

U.S. Country Commercial Guides



2017

Serbia

Table of Contents

<i>Doing Business in Serbia</i> _____	6
Market Overview _____	6
Market Challenges _____	8
Market Opportunities _____	9
Market Entry Strategy _____	11
<i>Political and Economic Environment</i> _____	13
Political Environment _____	13
<i>Selling US Products & Services</i> _____	14
Using an Agent to Sell US Products and Services _____	14
Establishing an Office _____	14
Franchising _____	15
Direct Marketing _____	16
Joint Ventures/Licensing _____	16
Selling to the Government _____	16
Distribution & Sales Channels _____	17
Express Delivery _____	18
Selling Factors & Techniques _____	18
eCommerce _____	18
Trade Promotion & Advertising _____	19
Pricing _____	20
Sales Service/Customer Support _____	20
Protecting Intellectual Property _____	21
Due Diligence _____	21
Local Professional Services _____	21
Principle Business Associations _____	23
Limitations on Selling US Products and Services _____	23
Web Resources _____	23
<i>Leading Sectors for US Exports & Investments</i> _____	24
Medical Equipment _____	24
Overview _____	24
Leading Sub-Sectors _____	25

Opportunities _____	26
Web Resources _____	26
Pharmaceutical _____	27
Overview _____	27
Leading Sub-Sectors _____	29
Opportunities _____	29
Web Resources _____	29
ICT Market _____	30
Overview _____	30
Leading Sub-Sectors _____	32
Opportunities _____	32
Web Resources _____	33
Infrastructure _____	33
Overview _____	33
Leading Sub-Sectors _____	35
Opportunities _____	35
Web Resources _____	36
Agriculture _____	36
Overview _____	36
Leading Sub-Sectors _____	39
Opportunities _____	41
Web Resources _____	43
<i>Trade Regulations, Customs, & Standards _____</i>	<i>46</i>
Import Tariff _____	46
Trade Barriers _____	46
Import Requirements & Documentation _____	46
Labeling/Marking Requirements _____	47
U.S. Export Controls _____	48
Temporary Entry _____	48
Prohibited & Restricted Imports _____	48
Trade Standards _____	49
Overview _____	49
Standards _____	49
Conformity Assessment _____	50

Product Certification _____	51
Accreditation _____	51
Publication of technical regulations _____	51
Contact Information _____	51
Trade Agreements _____	52
Licensing Requirements for Professional Services _____	53
Web Resources _____	53
<i>Investment Climate Statement</i> _____	<i>55</i>
Executive Summary _____	55
Openness to and Restrictions upon Foreign Investment _____	56
Policies Towards Foreign Direct Investment _____	56
Other Investment Policy Reviews _____	57
Business Facilitation _____	57
Outward Investment _____	57
Conversion and Transfer Policies _____	58
Expropriation and Compensation _____	58
Dispute Settlement _____	59
Performance Requirements and Investment Incentives _____	61
Investment Incentives _____	61
Right to Private Ownership and Establishment _____	63
Protection of Property Rights _____	63
Real Property _____	63
Intellectual Property Rights _____	64
Transparency of the Regulatory System _____	66
Efficient Capital Markets and Portfolio Investment _____	67
Competition from State-Owned Enterprises _____	68
Privatization Program _____	69
Responsible Business Conduct _____	69
Political Violence _____	70
Corruption _____	71
Bilateral Investment Agreements _____	73
OPIC and Other Investment Insurance Programs _____	74
Labor _____	74
Foreign Trade Zones/Free Ports/Trade Facilitation _____	75

Foreign Direct Investment and Foreign Portfolio Investment Statistics _____	76
Contact for More Information on the Investment Climate Statement _____	77
<i>Trade & Project Financing</i> _____	79
Methods of Payment _____	79
Banking Systems _____	79
Foreign Exchange Controls _____	80
US Banks & Local Correspondent Banks _____	80
Project Financing _____	80
Multilateral Development Banks: _____	82
Financing Web Resources _____	82
<i>Business Travel</i> _____	83
Business Customs _____	83
Travel Advisory _____	83
Visa Requirements _____	83
Currency _____	84
Telecommunications/Electric _____	84
Transportation _____	85
Language _____	86
Health _____	86
Local Time, Business Hours and Holidays _____	87
Temporary Entry of Materials or Personal Belongings _____	89
Travel Related Web Resources _____	89

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Doing Business in Serbia

Market Overview

Serbia is located in the heart of southeast Europe, at the crossroads of Europe, the Middle East, and Africa. It is surrounded by emerging markets of varying size, all of which have economic development plans focused on bringing their legal, labor and tax codes; educational and medical systems; energy, transportation, and telecommunications infrastructures; and police and defense systems up to European standards. Combined, Bulgaria, Romania, Serbia, Croatia, Hungary, Macedonia, Moldova, Montenegro, Bosnia and Herzegovina and Slovenia represent a market the size of Texas with 60 million inhabitants and a GDP of around \$500 billion.

Serbia has experienced steady economic growth, achieving an estimated 2.8 percent GDP growth in 2016, which is the average level of the countries of Central and Eastern Europe, but slightly lower than the growth of neighboring countries. This was achieved despite fiscal consolidation and a lower-than-expected budget deficit. Analyzing the achieved economic growth in 2016 it should be taken in account that the GDP growth was slightly higher due to the growth in agriculture of over 8 percent (compared with the dry year of 2015). Alongside one-off increase in agriculture, higher economic growth in 2016 was also contributed by the favorable international factors, such as falling oil prices of fuel. Furthermore, GDP growth is projected to rise in the coming years, reaching an estimated 3 percent and 3.5 percent in 2017 and 2018, respectively. In nominal terms, Serbia's 2016 GDP was estimated at \$37.8 billion, while per capita GDP reached \$5,294 and inflation continued to drop to 1.5 percent—down from 7.7 percent in 2013. It was still below the lower limit of the National Bank of Serbia (NBS) target band of 4 ± 1.5 percent. Very low inflation enabled a further decrease of restrictiveness of monetary policy. The National Bank of Serbia (NBS) continued to cautiously reduce its key interest rate, which is down to a historically low level of 4.0 percent as of July 2016. The space for further reduction, however, is quite limited. Dinar depreciation resulted in moderate weakening of the dinar against the euro by 1.5 percent by the end of 2016, when the exchange rate amounted to about 124 dinars per euro. NBS intervened heavily in the foreign exchange market, making the dinar one of most stable currencies within the region. Significantly higher depreciation was recorded against the US dollar and Swiss franc reaching 6 percent.

Serbia is making its push to join the European Union (EU), beginning EU accession talks in January 2014. In February 2015, the government signed a three-year, \$1.3 billion Precautionary Stand-By Arrangement with the International Monetary Fund (IMF). As part of the IMF deal, the government has implemented fiscal tightening measures, such as public-sector wage and pension cuts, though some difficult structural reforms still lie ahead. These developments present an opportunity for the country to attract new foreign direct investment (FDI), especially as the government moves to align domestic legislation with EU standards and implement other measures to improve the business environment.

The Serbian Government invested significant effort to improve the business climate through changes in construction permitting, land ownership and to the inspections' system. The number of issued construction permits over the first seven months of 2016

was 13 percent higher than in the same period in 2015, while the value of construction works over the same period was 34.7 percent higher than in 2015. Due to these improvements, Serbia's overall Doing Business ranking improved from 68th place in 2015 to 59th in 2016. (In Doing Business 2015, Serbia ranked 186 out of 189 countries in the construction permits indicator).

Due to the positive results in fiscal consolidation lowering deficits and public debt, Dun & Bradstreet (D&B) has kept its moderate risk rating for Serbia. However, various factors could prevent a further loan growth if local banks continue to be burdened by non-performing loans (NPLs), which was accounted for 17 percent of overall lending in 2016.

Parliamentary elections held in April 2016 delayed implementation of some potentially politically unpopular reforms. These include privatization and restructuring of former state-owned companies (which employ over 230,000 workers) and reducing the number of public sector employees. A coalition of political parties led by the Serbian Progressive Party (SNS) won almost 50 percent of the vote in the 2016 election, returning Aleksandar Vucic to the Prime Minister's office. He stated that economic reforms will again be a priority for his government. Presidential elections in April 2017 made further reforms delay. Aleksandar Vucic was elected as a new Serbian president, while appointment of a new prime-minister and reshuffle of the Cabinet are expected in June 2017. In addition, there are some announcements of potential parliamentary elections in September, which will prolong beginning to resolve a number of long-standing issues related to the country's slow transition to market-driven economic system capitalism. Thousands of public sector employees may face layoffs as the government implements these reforms, therefore job creation will remain a major challenge for the government.

Basic labor market indicators show that there was a strong positive trend in 2016 compared to the previous year. Employment rate in 2016 decreased from 17.7 percent to 15.3 percent compared to the previous year. The number of employees increased in 2016 by about 20,000. Government monitoring of formal employment was improved by including the Central Registry of Compulsory Social Insurance (CROS) as a data source. Despite the increased employment, it is particularly worrying that over 30 percent of those under 30 years old are unemployed. These young people, especially the educated are leaving the country to find work elsewhere, causing Serbia to have a high level of "brain drain".

The government has focused its efforts on promoting domestic production and FDI as a major source of sustainable growth. Foreign Direct Investment (FDI) increased roughly by 45 percent from USD 1.4 billion in 2014 to almost USD two billion in 2016, keeping almost same level from 2015 (\$ 2.1 billion). The main sector for FDI is manufacturing. The current account deficit reduced to USD 1.5 billion in 2016, from around USD 2.2 billion in 2014 (or 4.0 percent of GDP in 2016). This result is brought about by a significant reduction in foreign trade deficit.

Public debt at the end of 2016 stood at 74.5 percent of GDP, which is by 1.3 percent of GDP less than at the end of 2015. This indicates that the fiscal consolidation measures gave results, because in 2016 a six-year public debt growth trend in relation to GDP was stopped. However, the risks of its re-growth in the near future have not yet been eliminated.

Value of exported goods in 2016 reached \$14.9 billion, which is 11.5 percent above the value realized in 2015. This is a significant growth, as well as accelerated growth, having in mind that exports in 2015 were by 7.9% higher compared to the recorded value of 2014. Export of road vehicles remained at the leading position. FIAT is still the biggest individual exporter with USD 1.5 billion of exports. Goods in the value of \$19.3 billion were imported in 2016, which is by 6.1 percent above the realized imports of 2015. The values of imports in 2016 were primarily affected by the low global price of energy, as well as the effects of fiscal consolidation. The EU remained the biggest trade partner, accounting for over a half of Serbia's foreign trade. This was followed by Russia and signatories to the Central European Free Trade Agreement (CEFTA).

U.S. exports to Serbia in 2016 remained at the same level as it was in 2015, reaching \$ 329 million. The main US products exported to Serbia were aviation parts and machines pharmaceutical and medical products, as well as tobacco and optic instruments. FIAT automobiles remained the major export product from Serbia in 2016, followed by tires, raspberries and hunting rifles and ammunition. Total Serbian exports to the U.S. reached \$246 million in 2016. (Note: Just as with other countries in the region, reported figures do not encompass the entire volume of trade between Serbia and the U.S. Most American shipments going through Western European countries to Serbia are not recorded in US statistics. Consequently, real United States exports to the region can be higher, in some cases even double).

Market Challenges

Every sector in Serbia is open to foreign investors and there are no legal barriers to market entry. Trade is liberalized and there are no barriers to exporting to Serbia. The government has made significant reforms to make trade easier and foreign investment more attractive. Ongoing improvements in administrative procedures, such as customs procedures, business registration, licensing, and, e-procurement are some examples. However, companies and investors are advised to monitor the government's implementation of these laws. Implementation will signal the state's seriousness about opening the economy to private investment. New Law on Inspection Oversight (2015) started to bring some positive results by improvement of coordination between different inspections and implementation of additional instruments in combating grey economy and malpractices.

Access to adequate financial resources for Serbian consumers and importers remains a problem. Non-performing loans (NPLs) account for 20 percent of all loans in Serbia.

Nonetheless, major challenges remain: Corruption: Corruption is pervasive at all levels of Serbian society, but its undermining of the judicial system is especially detrimental to Serbia's business climate. Weak judicial system and poor enforcement of contracts: While significant reforms of the judicial system are underway, the courts are slow, inefficient, and subject to political pressure and corruption. Non-transparent public procurement procedures are a major source of corruption. Government contracts remain the most widespread currency in corrupt political spheres, and corrupt officials commonly have abused contracting procedures to drain government funds for personal benefit. The government is taking measures to combat bribery, theft, and fraudulent business practices,

which have resulted in numerous highly publicized arrests of prominent political figures and businessmen. As of January 1, 2016, system of electronic construction permits was introduced, however it remains to be seen if the the implementation will be enough efficient.

Market Opportunities

Despite its small size, Serbia's emerging economy represents significant opportunities for exports and investments across a wide range of sectors.

Infrastructure and Construction – The pan-European Corridor 10 highways and railroads, along with the future highway informally called Corridor 11, which will run from Timisoara, Romania to Montenegro's port of Bar, are priorities for Serbia's infrastructure development. The EU considers these corridors to be part of the core road and railway network that the region should develop. Officials announced a plan to set aside USD 1.1 billion to improve infrastructure in the Western Balkans, including USD 110 million in grants under the Instrument for Pre-Accession Assistance (IPA).

However, Chinese government expressed the interest to for a commercial agreement and a financing agreement for the construction of the Preljina-Pozega portion of the Corridor 11 highway to be signed in November, 2017. The construction of the 31-kilometer Preljina-Pozega highway portion, in a EUR 400 million investment, could begin next year, as the necessary documentation could be completed by the end of 2017.

Belgrade authorities have an ambitious plan to construct three new bridges, two of which will be built as part of the Belgrade bypass project. The third bridge will be on the Corridor 11 highway near Obrenovac. The first two bridges will be financed with USD 35 million of unspent money from a European Investment Bank loan, while the bridge near Obrenovac will be funded through a concession deal. In addition, Belgrade authorities are planning to start building metro within next two years.

Serbia intends to convert all of its military airfields, eight in total, into commercially managed airstrips. The government also plans to invest nearly USD 550 million in inland waterways, mainly for environmental remediation and ordinance removal projects in the Danube River basin. Belgrade Airport Nikola Tesla recently published a tender for 25-years concession contract. The selected concessionaire will be required to finance; develop by building and reconstructing, maintaining, and managing the airport's infrastructure; and operate the airport. Requirement also is that concessioner has served more than one million passengers at any point over 12 consecutive months starting from January 1, 2016 and which is located in a 450-kilometer radius from Belgrade's international airport.

The state-owned railway company, Zeleznice Srbije, is planning to carry out infrastructure development and rolling stock purchase projects over the next three years.

Another state project was agreed with China. The Belgrade-Budapest railway project is worth USD 2.89 billion, and the Hungarian section is worth USD 1.8 billion. The Stara Pazova-Novı Sad section of this route will be financed with a USD 338 million portion of

Russia's loan for Serbia's railway modernization projects, while other sections are expected to be financed by China.

The Serbian government and Belgrade authorities, in cooperation with the United Arab Emirates-based real estate developer Eagle Hills, started an ambitious development project called Belgrade on the Water. Eagle Hills is expected to invest about USD 3.5 billion to build 1.8 million square meters of business, residential, cultural, and retail space in downtown Belgrade. Potential tenants include some of the world's leading brands, many of which are yet to establish a presence in Serbia. The mall, designed by RTKL, one of the world's largest multi-disciplinary design firms, is to span 140,000 square meters above ground, and connect via an enclosed footbridge with The St. Regis Belgrade, a future luxury hotel.

The World Bank is setting aside \$ 65 million for reform in the road sector in Serbia, i.e. for performance-based road maintenance in 2017-2019.

The parliament adopted a law on utility services, which is expected to draw private investment in this sector through PPPs as well as facilitate investments in the underdeveloped wastewater, sewerage, water supply, and waste management sectors.

Agri-Business – Serbia's agricultural sector accounted for 9 percent of GDP in 2016, compared to an EU 27-average of two percent. Agriculture is the engine for development of rural areas as it employs 21 percent of the country's labor force. The main agriculture and food import commodities in 2016 were coffee, cigarettes, soybeans, bananas, vegetables, and fish. Challenges for U.S. exporters include high import tariffs for products from non-EU countries, low incomes, standards which sometimes diverge from international norms, infrastructure issues, and the presence of monopolies in production and retail chains.

Medical devices – Modernization of the healthcare sector, driven mostly by the private sector, is stimulating demand for advanced medical devices and equipment. As Serbians increasingly demand modern medical services, the demand for medical devices and pharmaceuticals will increase in the coming years. Dentistry is another sector that offers good potential for exports of dental supplies and equipment. U.S. manufacturers of sophisticated diagnostic equipment such as imaging equipment, especially ultrasonic diagnostic equipment, MRIs, scanners and endoscopes, may find Serbia as an attractive market for their exports. Pacemakers, nuclear medical instruments, and clinical laboratory equipment, as well as health informatics equipment, home healthcare and rehabilitation equipment and patient monitoring systems including intensive care units, are expected to become good opportunities for U.S. companies in the next few years, as well.

Telecommunications – The telecom sector accounts for 6 percent of Serbia's GDP. Serbia has created the conditions to render all segments of the telecom sector competitive and to bring in a greater number of operators who can offer better quality services. The telecommunication sector offers opportunities for equipment and services, as operators expand the existing mobile and broadband networks. Attempt to privatize state telecom company Telekom Srbija failed in 2015 after the best bid, submitted by a US private equity

fund Apollo. However, investment expected in telecom sector in Serbia could offer millions dollars' worth of export opportunities for U.S. firms over the next three years.

Energy generation and transmission equipment – Significant investments in the electricity generation, transmission, and distribution by both the private and public sector represent opportunities in exports of services, equipment, and materials necessary for the development and modernization of the sector. The on-going and planned investments in new generation sources are another sector that U.S. companies should consider. Energy efficiency technology also may offer opportunities for U.S. exporters in the future.

Projects for modernizing long-distance heating systems in large towns throughout Serbia could be attractive for U.S. companies. With the introduction of the new energy law, there is greater potential for the development of renewable energy projects and the EBRD is considering a loan to finance the construction of one of the first large-scale wind power projects in Serbia.

In addition to these prospects, there are growing opportunities in the field of homeland security equipment, oil, gas, and construction equipment, solar power, and food processing and cold storage equipment.

Market Entry Strategy

Market entry strategies vary widely from industry to industry. The Law on Trade, which regulates the activities of wholesalers and retailers, ensures that any firm may operate in foreign and domestic trade in Serbia. However, the government has not completed all the requisite institutional reforms. Many U.S. firms find that it is cheaper and more efficient to hire a local agent or distributor than to conduct direct sales.

Some U.S. companies have established manufacturing facilities through brown-field or green-field projects, as well as through joint ventures with local partners. Others have entered the market using sales representation offices. These “rep offices” often are used to grow the business until revenues reach a level that warrants a local operation. Other companies use hands-off distributor/reseller agreements as their entry strategy.

The United States and Serbia do not have signed a tax treaty to avoid double taxation. Foreign companies should visit the market and become acquainted with business practices and customs. Networking and establishing relationships with both government officials and business people often is crucial to achieving success. The U.S. Commercial Service at the U.S. Embassy provides Gold Key Service (GKS), matchmaking services, offers business briefings, and assists in arranging all the necessary meetings and contacts for U.S. companies interested in the Serbian market. International consulting firms present in Belgrade may be helpful in establishing the viability of potential local partners.

The U.S. Commercial Service can provide International Company Profiles (ICPs) that encompass a thorough background check on potential clients and partners. Please contact: Boris.Popovski@trade.gov or Zorica.Mihajlovic@trade.gov. Local organizations, such as

the American Chamber of Commerce or the Serbian Chamber of Commerce, may be useful in verifying credibility of a potential local partner.

Political and Economic Environment

Political Environment

For background information on the political environment of Serbia, please visit the [U.S. Department of State Background Notes](#).

Selling US Products & Services

Using an Agent to Sell US Products and Services

Choosing a partner carefully, whether it is a local agent, representative, or distributor is the most effective method of entering the Serbian market. Such local partners can contribute to the success of a U.S. company by shortening their entry time and strengthening their market position. The benefits of a local partner include having a dedicated local presence that is familiar with the local language and business culture and has access to business channels. A local partner can take advantage of fast-breaking opportunities, absorb some expenses of doing business, and manage the logistics of importation, product marketing and distribution.

In considering a potential agent or distributor, conducting appropriate due diligence is important prior to signing a contract with potential representatives. Although English is spoken widely in the business community, U.S. companies will want to have a representative with strong Serbian language skills and cultural knowledge. In addition, business in Serbia is conducted to a large extent through personal contact. In this respect, it is critical to find a partner who is committed to abiding to both local and U.S. laws. Companies are advised to consult with local legal counsel before signing any contact.

The U.S. Commercial Service at the U.S. Embassy in Belgrade can provide International Company Profiles (ICPs) that include thorough background check on potential clients and representatives. These reports include up-to-date information on potential partners, such as bank and trade references, principals, key officers and managers, product lines, number of employees, financial data, sales volume, reputation and market outlook. For more information visit [U.S. Commercial Service Serbia](#).

The Credit Bureau (FINET), which is affiliated with the Association of Serbian Banks, provides information on the credit rating of local companies. Contact FINET to request an English language copy of a Serbian firm's BON-1, a report that provides credit history. The report costs approximately USD 35 and may be obtained by contacting the [Association of Serbian Banks](#).

The [Serbian Credit Bureau](#) is useful in verifying credibility of a potential local partner (kreditnibiro@ubs-asb.com).

The [Serbian Chamber of Commerce](#) provides an online Serbian Company Directory in English, as well as Business Opportunity Exchange data base of local companies interested in working with foreign partners (info@pks.rs).

Establishing an Office

The [Serbian Business Registers Agency](#) (APR) oversees the establishment of foreign representative offices in Serbia and performs the registration of other foreign legal entities in Serbia. Foreign entities/persons and imported goods enjoy the same treatment and status as domestic entities (i.e., national treatment).

A representative office may operate in Serbia after completing the registration process with the APR, which takes approximately 10 days from the filing date of the application.

Representative offices may not sell goods or services directly, but may be used to support sales transactions or business development. They may conduct operations including market research and development, contract or investment preparations, technical cooperation, and similar business facilitation activities. They may not operate in the trade of armaments or other military equipment. Representative offices are permitted to hold foreign exchange and domestic currency accounts in authorized Serbian banks.

Foreign investors interested in opening a local subsidiary may register it as a joint stock company (a.d.), a limited liability company (d.o.o.), a limited partnership (k.d.), or a general partnership (o.d.). Recent amendments to the Law on Foreign Trade seek to simplify administrative procedures and harmonize terminology with World Trade Organization (WTO) standards. Branches of domestic and foreign companies and organizations are entitled to engage in foreign trade.

Limited liability companies may be established in five to ten days. They require only RSD 100 (less than USD one) in founding capital. There is no limit to the number of stakeholders in limited liability companies. The Company Law, effective as of 2012, generally conforms to other European laws on structuring joint stock companies. The minimum capital required for joint-stock company is RSD 3,000,000 (approximately USD 27,250). For more information visit the Serbian Chamber of Commerce's [Guide for Establishing a Company in Serbia](#).

Residence and work permits are required for foreign employees. All resident foreigners must pay an annual income tax if their income exceeds three times the average annual salary of an employee paid in Serbia in a given tax year. Obtaining business visas and temporary residence permits is a complicated and time-consuming process. All relevant information related to registering business entities, representative office or financial leasing, pledges on movable property and rights, and financial statements may be obtained at the [Serbian Business Registers Agency \(registar@apr.gov.rs\)](mailto:registar@apr.gov.rs).

Franchising

The Serbian market remains relatively untapped for franchising. While few franchises operate in Serbia, the business concept slowly is attracting interest among local entrepreneurs. Growing consumer demand for a variety of merchandise and services make Serbia a promising market for a wide range of franchised businesses, such as catering and apparel. In many cases, master franchisers cover all of southeast Europe from a neighboring market.

There is no dedicated franchise law in Serbia; however, the Law on Contracts and Torts provides some legal framework and protection. Serbia does not have a franchise association to promote this industry. The U.S. Commercial Service and the Serbian Chamber of Commerce's [Center for Franchising](#) are the primary points of contact for foreign and domestic companies interested in this sector.

Direct Marketing

Direct marketing is not well developed in Serbia. With steady growth in credit card usage, however, efforts are increasing to market consumer goods through catalog sales and direct response advertising (television, radio, and print media). Marketing usually is carried out via formal or informal multi-level marketing groups or direct sale chains. Informal gatherings often are used to promote product sales. Telekom Srbija publishes a Yellow Pages Directory.

Joint Ventures/Licensing

Serbian firms are interested in joint venture contracts with foreign firms. They often are looking for the foreign firms to provide capital, equipment, and merchandise, while domestic firms would provide working and warehouse space, personnel, local experience, and channels of distribution. U.S. firms considering such ventures should review carefully the viability of potential domestic partners.

Licensing is a good way to tap into local markets, but this requires financially strong partners with good management skills. Licensing is regulated by the Law on Contracts and Torts, and not via a separate licensing law. Licensing contracts should include strong intellectual property rights (IPR) protection including a definition of the relevant intellectual property, contract terms, quality control provisions, restrictions on terms of use, etc. Companies are advised to consult a local lawyer to ensure that provisions of the contract do not violate any Serbian laws, potentially making any agreement null and void. The U.S. and Serbia do not have signed a treaty to avoid double taxation.

Selling to the Government

Government purchases in Serbia are handled principally through government tenders. Serbian government carried out direct negotiations with other governments for some project in the past (e.g., with China for the construction of a bridge across the Danube and the UAE for Etihad's investment in JAT, now renamed Air Serbia). Regular military sales are subjects of public tenders, except for cases of foreign military assistance in acquiring sensitive equipment.

The Public Procurement Law, enacted in 2013, amended in 2015, improved the legal framework in this area and introduced a central purchasing body that handles procurements for state bodies, introduced novelties in centralized public procurement, and shortening of the deadlines for specific actions in the procedure. Public procurement announcements and contract awarding procedures have been aligned with EU directives. In 2015, the value of registered public procurements in Serbia reached about six percent of the country's GDP.

The main problem facing companies is during the tender process and selection criteria. The U.S. Embassy in Serbia initiated a public procurement initiative aimed at promoting best-value determination and life-cost analysis, which emphasize factors such as quality,

operation, and maintenance, instead of the prevailing lowest-price criterion used in the Serbian public procurement system that often is more expensive in the long run.

Information about public procurement procedures and tender announcements is available at the [Public Procurement Portal](#).

Many governments finance public works projects through borrowing from the Multilateral Development Banks. The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [European Bank for Reconstruction and Development](#) and the [World Bank](#).

For more information on project financing please, review Project Financing section of this document.

Web Resources

- [Commercial Liaison Office to the European Bank for Reconstruction and Development](#)
- [Commercial Liaison Office to the World Bank](#)

Distribution & Sales Channels

The Trade Law is compliant with EU regulations and divides commercial trade into wholesale and retail sales. In addition to licensed sales outlets, consumers can conduct trade remotely (e.g., by internet, catalog, mail order, or telemarketing) or without the prior order (or consent) by way of direct offer (e.g., door-to-door salesmen) through authorized representatives. Other sales outlets include trade from portable or mobile objects (kiosk, counter, vehicle, etc.). The Trade Law also defines special market institutions such as commodities markets, fairs, and other industry trade-like fairs including green markets, wholesale markets, and auction houses. The law prohibits the establishment of pyramid trade and marketing schemes.

The value of retail trade in Serbia is approximately \$ 3.7 billion a year, which reflects the country's low purchasing power. If Serbian retail trade is calculated per square meter of retail space, compared to neighboring countries, Serbia has potential to expand in the future. There are a number of foreign retail chains in the Serbian market, including regional and international players. Foreign retail chains hold two-thirds of the total retail market. Consumer malls and shopping centers became popular in Serbia. However, there are not many American specialty shops. The key to success is offering an increasing variety of new products and services to the Serbian consumer.

Capital goods normally are sold directly to manufacturers and businesses. A good agent is essential when selling capital goods or machinery to businesses. The [U.S. Commercial Service Serbia](#) assists U.S. exporters in finding an agent through its International Partner Search or Gold Key Matching Service.

Express Delivery

All the major U.S. and other foreign express delivery courier companies operate in Serbia on a timely basis, including Serbian Post's own express mail service (EMS). Most of them also provide custom clearance services. All shipments are subject to security screening, regardless of destination. Shipments will be X-rayed and their contents inspected to ensure that they are safe for transit. All parcels shipped to and from territories outside of the European Union are subject to Customs Clearance. This also applies to special and overseas territories linked to EU member states (e.g. Channel Islands, Canary Islands, Falkland Islands, etc.). Certain commodities are considered as "Non-Document" and need to be accompanied by an invoice and, in some cases, additional customs documentation. Other commodities are considered simply as a "Document" and only require an express delivery courier company Waybill to be completed. More details may be reviewed at Customs Administration's [Laws and Regulations](#) web page.

Selling Factors & Techniques

For first-time exporters to the market, it is important to note that distinct cultural differences between Serbia and the United States and local labeling regulations may in some cases, dictate changes in selling, advertising, and marketing. Although many strategies used by firms in the United States can be equally effective in Serbia, U.S. companies are advised not to automatically assume that selling in Serbia is the same as selling in the domestic U.S. market. Companies should carefully research the implications of promotional activities prior to their implementation in Serbia.

A tight credit policy in Serbian banks, exacerbated by the global financial crisis, means that the ability to provide financing is a key factor in selling both industrial and 'high ticket value' consumer goods. Most Serbian buyers prefer to pay in monthly installments even for low-cost goods. Sales techniques critical to success include close and frequent contact with buyers, motivated and trained partners, and aggressive market promotion. U.S. firms interested in selling products to state-owned companies will need to establish the company's creditability with Serbian government entities. Internationally-financed public procurements offer the best opportunity for transparent purchasing decisions.

eCommerce

The legal framework for e-commerce in Serbia includes the E-Commerce Law (2013), Electronic Document Law (2009), and the Electronic Signature Law (2008). Changes to the financial regulations relevant for e-commerce have been implemented only partially. While an exception was introduced in the law for e-services, allowing Serbian citizens to open accounts with foreign e-payment providers such as PayPal, the foreign exchange framework is restrictive. The new Consumer Protection Law, adopted in 2014, contains

provisions concerning business relations over the internet. The Serbian Ministry of Trade, Tourism, and Telecommunications announced the adoption of a new e-commerce law, which should replace the digital signature law, by the end of 2017.

Statistics regarding the use of computers, broadband penetration, and e-commerce are improving. According to Internet World Stats (IWS), nearly 60 percent of Serbians are frequent users of the Internet. Informal estimates from the NBS indicate that the number of e-commerce transactions in Serbia exceeded 2 million in 2016, of which more than a half through foreign websites, worth around \$ 300 million. Due to the increased awareness of the consumer and the demand, B2C sites and has increased in the past few years. Today there are banking, bill payment, consumer products and grocery shopping through Serbia.

Despite increased interest in E-Commerce, there are some key factors that drive Serbia away. They include:

- User Resistance – Users may not trust the site being an unknown, faceless seller. Such mistrust makes it difficult to make users switch from physical stores to online/virtual stores.
- No Free Shipping – Free shipping is rarely offered to Serbian customers
- Higher prices – Some products will cost more with shipping/customs/VAT/tax.
- Limited Selection – Some products are not available for shipment to Serbia
- Difficult Customer Service – Customer service is more difficult for less technical-savvy individuals because of language and/or time zone barriers.
- Unreliable lead-time – Lead times are not always accurate because the local postal service is slow and difficult to monitor and track
- Nearby Physical Stores – Strong competition by local nearby stores.

Trade Promotion & Advertising

Aggressive product promotion and advertising are effective tools in Serbia, especially for consumer goods, where brand image is important and U.S. products face fierce competition from both local and European sellers. Television and radio advertising are the most effective. Television, which reaches 90 percent of households, has the broadest reach of all media. Serbia has two state-owned and three private TV channels with national coverage (RTS, Pink, Prva, Happy TV, RTV). There are five regional channels. Serbian law restricts advertising on state television to six minutes per hour. Advertising on privately-owned (regional and local) television stations cannot exceed 20 percent of total program length. The most advertised products are telecommunications, vehicles, financial institutions, beverages, newspapers, and hygiene products. Serbian law prohibits the advertisement of tobacco and alcohol on television. Digital printing and commercial graphics are widely used in Serbia, including billboards that cover entire building facades.

Trade promotion events and fairs continue to be popular in Serbia, although they lack the level of sophistication that many U.S. exhibitors have become accustomed to in other markets. The Belgrade Fair maintains its tradition of organizing industry-focused or specialty exhibitions such as automotive, construction equipment, furniture, fashion, medical, pharmaceutical, books, tourism, etc. Although small, the Belgrade Fair attracts

international attention and includes numerous foreign exhibitors. For more information on these events, please contact: info@sajam.rs. In addition, Novi Sad Fair organizes the biggest agriculture trade show in Serbia.

There are many domestic advertising agencies, but most are small and lack the client base required for significant media buying discounts. Some local advertising agencies have links to U.S. advertisers. The vast majority of the international agencies are in partnership with domestic agencies.

There are more than 10,000 billboards in Serbia. Prices vary depending on the location, frequency, and category. Billboards frequently are used for political and election campaigns and are increasing in popularity in urban areas for consumer related goods and services.

U.S. Commercial Service Serbia provides valuable assistance to U.S. exporters to promote their products through the Single Company Promotion service.

Pricing

Changes in the price of certain basic products (for example, milk, bread, flour, and cooking oil) must be reported to the Ministry of Trade 15 days in advance, and the state has the authority to deny price increases for those goods. The state directly controls the price of utilities, public transportation, and telecommunication services. Significant black and gray market sales exist for many products, especially consumer goods, to avoid high customs and taxes. The value-added tax (VAT) is eight to ten percent for food and drugs and twenty percent for most other goods.

Sales Service/Customer Support

The Ministry of Industry, Trade & Labor requires that all businesses provide adequate after-sales service and customer support. Consumer organizations have become stronger in Serbia. The government adopted a National Strategy for Consumer Protection in 2013, which prescribes a significant extension of the obligations of local authorities; the creation of a unified register of consumer queries and claims; and the enhancement of out-of-court settlement of consumer disputes to relieve the courts and ensure a more efficient enforcement of consumer rights.

The National Council for Consumer Protection is an expert advisory body that was established to improve the system of consumer protection and cooperation between the authorities and other consumer protection entities, including representatives of consumer associations, experts, and chambers of commerce. It is an independent, non-governmental, and non-partisan alliance of consumer organizations. Also, some organizations (e.g., the Consumer Centre of Serbia, Centre for Consumer Education and Protection Belgrade, Consumers' Association of Vojvodina, and FORUM-Nis) work together on consumer protection advocacy.

The new Consumer Protection Law enacted in September, 2014 generally is compliant with the EU consumer protection directive and further improves the protection and position of

consumers. However, its effects will depend on the adoption of the by-laws necessary to regulate it in more detail, the conditions for out-of-court settlement of consumer disputes, the rules for bodies resolving such disputes, etc.

Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

IP Attaché Contact

Name: Susan Wilson

Address: U.S. Mission to the European Union

Boulevard du Régent 27

BE-1000 Brussels, Belgium

Telephone: +32 2-811-5308

E-mail: susan.wilson@trade.gov

Due Diligence

American firms interested in doing business in Serbia are advised to perform due diligence before concluding any kind of business deal. Legal audits generally are consistent with international standards, using information gathered from public books, the register of fixed assets, the court register, the statistical register, as well as from the firm itself, chambers, and other sources. The [U.S. Commercial Service in Belgrade](#) can counsel U.S. companies on potential partners and provide background information on companies and individuals via the International Company Profile (ICP) service. An ICP provides information about a local company or entity, its financial standing, reputation in the business community and includes a site visit to the local company and a confidential interview with the company management. For information please contact Senior Commercial Specialist [Zorica Mihajlovic](#).

The U.S. Commercial Service maintains lists of international consulting firms in Belgrade, local consulting firms, and experienced professional, and reliable corporate/commercial law offices. Contact CS Serbia's Admin Assistant [Biljana Stojimirovic](#) for further information.

Local Professional Services

Serbia - America Chamber of Commerce (AmCham Serbia)

Phone: 00 381 11 3088 132

Address: Resavska 1315, 11000 Belgrade

E-mail: info@amcham.rs

Website: [America Chamber of Commerce Serbia Website](#)

Chamber of Commerce and Industry of Serbia

Phone: 00 381 11 3300 900

Address: Smiljaniceva 24/I, 11000 Belgrade

E-mail: info@pks.rs

Website: [Chamber of Commerce and Industry of Serbia](#)

Chamber of Commerce of Vojvodina

Phone: 00 381 21 480 37 00

Address: Hajduk Veljkova 11, 21000 Novi Sad

E-mail: info@pkv.rs

Website: [Chamber of Commerce of Vojvodina](#)

Foreign Investors Council (FIC)

Phone: 00 381 11 3281 958, 3281 965

Address: Gospodar Jevremova 47, 11000 Belgrade

E-mail: office@fic.org.rs

Website: [Foreign Investors Council \(FIC\)](#)

Serbian Association of Managers (SAM)

Phone: 00 381 11 308 76 04

Address: Smiljaniceva 24/III, 11000 Belgrade

E-mail: office@sam.org.rs

Website: [Serbian Association of Managers \(SAM\)](#)

Principle Business Associations

The key U.S. business association in Serbia is, very active and well-organized, American Chamber of Commerce Serbia. It has a total of 196 members, of which about 1/3 are U.S. companies. The rest are Serbian, or international companies and non-profit associations. Most of the U.S. companies present in Serbia are members of AmCham Serbia, which is an accredited affiliate of the U.S. Chamber of Commerce in Washington and the AmChams in Europe (ACE) network. The key Serbian business association is the Serbian Chamber of Commerce (PKS), with mandatory membership of all companies registered in Serbia. Serbia also has a very active Foreign Investors Council (FIC), and Serbian Association of Managers (SAM).

Limitations on Selling US Products and Services

Any company registered in Serbia is considered a Serbian legal entity, which has no limits to own assets or sell in Serbia. We are not aware of any restrictions on foreign ownership of companies in Serbia.

Web Resources

- [Serbia - America Chamber of Commerce \(AmCham Serbia\)](#)
- [Chamber of Commerce and Industry of Serbia](#)
- [Chamber of Commerce of Vojvodina](#)
- [Foreign Investors Council \(FIC\)](#)
- [Serbian Association of Managers \(SAM\)](#)

Leading Sectors for US Exports & Investments

Medical Equipment

Overview

In 2016, the Serbian market for medical equipment and supplies was estimated at \$ 220 million, or USD 27 per capita. The market rose 4.5 percent compared to the previous year. Further growth of three to five percent annually between 2016 and 2020 is expected, reaching USD 300 million. Imports account for approximately 88 percent of the market, in part because of the implementation of health reforms that increased demand for new equipment. The leading medical equipment suppliers are EU-based manufacturers. Approximately 10 percent of medical equipment imports are from the United States, although the actual share of U.S. imports is higher as some is shipped from their European subsidiaries. Domestic production of medical equipment and devices is small and largely covers medical supplies such as bandages and syringes, as well as low-tech and small amounts of hi-tech medical equipment.

The Medical Device Market (In mill. USD)

Medical Devices	2015	2016	2017 (e)	2017 (e)
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	12.000	13.000	14.000	14.000
Total Imports	195.000	200.000	200.000	210.000
Imports from the US	26.000	26.000	30.000	30.000
Total Market Size	210.000	220.000	220.000	230.000
Exchange Rate: 1 USD	110	120	125	130

(total market size = (total local production + imports) - exports)

Source: Serbian Bureau of Statistics and independent experts EPISCOM Report: The Medical Device Market: Serbia

The Serbian government has committed to improving and modernizing the nationalized healthcare system, which is in desperate need of reform. In recent years, the government has undertaken an extensive program of renovation, with the help of external financing from international organizations, such as the World Bank. Equipment upgrades are part of this goal.

The healthcare system in Serbia is financed by compulsory health insurance contributions, based on 10.3 percent of payroll taxes. The system provides easy access to comprehensive health services for the entire population. A majority of hospitals are public (state-owned). Owing to Serbia's underdeveloped insurance market and state healthcare policy, the private sector share is minimal. The public healthcare network in Serbia includes a total of 344 healthcare institutions: 210 primary healthcare entities, 76 secondary level institutions (40 general hospitals and 36 special hospitals and rehabilitation centers), and 29 tertiary care institutions. The total number of beds in state hospitals stood at 38,200 at the end of 2014.

The Ministry of Health is the major decision-maker in the Serbian healthcare market. It develops health policies and budgets, monitors the work of state-owned health institutions, and approves plans for purchases of medical equipment. The Public Procurement Act requires open tenders for all purchases. Most purchases are made by publicly-owned institutions. However, private medical practitioners present some opportunities for sales of dialysis and diagnostic imaging equipment.

In accordance with the Medical and Medical Devices Law, the Medicines and Medical Devices Agency of Serbia (ALIMS) is in charge of issuing marketing authorizations for medicinal products and medical devices, performing laboratory quality control of medicinal products and medical devices, collecting and processing statistical data on trade, and consumption of medicinal products and medical devices.

Though Serbia has adopted most European regulations, the CE mark has not yet been recognized, so medical products from the EU have to pass the marketing authorization process, which is a simpler procedure than the one for products without the CE mark. Companies often complain that they have to wait a very long time to register medical devices.

Leading Sub-Sectors

U.S. medical equipment has an excellent reputation in Serbia for state of the art technology, quality, and reliability. However, technical assistance concerns (both real and perceived) are seen as obstacles to the growth of U.S. imports. The medical equipment market is price-sensitive. The best sales prospects for U.S. medical equipment include:

- Linear accelerators
- cardiovascular diagnostic equipment
- non-invasive surgical devices

- anesthesia and intensive care equipment
- diagnostic imaging (CTs, MRIs)
- radiation therapy equipment
- ultrasound equipment
- urology equipment
- laboratory and testing equipment
- tissue and blood bank related equipment
- ultra-violet/infra-red equipment used in medical, surgical, dental, or veterinary sciences
- apparatuses based on the use of X-rays of alpha, beta or gamma radiation treatments
- Medical lasers
- endoscopes

Local distributors indicate that there is a large demand for diagnostic tests for drugs, pregnancy, and various illnesses, and express interest in importing what they call “hit” products, i.e., new U.S. products with no European equivalents. Digitalization of various technology processes in hospitals and optimization of the IT systems and improvement of hospital management systems will be on the agenda in 2016.

Opportunities

There are opportunities in the Serbian market for U.S. manufacturers of sophisticated diagnostic equipment such as imaging equipment, especially ultrasonic diagnostic equipment, MRIs, scanners and endoscopes. Pacemakers, nuclear medical instruments, and clinical laboratory equipment, as well as health informatics equipment, home healthcare and rehabilitation equipment and patient monitoring systems including intensive care units, are expected to become good opportunities for U.S. companies in the next few years.

The Ministry of Health is looking for innovative ways to work with medical equipment suppliers and is considering the creation of PPPs in which a company would equip and administer a certain medical center or hospital unit. This is in the conceptual stage, and the Ministry and the Health Insurance Fund are willing to listen to different proposals.

Medium- and long-term procurement opportunities include the following: information systems (to be developed through the National Health Insurance Fund), training, public information and technical assistance, and support for outpatient and inpatient care. Hospitals routinely procure diagnostic equipment, modern patient monitoring systems, and hospital management systems.

Web Resources

- [Ministry of Health of the Republic of Serbia](#)
- [Health Fund of the Republic of Serbia](#)
- [Medicines and Medical Devices Agency of Serbia](#)
- [Association of Medical Devices Distributors in Serbia](#)

- Institute of Public Health of Serbia

For more information on market entry strategies contact:

zorica.mihajlovic@trade.gov.

Pharmaceutical

Overview

Serbian pharmaceutical market is one of larger markets in the Central and Eastern European (CEE) region, Serbia's overall pharmaceutical market is relatively underdeveloped, seeing regular medicine shortages and somewhat long waiting times for patients. The total market for pharmaceutical products in Serbia was estimated at USD 1.051 billion in 2016, remaining at the 2015 level. More than half of consumption went to state-controlled prescription drugs. While the market is small in absolute terms, relative per capita spending on medicines is expected to improve over the long term. However, financial inefficiencies within the health insurance system mean that the National Health Insurance Institution (RFZO) is not always able to meet its obligations on time, forcing patients to pay for formerly reimbursed medicines or hospitals having to cover the difference.

The Pharmaceutical Market (USD thousands)

Pharmaceutical Market	2015	2016	2017 (e)	2018 (e)
Total Local Production	600.000	600.000	600.000	600.000
Total Exports	200.000	200.000	200.000	200.000
Total Imports	700.000	700.000	750.000	750.000
Total Market Size	1.050.000	1.051.000	1.100.000	1.100.000
Exchange Rate: 1 USD	110	120	125	130

(total market size = (total local production + imports) - exports)

Source: Serbian Bureau of Statistics and independent experts EPISCOM Report: The Pharmaceutical Market: Serbia (e) – Estimated

Serbia's pharmaceutical market is dominated by prescription drug sales, which account for 89.70 percent of the total value of the market, primarily generic medicines, which in turn constitute 69.00 percent of prescription drug sales and 61.90 percent of the total value of the market. Over-the-counter (OTC) medicines are the smallest segment of the market, accounting for 10.28 percent of total pharmaceutical sales. Patented drugs are also a considerable segment of the pharmaceutical market, worth some 27.78 percent of the market in value terms. Serbia's Republic Health Insurance Fund provides full and partial reimbursement to insured citizens for pharmaceuticals placed on its positive reimbursement list. Currently, the reimbursement list consists primarily of generic drugs and the market segmentation reflects this.

The Serbian pharmaceutical market is split between domestic production and imports of pharmaceuticals from foreign multinationals, as the country is home to several, large generic drug makers such as state-owned Galenika, Stada subsidiary Hemofarm and Actavis subsidiary Zdravlje. State-owned Galenika is currently undergoing a process of privatization, with the Serbian government actively seeking buyers for the enterprise as part of its reform agenda with the International Monetary Fund (IMF). Presently, most multinationals are involved in the Serbian market through imports of their product portfolios or through licensing and marketing agreements with local players. Roche is one of the leading players on the market, with other multinational companies in Serbia including Merck, GlaxoSmithKline, Pfizer, Sanofi, Novo Nordisk, Abbot, Janssen-Cilag and AstraZeneca. About 70 foreign companies have representative offices in the country, with the majority being members of the Association of Foreign Pharmaceutical Manufacturers in Serbia. Roche remains the only foreign pharmaceutical player with affiliate status, and reportedly records the largest turnover among the international pharmaceutical players in the country.

The United States exported \$ 42 million worth of pharmaceutical preparations to Serbia in 2016.

The implementation of centralized procurement was introduced in 2013, resulting in some forced price reductions, particularly in the case of high-volume products and generics. This could benefit larger firms who are able to benefit from economies of scale. The intent of the central procurement system, which includes both public and private pharmacies, was to improve transparency and combat corruption. Results will depend on many other factors, including monitoring systems and the free and open availability of information about tenders.

In January 2015, the RFZO announced that patients would have to pay full price for more than 120 drugs that had been fully or partially reimbursed. These drugs include antibiotics, sedatives, statins, anti-hypertensives, and drugs for other serious diseases. The move is aimed at slowing consumption of certain high-demand medicines.

Positive development in the Serbian market regarding innovative drugs was carried out in November 2016. The state Health Insurance Fund (RFZO) signed agreement with 11 pharmaceutical companies, out of which 4 are American, on including their innovative drugs to the state-subsidized drugs list. It is expected that in the following years more

innovative drugs will be added to this list, which is good opportunity for US pharmaceutical companies doing business in Serbia.

Leading Sub-Sectors

Serbia has some of the highest rates in Europe for cardiovascular disease, cancer, liver disease, and cirrhosis because of poor diets, high smoking rates, and other unhealthy habits. Pharmaceuticals that address these conditions, as well as their precursors (e.g., hypertension, high cholesterol, etc.) are in demand. In 2016, the highest demand was for cardiovascular drugs, followed by antibiotics and medications for the nervous system. The market for drugs and supplements is growing and local distributors are in constant search of new U.S. suppliers.

Opportunities

The market for natural medicines has expanded significantly in recent years. While U.S. suppliers should be able to offer a full range of food supplements, calcium citrate/ acetate/ lactate, iron sulfate, and glucosamine sulfate are in particular demand. There is significant demand for oncology products, vitamins/minerals, and natural medicines aimed at the prevention of diseases, as well as for drug/alcohol tests.

The Serbian Law on Drugs prohibits the sale of any pharmaceuticals, including OTC, outside of pharmacies. Customs-free access to some markets such as Russia, former-Yugoslav countries, and the EU provide many opportunities for both medicines and medical devices, such as export-oriented green-field investments, contract manufacturing and outsourced small-batch production. Serbia's leading pharmaceutical companies have modern technological solutions that comply with good manufacturing practice and enable them to manufacture over 95 percent of existing generic forms.

Web Resources

Other resources can be found at the following websites:

- [Ministry of Health of the Republic of Serbia](#)
- [Health Fund of the Republic of Serbia](#)
- [Association of Pharmaceuticals of Serbia](#)
- [Medicines and Medical Devices Agency of Serbia](#)
- [The Inovative Drug Manufacturers' Fund – INOVIA](#)
- [Institute of Public Health of Serbia](#)
- [American Chamber of Commerce in Serbia Healthcare Committee](#)

For more information on market entry strategies contact:

zorica.mihajlovic@trade.gov.

ICT Market

Overview

The Serbian ICT market was estimated to \$ 2 billion in 2016. This sector accounts for 6 percent of Serbia's GDP and it is the most vibrant and the fastest growing Serbian sectors for the last 10 years. According to the official Serbian statistics, total revenues from mobile and fixed telephony in 2016 reached \$ 1.2 billion, and \$ 200 million from internet service operations. A total of 65% of households in the country have a computer, 64% an internet connection, and 58% a fast internet connection.

The public sector is the largest user segment, representing 30% of IT spending in Serbia. Retail sales recorded mild growth in 2016 thanks to marketing activities and special offers, but represent only 9 percent of the total IT spending in Serbia. In Serbia, there are about 35,000 ICT professionals representing about 0.4% of the total ICT professionals from European Union. In the IT sector, imports are still higher than local production. Many key global players such as Microsoft, SKF Group, Adobe, Oracle, Google, Hewlett Packard, SAP, IBM, Siemens, Intel, Cisco, NCR Corporation, Erickson and others, have already tapped into this potential, either by establishing their development centers in Serbia or outsourcing services to local IT companies.

ICT Market Data in thousands of USD

	2014	2015	2016	2017(e)
Total Local Production	1.455.000	1.487.000	1.500.000	1.530
Total Exports	445.000	465.000	490.000	520.000
Total Imports	940.000	960.000	995.000	1.027.000
Imports from the US	35.000	40.000	50.000	50.000
Total Market Size	1.950.000	1.982.000	2.005.000	2.037.000
Exchange Rate: 1 USD	100	110	120	125

(total market size = (total local production + imports) – exports)

Note: Data regarding U.S. imports relates to shipments from the U.S. Many U.S. companies distribute equipment from other countries, and are not treated as U.S. exports by official statistics; (e) – Estimated

The mobile telephone market in Serbia recorded 9.2 million subscribers in 2016, reaching growth of nearly 8 percent compared to the previous year. Mobile telephone providers are rolling out new technologies and lucrative value-added services. Operators (Telekom Srbija- MTS, Telenor and ViP) have continued to invest in wireless data services, which is opening up new sources of revenue growth.

ICT Market Data

	2014		2015		2016	
	Number (in 000)	Penetration (%)	Number (in 000)	Penetration (%)	Number (in 000)	Penetration (%)
Fixed Lines	2,715	38.17	2,603	36.80	2,492	35.22
Mobile Users	9,345	130.76	9,156	129.38	9,230	129.52
Internet Subscribers - Fixed Broadband	1,227	17.17	1,321	18.48	1,431	24.2
Cable subscribers	1,497	20.95	1,596	22.55	1,754	32.37

Source: RATEL – 2016 Annual Report

Serbian Telecommunications Agency - RATEL reported that 2.49 million fixed line connections in 2016. The Internet market in 2016 maintained a positive growth trend from the previous years. Telecommunications Company “Telekom Srbija” remains to be the largest operator in the Republic of Serbia in 2016, with a market share of 46% in terms of the number of subscribers. Other ISPs that should be mentioned are: SBB Ltd. Telenor Ltd, PE “Pošta Srbije”, Vip mobile Ltd., etc. The increased competition in the broadband market and the growing user demands led to an improved quality of Internet services, reflected in

the constant growth of high bitrate connections. In December 6, there were 221 Internet service providers (ISPs) registered in Serbia.

Serbia fully liberalized its telecommunications market in 2012, which primarily affected the fixed telephony segment. The liberalization allows all companies that have the necessary infrastructure, including cable operators, to launch fixed telephony services with only a certificate from RATEL.

ISPs offer a variety of broadband internet access options at speeds of up to 16 Mbps on the retail market. Due to increased competition among ISPs, the price is decreasing. According to the 2015 ITU Broadband Commission Report, Serbia ranked 33 out of 170 International Telecommunication Union (ITU) member countries in terms of mobile broadband penetration. In May 2015, Serbian mobile operators were awarded 10-year licenses renewable for two years to use the spectrum in the 1710-1785/1805-1880 MHz band for the introduction of 4G services.

Local Competition

Computer software is one of Serbia's main export products. Serbia is globally acclaimed for being the biggest exporter of raspberries, but the value of exported software and services is almost twice as big as the export of raspberries. In 2008 the value of exported services was around USD 100 million and by 2016 it reached as much as USD 450 million. Substantial export results were achieved with the state investing around USD 80 per capita in IT development which is far less than the European average. ICT is considered a priority sector for the Government and it will increase the support for this sector over the years, especially given the sector's strong results in attracting investors and employment.

Leading Sub-Sectors

The best prospects for U.S. suppliers in this market are for internet-related equipment such as routers, switches, and access servers, equipment for mobile telephony, cable operator equipment for transmission, and fixed wireless equipment. There are lucrative business opportunities for U.S. companies with technical expertise in internet applications. As GPRS usage becomes widespread and UMTS cellular telephony is introduced, there will be good prospects for the business-to-consumer market for publishing on the internet. Other prospects include internet services, wireless and broadband internet access technologies, cable television, and VOIP solutions.

Opportunities

The U.S. remains the top exporter of ICT to Serbia. The cloud computing sector is growing at 30% per year and is about 5% of the total IT market. It is the fastest growing segment of IT consumption in the country. The highest demand is on PaaS. It was estimated by the IT Cluster Vojvodina that during 2016-2020 there could be about 30,000 new jobs opened by IT startups in Serbia, primarily related to offering cloud solutions to the public sector as well as to small and medium businesses. The value of cloud services in 2016 was about \$6 million.

While IT spending in the financial and other sectors will probably remain at the same level, the largest opportunities lie in the public sector, which will contribute to the growth of the market. Government spending on ICT will focus on areas like e-Government, e-Taxation and the justice system. Serbia's e-Government project will include the following three large infrastructure projects:

- e-Schools
- Serbian Cloud Data Center and
- e-Inspector.

The health-care sector is expected to present opportunities for U.S. firms to participate in internationally financed projects. The growing cable television sector provides opportunities for partnership with U.S. telecommunications equipment manufacturers with innovative, low cost solutions for small-scale digital exchanges and home grown ADSL solutions.

For more information please contact Commercial Specialist, Zorica Mihajlovic at: zorica.mihajlovic@trade.gov.

Web Resources

- [Ministry of State Administration and Local Government](#)
- [Ministry of Trade, Tourism and Telecommunications](#)
- [Serbian Agency for Telecommunications RATEL](#)
- [Association of ICT – JISA](#)
- [IT Cluster Vojvodina](#)

Infrastructure

Overview

Due to its position on the geographic borderline between the East and West, Serbia is often referred to as a gateway of Europe. Two important European corridors, VII – the River Danube and X – the international highway and railroad, intersect on the Serbian territory, providing excellent connections with Western Europe and the Middle East. However, due to a serious lack of funding for new developments and general maintenance during last 25 years, the current situation in the sector is far below its potentials. The current infrastructural network is consisted of the following transportation grids:

Roads

The road network of the Republic of Serbia is 40,845 km (25,380 miles) long, out of which 415.7 km (257 miles) of highways with toll collection, 246.5 km (153 miles) of semi-highways with toll collection, 5,525 km (3,433 miles) of arterial roads, 11,540 km (7,171 miles) of regional roads, and 23,780 km (14,776 miles) of local roads.

Railroads

Transport of goods via railroad is very cost effective and through Pan European Corridors X and VII, Serbia offers an access to all European destinations. As in many countries, the railway system in Serbia suffered due to lack of investments in previous years, but serious efforts have been made by the Government of Serbia in order to restructure and modernize railway network in Serbia. Serbian Railways has signed contracts with 43 international forwarding companies and due to that, "shuttle" container trains started using Serbian railways for pan-European transport. Also, the maximum spindle capacity of the Serbian railways system is 22.5 t. Finally, the priority for the next period is the development of multimodal transportation (transition from road to railway and river transportation).

Air

Air transportation is the fastest and the most convenient way of transportation. Serbia can be reached by air using one of two available international airports in Serbia - Nikola Tesla Airport and Nis International Airport. An airport in Vrsac is currently being used only for domestic non-commercial flights, training and leisure aviation, while it is expected soon to be granted an international certification. Transportation by air to and from Belgrade is possible to almost every destination in the world, either directly or by layover. Starting June 23, 2016, National Air carrier, Air Serbia, will introduce direct flights to New York City.

River

Serbia offers an outstanding potential when river transportation is concerned. A highly cost-effective way of transport can be pursued on three rivers giving a total of 959 km of safe navigable routes. 588 km of the International River Danube, represents the most reliable navigable route that can be used for transportation throughout the year. In addition, artificial canals Rhine-Main-Danube, an international canal that allows barge traffic between the North Sea and the Black Sea, and Danube-Tisa-Danube create a network of routes providing access to all Danube basin countries. The Sava River links the following countries in the region: Slovenia, Croatia, Bosnia & Herzegovina and Serbia, and it is in the process of gaining the status of International Navigable Route.

Infrastructure

Length of road network	40.485 km
Length of railway network	3.809 km
Length of navigable routes	959 km

Number of private ports	11
Number of intern. airports	2

Leading Sub-Sectors

The pan-European Corridor 10 highways and railroads, along with the future highway informally called Corridor 11, which will run from Timisoara, Romania to Montenegro's port of Bar, are priorities for Serbia's infrastructure development. The EU considers these corridors to be part of the core road and railway network that the region should develop. Officials announced a plan to set aside USD 1.1 billion to improve infrastructure in the Western Balkans, including USD 110 million in grants under the Instrument for Pre-Accession Assistance (IPA).

Serbia intends to convert all of its military airfields, eight in total, into commercially managed airstrips. The government also plans to invest nearly USD 550 million in inland waterways, mainly for environmental remediation and ordinance removal projects in the Danube River basin.

The state-owned railway company, Zeleznice Srbije, is planning to carry out infrastructure development and rolling stock projects worth EUR 2.5 billion, stated the Deputy Prime Minister and Minister of Construction, Transport and Infrastructure Zorana Mihajlovic. The current value of the projects amounts to EUR 1.5 billion, while the construction of the Belgrade-Budapest railroad will increase the value by another approximately EUR 1 billion. USD 1.2 billion over the next three years.

The Serbian government and Belgrade authorities, in cooperation with the United Arab Emirates-based real estate developer Eagle Hills, are working on ambitious development project called Belgrade Waterfront. Eagle Hills is expected to invest about USD 3.5 billion to build 1.8 million square meters of business, residential, cultural, and retail space in downtown Belgrade.

The parliament adopted a law on utility services, which is expected to draw private investment in this sector through PPPs as well as facilitate investments in the underdeveloped wastewater, sewerage, water supply, and waste management sectors.

Opportunities

Recent reforms in the legislation are performed not only to satisfy the requirements of the ongoing accession procedures to EU but also with the scope of changing the business environment and make the economy more efficient and eligible to foreign direct investments. Two major improvements related to the infrastructure, are:

- **The new Law on Planning and Construction:** The introduction of an electronic system for issuing building permits is founded by the new Law on Planning and Construction, and as such represents one of the most important reform challenges faced by the Republic of Serbia in 2015. The mentioned Law has entered the process of unified procedure in issuing all acts in the process of construction, and the application and the beginning of issuing electronic construction permits started on January 1, 2016 by the introduction of a functional system for the issuance of E-permits.
- **Methodology for Selection and Prioritization of Infrastructure Projects** is part of the National priorities for international assistance (NAD) 2014-2017 with projections until 2020, adopted by the Government of the Republic of Serbia in November 2013

As a result of the Methodology, the ministry prepared the first *Single Project Pipeline* including 11 railway infrastructure projects, 5 road, three inland waterway projects, two air transport infrastructure projects one intermodal and one road/railway, making total of 23 projects. Strategic relevance scoring is still being performed for one project. For the complete list of projects, their rankings, and financing models, please visit our [web page](#).

The Government foresees the U.S. as a capable partner to cooperate with implementing a significant number of projects from the Single Project Pipeline. Under implementing we understand cooperation with US companies in preparation, construction and procurement (EPC Model) of certain projects, on one side, and a more comprehensive cooperation in full project implementation, which would include financing of the Project from US sources, on the other.

Web Resources

- [Ministry of Construction, Transportation and Infrastructure](#)
- [U.S. Commercial Service Serbia](#)

Agriculture

Overview

Agriculture in Serbia is at the heart of the economy and is an engine for development of rural areas. Agriculture's contribution to Serbia's GDP remains high. In 2016, agriculture accounted for 11.9 percent of GDP, 2.4 percent higher than last year, mostly due to very favorable weather conditions and record crops. This high participation in the country's GDP has mostly resulted from Serbia's fertile land and natural conditions for agricultural production, as well as the continued importance of the rural economy to Serbia's population and delays in structural reforms in other sectors of the economy. According to the Serbian Statistical Office, there are 680,000 people employed in agriculture or 21 percent of the total labor force in the country. Agriculture also is the most important export sector in Serbia. In 2016, agriculture and food production accounted for 19.4 percent of all Serbian exports and enjoyed a surplus of \$ 1.4 billion, \$130 million more than in 2015 (mostly due to an increase in processed fruit and vegetable exports). Approximately 60

percent of Serbia's agricultural land is used for cereal crop production including corn, wheat, barley, sunflowers, soya, and sugar beets. The major agricultural land is in the northern part of the country; Vojvodina accounts for 84 percent of total cultivable land in Serbia. The country has 5.05 million hectares (ha) of arable land. Approximately 90 percent of arable land is privately owned and 10 percent belongs to the government. According to the Serbian Agriculture Census from 2012, there are approximately 630,000 registered agricultural entities of which approximately 99.6 percent are family households and 0.4 percent are legal entities. The average size of the family holding is only 4.5 ha large and the average size of commercial registered farms is 10.6 ha.

In 2016, the total value of Serbia's agricultural production was \$5.3 billion, or 15 percent higher than in 2015, mostly due to favorable weather conditions and record sized yields for most crops including corn, wheat, soya, sunflower, sugar beet, vegetables and fruit production. For 2016, corn production was valued at \$1.3 billion annually (7.5 million MT). Wheat was the second most cultivated cereal, valued at \$473 million (3 million MT). Sunflower production was valued at \$166 million (650,000 MT per year), soybean was valued at \$145 million (570,000 MT) and sugar beet production was valued at \$94 million (2.5 million MT). Considerable revenues (\$463 million annually) also came from the fruit sector, especially from raspberries (\$105 million) and apples (\$106 million). Serbia's livestock production represents approximately 34 percent of the total value of Serbia's agricultural production. It was valued at \$1.8 billion in 2016, approximately 20% higher than in 2015. Proportionally, Serbia's livestock sector is mostly divided as follows: pigs \$700 million (41%), cows \$680 million (40%), poultry \$240 million (14%), and sheep \$85 (5%). The food processing industry remains an attractive sector for investment, given the country's natural resources and traditional production background, but the industry still lacks modern technology.

The Ministry of Agriculture and Environmental Protection (MAEP) is responsible for the government's strategy in the field of international and domestic agricultural trade, food processing, rural development, environment, forestry, and water management. Since 2015, MAEP has limited payment of incentives to smaller agricultural concerns by reducing the maximum farm size for registered agricultural households to be eligible to use state subsidies from 100 ha to 20 ha. In Serbia, approximately 94 percent of registered farmers have up to 20 ha of arable land, while the remaining 6 percent are big farmers with arable land over 20 ha.

The Serbian Parliament approved an agriculture budget for 2017 at 43.78 billion dinars (\$374 million), an increase of 3.3 billion dinars (\$28 million) or 8 percent compared to 2016. Agriculture makes up 4 percent of the total state budget for 2017. The 2017 agriculture budget will introduce new "start-up" credits for young farmers in poor areas of Serbia, as well as incentives for purchasing new agriculture machinery, irrigation equipment and insurance policies for production.

In February 2017, the Serbian government adopted the new Rulebook on Allocation of Subsidies for Agriculture Production and Rural Development. Subsidies for planting crops in will be 4,000 dinars (\$36) per hectare; of this amount, half will be earmarked to purchase seeds and the other half to purchase mineral fertilizers. According to the new

rulebook, state support for milk production in 2017 will remain the same as previous years (7 dinars [\$0.06] per liter). Livestock production subsidies will range from 100 dinars (\$0.91) for laying hens to 25,000 dinars (\$227) per cow. Incentives for beehives will be 720 dinars (\$6.55) per hive. The government is also offering to cover 40 percent of storage costs for farmers. For support to organic production, the state has set aside 90 million dinars (\$818,000) and for preservation of plant and animal genetic resources, approximately 65 million dinars (\$590,009). In 2017, the Serbian government allocated approximately 43.78 billion dinars (\$374 million), 9 percent higher than in 2016 when the agriculture budget was 40.16 billion dinars (\$365 million). The total agriculture budget for 2017 consists of direct payments (farmer subsidies) for what will amount to 18.67 billion dinars (\$170 million), support for rural development with 2.85 billion dinars (\$26 million), credit support to agriculture producers of 670 million dinars (\$6.1 million), specific incentives of 255 million dinars (\$2.3 million) and funds for IPARD support of 250 million dinars (\$2.3 million).

In 2014, the Serbian government adopted a new Agricultural and Rural Development Strategy 2014-2024. The strategy, a requisite for receiving EU funding, sets guidelines for adjusting Serbia's agriculture to meet EU and WTO requirements and defines the basic reforms needed in the agricultural sector. The strategy is focused on reforms that will improve Serbia's business environment and competitiveness, raise living conditions, and introduce greater stability for farmers in rural areas. According to the Ministry of Agriculture, Serbia needs to define budgetary incentives and adopt laws and rulebooks that facilitate agricultural development, as well as greater farmer training and exposure to new technologies. In addition to the Agriculture and Rural Development Strategy, the MAEP prepared the National Development Programs 2015 - 2020, with more specific measures for implementing the Agriculture and Rural Development Strategy.

Since 2001, as part of the EU integration process, Serbia has been adopting new legislation in the area of agriculture and food, mostly in accordance with the *Acquis Communautaire* of the European Union. Over the last six years, Serbia has adopted 34 new laws and over 120 sub-laws that enable implementing of the new laws adopted since 2009 relating to agriculture and food. These framework laws and sub-laws will improve the overall environment for agricultural producers in Serbia and will ensure Serbia's practices are in greater conformity with the EU and in compliance with the rules outlined by such international organizations as the World Trade Organization (WTO) and the International Union for the Protection of New Varieties of Plants (UPOV). However, the 2009 law on Genetically Modified Organisms (GMOs) that bans the cultivation and use of these products without a scientific review process is not in line with EU or WTO regulations. Until this law is amended to comply with WTO rules, it remains an obstacle to Serbia's WTO accession.

In January 2015, the European Commission set aside \$200 million for the next six years (2015-2020) under the Rural Development Program for Serbia (IPARD). The program aims to increase food-safety in Serbia and improve the competitiveness of the agri-food sector as well as help Serbia progressively align its norms with EU standards. The funding will be offered in the form of grants to co-finance appropriate investments up to a maximum public contribution of 70 percent, or potentially a total investment in the sector of almost \$500 million. Grants will be provided for: farmers producing milk, meat, fruits and

vegetables and other crops; micro-, small, and medium-sized enterprises processing milk, meat, fruits and vegetables; organic production; and the development of private rural tourism facilities.

Leading Sub-Sectors

Serbia's Agri-Food Trade Partners:

Country	Exports	Imports
EU	58%	45%
CEFTA*	37%	23%
OTHER COUNTRIES	5%	32%

Source: Serbian Ministry of Agriculture

*CEFTA: Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia and UNMIK (Kosovo)

In 2016, Serbia's agri-food exports were \$3 billion, almost the same as 2015. Agri-food imports decreased by 10.1 percent (totaling \$1.6 billion) compared to 2015. The leading agricultural exports were vegetables, fruits, grains, grain products and beverages, whereas the top imports by value were vegetables, fruits, coffee, tea, cocoa, spices and other processed food products. Agriculture continues to be the largest contributor to total exports. In 2016, agriculture accounted for 19.4 percent of total Serbian exports, reaching a surplus of approximately \$1.4 billion (10 percent higher than in 2015). The most important trading partner for Serbia is the European Union. Exports to EU countries account for 55 percent of Serbia's total agricultural exports, whereas imports from the EU represent 45 percent of Serbia's total agricultural imports. Since 2001, Serbia has enjoyed preferential access for its agri-food exports to the EU. The Serbian products with the best production and export potential remain: grains, oilseeds, sugar, fruits, vegetables, non-alcoholic beverages, water, and confectionary products.

Effective January 1, 2014, under the Stabilization and Association Agreement, the tariffs on most EU agri-food products were reduced from 23 percent to zero percent. Only a few strategic agri-food products will continue to have duties (averaging approximately 3.2%). Approximately 75 percent of trade has been fully liberalized, while 15 percent enjoy reduced tariffs between 10-20 percent of the applicable MFN rates, but 12 percent will continue to be subject to MFN rates after the end of the transition period in 2016. Serbia also has free trade agreements (FTA) with the Russian Federation, Turkey, EFTA countries (Iceland,

Liechtenstein, Norway and Switzerland), CEFTA countries (see table above), Belarus and Kazakhstan.

Since August 2014, when Russia imposed sanctions on select agri-food products from the United States, Canada, the European Union, Australia, and Norway, Serbian exports have been growing to that market. Exports were \$310 million in 2016 or approximately the same as in 2015, when exports to Russia increased over 65 percent compared to 2014 (before sanctions), when Serbian agricultural exports to the Russian market were valued only at \$184.6 million. Serbia's top exports to Russia are fresh and processed fruits and vegetables, dairy products, pork, beef, and meat products, ice cream, fruit juice, wine and other alcoholic beverages, as well as sunflower seeds, corn seeds, seedlings and rose nursery stock. Serbia's FTA with the Russian Federation dates back to 2000, while Serbian products have entered duty-free to the Customs Union (Russia, Belarus and Kazakhstan) since 2009.

Serbia's agri-food exports to the world consist mainly of grains, sugar, fruits and vegetables (fresh and frozen), confectionary products and beverages. In terms of export value, the following are the most important: grain and grain products (\$752 million), processed fruits and vegetables (\$520 million), edible sunflower and soy oil (\$240 million), refined sugar (\$166 million), wheat flour products (\$110 million) and confectionery products (\$104 million). Total agri-food exports in 2016 were estimated to be \$3 billion, almost the same as in 2015.

Serbia's total agri-food imports were valued at \$1.6 billion, some 10.1 percent lower than in 2015. Agri-food imports represent approximately 8.6 percent of Serbia's total imports and are composed mainly of European and CEFTA value added foods and beverages. Serbia registered an agri-food trade surplus of \$1.3 billion, or 2.4 percent higher than in 2015.

In 2016, Serbia's total agri-food imports from the United States were valued at \$33.7 million, or 18.2 percent more than in 2015. This increase is mostly result of higher imports of processed fruits and vegetables, snacks, cacao, coffee and confectionary products from the U.S. Agri-food imports from the United States account for 2 percent of total Serbian agri-food imports. The leading U.S. items were: corn, sunflower, and vegetable planting seeds; nuts (almonds and pistachios); tobacco; processed fruits and vegetables; confectionary products; dietetic foods; non-dairy protein concentrates; alcoholic beverages; frozen fish and seafood; and bovine semen. In the medium term, Serbia is likely to increase imports of planting seeds, fish, and fishery products, poultry meat for processing and high value consumer products and beverages. Possibilities also exist to expand U.S. exports of high value products such as tree-nuts, raisins, snacks, beverage concentrates, planting seeds and seedlings, bovine semen and embryos, flavors and fragrances.

In 2016, Serbia's agri-food exports to the United States were valued at \$34.9 million, a decrease of 9 percent compared to 2015. This decrease was mostly in dry, frozen and canned vegetables and fruits, as well as confectionery products (chocolate and chocolate products). Other Serbian agri-food exports to the United States were dry, frozen and processed fruits, including juices; yeast, frozen vegetables, confectionery and bakery products; brandy and wine; sweet corn, and cheese. During 2016, Serbia enjoyed a \$1.2 million trade surplus with

the United States. Over 5,000 Serbian products, including many agricultural and food products are granted by the U.S. with Generalized System of Preferences (GSP). GSP is one of the U.S. trade preference programs that provide opportunities for developing countries to use trade preferences in a way of paying zero or very low custom's tariffs when exporting goods to the U.S., in order to assist the growth of developing economies.

Opportunities

Key Agri-Food Exports from the United States – 2016 (in US\$)

No.	Commodity	Tariff Code	Imports from the United States	Total Serbian Imports	U.S. Share of total imports
1	Tobacco and tobacco products	2401/2402/2403	14,665,298	98,650,956	14.8%
2	Almonds	080212900	2,575,292	3,433,722	75%
3	Consumer orientated products	2106909290/ 2106909890	3,890,100	37245,652	10%
4	Whisky bourbon	2208301100	1,935,877	3,788,200	51%
5	Corn and sunflower seeds	1005900000/ 0712901100/ 20600100	2,100,553	16,252,470	13%
6	Protein concentrates	2106102000	1,200,301	1,570,540	76%
7	Dry beans	0713331000	696,330	1,342,605	52%

8	Cocoa blocks in	1806209500	690,713	5,830,886	12%
9	Hake	0303661200	532,349	860,776	62%
10	Processed fruits with sugar	200899490	2,771,219	54,862,584	5%

Source: Serbian Chamber of Commerce

U.S. Foreign Trade with Serbia in USD

Year	U.S. Agri-Food Imports from Serbia	U.S. Agri-Food Exports to Serbia
2016	34,897,894	33,671,985
2015	38,244,655	28,533,200
2014	32,861,926	30,182,295
2013	24,406,902	30,373,349
2012	15,064,255	25,919,039
2011	14,391,282	28,664,313

Source: Serbian Chamber of Commerce

Agri-Imports in 2016 in USD

Agri-Imports	2016
Total Agri-Food Imports into Serbia	\$1,623,272,159
Total Agri- Food Imports into Serbia from the United States	\$33,671,985
U.S. Share of Total Agri-Food Imports	2%

Source: Serbian Chamber of Commerce

Web Resources

FAS Office in Belgrade

Address:

U.S. Embassy Belgrade

USDA/FAS Office

Bulevar Kneza Aleksandra Karadjordjevica 92

11 000 Belgrade

Tel: +381-11-706-4000

Email: agbelgrade@fas.usda.gov

Web page: [FAS Office in Belgrade](#)

Local employees:

Tatjana Maslac, M.S.

Agricultural Specialist

Tel: +381-11-706-4158

E-mail: Tatjana.Maslac@fas.usda.gov

Nadezda Dimitrijevic

Admin Assistant

Tel: +381-1-706-4403

E-mail: Nadezda.Dimitrijevic@fas.usda.gov

U.S. Officer:

Frederick Giles,

Regional Agricultural Counselor (residing in Rome, Italia)

E-mail: agrome@fas.usda.gov

Web-page: [U.S. Embassy and Consulates](#)

Useful Links:

USDA sites:

[USDA](#)

[FAS](#)

[FAS Attaché Reports](#)

[Exporter Guide for Serbia](#)

[Food & Agricultural Import Regulations & Standards \(FAIRS\) Report for Serbia](#)

[FAIRS Export Certificate Report for Serbia](#)

Serbian Government sites:

[Ministry of Agriculture and Environmental Protection](#) (in Serbian)

[Vojvodina's Secretary for Agriculture](#) (in Serbian)

[Marketing Information System site](#) (in Serbian, some features in English)

[Republic Statistical Office](#) (in English and Serbian)

Non-Government sites:

[Commodity Exchange Novi Sad, Serbia](#) (in English and Serbian)

[Database of Serbian Agricultural Companies](#) (in Serbian)

Food Technology

Agriculture Fair Novi Sad

Trade Regulations, Customs, & Standards

Import Tariff

Serbia's Customs Law, adopted in 2010 and amended in 2015, was modeled on current European standards and practices (Official Gazette of the RS #18/10; #29/15). Customs rates apply to goods originating in countries that trade with Serbia under the most-favored nation (MFN) principle. Tariffs/duties on goods imported from the U.S. are not the same as those levied on EU member countries. Under the Stabilization and Association Agreement with EU, Serbia phased out and abolished tariffs on most goods imported from the EU. Import duties on all industrial products were scrapped fully, while duties on some agriculture products will remain even after January 2016. Government of Republic of Serbia has adopted the Regulation on Harmonization of the Custom Tariff Nomenclature for the year 2016, published in the "Official Gazette of the Republic of Serbia" No. 98 of 1. December 2015.

Trade Barriers

Serbia has made some trade policy reforms to bring practices closer to conformity with WTO requirements. Reforms include the elimination of import quotas, the reduction of import licensing and prohibitions, the streamlining of customs procedures, and the reduction of tariff and non-tariff barriers.

The legal basis for the trade of goods in Serbia is defined through the Law on Foreign Trade Transactions (FTT), the Law on Customs, the Law on Customs Tariffs, and the Decision on Determining Goods Subject to Issuance of Specific Documents for Import, Export, and Transit. The FTT generally provides that foreign trade is liberal and without limitations. Once registered for performing business activities, a legal entity/entrepreneur may perform foreign as well as domestic operations. No special approval or procedure is required for re-export transactions, except for arms, ammunition, and dual-use goods, which are subject to other regulations.

Import Requirements & Documentation

Serbia uses a standardized import/export documentation process (generally requiring a bill-of-lading, etc.). With the liberalization of the trade regime and reformation of the trade/customs-related institutions, Serbia continues to synchronize its documentation with the European Union. More detailed information may be reviewed at [Additional Explanation Regarding the Inward Processing Procedure](#).

The Serbian Customs Tariff is harmonized annually with the EU Combined Nomenclature. In Serbia, there are several tariff regulations that are binding:

- Decisions on Tariff Classification published in the Official Journal of the European Union;
- Decisions on Tariff Classification issued by the World Customs Organization (WCO);

- Binding Tariff Information issued by the Serbian Customs Administration, upon request, regarding the classification of certain goods, in case of ambiguity or uncertainty.

Official translations of EU and WCO decisions are published regularly in the Official Gazette of the Republic of Serbia.

Import licenses are required for narcotics (including psychotropic substances), medicines containing narcotics, precursors for the manufacture of narcotics, vitamins, blood products, microorganisms, human body parts, non-registered medicines and medical devices, endangered species of wild fauna and flora, substances depleting the ozone layer, radioactive materials, reactors and reactor parts, arms, military equipment and dual-use goods, asbestos, industrial explosives, hunting and sports arms and ammunition for such arms, precious metals, and specific agricultural products for veterinary purposes. The majority of the above-mentioned goods are subject to import licenses in accordance with existing international conventions.

Labeling/Marking Requirements

Serbia has marking and labeling requirements mostly harmonized with EU, regardless it is not yet a member of EU. U.S. exporters should consult with their Serbian importer prior to shipping any product that will be offered to the local market.

All imports into Serbia must contain the following: title of the product, full address of the producer or importer, country of origin, net quantity/weight/volume, ingredients, manner of storage (transport, use of maintenance), and pertinent consumer warnings. Technically complicated products must be accompanied by instructions on use, the manufacturer's specifications, a list of authorized maintenance offices, warranty information and period, and other applicable data. All information must be in Serbian and affixed to (or accompanying) each product before customs clearance.

In accordance with the Law on Environment Protection, eco-labeling can be used on consumer goods—other than foodstuffs, beverages, and pharmaceutical products—which produce less environmental pollution during their life cycle compared to other similar products or those obtained from waste recycling. The regulation governing the use of ecological labels was prepared in accordance with the EU eco-label scheme.

Specific labeling regulations apply to agriculture products. In 2013, Serbia adopted amendments to the Rulebook on the "Declaration and Labeling of Packed Foods" ("Official Gazette SCG" No. 4/04, 12/04 and 48/04). The new amended rulebook is called the Rulebook on "Declaration, Labeling and Marketing of Food" ("Official Gazette" RS No. 85/13 and No. 101/13). It includes a list of substances that can cause allergies and/or intolerance, shows additional food information that must be presented at restaurants and food shops, the size of letters on declarations and the general rules for declarations made relating to unpacked food. The Rulebook regulates the labeling requirements for packed foods designated for consumer or public food consumption in Serbia. According to this regulation, a label must be present on both retail and bulk packaged foods and must indicate the following:

expiration date, type and content of food additives, type and content of added vitamins, minerals, and other ingredients added to enrich the product's nutritional value. All foods are required to have the label in the Serbian language. More details may be reviewed at [Food and Agricultural Import Regulations and Standards Report](#).

U.S. Export Controls

In 2001, the U.S. government issued an Executive Order discontinuing all business sanctions imposed on what was then the Federal Republic of Yugoslavia. However, trade is prohibited with 82 individuals, primarily indicted war criminals and former close associates of the Milosevic regime. To obtain a list of the 82 individuals, contact the Office of Foreign Assets Control, U.S. Treasury Department at (202) 622-2490.

U.S. exporters must be aware that most technology can be exported from the United States to Serbia under general export licenses. Some equipment (e.g., dual-use technology) requires valid export licenses. For information on this subject contact the [U.S. Department of Commerce Bureau of Industry and Security](#), the Trade Information Center at 1-800-872-8723 or the U.S. Department of State Directorate of Defense Trade Controls (DDTC).

A list that consolidates 11 export screening lists of the Departments of Commerce, State, and Treasury into a single search tool is available [here](#).

Temporary Entry

In certain situations, products may be temporarily imported into Serbia on a customs duty exempt basis:

- Equipment temporarily sent by a foreign company to a Serbian company to produce goods or provide services for the foreign company
- Equipment temporarily imported by a foreign contractor to perform construction, assembling, maintenance and similar works in Serbia
- Raw materials temporarily imported for processing in Serbia and re-exported

Serbia is a member of the Customs Convention on the Carnet ATA for the temporary import of goods. For more details click [here](#).

Prohibited & Restricted Imports

There is a limited list of prohibitions (temporary and/or permanent) against the importation of certain products, usually based on technical conditions related to environmental protection. More information can be obtained from [Serbia's Customs Office](#).

Trade Standards

Overview

The Institute for the Standardization of Serbia (ISS) is recognized by the Law on Standardization („Official Gazette of the Republic of Serbia“ #36/2009 and 46/2015) as the only National Standards Body in Serbia. The ISS is responsible for developing and adopting standards, which are considered voluntary under the law. Its work is supervised by the Ministry of Economy. Expert councils direct work in specific areas of standardization.

Serbia has harmonized most of the legislation, standards and technical regulations with the EU legislation. Until now, 97% of European standards have been adopted as Serbian standards, and 75% of the regulations have been transposed in Serbian legislative system. By making only two clicks on [ISS website](#), in the menu “Standards”, submenu “National regulations”, in the search engine by entering a keyword, the report showing the required regulation currently in force with the list of referred Serbian standards may be reviewed.

Serbia has established a network of institutions and organizations in the quality infrastructure area, offering services to the local economy. This has enabled producers and entrepreneurs to meet the market requirements in terms of quality of the products and services they are offering, simpler and easier export, and consumers are ensured about the safety of the products they have purchased.

According to the Law on Standardization, which came into effect in 2009, Serbian standards must be published in one of the official languages of the European organizations for standardization (CEN, CENELEC, and ETSI). In 2009, the collection of Serbian standards and related documents comprised 17,294 documents.

The ISS has adopted the abbreviation SRPS (“Srpski Standardi”) as the official designation of Serbian standards and related documents. The majority of Serbian standards and related documents were developed in accordance with International Standards Organization (ISO), International Electro-technical Commission (IEC), European (EN) standards, and related documents of other countries.

Standards

The ISS has recently published 2016 Annual Plan of Adopting Serbian Standards and Related Documents. The national technical committees comprised of experts representing specific stakeholder groups prepared these documents and all related documents in accordance with the established standardization principles provided in the Internal Rules of Standardization, Part 1 and 2.

The Institute for Standardization of Serbia (ISS) has been accepted as a full member of the European Committee for Standardization (CEN) and the European Committee for Electro-technical Standardization (CENELEC). The membership is in line with the national program for the adoption of the EU acquis and the strategy to improve the system of quality

infrastructure in Serbia for the period 2015–2020, and it provides direct support to Serbia’s EU accession talks.

NIST Notify U.S. Service - Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at [Internet URL](#).

Conformity Assessment

Conformity assessment is conducted in accordance with the Decree on Manner of Performing Conformity Assessment, Content of Document of Conformity, as well as Form, Appearance and Content of the Conformity Marking (Official Gazette of RS No. 98/09). The Law on Technical Requirements for Products and Conformity Assessment and the Decree on Manner of Recognition of Foreign Documents and Markings of Conformity contain provisions on the conditions and recognition of foreign documents and markings of conformity in Serbia.

The conformity mark in Serbia, verifying conformity of the product with certain technical regulations, may be the CE mark or another conformity mark according to special regulations (for example, homologation mark). The Serbian conformity mark confirms that the product meets the requirements of a Serbian technical regulation and that the prescribed conformity assessment procedures have been observed. This mark is in the form of three capital ‘A’ letters connected in the shape of an equilateral triangle and is affixed to the product in such a manner as to be visible. Artwork of this mark can be downloaded in several formats at [Kvalitet a.d.](#) or [Ministry of Economy – Sector for Quality and Product Safety](#).

It is prohibited to affix any other mark of similar content or form on a product which could be misleading to the consumer or that might impair the visibility or legibility of the conformity mark. The provisions for applying these marks are provided in the Decree on Manner of Performing Conformity Assessment, Content of Document of Conformity, as well as Form, Appearance and Content of the Conformity Marking (Official Gazette of RS No. 98/09).

The ISS approves the use of national marks of conformity with Serbian standards. Certification bodies could be providers of other conformity marks. Manufacturers and service providers can issue a declaration of conformity with Serbian standards, but this declaration does not result in the use of a conformity mark. As compliance with standards is voluntary, products are not required to bear a national conformity mark. Affixing a mark to a product demonstrates that the requirements of a specific ISS standard were met.

Product Certification

A product may be placed in the market only if:

- it conforms to the prescribed technical requirements
- conformity was assessed according to the prescribed procedure
- it is marked in accordance with the regulations and
- it is accompanied with the prescribed documents of conformity.

There are no existing Mutual Recognition Agreements with any U.S. organization or any other countries.

Accreditation

Accreditation is a third-party attestation performed by the National Accreditation Body and is used to determine and confirm that an organization meets the requirements necessary to perform certain conformity assessment activities laid out in relevant international standards and that it is competent to perform these activities. Accreditation is voluntary in the Republic of Serbia unless made mandatory by sector-specific laws.

Accreditation rules are in concordance with the international standards from 170XX series, and with the EA, ILAC and IAF rules and guidelines. In Serbia, the Accreditation Board of Serbia (ATS) grants accreditation. ATS is an independent non-profit organization implementing the Law on Accreditation by assessing the competence of conformity assessment bodies. More information can be obtained from the Accreditation Board of Serbia (ATS).

Publication of technical regulations

The Ministry of Economy maintains registers of current technical regulations and those under preparation. In addition, the Ministry of Economy is responsible for providing information and relevant documents to interested parties upon their request with regard to adopted and proposed technical regulations and conformity assessment procedures. The Department for Quality Infrastructure, within the Ministry, performs these tasks.

Contact Information

The Institute for Standardization of Serbia (ISS)

Stevana Brakusa 2

11030 Belgrade

Telephone: +381-11-7541 260

Fax: +381-11-7541257

E-mail: iss1@iss.rs or infocentar@iss.rs

Website: [The Institute for Standardization of Serbia \(ISS\)](#)

Accreditation Board of Serbia (ATS)

11000 Beograd

Vlajkovicева 3

Tel: +381-11-3130 373

Fax : +381-11-3130 374

E-mail: office@ats.rs; infocentar@iss.rs

Web: [Accreditation Board of Serbia \(ATS\)](#)

Ministry of Economy

Sector for Quality Infrastructure

Resavska 24, 11000 Beograd

Tel: +381-11-2855 192; 2855 341

E-mail: tbtinfo@mfp.gov.rs

Web: [Ministry of Economy](#)

For more information please contact Commercial Service in Serbia:
zorica.mihajlovic@trade.gov.

Trade Agreements

Serbia has been a member of the Central European Free Trade Agreement (CEFTA) since December 2006. CEFTA is a multilateral free-trade agreement among southeastern European countries including Croatia, Macedonia, Serbia, Montenegro, Bosnia-Herzegovina, Albania, Moldova and UNMIK/Kosovo. Croatia ceased to be a CEFTA member upon entry into the European Union in July 2013. CEFTA's primary objective is to facilitate and expand trade and investment among its members, which together have a total population of almost 30 million.

Goods originating from Serbia and exported to the EU customs area are subject to preferential customs regimes. In 2000, the European Commission introduced Autonomous Trade Measures for Serbia. These measures permitted exports to the European Union

without customs duties and quantitative restrictions for almost all products originating from Serbia.

In 2008, Serbia and the EU signed a Stabilization and Association Agreement (SAA) and Interim Agreement on Trade and Trade-Related Issues. The SAA and its subsequent trade agreement with the European Union opened the door for Serbia to begin systemic reforms and harmonize its legislation with EU standards. Under this agreement, Serbia phased out and abolished tariffs on most goods imported from the EU. Import duties on all industrial products were scrapped fully, while duties on some agriculture products will remain even after January 2014.

The United States restored Normal Trade Relations (Most-Favored Nation status) with Serbia in December 2003. This provides improved access to the U.S. market for Serbia. In 2005, the U.S. government designated Serbia as a beneficiary of the U.S. Generalized System of Preferences (GSP), a program that would provide duty-free access to the U.S. market in various eligible categories.

Serbia has concluded bilateral free trade agreements with Russia, Belarus, Kazakhstan, Turkey, and the European Free Trade Association (Norway, Switzerland, Iceland, and Liechtenstein). Serbia is also a beneficiary of Japan's GSP (preferential duties on importation to Japan).

Licensing Requirements for Professional Services

Foreigners who wish to practice law, medicine and accounting in Serbia, must comply with local requirements. All attorneys, including foreign ones, in order to practice law in Serbia need to be registered with the Serbian Bar Association. Foreign attorneys, without passing the Serbian bar exam, can advise legal entities and individuals on application of the laws of their home country and on international law.

Exceptionally, foreigners may practice certain medical services in Serbia upon obtaining a temporary license from the local Chamber of Healthcare Professionals. The license can be issued for up to 180 days in one calendar year. In order to apply for the license, a foreign professional should have (i) a written invitation from a Serbian medical institution, (ii) a license or other adequate document issued by its country of residence, and (iii) to apply healthcare technologies that are performed or permitted in Serbia.

As an individual, there are no educational prerequisites to practice accounting services in Serbia. However, it is necessary to have an established entity in Serbia which has accounting services registered as its prevailing business activity.

Web Resources

Customs Administration

Regarding Standards Issues:

Standards Institution of Serbia

Ministry of Economy

Federation of Serbian Chambers of Commerce

U.S. Certificates of Origin for Exporting to Serbia

U.S. Commercial Service

U.S. Department of Commerce Bureau of Industry and Security

Serbian Bar Association

Ministry of Health of the Republic of Serbia

Ministry of Education, Science and Technological Development

Labeling/Marking Requirements:

Ministry of Economy – Sector for Quality and Product Safety

Kvalitet a.d.

Investment Climate Statement

Executive Summary

Serbia's investment climate is slowly improving, driven by important macroeconomic reforms, greater political and financial stability, improved fiscal discipline, and a European Union (EU) accession process that provides impetus for legal changes that improve the business environment. The government's three-year Stand-by Arrangement with the International Monetary Fund (IMF) is also an important impetus for reform, with the government exceeding all of its fiscal targets in 2016. On the World Bank's *Doing Business* list, which included new methodology, Serbia moved up 12 places in 2016, and is now ranked 47th globally in terms of ease of doing business.

Attracting foreign investment remains an important priority for the Serbian government. U.S. investors in Serbia are generally positive, highlighting the country's strategic location, well-educated and affordable labor force, investment incentives, and free trade arrangements with key markets, particularly the EU. Generally, U.S. investors enjoy a level playing field with their Serbian and foreign competitors. The U.S. Embassy in Belgrade assists investors when issues arise, and Serbian leaders are responsive to our concerns.

Despite notable progress in Serbia, however, challenges remain – for example with regard to bureaucratic delays and corruption. Significant risks to the investment climate include unresolved loss-making state-owned enterprises (SOEs), a large informal economy, corruption, and an inefficient judiciary.

The Serbian government has identified economic growth and job creation as its top concerns, and has committed itself to resolving a number of long-standing issues related to the country's slow transition to market-driven capitalism. On the legislative front, the government has passed significant reforms to the Labor Law, construction permitting, inspections, public procurement, and privatization that have helped improve the business environment. The government also is making progress on resolving state-owned enterprises. Where possible, this has been done through bankruptcy or privatization. However, problems surrounding more than a dozen strategic state-owned firms remain. The government is also slowly decreasing Serbia's bloated public-sector workforce, mainly through attrition and hiring freezes – although layoffs may also be an option as the government implements more strategic reforms expected in 2017 and 2018.

If the government delivers on promised reforms, business opportunities could grow significantly in the coming years. The sectors poised for growth include agriculture and agro-processing, information and communications technology (ICT), renewable energy, health care, mining, and manufacturing.

Investors should monitor the government's implementation of reforms as well as the government's changing investment incentive programs.

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	72 of 175	Transparency
World Bank's Doing Business Report "Ease of Doing	2016	47 of 190	Doing Business in Serbia - Rankings
Global Innovation	2016	65 of 128	Global Innovation Index
U.S. FDI in partner country (\$M USD, stock positions)	2015	\$117 million	BEA
World Bank GNI per capita	2015	\$5,540	World Bank

Openness to and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

Serbia is open to FDI, and attracting FDI is a priority for the government. Even during its communist past, Serbia prioritized international commerce and attracted a sizeable international business community. This trend continues, as a new Law on Investments passed in October 2015 extends national treatment to and eliminates discriminatory practices against foreign investors. The law also allows the repatriation of profits and dividends, provides guarantees against expropriation, allows customs duty waivers for equipment imported as capital in kind, and enables foreign investors to qualify for government incentives.

The Government's investment promotion authority is the [Development Agency of Serbia \(RAS\)](#). RAS offers a wide range of services, including support of direct investments, export promotion, and coordinating the implementation of investment projects. RAS serves as a one-stop-shop for both domestic and international companies.

Other Investment Policy Reviews

Serbia has not conducted an investment policy review through the Organization for Economic Cooperation and Development (OECD), World Trade Organization (WTO), or United Nations Conference on Trade and Development (UNCTAD).

Business Facilitation

According to the World Bank's 2017 "Doing Business" report, it takes five procedures and seven days to establish a foreign-owned limited liability company in Serbia. This is faster than the average for Europe and Central Asia. In addition to the procedures required of a domestic company, a foreign parent company establishing a subsidiary in Serbia must translate its corporate documents into Serbian.

Under the Business Registration Law, the Serbian Business Registers Agency (SBRA) oversees company registration. All entities applying for incorporation with SBRA can use a single application form and no longer need signatures on applications notarized.

Companies in Serbia can open and maintain bank accounts in foreign currency, although they must also have an account in Serbian dinars (RSD). The minimum capital requirement is symbolic at RSD 100 (less than \$1) for limited liability companies, rising to RSD 3 million (approximately \$26,000) for a joint stock company. A single-window registration process enables companies which register with SBRA to obtain a tax registration number (PIB) and health insurance number concurrently with registration. In addition, companies should register employees with the Pension Fund at the Fund's premises.

Pursuant to the Law on Accounting, companies in Serbia are classified as micro, small, medium, and large, depending on the number of employees, operating revenues, and value of assets.

RAS supports direct investments and promotes exports. It also implements projects aimed at improving competitiveness, supporting economic development, and supporting small- and medium-sized enterprises (SMEs) and entrepreneurs. More information is available [here](#).

Outward Investment

The Serbian government neither promotes nor restricts outward direct investment. However, there are restrictions regarding short-term capital transactions – i.e. portfolio investments. Residents of Serbia are not allowed to purchase foreign short-term securities, and foreigners are not allowed to purchase short-term securities in Serbia. There are no restrictions on payments related to long-term securities.

Capital markets are not fully liberalized for individuals. Citizens of Serbia are not allowed to have currency accounts abroad, or to keep accounts abroad, except in exceptional situations listed in the Law on Foreign Exchange Operations (exceptional situations may include work or study abroad).

Conversion and Transfer Policies

Foreign Exchange – Serbia’s Foreign Investment Law guarantees the right to transfer and repatriate profits from Serbia, and foreign exchange is available. Serbia permits a free flow of capital, including for investment, such as the acquisition of real estate and equipment. Non-residents may maintain both foreign currency and dinar denominated bank accounts without restrictions. Investors may use these accounts to make or receive payments in foreign currency. The government amended the Foreign Exchange Law in December 2014 to authorize Serbian citizens to conclude transactions abroad through internet payment systems such as PayPal.

The NBS targets inflation in its monetary policy, and regularly intervenes in the foreign exchange market to that end. In 2016, the NBS sold a total of \$1.1 billion on the interbank currency market and bought \$0.9 billion to prevent sharp fluctuations of the dinar. In the one-year period ending March 2017, the dinar depreciated one percent against the euro and five percent against the U.S. dollar. There is no evidence that Serbia engages in currency manipulation.

Remittance Policies – Personal remittances constitute a significant source of income for Serbian households. In 2016, total remittances from abroad reached \$3 billion, or approximately nine percent of GDP.

The Law on Foreign Exchange Operations regulates investment remittances, which can occur freely and without limits. The Investment Law allows foreign investors to freely and without delay transfer all financial and other assets related to the investment to a foreign country, including profit, assets, dividends, royalties, interest, earnings share sales, proceeds from sale of capital and other receivables. The Foreign Investors’ Council, a business association of foreign investors, confirms that there are no limitations on investment remittances in Serbia.

Expropriation and Compensation

Serbia’s Law on Expropriation authorizes expropriation (including eminent domain) for the following reasons: education, public health, social welfare, culture, water management, sports, transport, public utility infrastructure, national defense, local/national government needs, environmental protection, protection from weather-related damage, mineral exploration or exploitation, resettlement of persons holding mineral-rich lands, property required for certain joint ventures, and housing construction for the socially disadvantaged.

In the event of an expropriation, Serbian law requires compensation in the form of similar property or cash approximating the current market value of the expropriated property. The law sets forth various criteria for arriving at the amount of compensation applicable to different types of land (e.g. agricultural, vineyards or forests) or easements that affect land value. The local municipal court is authorized to intervene and decide the level of compensation if there is no mutually agreed resolution within two months of the expropriation order.

The Law on Investment provides safeguards against arbitrary government expropriation of investments. There have been no cases of expropriation of foreign investments in Serbia since the dissolution of the former Federal Republic of Yugoslavia in 2003. There are, however, outstanding claims against Serbia related to property nationalized under the Socialist Federal Republic of Yugoslavia, which was dissolved in 1992.

The 2011 Law on Restitution of Property and Compensation applies to property seized by the government since the end of World War II (March 9, 1945), and includes special coverage for victims of the Holocaust, who are authorized to reclaim property confiscated by Nazi occupation forces. Under the law, restitution should be in kind when possible, and otherwise in the form of state bonds. Many properties are exempt from in-kind restitution, including property previously owned by corporations. Heirless property left by victims of the Holocaust is subject to a separate law, which was approved in February 2016.

Under the 2011 law, Serbia committed itself under its restitution law to allocate EUR 2 billion, plus interest, for financial compensation in bonds. The restitution law caps the amount of compensation that any single claimant may receive at EUR 500,000 (approximately \$540,000). The government postponed the issuance of these bonds from January 2015 to December 15, 2017. The bonds will be denominated in euros, carry a two-percent annual interest rate, have a maturity period of 12 years, and be tradable on securities markets. The deadline for filing restitution applications was March 1, 2014. The Agency for Restitution has received over 74,000 property claims and the adjudication process is still ongoing. Information about the Agency for Restitution is available on its [website](#).

Dispute Settlement

When negotiating contracts, the parties may agree on the manner in which to resolve disputes. Most often for domestic entities, contract dispute resolution is left to the courts and can be pursued through civil procedures. Under Serbian commercial law, contractual relations are regulated by the Law on Obligations (also known as the Law on Contracts and Torts). Contract-related disputes are governed by the Civil Procedure Law, Chapter 34 of which details the procedure in commercial disputes. Commercial Courts have jurisdiction over commercial disputes, and appeals are referred to the Higher Commercial Court.

Parties to a contract are free to decide which substantive law shall govern the contract, and the law of Serbia does not have to be the governing law of a contract entered into in Serbia.

Judgments of foreign courts are enforceable in Serbia only if they are recognized by Serbian courts. Jurisdiction over recognition of foreign judgments rests with the Commercial Courts and Higher Courts. Procedures for recognition of foreign court decisions are regulated by the Law on Resolution of Disputes with the Regulations of Other Countries, as well as by bilateral agreements. One condition is reciprocity.

Investor-State Dispute Settlement

Although Serbia is a signatory to many international treaties regarding international arbitration, enforcement of an arbitration award can be a slow and difficult process. Serbia's Privatization Agency refused for five years (2007–2012) to recognize an International Chamber of Commerce/International Court of Arbitration award in favor of a U.S. investor. The dispute caused the U.S. Overseas Private Investment Corporation (OPIC), which had insured a portion of the investment, to severely restrict its activities in Serbia. The U.S. Embassy facilitated a settlement agreement between the Serbian government and the investor, which took effect in January 2012. OPIC reinstated its programs for Serbia in February 2012, but in 2015 and early 2016 both a first instance and appellate Serbian court dismissed OPIC's request for enforcement action to collect damages awarded to it by an international arbitration board in the same case. Serbia has no Bilateral Investment Treaty (BIT) with the United States. Over the past 10 years, two investment disputes have involved U.S. citizens.

International Commercial Arbitration and Foreign Courts

The Law on Arbitration authorizes the use of institutional and *ad hoc* arbitration in all disputes and regulates the enforcement of arbitration awards. The law is modeled after the United Nations Commission on International Trade Law (UNCITRAL Model Law).

Commercial contracts in which at least one contracting party is a foreign legal or natural person may incorporate arbitration clauses, invoking the jurisdiction of the Foreign Trade Court of Arbitration of the Serbian Chamber of Commerce, or any other foreign institutional arbitration body, including *ad hoc* arbitration bodies. Arbitration is voluntary. International arbitration is an accepted means for settling disputes between foreign investors and the state.

Serbia is a signatory to the following international conventions regulating the mutual acceptance and enforcement of foreign arbitration:

- 1923 Geneva Protocol on Arbitration Clauses
- 1927 Geneva Convention on the Execution of Foreign Arbitration Decisions
- 1958 Recognition and Enforcement of Foreign Arbitral Awards (New York Convention)
- 1961 European Convention on International Business Arbitration
- 1965 International Centre for the Settlement of Investment Disputes (ICSID)

Serbia allows for mediation to resolve disputes between private parties. Mediation is a voluntary process and is conducted only when both parties agree. The Law on Mediation regulates mediation procedures in disputes in the following areas of law: property, commercial, family, labor, civil, administrative and in criminal procedures where the parties act freely, unless the law stipulates exclusive authority of a court or other relevant authority.

Mediators can be chosen from the list of the Serbian National Association of Mediators, or from an official registry within the Ministry of Justice. There are two types of mediation: court-annexed and private mediation. A person can also be referred to mediation by a court,

advocate, local ombudsman, employees of municipal or state authorities, an employer, or the other party to the conflict.

Performance Requirements and Investment Incentives

Investment Incentives

The 2015 Law on Investment defines Serbia's investment incentives program. Incentives are available to both domestic and foreign investors. The law established a Council for Economic Development and the Development Agency of Serbia (RAS). The Council has oversight responsibility for the investment incentives program, while RAS plays a more operational role.

The level of available subsidies for investment projects is determined under the Decree on Terms and Conditions for Attracting Direct Investments, approved in December 2016. Investors are obliged to provide 25 percent of eligible costs from their own resources. For investment projects valued between EUR 50–100 million, subsidies are limited to 25 percent of the total investment, and to 17 percent for projects over EUR 100 million. However, under certain conditions large companies can gain support for up to 50% of eligible costs for investment projects, medium-sized companies up to 60%, and small companies up to 70%.

Under the Decree on Attracting Direct Investments, state subsidies are available for any company that invests the equivalent of EUR 100,000 and employs at least 10 persons in a “devastated area.” The required minimum investment and employment levels for subsidies increase on a sliding scale according to the level of development of the investment location. For each new job created in a devastated area, the state will pay the investor the equivalent of EUR 7,000; the subsidy declines to EUR 3,000 per job in the most developed regions. For labor-intensive projects that create more than 200 new jobs, the government can approve additional incentives. The state will also provide subsidies for the purchase of fixed assets, again on a sliding scale based on the level of development at the investment location. The subsidy reaches 30 percent of eligible asset costs in a devastated area, and declines to 10 percent in the most developed areas of Serbia. The Serbian government may sell land for construction at a below-market price in support of an investment project that is of national importance. For more details click [here](#).

The Decree on Attracting Direct Investments also establishes the criteria for granting local incentives to investments of importance for local development.

At the provincial level, the government of the Vojvodina region offers investment incentives. The maximum reimbursement level is approximately \$200,000 per business entity. In addition, the Vojvodina Provincial Secretary for Work and Employment may award incentives for new employment. The Development Agency of Vojvodina was established in February 2017 as a legal successor to Vojvodina Investment Promotion (VIP).

Local municipalities may sell land for construction at below-market rates for investments that promote local economic development. Other major incentives at the local level include exemptions or deductions on land-related fees and other local fees.

Serbia's tax laws offer several incentives to new investors. The corporate profit tax rate is a flat 15 percent, one of the lowest in the region. Non-resident investors are taxed only on income earned in Serbia. A ten-year tax holiday on corporate profits is available for investors who hire more than 100 workers and invest more than RSD 1 billion (\$8.7 million). The tax holiday begins once the company starts making a profit.

In August 2015, the government approved a decree on film incentives that allows both domestic and foreign filmmakers to receive a refund of 20 percent on qualified costs. The government has allotted RSD 400 million (\$3.5 million) for film incentives in 2017.

Employment incentives allow payroll tax deductions for persons registered with the National Employment Service for more than six months. The incentives currently in place are valid from the moment of employment until December 31, 2017:

- 1-9 new jobs: 65% deduction
- 10-99 new jobs: 70% deduction
- 100+ new jobs: 75% deduction

The Serbian government has declared 2016 and 2017 "Years of Entrepreneurship," and has announced plans to declare the entire 2016-2026 period a "decade of entrepreneurship." As part of this initiative, the government set aside the equivalent of \$147 million to support entrepreneurship and assist SMEs in 2016, and a further \$11 million in 2017. Part of these funds will be allocated as subsidized loans by the state-owned Fund for Development and various ministries, and part will be issued through the RAS. Detailed information is available at the [Development Fund](#) and the [Year of Entrepreneurship](#). These loans are available to foreign-owned companies registered in Serbia, provided the Serbian registered company has not recorded losses in the previous two years.

Performance and Data Localization Requirements

The Serbian government does not mandate local employment or have onerous visa, residence, or work permitting requirements for foreign nationals. It does not impose conditions for foreign investors to receive permission to invest.

The Serbian government does not maintain a policy of "forced localization" designed to oblige foreign investors to use domestic content in goods or technology. Similarly, the government does not force foreign investors to establish and maintain a certain amount of data storage within the country. There are no requirements for foreign IT providers to turn over source code and/or provide access to encryption.

Serbia plans to approve a new Personal Data Protection Law, and currently continues to follow EU practice in implementation of data transfer rules.

Right to Private Ownership and Establishment

Foreign and domestic private entities have the right to establish and own businesses, and to engage in all forms of remunerative activity. The Law on Investments ended discriminatory practices that prevented foreign companies from establishing companies in the production and trade of arms (for example, the defense industry) or in specific areas of the country. However, foreign citizens and companies are prohibited from owning agricultural land in Serbia. The government must lift the ban on foreign agricultural land ownership by September 1, 2017 as part of its EU accession commitments. Serbia had not requested an extension of the ban as of March 2017, but Minister of Agriculture and Environmental Protection Nedimovic has said publicly that Serbia may continue to limit the sale of farmland to foreigners. Foreign companies have overcome the prohibition by establishing a company in Serbia to buy agricultural land. Unofficial estimates indicate that Serbian subsidiaries of foreign companies own some 20,000 hectares of farmland.

For some business activities, licenses are required – for example, financial institutions must be licensed by the National Bank of Serbia prior to registration. This limitation applies to both domestic and foreign companies active in finance, energy, mining, pharmaceuticals, medical devices, tobacco, arms and military equipment, road transportation, customs processing, land development, electronic communications, auditing, waste management, and production and trade of hazardous chemicals.

Serbian citizens and foreign investors enjoy full private property ownership rights. Private entities can freely establish, acquire, and dispose of interests in business enterprises. By law, private companies compete equally with public enterprises in the market and for access to credit, supplies, licenses, and other aspects of doing business. Serbia does not maintain investment screening or approval mechanisms for inbound foreign investment.

Protection of Property Rights

Real Property

Serbia has an adequate body of laws for the protection of property rights, but enforcement of property rights through the judicial system can be very slow. A multitude of factors can complicate property titles – restitution claims, unlicensed and illegal construction, limitation of property rights to “rights of use,” outright title fraud and other issues. Investors are cautioned to investigate thoroughly all property title issues on land intended for investment projects.

During the country’s socialist years, owners of nationalized land became “users” of the land and acquired “rights of use” that, until 2003, could not be freely sold or transferred. In July 2015, the government adopted a law that allows for property usage rights to be converted into ownership rights with payment of a market-based fee.

In March 2015, the government implemented new amendments to the Law on Planning and Construction that separated the issuance of permits from conversion issues. These amendments cut the administrative deadline for issuing construction permits for a

potential investor to 30 days and introduced a one-stop shop for electronic construction permits.

Serbia's real property registration system is based on a municipal cadaster and land books. Serbia has the basis for an organized real estate cadaster and property title system. However, legalizing tens of thousands of structures built over the past twenty years without proper licenses remains an enormous challenge, as 1.5 million buildings in Serbia are not registered in the cadaster. Of this total, only 800,000 building owners have applied for legalization. In November 2015, the government adopted a new Law on Legalization, which simplified the registration process.

The World Bank's 2017 Doing Business Report ranks Serbia 56 of 190 countries for time required to register real property (21 days).

Intellectual Property Rights

Serbia is a World Intellectual Property Organization (WIPO) member and a signatory to all key agreements administered by WIPO. The government has taken steps to implement and enforce the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. Serbia's intellectual property rights (IPR) laws include TRIPS-compliant provisions and are enforced by courts and administrative authorities.

For the most part, Serbia's IPR legislation is modern and compliant with both the EU *acquis communautaire* and international standards. According to the EU's 2016 Progress Report, Serbia has done a good job aligning its IP legislation with the *acquis*. Serbian laws extend legal protections to all major forms of IPR (including patents, trademarks, copyrights, industrial designs, geographic indicators, and semiconductor products). Serbia's goal is to adopt amendments to the Law on Trademarks, the Law on Patents, the Law on Semiconductor Circuits, and the Law on Copyright and Related Rights by 2018 to bring these pieces of legislation fully in line with the *acquis*. In addition, amendments to the Law on Special Competence for Efficient Protection of Intellectual Property Rights are also expected, which will reorganize enforcement responsibilities among inspectorates responsible for IPR protection.

The level of IPR protection in Serbia is still improving. Enforcement remains haphazard, but is roughly consistent with levels in neighboring countries. The government has a Permanent Coordination Body for IPR enforcement activities with participation of the tax administration, police, customs, and a number of state inspection services. The Public Procurement Law requires bidders to affirm that they have ownership rights to any IPR utilized in fulfilling a public procurement contract.

On enforcement, the number of counterfeit and pirated goods confiscated in 2015 was only about half the number confiscated in 2014. Counterfeit trademarked goods, particularly athletic footwear and clothing, are available, although the government has stepped up its actions to combat illegal street sales and seize pirated goods at the border. Upon seizure, authorities cannot destroy goods unless they receive formal instructions from the rights holders. Then storage and destruction of counterfeit goods is billed to the rights holders.

The Customs Administration and Trade Inspection issue periodic reports on seizures, but these are segregated according to the type of goods (e.g. cigarettes or apparel), rather than type of infringement (e.g. IPR or tax payments). Data on seizures is not publicly available.

The tax administration checks software legality during its regular tax controls of businesses, but seeks to cease its software inspection operations on the grounds that it is a non-core activity. The number of criminal charges for violations increased from 90 in 2014 to 105 in 2015. The estimated value of Serbia's illegal software market is approximately \$116 million. According to the latest International Data Corporation (IDC) study from 2015, software piracy in Serbia is around 67 percent. Although this is down from 72 percent in 2011, it remains among the highest piracy rates in the Balkan region. However, the number of legal entities using illegal software continues to drop and is estimated at 55% in 2016.

Procedures for registration of industrial property rights and deposition of works of authorship before the Serbian Intellectual Property Office are straightforward and similar to procedures in most European countries. Relevant information is available at the website of the [Intellectual Property Office](#).

Regarding copyright and related rights, Serbia has room to improve, particularly with regard to the digitalization of orphan works and broadcasting of audiovisual works, including cross-border, satellite, and cable broadcasting. Serbia could:

- Amend the Criminal Procedure Code and related procedural laws, particularly in the area of cyber-crime
- Adopt implementing regulations for various IPR laws that specify enforcement procedures and steps, currently subject to different interpretation by relevant authorities
- Reverse Copyright Law amendments from December 2012, when the National Assembly exempted small businesses from paying royalties for copyrighted music, capped fees payable to collective rights managers, and allowed businesses to pay one collective bill for all music rights.
- Amend the Copyright Law regarding collective rights for video works
- Align the Laws on Copyright, Topographies of Semiconductor Products, Patents and Trademarks with the EU *acquis*, including with the IPR Enforcement Directive
- Amend the Law on Trademarks to enable third parties to oppose trademark registration if the submitted trademark resembles that party's registered trademark

Enforcement of rights by state authorities, such as inspectorates or customs authorities, can be relatively fast. However, enforcement of IPR rights in the court system often last up to two years. With the creation of semi-specialized IP courts, which began operating fully in 2015, these proceedings could improve. The Serbian Intellectual Property Office continues to organize IPR-focused training for judges, with the expectation that more specialized understanding of IPR rights will enable more timely court decisions.

Serbia is not listed in the Special 301 Report or the Notorious Market Report. For additional information about treaty obligations and points of contact at local IP offices, please see [WIPO's country profiles](#).

Transparency of the Regulatory System

Serbia's record on transparency of the regulatory system is mixed. Serbia is undertaking an extensive legislative amendment process aimed at domestic reforms and harmonizing its laws with those of the European Union's *acquis communautaire*. As part of that process, Serbia has adopted new legislation and amended numerous existing laws and regulations. These changes have created a more favorable legal environment; however, Serbia still needs to address a number of problems with respect to transparency in the development, adoption, and implementation of regulations. The harmonization of Serbian law with the *acquis communautaire* has required intensive reforms and a high volume of adopted legislation, representing a challenge for the government, Parliament, the business sector, and society as whole.

Once a law has been proposed, the competent Ministry within the government establishes a working group, usually comprised of representatives of state authorities and organizations as well as experts in specific fields. These are mostly *ad hoc* bodies that review specific issues, provide proposals, opinions, and professional explanations.

At this stage in the legislative process, public discussion or debate is generally optional. However, if the proposed law would substantially change the legal regime in a specific field, or if the subject matter is an issue of a particular interest to the public, public debate is mandatory. In 2016, many laws were adopted through "urgent procedure," which excludes parliamentary debate, and therefore reduces public debate.

The European Commission's 2016 Progress Report for Serbia states that "Public and inter-ministerial consultations on proposals are often conducted formalistically and at too late a stage of the process, not enabling all interested parties to provide qualitative input." The government's Rulebook outlines the details and procedures regarding public debate. The government publishes laws and regulations undergoing public hearings.

A minimum of 126 members of the National Assembly (NA or Parliament) must vote in favor of a law for its adoption, after which the law is sent to the President of Serbia. The President may promulgate the law or return it to Parliament for reconsideration.

Serbia's budget information is publicly available and generally transparent. Publicly listed companies apply International Financial Reporting Standards. There are no informal regulatory processes managed by NGOs or private sector associations.

Several Serbian organizations publish recommendations for government action to improve the transparency and efficiency of business regulations. The Foreign Investors Council publishes an annual "White Book", NALED publishes a "Grey Book", and AmCham publishes similar materials on its website.

Serbia's National Assembly [website](#) provides a list of adopted laws and those that have been proposed. In addition, individual ministries generally provide access to the relevant legislative framework under which the ministry operates on the ministry's website.

The [Business Entities Register](#) is a centralized electronic database of business entities in Serbia and contains registration data.

Serbia has a system of official inspectorates charged with regulatory enforcement. Nationally there are currently 37 different inspectorates within 12 ministries that apply over 1,000 regulations. There is no overarching law to regulate inspections and there are shortcomings with regard to the coordination of inspections. Administrative courts are the legal entities which consider appeals to inspection decisions.

Efficient Capital Markets and Portfolio Investment

Serbia welcomes both domestic and foreign portfolio investments and regulates them efficiently. However, there are restrictions on short-term portfolio investments – residents of Serbia are not allowed to purchase foreign short-term securities, and foreigners are not allowed to purchase short-term securities in Serbia. Payments related to long-term securities have no restriction.

In 2016 Serbia recorded net outflow of \$1 billion in portfolio investment, according to the National Bank of Serbia (NBS). The Serbian government regularly issues bonds to finance its budget deficit, including short-term, dinar-denominated T-bills, and dinar-denominated, euro-indexed government bonds. The total value of government debt securities issued on the domestic market reached \$8.8 billion in January 2017, with 63 percent in RSD and 37 percent in euros.

Total Serbian government-issued debt instruments on the domestic and international markets stood at \$14 billion in January 2017 (see [Investor Presentation](#)).

Serbia's international credit ratings are improving. In March 2017, Moody's upgraded the Government of Serbia's long-term issuer ratings to Ba3, from B1. In December 2016, Standard&Poor's raised its outlook for Serbia from stable to positive, while keeping its rating at BB-. In June 2016, Fitch raised Serbia's credit rating from B+ to BB-. The improved ratings remain below investment grade.

Serbia's equity and bond markets are underdeveloped. Corporate securities and government bonds are traded on the Belgrade Stock Exchange (BSE). Of 990 companies listed on the exchange, shares of fewer than 100 companies are traded regularly (more than once a week). Total annual turnover on the BSE in 2016 was \$400 million, which is double the volume of 2015. However, trading volumes have declined since 2007, when the total turnover reached \$2.7 billion.

Established in 1995, the Securities Commission regulates the Serbian securities market. The Commission also supervises investment funds in accordance with the Investment Funds Law. As of March 2017, 13 registered [investment funds](#) operate in Serbia.

Market terms determine credit allocation. In December 2016, the total volume of issued loans in the financial sector stood at \$16.5 billion. Average interest rates are decreasing but still higher than the EU average. The business community cites tight credit policies and expensive commercial borrowing as impediments to business expansion. Around 69 percent of all lending is denominated in euros, which provides lower rates to borrowers and minimizes exchange-rate risks to lenders. Foreign investors are able to obtain credit on the domestic market. The government and central bank respect IMF Article VIII, and do not place restrictions on payments or transfers for current international transactions.

Competition from State-Owned Enterprises

The Law on Public Enterprises, adopted in February 2016, defines a public enterprise as “an enterprise pursuing an activity of common interest, founded by the State or Autonomous Province or a local government unit.” The law also defines “strategically important companies” as those in which the state has at least a 25 percent ownership share.

The law aimed to introduce responsible corporate management in public companies and strengthen supervision over public companies’ management. The law required that directors of public companies be selected through a public application procedure and that they not hold any political party positions while serving. The law also requires that a portion of public companies’ profits must be paid directly to the state, provincial, or local government budget.

State-owned enterprises (SOEs) dominate many sectors of the economy, including energy, transportation, utilities, telecommunications, infrastructure, mining, and natural resource extraction. According to the Ministry of Economy, Serbia has 727 SOEs, which employ more than 250,000 people, or approximately 15 percent of the formal workforce. A list of all public enterprises is available at the Ministry of Economy’s [website](#). In addition to these companies, there are around 165 companies with around 40,000 employees that were not yet resolved by the now disbanded Privatization Agency. The Ministry of Economy is preparing all 165 of these companies for divestiture (see Privatization Program).

The quasi-governmental watchdog agency, the Fiscal Council, estimated that SOEs generated losses of around three percent of GDP or \$1.1 billion in 2014 – both directly and indirectly, through arrears. In December 2016, the Serbian government committed to the IMF to significantly reduce the fiscal cost of SOEs by curtailing direct and indirect subsidies, strictly limiting the issuance of new guarantees, and enhancing accountability, transparency, and monitoring of SOEs. The IMF said the focus was on restructuring and reducing state aid to major companies in the electricity, mining, gas distribution, and transportation sectors.

In principle, SOEs are treated the same as private sector competitors. SOEs can purchase goods from the private sector and foreign firms under the Public Procurement Law, which was amended in July 2015. For example, foreign companies regularly win public tenders for the construction of roads and other infrastructure projects. Under the Public Procurement Law, a buyer must select a domestic supplier if the domestic supplier’s price is no more

than five percent higher than a foreign supplier's price. The Public Procurement Office (PPO) is an independent state body that supervises implementation of the Law on Public Procurement. Private enterprises have the same access to financing, land, and raw materials as SOEs, as well as the same tax burden and rebate policies. However, the IMF estimated that in 2014, SOEs enjoyed benefits amounting to approximately two percent of GDP. The government committed to cease these practices as a key pillar of its ongoing three-year IMF Stand-by Arrangement. Serbia is not a party to the WTO's Government Procurement Agreement (GPA).

Privatization Program

From 2001–2015, the Serbian government privatized 3,047 SOEs. The government cancelled 646 of these privatizations, alleging that investors did not meet contractual obligations related to employment and investment. According to the Privatization Law, the deadline for the privatization of the 646 companies in the Privatization Agency's portfolio was December 31, 2015. However, 165 companies were still unresolved at the end as of December 2016. The 165 companies include 11 spas, which all have unresolved property issues; 19 companies in Kosovo; 15 veterinary stations which were transferred to local municipalities; and 19 companies that employ disabled persons.

Most significantly, the Ministry of Economy must resolve 17 large, strategically important SOEs. These include copper mining company RTB Bor, the Resavica coal mine, pharmaceutical company Galenika, agriculture firm PKB, several petrochemical companies, and others. In many cases, closing these companies would mean leaving whole regions of Serbia destitute, since these companies are drivers of local economies. The Serbian government continues to engage foreign investors in the privatization process, inviting them to submit bids, participate in auctions, and purchase company shares. Invitations for privatization and bidding are published on the Ministry of Economy [website](#).

The state telecommunications company Telekom Srbija has garnered investor interest, but the Serbian government has twice canceled its privatization, most recently in December 2015. In February 2017, the government invited bids for a concession to manage Belgrade's Nikola Tesla airport. The government is also preparing to privatize the second largest bank in the country, Komercijalna Banka.

Responsible Business Conduct

Responsible Business Conduct (RBC) is a relatively new concept in Serbia, and many Serbian companies view it mainly as a public relations tool. Multinational companies are more effective practitioners and often bring best practices, with U.S. companies among the most active. For example, Molson Coors in Serbia supported Serbia's Special Olympics team in Rio de Janeiro in September 2016. Companies such as Eaton and Ball Packaging Serbia have contributed to their communities through can recycling, public service campaigns, educational and environmental initiatives, and donations in kind. Since 2003, Phillip Morris Serbia alone has donated over \$16.9 million to community initiatives in Serbia.

The government has adopted a Strategy for the Development and Promotion of Socially Responsible Business Conduct in Serbia for 2010–2015, which is available [online](#). The Law on Public Procurement allows the government to ask bidders to fulfill additional conditions, especially those related to social and environmental issues, and allows the government to consider criteria such as environmental protection and social impact when evaluating bids.

Several local organizations, such as the American Chamber of Commerce, Foreign Investors' Council (FIC), and the Serbian Chamber of Commerce (PKS) promote the concept of RBC among the Serbian business community and the public. PKS presents a national award to Socially Responsible Businesses. The Trag Foundation supports the Serbian Philanthropy Forum, a networking body for donors (including numerous corporate actors) to advance philanthropic concepts in Serbia. The NGO Smart Kolektiv is providing consulting services in RBC and establishing an "RBC Index," which measures companies' performance in this area. The UN Development Program's Global Compact initiative has organized a number of educational events intended to strengthen RBC capacity in Serbia.

The Serbian government has no formal mechanism in place to encourage companies to follow RBC principles. Serbia's 2011 Corporate Law introduced contemporary corporate standards, but business associations indicate that implementation is inconsistent. The government does not maintain a national contact point for OECD guidelines, including OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas. The government does not participate in the Extractive Industries Transparency Initiative.

Political Violence

Since October 2000, Serbia has had democratically elected governments that have committed publicly to supporting regional stability and security. The run-up to the April 2016 snap parliamentary elections did not include appreciable political tensions or threats of politically motivated violence, including in the southwest Sandzak region or south Serbia. In the Sandzak region, tensions occasionally have led to localized violence between competing political groups. This violence usually is directed at opposing party figures and has not targeted unrelated civilians or businesses. The national government has pledged to continue previous governments' notable efforts to combat organized crime and corruption, and continues to make high-profile arrests and launch new investigations. There were large protests following the illegal demolition in April 2016 of residential buildings in Belgrade's Savamala district, but these were not violent.

Immediately following Kosovo's February 2008 declaration of independence from Serbia, groups twice broke away from larger demonstrations and attacked embassies of countries that had recognized Kosovo, including the U.S. Embassy in Belgrade. Since these attacks, there have been no major violent incidents in Serbia related to Kosovo.

The 2010 LGBT Pride Parade in Belgrade was marred by significant and widespread violence. The Serbian government cancelled the subsequent three Pride Parades at the last minute, ostensibly because of threats of violence by the same nationalist and extremist

groups that attempted to disrupt the 2010 parade. In 2014–2016, the government allowed Pride Parades to take place in central Belgrade, under heavy police protection but without incident.

Sports hooliganism in Serbia frequently is linked to organized crime. There has been no serious ultra-nationalist, sports-related violence since January 2012. Violent hooliganism is a concern at matches of rival soccer teams within Serbia.

A number of ultra-nationalist organizations, such as “Obraz” and “Nasi,” are active in Serbia. In 2013, these organizations continued activities targeting certain Serbian political leaders, local NGOs, and media outlets alleged to be “pro-Western.” Their calls for action against their targets, however, have not resulted in any violent incidents. While no far-right parties won seats in the 2014 parliamentary elections, two passed the five-percent threshold for parliamentary representation in 2016 – the Serbian Radical Party and Dveri.

Corruption

Surveys show that corruption in Serbia is believed to be pervasive, but it is difficult to quantify. In Transparency International’s 2016 Corruption Perception Index (CPI), Serbia ranked 72 of 176 compared countries, nearly unchanged from its ranking of 71 in 2015. In its 2016 progress report on Serbia, the EU said corruption remained a serious problem, and anti-corruption efforts had yet to yield meaningful results.

Some U.S. firms have identified corruption as an obstacle to foreign direct investment in Serbia. Corruption appears most pervasive in cases involving public procurement, natural resource extraction, government-owned property, and political influence/pressure on the judiciary and prosecutors.

Serbia is a signatory to the Council of Europe's Civil Law Convention on Corruption and has ratified the Council’s Criminal Law Convention on Corruption, the United Nations Convention against Transnational Organized Crime, and the United Nations Convention Against Corruption. Serbia also is a member of the Group of States against Corruption (GRECO), a peer-monitoring organization that provides peer-based assessments of members’ anti-corruption efforts on a continuing basis.

The Serbian government has worked to bring its legal framework for combating corruption more in line with EU norms, and a dedicated state body – the Anti-Corruption Agency (ACA) – oversees efforts in this area. The Criminal Code specifies a large number of potential offenses that can be used to prosecute corruption and economic offenses, including but not limited to giving or accepting a bribe, abuse of office, abuse of a monopoly, misfeasance in public procurement, abuse of economic authority, fraud in service, and embezzlement.

In November 2016, Serbia’s National Assembly amended the law to establish specialized anti-corruption prosecution units and judicial courts, mandate the use of task forces, and introduce liaison officers and financial forensic experts.

In 2015, there were 1,876 judgments in cases with an element of corruption, of which 71% resulted in conviction. However, there have been allegations that, in some cases, criminal law was being applied in a discriminatory manner. While Serbia has begun to establish a track record in low-level corruption convictions, the EU noted in its 2016 progress report that there are still very few convictions for high-level corruption.

In 2015, 2016, and early 2017 there were a series of large scale arrests of former officials and government employees on allegations of corruption and abuse of position. In total, these actions resulted in the arrest of over 150 people. To date the arrests have resulted in approximately 40 criminal complaints, but none of the cases has concluded in either conviction or acquittal.

The law requires income and asset disclosure by appointed or elected officials. The disclosures cover assets of the officials, spouses, and dependent children. Declarations are publicly available on the ACA website and failures to file or to fully disclose income and assets are subject to administrative and/or criminal sanctions. Significant changes to assets or income must be reported annually, upon departure from office, and for a period of two years after separation. During the past year the ACA initiated 123 requests for misdemeanor proceedings related to asset disclosures and 15 criminal reports to prosecutors based on the suspicion that public officials did not disclose assets or gave false information with the intent to conceal the status of their assets. The agency also filed 19 reports to prosecutors and other state organs based on evidence of possible criminal offenses (e.g. bribes, tax evasion or money laundering) as revealed in the disclosure forms.

Serbian authorities do not require private companies to establish internal codes of conduct related to corruption or other matters, but some professional associations – e.g. for attorneys, engineers and doctors – enforce codes of conduct for their members. Private companies often have internal controls, ethics, or compliance programs designed to detect and prevent bribery of government officials. Large companies often have elaborate internal programs, especially in industries such as tobacco, pharmaceuticals, medical devices, and industries regularly involved in public procurement.

Serbia also enacted its first Whistleblower Protection Law in June 2015, under which individuals can report corruption in companies and government agencies, and receive court protection from retaliation by their employers for doing so. In June 2016, the Higher Court in Novi Sad ruled in favor of a whistleblower who reported malfeasance in the local government. The court ruled that the whistleblower should be allowed to return to his workplace and be compensated financially.

Resources to Report Corruption:

Serbian Anti-Corruption Agency

Carice Milice 1, 11000 Belgrade, Serbia

+381 (0) 11 4149 100

office@acas.rs

Transparency International Serbia

Transparentnost Serbia

Palmoticeva 27, 11000 Belgrade, Serbia

+381 (0) 11 303 38 27

ts@transparentnost.org.rs

Bilateral Investment Agreements

Serbia does not have a bilateral investment agreement with the United States. Serbia has bilateral investment treaties in force with Albania, Algeria, Austria, Azerbaijan, Belarus, Belgium-Luxembourg Economic Union, Bosnia and Herzegovina, Bulgaria, Canada, China, Croatia, Cyprus, the Czech Republic, the Democratic People's Republic of Korea, Denmark, Egypt, Finland, France, Germany, Ghana, Greece, Guinea, Hungary, India, Iran, Israel, Kazakhstan, Kuwait, Libya, Lithuania, Macedonia, Malta, Montenegro, Morocco, the Netherlands, Nigeria, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Arab Emirates, United Kingdom and Zimbabwe.

Serbia does not have a bilateral taxation treaty with the United States. Serbia has signed and implemented Bilateral Taxation Treaties with Albania, Armenia, Austria, Azerbaijan, Belgium, Belarus, Bosnia and Herzegovina, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, the Democratic People's Republic of Korea, Denmark, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, India, Iran, Ireland, Italy, Kazakhstan, Kuwait, Latvia, Lithuania, Libya, Luxembourg, Macedonia, Malaysia, Malta, Moldova, Montenegro, the Netherlands, Norway, Pakistan, Poland, Qatar, the Republic of Korea, Romania, Russia, Slovakia, Slovenia, Spain, Sri Lanka, Switzerland, Sweden, Tunisia, Turkey, Ukraine, the United Arab Emirates, the United Kingdom, and Vietnam. The treaties with Armenia, Kazakhstan, South Korea and Luxemburg came into force on January 1, 2017. (See Serbian Finance Ministry [website](#)).

Serbia has signed and ratified Bilateral Taxation Treaties with Ghana, Guinea, Indonesia, Morocco, Palestine, the Philippines and Zimbabwe. However, foreign legislatures have not yet ratified these agreements.

Serbia is a member of the Central European Free Trade Agreement (with Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, and UNMIK/Kosovo). It enjoys free trade status for almost all products exported to the European Customs Area (the EU plus the European Free Trade Association states of Iceland, Lichtenstein, Norway and Switzerland). Serbia has bilateral free trade agreements (FTAs) with Belarus, Kazakhstan, Russia, and Turkey.

As of October 2016, Serbia is in negotiations for a multilateral free trade agreement with the Eurasian Economic Union (EEU – Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia), which would supersede its current bilateral FTAs with EEU member countries.

Serbia enjoys duty-free treatment of certain exports to the United States under the Generalized System of Preferences (GSP).

OPIC and Other Investment Insurance Programs

The former Serbia and Montenegro signed a bilateral agreement with the U.S. Overseas Private Investment Corporation (OPIC) in July 2001 and became eligible for OPIC programs in November 2001. Following Serbia and Montenegro's dissolution, the agreement remained in effect for Serbia.

However, in 2009 OPIC severely restricted its programs for Serbia over an investment dispute involving a U.S. company that held OPIC insurance policies on its Serbian investments. The Serbian government and the investor concluded a settlement agreement in 2012 that led to the reinstatement of the full range of OPIC programs for Serbia. OPIC filed an arbitration claim against the investor and was awarded damages. OPIC then sought to use the Serbian court system to enforce the arbitration decision and collect from the investor's property in Serbia. However, both the first instance and appellate courts rejected OPIC's request. That decision may discourage OPIC from doing business in Serbia.

Currently OPIC, the International Finance Corporation, and the European Bank for Reconstruction and Development are engaged in joint negotiations with the Serbian government related to a U.S. investor-backed, multi-million dollar wind energy project. For full information on OPIC programs, please visit OPIC's [website](#).

Labor

According to the Statistical Office, Serbia has a total labor force of approximately 3.1 million people, of which 2.7 million are employed. In the fourth quarter of 2016, the formal employment rate was 45.5 percent and the informal employment rate was 20.9 percent. The unemployment rate in the last quarter of 2016 was 13.8 percent compared to 17.7 percent in last quarter of 2015. Youth unemployment remains relatively high at 31.2 percent. The leading sector for employment is the government and public administration, followed by trade, transport, agriculture, forestry and fishery, manufacturing, and construction.

Labor costs are relatively low in Serbia, especially compared to European averages. In January 2017, the average net take-home salary was approximately \$360 per month. Minimum wage is approximately \$190 per month. Investors routinely cite favorable labor costs, as well as a highly educated, multi-lingual workforce as advantages to doing business in Serbia. Almost 59 percent of the workforce has completed secondary education, while 25 percent have completed higher education.

Serbia amended the Labor Law in 2014. The amendments simplified procedures for hiring and dismissing workers, and changed rules for collective bargaining and the extension of collective agreements to non-negotiating parties. The law also changed severance payment requirements so that the employer pays severance based on the years of service with that specific employer, rather than on the employee's total years of employment.

The official mechanism for tripartite labor dialogue between government, employers and labor is the Social and Economic Council, an independent body with representatives of the government, the Serbian Association of Employers, and trade unions. The Council is authorized to conclude an umbrella collective bargaining agreement at the national level covering basic employment conditions for all companies in Serbia. Additional information about the Council is available [here](#).

Serbia has ratified all eight International Labor Organization core conventions including Forced Labor (No. 29), Freedom of Association and Protection of the Right to Organize (No. 87), Right to Organize and Collective Bargaining (No. 98), Equal Remuneration (No. 100), Abolition of Forced Labor (No. 105), Discrimination (No. 111), Minimum Age (No. 138), Worst Forms of Child Labor (No. 182).

The Department of Labor's report on the World Forms of Child Labor in Serbia can be found [online](#).

The Human Rights Report on Serbia is available [here](#).

Foreign Trade Zones/Free Ports/Trade Facilitation

Serbia maintains 14 designated customs free zones, in Apatin, Belgrade, Kragujevac, Krusevac, Novi Sad, Pirot, Priboj, Sabac, Smederevo, Svilajnac, Subotica, Uzice, Vranje, and Zrenjanin. The free zones, established in accordance with the 2006 Law on Free Zones, are intended to attract investment by providing tax-free areas for company operations. Businesses operating in the zones qualify for benefits including unlimited duty-free imports and exports, preferential customs treatment, and tax relief in the form of value-added tax (VAT) exclusions. If goods produced within zone use a minimum of 50% of domestic components, they are considered to be of Serbian origin and are therefore eligible to be imported into Serbian territory or exported without customs pursuant to free trade agreements. Companies operating within a free zone are subject to the same laws and regulations as other businesses in Serbia, except for their tax privileges.

In 2015 there were a total of 240 companies operating in Serbia's free zones, of which 154 were domestically owned and 86 foreign-owned. The companies employed a total of 22,242 workers. Total exports from free zones exceeded \$2.3 billion, which is approximately 15 percent of Serbia's total exports. Total imports into the zones were approximately \$2.2 billion, or 11 percent of total imports.

Goods entering or leaving the free zones must be reported to customs authorities, and payments must be made in accordance with regulations on hard-currency payments. Goods delivered from free zones into other areas of Serbia are subject to customs duties

and tax. Earnings and revenues generated within free zones may be transferred freely to any country, including Serbia, without prior approval, and are not subject to any taxes, duties or fees. Additional information about Serbia's free zones is available at [Free Zones Administration](#).

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2016	\$37,520	2015	\$37,160	World Bank
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2016	\$42	2015	\$117	BEA data available at BEA
Host country's FDI in the United States (\$M USD, stock positions)	2015	\$0	2015	\$2	BEA data available at BEA
Total inbound stock of FDI as % host GDP	2015	0.1%	2015	0.3%	

Source of GDP data: Ministry of Finance of the Republic of Serbia at [MFIN](#)

Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (<i>US Dollars, Millions</i>)					
Inward Direct Investment 2015			Outward Direct Investment 2015		
Total Inward	28,801	100%	Total Outward	2,876	100%
Netherlands	6,169	21%	BiH	752	26%
Austria	3,999	14%	Montenegro	640	22%
Cyprus	3,017	10%	Slovenia	380	13%
Russian Federation	1,700	6%	Russian Federation	134	5%
Germany	1,324	5%	Bulgaria	113	4%
"0" reflects amounts rounded to +/- USD 500,000.					

Source of FDI data: National Bank of Serbia at [NBS](#)

NBS data on FDI significantly differ from U.S. data. The NBS calculates FDI according to the country from which the investment arrives, rather than by the ownership of the investing company. Frequently, U.S. investments in Serbia are carried out through subsidiaries of U.S. companies located in another European country. If a U.S. company invests in Serbia through a Dutch subsidiary, for example, the NBS records the investment as coming from the Netherlands rather than from the United States.

Contact for More Information on the Investment Climate Statement

Theodore Fisher

Economic Section
Bulevar kneza Aleksandra Karadordevica 92
11040 Belgrade, Serbia
+381-11-706-4282
SerbiaInvestment@state.gov

Trade & Project Financing

Methods of Payment

Standard international forms of payment are common in Serbia. Larger importers regularly receive goods under short-term (three months) supplier credit. Long-term financing is available for larger purchases, but it is often difficult to obtain in the current financial downturn. The following instruments are used in Serbia for payments abroad: remittances, documentary collections, checks, and letters of credit. In 2010, the National Business Registers Agency began providing financial statement data and solvency-related services.

Banking Systems

Today there are 31 commercial banks in Serbia, down from 88 in early 2000, most of which are authorized for international banking operations (see [National Bank of Serbia](#)). The banking sector has undergone considerable restructuring.

The Law on Banks provides the regulatory framework for the banking sector. The law determines the conditions and manner for establishing a bank, supervision and control of bank transactions, as well as the discontinuation of a bank. Supervisory authority clearly is vested in the National Bank to oversee the banking sector. The law requires that a buyer of more than five percent of a bank's capital seek approval from the National Bank and sets the required initial capital for a bank at USD 11 million. The law stipulates that a two-member executive board should manage banks. It also introduces more responsibilities for auditors and calls for setting up a risk management unit within every bank.

The National Bank formulates monetary policy, manages foreign exchange transactions, and supervises banks, insurance companies, and voluntary pension funds. NBS pursues a strict monetary policy with the dual objectives of controlling inflation and stabilizing the exchange rate. NBS is independent from the government but reports to the Parliament. In 2012, the ruling coalition appointed Jorgovanka Tabakovic as the National Bank Governor.

Foreign banks interested in opening a representative office in Serbia may do so provided they meet the conditions of reciprocity. This includes reciprocity for the purpose of market research in banking and financing, or for the purpose of advertising, promotion, and representation. A representative office does not have the status of a legal entity and may not engage in banking operations. The entity that establishes the office guarantees all the obligations of the representative office. NBS grants representative offices of foreign banks permission to operate and maintains the Register of Representative Offices of Foreign Banks. There are six representative offices operating in Serbia.

In 2013, Serbia amended the Law on the Export Credit and Insurance Agency (AOFI), transforming AOFI into a business finance and recovery agency. The objects of AOFI are export credit insurance and financing business for Serbian export-oriented companies.

AOFI aims to create strategic improvement of business operation conditions for export economy and overall promotion of the structure of exports of the Republic of Serbia. For this reason, AOFI acts jointly with development, financial and other institutions in the country, but also with relevant foreign companies and institutions.

Original capital of AOFI is 25 million EUR.

AOFI operates under the principles of solvency, security and profitability consistently implementing measures for preservation of the real value of capital and measures for the protection against business risks.

Principal goal of the AOFI is to provide incentive and to promote export by applying the following business policy principles:

- Preservation of the real value of capital
- High quality evaluation of the creditworthiness of the Client so that placement and collection safety could be maintained
- Providing export incentive by permanent promotion and development of AOFI's operations in the area of receivables insurance
- Protection of shareholders' interest

Foreign Exchange Controls

The dinar is the legal tender in Serbia. The dinar floats, although the National Bank manages the float to avoid excessive volatility. There are no legislative restrictions limiting the ability of a local company to pay for imported goods or services. Companies in Serbia are allowed to hold a foreign exchange account in one or more of the banks authorized for international banking operations. These accounts may be used to make or receive payments in foreign currency. Foreign exchange may not be purchased for speculative purposes. However, foreign exchange purchases are permitted at any time to pay for imports. Repatriation of proceeds from exports should be made within 60 days from the day of export.

US Banks & Local Correspondent Banks

There are no U.S. banks providing services in Serbia. Komercijalna Banka, a state-controlled bank, has the best correspondent relationship with U.S. banks.

Project Financing

Serbian banks are suffering from excess of capital and shortage of viable projects ready for financing, in spite of this fact, local financing is still substantially more expensive than capital coming from international financing institutions.

The U.S. Export-Import Bank (Ex-Im Bank) and the U.S. Overseas Private Investment Corporation (OPIC) offer project financing and other financial services.

Ex-Im Bank provides a range of financial programs ranging from medium and long-term guarantees, insurance programs, working capital guarantee to project finance. The Project Finance Division provides financing to projects that are dependent on the project cash flows for repayment.

OPIC supports U.S. investment in emerging markets through project loans and loan guarantees that provide medium to long-term funding to ventures involving significant equity and/or management participation by U.S. businesses. OPIC also provides insurance against a broad range of political risks. Rather than relying on sovereign or sponsor guarantees, OPIC's project financing program looks for repayment from the cash flows generated by the project. For projects sponsored by U.S. small businesses or cooperatives, financing may be provided through direct loans. Following a break in activities in 2009 because of a dispute over the privatization of the Serbian travel agency Putnik, OPIC resumed its activities in late 2012.

The EBRD has an active program in Serbia, providing assistance in the road, rail, and civil aviation sectors. EBRD has provided municipal loans to Belgrade as well as developed a working capital fund for companies soon to be privatized. EBRD assisted with the establishment of ProCredit Bank and maintains an equity position in Eksim Banka, which was purchased by HVB. In 2006, EBRD became a major shareholder in government-owned Komercijalna Banka by purchasing a 25 percent share for USD 78 million.

EBRD Contact Information in Belgrade:

Mr. Matteo Patrone, Country Director

Blue Center Building, Spanskih boraca 3, 6th Floor

11070 Novi Beograd, Serbia

Tel: +381 11 212 0529

Fax: +381 11 212 0534

Website: [European Bank for Reconstruction and Development](http://www.ebrd.org)

The Trade & Development Agency (TDA) is an independent U.S. government agency that promotes U.S. exports for major development projects. TDA funds feasibility studies, training programs, orientation visits, and other project planning services related to U.S. exports. Contracts funded by TDA grants must be awarded to U.S. companies. U.S. involvement in project planning helps position potential U.S. suppliers at the project implementation stage. TDA has been active in Serbia with projects in energy, transportation, airport, and telecommunications sectors.

Contact Information:

Ms. Kendra M. Kintzi

Project Analyst, Contractor

Middle East, North Africa and Europe

U.S. Trade & Development Agency

Tel: (703) 875-4357 Fax: (703) 875-4009

E-mail: kkintzi@ustda.gov

Website: [U.S. Trade and Development Agency](http://www.ustda.gov)

Multilateral Development Banks:

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (European Bank for Reconstruction and Development, World Bank). Many governments finance public works projects through borrowing from the Multilateral Development Banks. The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [European Bank for Reconstruction and Development](#) and the [World Bank](#). For more information on project financing please, review Project Financing section of this document.

Web Resources:

[Commercial Liaison Office to the European Bank for Reconstruction and Development](#)

[Commercial Liaison Office to the World Bank](#)

Financing Web Resources

- [National Bank of Serbia](#)
- [Export-Import Bank of the United States](#)
- [Country Limitation Schedule](#)
- [OPIC](#)
- [U.S. Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [U.S. Agency for International Development](#)
- [Banks in Serbia](#)

Business Travel

Business Customs

Business managers in Serbia are familiar with western-style market economy philosophy, customs, and business practices. Top management typically is designated by the title of Managing Director, a position denoting the key decision-maker. Business relationships in Serbia are founded on trust with significant time and energy invested in developing relationships among the parties. Serbian business people are quick to recognize opportunities and can just as suddenly move at an accelerated pace.

Business dinners are a common practice. While most meals in Serbia are meat-based (all kinds of meat), it is possible to eat vegetarian. It is a common practice to toast with a shot of slivovitz (traditional Serbian plum brandy) or rakiya (fruit brandy) prior to the meal. A toast is accompanied by saying 'Zhiveli', which means 'good health' and is similar to saying 'Cheers'. It is customary to look your counterparts in the eye when saying 'Zhiveli.'

As is true in other European countries, summer holidays stretch throughout July and August and it often is difficult to reach company management during this period. Likewise, it is difficult to conduct any business in Serbia during the first two to three weeks of January because of the Orthodox Christmas and New Year's holidays. Orthodox Easter also is a slow period for business (see the 'Local Time, Business Hours, and Holidays' section for a list at dates of all major holidays in Serbia).

Travel Advisory

U.S. travelers can refer to State's International Travel Information for the most up to date information on travel warnings and visa requirements for Serbia.

[State's International Travel Information.](#)

Visa Requirements

In 2003, the Serbian government liberalized the country's visa regime. Visas are no longer required for entry and stay in Serbia for up to 90 days (within six months) for citizens of selected countries, including the United States. This policy covers bearers of U.S. tourist, official, and diplomatic passports. Individuals planning to stay longer than 90 days are obliged to apply for temporary resident status before the three-month period expires. Please visit [Ministry of Interior's website](#) for more information.

To obtain a visa or for other entry requirements, travelers should contact the [Embassy of Serbia in Washington](#), or the Consulate General of Serbia in Chicago or New York City prior to arrival. The address of the Serbian Embassy is 2134 Kalorama Road, NW, Washington, DC 20008. American citizens intending to work in Serbia must obtain the requisite visa in advance. Details on visa requirements and other information can be found [here](#).

U.S. companies requiring the travel of Serbian businesspersons to the United States should direct these contacts to the U.S. Embassy website for more information. The vast majority of Serbian applicants apply for B1/B2 visas, for which the validity for Serbian citizens increased to 10 years starting in 2010. The 10-year visa for Serbian applicants is valid for multiple entries and the visa fee will be paid once every ten years.

Visa applicants should go to the following links for more information:

- [State Department Visa Website](#)
- [U.S. Embassy Belgrade, Consular Section](#)

Currency

The State of Serbia's currency is the Dinar (DIN). There are one hundred paras in each dinar.

Changing Money

Up to USD 10,000 foreign money may be brought into Serbia as cash, and have to be reported with the customs. Foreign currency of all kinds may be exchanged at the airport, banks, post offices, most hotels or licensed exchange agencies in large cities. A passport is required when exchanging cash or travelers' checks. The rates vary from place to place, and banks charge a commission.

Cash Withdrawal

Holders of international credit cards can withdraw local or foreign currency at banks which accept their credit cards. There are Automated Teller Machines outside most banks.

The annual average exchange rate for 2016 was 120 DIN per USD1.00.

Telecommunications/Electric

There are three mobile telephone operators in Serbia: Telekom Serbia's Mobile operator [MTS](#), [Telenor](#) and [VIP Mobile](#). Cell phones in Serbia are operating on European 900/1800 frequencies. Telekom Srbija and Telenor support BlackBerry service. In May 2015, all three mobile operators were granted 4G licenses.

Telekom Srbija is the dominant carrier with more than three million fixed line subscribers. Approximately 95 percent of the fixed line telephone networks have been digitalized in Serbia. The main business centers (Belgrade and Novi Sad) have good communications infrastructure, but 100 percent digitization of the network has not been attained in these cities.

In 2009, Serbia's second landline license was awarded to the mobile operator Telenor. In addition, the fixed wireless operator, [Orion Telekom](#), started providing mobile Internet services in 2010. Orion offers fixed telephony services based on the Code-Division Multiple Access (CDMA) technology to the local market. When dialing a phone number in Serbia, the

country code (381) is dropped and a zero precedes the city code. The city code for Belgrade is 11, 21 for Novi Sad, and 18 for Nis.

SBB is the provider for the internet, telephone and TV services. Internet service availability is widespread for international business travelers. Approximately 55.8 percent of households in Serbia have internet access. All major ISPs have introduced ADSL internet connections, which likely will increase the number of subscribers in the future. There are increasing numbers of restaurants and cafés in Belgrade and Novi Sad equipped with wireless internet hotspots.

Useful Facts

Area Code: + or 00 – 381

Electricity: 220 volts AC, 50 Cycles – An adaptor is necessary – 3 pronged

Transportation

Serbia operates state-owned airports as well as the national air carrier, which was re-branded from Jat Airways to Air Serbia. In 2013, Etihad took over 49 percent of Air Serbia and operates the airline. Air Serbia sells Etihad tickets at its offices and website and codeshares to more than a dozen routes to China, Vietnam, Australia, and Thailand. Regional direct flights are available to many capitals, including Sofia, Bucharest, Budapest, Athens, Sarajevo, Prague, Ljubljana, and Zagreb. Ticket prices can be high given Air Serbia's dominance. However, there are low cost carriers servicing Serbia such as Wizz Air, Fly Dubai, EasyJet, and Pegasus Airlines that are flying to multiple destinations throughout Europe and the Middle East from Belgrade.

The two major airports in Serbia are Belgrade's Nikola Tesla International Airport and the Nis Airport. Nikola Tesla is the country's largest airport and has direct service to many Western European cities, such as Vienna, Frankfurt, Munich, Abu Dhabi, Amsterdam, Istanbul, London, and Paris. U.S. and Serbian governments signed an Open Skies Agreement in May 2015 and Serbian Air Traffic Authorities have received Category 1 status, which are necessary for direct flights to the United States. First direct flight to New York, USA was in June, 23, 2016, conducting by Air Serbia.

The construction of a new international terminal and the reconstruction of the runway have helped increase passenger traffic and enabled it to handle the most sophisticated aircraft. Other than the national carrier, Air Serbia, approximately 20 airlines service Belgrade, including Alitalia, Austrian Airlines, Aeroflot (Russia), Cross/Swissair, Croatia Airlines (Croatia), Lufthansa (Germany), Turkish Airlines, Lot (Polish), Qatar Airways, Montenegro Airlines, Tarom (Romania), Belavia (Belarus), Wizz Air, and others.

The Nis Airport in southern Serbia offers limited commercial activity. Wizz Air and Ryan Air operate from Nis and other low-cost companies have expressed interest in flying from this airport.

Serbia can be reached by rail from Croatia, Hungary, Romania, Bulgaria, and Macedonia. Internal trains service most areas of the country. Long distances, however, can take a considerable amount of time and often are unreliable due to the aging rail infrastructure. The most convenient and efficient means of travel to Serbia are by air or road transport.

Serbia can be entered by vehicle from various border points. The most utilized border crossings are those connecting Serbia with Croatia, Hungary, and Bulgaria. The quality of Serbian roads and expressways varies greatly. Serbia's motorway network is not extensive, while most roads are two-lane highways. There is a four-lane expressway between Zagreb and Belgrade (travel time is approximately 3.5 hours, depending on the time spent passing through immigration at the border), which is the best highway in the country. Travel time between Budapest and Belgrade is approximately four hours, and the travel time between Belgrade and Sofia is 4.5 hours. The expressway extending south from Belgrade is good until Nis, after which two-lane highways extend to Kosovo, Bulgaria, and Greece. Kosovo can be reached by automobile from either Sofia (Bulgaria) or Skopje (Macedonia). Now, two various Corridors are under construction: Corridor 10, and Corridor 11.

Car rentals from Hertz, Avis, Budget, and others are available from the Nikola Tesla International Airport, as well as other locations in Belgrade and Novi Sad. A complete list of rental car companies at Nikola Tesla International Airport can be found [here](#).

U.S. citizens do not need an international driver's license to drive in Serbia. A passport and a U.S. driver's license are sufficient. Taxis are affordable and abundant within Belgrade and can be hailed curbside, at taxi stands, or by calling for radio dispatch.

[Nikola Tesla International Airport, Belgrade](#)

[Konstantin the Great Airport, Nis](#)

Language

The predominant language in Serbia is Serbian. Many business people speak foreign languages, mostly English and German, although some French and Italian are spoken. Serbia has one of the highest English proficiency levels in the region. In the northwestern Vojvodina region of Serbia many citizens are fluent in Hungarian. Serbia uses the Cyrillic alphabet, although many signs in urban areas are in both Cyrillic and Latin script. There are newspapers and magazines published in Latin script.

Health

Belgrade's air quality is poor during winter months because of the pollution from burning low-grade coal, automobile exhaust, and cold air inversions.

No specific immunizations are needed, although Hepatitis A and B vaccinations are recommended for those living in Serbia. Many medications may not be available in Belgrade, so travelers are advised to bring required medications with them. Local

pharmacies may be able to order medications from other parts of Europe, but this could be expensive, time-consuming, and often advance payment is required.

One of the best facilities in the case of an adult medical emergency is the Military Medical Academy (VMA), Crnotravska 17, Centar Hitne Pomoći entrance. Tel: +381 11 2661-122 or +381 11 360 93 98. Payment is expected at the time of the service.

Fruits and vegetables usually are of excellent quality. Precautions related to the washing of fresh fruits and vegetables are similar to those that should be practiced in the United States.

Local Time, Business Hours and Holidays

Local Time: GMT+01:00.

Business Hours: Usual business hours are from 08:00 to 16:00, Monday through Friday

The U.S. Embassy in Belgrade is open 8:00 a.m. - 5:00 p.m., Monday – Friday and closed on U.S. holidays and Serbian holidays.

Serbian and U.S. Holidays:

	2017
New Year's Day	January 1, Sunday
New Year's Day	January 2, Monday
New Year's Day (Observed)	January 3, Tuesday
Orthodox Christmas	January 7, Saturday
Martin Luther King's Birthday	January 16, Monday
Serbian State Day	February 15, Wednesday
Serbian State Day	February 16, Thursday

George Washington's Birthday	February 20, Tuesday
Orthodox Good Friday	April 14, Friday
Orthodox Easter	April 16, Sunday
Orthodox Easter (Observed)	April 17, Monday
May Day	May 1, Monday
May Day	May 2, Tuesday
Memorial Day	May 29, Monday
Independence Day	July 4, Tuesday
Labor Day	September 4, Monday
Columbus Day	October 9, Monday
Veterans Day/Armistice Day (Observed)	November 10, Friday
Thanksgiving Day	November 23, Thursday
Christmas Day	December 25, Monday

The following holidays may be observed by Serbia's citizens of a particular religion:

- December 25 Christmas (Catholic)
- Easter (Catholic)
- Ramadan Bairam (Muslim)
- Yom Kippur (Jewish)

- Rosh Hashanah (Jewish)

July and August are the preferred months for summer vacations and are a very slow time for commercial activity in Serbia. The same is true of the period encompassing Orthodox Easter.

Temporary Entry of Materials or Personal Belongings

There are no restrictions or duties to be paid on temporary entry of materials and personal belongings. However, items that are temporarily imported have to be reported to customs officials on the border of entry by filling out a designated form. Serbia is an [ATA Carnet](#) member country for the temporary admission of goods. All temporary imported items have to be re-exported at the same point of entry. There are different requirements in place for intercompany transfers and the temporary import of cars and equipment for representative offices and wholly foreign-owned enterprises.

It is advisable to contact the Embassy of Serbia in Washington or one of Serbian consulates in the U.S. for specific information regarding customs requirements.

Travel Related Web Resources

- [U.S. State Department visa information](#)
- [U.S. Embassy Belgrade visa information](#)
- Serbian telecom providers:
 - [Telekom](#)
 - [Telenor](#)
 - [Vip Mobile](#)
 - [SBB](#)
 - [Orion](#)
- [Air Serbia](#)
- [Serbian Railways](#)
- [Nikola Tesla International Airport](#)
- [Rental car information](#)