



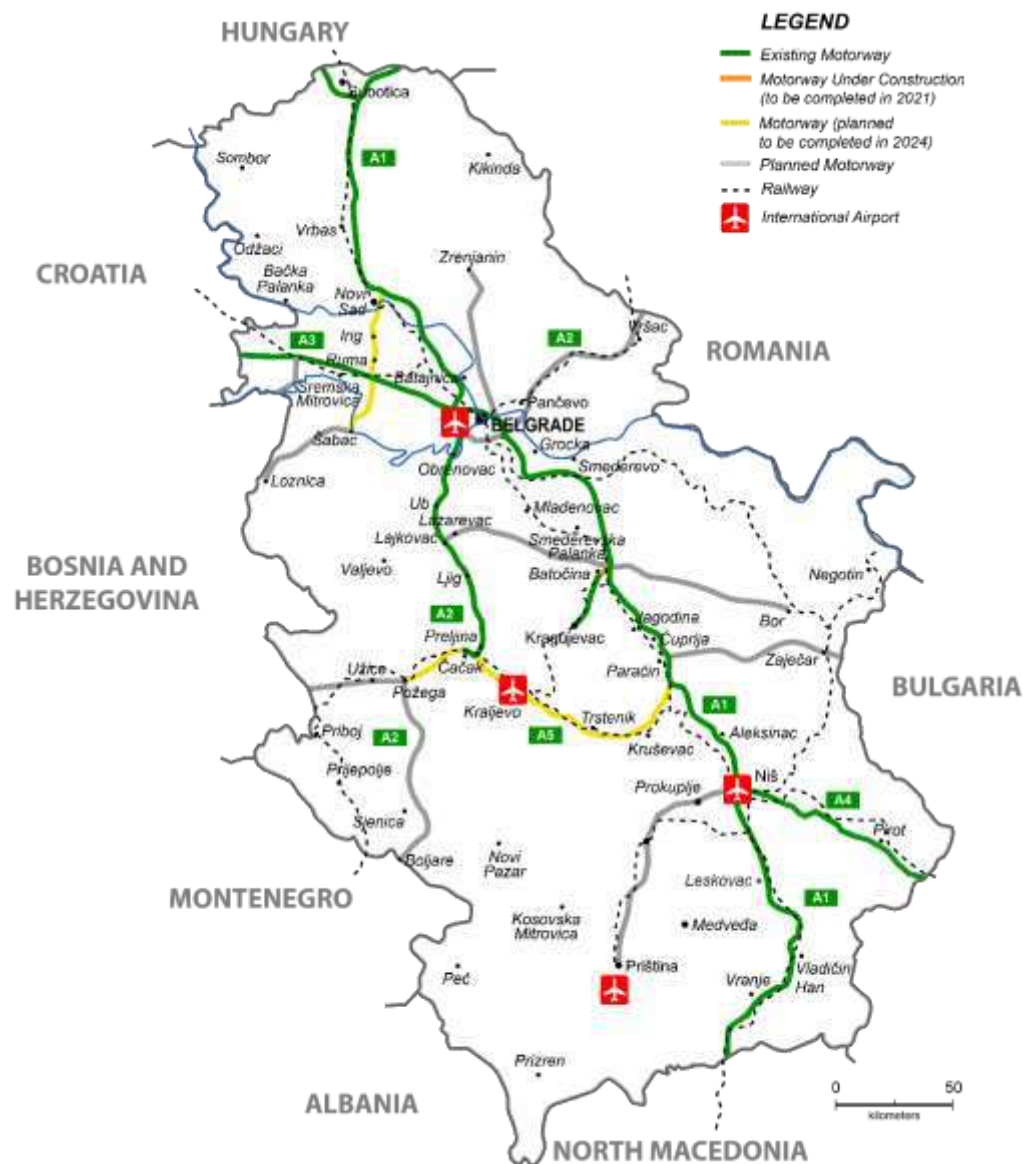
RAS

FOREST BASED

Industries



Welcome to Serbia!



About Serbia

Forest Based Industries

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The business environment is stable, and it offers transparent market conditions, which creates a good starting point for our business growth in a long run.

Marco Aspesi,
VP Corporate Transformation at SR Technics

Serbia has continued its path towards EU membership: negotiation process has officially started

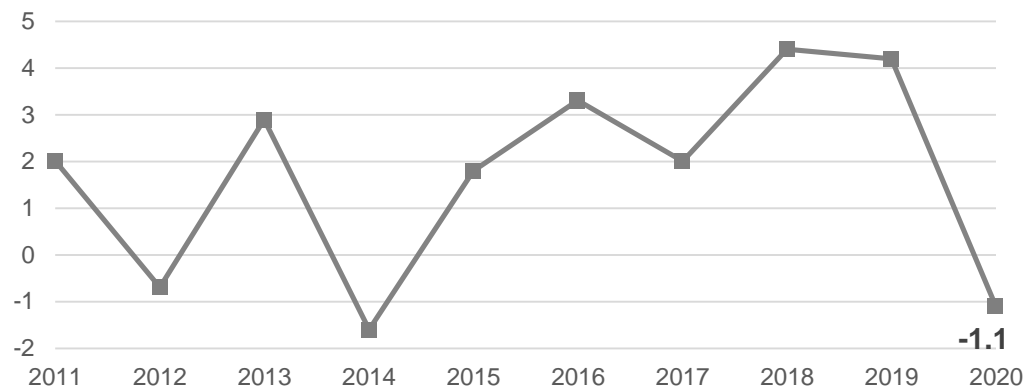
On the World Bank's Doing Business list for 2020 Serbia occupies the 44th place among the 190 countries

City of Belgrade has been named a City of the Future in Southern Europe by the Financial Times

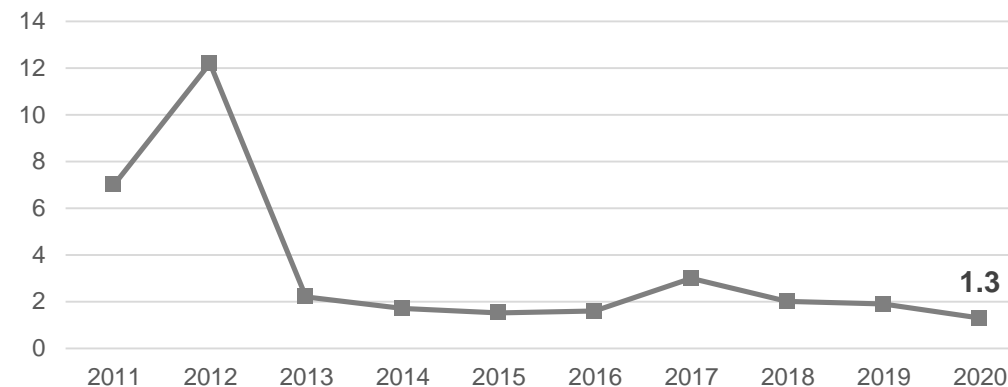
Economic Indicators

Forest Based Industries

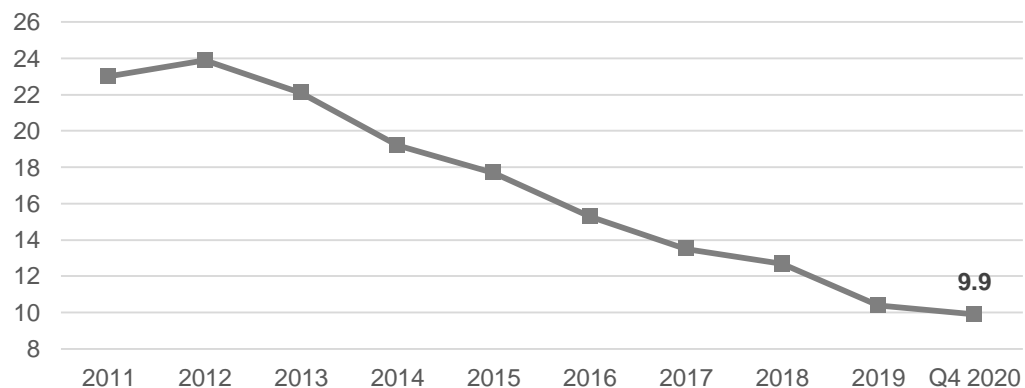
GDP Growth Rate (%)



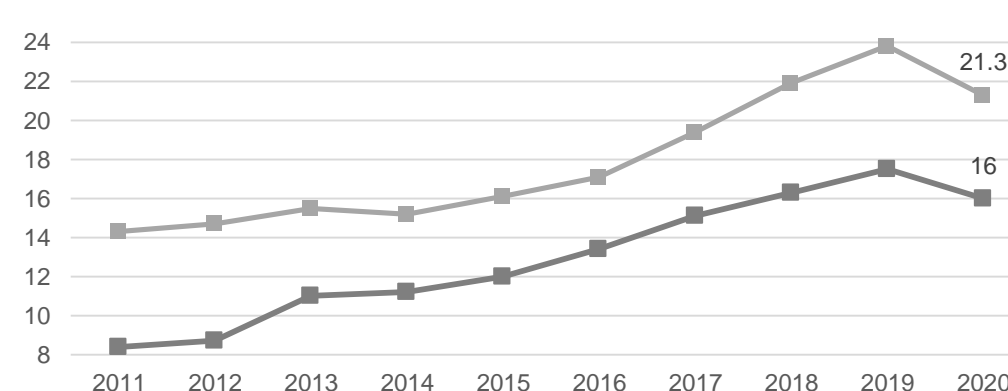
Inflation (%)



Unemployment Rate (%)



Import and Export (billion EUR)



Success in Attracting FDI

Forest Based Industries

FDI Stock (% of GDP), 2019



Source: UNCTAD

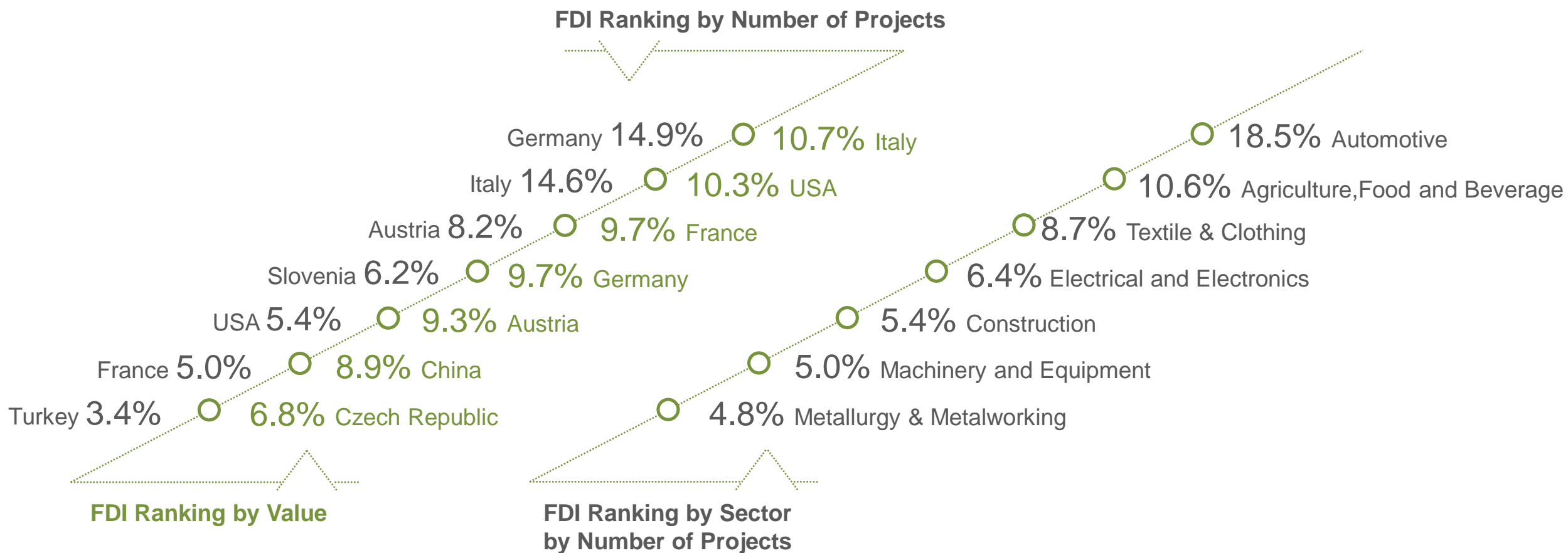
Source: National Bank of Serbia

JOIN THE POOL OF THE SUCCESSFUL



Success in Attracting FDI

Forest Based Industries



Success in Attracting FDI

FT Greenfield FDI Performance Index 2019

- Financial Times has **ranked Serbia #1** in the world in greenfield FDI performance
- Index is based on the number and size of greenfield investment projects relative to the country's GDP
- According to FT, Serbia is “punching almost at 12 times above its weight”

Country	Ranking	Score
Serbia	1	11.92
Lithuania	2	11.49
Bosnia and Herzegovina	3	10.82
Bulgaria	4	8.47
Malta	5	7.78

IBM Global Locations Trends 2019

- For the third year in a row Serbia is **ranked #1** in the world by estimated jobs created from FDI per million inhabitants
 - In addition, Serbia is ranked 12th in the World by total estimated jobs created from FDI

Country	Ranking
Serbia	1
Ireland	2
Jamaica	3
Lithuania	4
Hungary	5



RAS

FOREST BASED INDUSTRY OVERVIEW

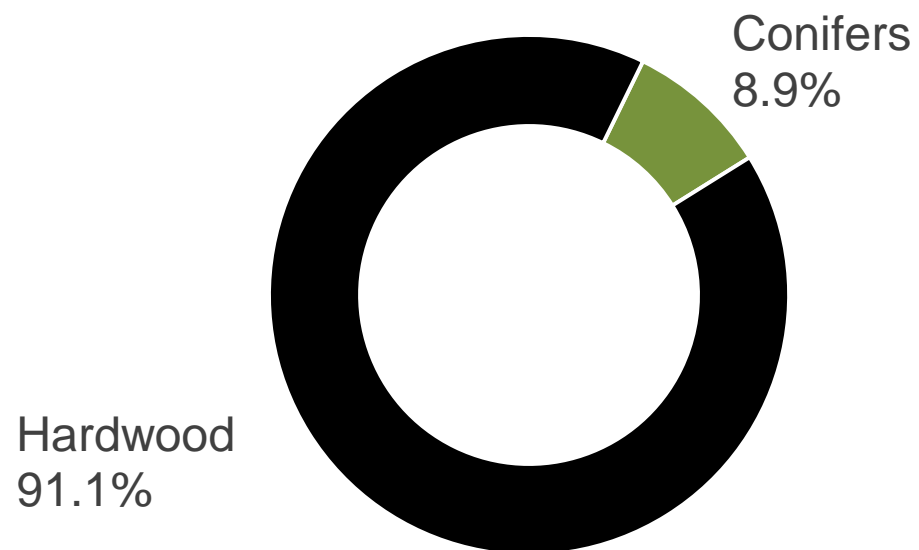


PRILAZ NA OZALICU
NEZAPOSLJENIM OSOBAMA
STROGO ZABRANJEN

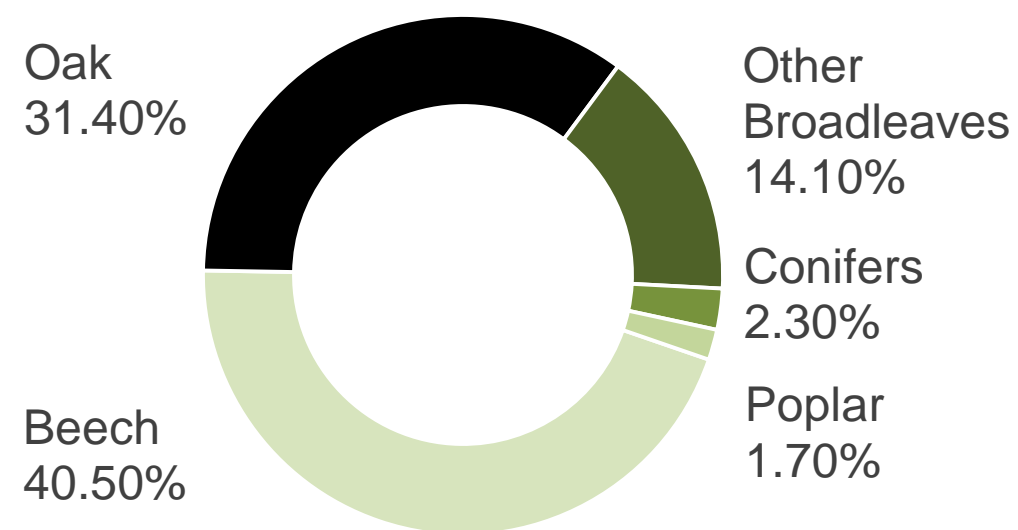


Excellent raw material base

Forest Structure



Forest Species



Excellent raw material base



3,268,857 m³

volume of timber felled from commercial purpose

2,347,412 m³

produced in state owned forests

921,445 m³

felled in privately owned forests



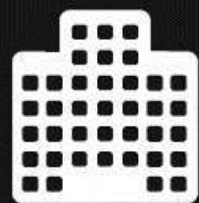
By signing an annual contract with Srbija sume and Vojvodina sume companies ensure their supply for next year

Besides natural growth, Serbia pays great attention to reforestation

State owned forest has been certified to the FSC standard

Forest based Industry at a glance

Forest Based Industries



COMPANIES

3,734

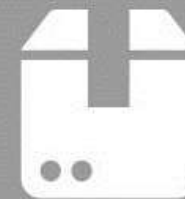
More than 90% of enterprises are privately owned and mainly located in the central and southern areas of Serbia.



EMPLOYEES

52,041

23,765
timber industry
19,711
in furniture industry
8,565
paper industry



EXPORTS

€1.2 bn

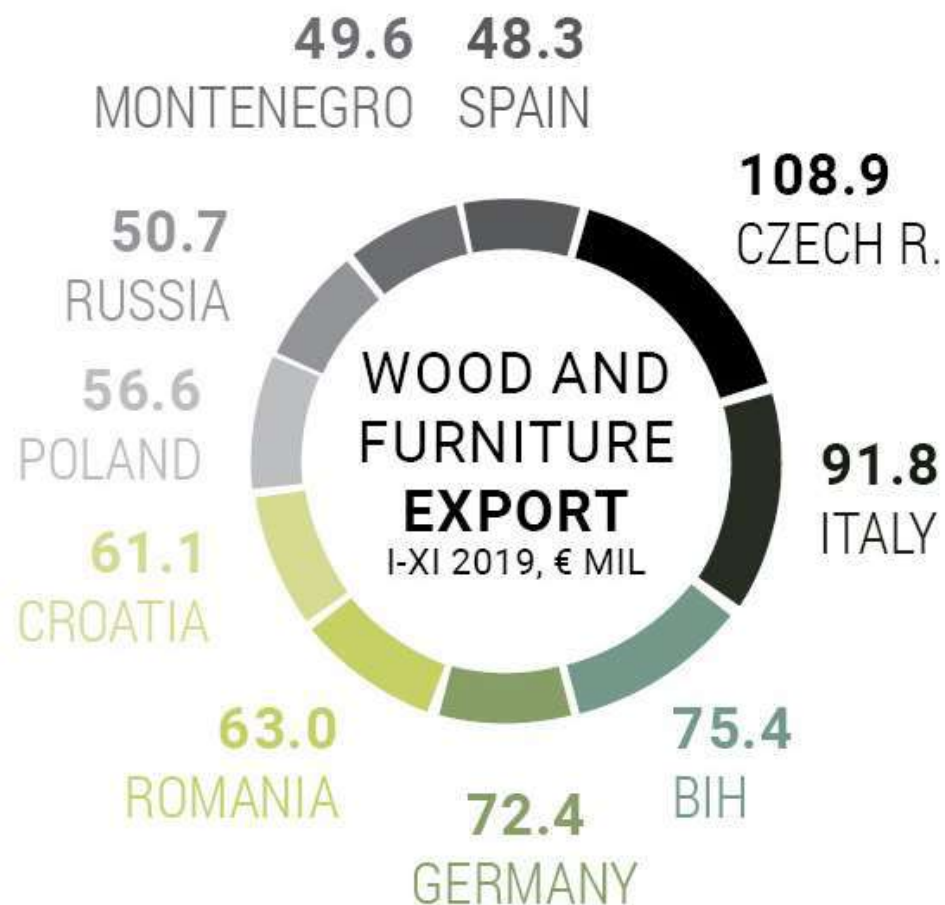
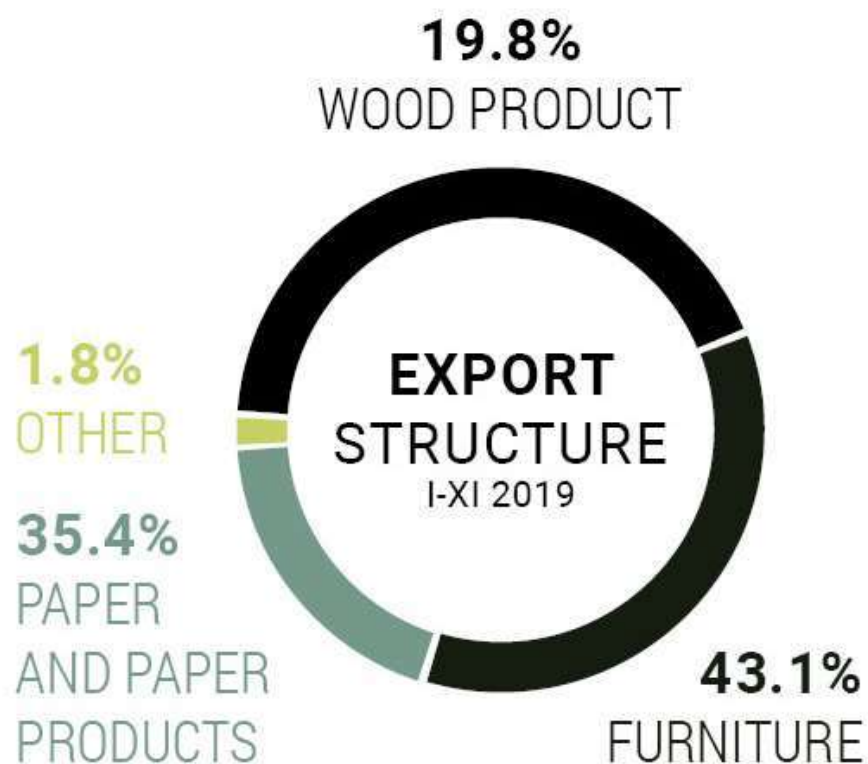
Export of FBI

€522.4 mil

Furniture Export

Since 2018
furniture export
has grew by 20%

Forest based Industry at a glance



Largest furniture companies

Serbia's furniture market is a demanding, versatile market which generates many possibilities for furniture producers. All categories of furniture and furnishings are produced in the country, such as household kitchens, office, shop fixtures, hotels, restaurants, nurseries, and schools. A number of Serbian companies also manufacture interior cabinetry and custom made furniture. Furniture is sold on the domestic market in retail chains: Jisk, Ikea, Emmezeta, local manufacturers such as Matis, Forma Ideale, Simpo, in addition to furniture production, have also developed their own furniture design and distribution.

POOL OF SERBIAN SUPPLIERS
SERBIAN DESIGN
EUROPEAN MARKET



EXQUISITE DESIGN LEATHER AND SOLID WOOD





PRODUCTION & FURNISHING HOTELS, PUBLIC AND RESIDENTIAL AREA



ARTS, CRAFTS AND MODERN FACTORY PRODUCTIONS



**STRONG EMPHASIS
ON TECHNOLOGY
AND DESIGN OF
SOLID WOOD**



SOLID WOOD EXPERTS





FROM NATURE WITH LOVE

Why Invest in Serbia



DITRE
italia



fantonigroup

kronosspann

emmezeta

Availability of High Quality Labor

Forest Based Industries

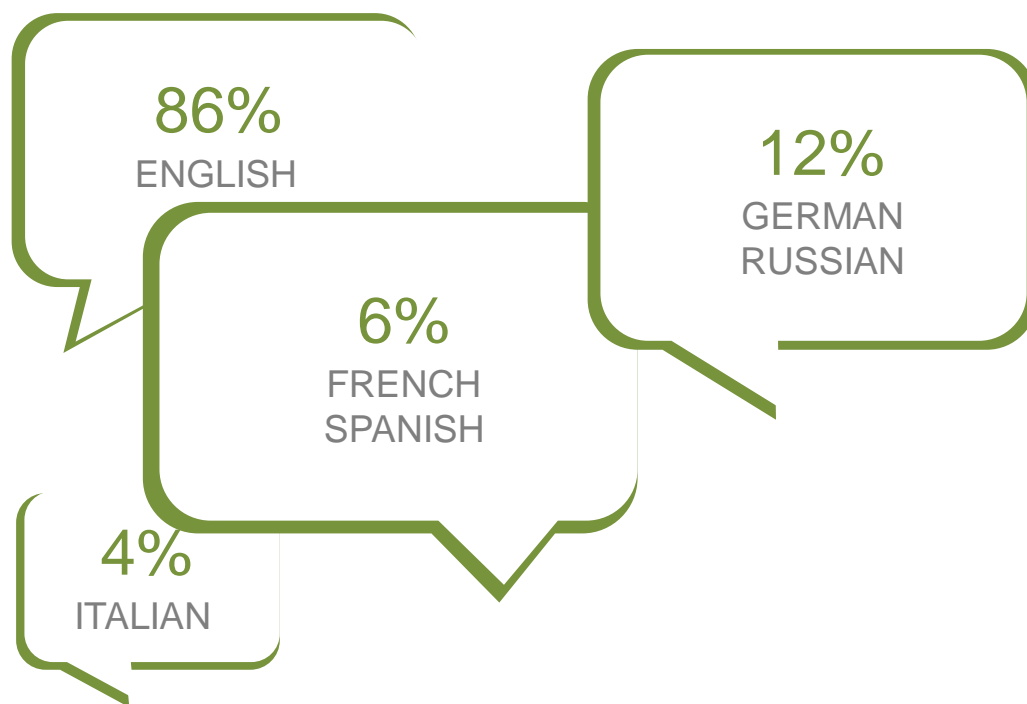
17
high schools
that specialize in
wood processing



4
faculties
with programs
connected to the
furniture industry
with **1,114**
graduates per year

Availability of High Quality Labor

Foreign Language Proficiency



Although public expenditure on education remains low in Serbia compared to other countries in Europe, Serbia boast a remarkable level of English proficiency. There is a widespread acceptance in Serbia that foreign language skills are essential for international integration, coupled with education systems that emphasize the importance of English and other foreign languages in knowledge-based economies.

High Proficiency Score Source: EF EPI , EF English Proficiency Index, 2019

17th place in the World (out of 100 countries in the world)
15th place in Europe (out of 33 European countries)

Percentage of job applicants that speak a foreign language

Availability of High Quality Labor

Availability of Labor

9.9%

Unemployment Rate

Structure of Unemployed by Level of Education

Level of Education	Number of Unemployed	%
No Education and Primary School	51,600	16.1
High School	190,500	59.3
University and College	78,800	24.6
Total	321,000	100%

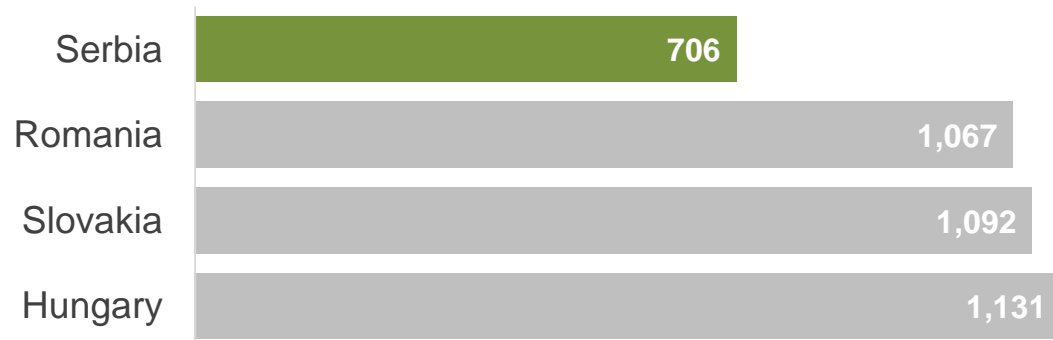
Structure of Unemployed by Age

Age Group	Number of Unemployed	%
15-24	70,800	22.1
25-34	97,000	30.2
35-44	68,100	21.2
45-54	52,100	16.2
55-64	32,600	10.2
65+	400	0.1
Total	321,000	100%

Competitive Operating Costs

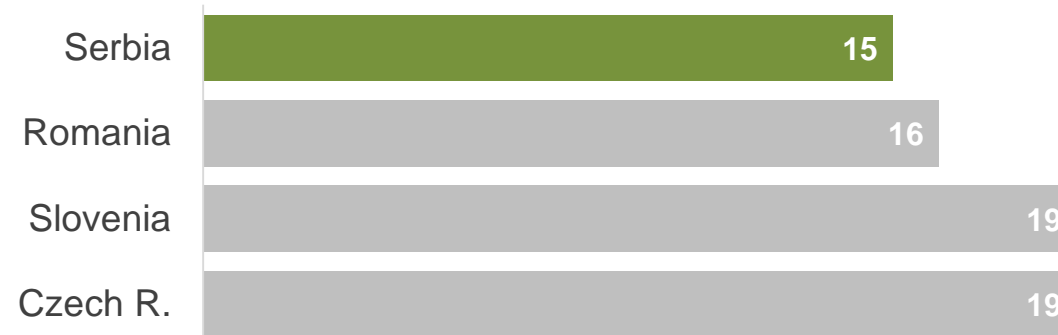
Forest Based Industries

Labour cost (€) GROSS AVERAGE MONTHLY SALARIES



Source: The Vienna Institute for International Economic Studies, 2020

Corporate Profit Tax (%)



Source: KPGM, 2021

Office Space Rental per Month PRIME RENT,SQM FOR €100?



Source: Cushman & Wakefield, Q3 2020

Electricity HOW MUCH KWh CAN YOU BUY FOR €0.50?

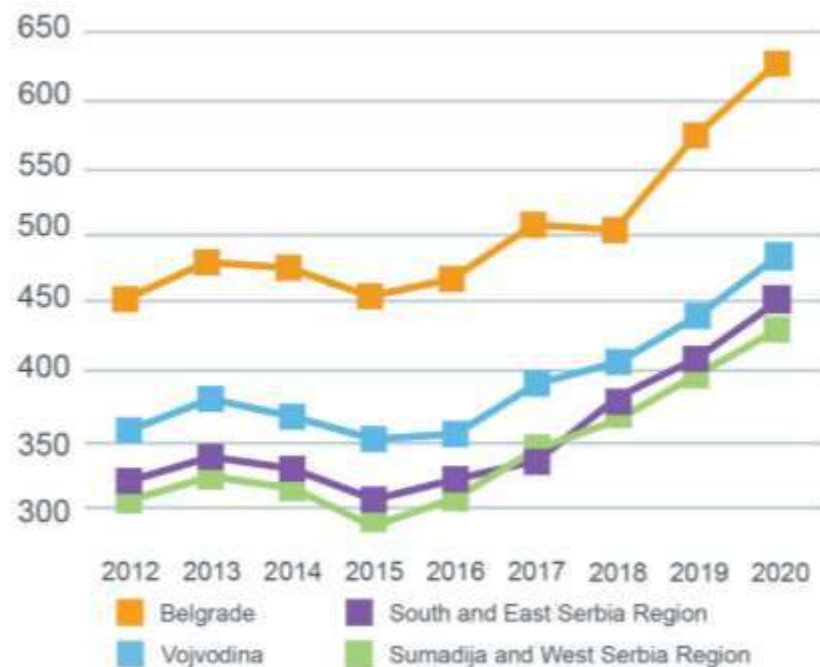


* Excluding VAT and other recoverable taxes and levies
Source: EUROSTAT, Q2 2019

Competitive Operating Costs

Forest Based Industries

Average Net Salary by Regions (EUR)



Old Build 1-2.5€/m²
New Build 3-5€/m²

Industrial Facility
Lease Cost



200-400€/m²

Average Building Cost



0.067 €/kWh



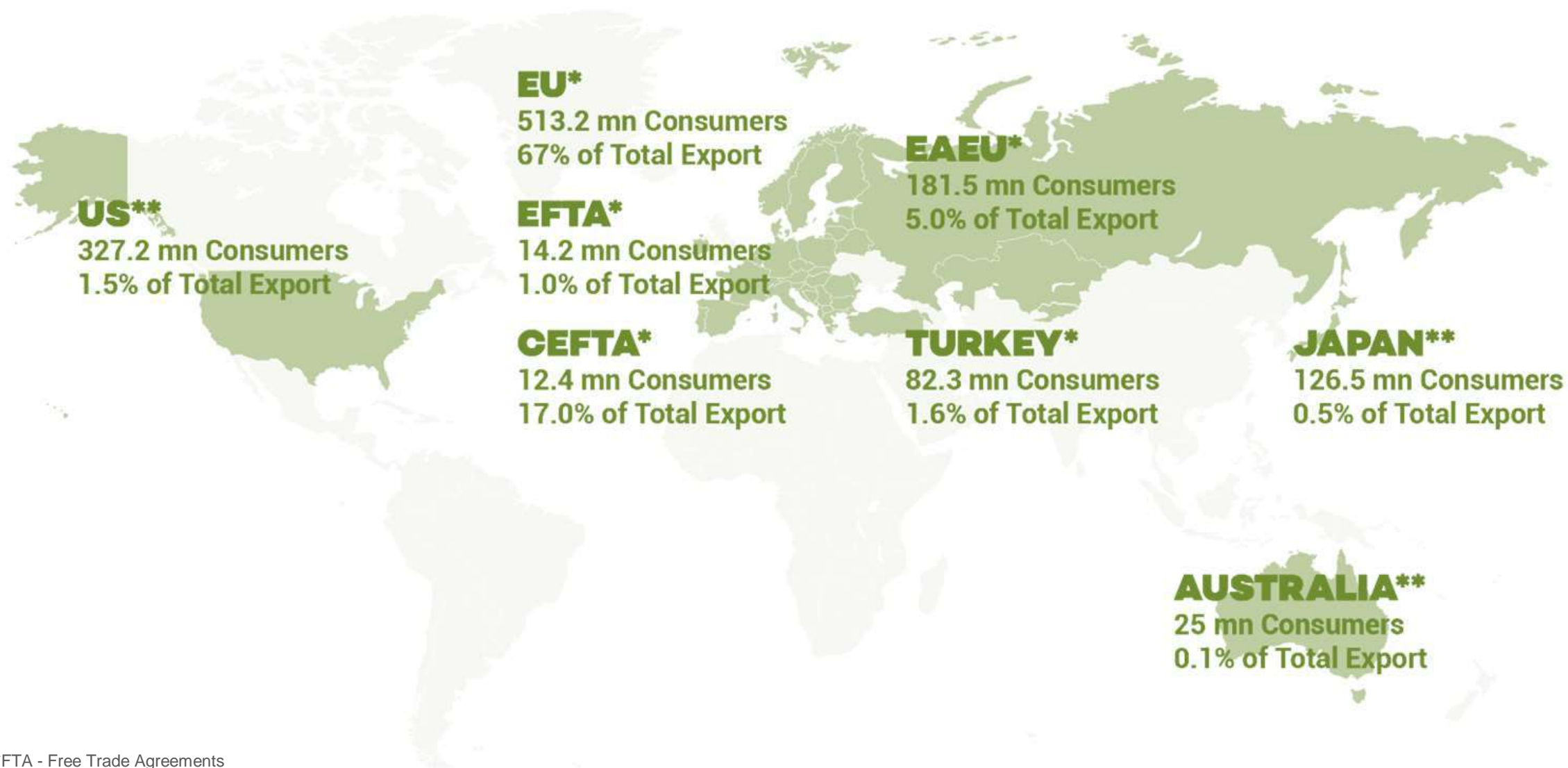
0.6-1.3 €/m³



0.038-0.042 €/m³

Customs-Free Access to 1.3bn Consumers

Forest Based Industries



*FTA - Free Trade Agreements

**GSP - Generalized System of Preferences

Source: Statistical Office of the Republic of Serbia, 2018; World Bank, 2018

Customs-Free Access to 1.3bn Consumers

SERBIA - MANUFACTURING HUB

Externally, Serbia can serve as a manufacturing hub for duty-free “made in Serbia” exports to a market of more than 1 billion people that includes the EU, USA, Turkey, South East Europe, the European Free Trade Agreement members, as well as Russian Federation and Eurasian Economic Union (EAEU) member states.

This customs-free regime covers most key industrial products, with only a few exceptions and annual quotas for a limited number of goods.

World Bank Doing Business List Trade Across Border	
Country	Rank
Norway	22
Serbia	23
Albania	24
Latvia	25
Bhutan	26
North Macedonia	27
United Kingdom	28

Financial Benefits and Incentives

Free Trade Zones



Financial Benefits and Incentives

Financial Incentives

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

Corporate Income Tax Incentives

A 10 year Corporate Income Tax Holiday is available for investors who hire more than 100 employees and invest more than 8.3 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:

- 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)

Financial Benefits and Incentives

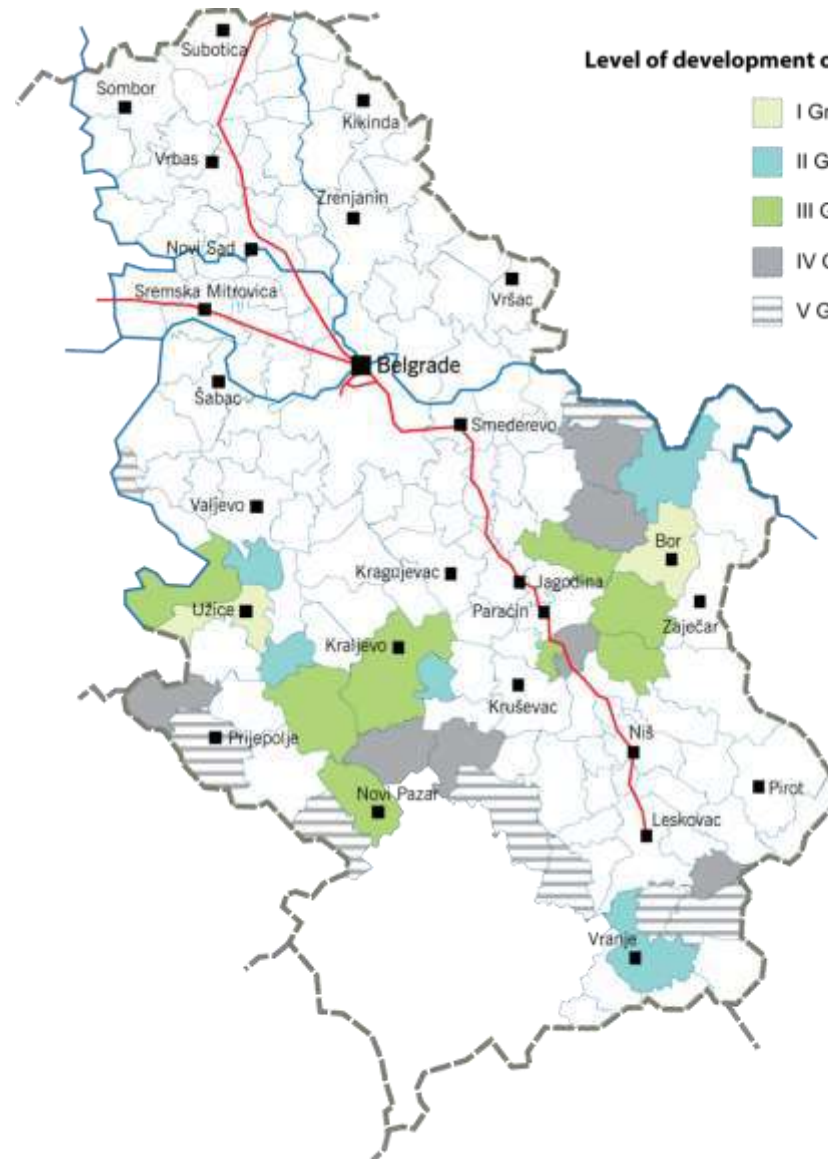
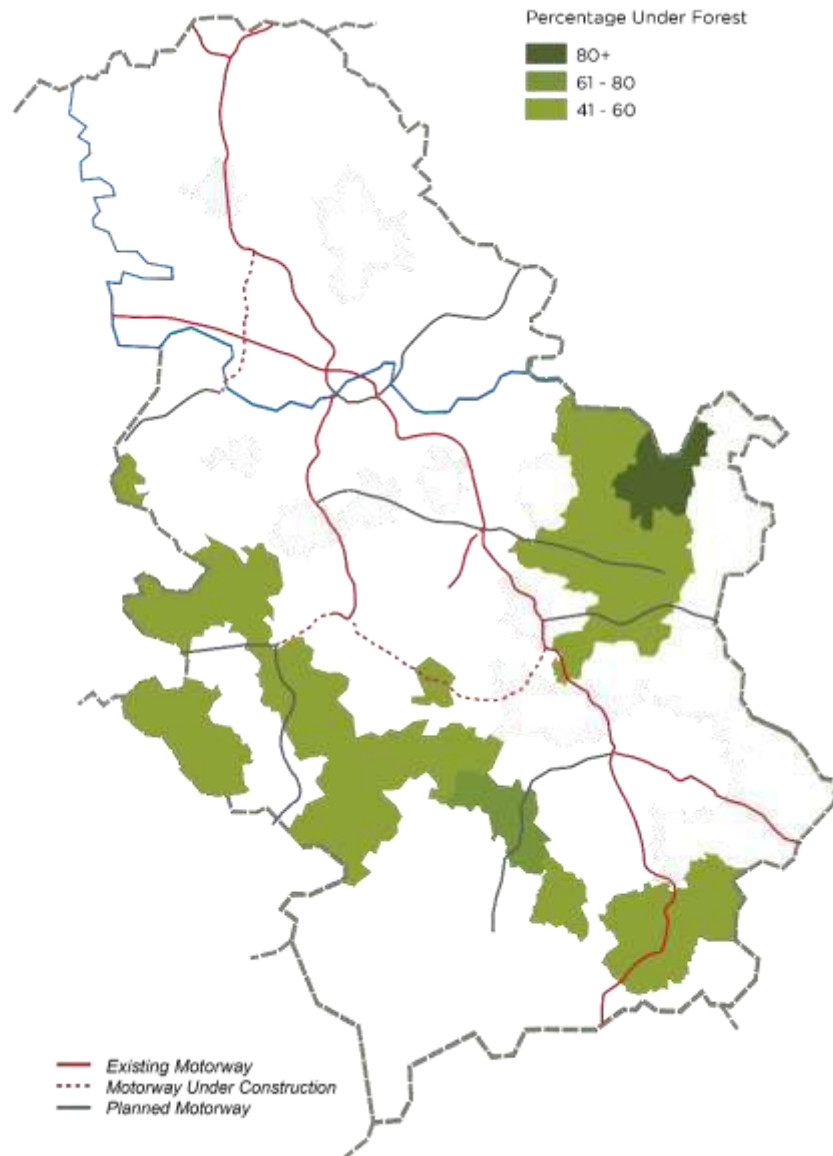
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LEVEL OF DEVELOPMENT OF THE LOCAL MUNICIPALITY	MINIMUM NUMBER OF NEW JOBS CREATED*	MINIMUM LEVEL OF INVESTMENT*	LEVEL OF INCENTIVES			INVESTMENT PROJECTS IN THE SERVICES SECTOR
			Percentage of 2-year gross salaries	Percentage of Investment in Fixed Assets (OPTIONAL)	Bonus for Labor Intensive Projects (OPTIONAL)	
I	50	500,000 EUR	20% MAX 3,000 EUR per employee	+ up to 10%	For 200-500 employees +10% of the sum of 2-year gross salaries For 500-1,000 employees +15% of the sum of 2-year gross salaries For more than 1000 employees +20% of the sum of 2-year gross salaries	min 15 new jobs created min €150,000 * of the eligible investment costs
II	40	400,000 EUR	25% MAX 4,000 EUR per employee	+ up to 15%		
III	30	300,000 EUR	30% MAX 5,000 EUR per employee	+ up to 20%		
IV	20	200,000 EUR	35% MAX 6,000 EUR per employee	+ up to 25%		
V (Devastated Regions)	10	100,000 EUR	40% MAX 7,000 EUR per employee	+ up to 30%		

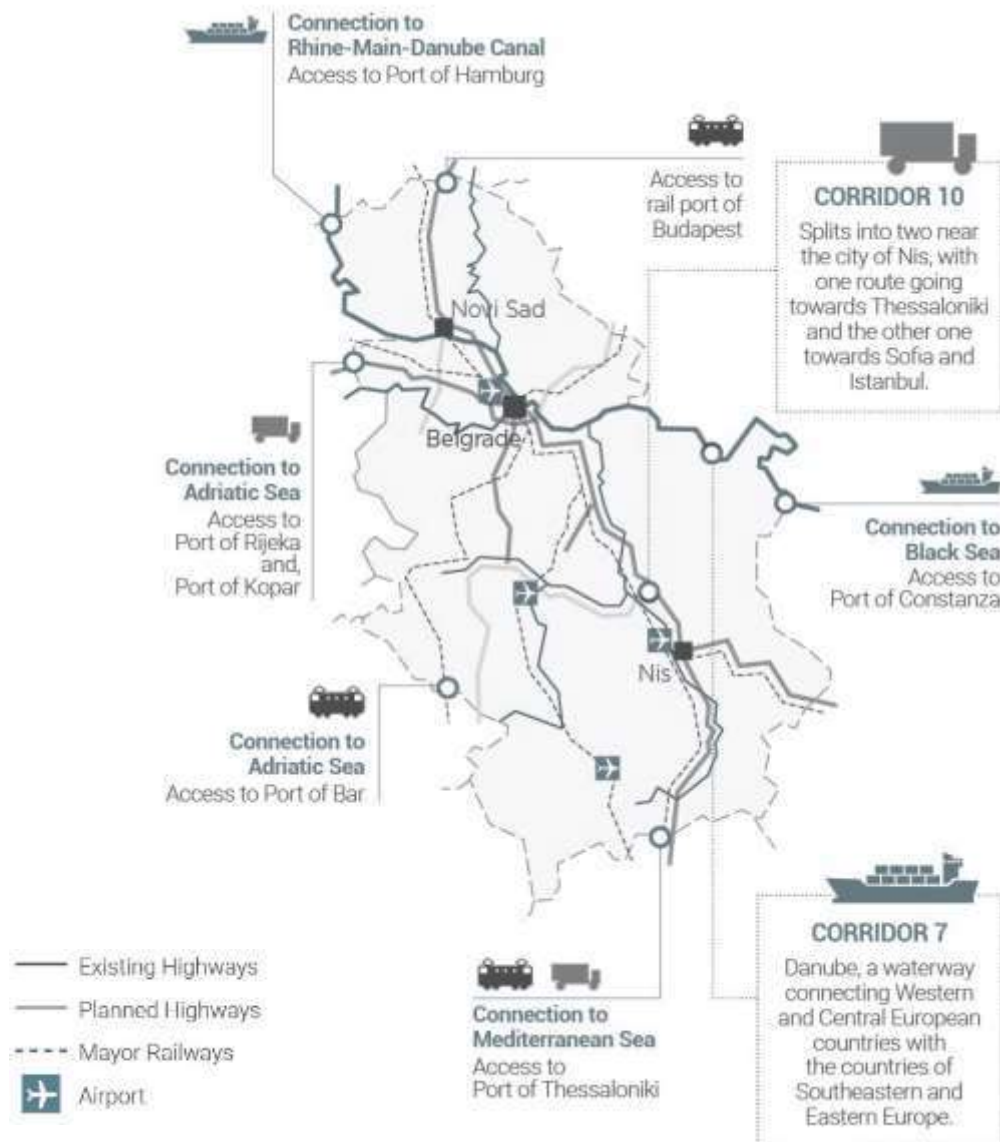
* Applies only for investment projects in internationally marketable service sector (minimums for other sectors are higher)

Wood availability and development level of local municipality

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Optimal Geographic Location



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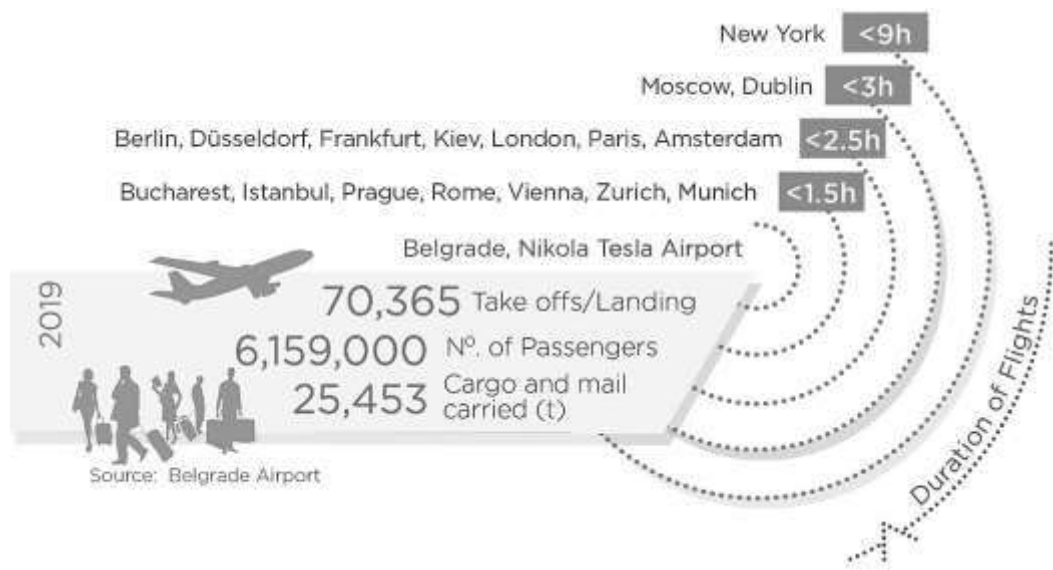
The existing infrastructure, speed of issuance of building permits, administrative procedures and existing transport corridors and logistics, provide solid and stable business environment, similar to the business environment in the EU.

Mr. Zivko Topalovic, CEO, ContiTech Fluid Serbia (Continental AG)

Easily Accessible

Getting to Serbia is easier than ever!

With the formation of the national airline - Air Serbia in 2013, Belgrade International Airport has increased a number of passengers for over 60%.



Staying close to your customers

Serbia's optimal geographic location keeps you close to your customers with the ability to serve most EU markets by road in less than 24 hours.



Political and Economic Stability

- The Government of the Republic of Serbia is committed to developing a stable and predictable business climate by continuing the implementation of overarching reforms, fiscal consolidation aimed at reducing the national debt, improvement of regional cooperation, investments into infrastructure, and reform of the educational system.
- Over the past year, the Government has improved the business climate by changing the following laws:
 - Labor Law
 - Privatization and Bankruptcy Law
 - Planning and Construction Law
 - Law on Investments



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

Success Stories

TARKETT – Bačka Palanka

Forest Based Industries



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Tarkett Serbia became part of an international company which is a worldwide leader in flooring solutions, serving customers in more than 100 countries worldwide. For Tarkett, a possibility to produce and sell its products from Serbia, on the markets and in the countries with which Serbia has signed free trade treaties was particularly interesting, in addition to tax regulations, which were very attractive for the investors.

Continuous support of the state administration has monitored all successes of the company, enabling efficient operations and realization of further investments, without major administrative barriers.

Miroslav Okuka
General Director, Tarkett d.o.o. Serbia

- Flooring and Sports Surface Solutions
- 136 million € investment
- 3,680 employees

KRONOSPAN – Lapovo

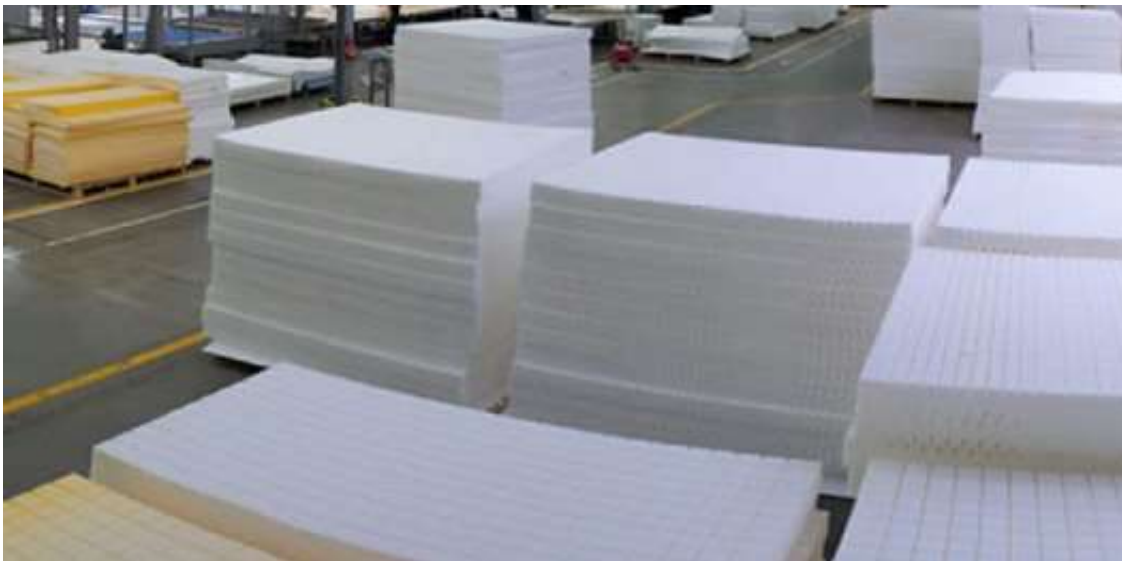
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- Production of particle boards with melamin foil, main supplier of particle boards on the Serbian market
- State of the art Greenfield facility is over €50 million investment
- 300 workers

HEALTHCARE EUROPE – Ruma

Forest Based Industries

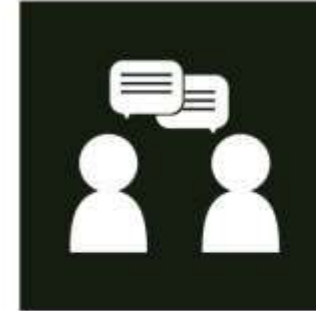


- Production of mattresses, pillows sponge and memory foam
- Greenfield facility with investment over 10 million €
- More than 1000 workers

Development Agency of Serbia
RAS

About Us

- Development Agency of Serbia (RAS), as government organization, is dedicated to building a strong, sustainable and modern economy in the Republic of Serbia, by promoting investment potentials, as well as giving support to export and fostering the competitiveness of the market.
- By giving wide range of services, such as diverse consultancies, benefits and incentives, support of SMEs projects, along with prioritizing investments in high technology and those which involve Research and Development processes, our idea is to create well-connected and sustainable system of great international and domestic companies established in Serbia, local suppliers which are able to become part of the worlds' suppliers chains and constantly growing export levels.



**ADVISORY
SERVICE**



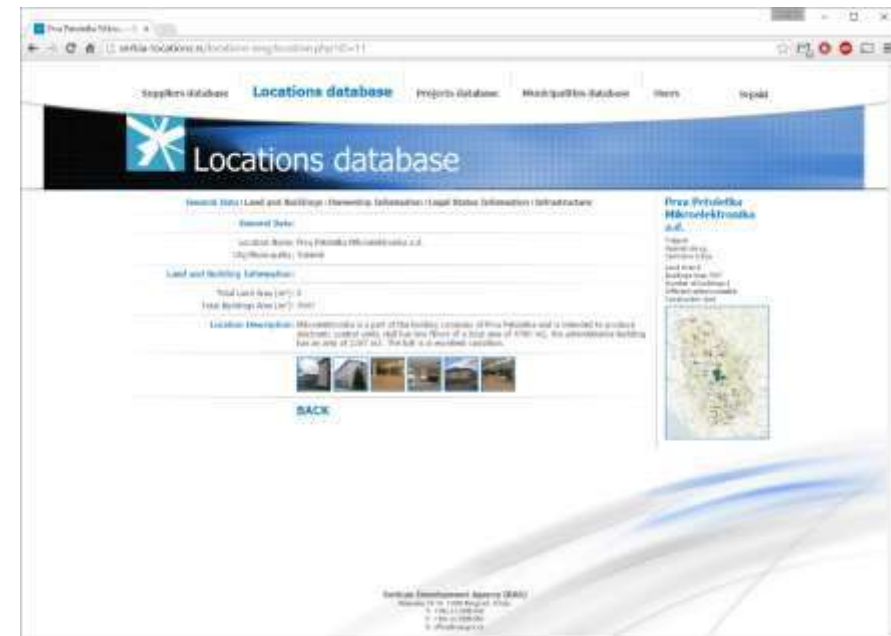
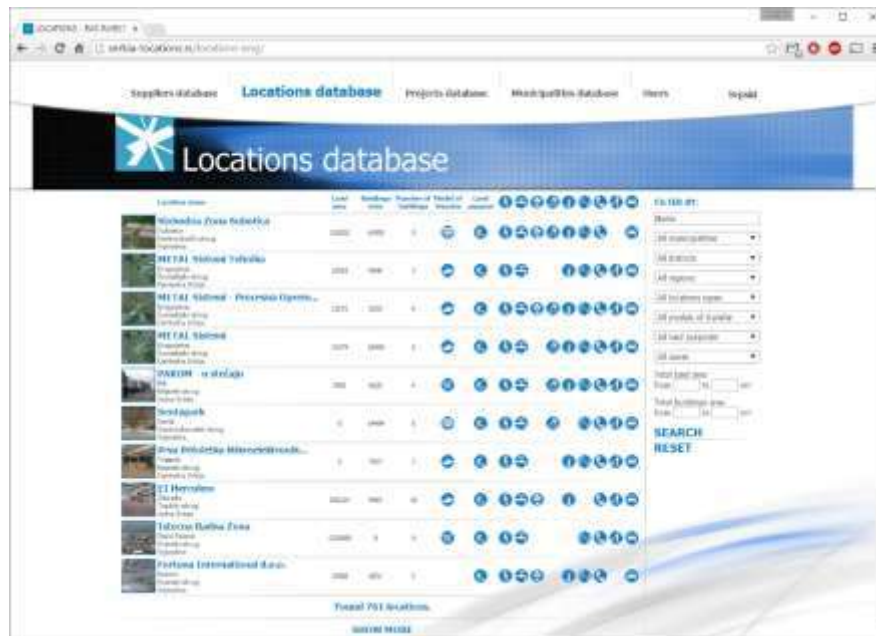
**INVESTMENT
LOCATIONS DATABASE**



**SERBIAN
SUPPLIERS DATABASE**

Locations Database

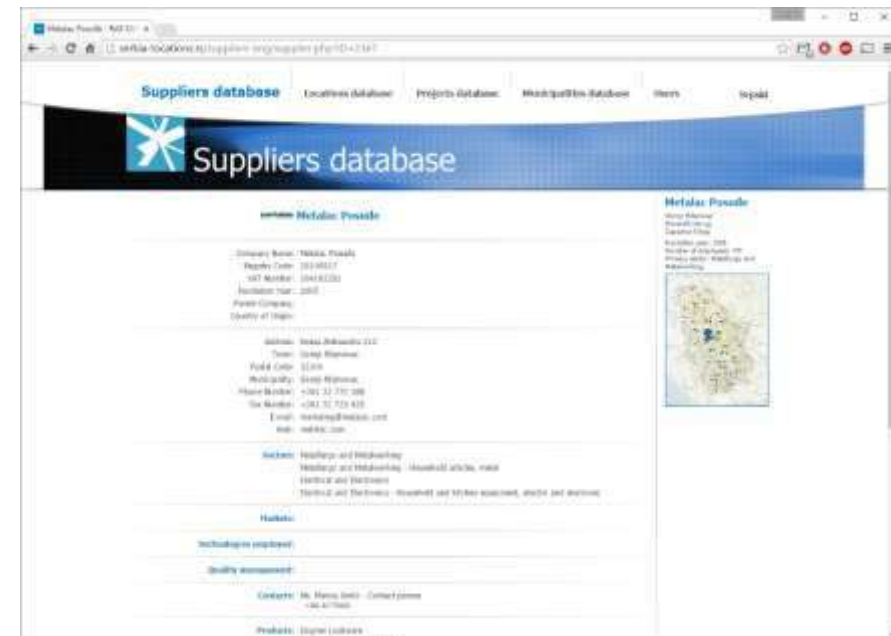
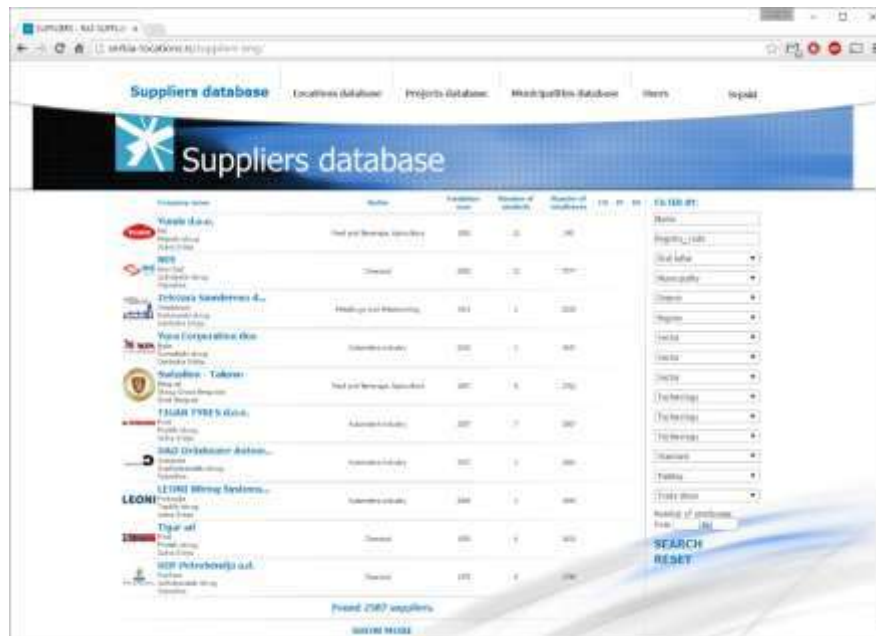
RAS Locations Database represents the most up to date registry of available greenfield and brownfield locations for investment in Serbia including general data, land and building information, ownership information, legal status and infrastructure.



<http://www.serbia-locations.rs>

Suppliers Database

RAS Suppliers Database represents the most up to date registry of companies in Serbia that can supply raw materials, goods and services to investors in Serbia.



<http://serbia-locations.rs/suppliers-eng>



RAS

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