacy ratio below the regulatory minimum of 12%, but there was a need for further re-classification and adjustment. Banks would like to do more lending, but they are often unable to find suitable creditworthy borrowers. At the same time, borrowers are apparently also reluctant to take loans when the economy and their businesses are not growing.

In general, the framework for the resolution of NPLs and preventing new NPLs from happening needs to be improved. There is a lack of judicial and administrative practise in restructuring and

bankruptcy. I would also say that there is a cultural bias on the part of borrowers not to communicate with banks and restructure to address cash-flow problems early enough. The banks would much prefer to restructure and keep the company as a going concern rather than go through bankruptcy. The IFC has been trying to improve the overall framework and related issues through our Western Balkans Debt Resolution Project. This project has supported the strengthening of the bankruptcy regulatory framework via drafting amendments to the current Law on Bankruptcy, aligned with IMF requirements. ■



Since the start of the new administration three years ago, the IFC has been working closely with the City of Belgrade to realise its vision for improving services and quality of life for Belgrade's inhabitants

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Hard Won Results Should Be Carefully Defended

SEBASTIAN SOSA

IMF Resident Representative for Serbia

It is crucial that the structural reform agenda is fully and expeditiously carried out, to transform Serbia into a modern, private-sector led economy with higher and sustainable growth



We spoke with Mr Sebastian Sosa, IMF Resident Representative for Serbia, about the current economic situation in Serbia, the achievements of the arrangement between Serbia and the IMF, and the challenges that lie ahead for the Serbian government. Mr Sosa warns that in many cases, after achieving the initial good results of reforms, countries' authorities became complacent and started to relax fiscal discipline, quickly eroding hard-won achievements, and suggests what Serbia could do to avoid such mistakes.

► **The existing arrangement between Serbia and the IMF is considered as being one of, if not the, most successful arrangements in the history of the state. What made it so worthy of praise: previous failures or current successes?**

– The current programme's results have certainly exceeded all expectations in terms of reducing macroeconomic imbalances and reinvigorating economic growth. The achievements have been impressive, considering the dire economic situation Serbia was in back in early 2015. Growth had been stagnant; the fiscal deficit had approached seven per cent of GDP, with pub-

If the Serbian authorities request a follow-up IMF programme, the focus should be on the reforms needed to reach higher, more inclusive and sustainable long-term growth

lic debt on an unsustainable path; and banking risks were significant. But in less than three years the macroeconomic situation has changed dramatically. Growth is projected at three per cent this year and the fiscal deficit is projected to narrow to about one per cent of GDP—the lowest level since 2005—while public debt is clearly declining. Moreover, unemployment is falling rapidly, while inflation has remained low and banks' non-performing loans are being reduced sharply. This is, no doubt, a huge turnaround in macroeconomic performance.

SUCCESS

The results of the existing arrangement between Serbia and the IMF brought a huge turnaround in macroeconomic performance.

BURDEN

The economy remains overburdened by a large and inefficient public sector, with too little reliance on the productive private sector.

COMMITMENT

A clear commitment to macro stability and reforms will help to ensure foreign and local investors remain confident about Serbia's economic prospects

► **Fiscal stabilisation seems to be the most successful part of the arrangement, but it was noted during the last IMF visit that a lot remains to be done. Which of those unfinished tasks were meant to be carried out under this arrangement but for some reason failed, and why?**

– Under their programme, the authorities have also pursued a comprehensive and ambitious structural reform agenda, including public administration, public utilities and SOEs, the financial sector and the business climate. Although good progress has been made in some of these areas, in others there have been significant delays and the economy remains overburdened by a large and inefficient public sector, with too little reliance on the productive private sector.

An area where delays have been substantial is in the reform of public utilities and SOEs. But even though we would have liked to have seen faster improvement, it is fair to say that few could have foreseen the progress made so far, given the long history of unsuccessful restructuring and resolution efforts. Since the start of the programme, progress has been achieved in improving the efficiency and financial strength of large public utilities, disposing of failed state-owned enterprises and privatising viable ones. That said, the permanent resolution of some long-term troubled enterprises, mostly in energy and mining, such as RTB Bor, Galenika, Petrohemija, Azotara and MSK, is still pending. And further efforts are needed to restructure Srbijagas, EPS and the national railways.

It is crucial that the structural reform agenda is fully and expeditiously carried out, to transform Serbia into a modern, private-sector led economy with higher and sustainable growth.

► **If Serbia decides to enter into a new arrangement, what should be in the focus of that new phase?**

– If the Serbian authorities request a follow-up IMF programme, the focus should be on the reforms needed to reach higher, more inclusive and sustainable long-term growth. Of course, maintaining fiscal discipline and consolidating recent macroeconomic achievements would be necessary, but at this point there is no need for additional fiscal adjustment. So, the main purpose of such an arrangement should be to boost employment, competitiveness and potential growth.

► **In contrast, some Serbian economists believe that, without the IMF, Serbia might lose some of the trust of investors. Do you think that might be the case? Is there a measurable relationship between investor trust and**

the presence of the IMF in a country?

– To maintain strong investor and business confidence, with or without an IMF arrangement, Serbia needs to continue implementing policies consistent with macroeconomic and financial stability and the ambitious structural reform



An area where delays have been substantial is the reform of public utilities and SOEs, but it is fair to say that few could have foreseen the progress made so far

agenda envisaged in the current economic programme. A clear commitment to macro stability and reforms will help to ensure foreign and local investors remain confident about Serbia's economic prospects. Regarding the relationship between investor confidence and IMF arrangements, it is very difficult to measure that empirically. This is because even though an IMF-supported programme may help stabilise the economy and boost confidence in countries with large macroeconomic imbalances, countries seeking an IMF arrangement are usually countries facing substantial economic and financial difficulties, and typically weak investor confidence in the first place. Therefore, it is very difficult to observe a clear, simple correlation.

► **How can the new government reassure investors, both domestic and foreign, that it intends to proceed with reforms, with or without the IMF?**

– It is first very important to consolidate recent macroeconomic achievements by maintaining sound policies—especially fiscal discipline. This does not mean, as I said earlier, that additional fiscal adjustment is needed. But it is critical to maintain tight control over current expenditures, to ensure that public debt—which is still high—remains on a firm downward trajectory. Strengthening institutions would help to cement recent macroeconomic gains. For instance, enhancing Serbia’s fiscal rules would help to establish a credible anchor for fiscal policy and ensure public debt sustainability over the medium term, with or without an IMF arrangement. Advancing the dinarisation strategy would enhance the effectiveness of monetary policy and the resilience of the financial system.

At the same time, it is crucial to continue with the reform efforts in order to address the remaining vulnerabilities and structural weaknesses of the Serbian economy. Although some of the reforms are complex and cannot be implemented overnight, it is crucial to show strong commitment and determination by making steady progress.

► **What does the IMF’s experience say about why countries that were good pupils sometimes fail after concluding an arrangement?**

– One common problem is complacency. After implementing difficult adjustments and stabilising the economy, in some cases the authorities became complacent and started to relax fiscal discipline, quickly eroding hard-won achievements. There are also countries—including Serbia in the past—that succeeded in restoring macro and financial stability in the short term, but failed to decisively address the underlying weaknesses and structural rigidities of the economy. These structural weaknesses eventually undermined the short-term improvement, causing growth to falter and fiscal and other macro problems to re-emerge.

► **Does the observed slowdown in GDP growth, as well as Serbia’s widening trade deficit, concern you?**

– We believe the slowdown in GDP growth in the first half of the year, as well as the deterioration of the trade balance, are mainly driven by temporary factors. The slowdown was con-

centrated in the energy sector in the first quarter—largely due to the disruptions of EPS’s electricity production—and in agriculture in the second quarter—partly due to a severe drought. Despite these specific sectoral problems, underlying economic growth trends remain relatively robust, and we are maintaining our baseline growth projection for 2017 at three per cent. However, downside risks for annual growth this year have clearly increased, because of weaker-than-expected growth figures in the first two quarters.



Despite specific sectoral problems, underlying economic growth trends in Serbia remain relatively robust, and we are maintaining our baseline growth projection for 2017 at three per cent

► **Several prominent Serbian economists believe that in the next phase, higher pensions and wages would be beneficial for GDP growth, albeit not at the percentage mentioned by Serbian officials. Why have you decided to remove that topic from the table for a while?**

– Serbia has an annual budget, so the discussion about public wages and pension increases should take place in the context of the preparation of the 2018 budget. Therefore, this issue will probably be on the table in our next missions later this year.

► **Do you believe that, with the first optimistic results about the EU economies, we will soon experience a sea change in terms of interest rates? Is Serbia today in a better position than previously when it comes to sustaining such a change in ECB policy?**

– After a period of protracted weak growth, several economies in the euro area have shown upside momentum in the first half of 2017, and their economic outlook has also improved. However, stubbornly weak price and wage inflation suggests that economic slack is still quite sizeable. Core inflation has remained at very low levels of about 1.1 per cent since March, and headline

inflation is expected to converge to the ECB target slowly in the next few years. In this context, monetary policy should remain accommodative in the near term, while any policy normalisation and rate increases should be very gradual. Even if we don’t expect a sharp increase in interest rates in the euro area soon, Serbia is in a much better position to face the gradual increase in interest rates expected over the medium term in the euro area. Its fiscal position has strengthened markedly, reflected in much lower sovereign yields, while inflation has been kept at moderate levels, providing more space to the NBS. ■

OUR FIRST SIX MONTHS IN 2017

30
BILLION
RSD

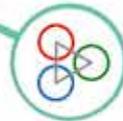
Our income increased 13%



New products presented to the market



Electric cars introduced to Serbian market



Young Leaders job application opened



The first 70ha of the orchard in Zaječar established

41.6
MILLION
RSD

Donated and invested into CSR activities



The first organized industrial farm for sheep breeding opened



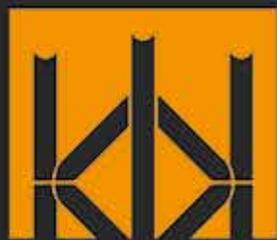
Hotel InterContinental in Ljubljana built, 50 million EUR investment



Construction site for shopping mall Delta Planet in Banjaluka opened

6
BILLION
RSD

Tax paid to the Republic of Serbia



konstruktor

KOMPANIJA KOJOJ



2013. JT International 1



2014. JT International 2

2017.

Zelena Avenija L1,
objekat završen
u junu 2017.



2018.

2018. Zelena Avenija L2, L3,
predaja objekta investitoru
u januaru 2018.



Zelena Avenija L4, L5,
predaja objekta investitoru
u septembru 2018.

Za svaku građevinsku kompaniju najbolja referenca je ponovno angažovanje od strane investitora. U referenc listi Konstruktor postojе klijenti za koje je izgrađeno 2,3,4 do čak 7 objekata. Stoga ne čudi da je kompanija Konstruktor prepoznata kao jedna od vodećih građevinskih kuća u Srbiji. Konstruktor je posebno profilisan u oblasti građevinskog inženjeringa, gradnje industrijskih objekata, skladišta, retail parkova, kao i modernih poslovnih zgrada i stambenih objekata.

Strani investitori u Srbiji kroz saradnju sa kompanijom Konstruktor prepoznaju sve atribute Zapadnog modela građevinskog biznisa, projektovanja i izvođenja radova. Ključna karakteristika Konstruktor građevinskog modela je potpuna primena modela "design and build", to jest koncepta projektovanja i izgradnje, gde investitori angažuju Konstruktor od početka do završetka projekta.

KONSTRUIŠEMO VAŠU VIZIJU

INVESTITORI VERUJU

Taj koncept u Srbiji je počeo da se primenjuje nedavno, a uslov je da firma bude veoma jaka projektantski i izvođački. Ukoliko investitor angažuje kompaniju Konstruktor, onda ima jednog sagovornika koji je odgovoran za celokupan proces projektovanja i izgradnje.

Gradjevinski model "ključ u ruke" se primenjuje kod svih tipova, veličine i složenosti objekata. Svoj pečat, za skoro 14 godina rada Konstruktor je utisnuo na više od 200 objekata, ukupne površine preko 500.000 m², sa timom koji broji više od 50 inženjera svih profila, direktno zapošljava više od 120 ljudi, a indirektno više od 500 zaposlenih na svim gradilištima.

Najveći uspeh kompanije je zadovoljan investitor koji se svaki put obraća Konstruktoru za projektovanje i gradnju jer, »KONSTRUIŠEMO VAŠU VIZIJU«



2013. Kalman 1



2014. Kalman 2



2016.
STOP SHOP, Niš



2016.

STOP SHOP, Valjevo



2017. STOP SHOP, Lazarevac, svečano otvaranje u septembru

We Are Committed To The Serbian Market



IGOR SEMENYCHEV

General Manager of LUKOIL SERBIA AD, Head of the Balkan Regional LUKOIL Organisation

Since its arrival on the Serbian market in 2003, LUKOIL has invested 343 million dollars. Our strategy centres around establishing an efficient retail network and strengthening our presence on the Serbian market

LUKOIL SERBIA AD is the second largest company by investment volume in the Serbian energy complex and one of the biggest exporters of Euro-5 diesel.

► **Mr Semenychev, your company has been active on the Serbian market for 14 years now. As its General Manager, are you satisfied with the investment efficiency in Serbia?**

– With its 114 petrol stations, LUKOIL SERBIA is the second largest company on the Serbian market. We have invested 34 million dollars in the building of 12 new petrol stations. Only in 2014-2016 we invested 7 million dollars in the modernisation of 101 petrol stations. In 2016, the company invested 2.9 million dollars.

We strive to be Serbia's reliable partner. Our revenue in 2016 was 261.5 million dollars. The same year, we paid 102 million dollars in taxes in Serbia.

In July and August 2017, we renewed our energy licenses for retail, wholesale and storage of oil derivatives for the next 10 years.

Globally speaking, LUKOIL's retail operations in 17 European countries and in the U.S. have had positive results – there was an increase in basic indicators relative to 2015.

Compared with 2015, retail and wholesale went up by three and seven per cent respectively. The sales growth of ECTO fuels outside Russia was 10 per cent. The operating profit of foreign companies dealing in oil derivatives increased by five per cent. As regards LUKOIL's tasks for 2017, we want to achieve our key performance indicators, realise the investment programme, maintain our market shares, actively develop our offer of secondary goods and services, and continue promoting ECTO fuels.

on the Serbian market. There are several ongoing strategic projects, especially in energy and infrastructure. It is important to us that relations between the two countries are stable and constantly developing and improving, because this allows for the smooth development of business and benefits our company, Serbia and its citizens.

► **You are the General Manager of LUKOIL SERBIA and the Head of the Balkan Regional LUKOIL Organisation. How much is business affected by regional relations?**

– Wherever it does business, LUKOIL not only adheres to the local legislation and develops good relations with the local community and government bodies, but also conforms to corporate standards that apply to all businesses. Being the centre of

In the past 14 years the company has won public trust, which is invaluable. We constantly strive to justify this trust with the quality of our products and services in our retail network

The Group's foreign retail asset optimisation plan is completed and does not envisage any vital structural changes to the company in this business sector.

► **To what extent do the amicable relations between Serbia and Russia impact on LUKOIL's position in Serbia?**

– Ties between Russia and Serbia have existed for centuries. They are brotherly, cultural, economic. As a commercial and economic partner, the Russian Federation ranks third

the Balkan Regional Organisation, gathering together LUKOIL companies in Macedonia, Montenegro and Croatia, we aim to maintain a functional and harmonious system. Bearing in mind that LUKOIL companies in all four countries deal in oil derivatives, an efficient retail network is the first precondition for successful business operations. We strive to maintain a high quality of service for our clients, expand our assortment of consumer goods and boost client loyalty. In addition to retail, we also have wholesale oil derivatives

and offer a wide range of LUKOIL motor oils. Conquering European corridors and all the main highways in these countries is one of our key directions of development.

► **The company has evidently invested a lot in its business operations in Serbia. Considering the 21st century energy requirements, how much importance does LUKOIL attach to the fuels of new generations?**

– We follow modern trends and offer our customers new generation fuels, such as ECTO Diesel, ECTO Plus and ECTO Sport. ECTO is a product line of innovative fuels with improved exploitation and environmental properties, created with the use of cutting-edge technologies. ECTO fuels increase the power of car engines while reducing the consumption of fuel. They are also environmentally friendly, because they contain a lower level of sulphur.

ECTO is a LUKOIL global premium brand. These fuels have found their consumers in many countries worldwide. We started selling them in Russia in 2006, while now they are sold in 15 European countries.

The properties of ECTO fuels have been reaffirmed by various international independent research centres, both in Russia and in Europe, such as Tickford Power Train Test Ltd.

(UK), to name but one. Its technical properties have been confirmed in Serbia too, in the research centre of the Mechanical Engineering School of Belgrade University.

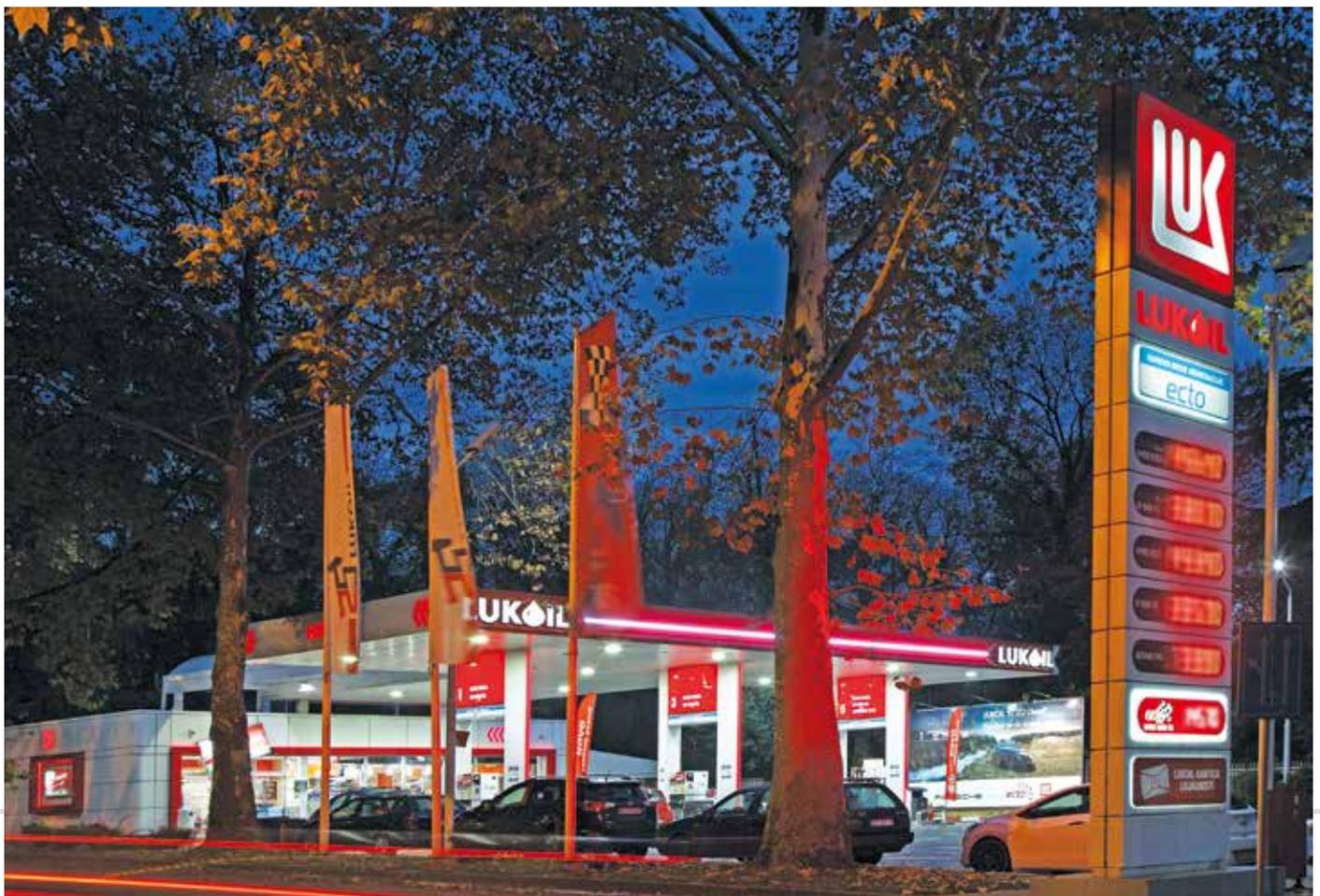
► **Corporate social responsibility is one of the priorities of LUKOIL's business strategy. Which campaigns stand out?**

– I am proud to say that we follow the strategy of our parent company. Social policy is very important to LUKOIL SERBIA. As a socially-orientated company, we have been supporting individuals, children's homes, educational and medical institutions ever since we arrived on the Serbian market. Our key projects focus on helping local governments foster cultural and spiritual family heritage. Cooperation with local governments is crucial for the realisation of these projects. For the second year in a row, under the Memorandum of Cooperation with the City of Belgrade, we are carrying out various projects supporting the community's development in the fields of culture, sport, preservation of the Serbian tradition and language. Humanitarian projects in Novi Sad and Niš have recently been finalised. With the support of the local governments of the two cities, and great public interest, including their own sugges-

tions, we have made donations to various children's institutions. Equally important is our support for the strengthening of cultural and traditional ties between Russia and Serbia. In this regard, we are actively involved



in the realisation of numerous events whose aim is to bring the Russian spirit and art closer to the Serbian public of all ages. ■



A Unity Is Our Strength

INGEBORG ØFSTHUS

Vice President of the Foreign Investors Council and
Telenor Srbija CEO

The FIC's biggest strength is in the promotion of views and suggestions that are the unified voice of more than 100 entities, whose operations depend on the development and growth of the entire Serbian market

We spoke to Ingeborg Øfsthus, Vice President of the FIC and Telenor Srbija CEO, about the legacy of this business association over the last 15 years.

► **Last year saw investments at the FIC membership level increase by €5.2 billion, while the share of members' contribution to GDP increased by 3.7% in the last two years. To what do we primarily owe this impressive progress?**

– We owe it to two main factors: first of all, a few very large investors joined the FIC and, secondly, some FIC members continued with their investments in this market. The Foreign Investors Council, as a voluntary association, continues to expand its membership and each year brings progress in terms of new members that accept terms and conditions for cooperation, to their mutual benefit.

► **You have said that the increase in the share of GDP has been influenced by the further development and growth of individual FIC member companies. To what extent is this a result of their good**

operations; and to what extent is it a result of the effects of the work of the FIC as an association dedicated to improving the business climate in Serbia?

– I would say that both elements enabled further growth and development. To what extent, it is a difficult to say. Those two conditions are connected, since you cannot have a performance on a good level without an appropriate business climate, which needs to support investors in their daily business operations.

► **After 15 years of operations, what new tasks have you set for the FIC?**



– The most important task for us, which, in fact, is not that new, is to continue growing and representing a unified voice of investors for acquiring better business conditions. We are dedicated to this mission and, as a result, are happy to see that there is

steady interest in joining among investors who are not yet part of our community. And not just companies, but also senior representatives from the stakeholder community, which is in a way a step further in the process of the FIC's development and growth.

The FIC is one of few organisations whose opinions and proposals are public and easily accessible to all, particularly via the White Book project

► **What are the key attributes that attract new members to the FIC and what makes the FIC unique compared to other investor associations?**

– The FIC's greatest strength is the promotion of views and suggestions that are the common denominator of a majority of its members. It is not the voice of one company or a group of companies, but the unified voice of more than 100 entities, whose operations depend on the development and growth of the entire Serbian market. Moreover, the FIC is one of few organisations whose opinions and proposals are public and easily accessible to all, particularly via

TASK

The most important task for us is to keep on growing and representing a unified voice of investors for acquiring better business conditions.

COOPERATION

Each year brings new FIC members that accept terms and conditions for cooperation, to their mutual benefit.

DIGITISATION

Digitisation and telecommunications are fundamental to increasing the competitiveness of Serbia and its economy.

the White Book project. We believe that our key principles are our main attributes that attract new members: transparency, equality and predictability. We also promote the principles of sound business ethics, setting the example of solid governance, both via FIC operations directly and members' operations indirectly.

► Which FIC recommendations from the past year have had the greatest impact on positive changes in the business environment?

– The main conclusions and messages from the White Book published last year are that significant improvements have been made in the business climate through fiscal consolidation and changes in real estate and part of the general legal framework.

► Where are your expectations not being met?

– Here we can talk about the FIC's main expectations going forward, of which there are three: 1) Accelerating important structural reforms, especially the privatisation and corporatisation of state-owned enterprises; 2) Better implementing laws, ensuring their consistent and efficient implementation. The way to do that is to create missing institutions, introduce clear procedures and guidelines, cut unnecessary bureaucracy and train people and, finally, 3) continue the efficient harmonisation of Serbian laws with the EU Acquis.

► How is the previously formed working group comprising members of the Government and the FIC addressing some of these issues?

– This Task Force has been established to cover all priority issues dealt with by the FIC. It is concentrated around activities which can be swiftly executed, mainly by the changing of ministries opinions or GoV decisions.

► Another new FIC initiative is the Dialogue for Change. Who can participate in this dialogue and how?

– The purpose of this event is to bring public dialogue on business climate issues to a new level, enabling more direct interactions and exchanges of views and ideas. The main goal is to reach joint conclusions and agree on actions resulting in concrete improvements of the business climate in Serbia. We gather FIC members and teams from the relevant ministries, depending on the topic, as well as representatives of stakeholders, such as the Office of the Prime Minister of Serbia, the EU Commission and EU Delegation,

the OECD, World Bank, IMF, other business associations etc.

► Among the important themes of the first Dialogue for Change were digitisation and e-government. How important are these topics for accelerating economic growth and the operations of companies themselves, in the field of telecommunications and in other areas?

– Very important, as the Government needs to introduce E/M-Government in order to build up its own efficiency and provide a better service to the private sector and citizens. Digitisation and telecommunication are fundamental to increasing the competitiveness of Serbia and its economy.

► Did the first Dialogue for Change achieve some tangible results?

– The first Dialogue for Change event, with then Minister Ana Brnabić and state secretary Tatjana Matić, proved to be a great success with tangible results. Our proposal to include m-Government in the draft Action Plan for Implementation of the Strategy for e-Government was accepted and we expect its adoption and implementation. In addition, good discussion on resolving the direct carrier billing issue was initiated and we hope that in the very near future we will move forward with enabling our citizens to pay for digital content via their monthly bills for telco services.

► What is “m-government”, which you are advocating?

– m-Government is part of a wider e-government platform and means availability

of public e-services on mobile devices. With high penetration of mobile phones between citizens (129%) and increasing trends, along with all the advantages of this platform, such as flexibility and integration with all payment options, I believe strongly that m-government can be a significant driver for digitisation. m-Government would bring higher reach and greater possibilities for completely new electronic services in public administration.

► How good are the new legislative solutions being prepared in the field of digitisation and e-government; and how can the new FIC Committee for Electronic Commerce contribute to quality solutions in this area?

– The new FIC Committee can contribute a lot in removing legislative and other barriers for the further development of E-Commerce and digital services. There have been some improvements of relevant laws, but further steps are expected in the period ahead. ■



The purpose of the Dialogue for Change is to enable more direct exchanges of views and ideas about business climate issues

Ball Continues Investing In Serbia



BRANISLAV SAVIĆ

Plant Manager, Ball Packaging Europe

A greenfield investment in Serbia may have seemed unreasonable at the time when Ball Packaging Europe launched its operations here, but each year it beats expectations. Today the company continues to invest in the country, and with the opening of the Global Business Service Centre it is building a headquarters for Europe and the AMEA region that will engage many people from Belgrade and Serbia

The Ball Serbia plant is one of the largest greenfield investments in Serbia, and one which is constantly growing and expanding its operations in the country. As plant manager Branislav Savić explains, this success is the result of the right combination of the “talent pool” and the right employer, with strong innovative capacities, who happened to understand the broader market and its potential. In 2016 Ball Serbia sold around 1.5 billion units, a record number since the launch of its operations in the Serbian capital. Since June last year, two new innovative Ball Packaging products have been produced in Belgrade: a can with a straw and a BRE lid, enabling consumers to temporarily reclose the can and continue using it later, which is considered a serious innovation in the packaging industry. This move allowed the company to employ new workers and engineers.

► **When talk turns to Ball Packaging, this is a story of huge numbers, world markets, and even planetary activities. Where does Ball Packaging Serbia**

fit into all of that?

– Technology today makes it easy to overcome seemingly impossible differences. The key to success is that you provide it to people through a proper and sophisticated approach. Even when there is no experience at all, with smart training, inspiring and connecting – you will achieve the desired goal and gain even more: dedicated, thorough, paced and innovative em-

Our advantage is found in our people, their dedication and the passion they show, as well as the constant engagement and professionalism with which they approach every task

ployees! Greenfield investment in Serbia may have seemed unreasonable to some initially, but the results achieved by our people quickly after the Belgrade plant became operational, and which have grown constantly year-on-year, indicate that we did the right thing. Ball last year became the world leader in the production of aluminium packaging, and the Belgrade plant has been very successful for over a decade,

becoming one of the leading plants. As of last year, along with our special products, we have also been producing for and export to markets around the world. Our advantage is found in our people, their dedication and the passion they show, as well as the constant engagement and professionalism with which they approach every task. When this “talent pool” is combined with the right employer, one can really get

engaged in these kinds of planetary activities you’ve mentioned. In addition, Ball continues to invest in Serbia, and, with the opening of the Global Business Service Centre, we are building a headquarters for Europe and AMEA region (Africa, Middle East, Asia) that will engage many people from Belgrade and Serbia in various processes, such as finance, IT, etc.

► **Year-on-year you invest more in innovation, development and the expansion of capacity. What are the trends today like on the European and regional markets for the production and use of cans?**

– Innovation is very important, and we are currently focusing on everyday improvements in technology and the way of



thinking that leads to waste elimination.. Although strong in the region, the factory in Serbia, with its special products, and the GBS centre are important to the corporation.

As the most sustainable, convenient and innovative beverage packaging, the drinks can has a constant positive trend on the European market, with an annual growth rate of two to three per cent. Twelve years ago, most markets in our region were young and emerging in terms of the per capita consumption of cans. Ball Belgrade has been creating and strongly supporting the development of beverage cans on these markets, with a proactive and innovative approach throughout the years. We export cans to various different markets, aiming to provide an excellent level of service and support to our clients, both major international companies and entrepreneurial start-ups. Being close to the customers is our absolute priority, and together we will, without any doubt, continue to further grow the drinks can markets in the region and across the world.

► **Adhering to the highest international standards, Ball Packaging places special emphasis on CSR activities, both in its immediate surroundings, as well as in improving the recycling industry. How much support do you have from the state in these activities?**

– Ball Packaging Europe from the very beginning of the operations in Serbia had an open dialog with government on different topics, including packaging waste management where we had an opportunity to share knowledge and experience from different countries where we have operations. This dialog is facilitated through different organisations, Serbian Chamber of Commerce, Environmental Committee of AmCham, NALED, SEPEN Association, Sekopak etc. The state created in 2009 the legal base for the packaging waste management with introducing national

targets for recycling which helped to enforce the recycling, determined the roles in this sector and at the end resulted that packaging waste is one of the best organised sectors as a part of the EU Chapter

the can. In Serbia from 2005, from the very beginning of the Ball's production we started Recan Foundation with an aim to help recycling activities as well to educate public on recyclability of the alu-



Ball last year became the world leader in the production of aluminium packaging, while the Belgrade plant has become one of the leading plants

27 negotiation process. At the moment we are aware that commercial packaging waste sector is much better organised compared to the household packaging, and we are trying to provide solutions and recommendation together with all partners to continue this improvement together with the government. As a company we will continue to be open to provide the best experience related to the sustainability and what our company is trying to achieve in introducing new technologies, innovations with an aim to minimize environmental footprint of

minimum can. Now our activities in Serbia and Montenegro are part of the European program Every Can Counts which is implemented in 12 countries across the Europe. We would also like to point out that with the support of newly established Ministry of Environmental protection, big steps forward can be made towards improvements in environmental protection. Our efforts are recognized and awarded several times, but recent award received from the Serbian Chamber of Commerce as a CSR Company is helping us to be more ambitious in setting new goals. ■



We Expect The Government To Continue Reforms

DIMITRIJE KNJEGINJIĆ

Vice President of the Foreign Investors Council and Lafarge Serbia CEO

The FIC expects the new Government to accelerate important structural reforms, particularly the privatisation and corporatisation of public enterprises, ensure the better implementation of laws and enable the efficient harmonisation of Serbian legislation with the EU acquis

We spoke with Dimitrije Knjeginjić, FIC vice president and Lafarge Serbia CEO, about the reform process in Serbia and Eurointegration.

► **What are your expectations of today's Government, when the three-year stand-by agreement with the IMF is being concluded?**

– In the previous two years the Government has significantly advanced the business climate through fiscal consolidation and amendments to laws in the real estate domain, and partly the general legal framework. We welcome the results achieved in fiscal consolidation and good economic indicators (increased export, GDP growth), which have also been recognised by the IMF and the World Bank, and which provide the basis for great expectations regarding the future. The Council has three main expectations: the acceleration of important structural reforms, particularly the privatisation and corporatisation of public enterprises; better application of laws and; further effective harmonisation of Serbian legislation with the EU *acquis*.

► **What are the incomplete reform processes that should be finalised as soon as possible, and what new challenges should be given attention?**

– We've been arguing for many years that it is essential to carry out structural reforms, and here we primarily mean healthcare and education reforms, as well as the process of privatising and corporatising social enterprises, for the country to make further

progress. We are aware that this is not an easy task and that it requires great efforts and agreement among all stakeholders in the process, but such reforms are essential for a better future for Serbia and its citizens. When it comes to new challenges, I would like to use this opportunity to emphasise the negative practise of some laws (especially in the area of taxation) being adopted under urgent procedure and without public debate, and with short deadlines given for companies to adjust to the new regulations.

► **With 15 years of experience in Serbia, the FIC has witnessed all reform efforts to date, but also the abandoning of some important goals. What is your message to the present reformers?**

– Our key message is that they should not give up and that they need to endure on the road of reforms aimed at increasing Serbia's competitiveness compared to neighbouring countries. To increase the number of new investors, Serbia needs to improve the investment climate, reduce unnecessary bureaucracy and become more attractive to SMEs.

– Our key message is that they should not give up and that they need to endure on the road of reforms aimed at increasing Serbia's competitiveness compared to neighbouring countries. To increase the number of new investors, Serbia needs to improve the investment climate, reduce unnecessary bureaucracy and become more attractive to SMEs.

► **If we view Serbia's progress through effective changes in the EU integration process, what kind of evaluation should the Government receive?**

– Generally speaking, we can say that the process of harmonising laws with the regulations of the EU is solid, but it is not only necessary to adapt laws, rather also to improve their level of implementation. That is precisely where we have expectations, particularly considering that more attention in accession negotiations

We are aware that conducting reforms requires great efforts and agreement among all stakeholders in the process, but they are essential for a better future for Serbia and its citizens

EUROINTEGRATION

The Council has a unique capacity to support Serbia's European integration process, considering that more than 70% of FIC members come from the EU, while others have a foothold in the EU market.

is paid to the issue of the way laws are implemented, and as such negotiations should help solve current problems related to the inconsistent and inefficient enforcement of laws.

► **In the meantime, several chapters have been opened or are to be opened dealing with the business sector, such as Chapter 20, on entrepreneurship and industrial policy, Chapter 29, relating to the Customs Union, and Chapter 7, which addresses intellectual property rights. How can the FIC contribute to Serbia's progress in these areas?**

– The Council has a unique capacity to support the European integration process, considering that more than 70 per cent of FIC members come from the EU, while others have a foothold in the EU market. In some areas, which are also primarily dealt with in detail by our White Book, such as intellectual property and customs, we can provide a greater contribution, because we analyse the laws that apply to them in detail and provide specific recommendations for improvement that are available to the public in this publication of ours.

► **One important issue being debated in Serbia is the extent to which foreign investors can contribute to Serbia's economic growth and reindustrialisation. What is your opinion?**

– We think that all investors are equally important for the economic growth and development of this country, because they are ultimately all registered here and operate according to the laws of Serbia. Every investor can contribute significantly to the betterment of Serbia by disseminating expert knowhow and best practises through the provision of tangible examples.

► **The FIC has formed a working group with the Serbian Government to advance the White Book's recommendations. How does the formation of this group differ from FIC members' participation in numerous other working groups of the government?**

– We established this Working Group with the Government of Serbia in January this year with the idea of increasing the level of implementation of White Book recommendations from the current 35-45 per cent up to 50 per cent annually. The key objective is to improve the Serbian market's competitiveness through the implementation of White Book recommendations and thus encourage the expansion of existing investors and attract new ones, contributing to economic growth and the reducing of unemployment. This differs from the FIC's participation in other Working Groups in terms of the Council's role, which is much more significant because this is a joint venture with the Government of Serbia that has a fairly ambitious goal – to increase the overall level of implementation of White Book

EQUAL TREATMENT

Our message is simple: Serbia needs clear rules of the game that are the same for everyone in order to attract more investment.

recommendations to 50 per cent, which is no mean feat.

► **You simultaneously launched the *Dialogue for Change* initiative, which deals, amongst other things, with taxes and their implementation. In your opinion, why are changes slow in this segment, which is extremely important for business?**

– Each company considers the quality of tax regulations when choosing where to invest, on the Serbian market or elsewhere. That is why taxes are the ultimate theme. At the Council, we do not deal with tax rates, but rather regulations and their application, and our message is simple: Serbia needs clear rules of the game that are the same for everyone in order to attract more investment. Changes are slow because they are extremely complex. We see the improving of cooperation in this area through continuous dialogue, which we conveyed at our event, with the goal of the state presenting its plans and draft new legal solutions in a timely manner, which the economy will then respond to by stating whether these solutions are implementable under the suggested deadlines and how they will impact on operations and, ultimately, the country's GDP.

Inconsistent implementation of the same tax regulations by different organisational units of the Tax Administration and the lack of coordination between the Tax Administration and the Ministry of Finance are key problems that should be overcome

► **What are your expectations of Tax Administration reforms?**

– Inconsistent implementation of the same tax regulations by different organisational units of the Tax Administration and the lack of coordination between the Tax Administration and the Ministry of Finance are key problems that should be overcome. Furthermore, it is also necessary

to reform the Tax Administration, particularly by separating all secondary activities and increasing capacities, as well as by introducing precise guidelines that will be made available to the public.

► **Among the ten committees that function under the auspices of the FIC, the latest one deals with topics that are close to you: *Infrastructure & Industrialisation*. What is in its focus?**

– This Committee also deals primarily with advancing legislation in relevant areas like construction, transport and the like.

► **Why did you opt for this combination of topics and which companies does this committee bring together?**

– Our members opted to establish this Committee as the tenth in a row, and it currently gathers companies that deal with real estate and construction, as well as legal and consultancy firms etc.

► **What are this Committee's priorities in the fields of infrastructure and industrialisation?**

– In a sentence, the priority is to adopt laws that will enable the further development of infrastructure and the industrialisation of Serbia. ■



Results Confirm Business Model's Quality



MARIJANA VASILESCU

President of the Executive Board of Sberbank Srbija

The exceptional operational results achieved by Sberbank in the first half of this year, as well as in the previous period, confirm that the bank has gained the trust of citizens and business clients

We spoke with Marijana Vasilescu, President of the Executive Board of Sberbank Srbija, about banking operations, digitisation and consolidation in the banking sector.

► **How satisfied are you with the bank's operations this year?**

– We are extremely satisfied with operations, this year and in general since Sberbank Srbija started operating on the Serbian market. We ended last year with a significant increase in the number of clients of as much as 62 per cent, and during this year we are continuing to record great results.

Deposits and placements with both retail clients and businesses are growing and they are precisely the ones who best confirm the quality of our business mod-

el. Namely, growth of 11 per cent in deposits of the population, but also growth of 8.7% in deposits in the segment of large and medium-sized enterprises in the first half of the year, are a clear signal of the trust we have gained.

We expect the future to bring us new growth, and our corporate policy is such that we are always ready to provide our customers with an even better offer and to nurture partnership relations

Placements with retail clients in the first half of the year grew by 23 per cent, while the credit portfolio of medium-sized and large enterprises increased by 17 per cent compared to the previous year.

The profit realised in the first half of

the year is 35 per cent higher than in the same period last year, and we expect that by the end of the year it will be two and a half times higher compared to last year. This kind of good result is based on an increase in the number of clients, improve-

ments in efficiency and the optimisation of operating costs.

► **What makes the Serbian banking market attractive for your bank?**

–I would say that we are mutually attractive – the Serbian market for the bank, but also that the offer of the bank is attractive and recognised as such by the market.

When we view the parameters determined by the size of a bank, we can state freely that we are a medium-sized bank. That fact itself represents our comparative advantage and gives us the opportu-

nity to be quick in making changes dictated by the market and trends, and to offer above-average service quality.

In that context, I would mention numerous initiatives and projects, and among them I would highlight the unique partnership programme on the Serbian Super Card market, of which we are co-owners, and with which we have satisfied a special market niche.

The development of digital banking is one of the key aspects of our business plan. I will note that we are very proud that we are the first bank in Serbia to enable customers to pay their bills via mobile phones - by scanning the 2D bar code. This service eases the payment of bills significantly, with maximum precision.



In the corporate business segment, we are positioned as a bridge between Serbian and Russian companies, while our share in foreign trade with Russia currently totals 20 per cent, with a tendency of continuous growth.

► **In your opinion, what has been brought by the current wave of banking sector consolidation?**

– We believe that consolidation will be a wind in the sails of banks that will stimulate us to invest even more in our own development and growth. Generally, this year has seen significant changes in the ownership structures of banks, and we are awaited by even greater activity in the domain of digitisation, increasing the efficiency of operations and unavoidably intensive cooperation with FinTech companies.

The strong support that Sberbank Srbija has, thanks to financial giant Sberbank Russia and the members of the Sberbank Europe Group, both in terms of expertise and specialisation, and in terms of virtually unlimited funds that we can lend to the Serbian economy, definitely represents our comparative advantage. ■

Shaping passion



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Serbia Has Yet To Realise Its Potential



ERNST BODE

Executive Director Messer Tehnogas AD

Serbia has enormous growth potential, but many obstacles have yet to be removed. Reasonable legislation, a trim and efficient public administration and a professional, reliable and functional court system are among the most sought-after conditions for businesses to flourish

We spoke with Ernst Bode about Messer's experience as a long-term investor in Serbia, unfinished reform tasks, and the role of the Foreign Investors Council in the Serbian economy's transition process.

► **From today's perspective, how important was the establishment of the Foreign Investors Council for the improvement of the investment environment and the development of a constructive dialogue between the business community and state institutions?**

– I believe the FIC has really been very successful in being a corrective factor and providing some reality checks, so it became the voice not only of foreign investors, but of the real sector as a whole, benefitting both foreign and domestically-owned companies. The annual FIC White Book provides evidence of all that has been done, and its concept has been copied several times by others in Serbia.

► **When it comes to the pace of reforms, were you a bigger optimist back in the early 2000s; and how close do you think Serbia is now to its goal of constructing a functional market economy?**

– Yes, I guess we were all bigger optimists in 2000. In the meantime, we all became realists. Undoubtedly a lot has been done and many things have been achieved, but this is a process that sometimes, unfortunately, goes from one extreme to the other. After all, many things have changed for the better. However, let's not deceive ourselves: 5th October 2000 was 17 years ago! A lot more could have been done and remains to be done. I believe the biggest issue for the fu-

The FIC has been very successful in being the voice of the real sector, benefitting both foreign and domestically-owned companies. I hope it will play an even more important role in the future as a voice of reason for the economy

ture is to tackle the court system and ensure it functions reliably for everyone again.

► **In which areas of reform is the FIC's work most important for Serbia today?**

– It is important in almost all areas dealt with by the FIC. Maybe I would see a priority as being legal issues and issues regarding property and land registers.

► **As an investor, what are your strongest reasons for remaining faithful to Serbia?**

– My company operates successfully and we are satisfied with our financial performance. I wish for Serbia's enormous growth potential, which is in reach, to be raised. As I see it, we are realistically not talking about a few percentage points of growth, but rather continuous high single-digit and low double-digit growth rates that could at least double the GDP in a very reasonable timeframe.

And I believe it wouldn't need too much to kick-start that process.

► **In your opinion, what should be the priorities of the Serbian Government when it comes to removing obstacles to investing?**

– We need reasonable legislation, a trim and efficient public administration and a professional, reliable and functional court system. All in all, I guess building efficient and reliable institutions is the challenge of the time.

► **How do you see the future of the Foreign Investors Council?**

– I hope the FIC will play an even more important role in the future as a voice of reason for the economy, both of Serbian companies with foreign capital and Serbian companies with domestic capital. ■

We Want To Be Among The Region's Key Players



JELENA GALIĆ

CEO at AIK Bank

The strategic goal of AIK Bank over the next few years is to become one of the leading banks on the domestic market and one of the most significant players in the region

AIK Bank's purchase of Alpha Bank is just one in a series of expected changes on the domestic banking market. The consolidation of the market is a natural process dictated by market conditions, and which should lead to greater efficiency of banking processes, says Jelena Galić, CEO at AIK Bank.

► **What are your predictions for the banking sector in the period ahead?**

– Considering that a large number of banks operate on the relatively tight Serbian market, the consolidation of the market was expected. Increased competition in the financial services sector, coupled with technological innovation, will lead to more efficient and so-called client-centric processes, which will ultimately result in reducing the costs of banking services. We see AIK Bank as being one of the key players in the market consolidation process, as well as in the process of introducing technological innovations, which will strive, actively and responsibly, to strengthen its position on the local and regional markets, as well as in opening up towards the EU market.

► **After purchasing Alpha Bank, which now operates under the name Jubanka, what are your specific further plans and**

ambitions when it comes to expansion on the local market, but also, as you say, on the regional markets?

– The strategic goal of AIK Bank over the next few years is to become one of the leading banks on the domestic market and one of the most significant players in the region. We plan to achieve this by continuously improving our client-focused services, by developing new products in the investment banking domain, but also by assuming an active and responsible role in the process

The recently realised partnership with Slovenia's Gorenjska Banka opened our route towards the EU market

of consolidating the banking sector. When it comes to the region, it is indisputable that our recently realised partnership with Slovenia's Gorenjska Banka opened our route towards the EU market. We closely monitor developments not only in Slovenia, but also in other neighbouring countries of the region and in markets able to contribute to our growth and the achieving of our strategic goal. It is important to note that, alongside cooperation in terms of banking services, we endeavour to contribute to improving of relations in other areas of economic activity, with the aim of developing

and deepening regional cooperation.

► **AIK Bank is among the leaders in the segment of innovative and modern banking services. Do you think digitisation is sufficiently present in the domestic banking system?**

– Digitisation is unavoidable if you plan to stay in the market game. It is very important to set a digitisation strategy optimally against market absorption opportunities and user preferences. I consider that, in that sense, the domestic banking sector is competitive with trends in Europe. AIK Bank, as one of its strategic directions, especially in the segment of providing services to the retail segment and SMEs, is focused on developing digital services. In an era of an increasingly stronger presence of virtual communications and a shortage of time, clients increasingly value services that imply savings in terms of time, as well as 24/7 availability. The client will use a service that is easily accessible to them, can be carried out quickly and allows them to manage their funds in a simple way. This is unavoidable for the further development of banking services, and we are striving to be among the leading banks in Serbia in terms of implementing online services that enable this. ■



We've Preserved Unity And Independence

ANA FIRTEL

Executive Director of the Foreign Investors Council

The two most important lessons we've learned from 15 years of successful activities are that we have preserved our unity and independence by insisting on firm rules, and that, with openness to dialogue and constructive criticism, we have shown readiness to constantly change in accordance with the challenges of each juncture

We spoke with Ana Firtel, Executive Director of the Foreign Investors Council, about the principles of the Council's work and its new activities.

► **It was in July 2002 that 14 major foreign companies established the FIC. Now, 15 years on, the association has almost ten times as many members. What does the FIC ID card look like today?**

– The Council today brings together 134 member-companies that operate in more than 30 different sectors, and that means a great wealth of experience and knowledge. Two thirds of them come from the European Union, while the remainder hail from the U.S., Russia, China, Israel, Australia and other countries. FIC members are an engine for the development of Serbia, as confirmed by the fact that until last year they had invested over \$28 billion and that they account for more than 21 per cent of GDP. FIC members account for about 18 per cent of Serbia's total exports and employ over 94,000 people. FIC members respect high ethical and corporate governance standards, which they demonstrate in working with suppliers, in their relationships with employees and in environmental protection.

► **What are the key principles that have held the membership together for a decade and a half?**

– The first is predictability, because the rules that form the basis of our operations are very clearly known. The second reason why members have stayed together is equity. The existing rules apply to all equally, no matter which company is in question. The third key principle of the FIC is consistency, because over the course of the past 15 years we have remained consistent in terms of what we are

advocating for. The fourth principle is inclusiveness. All activities start from the bottom up, thus we are led by the interests and activism of our member companies.

► **In such a large association, with members that don't have equal economic strength or the same interests, how do you ensure equal participation and respect for the opinions of every member?**

– Primarily through clear rules and thanks to communication in which nobody has a privileged position. Our Statute stipulates that all member companies have equal rights and the same obligations. However, in order for those statutory norms to have an effect they need to be implemented consistently on a daily basis. Trust is strengthened in this way, not through empty words, but through deeds, so that all members, both small and large, feel free to share within the association a certain problem they face and to devise systematic solutions jointly, together with other members.

It is also important to ensure communication in which none are privileged. Timely information is crucial in the 21st century, so within an association that contains many competitors it is vitally important for everyone to receive information simultaneously, without privilege.

► **What are the main lessons of the 15 years of the FIC's work when it comes to securing internal democratic dialogue?**

– First is to strictly respect the rules. We are rigid in that, but we consider that as being very important for us, because when you have firm rules it is actually through them that you preserve your independence and nurture the trust of members that their voice will carry the same weight as the voice of some other member. Second is the need to be constantly open to dialogue, which implies openness

We primarily advocate for the economic integration of Serbia into the EU, because we believe that harmonisation with the regulations of the EU can bring better doing business conditions for all

PRINCIPLES

Predictability, equity, consistency and inclusiveness are the key principles that define us, and which we promote and respect in our work.

to constructive criticism and a readiness to constantly change. One thing is certain - the Council has changed throughout the years, in order to strengthen its internal democratic dialogue. And there is no doubt that it will continue in this direction.

► **The FIC's most famous product is the annual White Book, which measures the progress of the Serbian economy in terms of improving the business climate. How is this kind of index recognised as a measure of progress in economic reforms in Serbia?**

– Year after year we record an ever-increasing number of references to the “White Book” as a source of proposals to solve problems in the economy. We also have ever more inquiries for copies of the book from world-class libraries, such as the Library of Congress in Washington DC or the Leibniz Institutes. What we bring is the view of expert practitioners who work in companies and deal with Serbia's economic system on a daily basis. Alongside that, the fact that we are bring together companies from the EU and other parts of the world allows us to compare the situation in Serbia with the broader environment.

► **The FIC and the Government of Serbia formed a joint working group in late January to implement the recommendations of the White Book. How does that working group function operationally?**

– The idea for the formation of the working group came from former Serbian PM and now President, Aleksandar Vučić. We accept this idea gladly, because we saw the formation of the working group as a mechanism that would enable us to discuss the recommendations of the White Book with the State on a more regular basis and in a better structured way.

The working group brings together members of the Government and the FIC Board of Directors, while operational tasks are conducted through subgroups comprising representatives of state administration and the chairs of the Council's working committees. These subgroups are focused on seven key areas: taxes, labour rights, real estate and construction, inspection and food safety, e-commerce and e-government, bankruptcy and foreign exchange operations. For each area there is a defined working plan, a set of priority White Book recommendations to be fulfilled.

► **How does this new activity fit into the existing functioning of the FIC committees and the participation of the FIC in other government working groups and initiatives?**

– It fits in completely and complements everything we've done to date and will continue to do. For example, the proposed plan of the Working Group isn't some new, revolutionary plan, but rather is based on the White Book, but also on the two-year plans of the wor-

ENGINE

FIC members are an engine for the development of Serbia, as confirmed by the fact that until last year they had invested over \$28 billion and that they account for more than 21 per cent of GDP

The working group that we have formed with the Government of Serbia very nicely fits into, complements and is reinforced by our existing activities. It represents an upgrade of everything we've done so far and that we do

king committees, which define priorities in specific areas with a time component. We are represented in the Working Group by individuals selected by the membership, who carry predefined stances within the working committees and the Board of Directors.

► **Two new FIC committees have formed in the last year, one for digitisation and e-commerce, and the other, the latest, for industrialisation and infrastructure. How did you decide on these specific committees?**

– This is an interesting question, because it shows how we are motivated by members. They were actually the ones who first proposed new committees, and then voted and decided which two committees would be formed.

Of the six solicited proposals, two received the most votes. Thus, first, in September last year, the Digitalisation & E-Commerce Committee started working, and then, this year, the Committee for industrialisation and infrastructure also started.

► **What challenges arise in the operational management of such a large and complex organisation on a daily basis?**

– The first and key challenge is to do multiple jobs simultaneously, and to do them to a high level of quality. The second challenge is to be financially in-

dependent, in other words to remain faithful to your principle of financing activities solely from membership fees. This financial independence of ours has its own cost, because our budget is lower compared to similar organisations. When you have a lower budget, then you have fewer resources, but the quality of the product must not be lacking. These are the main operational challenges of our work.

► **The FIC decided late last year not to join the Mixed Chambers Council of the Chamber of Commerce & Industry of Serbia. What does this decision mean for future cooperation between the FIC and the CCIS, and other foreign investors gathered within the Council?**

– With the State's decision to make CCIS membership compulsory, it gained a privileged position among business associations. This is the reality with which we were all confronted. Last year there was an invitation to for membership in the Mixed Chambers Council. In accordance with the Statute of the FIC, we considered this invitation at the Assembly and brought the decision not to join the council. I think the result of members' voting was significantly influenced by the rule of overriding votes within the Mixed Chambers Council. This does not mean, however, that we will not cooperate with the CCIS and all other associations. We are strategically always open to cooperation with everyone on a project basis, on topics of mutual interest. ■

TRUST

Building trust among the Council's members is vitally important, because it is only in that way that we can reach solutions that will be acceptable to all.

Digitisation Can Be Our Winning Ticket



GORAN PITIĆ

Chairman of the Management Board of Societe Generale Bank Srbija

efficiency, reduce costs and ensure adequate returns on capital (for several years already the return on capital in Serbia is among the lowest in the region).

The first requirement for attractiveness are sustainable, comparatively high GDP growth rates, with the raising of the investment potential of Serbia. This means raising competitive abilities, the level of attractiveness for investments, as well as the living standards of the population.

An important precondition is perseverance and commitment to European integration, because that defines the quality of future operations and social arrangements, and in some way, provides a

Serbia can and must offer investors the most competitive topic today – the digital transformation of society

► **What can Serbia do to remain attractive to major players in the banking sector, at a juncture when it is difficult to expect high returns in the short term?**

– As in other sectors, in the banking sector Serbia is leading a competitive game both with countries of the region and with the more developed countries of Europe. The moment at which that's unfolding is unique and not at all simple. On the one hand, for many years now Europe has been marked by a trend of low rates of economic growth and interest rates, high levels of problematic loans in a higher number of countries, strict regulatory requirements, but also "imposes" a redefining of the business models of banks, with the constant demand of shareholders to raise operational ef-

"guarantee" for operations in the future.

Likewise, it is also necessary to raise the administrative efficiency of the state: from the tax administration to courts, efficient implementation of the law, with which the predictability and transparency of operations is increased, and the scope for corruption reduced.

In a world of new technological revolutions, the strong development of banking and financial innovations, and the orientation of banks towards digital operations, Serbia can and must offer investors the most competitive topic today – the digital transformation of society. With this it would enter modern global trends of integration and significantly raise the level of attractiveness of its market. ■

People – The Most Valuable Investment

NENAD MIŠČEVIĆ

Commercial Director at PepsiCo
Western Balkans



► **With almost a decade of experience on this market behind you, what would you say to a new investor in Serbia today?**

– From the perspective of a multinational company that has been operating in the Western Balkans since 2008, the best advice I can share is our experience and the PepsiCo business philosophy *Performance with Purpose*. With the acquisition of Marbo Product, PepsiCo added Serbia and Bosnia-Herzegovina to the list of 200 countries in which it operates, with which it also added to its rich portfolio local brands Chipsy, Clipsy, Pardon and Gud, which had then already built their own market positions. Over time, with the strength and expertise of the multinational PepsiCo company, our brands solidified their positions among the leaders in their categories.

Also becoming part of this multinational company were the production units in Maglić, in the municipality of Bački Petrovac, and in Laktaši in Bosnia-Herzegovina. Again thanks to the strength, expertise and support of this global company, our production facilities were additionally modernised, and today on the territory of the Western Balkans we set high standards in the production of snacks. By applying these standards, our production facilities can now be compared to any PepsiCo production facility anywhere in the world.

Another very important element of our operations are our suppliers, local collaborators capable of responding to our demands regarding the production of three exclusive PepsiCo varieties of potato, but also in amount of up to 35,000 tonnes, which is how much we buy annually.

And lastly, but perhaps most importantly, are people. Today our company employs 1,300 hardworking and dedicated people, more than 500 of whom are employed at the factory in Ma-

Observed from the perspective of our experience, Serbia has definitely long since been an attractive investment destination

glić. We constantly emphasise how proud we are of them and their work, which contributes to our company achieving significant performance results on a daily basis. They are our most valuable investment and every investment in their education, motivation and advancement has had manifold impacts on the company's successes.

I believe that the quality of the workforce, good local suppliers, as well as the existing infrastructure, but also even attractive local companies or brands, represent additional reasons for Serbia to be recognised as an attractive investment destination. And observed from the perspective of our experience, Serbia has definitely long since already been that. ■

Belgrade - Regional Business Centre



VLADISLAV LALIĆ

regional director for development, IKEA Southeast Europe (Croatia, Romania, Serbia and Slovenia)

connection with other countries in the SEE region. It was established in 2008 to support expansion in Serbia, Slovenia and Croatia, and from 2010 we also added Romania to our portfolio.

Belgrade is ideally positioned to enable easy mobility for our colleagues who have regional responsibilities. It is connected via a highway to Croatia and Slovenia, with a maximum drive time of four and five hours respectively. Driving

An improving business climate and growing economy makes Belgrade an attractive regional centre for business development

► What compelled you to choose Belgrade as IKEA's headquarters for Southeast Europe?

– IKEA SEE recently opened its third store in the region and the first in Serbia (Belgrade East). This will be the first step in our two-stage Establishment Plan for Belgrade, which includes two stores over the long term. The IKEA SEE Regional Office is located in Belgrade in order to support our expansion in the region, as well as the operational and commercial success of our growing number of existing stores and networks of other sales points, such as so-called pick up points.

For practical, logistical and operational reasons, the Service Office is located in Belgrade due to its advantages in

distance to Romania varies, depending on the city and road quality, due to the fact that Romania does not have a developed highway network. More importantly, Belgrade airport is a major aviation hub for the entire area of Southern and Eastern Europe. Belgrade is the only capital from which it is possible to fly directly to the other capitals of the region.

In previous years, Serbia has also seen significant improvements in moving towards a more favourable business enabling environment. Such an improving business climate and growing economy makes Belgrade an even more important regional business centre and, as such, an even more attractive location for all future business development. ■



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Joint Engagements To Even Better Results



GORAN PEKEZ

president of the FIC Anti-Illicit Trade Committee
(JT International a.d. Senta)

Remarkable results have been achieved in combatting the grey economy. However, in order for this process to be addressed comprehensively, it is necessary to fully implement the Law on Inspection Oversight, harmonise sectoral laws with the umbrella law and ensure good inter-agency cooperation

Illicit trade, i.e. the grey economy, is still among the more significant problems in Serbia. That is precisely why combatting this problem has been marked as one of the state's strategic priorities and why the Serbian Government declared this year the Year of Combatting the Grey Economy.

A series of measures has been taken to date, with the new Law on Inspection Oversight adopted and amendments adopted to the Law on Tax Procedure and Tax Administration, and a coordinating body has been formed to direct activities aimed at combatting the grey economy, led by Finance Minister Dušan Vujović. Of course, results are not lacking.

Specifically, total tax revenues paid to the state in 2016 increased by 6.5% compared to 2015, and that trend is continuing this year. Budget revenues increased by 73 million euros in the first quarter of 2017 alone. There are several reasons for these kinds of results. First and foremost, the efficiency of VAT collection and excise has increased, which is the best indicator of reduced trade volumes in illicit flows. This increase stems from the fact that the growth of economic activity was still lower in relation to increased collection. On the

other hand, there has been an increase in the tax base, which is in line with the fact that 2016 saw 3,656 unregistered entities discovered that were mostly subsequently registered. Contributing to this in particular was the implementation of the new Law on Inspection Oversight, which introduced the measure of controlling the operations of unregistered entities.

We hope that coordinating inspections under the leadership of the Tax Administration will be even more efficient

Thus, this is a systematic approach to the fight against illicit trade, which is part of the National Programme for Combatting the Grey Economy. In this process it is crucial to insist on applying the programme and all measures that it envisages. Conditions exist for this, particularly given that we have good initial indicators, but also a concrete action plan that envisages activities until year's end 2018. We also have the support of the Government in implementing activities.

When it comes to future regulatory measures, the full implementation of the

Law on Inspection Oversight should follow, i.e., the harmonisation of sectoral laws with the umbrella law. Given that this activity implies inter-sectoral cooperation, the importance of the role of the Coordination Body in this process is clear. A similar situation exists in the field of combatting the illegal tobacco trade, where there is a proposal of the Working Group to amend the law and, given that this initiative has been waiting since October, the possibilities of the competent authorities on the ground in fighting this illegal trade are limited, as they cannot use all necessary legal authority.

When it comes to operational measures, we hope that coordinating inspections under the leadership of the Tax Administration will be even more efficient.

Why is the fight against the grey economy important? In addition to protecting budget revenues, reducing this phenomenon makes the market more stable and contributes to creating even more favourable conditions for doing business. That is a basic precondition for maintaining the existing level, but also for the growth of investments in the economy and attracting new foreign investors. ■



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New Technologies Will Create New Business Models In Serbia



JASMINA VIGNJEVIĆ

president of the FIC Digital and E-Commerce Committee
(Telenor d.o.o.)

The extent to which Serbia will be a place where innovations and innovative business models develop depends greatly on an adequate legal framework

The Digital and E-commerce Committee was founded with the idea of responding to some of the challenges brought by digitisation, or the so-called fourth industrial revolution. Topping the list of the world's most valuable companies are ever more of those who operate exclusively in the digital environment and don't possess physical products. On the other hand, it is enough for one site or application, such as Booking or Uber, to change some industry at a global level. All this indicates that this process is well underway, and the extent to which Serbia will be a place where innovations and innovative business models develop depends greatly on an adequate legal framework.

The committee, whose members come from various sectors – banking, telecommunications, insurance, law and other areas – has identified several key areas that need to be improved. The simplifying and wider application of electronic signatures by citizens is the main prerequisite for the development of e-business. The current concept is adapted to businesspeople who possess technical knowledge and conclude important transactions. Thus we suggested the introduction of multi-step authentication, where the identification mechanism would be adapted to

the importance of the transaction, with the use of devices we already possess (e.g., a mobile phone or bank card). With this we would enable everyone to conclude contracts electronically simply and without high costs. We also advocate for improving and developing new electronic administration services. Considering the high penetration of mobile phones, of 129%, and the trend of dominant use of the internet on mobile devices, we have recommended that public administration approach citizens in the form of m-administration, a platform that would be tailored to the needs

Our key recommendation is for public institutions to enable the payment of all taxes electronically, so that an individual is not required to provide paper proof of payment

of users and integrated with m-banking and other payment methods, which would enable services to be fully realised with one device.

On the regulatory front, the last year has seen the publishing of the Draft Law regulating electronic operations and the draft Action Plan for the development of eGovernment. The new law will regulate the area of elec-

tronic signatures, documents and services of trust in a unique way, and the expectation is that its adoption will result in advancements in the domain of archiving and maintaining business records. However, the focus of the draft is still on the qualified electronic signature, while defining the electronic identification scheme as a more flexible mechanism is left to the bylaws. At the moment of writing this article, the Government has adopted this law and its adoption in the National Assembly is expected. It is extremely important for bylaws to regulate electronic identification schemes in a more flexible and simplified way that will enable the wider use of electronic signatures.

The second document comprehensively envisages concrete measures for the establishment of electronic administration. We see the networking of state authorities, the establishment of basic registries, the improvement of payments and the adjustment of electronic services to all devices as the most important factors. Our proposal to include m-administration in the Draft Action Plan has been accepted and we expect its adoption and implementation.

Members of the Committee will also be dedicated to improving legislation in this field in the period ahead. ■

Significant Progress Achieved



MILICA STEFANOVIĆ

president of the FIC Food & Agriculture Committee
(The Coca-Cola Company-Barlan S&M d.o.o.)

Major breakthroughs have been made in the previous period on complex issues, such as amending the Law on Inspection Oversight and understanding the need for amendments to the Food Safety Act

Food safety is a fundamental issue of our industry, as well as of all players in the field of legislation, supervision and production. We live in times when trust in institutions is at a very low level globally, while we are surrounded by information and disinformation related to food safety, principles of proper nutrition, ideas about what is healthy and what isn't. All of these circumstances ensure this issue is extremely complex, even more so given that these issues concern everyone; we all depend on the availability of food and want only the best and healthiest food for ourselves and our families.

We are fortunate in our country that we have an abundance of high-quality and affordable foods, and major breakthroughs have been made in the previous period on complex issues such as amending the Law on Inspection Oversight, understanding the need to amend the Law on Food Safety and, no less importantly, establishing a dialogue between the state and producers. All this benefits all of us, as food consumers who need to trust that the food around us is safe, properly declared and responsibly advertised.

A very important step was made in opening the Ministry of Agriculture up towards

industry via dialogue that was established for mutual benefit. Together we overview the obstacles that confront manufacturers in their work and seek the best solutions.

Another long-awaited advancement was achieved with the complete application of the Plant Protection Act, which removed a large previously grey zone when it comes to safety and the proper use of plant protection products.

This is a sector where the legislation is most often in place – harmonised with European law, defined by regulations and other bylaws. However, most problems occur in ap-

Thanks to dialogue between the Ministry of Agriculture and industry, we today jointly view obstacles that producers encounter in their work and seek the best solutions

plication. Whether that comes down to different interpretations of legislation by different implementation bodies or long-term inconsistent application of certain parts of acts, all of which creates unnecessary space for potential problems and misunderstandings, but also unpredictability in terms of the working conditions of manufacturers. One such issue

is the payment of laboratory analysis costs, for which we now know the Ministry is working on a solution that should eliminate this disparity between regulation and practise. Considering that this issue impacts directly on the costs of doing business, we hope that as manufacturers we will have the opportunity to participate in the dialogue before adoption, in order for us to immediately come up with an optimal solution for all parties.

Managing food safety on the basis of risk analysis (which is currently applied only in the veterinary field) certainly remains a huge area that producers gathered in the FIC

Food & Agriculture Committee expect the Ministry to succeed in establishing in the coming period. This, along with essential amendments to the Law on Food Safety and accompanying bylaws that would harmonise the whole area with European regulations, is part of a continuous process of improving procedures, creating a predictable business environment for responsible producers and freeing up the state capacity to deal with oversight of risky producers. And all of this should lead to all of our consumers having full confidence in the whole chain that brings food to their table, foods of controlled quality, with accurate declarations and other related information important when choosing food. ■

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DR NEMANJA ALEKSIĆ

Lawyer, Aleksić and Associates Joint Law Office, Novi Sad

Ease Investors' Access To The Domestic Market

Serbia should improve the legal framework and practises, in areas such as the freedom of movement of goods, workers and capital, the right of business settlement and the freedom to provide services, and other areas where it is essential to ease access to the domestic market for investors from the EU and the whole world



IVANA MARAŠ

Lawyer, Aleksić and Associates Joint Law Office, Novi Sad

Although Serbia is marked by a constant inflow of foreign investment, a lot still needs to be done to further improve and modernise the work of domestic institutions, in order to make the investment environment more attractive, says Dr Nemanja Aleksić, considers lawyer Nemanja Aleksić, of the Aleksić and Associates Joint Law Office, Novi Sad.

► **How much has Serbia progressed in harmonising its legal framework and practise with European legislation?**

– The harmonising of Serbia's legal framework and practise with European legislation, in the sector of the economy, is primarily carried out through the process of European integration, in which Serbia has achieved significant progress. Serbia has signed the Stabilisation and Association Agreement, which came into force on 1st September 2013. Serbia has opened six of the 35 EU accession negotiation chapters, with the greatest emphasis placed on chapters 23 and 24. By the end of 2016, amendments to laws had achieved significant harmonisation of the laws of the Republic of Serbia with the laws of the European Union in the areas of company law, intellectual property rights, telecommu-

nications rights, copyright and related rights, accounting, public informing, as well as advertising and media, all of which are dealt with by the Aleksić and Associates Joint Law Office.

The European Union opened two more negotiating chapters with Serbia on 20th June 2017: Chapter 7, on intellectual property rights, and Chapter 29, on the Customs Union. Customs

procedures have already been accelerated considerably. Both areas are, on the whole, harmonised with European rules.

► **Has that also impacted on a change in the requests you receive from clients?**

– Yes, the harmonisation of the Serbian legal framework and practise with European legislation also affected a change in the structure of our clients' demands. There are increasing demands related to

foreign investment, then media rights and similar.

► **Considering your experience with clients, could you please cite a few examples of where domestic legislation and practise deviate from European and world practise, and where it would be good to improve the domestic legal framework?**

An example of where domestic legislation and practise deviate from European and world practise are the legal constraints on obtaining property rights for immovable property prescribed for foreign nationals

– An example of where domestic legislation and practise deviate from European and world practise are the legal constraints on obtaining property rights for immovable property prescribed for foreign nationals. Likewise, in the practise of local courts, deviation from European and world practise sometimes occurs, in favour of debtors and at the expense of creditors, in the form of unjustifiably drawn out proceedings or in interpretation of the norms of material rights.

We primarily see a need to further improve both the domestic legal framework and practise in the continuation and intensifying of the harmonisation of the laws of the Republic of Serbia with the laws of the European Union, through the opening of new chapters in areas such as the free movement of goods, workers and capital, the right of business residence and freedom to provide services, public procurement, competition policy, financial services, energy, taxes and financial control. In the noted areas it is essential to ease access for investors from the EU and the whole world to the domestic market and the investment of capital, including the acquisition of property rights on immovable property, primarily on agricultural land and built structures, along with the guaranteeing of the legal security of their investments and the provision of fast and effective legal protection in proceedings before domestic courts, administrative organs and other state bodies.

► To what extent can it be said today that creditors are well protected in our system?

– With amendments to procedural laws, particularly the Law on Bankruptcy, which significantly restrict the rights of persons affiliated with the bankrupt debtor (owners, founders and their dependents), with which the practise of various “friendly creditors” blocking the flow of proceedings and the settling of debts to other creditors has been prevented, and the adopting of the new Law on Execution and Provision, which extends the competence of public executors, the protection of creditors in our system has been significantly increased.

► To what extent does the arrival of large foreign companies and their business practises impact on improving and modernising the work of domestic institutions?

– Of course, the arrival of large foreign companies and their business practises has had a positive impact on improving and modernising the work of domestic institutions. Last year saw around two billion euros of foreign investments invested in Serbia. However, a lot more still needs to be done in this field to attract foreign investors, through the further improvement and modernisation of the work of domestic institutions, and that means a more efficient judiciary, the prevention of corruption

and the removal of administrative barriers to investment. Foreign investors are not yet fully equal with domestic investors in some areas, which creates problems. Testifying to positive changes in the business environment is the news that foreign companies will soon be able to participate in the Serbian defence industry by up to 49 per cent, thanks to amendments to the law prepared by the Ministry of Defence.

► How much could the organising of the environment for digital communication, primarily through e-government, contribute to simplifying procedures and obtaining documents for your clients?

– Extensive activities have been carried out in Serbia on the environment for digital communication, primarily through e-government, which has contributed significantly to simplifying procedures and accelerating the acquiring of documents for our clients, especially when it comes to obtaining “electronic” building permits, submitting tax applications and similar. Serbia had the highest e-government development index in Europe in the

2014-2015 period, according to the UN’s 2016 electronic administration survey. From 2020, the process of registering cadastral property will be fully electronic. The inclusion of the e-cadastre and e-space means that the whole process of construction, from the creation of planning documents, via the issuance of permits, to the registration of what is being constructed, is done simply, quickly and in an electronic procedure.

► In your opinion, what are the advantages of domestic law firms in representing foreign companies, compared to international law firms that also operate here?

– Foreign lawyers, or “international law firms”, are able to operate in Serbia in accordance with the conditions prescribed by the domestic Law on Advocacy, after having previously been entered in the registry of attorneys. An attorney of a foreign citizen, enrolled in register A of the registry of attorneys, is limited to providing verbal and written legal advice and opinions that relate to the application of the laws of his country of origin and international law. An attorney of a foreign citizen registered in register B of the registry of attorneys is equal to the service of a domestic lawyer, provided that in a three-year period from the date of registration they can only operate in the Republic of Serbia with a domestic lawyer. In addition to these noted administrative constraints, an additional major advantage of domestic law firms in representing foreign companies is reflected in their better familiarisation with the regulations of the Republic of Serbia, particularly the practise of domestic courts and other state bodies, with considerably lower costs of representation. ■

An advantage of domestic law firms in representing foreign companies is reflected in their better familiarisation with the regulations of the Republic of Serbia, particularly the practise of domestic courts and other state bodies

Promoting A Sustainable Business Environment For 15 Years

Since its establishment, the Foreign Investors Council has been guided by the same set of principles – consistency, transparency, equality and predictability. Today, as in the past, the FIC is an agile promoter of a predictable and clear business environment, a level playing field and sound business ethics



White Book Launch event - 2012

The Foreign Investors Council (FIC) was founded in 2002, with the idea of helping its member companies and the entire economy to grow, by assisting Serbia in developing a fully functional market economy. Fifteen years later, there are many statistics that testify to the achievements of the FIC.

The association initially consisted of 14 major foreign investors then operating in Serbia. The establishment of the organisation was supported by the OECD Investment Compact SEE. The FIC today brings together over 130 companies operating in 30 different business sectors and originating from numerous coun-

tries all around the globe. Two thirds originate from the European Union, while others come from the U.S., Russia, China, Israel, Australia and elsewhere. They actively support Serbia's economic integration into the EU and have proved to have a unique capability of being a private sector focal point in the EU integration process, given that over 75 per cent of members come from the EU, while the rest have the footprint on EU market.

Since the inception of the association, FIC members have invested more than €28.7 billion in the Serbian economy. This figure alone testifies to the fact that FIC members have a long-term

interest in Serbia and a desire to help the country flourish and increase its competitiveness. Member companies today account for 21.7% of GDP, 22.2% of Serbian exports and 18% of Serbian corporate income tax state revenue, based on 2015 data. The Council's members directly employ more than 94,000 people.

The FIC grows and expands continuously. Only in the period September 2015/ 2016 members' investments grew by €5.2 billion, while their direct share of GDP increased by 3.7% over the two-year period (2013-2015), based on further growth and the influx of new members. These numbers clearly express the FIC's desire to be Serbia's long-term partner for growth.

The FIC prides itself on being a strict guardian of the business community's interests, while at the same time being a reliable partner of the Government of Serbia and other relevant stakeholders. As such, it promotes solid business ethics and high corporate governance principles within the organisation and towards local companies, the Serbian Government and other external stakeholders.

In its everyday activities, as well as in its communication with the community, the FIC is faithful to several principles – the most important of which include consistency, transparency, equality and predictability. The FIC has a clear and transparent operational approach and prides itself on never standing behind the interests of a specific company or business group, with every initiative having to be agreed by members within relevant committees and endorsed by the Board of Directors. This means that all decisions are made from the bottom upwards. This decision-making process has to ensure that the organisation speaks with a unified voice and promotes values acceptable to all members. All member companies have equal rights and the same obligations. This equality means that existing rules apply to all equally, regardless of the size of the company. Another important principle is consistency. Over the past 15 years the FIC has remained consistent in what it is advocating.

The FIC is governed by the Assembly of the Council, the Board of Directors, the President and the Executive Director.

The Assembly gathers together all members to decide on issues of strategic relevance and determines the broad concept of the FIC's future involvement. It elects members of the Board of Directors with a two-year mandate. The Board proposes long-term plans, programmes and specific targets for FIC activities, which are approved by the Assembly. The Board additionally determines mid-term programmes and development plans, decides on the FIC's organisation of, and participation in, public events, decides on the Council's membership in other organisations, and approves the basic principles of the structure and operations of the Council's committees. The Chair of the Board of Directors acts as FIC President, which means that he/she provides general leadership of the Council and are entitled to represent it legally.

The Executive Director is appointed by the Board of Directors and is responsible for organising the day-to-day work of the Council, its bodies, committees and documentation.

FIC expertise is the result of the work of its members, who are actively engaged in one or several of the association's committees. The FIC has 10 committees at present: four sectoral

and six cross-sectoral. Among the four sectoral committees are the Food & Agriculture Committee, Leasing & Insurance Committee, Real-Estate Committee and Telecommunications & IT Committee. Among the six cross-sectoral committees are the Anti-Illicit Trade Committee, Digital & E-Commerce Committee, Human Resources Committee, Infrastructure & Industrialisation Committee, Legal Committee and Taxation Committee.

The work of the committees is indispensable, as they continuously conduct analysis of the current business climate and assess existing legislation and its implementation. Committee members participate actively in the preparation of new legislation by providing comments and proposals, as well as participating in working groups for the drafting of laws and regulations. Based



EU, Privrednik, FIC, AmCham Conference, 07.08.2013

Since the inception of the association, FIC members have invested over €28.7 billion in the domestic economy. This figure alone testifies that FIC members have a long-term interest in Serbia and a desire to help the country flourish and increase its competitiveness

on their expertise, the FIC is able to provide concrete reform proposals, to advocate for further liberalisation and the removal of excessive bureaucracy and other barriers to doing business. Thanks to such an operational structure, members companies can share best practices of FIC companies among themselves, but also with the broader business community.

The FIC presents its members' views in a systematic manner. The FIC's best-known product is the White Book. Published on an annual basis since 2003, the White Book analyses the business climate in Serbia and offers concrete recommendations for the improvement of the business environment. The book tracks regulatory developments year-on-year and covers all important segments of the regulatory framework: from the overall legal framework, corporate law, competition protection, taxes and the environment, to specific sectoral presentations. The publication is written by FIC members and includes the great involvement of the entire membership, to ensure it

truly presents the positions of the majority and is used as a platform for an active dialogue between the FIC and the Serbian Government.

The release of the latest edition is promoted every year in the fourth quarter, at a prestigious high-level event.

Another important event organised by the FIC is the Reality Check Conference. Aimed at reviewing the implementation of recommendations contained in the latest edition of the White Book, the Reality Check Conference has been held annually since 2010, usually around six months after the release of the White Book, with such a timeframe enabling reviews of reform path trends. The event's plenary session brings together the highest officials of the Serbian Government and the top man-



FIC networking koktel 2014

The FIC prides itself on being a strict guardian of the business community's interests, while at the same time being a reliable partner of the Government of Serbia and other relevant stakeholders

agement of FIC member companies. Several working sessions held in parallel enable more detailed discussion of specific business climate topics with competent representatives of the state administration. Due to elections, the Reality Check Conference hasn't been organised during the past two years.

NEW ACTIVITIES

This year has seen the FIC add two new activities. The first is the Task Force, a working group consisting of members of the Government and the FIC, established at the initiative of then prime minister and today President of Serbia, Aleksandar Vučić; the second is the FIC's "Dialogue for Change". By introducing this new form of dialogue, the FIC aims to initiate exchanges of knowledge, inspire change and reach tangible conclusions and results in joint actions taken by the Serbian Government and the FIC.

The Task Force was established on 31st January this year and is tasked with defining concrete measures to implement White

Book recommendations and monitor the implementation of those measures. More specifically, the goal of the Task Force is to improve the implementation of FIC White Book recommendations and achieve 50% progress on an annual basis, from the previous average of 35-45%.

The Task Force is led on the government side by PM Ana Brnabić, while its work is coordinated by the Office of the Deputy PM Zorana Mihajlović. It has six expert sub-groups consisting of FIC committee chairpersons and representatives of the state administration, and is dealing with FIC priorities like taxes, labour, inspections & food safety, real estate, e-commerce & e-government, bankruptcy and forex. The outcome of this work must have a positive impact on the business environment, either by making it clearer or more compact.

The FIC prepared a proposal of the work plan, concentrating on six key areas and suggesting priority activities that can be swiftly executed, mainly by the changing of ministerial opinions or government decisions. The next White Book edition, due in November this year, will track the success rate of this joint effort.

As of 2017, the Foreign Investors Council introduced the "Dialogue for Change", a new format of dialogue between the Serbian Government and the FIC, which is intended to allow more direct interaction and exchanges of views and ideas among interlocutors.

The first "Dialogue for Change", held on 7th April, was dedicated to digitisation & telecommunications, while the second, on 27th June, focused on tax regulations and their implementation. These dialogue events are intended to be held regularly throughout the year.

At the inaugural event, then Minister of Public Administration and Local Self-Government, now Prime Minister, Ana Brnabić, and State Secretary at the Ministry of Trade, Tourism, and Telecommunications, Tatjana Matić, discussed with FIC members how to advance digitisation and maximise benefits in the telecommunications domain. The main topics debated were the regulatory framework and practical barriers to boosting digitisation and advancing the telecommunications sector.

The FIC considers the First Dialogue for Change as being a success, given that an immediate positive reaction stemmed from the event – in the form of the expansion of the Action Plan with the aim of including the important segment of m-government.

The second FIC Dialogue for Change event, dedicated to tax regulations and their implementation, hosted Serbian Tax Administration Director Dragana Marković and European Commission DG TAXUD Deputy Head of Unit Reinhard Biebel as special speakers. Discussion focused on specific tax policy measures that can trigger economic growth and are fundamentally linked to predictability, modernisation and the consistent application of tax regulations.

The event resulted in the joint conclusion that the FIC and the Government need to deepen cooperation through timely expert dialogue in which the Government will convey its reform plans, while the private sector will state whether these solutions are feasible in the given timeframe and how they will impact on the operations of businesses and, ultimately, the country's GDP. ■



THE SECOND FOREIGN INVESTORS COUNCIL "DIALOGUE FOR CHANGE", DEDICATED TO TAX REGULATIONS AND THEIR IMPLEMENTATION

Belgrade, 27th June 2017 - The Foreign Investors Council held the second "Dialogue for Change" event, dedicated to tax regulations and their implementation, with the Director of the Tax Administration, Dragana Marković, and the Representative of the European Commission, Reinhard Bibel, as special guest speakers. The discussion focused on specific measures in taxation policy that can stimulate economic growth and are essentially related to predictability, streamlining and consistent implementation of tax regulations.



PRESENTATION OF NEGOTIATIONS ON CHAPTER 6 - COMPANY LAW

Belgrade, 25th April 2017 - The Foreign Investors Council and the Serbian Economy Ministry held a presentation of Negotiations on Chapter 6 – Company Law, in the Palace of Serbia. In addition to members of the Foreign Investors Council and the Economy Ministry, the presentation was also attended by the Head and members of the Serbian Negotiating Team for EU accession and representatives of several business associations - AmCham, NALED, SAM, CCIS and Privrednik – who learned more about the EU accession process and the foundations of the negotiating positions of the Republic of Serbia for Negotiations on Chapter 6 – Company Law and how it will impact on the environment in which companies operate. This occasion also saw the presenting of upcoming amendments to the Law on Companies.



THE FIRST FOREIGN INVESTORS COUNCIL "DIALOGUE FOR CHANGE", DEDICATED TO DIGITISATION & TELECOMMUNICATIONS

Belgrade, 7th April 2017 - The Foreign Investors Council held the first "Dialogue for Change" event, dedicated to digitalisation and telecommunications issues, at Belgrade's Hotel Metropol Palace. Together with Prime Minister Ana Brnabić and State Secretary Tatjana Matić, the members of the Council discussed how to promote digitisation and strengthen the area of telecommunications.



FIC NETWORKING COCKTAIL FOR MEMBERS (FEBRUARY 2014)

An FIC Networking Cocktail Reception, held on 26th February at Square Nine Hotel, attracted large numbers of representatives of member companies and potential members. The event brought together around 150 mostly top management representatives of FIC member companies and a selection of potential members who enjoyed a pleasant atmosphere that provided good networking opportunities.



CONFERENCE: SERBIA TURNS TO ECONOMY – RESPONSIBLY TOGETHER OUT OF THE CRISIS

Belgrade, 8th July, 2013 – At the “Serbia Turns to Economy – Responsibly Together Out of the Crisis” conference, organised jointly by the EU Delegation to Serbia, the “Privrednik” Serbian Business Club, the Foreign Investors Council (FIC) and the American Chamber of Commerce in Serbia (AmCham), representatives of the Government of the Republic of Serbia, conference organisers and staff of the IMF and World Bank Offices in Serbia discussed specific steps necessary to overcome the economic crisis and improve the business climate in the country.

FOREIGN INVESTORS COUNCIL MARKS 10TH ANNIVERSARY AND PRESENTS 2012 WHITE BOOK

Belgrade, 16th October, 2012 – The Foreign Investors Council presented the 2012 FIC White Book to Prime Minister Ivica Dačić and top representatives of the Government of Serbia. This year’s edition of the White Book, published in the year in which the Council marks its tenth anniversary, is the basis for the continuation of the dialogue between the representatives of foreign investors and the Government of Serbia on ways to improve the business climate in Serbia.



FIC REALITY CHECK CONFERENCE (JULY 2012)

The Foreign Investors Council organised its "Reality Check Conference", hosting Serbian Prime Minister Mirko Cvetković and other state representatives Belgrade's Hyatt Regency Hotel on 9th July 2012. The conference was organised with the aim of contributing to raising Serbia's competitiveness as an investment location, through an open dialogue on key issues that hinder business conditions in Serbia



FIC ROUNDTABLE ON COMPANY LAW (APRIL 2012)

The FIC organised its Roundtable on Company Law on 18th April 2012 at Belgrade's Sava Centre, with the intention of openly discussing issues pertaining to the application of this law. Representatives of all relevant institutions involved in its implementation accepted the FIC's invitation to participate, and the attendance of member companies was also high, with around 80 participants from 40 member companies. The intention of the FIC was to engage in an open discussion and to receive clarification on the most important issues implied by the new law itself.



We're Growing Together With The Economy



DEJAN VUKOTIĆ

CEO of the Serbian Export Credit and Insurance Agency - AOFI

AOFI is growing and developing year on year, and export turnover in 2016 was 10 per cent higher than in the previous year

The Serbian Export Credit and Insurance Agency (AOFI) is the only export credit agency in the region that did not experience a drop in insured traffic with the entry of competition, but rather, on the contrary, actually grew. Here we discuss this agency's plans with its CEO, Dejan Vukotić.

► **Serbia achieved a record in the placement of goods abroad in 2016 – up 11 per cent on the previous year. How much does the insurance of export keep pace with its growth?**

– The activities, and thus the results, of the AOFI in 2016 followed the mentioned export growth. The Agency, like the Serbian economy in 2016, achieved a record result, which is largely as a consequence of an increase in the activity of the insurance sector. The AOFI is growing and developing year on year, and export turnover in 2016 was 10 per cent higher than in the previous year.

► **Are local business leaders aware that it pays off much more for them to insure their export claims than to be paid in advance for goods and services abroad? And how much is being done to familiarise them with this possibility?**

– The largest users of export insurance continue to be multinationals, but it is evident that an

increasing number of “domestic” companies are recognising the importance of insuring export claims and deferred payment terms as one way of gaining a competitive edge. Among other things, through its activities within the framework of the ‘Year’ and now the “Decade of Entrepreneurship”, the AOFI is doing everything it can to bring its services – including the insurance of export receivables – closer to the Serbian economy, and particularly to small and medium-sized enterprises, which can face

continuous support to entrepreneurs and SMEs, with the aim of enabling them to exploit their full potential for economic development. For export-orientated companies from this segment, the AOFI allocated support of 4.12 billion dinars for 2017, in the form of loans, guarantees and factoring for export operations. This project influenced a change in the structure of the portfolio of users of our services, because in 2016 the number of entrepreneurs and SMEs that used the Agency's financing services increased by over 15 per cent, and we plan to continue this trend in the future.

Thanks to the government's “Decade of Entrepreneurship” project, there are ever more users of the AOFI's services from the SME sector

“serious” liquidity problems due to the failure of their foreign customers to pay.

► **The government declared both last year and this as years of entrepreneurship. In this context, how much have the AOFI's activities increased and has the structure of the companies interested in the Agency's services changed and, if so, to what extent?**

– The “Year of Entrepreneurship” project has grown into the “Decade of Entrepreneurship” project in 2017, because the Government of the Republic of Serbia has recognised the importance of this segment of the economy as an engine of growth and development and, as such, intends to use this project to provide

► **Apart for export insurance and crediting services, how much do domestic companies take advantage of the AOFI's other services, primarily the**

purchase of receivables, which is a relatively new innovation on the Serbian market?

– Although this financial instrument represents a relative novelty on the financial market of the Republic of Serbia, there are increasing numbers of financial institutions, be they banks or factoring companies, which provide this service to their clients. Due to its mission that is reflected in the support of exports, the AOFI has directed its business towards international factoring, and in 2016, despite increasing competition, it was Serbia's leading financial institution in terms of international factoring. The share of SMEs in our portfolio grew by more than 25 per cent year-on-year in 2016. ■

Education Is Key To An Attractive Workforce



DEJAN JEČMENICA

president of the FIC Human Resources Committee (Wiener Städtische osiguranje (Insurance) a.d. Belgrade)

Employers in Serbia face a lack of skilled labour at the level of secondary education, which has a negative influence on the attracting of foreign investment. In our opinion, a special systemic law or other general act is required to regulate all aspects of the system of dual secondary vocational education

Pupils in Serbia usually complete secondary (vocational) schools without any kind of practical experience, which leads to problems in their employment. Regardless of the Serbian Government's initiative to implement the dual education system in Serbia, numerous issues related to the realisation of this education model still exist. The first Draft Law came up against significant criticism during the public debate in June 2017, in particular regarding the large number of pupils' working hours during the day and week, the level of compensation paid to pupils for productive work, the lack of regulations that more precisely define the rights of pupils and similar. It only represents the first step in the process of legally regulating the dual education system in Serbia, and in our opinion a special systemic law or other general act is required to regulate all aspects of the system of dual secondary vocational education.

The availability and quality of our workforce is extremely important for attracting foreign investment. Ensuring a high quality and adequate workforce is one of the major challenges today. Our market possesses a good quality workforce and investors recognise that. When we talk about the brain drain and the role foreign investors play in reducing the pace at

which expert people leave the country, we must say that wars, international isolation, economic crises and social tremors in Serbia over previous years caused a great wave of outward migration among people with high qualifications and exceptional abilities. There is still a significant percentage of highly skilled workers in the total number of migrants, right at this time when those people with specific knowhow and skills are most needed by a society that's going through a difficult period of transition.

The arrival of foreign investors enabled people with high qualifications and potential to recognise their place to work in Serbia. In

The arrival of foreign investors enabled people with high qualifications and potential to recognise their place to work in Serbia

this way they are able to develop professionally in our country.

When it comes to the remaining issues to be addressed with regard to regulating the labour market, we emphasise the importance of education for acquiring knowledge that would contribute to the development of the workforce's ability to participate actively in the creation of social well-being. In that way, every young person gains the opportunity to utilise their potential.

It is necessary for higher education institutions to have the main role in the development of knowledge. Young people need to be trained in order to be ready to enter the labour market, but also to create opportunities for them to educate themselves throughout their lifetime and working life. It is only through personal development that they can adapt to changing professional circumstances and respond to all of their challenges. It is necessary to work on improving the quality of education in order to ensure that young people acquire the appropriate skills that will enable them to become well-informed, active and responsible citizens, and to ensure their social inclusion and readiness for professional life.

The quality of higher education institutions should satisfy the generally accepted standards regulated by the Law on Higher Education. One of the most important issues relates to the available potential of higher education institutions

for the development of competencies that are relevant to the needs of the labour market and the inclusion of the workforce in work processes. Bearing this in mind, higher education institutions should be aware of what is needed in terms of knowhow and skills for successful entry into the labour market and better employment of their graduates. In order to have high quality personnel, this implies paying special attention to all levels of education - from primary school to university. ■

Better Applying Of Law Required



VLATKO SEKULOVIĆ

Sekulović Law Office



A better credit rating of the surrounding countries and the delay in joining the World Trade Organisation represent obstacles to a more dynamic inflow of foreign investment in Serbia. The applying of laws and bylaws should be improved

We spoke with Vlatko Sekulović, from the Sekulović Law Office, about changes in the legal framework and practices that would contribute to a better organising of the business environment in Serbia.

► **Which issues do foreign investors consider as particularly troublesome when they consider Serbia as an investment destination?**

– I believe that the main obstacle to higher foreign investment inflows is primarily the country's credit rating, i.e. the assessment of risk related to investment in Serbia. We have witnessed the credit rating improving year-on-year, and at the beginning of this year Serbia moved from category 6 to category 5 according to OECD classification. However, as an investment destination, Serbia is in competition with countries like Bulgaria and Romania, which are in category 3 in terms of risk assessment, which handicaps Serbia in advance as a destination compared with its main competitors, without even mentioning Slovakia or Hungary, which are beyond these categories.

It is also essential to continue integrating into the international legal framework that regulates foreign trade, and the main goal of this, which has remained unrealised for more than 10 years already, is joining the World Trade

Organisation. Our country's inclusion in this organisation would further enhance its legal credibility and security, and would also provide additional mechanisms to settle trade disputes.

Alongside these general comments, it is essential to do more to remove and harmonise certain provisions of the Companies Act, such as, for example, regulations relating to the reduction of the capital of companies, extending the freedom to make contractual agreements between parties in cases of special duties be-

– In terms of good legislative practice in the economic domain, it is certainly worth highlighting the 2014 Law on Planning and Construction, as well as the Ordinance on the implementation of unified procedures electronically. The particular significance to the progress achieved with these acts is the fact that there is no common legal framework at the EU level that regulates this area, rather it is left entirely, with the exception of the part related to standards, down to the will of individual members. In this sense, the established legal mechanism represents the best practice of the Serbian legislature without the mechanistic applying of good, tried and tested, solutions in the EU, which is the case in the greatest number of acts that are adopted, and thus represents a kind of "domestic common sense" in the field of rights.

The 2014 Law on Planning and Construction, as well as the Ordinance on the implementation of unified procedures electronically, represent examples of the best practice of the Serbian legislature

tween company members or shareholders, or the introduction of new forms of organisation, such as economic interest groups. A special problem is represented by bylaws, many of which have not changed for decades, thus it is necessary to harmonise these documents with real life, and not just EU rules.

► **Which moves of the legislature would you single out as good examples and what do they say about the ability of the domestic legislative system to adapt to modern working standards?**

► **Today, when domestic legislation is largely formally harmonised with EU standards, what are the key challenges in the functioning of the legal framework?**

– It is primarily necessary to point out that Serbia's legal system is not yet fully harmonised with the norms that apply within the framework of the European Union and that it is essential to further harmonise in the process of joining this community. However, the main problem is still the application of laws and bylaws on the part of state bodies, both executive and judicial, along with bureaucracy that burdens companies' operations. ■

Ambitious Goals Of New Committee



ĐORĐE POPOVIĆ

President of the FIC Infrastructure and Industrialisation Committee
(Petričić and Partneri a.o.d., in cooperation with CMS Reich-Rohrwig Hainz)

The committee will be focused on improving the legislative framework and practise in the field of cooperation between the public and private sectors, in construction, energy and transport, and enabling start-up entrepreneurship's further development

It is exceptionally satisfying to me that the need has been recognised, in the work of the Foreign Investors Council, to establish a new Committee for Infrastructure and Industrialisation. This youngest committee started working in March 2017 and its members come from very different sectors of the economy, from companies whose primary activity is producing the infrastructure and energy resources that are of great importance for the economy of Serbia, through banks and international organisations, to a wide range of consulting companies with the highest profile on the market.

Considering the importance of developing infrastructure and industrialisation for Serbia's overall further development and, in particular, its economy, the basic primary goals of the Committee are certainly first to determine the basic directions and areas of the work of the Committee and its members, in order to ensure consistency and the sufficiently comprehensive and concrete direction of action. The basic goals and working directions of the Committee recognise the need to further improve the legislative framework and the actual practise of applying regulations in the field of public and private sector cooperation, the construction

sector, the energy sector (including, in particular, the area of renewable energy and energy efficiency, but also monitoring progress in the area of conventional energy sources), the transport sector, and enabling the further development of start-up entrepreneurship, new business models, and their financing.

In accordance with that, the Committee identified specific priorities and an appropriate timeframe. For example, recognised as one of the most immediate goals in the

The diversity of the members of the Committee will contribute to achieving its basic goal – and that is to give a tangible and measurable contribution to further improving Serbia's infrastructure and industrialisation sector

construction field is the need to further relax statutory requirements for acquiring construction licenses and effective recognition of foreign engineering licenses; in the field of transport, the need for a more efficient registration system for electric vehicles; in the field of renewable energy sources, the need to improve practises in relation to specific

issues (such as factual indexing of incentive prices and efforts to make the opinions of the relevant ministry legally binding), and so on.

The specific expertise and enormous experience of the Committee members themselves in these areas will be crucial for the success of achieving the adopted goals. In this regard, it is an encouraging fact that the members of the Committee come from very different areas of the economy, and as such I am sure that the defined issues will be adequately analysed and solutions will be formulated in an equally comprehensive and efficient way. The idea is certainly to divide specific tasks among the members themselves, according to the sectors they hail from, with the coordination of the Committee president and vice president and the Foreign Investors Council itself. Moreover, it is of great importance for the Committee to cooperate with other committees within the FIC, which have related areas

of work – for example, with the Tax Committee and the Real-Estate Committee.

I am confident that the Infrastructure and Industrialisation Committee will soon achieve measurable results in these important areas. Until then, we will be pleased for new members to join our Committee and work together to achieve these important goals. ■



How To Achieve A Clean, Safe And Healthy Environment In Serbia

IVAN LAZAREVIĆ

Company Manager at Ecolab,
District Manager Food and Beverage Industry at Ecolab

As a global company, Ecolab cooperates with most corporate names globally and in the region. But from the very beginning, Ecolab in Serbia has established and nurtured cooperation with domestic companies

ECOLAB emerged from a company that was called “Economics Laboratory”, which was established 123 years ago in the United States, while it has been present in Europe for the last 60 years with its business philosophy. At its basis is the term “economical”, through helping partners to reduce the time required, work levels and reducing production costs by applying its advanced concepts.

The volume of operations in Europe has expanded drastically, such that today production takes place in 23 factories that produce over 6,000 products. ECOLAB today employs around 10,000 associates in Europe across 35 countries that relay Ecolab’s mission to make the world a cleaner, safer and healthier place to live, protecting people and vital resources.

Our products help partners in Europe – to mention just a few: Heineken, Carlsberg and ArcelorMittal – to achieve very challenging sustainable goals and to fulfil the demands of European consumers for products made in a safe way.

► **How did Ecolab, which is a global leader in water treatment and professional hygiene, recognise the benefits of working on this market?**

– When the Ecolab office was established in Serbia as a full member of the Ecolab family 15 years ago, the legal and business environment did not provide the opportunity for the rapid

development of the company and the introduction of advanced concepts on the domestic and regional markets. That’s why I honestly believe that the act of establishment was more “an act of faith” in the Ecolab team that would work in Serbia and in the relationship that it would build with partners.

Today we have a domestic company with over 30 employees, which provide support and comprehensive expertise, not only for local and regional clients, but also for Ecolab’s global operations. I’m sure no one expected us to achieve this level of success.

As we see it – Ecolab is everywhere that it matters; because what we do and the way we do it is important everywhere!

I firmly believe that my colleagues, along with our partners in the fields of food and beverages, mining and energy, hotel and catering, the textiles industry, the healthcare and pharmaceutical industries, and water treatment, will continue to promote concepts of “safe” food, ensuring a clean living environment, reducing consumption of water and energy, and thus achieving the desired business results and a safe living environment for all of us.

► **Who are your most important clients?**

– If you allow me two examples – the Ecolab team from Serbia, along with the Belgrade

office of the United Nations Industrial Development Organisation (UNIDO) and company Knjaz Miloš, participated in two competitions with the global participation of very important names from modern industry, under the auspices of UNIDO. In both cases we received a prize (first and second respectively). We presented projects that we implemented in Knjaz Miloš, and that are today carried out successfully in the field of water management and the concept of chemical leasing.

► **How would you assess conditions for doing business in Serbia and do you see room for further institutional advancement?**

– The Serbian market has evolved considerably. Global trends are present in the everyday business environment and in life, and the biggest challenges are adopting them in a meaningful and beneficial way. On the other hand, we are witnessing the process of legal harmonisation between Serbia and the EU, and we are pleased that we participated in this through FIC activities (we have written chapters for the “White Book” several times) and through the KOZMODET Association. What we see as a necessity for Serbia is to develop an efficient way of storing and managing waste, for example, the construction of wastewater plants in each town, for the benefit of environment and nature. ■

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New Legal Solutions To Better Regulating Of The Market



DUŠAN LALIĆ

president of the FIC Leasing and Insurance Committee
(Generali Osiguranje Srbija a.d.o.)

We propose that the new Law on Leasing regulate operating leasing and that the matter of insurance contracts be separated from the regulations of the Civil Code and separately and comprehensively regulated by a special Law on Insurance Contracts, as has been done in many EU countries

In last year and the first half of this year we have noted a trend of growth in the value of leasing contracts, which is a consequence of the growth of business activity in Serbia and the fact that small and medium-sized enterprises have recognised leasing as an adequate financing method for establishing or developing operations.

In the area of financial leasing, we consider it most important to adopt a new law on leasing that would regulate operating leasing, or enable financial leasing providers to also offer operating leasing services. The expansion of the jurisdiction of the National Bank of Serbia to this type of lease would lead to the inclusion of another part of financial flows in the supervision and control of the NBS, which would lead to even greater security of the financial system. The NBS has long considered the emergence of operating lease as being a consequence of strict restrictions on financial leasing (primarily for private individuals). Operating leasing should be defined as leasing in which all risks and benefits are not transferred to the client. The new law would also regulate other legal uncertainties and shortcomings that have arisen in practise.

Likewise, there is a need when forming economic incentive programmes (for industry, agriculture etc.) and drafting a law and

bylaws that regulate that matter for it to be confirmed that incentives can be implemented with support via financing, which implies, apart from bank loans, other forms of financing such as financial leasing.

Finally, we propose that the procedure for registering a lease contract be promoted by the Agency for Economic Registers, i.e. for the whole process to be digitised.

When it comes to the main regulatory challenges facing the insurance domain, we are primarily referring to the issue of adopting a special law on insurance contracts. It is recommended that the matter of the insur-

We propose the digitising of the entire process to improve the procedure for registering leasing contracts with the Agency for Economic Registers

ance contract be set apart from regulations of the Civil Code and be separately and comprehensively regulated by a special law on insurance contracts. We cite the following reasons for this: it is essential for the current regulation to be harmonised with altered living conditions and international practise. The insurance market has changed a lot in

the last 40 years and led to changes in regulations around the world.

With this in mind, many European countries have adopted a special law on insurance contracts (such a law exists in Germany, France, the UK, Spain, Portugal, Luxembourg, Sweden, Belgium and numerous other developed countries), and Serbia should follow these positive experiences and adhere to European standards. In that way we would be the first country in the region to follow the example of developed European countries in this area.

There is also room to improve market conditions in this sector. The new Law on

Insurance enabled investments in the investment units of investment funds, but the Decision on investing funds in insurance stipulates that up to 25% of technical reserves arising from this type of product may be invested in an investment unit of a single fund. There are only a few investment funds on the Serbian market, which further discour-

ages this kind of investment. Furthermore, the same Law stipulates that insurance funds invested abroad cannot exceed 25% of the basic capital, which also limits investment opportunities on the basis of this potential development of new products. Improvement would come if the NBS considered the possibility of liberalising investments abroad. ■

We Fight For Our Views With The Power Of Argument



MIHAJLO ŽIVKOVIĆ

president of the FIC Legal Committee (Societe Generale Banka Srbija)

Pokrenuli smo niz inicijativa, a najveća očekivanja imamo kada su u pitanju propisi koji regulišu devizno poslovanje i stečaj. Nastojimo da snagom argumenata utičemo da predlozi SSI budu razmatrani i prihvaćeni

The Legal Committee of the Foreign Investors Council has been active since the FIC's establishment in 2002 and brings together more than 50 per cent of FIC members. It has great significance precisely because of the scope of topics it deals with. First of all, it addresses virtually all important issues that comprise the legal framework for doing business in the Republic of Serbia. On the other hand, frequent changes to laws, and in particular laws that many companies consider as being systemic laws for their operations, give the Legal Committee – which is in charge of monitoring such changes and proposing amendments to regulations in the interests of members – a specific character of being constantly current. Considering the wide range of legal issues that the Legal Committee deals with, the largest number of topics in the creation of the White Book actually come under the jurisdiction of the Legal Committee.

The Legal Committee is involved in the work of subgroup 6 of the Working Group of the Government and the Council, which relate to the area of bankruptcy and foreign exchange operations. To this end, the Law on Foreign Exchange Operations and the Bankruptcy Act are topics that the Legal Committee has dealt with constant in previous years, providing proposals to amend

these laws. At the moment of writing this article, the Government has adopted the Draft amendments to the Bankruptcy Act and their adoption in the National Assembly is expected.

When it comes to strengthening the rule of law, a positive shift has certainly come in recent years regarding the way laws are adopted. What used to be the rule of adopting laws without public debate, sometimes even without serious expert discussion, is now a rarity and an exception. All changes to more important laws are as a rule preceded by a broad public debate in which the views of the business community, and in particular the Foreign Investors Council,

Organising broad public debates prior to adopting or amending regulations and consulting the business community represents the greatest progress in the process of strengthening legal security

have a certain weight and significance, which makes the process of adopting or amending regulations more transparent, and the regulation itself is a product of dialogue between the legislator and the business community. It seems that this the greatest progress in terms of the process of strengthening legal security, and it is subsequently also transposed onto the amendment or adoption of specific regulations that regulate the operations of foreign investors.

The key priorities of the Legal Committee in the coming period will be amendments to the Civil Procedure Act, the Law on Foreign Exchange Operations, the Law on Investment Funds, the Law on Business Companies, the adoption of the Act on Alternative Investment Funds and the adoption of the new Law on Personal Data Protection. Working groups have been formed for many of these legislative changes or novelties, and representatives of the Legal Committee have already had the opportunity, or will have the opportunity, to present and represent the FIC's stances, attempting, as it is understood, to use the power of arguments to impact on the Council's proposals finally being included in the law. Likewise, the Legal Committee initiated a proposal that the Council sent to the Serbian Ministry of Justice requesting an authentic interpretation of Article 48 of the Law on Execution and Enforcement, the interpretation of which by courts causes significant problems for member companies in practise. At the moment of writing this article, the Ministry of Justice has submitted a request to the National Assembly that is in accordance with our proposals and we have high expectations regarding the positive outcome of this initiative. The Legal Committee also initiated the adoption of the Position Paper of the Council regarding loans indexed in Swiss francs, held a meeting with the Serbian Minister of Justice and expects a positive resolving of this problem. ■

Improvement Of Laws And Practises Required



IVAN GAZDIĆ

president of the FIC Real-Estate Committee (Bojović & Partners a.o.d. Beograd)

The Real-Estate Committee will continue to deal with the reform of the cadastre and its digitisation, because in the application of the law there are still many open issues and uneven practises. A shift is also required in the area of conversions

According to the statistics of the World Bank, Serbia has advanced markedly on the ranking list for issuing construction permits, such that it has advanced from 152nd place to 36th, according to the report for 2017.

We are all very familiar with the fact that progress on this list is certainly down to the so-called unified procedure for obtaining construction and usage permits, which was introduced with the amendments to the Law on Planning and Construction, while last year also saw the start of the issuing of electronic building permits via the introduction of a functional system for issuing E-permits.

Judging by official statistical data, an undisputed increase has been noticed in the number of issued building permits since the introduction of the unified procedure. However, investors still evaluate that communication with the bodies responsible for issuing acts in the unified procedure should be improved.

When it comes to construction land, problems related to the conversion of usage rights to ownership rights have unfortunately remained the same as last year. A large number of conversion processes have been halted, the main reason for

which is still the disputed provisions of the law regulating conversion for a fee, which envisage that the conversion process must be halted until the restitution procedure is completed with regard to the property in question, even in cases where returning the property to its natural form is not legally possible.

One of the most relevant topics in the sphere of interest of the Real-Estate Committee is the reform of the cadastre and its digitisation.

Between the Committee and representatives of relevant state bodies, primarily the relevant ministry and the Republic Geodetic Institute, significant progress has been achieved in dialogue that should continue and strengthen in the period ahead

Even after the most recent amendments to the Law on State Survey and Cadastre, which came into force just over a year ago and which aimed at speeding up the process of registering property in the cadastre, there are unfortunately still many open issues in the application of the Law and uneven practises in dealing with various real estate cadastre services.

The Draft law on cadastre registration, which is being developed by the Ministry of Construction, Transportation and Infrastructure, was recently presented to the expert public, and we also had the opportunity to participate in the public debate and communicate directly with the ministry. This law should introduce significant novelties, primarily in the method of filing requests and submitting records to the cadastre, the relationship between the cadastre and other state bodies and holders

of public authority, as well as in the deadlines for treatment. The ideas of those tasked with drafting the law include the additional speeding up of procedures before the cadastre, the introduction of obligatory notaries, courts, public enforcement officers and other state bodies to have the official duty to electronically submit their decisions to the cadastre within short deadlines, the gradual transition from written cadastre operations

to electronic (which is a very revolutionary undertaking), as well as more detailed ordering of actual procedures before the cadastre.

The Real-Estate Committee will continue to monitor the regulatory activities of state bodies and provide proposals to improve regulations in the fields of construction and real estate. ■

Through Dialogue To Better Tax Policies



DRAGAN DRAČA

president of the FIC Taxation Committee
(PricewaterhouseCoopers d.o.o)

The lack of transparency and public debate in the domain of changes to tax regulations marked both the current year and previous ones. More transparency and dialogue are needed in order to reach good solutions

In the area of tax, relatively modest progress was achieved in the previous period. The two most significant positive changes are the relocating of second instance procedures on appeals to tax decisions in the Ministry of Finance and harmonisation of the Law on Value Added Tax with EU regulations in the domain of rules on the place of service exchanges with the EU model and the registration of foreigners for VAT. However, the majority of difficulties and problems that the business community faces and which have been highlighted for years in the White Book of the Foreign Investors Council remain unresolved.

Tax regulations are usually changed without the business community and the general public being able to have timely insight into the planned changes and the opportunity to point out potential problems and provide constructive suggestions. The application of the Guidelines on obligatory VAT records, published in the second half of 2016 with the intention of being applied as of 1st January 2017, was soon postponed for a year due to the fact that it turned that it imposed significant demands on the economy in terms of adapting the information systems and the resources needed for maintaining such records. Also, the tax on deductions on services, which has been applied since March 2016, has led to additional administrative costs for many compa-

nies due to the obligation to submit individual tax returns for each transaction. These kinds of situations and problems could be avoided through timely and constructive dialogue between the Ministry of Finance and the business community.

The business community still faces the problem of the uneven interpretation and application of regulations between the branches of the Tax Administration, despite the intro-

ingly represented in modern companies are placed in, and the dynamics of the depreciation of assets are often in contradiction of their economic longevity and usefulness (e.g. wind turbine pylons and equipment installed on them - generators, rotors; oil wells, hotels) or the nature of business activities (concessions and public-private partnerships).

The large number of parafiscal charges increase the effective burden on the economy under conditions that are often non-transparent and unjustified. An additional problem is also presented by the fact that this area is not regulated in a unified way, but rather provisions are dispersed through a large number of regulations that regulate different legal areas.

We believe that strengthening the Tax Administration and the Ministry of Finance in terms of numbers, the qualification structure, professional training

and the capabilities of employees, information systems and other resources is of great importance to solving existing problems and improving the tax system and practises. It is also necessary to unburden the Tax Administration of other jurisdictions (exchange transactions, foreign exchange operations etc.), which do not fall under the category of its core activity. In this sense, it is important to successfully realise the plan and complete the process of transforming the Tax Administration, which is underway. ■

Taxes are among the most important topics that will be addressed in the period ahead by the newly formed Working Group of the Government of the Republic of Serbia and the Foreign Investors Council

duction of obligations towards acts and the opinion of the Ministry of Finance regarding the approach of the Tax Administration.

Ever increasing importance is also given to the issue of reforming existing rules on the calculation of tax depreciations that have not changed substantially since their introduction in 2004. Their application in contemporary business conditions results in many difficulties and ambiguities. It is unclear which tax groups certain specific assets that are increas-

Potential Of Industry Yet To Be Exploited



MARKO JOVIĆ

president of the FIC Telecommunications and IT Committee (Vip Mobile d.o.o.)

Operators have invested significant resources to buy frequencies and further develop networks. In order to feel the full significance of these investments, it is also necessary for them to be followed by a regulatory framework

The Law on Electronic Communications (LEC) is the basic act upon which the sector's work is based, but also the document that should enable the improvement of services and the development of new ones. We have seen how regulation can have a positive impact with the example of the digitisation of the TV spectrum and the allocation of digital dividends for the needs of mobile telephony. Operators have invested significant resources to purchase frequencies and further develop networks. In order to feel the full significance of these investments, it is also necessary for them to be followed by a regulatory framework. That should be done by the LEC, ensuring the further advancement of the sector and the development of new services. The envisaged Draft LEC has positive tendencies, primarily in the fact that it recognises "cloud computing" and envisages the possibility of cross-border transfers of data that are treated as personal data. However, there are solutions that we are not satisfied with. The LEC envisages the obligatory registration of a pre-paid user, but does not envisage acceptable and viable comprehensive solutions that will not jeopardise the operations of the operator. The Draft Law also envisages modified funding for the agency, which will further overburden operators, as the agency will not have resources for financing projects or unforeseen costs.

The Law on Electronic Operations is also an essential step for the further development of digital services. At the moment of writing this article the Government has adopted the Draft Law and we welcome the earliest possible adoption of this law and faster work on bylaws, and invite the Ministry to include us in the work of compiling the necessary guidelines, in order to gain functional and implementable regulations! As I highlighted, the current regulation does not fully support the application of new services and does not support the general trend of digitisation. Many innovative services

the 4G signal and has smart phones. They are a great platform on which a wide range of actions and communication between citizens and administrations can be carried out. This is certainly a faster, more efficient and more convenient way. Why wait in line when you can order and pay for everything via a mobile phone? It is essential for the country to invest further in the development of portals and software, but also in the education of the population. This is an important segment. We need to simplify the issue of user authentication and the payment of services via mobile platforms. If the user submits

a request electronically and then has to go to the bank, pay the bill, scan the payment receipt and send it, then we are still only halfway there and a long way from the actual goal – a digital society.

In order to be closer to EU standards, we still have a lot of work to do both on regulations and the application of regulations. Here the market economy still

doesn't rule in the field of electronic communications and the telecommunications sector. It is essential to work on strengthening competition and regulating this area, as well as strengthening the capacity of the state administration that should regulate the market. We need the further development of infrastructure and access to this infrastructure, full implementation of electronic operations, the digital signature, establishing a complete digital environment in practice too. I hope we will not miss this opportunity for Serbia to become the leader in the region and one of Europe's leading digital states. ■

Serbia has a great opportunity to skip a few steps and immediately stand shoulder-to-shoulder with the most developed EU countries in the domain of e-government and m-government

are located on "the cloud" and their servers are located beyond the territory of Serbia. It is essential to clearly envisage the possibility of offering these services, which are enabled by partners. It is not realistic to expect every service to be provided locally.

When it comes to e-government and m-government, Serbia has a great opportunity to skip a few steps and immediately stand shoulder-to-shoulder with the most developed EU countries. We already possess the most important infrastructure, primarily for m-government. A large percentage of Serbia's population is covered by

Office With Doors Always Open

In the Executive Office of the Foreign Investors Council just six employees work vigilantly to ensure that the views of more than 130 companies are always harmonised and in the service of the association's key mission – to advance the business climate in Serbia



Ana Firtel



Milica Đorđević



Jelena Lazarević

What is your first association with the Foreign Investors Council? Perhaps, the White Book, which has been eagerly awaited once a year by governments, institutions and the media for over a decade. Perhaps membership that includes more than 130 companies, employing almost 100,000 workers in Serbia?

Managing conflicting stances of various industries and market competitors in a democratic and transparent atmosphere, writing the White Book and handling the public appearances of representatives of this large business association are the concerns of the Executive Office of the Foreign Investors Council.

Located in Gospodar Jevremova Street, on the stretch between Francuska and Kapetan Mišina streets, in the very centre of Belgrade, six people represent the support team for all activities of the Foreign Investors Council (FIC). They take

care to ensure that the decision-making process of business giants, who don't always have easily reconcilable interests, is transparent and efficient; they strive to ensure the work of the Council's ten committees is well-organised and technically supported; they coordinate work on the writing of the White Book; they are responsible for organising conferences, cocktail receptions and meetings, as well as many other things that give this organisation vitality and the capability to be relevant to both members and the wider community.

In a space filled with natural light and nurtured dracaena house plants, Milica, Jelena, Srđan, Duška and Bogdan work. Responsible for all of them is Ana Firtel, executive director.

The first "sign" of the team spirit here is the doors of all offices being wide open, such that the clatter and patter of fingers on keyboards can be heard in every corner of the space.

The main task of the Executive Office of the Foreign Inve-

stors Council is to respond to member's inquiries and organise a dialogue between members on a daily basis, which implies scheduling meetings, working committees, compiling the minutes of meetings and forwarding them, preparing the White Book, but also some other projects and initiatives, explains Executive Director Firtel, who has been running the Executive Office for ten years.

The executive office is simultaneously the hub for the Foreign Investors Council to lead communications with external actors, i.e. with the government, various public policy holders and other stakeholders with which the FIC exchanges stances and cooperates. Moreover, the Office is also tasked with relaying to external stakeholders how FIC members see the local business climate, what they consider the greatest advantages and challenges to doing business in Serbia, and how the Council thinks these challenges can be overcome. "Those are the two sides of our business," says Firtel.

Asked about the executive director's role in relaying FIC policies to other actors in society, Firtel says that her role is primarily to relay what has been agreed upon by the Foreign Investors Council through a clearly elaborated and transparent decision-making structure. "Decisions are made by members at the level of working committees, and adopted by the Board of Directors, so with us the director really has the role of executing decisions made by the members. This is something we are proud of, because we are an organisation in which decisions and appropriate attitudes really come from the bottom up," says Firtel.

The Executive Director and the Executive Office are responsible for organising dialogue with stakeholders, whether they are government representatives or other important decision-makers. "In those meetings there is always someone from the executive office present. The reason for this is that no member of the Foreign Investors Council talks with the state in order to present their own opinions," says Firtel. "What is discussed is important for all members and should be relayed to other members. That's why the executive office is always engaged, to ensure that this information is always transmitted to all FIC members in a timely manner, and to ensure that whenever talks are held with someone, the same is always said, which we, as the FIC, guarantee."

The Council strives to engage its members in dialogue with all relevant interlocutors, primarily the committee chairpersons, who are extremely competent in the topic with which they are dealing. However, between this kind of commitment and the need not to overburden members with excessive obligations, priorities are always carefully selected. Given that it is necessary to present the position of the Foreign Investors Council systematically and concisely at a large number of meetings, that job is entrusted to the executive director. "My task is to relay, in a condensed version, the key stances of the

FIC on various issues," says Firtel, who relies on all of her team members in her work.

Milica Đorđević has been communications officer for nine years. As a graduate of psychology at the Faculty of Philosophy, it is not unusual that she is particularly proud of the fact that the Council and its support Office "easily adapt to change, do so on the move and through constant analysis and decision-making on current topics, but also by improving the actual organisational structure."

Milica also takes care of both external and internal communication. It's not easy to define what is more challenging, considering, as she says, that the public in Serbia monitors with undiminished attention what this business association, which has grown ever larger and more credible year on year, has to say on some issues. Even "internally" it is no less simple, with the base of members numbering more than 1,500 people.

"Our communication with the public is based on three principles: equity, transparency and predictability," Milica explains. She particularly emphasises transparency in the office's work. "It is very important for us to be open to both

members and the public, especially on occasions when we are communicating stances, which are previously considered and analysed, on topics that are of interest to both the Council and the public in Serbia, such as some legal solutions or decisions in the context of the business climate."

"We live in the digital age, and the speed of communication can no longer be measured by conventional methods. That's why within the

The task of the Office is to enable constant effective communication between the members and the work of the committees, and to relay to the public the FIC's stances on the business climate, the advantages and challenges of doing business in Serbia, and the Council's proposals for its improvement

Council, and bear in mind that this is about people who take care of tens of thousands of employees, for whom 24 hours in a day is not enough, we communicate very efficiently. Clear and transparent procedures and communication with so called *pelcer* mails, which is unique in both form and content and makes us fast," explains Milica.

The Foreign Investors Council, among other things, analyses, harmonises stances and decides on the most varied topics, through ten working committees. Their immediate work is the concern of lawyers Jelena Lazarević and Srđan Popović. They are, translated into everyday language, the bosses of legal affairs. Their specific responsibilities, however, go far beyond the classical interpretation of "legal affairs".

"Working committees deal with various areas, such as agriculture or telecommunications, for example, the Legal Committee is general, we deal with taxes, human resources, industrialisation and infrastructure.... This is actually about issues that are of interest to members of the Council, companies from the most varied fields, often market competitors, with the joint mission of improving the business climate in Serbia," explains Jelena.

Office employees say that they are very satisfied that the members of the Council - and it should be said that every-

hing is on a voluntary basis - are very active in the committees and are interested in initiatives and decisions. Testifying to this is the fact that the number of committees increases every year, so from five committees in 2007, it has now grown to 10. It is also important to emphasise that the work is based on the principle of the equality of members, regardless of the size of the company or investor.

"All opinions are equally relevant," adds Srđan, noting that it is most challenging to harmonise, in debates on committees, the various stances of companies that have different interests or are market competitors.

Asked how they achieve this, both Jelena and Srđan cite the very clear, precise and transparent procedures on which debates and dialogue are based, and above all the decision-making process.

"All companies know the rules of the game in advance, and they are also presented to them before committee meetings. Decisions are made by the majority of votes, but we strive for a consensus and in most cases we achieve one," says Srđan.

Jelena emphasises that in this context

We are proud of the fact that in our organisation decisions and appropriate attitudes indeed come from the bottom up, and that at each opportunity we represent the unified position of the Council's members, and not individual companies

there are a large number of general topics that are in everyone's interest, regardless of the domain in which they operate.

With the rule of law "we all want, for example, clean air, healthy food and a life in a favourable environment", she illustrates.

Srđan and Jelena are in charge of coordinating the process of drafting the "White Book". It is "written" over the course of nearly half a year, which is how long is needed from the decision to the event at which the White Book becomes available to the public. This usually occurs in autumn, and the presentation of recommendations from the FIC White Book is traditionally a top-class public event. More than 200 pa-

ges of texts, which a large number of people work on, are coordinated and edited, but ultimately always end up on the desk in the office, in Jevremova Street.

"While the expert, media and political public can hardly wait to read it, we can hardly wait to finish it," notes Srđan with a smile, because that is a job that goes beyond the working hours of 9 to 5.

Duška Lalović is office manager. In short, she makes sure that everything functions smoothly, and that includes finance, administration and project support, but also written and verbal communication with all stakeholders, the membership, committee members. Duška provides support in the organisation of events, promotions, receptions and meetings.

"I have been in the office for over a year and this job is a very valuable experience for me. I have the impression that I have learned a lot and, because of the specificity of the job, that is something I wouldn't have had the chance of in another job. At the same time I've met a large number of professional and important people, which is certainly one of the privileges of this job," says Duška.

The team's youngest member is Bogdan Terzić. He's an assistant how arrived at the FIC Executive Office practically "straight from university". This is his first job.

"I'm 25 and fully aware of how many of my peers don't have a job, and that those who do don't have one like this," says Bogdan. He thinks that since December last year, when he started the job, he has learned a lot, especially about the way business operates, but also institutions.

"It would be tough for me to find out and see all of this in any other job."

When describing his work, Bogdan says that he is responsible "for everything" related to the immediate functioning of the office and his colleagues. It was the most difficult for him at the beginning, when he realised that he had to be fast, to quickly "shift from topic to topic, from one duty to another", and to do so all day, every day.

"I sometimes had to stay at work longer in order to finish everything. But my colleagues helped me a lot in overcoming obstacles. I most love the atmosphere of teamwork, but I'm still stunned at how much work is done on a daily basis by six competent people," says this 25-year-old. ■



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Ana Brnabić,
Prime Minister of the Republic of Serbia



We Want a More Successful, Efficient and Wealthier Serbia

This government is continuing to build on the foundations set by its predecessor and opening new doors for economic growth through the digitisation process. This is a key condition that will enable faster growth in the competitiveness of the economy and more innovations, and a different relationship between the state and its citizens

Zorana Mihajlović PhD, Deputy Prime Minister and Minister for Construction, Transport and Infrastructure



We've Made Major Steps in Building Infrastructure

We have shown that we are ready to tackle the most challenging issues such as the reform of public enterprises, building roads and improving railway services. Cooperation with the private sector allows us to test our decisions in practice

Jorgovanka Tabaković,
Governor of the National Bank of Serbia, NBS



We'll Continue Leading a Responsible Monetary Policy

Preserving the stability of prices and the financial system is an ongoing priority of the National Bank of Serbia. As long as the compliance with these objectives allows it, the central bank is ready to support the implementation of the economic policy of the government that encourages sustainable economic growth

Yana Mikhailova, President of the Foreign Investors Council and Regional Director of Nestlé Adriatic



Faithful to its Principles and Mission

Since its establishment in 2002, the Foreign Investors Council has remained faithful to its principles - transparency, equality and predictability. Today, as in the past, the FIC promotes a predictable and clear business environment that provides equal opportunities for all, as well as sound business ethics

Goran Knežević,
Economy Minister of the Republic of Serbia



We'll Continue Along the Road of Reform

The Government of Serbia and the Ministry of Economy will continue to work on improving the business environment and the climate for doing business, with the aim of creating a more efficient, more prospective, attractive and competitive economy, and equal treatment on the European Union market

Genoveva Ruiz Calavera, Director for the Western Balkans at the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations of the European Commission



We Want to See Serbia in the EU

My priority is to provide all our help, advice and support to Serbia on its path towards European Union membership. The European Commission is the guardian of the integrity of the accession process and a friend of Serbia

Daniel Berg,
EBRD Director for Serbia



Serbia Must Address “Transitional Gaps”

EBRD activities in Serbia continue to be focused on improving the governance of state-owned and private companies, supporting investments that help increase innovation and productivity, strengthening the resili-

ence of the economy and promoting green initiatives, such as investments in renewable energy

Thomas Lubeck,
IFC Regional Manager for the Western Balkans and Central Europe



We Support the Government in Key Reforms

The IFC is actively engaged in helping Serbia improve its business and investment climate, the insolvency framework and debt resolution, and

to attract private investments in infrastructure through public-private partnerships and concessions

Sebastian Sosa,
IMF Resident Representative for Serbia



Hard Won Results Should be Carefully Defended

It is crucial that the structural reform agenda is fully and expeditiously carried out, to transform Serbia into a modern, private-sector led economy with higher and sustainable growth

Ingeborg Øfsthus, Vice President of the Foreign Investors Council and Telenor Srbija CEO



A Unified Voice is Our Strength

The FIC’s biggest strength is in the promotion of views and suggestions that are the unified voice of more than 100 entities, whose operations depend on the development and growth of the entire Serbian market

Dimitrije Knjeginjić, Vice President of the Foreign Investors Council and Lafarge Serbia CEO



We Expect the Government to Continue Reforms

The FIC expects the new Government to accelerate important structural reforms, particularly the privatisation and corporatisation of public enterprises, ensure the better implementation of laws and enable the efficient harmonisation of Serbian legislation with the EU acquis

enable the efficient harmonisation of Serbian legislation with the EU acquis

Ernst Bode,
Messer CEO



Serbia Has Yet to Realise its Potential

Serbia has enormous growth potential, but many obstacles have yet to be removed. Reasonable legislation, a trim and efficient public administration and a professional, reliable and functional court system are among the most sought-after conditions for businesses to flourish

Ana Firtel,
Executive Director of the Foreign Investors Council



We've Preserved Unity and Independence

The two most important lessons we've learned from 15 years of successful activities are that we have preserved our unity and independence by insisting on firm rules, and that, with openness to dialogue and constructive criticism, we have shown readiness to constantly change in accordance with the challenges of each juncture.

Goran Pekez, president of the FIC Anti-Illicit Trade Committee (JT International a.d. Senta)



Joint Engagements to Even Better Results

Remarkable results have been achieved in combatting the grey economy. However, in order for this process to be addressed comprehensively, it is necessary to fully implement the Law on Inspection Oversight, harmonise sectoral laws with the umbrella law and ensure good inter-agency cooperation.

Jasmina Vignjević, president of the FIC E-Commerce Committee (Telenor d.o.o.)



New Technologies Will Create New Business Models in Serbia

The extent to which Serbia will be a place where innovations and innovative business models develop depends greatly on an adequate legal framework.

Milica Stefanović, president of the FIC Food & Agriculture Committee (The Coca-Cola Company-Barlan S&M d.o.o.)



Significant Progress Achieved

Major breakthroughs have been made in the previous period on complex issues, such as amending the Law on Inspection Oversight and understanding the need for amendments to the Food Safety Act.

Dejan Ječmenica, president of the FIC Human Resources Committee (Wiener Städtische osiguranje (Insurance) a.d.o. Belgrade)



Education is key to an attractive workforce

Employers in Serbia face a lack of skilled labour at the level of secondary education, which has a negative influence on the attracting of foreign investment. In our opinion, a special systemic law or other general act is required to regulate all aspects of the system of dual secondary vocational education.

Đorđe Popović, president of the FIC Infrastructure and Industrialisation Committee (Petrikić and Partneri a.o.d., in cooperation with CMS Reich-Rohrwig Hainz)



Ambitious Goals of New Committee

The committee will be focused on improving the legislative framework and practise in the field of cooperation between the public and private sectors, in construction, energy and transport, and enabling start-up entrepreneurship's further development

Dušan Lalić, president of the FIC Leasing and Insurance Committee (Generali Osiguranje Srbija a.d.o.)



New Legal Solutions to Better Regulating of the Market

We propose that the new Law on Leasing regulate operating leasing and that the matter of insurance contracts be separated from the regulations of the Civil Code and separately and comprehensively regulated by a special Law on Insurance Contracts, as has been done in many EU countries.

Mihajlo Živković, president of the FIC Legal Committee (Societe Generale Banka Srbija)



We Fight For Our Views with the Power of Argument

We have launched a series of initiatives and have the highest expectations when it comes to regulations that regulate foreign exchange operations and bankruptcy. We strive to use the strength of arguments to impact on FIC proposals being considered and accepted.

Ivan Gazdić, President of the FIC Real-Estate Committee (Bojović & Partners a.o.d. Beograd)



Improvement of Laws and Practises Required

The Real-Estate Committee will continue to deal with the reform of the cadastre and its digitisation, because in the application of the law there are still many open issues and uneven practises. A shift is also required in the area of conversions.

Dragan Drača, president of the FIC Taxation Committee (PricewaterhouseCoopers d.o.o)



Through Dialogue to Better Tax Policies

The lack of transparency and public debate in the domain of changes to tax regulations marked both the current year and previous ones. More transparency and dialogue are needed in order to reach good solutions.



Marko Jović, president of the FIC Telecommunications and IT Committee (Vip Mobile d.o.o.)

Potential of Industry Yet to be Exploited

Operators have invested significant resources to buy frequencies and further develop networks. In order to feel the full significance of these investments, it is also necessary for them to be followed by a regulatory framework.

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Web: www.carlsbergsrbija.rs
Enrolment date: 2005

COCA-COLA HBC - SRBIJA D.O.O.

Batajnički drum 14-16, 11080 Beograd
Pho: 011 3073 100
Fax: 011 3073 199
Web: www.coca-colahellenic.rs
Enrolment date: 2002

**CREDIT AGRICOLE SRBIJA A.D.
NOVI SAD**

Braće Ribnikar 4-6,
21000 Novi Sad
Pho: 021 4876 876;
Fax: 021 4876 976
E-mail: info@creditagricole.rs
Web: www.creditagricole.rs
Enrolment date: 2006

CRH (SRBIJA) D.O.O.

Popovac bb,
35254 Popovac
Pho: 035 572 200; Fax: 035 572 207
E-mail: general-info@rs.crh.com
Web: www.crhserbia.com;
www.crh.com
Enrolment date: 2016; Founder

CROWE HORWATH BDM D.O.O.

Terazije 5/4, 11000 Beograd
Pho: 011 6558 500;
Fax: 011 6558 501
E-mail: office@crowehorwath.rs
Web: www.crowehorwath.rs
Enrolment date: 2012

**DAD DRÄXLMAIER
AUTOMOTIVE D.O.O.**

Skladisna hala 1,
Zrenjaninski park,
Lokacija Bagljias Aerodrom,
23000 Zrenjanin
Pho: 023 519 010
Web: www.draexlmaier.com
Enrolment date: 2017

DDOR NOVI SAD A.D.O.

Bulevar Mihajla Pupina 8,
21000 Novi Sad
Pho: 021 4886 000;
Fax: 021 6624 831
E-mail: ddor@ddor.co.rs
Web: www.ddor.co.rs
Enrolment date: 2012

DELHAIZE SERBIA D.O.O.

Jurija Gagarina 14,
11070 Novi Beograd
Pho: 011 7153 400;
Fax: 011 7153 900
E-mail: office@delhaize.rs
Web: www.maxi.rs; www.
delhaizegroup.com
Enrolment date: 2011

DELOITTE D.O.O.

Terazije 8, 11000 Beograd
Pho: 011 3812 100;
Fax: 011 3812 112
E-mail:
ceyuiinfo@deloittece.com
Web: www.deloitte.com/rs
Enrolment date: 2003

DELTA HOLDING

Vladimira Popovica 6,
11070 Beograd
Pho: 011 2011 164, 2011 921;
Fax: 011 2011 111
E-Mail:
office@deltaholding.rs
Web:
www.deltaholding.rs
Enrolment date: 2014

**DEUTSCH-SERBISCHE
WIRTSCHAFTSKAMMER
(AHK SERBIEN)**

Topličin venac 19-21, 11000 Beograd
Pho: 011 2028 010;
Fax: 011 3034 780
E-mail: info@ahk.rs
Web: www.serbien.ahk.de/rs; www.
serbien.ahk.de
Enrolment date: 2014

DXC TECHNOLOGY

Omladinskih brigada 90b
11070 Beograd
Web: www.dxc.technology
Enrolment date: 2005

ECOLAB HYGIENE D.O.O.

Tošin bunar 272/V, 11070 Beograd
Pho: 011 2076 800;
Fax: 011 2076 802
E-mail: office.belgrade@ecolab.com
Web: www.ecolab.rs
Enrolment date: 2008

**EKO SERBIA A.D. - Member of
Hellenic Petroleum group**

Tošin bunar 274a,
11070 Novi Beograd
Pho: 011 2061 500;
Fax: 011 2061 555
E-mail: administracija@hellenic-
petroleum.rs
Web: www.ekoserbia.com
Enrolment date: 2004

ELMEG SERBIA

Ravni Gaj, B.B, 34240 Knjic
Pho: 034 6170 384
Web: www.elmeg.it
Enrolment date: 2017

ERNST & YOUNG D.O.O. BEOGRAD

Španskih boraca 3, "Blue Center",
11070 Beograd
Pho: 011 2095 800
E-mail: ey.office@rs.ey.com
Web: www.ey.com/rs
Enrolment date: 2004

ERSTE BANK A.D. NOVI SAD

Bulevar oslobođenja 5,
21000 Novi Sad
Erste Poslovni centar-Milutina
Milankovića 11b, 11000 Beograd
Pho: 0800 201 201, 066 8969 000
E-mail: info@erstebank.rs; Web:
www.erstebank.rs
Enrolment date: 2005

EUROBANK A.D. BEOGRAD

Vuka Karadžića 10, 11000 Beograd
Pho: 011 2065 880; Fax: 011 3027 536
E-mail: office@eurobank.rs
Web: www.eurobank.rs
Enrolment date: 2003

**EVROPSKA BANKA ZA OBNOVI I
RAZVOJ**

Španskih boraca 3, 11070 Beograd
Pho: 011 2120 530; Fax: 011 2120 534
E-mail: bergd@ebrd.com; kilibara@
ebrd.com
Web: www.ebrd.com
Enrolment date: 2016

EXLRT D.O.O.

Mornarska 7, 21000 Novi Sad
Pho: 021 6301 548, 6392 826
E-mail: info@exlrt.com;
office@exlrt.com
Web: www.exlrt.com
Enrolment date: 2010

FCA SRBIJA D.O.O. KRAGUJEVAC

Kosovska 4, 34000 Kragujevac
Pho: 011 3030 906
Fax: 011 3030 914
Web: www.fiatsrbija.rs
Enrolment date: 2011

**FRESENIUS MEDICAL CARE SRBIJA
D.O.O.**

Beogradski put bb, 26300 Vršac
Pho: 011 3951 000; Fax: 011 3951 009
E-mail: vera.trunic@fmc-ag.com
Web: www.fmc-ag.com
Enrolment date: 2013

G4S SECURE SOLUTIONS D.O.O.

Viline Vode 6, 11000 Beograd
Pho: 011 2097 900;
Fax: 011 2097 914
E-mail: direkcija@rs.g4s.com
Web: www.g4s.rs
Enrolment date: 2009

**GENERALI OSIGURANJE
SRBIJA A.D.O.**

Vladimira Popovića 8,
11070 Novi Beograd
Pho: 011 2220 555
Web: www.generali.rs
www.generali.com
Enrolment date: 2016

GRAND CASINO BEOGRAD

Bulevar Nikole Tesle 3,
11080 Beograd
Pho: 011 2202 800; Fax: 011 2202 810
E-mail:
info@grandcasinobeograd.com
Web: www.grandcasinobeograd.com
Enrolment date: 2008

GRUNDFOS SRBIJA D.O.O.

Obilazni put Sever 21, 22320 Indija
Pho: 022 367 300
Fax: 022 367 302
Web: www.grundfos.rs;
www.grundfos.com
Enrolment date: 2013

**GTC INTERNATIONAL
DEVELOPMENTS LLC BELGRADE**

Milutina Milankovića 9ž,
11070 Beograd
Pho: 011 3130 751; Fax: 011 3130 752
E-mail: office@gtcserbia.com
Web: www.gtcserbia.com;
www.gtc.com.pl
Enrolment date: 2014

HARRISONS

Bulevar Mihajla Pupina 6,
PC Ušće, 11000 Beograd
Pho: 011 3129 825; Fax: 011 3129 823
E-mail:
office@harrison-solicitors.com
Web: www.harrison-solicitors.com
Enrolment date: 2004

HAUZMAJSTOR D.O.O.

Dunavska 57a, 11000 Beograd
Pho: 011 3034 034;
Fax: 011 2070 995
E-mail: office@hauzmajstor.rs
Web: www.hauzmajstor.rs
Enrolment date: 2008

HEINEKEN SRBIJA D.O.O.

Omladinskih brigada 90b,
11070 Beograd
Pho: 011 3538 600;
Fax: 011 3538 691
E-mail: info.serbia@heineken.com
Web: www.heinekensrbija.rs
Enrolment date: 2003

HEMOPARM A.D.

Beogradski put bb, 26300 Vrsac
Pho: 013 803 500;
Fax: 013 831 503
E-mail: svakodobro@hemofarm.com
Web: www.hemofarm.rs
Enrolment date: 2013

HENKEL SRBIJA D.O.O.

Bulevar oslobođenja 383,
11040 Beograd
Pho: 011 2072 200
Fax: 011 2072 294
Web: www.henkel.rs
Enrolment date: 2004

HEWLETT PACKARD D.O.O.

Omladinskih brigada 90b
11070 Beograd
Web: www.hpe.com
Enrolment date: 2017

HUAWEI TECHNOLOGIES D.O.O.

Vladimira Popovića 38/V, 11070
Beograd
Pho: 011 2209 607; Fax: 011 2209 607
E-mail: office.serbia@huawei.com
Web: www.huawei.com
Enrolment date: 2010

IC & PARTNERS D.O.O.

Strahinjica Bana 65, 11000 Beograd
Pho: 011 3348 446, 3348 447/448
E-mail:
office@icpartnersbelgrade.com
Web: www.icpartnersgroup.net
Enrolment date: 2017

IKEA SRBIJA D.O.O.

Bubanj potok bb
11070 Beograd
Web: www.ikea.com
Enrolment date: 2008

INTERALLIS CHEMICALS

Neznanog junaka 27a, 11040 Beograd
Pho: 011 3679 230; Fax: 011 3679 231
E-mail: serbia@interallis.com
Web: www.interallis.com
Enrolment date: 2005

INTESA LEASING D.O.O. BEOGRAD

Milentija Popovića 7b, 11070 Beograd
Pho: 011 2025 400; Fax: 011 2025 433
E-mail: ilbhead@intasaleasing.rs
Web: www.intasaleasing.rs
Enrolment date: 2010

JANKOVIĆ, POPOVIĆ & MITIĆ O.D.

Vladimira Popovića 6,
NBGP Apt., 11070 Beograd
Pho: 031 590 599;
Fax: 011 2076 899
E-mail: office@jpm.rs
Web: www.jpm.rs
Enrolment date: 2009

JELEN DO A.D. CARMEUSE SERBIA

Jelen Do bb, 31215 Jelen Do, Požega
Pho: 031 590 599;
Fax: 031 590 570
E-mail: info@carmeuse.com
Web: www.carmeuse.com
Enrolment date: 2015

JONES LANG LASALLE D.O.O.

Danube Business Centar,
Bulevar Mihajla Pupina 10 L, 1
1070 Beograd
Pho: 011 7850 600;
Fax: 011 7850 597
E-mail: belgrade@eu.jll.com;
Web: www.joneslanglasalle.rs
Enrolment date: 2008

JT INTERNATIONAL A.D. SENTA

Suboticki drum 17, 24400 Senta
Pho: 011 2050 300
Fax: 011 2050 301
Web: www.jti.com
Enrolment date: 2003

JUBANKA A.D. BEOGRAD

Kralja Milana 11, 11000 Beograd
Pho: 0800 250 250;
Fax: 011 3243 516
E-mail: kontaktcentar@jubanka.co.rs
Web: www.alphabankserbia.com
Enrolment date: 2006

KAPSCH D.O.O.

Sava Business Center, Milentija
Popovića 5B, 11070 Beograd
Pho: 060 0730 303;
Fax: 011 2282 679
E-mail: kapsch.srb@kapsch.net
Web: www.kapsch.net; www.kapsch.rs
Enrolment date: 2009

KARANOVIĆ & NIKOLIĆ

Resavska 23, 11000 Beograd
Pho: 011 3094 200; Fax: 011 3094 223
E-mail:
knsrbia@karanovic-nikolic.com
Web: www.karanovic-nikolic.com
Enrolment date: 2003

KNAUF INSULATION D.O.O.

Batajnički drum 16b, 11080 Beograd
Pho: 011 3310 800; Fax: 011 3310 801
E-mail:
office.belgrade@knaufinsulation.com
Web: www.knaufinsulation.rs;
www.knaufinsulation.com
Enrolment date: 2011

KPMG D.O.O. BEOGRAD

Kraljice Natalije 11, 11000 Beograd
Pho: 011 2050 500; Fax: 011 2050 550
E-mail: info@kpmg.rs
Web: www.kpmg.rs
Enrolment date: 2002

KP Advertajzing d.o.o.

Sazonova 75/16,
11000 Beograd
Pho: 011 2836 958
E-mail:
kontakt@kupujemprodajem.com
Web: www.kupujemprodajem.com
Enrolment date: 2016

LAFARGE BFC D.O.O.

Trg BFC 1, 21300 Beočin
Pho: 021 874 102;
Fax: 021 874 143
E-mail: lbfc.office@lafarge.com
Web: www.lafarge.rs;
www.lafargeholcim.com
Enrolment date: 2002

LAFARGE BFC D.O.O.

Trg BFC 1, 21300 Beočin
Pho: 021 874 102;
Fax: 021 874 143
E-mail: lbfc.office@lafarge.com
Web:
www.lafarge.rs;
www.lafargeholcim.com
Enrolment date: 2002

LUKOIL SRBIJA A.D. BEOGRAD

Bulevar Mihaila Pupina 165d,
11070 Beograd
Pho: 011 2220 200
Fax: 011 2220 294
Web: www.lukoil.rs
Enrolment date: 2009

L'ORÉAL BALKAN D.O.O.

Bulevar Zorana Đinđića 64a,
11070 Beograd
Pho: 011 2205 900
Fax: 011 2205 901
Web: www.loreal.com
Enrolment date: 2004

MAGNETI MARELLI D.O.O.

Kosovska 4
34000 Kragujevac
Pho: 034 502 748
Web: www.magnetimarelli.com
Enrolment date: 2016

**MARBO PRODUCT D.O.O, A
COMPANY OF PEPSICO**

Đorđa Stanojevića 14,
11070 Beograd
Pho: 011 3637 000;
E-mail:
belgrade.office@pepsico.com
Web: www.pepsico.com, www.
facebook.com/PepsiCoSrbijaOfficial;
twitter.com/PepsiCoSrbija
Enrolment date: 2009

**MARIĆ,
MALIŠIĆ & ĐOSTANIĆ O.A.D.**

Resavska 32/4,
11000 Beograd
Pho: 011 3024 900;
Fax: 011 3024 910
E-mail:
office@mmd-associates.com
Web:
www.mmd-associates.com
Enrolment date: 2005

MERCK D.O.O.

Omladinskih brigada 90v,
11070 Beograd
Pho: 011 2175 761;
Fax: 011 2176 781
E-mail: merck@merck.rs
Web: www.merck.rs;
www.merck.de
Enrolment date: 2014

MERKUR OSIGURANJE A.D.O.

Bulevar Mihaila Pupina 6/22,
11070 Beograd
Pho: 011 7852 727;
Fax: 011 7852 728
E-mail: office@merkur.rs
Web: www.merkur.rs
Enrolment date: 2011

MESSER TEHNOGAS A.D.

Banjčki put 62,
11000 Beograd
Pho: 011 3537 200;
Fax: 011 3537 291
E-mail:
postoffice@messer.rs;
Web: www.messer.rs
Enrolment date: 2002
Founder

METROPOL PALACE D.O.O.

Bulevar Kralja Aleksandra 69,
11000 Beograd
Pho: 011 3333 100
E-mail:
reception@metropolpalace.com
Web: www.metropolpalace.com
Enrolment date: 2017

MILENIJUM OSIGURANJE A.D.O.

Bulevar Mihajla Pupina 10L,
11070 Novi Beograd
Pho: 011 7152 300
Web:
www.milenijum-osiguranje.rs
E-mail:
office@milenijum-osiguranje.rs
Enrolment date: 2017

MINI PANI D.O.O.

Hipodromska bb,
24107 Subotica
Pho: 024 621 521;
Fax: 024 621 522
E-mail: kontakt@minipani.com
Web: www.minipani.com
Enrolment date: 2012

MOJI BRENDOVI D.O.O. BEOGRAD

Andre Nikolića 1-3,
11000 Beograd
Pho: 011 3817 017
E-mail:
office@mojibrendovi.com
Web: www.mojibrendovi.com
Enrolment date: 2011

MOL SERBIA D.O.O.

Đorđa Stanojevića 14,
11070 Beograd
Pho: 011 2096 900
Web: molserbia.rs
Mail: Reception@molserbia.rs
Enrolment date: 2017

MONDELEZ D.O.O.

BEOGRAD
Omladinskih brigada 88b/III,
11070 Beograd
E-mail: kontakt@mdlz.com
Web:
www.mondelezinternational.com
Enrolment date: 2010

NBG LEASING D.O.O.

Airport City,
Omladinskih brigada 88,
11070 Beograd
Pho: 011 2287 982; 2288 071;
2288 074; 2288 079
Fax: 011 2287 984
E-mail: office@nbgleasing.co.rs;
Web: www.nbgleasing.rs
Enrolment date: 2004

NESTLÉ ADRIATIC S D.O.O.

Železnička 131,
11271 Beograd-Surčin
Pho: 011 2019 301;
Fax: 011 3132 022
E-mail: info@rs.nestle.com
Web: www.nestle.rs
Enrolment date: 2005;
Founder

**NIS A.D. NOVI SAD (NAFTNA
INDUSTRIJA SRBIJE)**

Narodnog fronta 12,
21000 Novi Sad
Pho: 021 4811 111;
Fax: 021 6366 433
E-mail: office@nis.eu
Web: www.nis.rs
Enrolment date: 2011

**NOKIA SOLUTIONS AND NETWORKS
SERBIA D.O.O. BEOGRAD**

Đorđa Stanojevića 14,
11070 Beograd
Belgrade Office
Park, Building II, Gallery Floor
Pho: 011 3070 123; 3070 111;
Fax: 011 3070 167
Web: www.nsn.com
Enrolment date: 2009

PATRIMONS D.O.O.

Sterijina 7, 11000 Beograd
Pho: 011 2772 729; Fax: 011 2781 829
E-mail: office@patrimons.com
Web: www.patrimons.com
Enrolment date: 2008

PERNOD RICARD SERBIA

Bulevar oslobođenja 211, 11000
Beograd
Pho: 011 3091 500
Fax: 011 3974 380
Web: www.pernodricard.com
Enrolment date: 2003

**PETRIKIĆ & PARTNERI AOD - IN
COOPERATION WITH**

CMS REICH-ROHRWIG HEINZ
Cincar Jankova 3, 11000 Beograd
Pho: 011 3208 900; Fax: 011 3208 930
E-mail: belgrade@cms-rrh.com;
Web: www.cms-rrh.com
Enrolment date: 2004

PHILIP MORRIS

SERVICES D.O.O. BEOGRAD
Bulevar Zorana Đinđića 64a,
11070 Beograd
Pho: 011 2010 800
Fax: 011 2010 824
Web:
www.philipmorrisinternational.com
Enrolment date: 2004

PHOENIX Pharma d.o.o. BEOGRAD

Bore Stankovića 2 (Čukarica - Makiš),
11030 Beograd
Pho: 035 38 100,
Fax: 035 38 200
E-mail: office@phoenixpharma.rs
website: www.phoenixgroup.rs
Enrolment date: 2016

**PIRAEUS BANK A.D.
BEOGRAD**

Milentija Popovića 5b,
11070 Beograd
Pho: 011 3024 000;
Fax: 011 3024 400
E-mail: banka@piraeusbank.rs
Web: www.piraeusbank.rs
Enrolment date: 2006

PMC AUTOMOTIVE D.O.O.

KRAGUJEVAC
PMC Automotive d.o.o. Kragujevac
Bulevar oktobarskih zrtava bb
34000 Kragujevac
Pho: 034 309 600;
Enrolment date: 2016

**PRICEWATERHOUSECOOPERS
D.O.O.**

Airport City Belgrade, Omladinskih
brigada 88a
11070 Beograd
Pho: 011 3302 100; Fax: 011 3302 101
E-mail: rs-office@rs.pwc.com; Web:
www.pwc.rs
Enrolment date: 2002; Founder

PRISTOP

Bulevar Milutina Milankovića 136,
ulaz A / I
11070 Beograd
Pho: 011 7151 764;
Fax: 011 7151 740
E-mail:
office@pristop.rs;
Web: www.pristop.rs
Enrolment date: 2010

PROCREDIT BANK

Milutina Milankovića 17,
11000 Beograd
Pho: 011 2077 906;
Fax: 011 2077 905
E-mail: info@procreditbank.rs
Web: www.procreditbank.rs
Enrolment date: 2004

RAIFFEISEN BANKA A.D. BEOGRAD

Đorđa Stanojevića 16,
11070 Beograd
Pho: 011 3202 100
E-mail: info@raiffeisenbank.rs
Web: www.raiffeisenbank.rs
Enrolment date: 2002

**RAIFFEISEN
LEASING D.O.O.**

Đorđa Stanojevića 16,
11070 Beograd
Pho: 011 2207 400;
Fax: 011 2289 007
E-mail:
info.leasing@raiffeisen-leasing.rs
Web: www.raiffeisen-leasing.rs
Enrolment date: 2003

RAUCH SERBIA D.O.O.

Baja Pivljanina 13,
11000 Beograd
Pho: 011 2652 225;
Fax: 011 2652 298
E-mail:
office.serbia@rauch.cc
Web: www.rauch.cc
Enrolment date: 2011

**RINGIER AXEL
SPRINGER D.O.O.**

Žorža Klemansoa 19,
11000 Beograd
Pho: 011 3334 701;
Fax: 011 3334 703
E-mail: komunikacije@
ringieraxelspringer.rs
Web:
www.ringieraxelspringer.rs;
www.ringieraxelspringer.com
Enrolment date: 2014

**RIO TINTO - RIO SAVA
EXPLORATION D.O.O.**

Resavska 23, 11000 Beograd
Pho: 011 4041 430
Fax: 011 2752 376
Web: www.riotinto.com;
www.riotintoserbia.com
Enrolment date: 2004

ROBNE KUĆE BEOGRAD D.O.O.

Makenzijeva 57,
11000 Beograd
Pho: 011 3206 540;
Fax: 011 3206 550
E-mail: office@rkbeograd.rs
Web: www.rkbeograd.rs
Enrolment date: 2010

ROCHE D.O.O.

Milutina Milankovića 11a,
11070 Beograd
Pho: 011 2022 803;
Fax: 011 2022 808
E-mail:
serbia.office@roche.com
Web:
www.rochesrbija.rs;
www.roche.com
Enrolment date: 2013

S-LEASING D.O.O.

Bulevar Milutina Milankovića 11a/IV,
11070 Novi Beograd
Pho: 011 2010 700;
2010 701;
Fax: 011 2010 702
E-mail: office@s-leasing.rs
Web: www.s-leasing.rs
Enrolment date: 2003

**SANOFI-AVENTIS
D.O.O.**

Španskih boraca 3,
11070 Beograd
Pho: 011 2225 900
Fax: 011 2225 924
Web:
www.sanofi.com
Enrolment date: 2014

**SAVA NEZIVOTNO
OSIGURANJE
A.D.O. BEOGRAD**

Bulevar vojvode Mišića 51,
11000 Beograd
Pho: 011 3644 801;
Fax: 011 3644 889
E-mail:
office@sava-osiguranje.rs
Web:
www.sava-osiguranje.rs
Enrolment date: 2015

**SBERBANK
SRBIJA
A.D. BEOGRAD**

Bulevar Mihaila Pupina 165g,
11070 Beograd
Pho: 0700 700 800,
19909,
011 2257 498
Fax: 011 2013 270
E-mail:
info@sberbank.rs;
Web: www.sberbank.rs
Enrolment date: 2004

**SCHNEIDER
ELECTRIC
SRBIJA D.O.O.**

Vladimira Popovića 38-40,
11070 Beograd
Pho: 011 3773 100
E-mail:
podrska.klijentima@schneider-
electric.com
Web:
www.schneider-electric.com
Enrolment date: 2012

**SGS
BEOGRAD D.O.O.**

Jurija Gagarina 7b,
11070 Beograd
Pho: 011 7155 277,
011 7155 288;
Fax: 011 2284 241
E-mail:
sgs.beograd@sgs.com
Web: www.sgs.rs
Enrolment date: 2016

**SIEMENS D.O.O.
BEOGRAD**

Omladinskih brigada 21,
11070 Beograd
Pho: 011 2096 305;
Fax: 011 2096 061
E-mail:
office.rs@siemens.com
Web:
www.siemens.rs
Enrolment date: 2002,
Founder

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Web: www.soufflet.com
Enrolment date: 2004

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Enrolment date: 2011

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Enrolment date: 2006

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Fax: 024 636 904
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Web:
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Enrolment date: 2015

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Enrolment date: 2017

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Web: www.telekom.rs
Enrolment date: 2007

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Fax: 011 4409 650
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officebanka@telenor.rs;
Web:
www.telenorbanka.rs
Enrolment date: 2015

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Pho: 063 9000
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obelgrade@eur.ko.com
Web:
www.thecoca-colacompany.com
Enrolment date: 2002

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Enrolment date: 2014

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Fax: 010 2157 010
Web: www.michelin.rs
Enrolment date: 2009

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Fax: 031 590 398
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Enrolment date: 2004

**TPA POREZI
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Web: www.tpa-group.rs
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Enrolment date: 2013; Founder

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Web: www.uniqa.rs
Enrolment date: 2006

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Enrolment date: 2013

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Enrolment date: 2007

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Web: www.voban.co.rs;
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Enrolment date: 2003

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