

Subject: New Serbian Law on Investments

Dear Sir,

The Serbian Parliament adopted a new Law on Investments aimed at improving the investment conditions in the Republic of Serbia, encouraging direct investment in order to strengthen economic development, increasing employment and social prosperity, equalizing treatment of domestic and foreign investors, increasing efficiency of government services related to investments and creating a more attractive business environment for domestic and foreign investors.

2. The new law categorises investments according to their importance into two categories, namely, **Investments of Special Importance for the Republic of Serbia** and **Investments of Local Importance**, based on parameters such as the number of new jobs that will be created; the type and amount of investment; impact on the overall external trade balance of the Republic of Serbia or on individual industries, long-term investment; the creation of high value or high added value, the references and credibility of investors.

3. The new law effectively imposes an obligation on state authorities (Council for Economic Development, Serbia's Development Agency, autonomous provinces and local governments) to provide proactive assistance to potential investors to ensure timely action for the project realisation. Under the new law, the local / provincial authorities are obliged to establish project teams that would provide assistance to investors and prepare a complete list of documents necessary for investors to submit in order to obtain all the necessary permits and documents. The new law on Investments is , thus, expected to completely change the investment environment in Serbia.

4. It is worth mentioning that Serbia should be seen both as a local market of about 7.2 million inhabitants and as a regional hub for access to a number of lucrative markets in Europe with which Serbia enjoys preferred trade status because of FTAs with the EU, Russia, EFTA, Turkey, Belarus, Kazakhstan and CEFTA, etc. Thus, by investing in a Serbian manufacturing facility, Indian companies would gain preferential access to these markets. Serbia is also the only country outside the CIS that enjoys preferential trade access to Russia. This provides an added advantage as the goods produced in Serbia with prevailing value added in Serbia are considered of Serbian origin and can therefore be exported with 1% custom duty to Russia.

5. Serbia offers itself as a low cost manufacturing base with technically qualified manpower to set up manufacturing for local consumption and exports. It will be highly appreciated if information about the new Serbian Law on Investments could be suitably disseminated to all relevant Indian companies.

With best wishes,

Yours sincerely,

Ambassador of India to the
Republic of Serbia
Embassy of India,