

CITY OF PANCEVO EUROPEAN GATE OF SERBIA

Invest in PANCEVO'S TEXTILE INDUSTRY



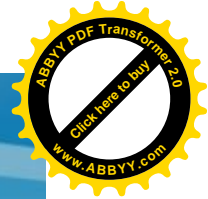
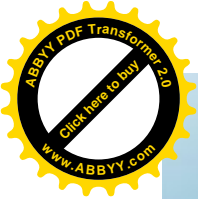
Andjela Vila
LED Officer

05.03.2010 Belgrade

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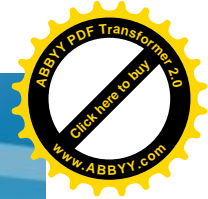
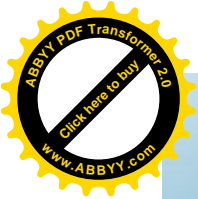


Market Access



- SEE is one of the Europe's fastest growing regions - Serbia is in the centre of the SEE CEFTA Free Trade Area
- Trade with the U.S. pursued under the GSP - customs exemptions for more than 4,500 products
- Customs-free exports to the EU (trade measures granted by the EU)
- Serbia - the only country outside the CIS that has an FTA with the Russian Federation - a market of 142 million people
- FTA with Belarus signed in May 2009 and with Turkey in June 2009
- Negotiations for the FTA with Ukraine to be finalized in 2009





Do More With Less - Favorable Tax Regime

- The lowest corporate profit tax rate in Europe, set at 10%
- Tax credits for investments in fixed assets of up to 80% of the invested amount
- 10-year tax holiday for investments over 7 million EUR
- Subsidies for new employment, tax exemptions, and a variety of other incentives

Corporate Profit Tax Rate

Serbia	10%
Bulgaria	10%
Romania	16%
Hungary	16%
Slovakia	19%
Poland	19%
Croatia	20%
Czech Republic	24%

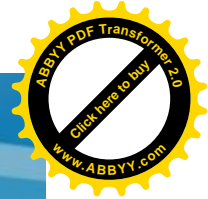
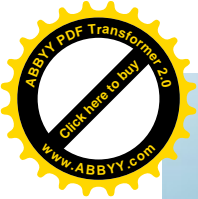
Source: PricewaterhouseCoopers

Lowest Individual Income Tax Rates

Serbia	12%
Romania	16%
Slovakia	19%
Bulgaria	24%
Hungary	36%



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Investment Incentives

- Non-refundable funds for investments in all sectors, except agriculture, tourism, hospitality and trade
- Investment projects rated based on the evaluation criteria: investors reference; participation of domestic suppliers; effects on R&D, HR etc

Financial Grants Overview			
Eligible Sectors	Manufacturing Activities	Internationally Marketable Services Sector	R&D
Available Funds per every new employee	€2,000 - €5,000	€2,000 - €10,000	€5,000 - €10,000
The Minimum Investment Amount	€1 mn - €3 mn depending on the unemployment rate in the municipality where the investment is made	€0.5 mn	€0.25 mn
The Minimum Number of New Jobs Created	50	10	10

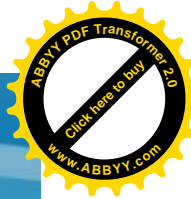
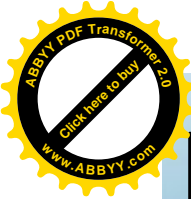
All the necessary documentation available at the Agency website www.siepa.gov.rs



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Facts about Pancevo

- Location:
 - Northeastern Serbia, in the south part of Vojvodina "The Banat gate"
 - 15 km distanced from Belgrade
 - 40 km from the International Airport "Nikola Tesla"
 - On the confluence of Tamis into Danube
 - On the crossroad of corridors VII i X



- Population: 135.000
- Number of employed: 35.233 (2009)
- Net income: 39.691 din.
- (In the top 5 cities of Serbia)

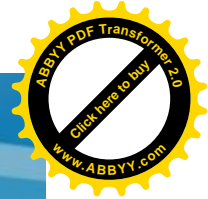
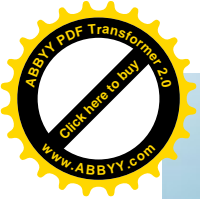


Textile and Clothing Industry



- Quick and flexible delivery and low minimum orders
- 70% of exports absorbed by the EU market
- Business opportunities in yarn, fabric, and ready-made garment production
- Quality Staff-educational system
- High Standards-tradition with foreign partners
- Favorable Costs-strategic position, a hanging transport cost from Serbia to the EU is approximately €0.23 per garment





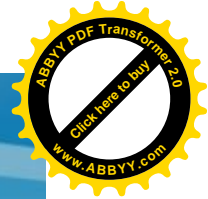
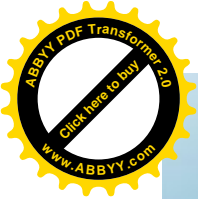
Local incentives for investors

- **30% OFF** the total Land fee for construction and maintenance of the land if paid before submitting the Application for the beginning the construction works

- Investors in production activities also qualify for incentives for the same fee based on the number of permanently employed people:
 - for every 20 employees **10% OFF**, if fee paid in full at once
 - for every 20 employees **10% OFF**, if fee paid in payments

- Investors in contemporary technologies, qualify for incentives for the same fee based on the number of permanently employed people:
 - for every 10 employees **10% OFF**, if fee paid in full at once
 - for every 15 employees **10% OFF**, if fee paid in payments obavezno



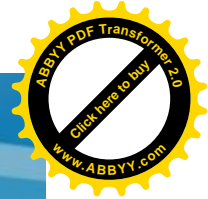
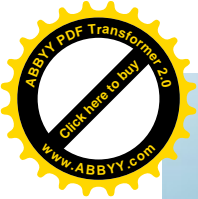


Textile Industry in Pancevo

- ▶ Pancevo is the center of the South Banat Region that 15 years ago employed 10 000 workers in the textile industry
- ▶ Pancevo alone employed more than 3000 textile workers
- ▶ 3 of the municipalities are undeveloped with a great unemployment rate of textile workers
- ▶ Good road infrastructure connects these municipalities with their regional center -Pancevo
- ▶ Textile industry in Pancevo started in 1836 when the silk factory opened
- ▶ Textile CLUSTER “with no walls”



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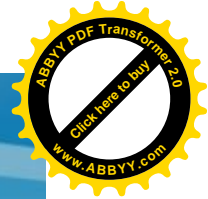
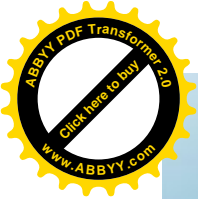


Human resources

- Currently employed in the textile industry in Pancevo 500 workers
- 1027 unemployed experienced textile workers in the South Banat region
- Highly qualified and relatively low cost of labor force with net salary of 150 - 200 EUR

Country	Subcontracting costs per minute in € (without transport costs)
Germany	0.60
Northern Italy	0.58
Southern Italy	0.38
Croatia	0.14
Turkey	0.15
Romania	0.09
Serbia	0.08





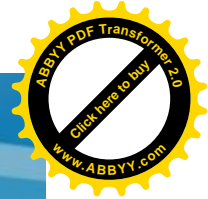
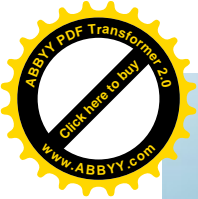
3 Greenfield Locations planned for industrial investments



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Brownfield in the center of Pancevo

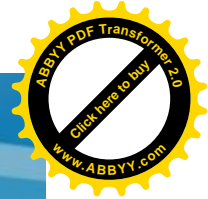
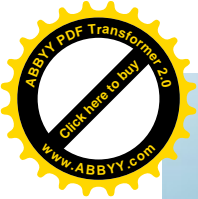
- ▶ The Red Warehouse, exclusive location for potential investors
- ▶ About 3000 m² in 3 levels



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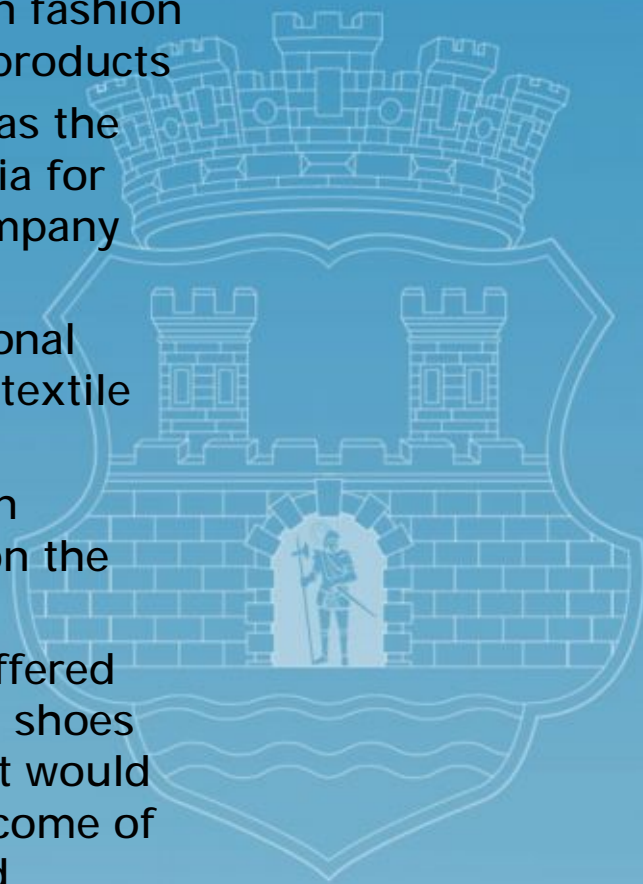
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Initiative

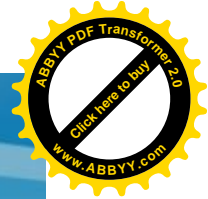
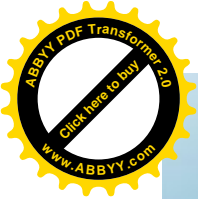
- ▶ An Initiative for opening an fashion outlet of domestic textile products
- ▶ Pancevo is already known as the information center of Serbia for textile industry-YUTEF company within Passage group
- ▶ Yutef publishes a professional magazine about domestic textile opportunities
- ▶ Pancevo is already a known destination for shopping on the big open market.
- ▶ These visitors should be offered better quality clothing and shoes in a nicer environment that would that would increase the income of the producers, the city and increase the employment rate



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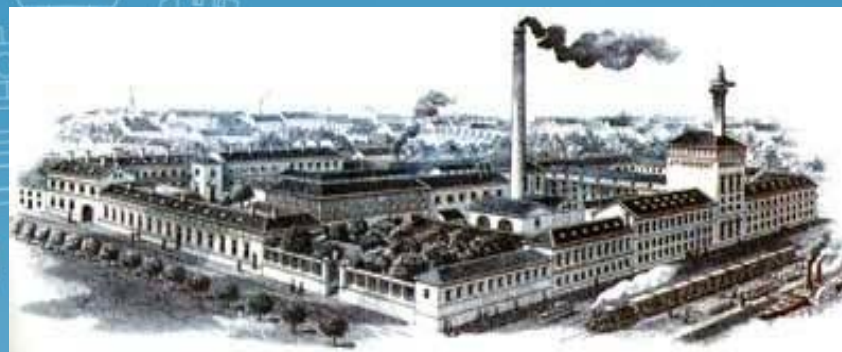
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Life in Pancevo

Things to see

- 27 religious confessions
Tempels and churches dating from 14. century
- Industrial heritage buildings
Brewery 1722
Silk factory 1836...
- The only 2 left light towers on the river Danube in whole Europe



Brewery

Things to do

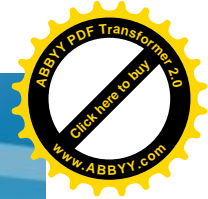
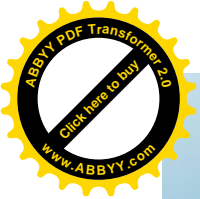
- 2 recreational and sports centers
- 2 indoor and 1 outdoor pool
- 1 stadium
- In door and out door sports fields



Nadja Higl
World Swimming Champion
breaststroke style



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OUR PARTNER-PASSAGE GROUP

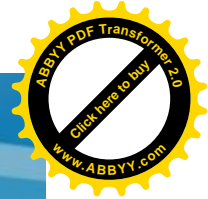
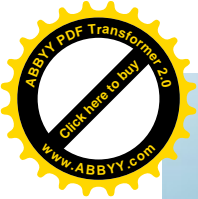
- ▶ Exists on the market for 23 years
- ▶ Production of...
- ▶ Yutef – market research, publishing, consulting, advertising creative services, organization of fair exhibits and other fashion events, representing, offer of exclusive fashion magazines, common interest associations...everything that has a goal to upgrade the textile and fashion industry in Serbia
- ▶ In the top ten profitable companies In Pancevo



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THANK YOU FOR YOUR ATTENTION!

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