CITY OF PANCEVO
EUROPEAN GATE OF SERBIA

Invest in

PANCEVO’S TEXTILE INDUSTRY

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LED Officer

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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
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

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

All the necessary documentation available at the Agency website [www.siepa.gov.rs](http://www.siepa.gov.rs)
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
Textile Industry in Pancevo

- Textile industry in Pancevo started in 1836 when the silk factory opened.
- Textile CLUSTER “with no walls”

- 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 3,000 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.
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

<table>
<thead>
<tr>
<th>Country</th>
<th>Subcontracting costs per minute in € (without transport costs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>0.60</td>
</tr>
<tr>
<td>Northern Italy</td>
<td>0.58</td>
</tr>
<tr>
<td>Southern Italy</td>
<td>0.38</td>
</tr>
<tr>
<td>Croatia</td>
<td>0.14</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.15</td>
</tr>
<tr>
<td>Romania</td>
<td>0.09</td>
</tr>
<tr>
<td>Serbia</td>
<td>0.08</td>
</tr>
</tbody>
</table>
3 Greenfield Locations planned for industrial investments
Brownfield in the center of Pancevo

- The Red Warehouse, exclusive location for potential investors
- About 3000 m² in 3 levels
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 increase the income of the producers, the city and increase the employment rate
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

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

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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
THANK YOU FOR YOUR ATTENTION!

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