

# EXECUTIVE NEWSLETTER®

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## Top Stories

### **NALED: LAST YEAR, THE STATE SOLVED NINE ADMINISTRATIVE PROBLEMS THAT HINDER BUSINESS**



The National Alliance for Local Economic Development (NALED) announced today that during the last year the state solved nine out of 100 administrative problems that hinder business, and that have been recommended for the abolition in the NALED's Gray Book to the Government of Serbia and the relevant institutions. NALED's representative Ivan Radak said yesterday that some of the most important adopted recommendations are related to the introduction of automatic extension of the health insurance card validity, the abolition of the double tax collection

for the same job at the cadastre and the simplification of the rules for exercising the right to maternity leave benefits. "The National Bank of Serbia has abolished the use of stamps in payment services between banks and companies, the Law on Electronic Commerce has been adopted, which represents the basis for the introduction of new E-services," Radak told Beta news agency shortly before the presentation of the 10th NALED's "Gray Book" which was announced for tomorrow. He said that among the most important recommendations, which will be presented today, is the improvement of the cadastral registration procedure, the establishment of a single public register of all taxes and fees, and the equalization of the prices of utility services in local self-governments.

**MOST COMPANIES EXPECT AN INCREASE IN PROFITS AND SALES VOLUME** Most companies in Serbia expect an increase in profits and sales volume this year, and there is noticeable growth in the number of companies that believe this year will be suitable for the expansion of small and medium-sized enterprises, and that the economic conditions in our country will improve. This is part of yesterday's presented results of ProOptimist's survey on business optimism among small and medium-sized enterprises and entrepreneurs (MSPP) in Serbia. On the other hand, the survey results show that even two thirds of Serbian companies do not plan any further investments this year, nor the salary increase for the employees. At the presentation of the survey, it was said that 85% of the companies in Serbia expect the same or better profitability in 2018, and the biggest optimists are those companies that operate with German colleagues, because as many as 97% of them expect higher profits this year. Even 90% of entrepreneurs do not plan any changes in the number of employees, and immediately below this figure are the owners of small and medium enterprises with 83%.

**FIRST IPO ON BELGRADE STOCK EXCHANGE BY MID-2018** By the mid-2018, the first initial public offer of shares (IPO) should be realized on the Belgrade Stock Exchange after 78 years, and it concerns Fintel Energia a.d., a daughter company of Fintel Energia S.p.A. "For nine months now, we have been working on the IPO process for this energy company and we expect that in the first half of this year the Belgrade Stock Exchange could get the first initial public offer," said the director of the Belgrade Stock Exchange, Sinisa Krneta, to the Beta news agency. It is expected to gather EUR 15mn, and the funds will be invested in the second phase of the Kosava wind farm, with a capacity of 117 MW, as well as in other projects that are under development. Krneta believes that the potential of the capital market of Serbia is huge and largely unused, since no privatization was carried out by the company's exit on the stock exchange, nor did any company raise the necessary capital by offering a portion of the shares for sale, which is always the most convenient way to get the necessary funds. "We identified about 40 to 50 companies in the hands of individual owners, families or partners, of which about 70% agreed to see us and hear why they should opt for the IPO," said Krneta.

#### **INSIDE TODAY'S EXECUTIVE NEWSLETTER**

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## *Politics*

**APOSTOLOVA: PRISTINA DOES NOT FULFILL ITS OBLIGATIONS** The European Union believes that the initiative to abolish the special court is an attempt to annul the international obligations that Kosovo has assumed, Head of the EU Office Natalia Apostolova told Pristina's local TV station KTV. This leaves a negative impression of Kosovo as a partner that does not fulfill its obligations, and makes Kosovo an unreliable partner, she said. She warned of the possibility of denying EU assistance to Kosovo as one of the consequences in the case of the abolition of the special court.



## *Business & Economy*

**THE AVERAGE SALARY IN DECEMBER WAS RSD 55,344** The average net wage, excluding taxes and contributions, paid in December 2017 amounted to RSD 54,344, and in comparison with the previous month, it was higher by 14.2%, the Statistical Office of the Republic of Serbia (RZS) announced yesterday. The average gross salary paid in December 2017 was RSD 74,887, and in relation to the previous month, it was nominally and in real terms 14.1% higher. Compared to the same month of the previous year, average gross and net wages are nominally higher by 1.7% while they are lower by 1.3% in real terms. RZS announced that, starting from 2018, the average wages will be calculated based on data from the Tax Administration records, and that in the future, due to switching to a new data source and a new methodology, the monthly announcements on average wages will be published 55 days after the expiration the month in which they are earned. Thus, the average earnings for January will be announced on March 26th, 2018

**AUSTRIAN Z-LINE READY FOR THE OPENING OF CAR SEAT COVER PLANT IN MIONICA** The Austrian company Z-line will soon start the production of car seat covers in Mionica, eKapija website learns from the local self-government. "We expect the machinery to arrive in the next ten days and begin the installation at the facility. After that, the test run and the training will take place, which we believe will be realized by March 1st. People who successfully complete the training will get a job. The employment of around forty workers is planned in this round" – the representatives of the municipality of Mionica explain. The municipality of Mionica and the Austrian company Z-Line signed a contract on incentives for employment in October last year. Also, the Municipality provided an area of 1,500 m2 for the Austrian investor, in line with the agreement. When signing the agreement, they announced that Z-line would employ 150 workers in a period of two years and that the number would increase to 300 in the final stage. Z-line's facility in Mionica will be the company's third plant in Southeast Europe for the production of interior equipment for the automotive industry, that is, car seat covers.

**VUCIC: A LARGE FACTORY IS COMING TO THE MORAVA REGION** A large factory is coming to the Morava Region, its arrival to Serbia is being discussed right here in Davos, President of Serbia Aleksandar Vucic said to Blic daily yesterday, and added that the Prime Minister of Serbia Ana Brnabic would have the largest number of meetings in which the economic environment in Serbia will be presented. Vucic said that during the Davos forum, "surely there will be difficult talks related to Kosovo and the situation in the region".

**TIGAR EXPORTS TO SCANDINAVIA** Tigar from Pirot has announced that it has signed a contract with Ilse Jacobsen, a leader in the production of fashion clothing and footwear in Scandinavia, to export about 50,000 pairs of footwear. It's export worth EUR 1.2mn. As stated, there is a possibility that Tigar's export to this market in 2019 and 2020 will be increased by 15 to 20%. A delegation of Tigar, headed by General Manager Vladimir Ilic, visited the strategic customers and potential partners in Sweden and Denmark. According to Ilic, based on negotiations with the Swedish firm Wise Shoes, Tigar should begin a trial production of sneakers made of rubber from August this year, which should appear on the market in the autumn / winter season 2018. The Swedish company Shepherd plans to sell rubber sneakers worth up to EUR 2mn in 2018, with a significant share of Tigar's production.



### **WANG DI: SERBIA IS A GOOD DESTINATION FOR INVESTMENT FROM CHINA**

Serbia, being a candidate for membership in the European Union and having a prospect for accession by 2025, is increasingly attracting attention of foreign investors. On this occasion, Wang Di, the leading business consultant of PwC, responsible for providing services to Chinese companies in the region, visited Belgrade. As well as the entire region of Southeast Europe, Serbia has a great potential to attract investments from China, Wang Di said after the meeting with the representatives of the Chinese business community in Belgrade. According to Wang, it is a region that has more than 55mn inhabitants and a total GDP of USD 400bn. Apart from believing that this market is not small, Chinese investors also see the region as a base from where their business could spread to the EU, the Middle East and the Black Sea region market. During his visit to Belgrade, Wang Di met with the representatives of the Economic and Commerce Department of the Embassy of the People's Republic of China and numerous representatives of Chinese companies operating in Serbia - China Road and Bridge Corporation, Bank of China and other companies. PwC (PricewaterhouseCoopers) operates in 158 countries around the world and employs more than 236,000 professionals dedicated to providing high quality services in the areas of audit, business and tax consulting.



**COFACE PREDICT SERBIA'S ECONOMIC GROWTH IN 2018** French credit insurance agency Coface said it expects Serbia's economic growth to accelerate to 3.3% in 2018 from 2.0% last year, backed by public and household consumption. Households will benefit from rising wages, both in the private and public sectors, a 5% increase in pensions from January 1st, as well as from more jobs and growth in credit, which is expected to get cheaper with key rates cut by 3.5% in October 2017, Coface said in its Country and Sector Risks 2018 report. The country's budget is expected to go into deficit of 0.3% of GDP in 2018 from a surplus of 0.5% of GDP last year, while average annual inflation is expected to remain stable at 3.3%, the same as in 2017, Coface said

**TOURISM FAIR FROM FEBRUARY 22ND TO 25TH AT THE BELGRADE FAIR** The 40th International Tourism Fair under the slogan "Vacation is Waiting for You" will take place from February 22nd to 25th at the Belgrade Fair, organizers said yesterday. The country's partner of this year's Tourism Fair is Greece, and the most important travel agencies, associations and organizations, hotels, tourism centers, airlines, international tour operators will present themselves this year as well, the statement said. One of the most attractive segments in the offer of the Tourism Fair, as emphasized, will be the traditional first minute deals. At the same time, the 14th International Fair of Hotel Catering Equipment Horeca - equipment and the 14th Souvenir Fair are organized at the fair. The 9th International Wine Fair will be held from February 22nd to 24th at the expanded exhibition space in Halls 3 and 3A.

**CONTINUATION OF INTENSIVE TOURISM PROMOTION OF SERBIA IN AMERICA** The Tourism Organization of Serbia (TOS) will present the tourism offer of Serbia at the New York Times Travel Show, which will be held from January 26th to 28th as part of the promotion of European Tourism. As announced, TOS will appear in New York on the stand of the European Tourism Commission, which aims at promoting Europe as a tourist destination on overseas markets, with the United States as one of the four priority markets. "The New York Times Travel Show is a fair that gathers 30,000 "ready to book" visitors and tourism professionals, this event gathers 9,000 tourism professionals, and at the fair and right after this event, average sales of USD 7.5mn worth of tourist packages are expected", said the press service of the fair, which will be attended by the Tourist Organization of Serbia. In 2017, a large increase in the number of tourists from the USA was recorded, 26% in the number of arrivals and 19% in overnight stays, with a significant increase in tourist traffic, so foreign exchange income from tourists from the United States made the top 10, which added this market to the priority markets.

**QATAR HIRING EXECUTIVES IN BELGRADE** Qatar Airways is seeking new assistants and executives at its office in Belgrade. The Doha-based airline is in search for a temporary HR and Administration Assistant on a one-year contract from May 2018 until April 2019. In this role, the individual will be responsible to assist in providing a range of HR and administration services to the organisation in line with local legislation and Qatar policies. Interested candidates can apply until February 6 with further details available here. Qatar Airways is hiring a temporary Marketing & E Commerce Executive for a twelve-month role in the Serbian capital. The main responsibility includes executing developments and marketing activities on the airline's website in Serbia. The successful candidate for this role must hold a Bachelor's degree in Marketing or E-commerce with a minimum of three year of job-related experience. The application deadline has been set for February 6.

## Trading on BSE – January 25, 2017

### Prime Market

Symbol	Price	% Change	Open	High	Low	VWAP	No. of Trans.	Volume	Turnover RSD
AERO	1.784	▲ 0,22%	1.780	1.799	1.766	1.783	264	762	1.358.490
ENHL	940	▲ 1,62%	940	940	940	940	1	1.500	1.410.000
NIIS	719	▲ 0,14%	712	724	712	719	210	15.173	10.911.131
SJPT	340	▼ -9,57%	375	375	312	340	18	130	44.168

Bonds	Price	% Change	Open	High	Low	VWAP	No. of Trans.	Volume	Turnover RSD	Turnover EUR
RSO1467	125,4067	0,31%	125,4067	125,4067	125,4067	125,4067	1	40.000	501.626.800	4.225.453

### Standard Market

Symbol	Price	% Change	Open	High	Low	VWAP	No. of Trans.	Volume	Turnover RSD
JESV	5.300	● 0,00%	/	/	/	/	0	0	0
KMBN	1.901	▼ -0,58%	1.902	1.902	1.900	1.901	5	95	180.558
MTLC	1.950	▲ 0,46%	1.950	1.950	1.950	1.950	2	201	391.950

### Over-the-Counter Market

Symbol	Price	% Change	Open	High	Low	VWAP	No. of Trans.	Volume	Turnover RSD
DINNPB	3.199	▲ 1,56%	3.190	3.200	3.190	3.199	5	199	636.580
FITO	2.880	▼ -0,41%	2.880	2.880	2.880	2.880	2	666	1.918.080
IMPL	3.361	▲ 1,85%	3.361	3.361	3.361	3.361	1	6	20.166
VDAV	4.100	▲ 3,02%	4.100	4.100	4.100	4.100	1	3	12.300
VPDU	9.525	▼ -4,75%	10.000	10.000	9.500	9.525	2	20	190.500

### Multilateral Trading Facilit

Symbol	Price	% Change	Change	Ask	Bid	No. of Trans.	Volume	Turnover RSD
GMON	1.300	● 0,00%	0,00	127	158	5	77	100.100
GRDB	851	● 0,00%	0,00	24	139	1	24	20.424
GSKO	170	▼ -15,00%	-30,00	1.000	1.000	1	1.000	170.000
HMBG	510	▼ -3,77%	-20,00	681	1.355	3	395	201.450
STTM	3.350	▲ 1,52%	50,00	25	69	5	25	83.750
VRFT	900	● 0,00%	0,00	113	113	3	113	101.700

Source: BSE

### Belgrade Overnight Index Average – January 25, 2018

BEONIA	RATE	TOTAL VOLUME
	2.53	4,770

Source: NBS

## Currency Exchange Rates

COUNTRY	CURRENCY DESIGNATION	UNIT	MIDDLE EXCHANGE RATE
EMU	EUR	1	118.7155
Australia	AUD	1	77.2686
Canada	CAD	1	77.4956
China	CNY	1	15.0826
Croatia	HRK	1	15.9645
Czech Republic	CZK	1	4.6711
Denmark	DKK	1	15.9414
Hungary	HUF	100	38.3102
Japan	JPY	100	87.6000
Kuwait	KWD	1	318.1016
Norway	NOK	1	12.3559
Russian Federation	RUB	1	1.7001
Sweden	SEK	1	12.0876
Switzerland	CHF	1	101.2844
United Kingdom	GBP	1	136.3919
United States	USD	1	95.3691
Turkey	TRY	1	25.4825
Bosnia and Herzegovina	BAM	1	60.6983

Source: NBS (January 25, 2018 - latest update on [www.bizinfo.co.rs](http://www.bizinfo.co.rs))

## Weather Forecast



**Friday, January 26**  
Clear  
Low -1 C. High 9° C.



**Saturday, January 27**  
Partly Sunny  
Low 3 C. High 10° C.

# executive newsletter

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