

SERBIA

TEXTILE INDUSTRY



RAS



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Real Knitting can only confirm its positive experience and suggest Serbia as country for long term investment due to the fact that Serbia is in a strategic position for Europe and Eastern countries business.

MR. ANDREI KRUPA, *MANAGING DIRECTOR, REAL KNITTING SERBIA*

”

Serbia has comparably high social and labor standards. This partnership and the support from the government as well as our professional collaborations are key success factors.

MR. MARTIN NYLAND, *FORMER CEO AT FALKE SERBIA*

Welcome to SERBIA!



— 10th Pan-European Corridor
 — 7th Pan-European Corridor

SERBIA HAS CONTINUED ITS PATH TOWARD EU MEMBERSHIP: EU NEGOTIATION PROCESS OFFICIALLY STARTED, READY FOR ACCESSION BY 2020.

IN 2014, FOR THE FIRST TIME IN LAST COUPLE OF DECADES, TOTAL EXPORT OF TEXTILE INDUSTRY EXCEEDED 1 BILLION EUROS.

OUTSIDE THE COMMONWEALTH OF INDEPENDENT STATES, SERBIA IS THE ONLY COUNTRY THAT HAS A FREE TRADE AGREEMENT WITH RUSSIA.

SERBIA HAS REGAINED ITS POSITION AS THE TOP INVESTMENT DESTINATION COUNTRY IN THE WORLD, MEASURED BY THE NUMBER OF JOBS RELATIVE TO THE SIZE OF THE POPULATION.*
*ACCORDING TO IBM GLOBAL LOCATION TRENDS 2014 REPORT, IBM INSTITUTE FOR BUSINESS VALUE

ON WB DOING BUSINESS LIST, SERBIA MOVED UP BY 32 PLACES IN 2016, AND IS NOW RANKED 59TH GLOBALLY.

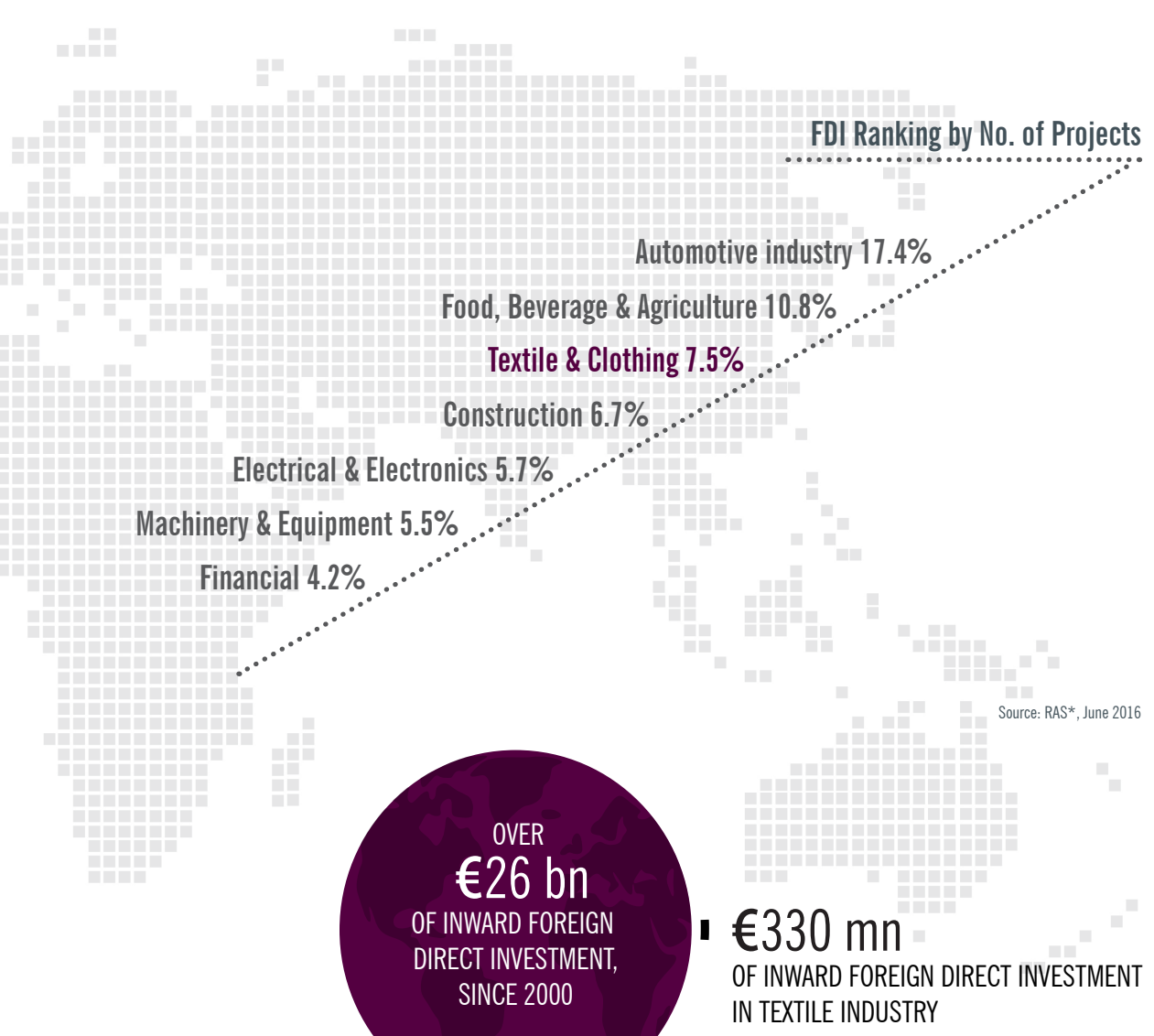
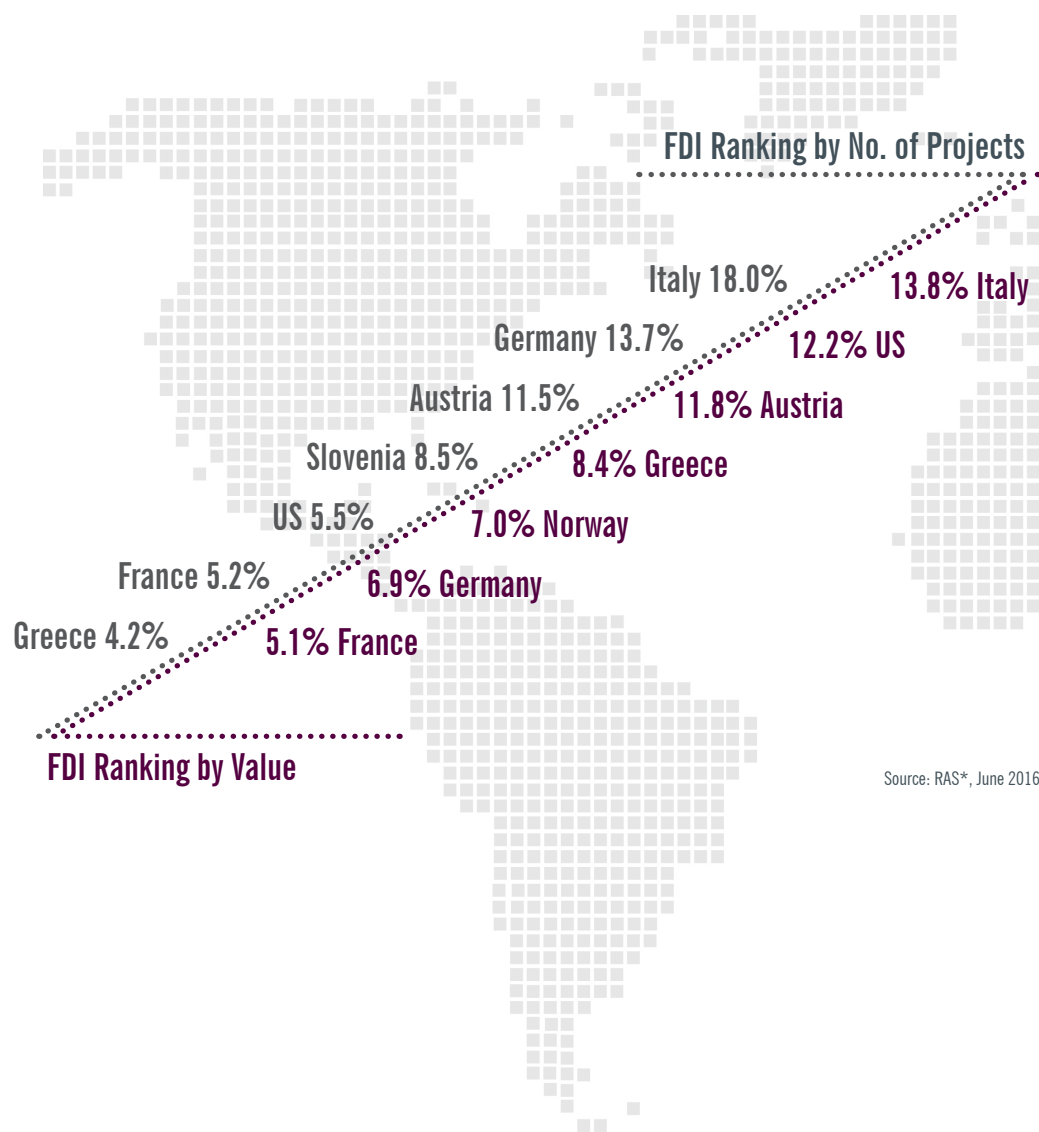
AREA	POPULATION	MAJOR CITIES	TIME ZONE	GDP 2015	GDP PC 2015
88,499 KM ²	7.19*	BELGRADE 1.6 ML; NOVI SAD 0.34 ML; NIS 0.25 ML	CENTRAL EUROPEAN TIME ZONE (GMT +1)	€ 32,908 MILLION	€ 4,626

*Data does not include Kosovo and Metohija

Join the Pool of the Successful



KEY INVESTORS

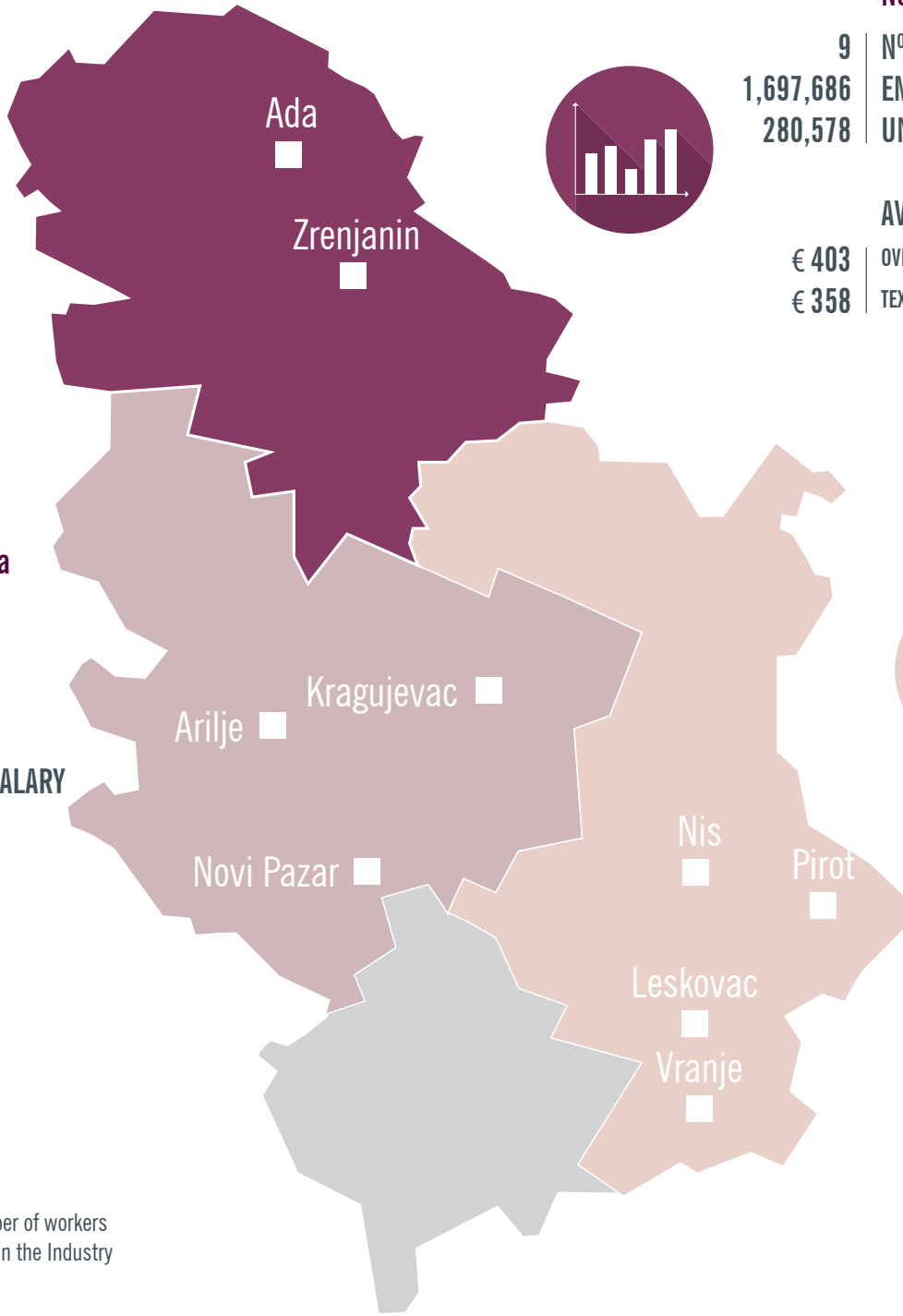


OVER
€26 bn
OF INWARD FOREIGN
DIRECT INVESTMENT,
SINCE 2000

■ **€330 mn**
OF INWARD FOREIGN DIRECT INVESTMENT
IN TEXTILE INDUSTRY

* RAS database includes almost 400 foreign investment projects and tracks all investment types in the manufacturing and service sector, excluding portfolio investments. Data are based on the research that was done according to the country of origin of the investor company.

Industry at a Glance



North Serbia

9 | N° OF SCHOOLS
 1,697,686 | EMPLOYED
 280,578 | UNEMPLOYED

AVERAGE MONTHLY NET SALARY

€ 403 | OVERALL
 € 358 | TEXTILE INDUSTRY



Sumadija and West Serbia

11 | N° OF SCHOOLS
 369,109 | EMPLOYED
 236,516 | UNEMPLOYED

AVERAGE MONTHLY NET SALARY

€ 311 | OVERALL
 € 234 | TEXTILE INDUSTRY



South and East Serbia

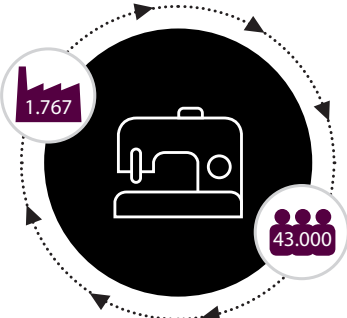
10 | N° OF SCHOOLS
 298,951 | EMPLOYED
 185,926 | UNEMPLOYED

AVERAGE MONTHLY NET SALARY

€ 304 | OVERALL
 € 224 | TEXTILE INDUSTRY



Companies active in Textile Industry



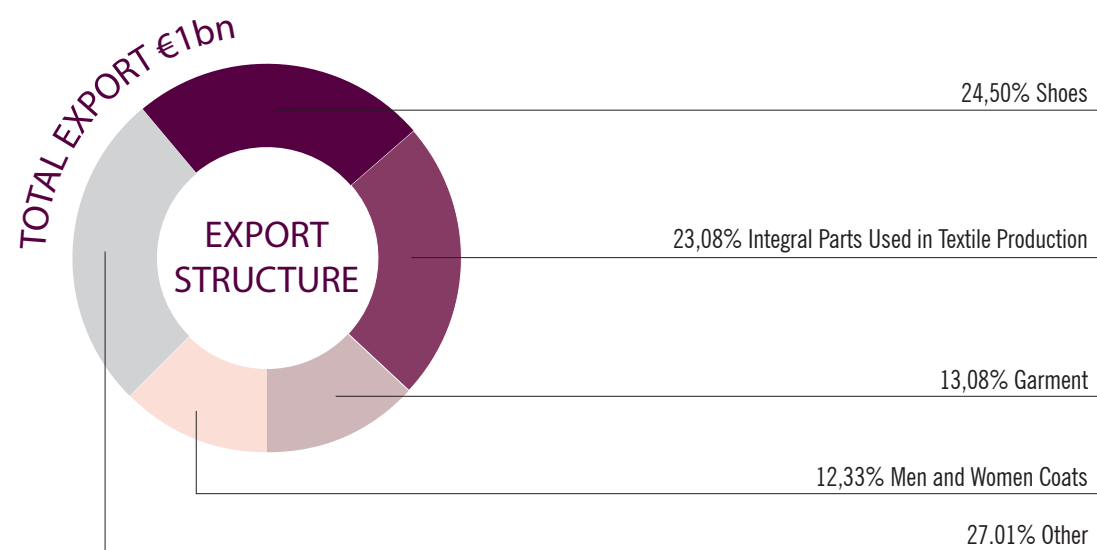
Total number of workers employed in the Industry

- Garment Production / Knitwear
- Apparel and Underwear Production / Denim Production
- Garment Production / Shoe Production

Source: Statistical Office of the Republic of Serbia / School Year 2013/2014

Industry at a Glance

Strong tradition of manufacturing and exports combined with proven experience in maintaining customer relations and meeting customer requirements based on the international standards, contribute to a steady increase of the export volume in this sector. As a result, in 2014 total exports of textile industry exceeded 1 billion euros, which represents a rise of 8% compared to the exports in 2013.



Source: Statistical Office of the Republic of Serbia / School Year 2013/2014

€ More than 70% of production in 2014 is sold to EU countries

MAJOR EXPORT COUNTRIES

Textile products	Garment products	Manufacturing of leather
Italy 19.3%	Italy 12.0%	Italy 56.9%
Russia 14.5%	Germany 7.7%	Bosnia and Herzegovina 11.2%
Germany 11.0%	Bosnia and Herzegovina 3.5%	Slovenia 8.1%
Romania 3.9%	France 2.4%	Montenegro 8.0%

Source: Statistical Office of the Republic of Serbia / School Year 2013/2014

SERBIAN APPAREL

COMPETITIVE MANUFACTURING & TRADITION

For more information about Serbian manufacturers, fashion labels and designers please search our **DATABASE**



WWW.SERBIANAPPAREL.COM

Why invest in Serbia?



- ## 1

Availability of High Quality Labor

Skilled workforce developed through an educational system that includes education at both secondary school and university levels.
- ## 2

Competitive Operating Costs

Long standing tradition of textile industry, and one of the leading industries in Serbia. High quality goods at competitive prices.
- ## 3

Customs Free Access to 1.1 bn Consumers

Favorable trade agreements with EU, Russia, USA, CEFTA, EFTA, Turkey, Belarus and Kazakhstan.
- ## 4

Financial Benefits and Incentives

To offset initial capital investments and ease the start-up of business endeavors, the Government of Serbia offers financial support for Greenfield and Brownfield projects.
- ## 5

Optimal Geographic Location

Serbia's treasured positioning in the heart of SEE makes it an outstanding investment location. Businesses based in Serbia are able to provide services and transport goods in projected and flexible time frames.
- ## 6

Political and Economic Stability

Government of Serbia offers institutional support to investors and is always looking for ways to improve the investment climate in Serbia.

KEY INVESTORS IN THE TEXTILE INDUSTRY



F A L K E

GOLDEN LADY®

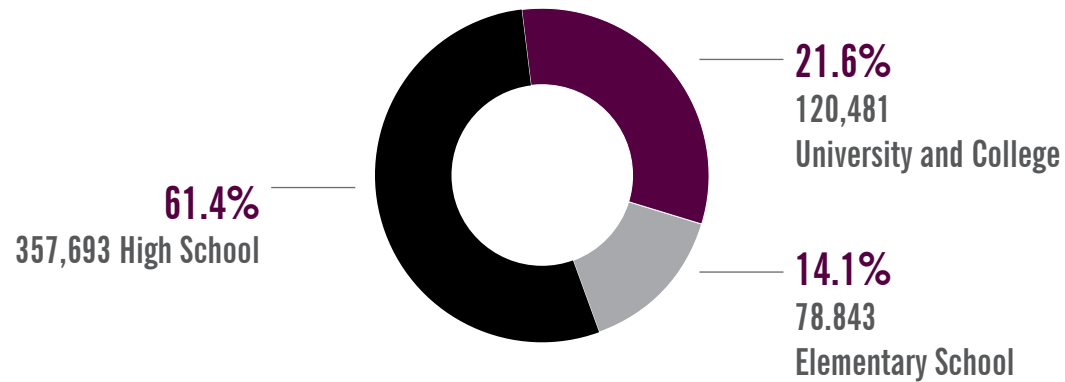
1 Availability of High Quality Labor

Highly skilled labor force in textile industry is a result of experience gained through many years of work, and of an educational system, at both high schools and university level.



Source: *Statistical Office of the Republic of Serbia, Survey on Labor Force 2015
** National Employment Agency

THE STRUCTURE OF UNEMPLOYED BY LEVEL OF EDUCATION



Source: *Statistical Office of the Republic of Serbia, Survey on Labor Force 2015

STRUCTURE OF THE EDUCATIONAL SYSTEM

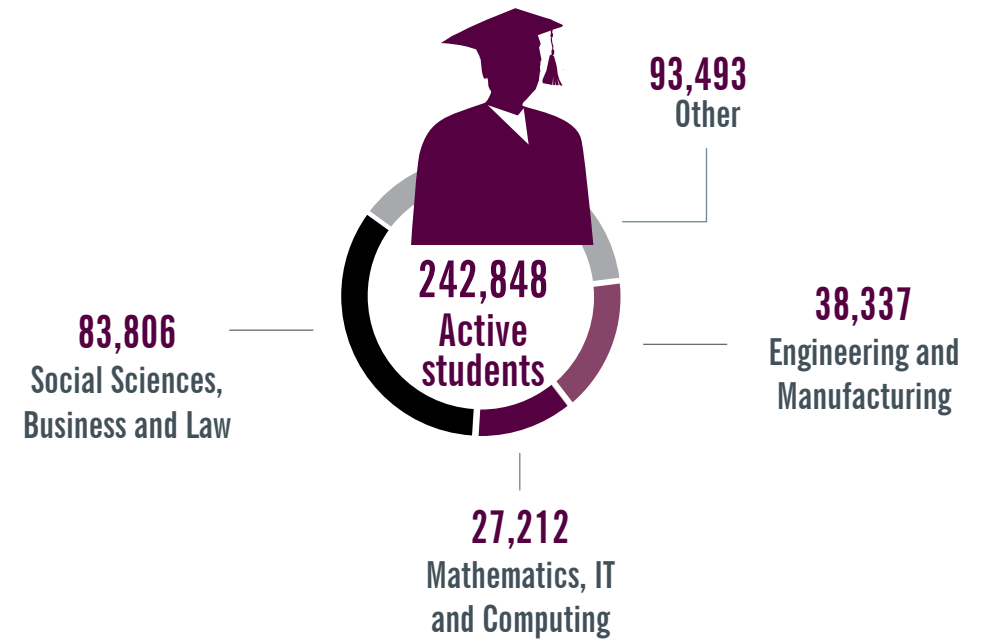
	NUMBER OF HIGH SCHOOLS	HIGH SCHOOL GRADUATES	UNEMPLOYED PEOPLE	NUMBER OF FACULTIES
TOTAL	503	73,600	759,851	136
TEXTILE	30	3,002	34,562	7

Source: Statistical Office of the Republic of Serbia / School Year 2013/2014

1 Availability of High Quality Labor



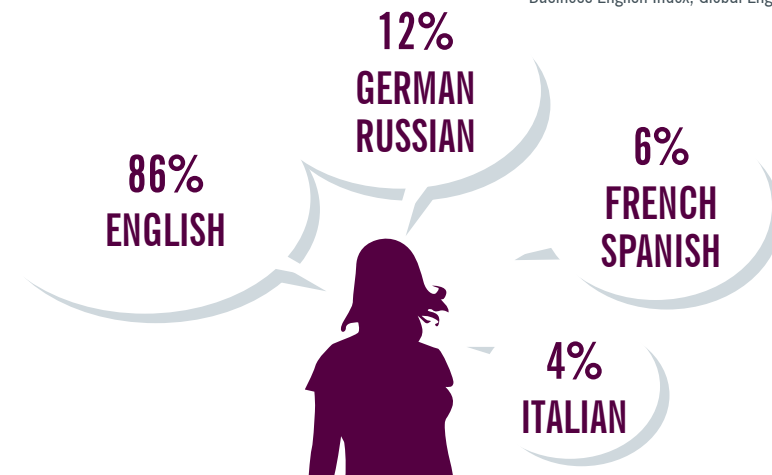
5 UNIVERSITY CENTERS ACROSS THE COUNTRY



Source: *Statistical Office of the Republic of Serbia, 2013/2014

LANGUAGE PROFICIENCY

Serbia was ranked 4th out of the 76 countries in Business English proficiency by BEI*.
*Business English Index, Global English Corporation, 2012

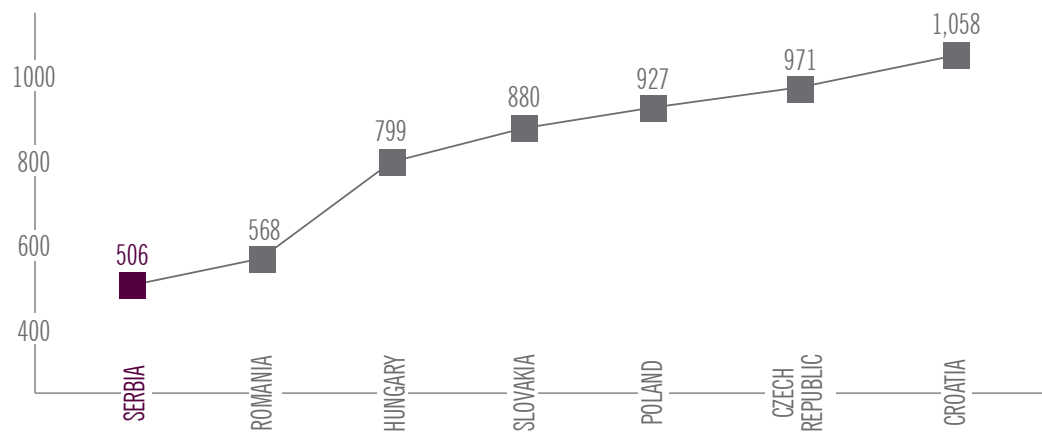


Source: InfoStud, indication of knowledge of languages, based on 100K+

Competitive Operating Costs 2

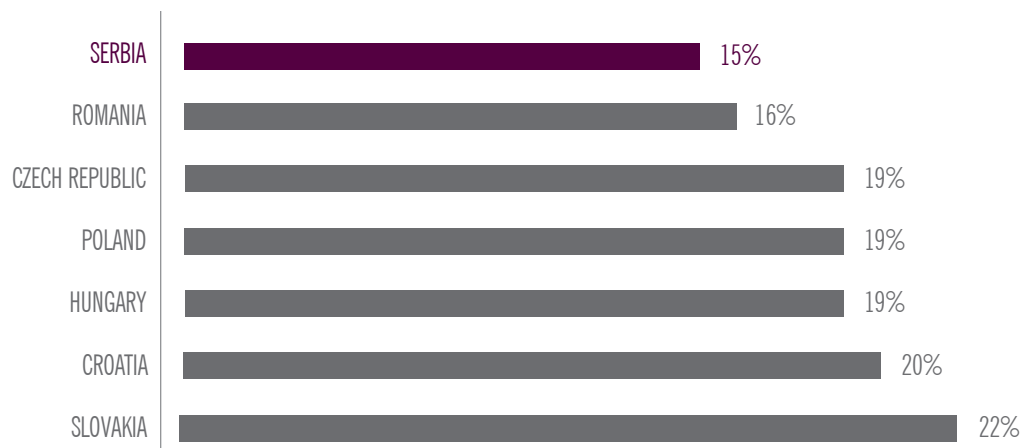
According to EUROSTAT, Serbia has the lowest costs of electricity, gas, other fuels and landline telephony among 37 European states.

AVERAGE GROSS MONTHLY SALARY (€)



Source: The Vienna Institute for International Economic Studies, 2015

CORPORATE PROFIT TAX

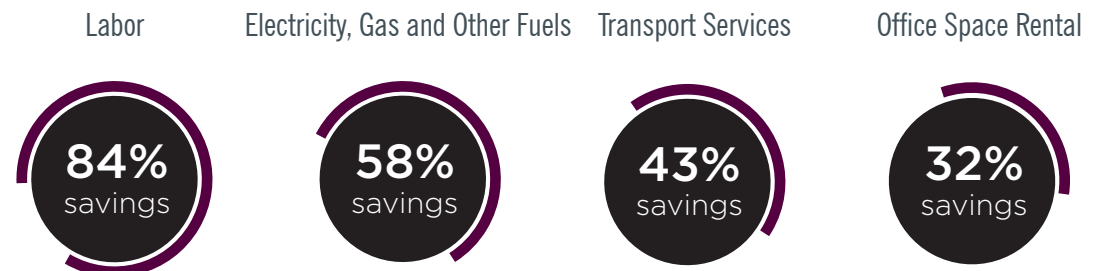


Source: The Vienna Institute for International Economic Studies, 2015

Competitive Operating Costs 2



COST SAVINGS VS EU-28 AVERAGE



Source: EUROSTAT, CBRE, 2015



Old Build 1-2.5€/m²
New Build 3-5€/m²

Industrial Facility
Lease Cost



200-400€/m²

Average Building Cost



0.067 €/kWh



0.6-1.3 €/m³



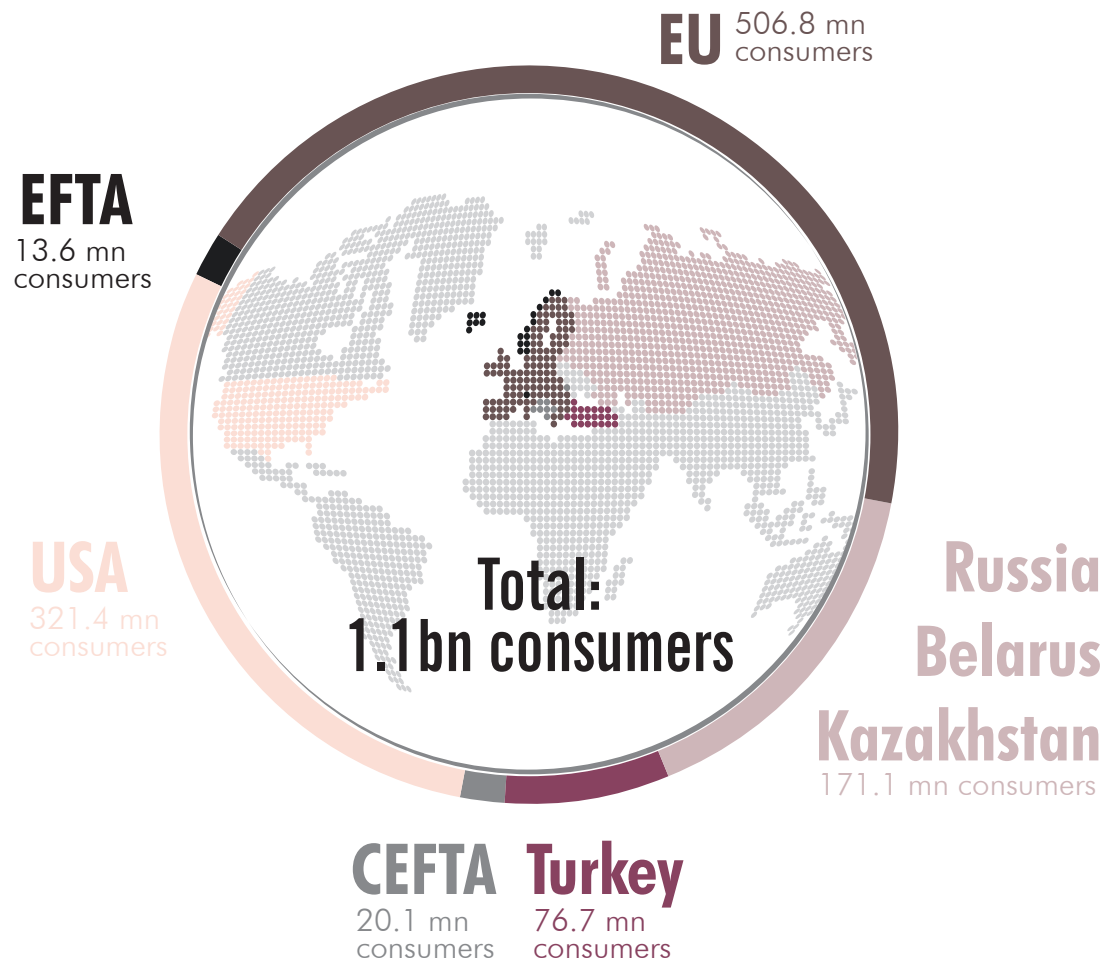
0.038-0.042 €/m³

Source: RAS

3 Customs Free Access to 1.1 bn Consumers

In 2014, Serbia's export of panty hose, tights, stockings and other hosiery, knitted or crocheted represented 1.85% of world exports, ranking Serbia 9th in the world.

With 19.5% share in Russian Federation's import Serbia is the number one exporter of panty hose, tights, stockings & other hosiery, knitted or crocheted (HS 6115), ahead of China, Belarus and Italy.



Source: Statistical Office of the Republic of Serbia, 2015

4 Financial Benefits and Incentives

Cash Grants

To offset initial capital investments and ease the start-up of business endeavours, the Government of Serbia offers financial support for Greenfield and Brownfield projects in manufacturing, and the services sector which may be subject to international trade.

Construction Land Transfer Subsidy

Government or the local municipality can sell construction land at a price which is lower than the market price in support of an investment project that is of national importance (if the land is owned by the government) or an investment projects that promotes local economic development (if the land is owned by the local municipality).

Corporate Income Tax Relief

A 10-year Corporate Profit Tax Holiday is available for investors who hire more than 100 employees and invest more than 8.5 million euros (1 billion RSD). Tax holiday begins once the company starts making a profit.

Payroll Tax Incentives

Employment of people who were registered with the National Unemployment Agency for more than 6 months entitles employers to a sizable relief of taxes paid on net salary from the moment of employment until December 31, 2017:

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

(payroll tax incentives can't be combined with Financial Incentives)

Double Taxation Avoidance

Republic of Serbia has 54 effective double taxation agreements in place that cover income, capital and property. In addition to having double taxation agreements in place with most European countries, Serbia has double taxation treaties in place with many countries in Asia and Africa.

Free Trade Zones

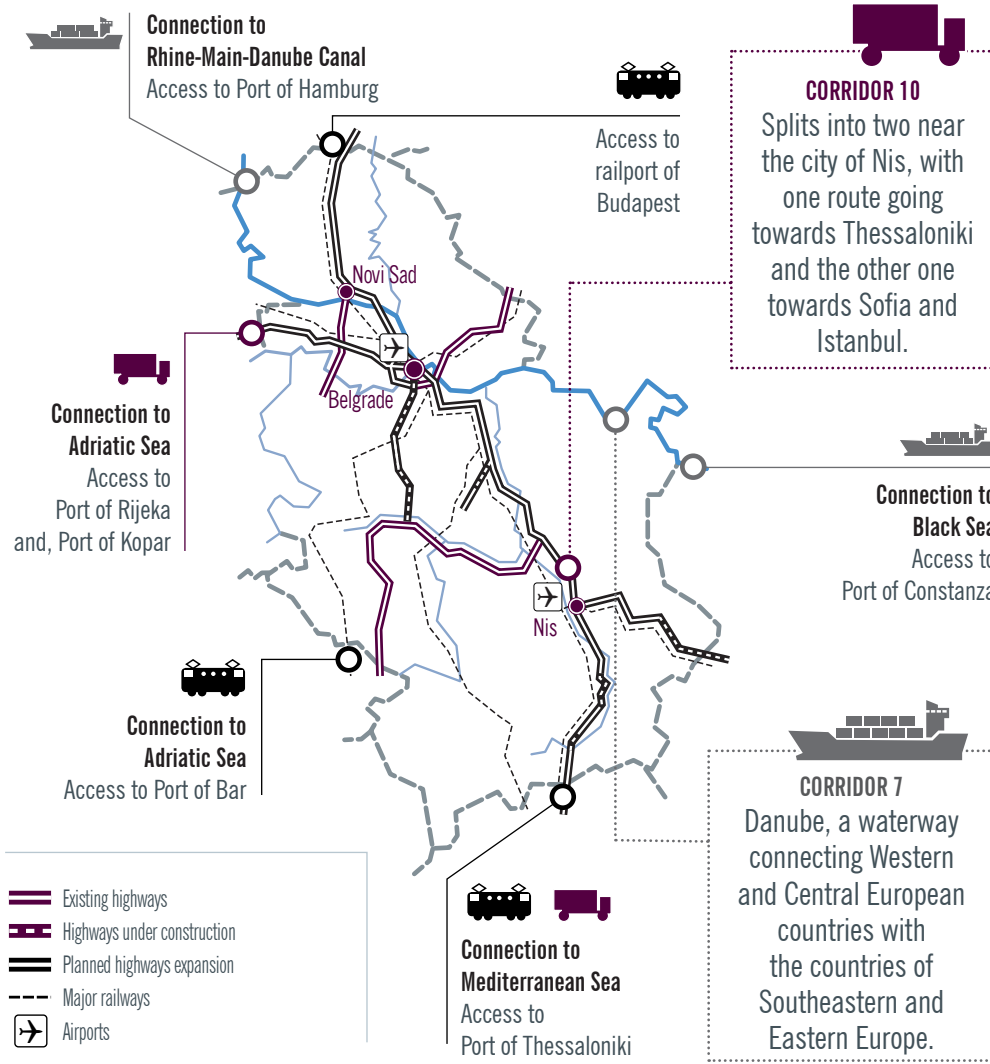


Source: Free Zones Administration, 2015



5

Optimal Geographic Location



Source: Ministry of Construction, Transportation and Infrastructure

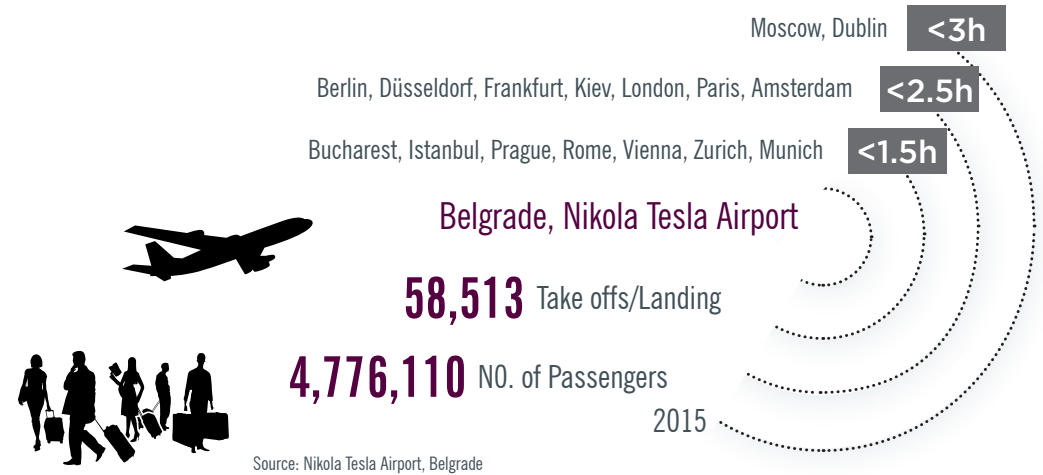
Investments into infrastructure continue to be one of Government's top priorities



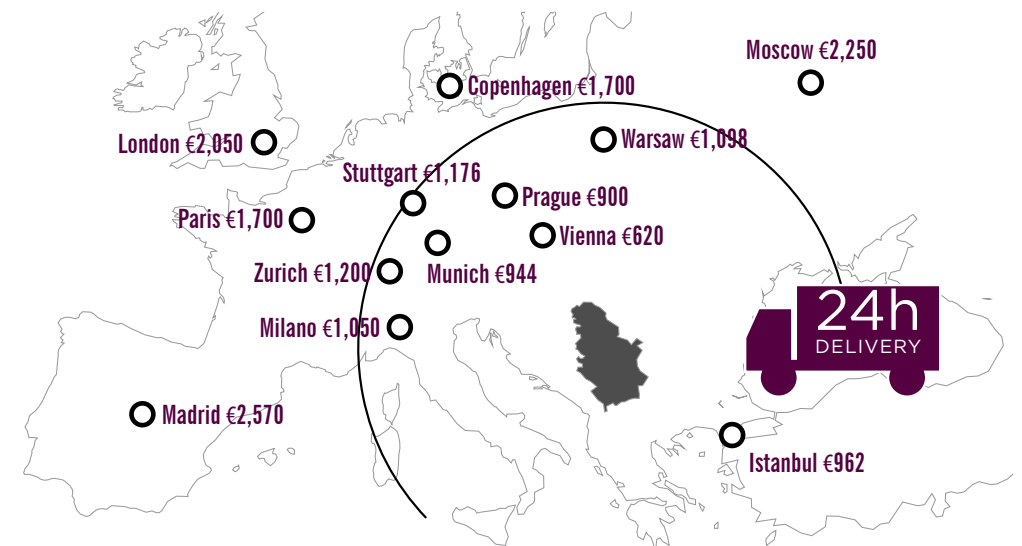
5

Optimal Geographic Location

DURATION OF FLIGHTS



AVERAGE ROAD TRANSPORTATION COST (1€ per km)



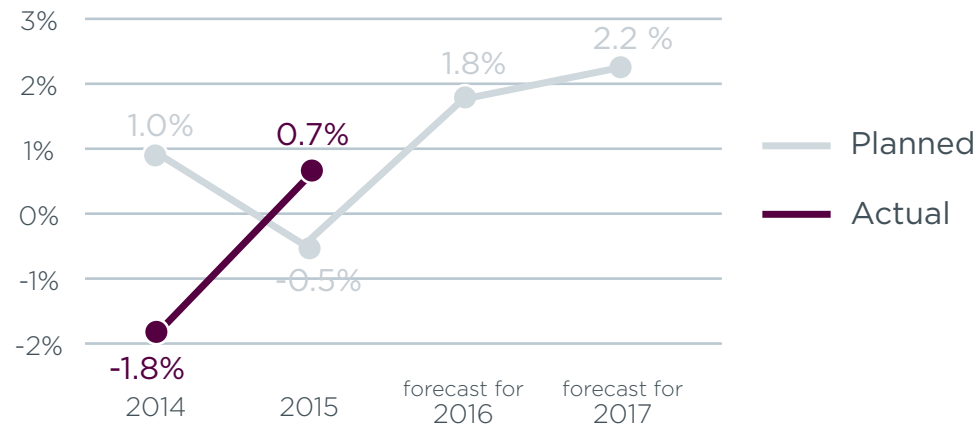
6

Political and Economic Stability

Over the past 4 years Serbia took steps to further improve political and economic stability. In order to reverse the Serbia's trend of economic growth driven by import and consumption, and put the country on a dynamic and sustainable growth path, led by investments and exports, it was necessary to carry out economic reforms consisting of macroeconomic stabilization and improving the business climate.

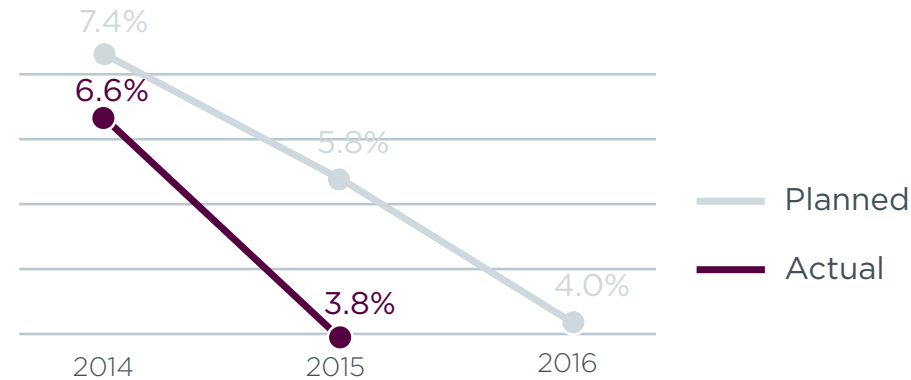
Since 2014, the Government of the Republic of Serbia has taken steps towards reducing the government debt, including greater fiscal responsibility, reform of the public administration, reform of the state-owned enterprises and an overall increase of the productivity in the public sector.

GDP Growth (%)



Source: National Bank of Serbia, Statistical Office and Ministry of Finance of the Republic of Serbia

Budget Deficit (%GDP)



Source: Ministry of Finance and Fiscal Council of the Republic of Serbia

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Despite the global economic crisis and problems with liquidity of the domestic economy, the company Pompea is still investing in Serbia. Pompea decided to invest in the Republic of Serbia and to strategically position itself in this part of Europe, using all the benefits the country offers to domestic and foreign investors. It was the right choice.

MR. CLAUDIO BERARDI, DEPUTY MANAGING DIRECTOR, MODITAL, PART OF POMPEA GROUP

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The Serbian government has also moved ahead with an ambitious economic and structural reform agenda which will contribute to a more attractive business environment: restoring growth, improving competitiveness and creating new jobs.

MR. JOHANNES HAHN, EUROPEAN COMMISSIONER FOR EUROPEAN NEIGHBORHOOD POLICY AND ENLARGEMENT NEGOTIATIONS



RAS

Development Agency of Serbia (RAS) offers a wide range of services on behalf of the Government of the Republic of Serbia, including support of direct investments and export promotion, and leads the implementation of projects with the aim of improving Serbia's competitiveness and reputation in order to support the economic and regional development.

As a newly established agency, RAS builds upon the knowledge of the former Serbia Investment and Export Promotion Agency (SIEPA) and National Agency for Regional Development (NARD) and brings improvements required to meet the needs of a modern economy.

RAS will serve as a one-stop-shop for both domestic and international companies with a single goal of building a strong and sustainable economy, and increasing the quality of life for the people in Serbia.

Development Agency of Serbia (RAS)

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