

## PANCEVO-EUROPEAN GATE OF SERBIA

The City of Pančevo is located in South Vojvodina, at the confluence of the Tamiš and the Danube rivers, at the very edge of the Panonian Plain. It is the economic, cultural and administrative centre of South Banat and one of the most important industrial centres in the Republic of Serbia. Including its 9 surrounding villages, the city area covers 755 km<sup>2</sup>. Pančevo is just 15 km away from Belgrade and 40 km away from the Nikola Tesla International Airport. Its ethnically diverse population numbers 128,447 of which majority are Serb. 67% of them are working-age population and 10% are with college or university education which is well over the Republic average. The climate is exceptionally agreeable with the annual average of 12°C.

### **Reasons to invest in Pančevo:**

**Good geographic position and transportation network;**

**Many locations with minimum infrastructure;**

**Qualified, experienced and cheap labour;**

**Stimulating tax facilities;**

**Fast and efficient administration;**

**Organized support to investors;**

**Free trade regime with Russia and the countries of the South-East Europe.**

### **Exceptional strategic position and good infrastructure**

Since the pan-European Corridors 7 and 10 run through this region, the city of Pančevo has an excellent strategic position. It has good road and railway connections with Belgrade being on the regional route E70 (Belgrade-Pančevo-Vršac-Romania).

Also, situated at the confluence of the Tamiš and the Danube rivers (on the Danube transversal of Corridor 7), LUKA DUNAV - the main port of Pančevo, adds to the attractiveness of the city in terms of business locations. The Port of Pančevo on the Danube is the most upstream port for river and seal vessels of maximum 5,000t load capacity, that can take in ships at any water level. The city infrastructure is very good, with 150km length of local roads and about 300 telephone lines per 1000 inhabitants.

### **Good business tradition**

The town of Pančevo was first mentioned more than 850 years ago. Many of our business institutions have a very long tradition. Our first artisan guild was founded 215 years ago. The most renowned governor of the National Bank of Serbia was Djordje Weifert from Pančevo, and the oldest Balkan brewery was founded here back in 1722. Many industrial plants have a long continuous history like the Oil Refinery, Nitrogen Plant, Petrochemical Industry, Aircraft factory, Glassworks, textile and furniture industries which date back to the first half of 20th century. Ever since 1905 Pančevo has been a town of various fairs. It also has the oldest aerodrome in the Balkans.

### **Strong economic potential**

The most important economic branches in our city are crude oil processing, production of plastic masses (HIP Petrochemical Complex), fertilizers (Nitrogen Plant), textile and fashion industry and agriculture.

The city of Pančevo makes one third of the gross national income as well as export of the Province of Vojvodina. Its budget is one of the biggest ones in Serbia. Pančevo is the biggest petrochemical centre in the Balkans (Oil Refinery, Petrochemical Complex), also known for its metal processing industry ("Utva" – Aircraft Factory, Large Vehicle Factory), structural carpentry ("Tehnomarket"; a private company for the production of aluminium profiles – Extrusion, CLUSTER), light textile and leather processing industry (more successful private companies: The Passage Group, Modus, Aries) and a CAD CAM technology centre. 99% of all businesses in Pančevo are SMEs. There are about 5,000 stores and 2,000 companies (60% of which private). We dispose of 60,000 hectares of arable land ("Stari Tamiš" is one of the best farming conglomerates in Serbia – currently under privatisation procedures). Tourism is one of our untapped potentials – the town currently lacks tourist accommodation capacities and needs further investments into the fishing and hunting grounds, development of nautical tourism, upgrading of existing and development of new business, cultural and sporting events including traditional agricultural fairs, carnival etc.

Technically educated labour is a great Pančevo potential, too.

### **Direct foreign investments**

A new package of economic reforms as well as border with EU have established a favourable environment for growing interest of potential investors: 75% of companies have been privatized. The most significant foreign investors in Pančevo are Beer Brewery Efes – Weifert, Vojvodinaput AD (Vojvodina Roads), Messer – Technogas, HIP Nitrogen Plant – ARVI, AUSTRUBAU – “Konstruktor” and “Utva Fluid”.

### **Future Plans**

- Brownfield investment possibilities
- New locations for Greenfield investments
- Organizing business clusters
- Construction of a new bridge (ring-road around Belgrade) Pančevo-Starčevo-Beograd
- Strategic oil and gas pipelines (Konstanca-Pančevo)

### **Investment Locations**

All locations are city development locations, mostly vacant lots.

Existing infrastructure: water supply, sewage system, HV&LV power networks, TT network, in most locations also the gas network and access to local and regional routes.

1. Mali rit – 142,000 m<sup>2</sup>
2. The Port of Danube – Luka Dunav Mali rit – 370,000 m<sup>2</sup>
3. Sports Centre Strelište – 54 a
4. Strelište – The Green Market Complex – 1 ha
5. Gas Station – Hipodrom – 4 ha
6. Kotež 1, Fabeg – 7,000 m<sup>2</sup>
7. Kotež 2, Sports Centre – 6 ha
8. Community Centre Gornji grad – 7.7 ha
9. Community Centre Centar – 0.5 ha
10. Kudeljarski nasip KC-10 – 4.6 ha

### **TAXES AND TAX INCENTIVNES**

#### **STATE REGULATED:**

- The lowest profit tax rate for businesses in Europe – 10%
- The lowest personal income tax – 12%
- The lowest VAT rate – 18%
- 10 years of tax-free operation for major investments
- Faster depreciation
- Imported production equipment is duty free

- Free trade regime with Russia and countries of the South East Europe
- Incentives for production businesses (the compensation for fitting the business location with infrastructure is reduced in proportion to the planned number of new employees)

#### **REGULATED LOCALLY:**

1. Under the Decision defining criteria for scaling of business location fees, the total fee amount is reduced by 30% if the entire compensation amount is paid up prior to filing the notification on initiation of construction works ("Official Journal of Pančevo", no 9/06, Art. 10).

2. Operators investing into production businesses can get further incentives in addition to the ones defined above, in proportion to the number of people to be employed on a permanent basis, namely:

- the compensation is reduced by 10% per 20 new employees; if the payment is made in instalments then the same reduction applies per 30 new employees;
- in case the business activity involves application of modern technology which requires a small number of operators per se, the investor may get a 10% reduction per 10 new employees i.e. per 15 new employees if the compensation is paid in instalments. ("Official Journal of Pančevo", no 9/06, Art. 11)

3. Backup support to investors

- by institutions and organisations (LEDO, OSPC, Agency for Regional Development, SIEPA, banks and insurance companies)

**YOU ARE WELCOME TO INVEST IN PANCEVO!**