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GDP GROWTH IN 2019: MINISTER EXPECTS 3.8%, EBRD PROJECTS 3.2%

According to a flash estimate, Serbia's Q3 2019 economic growth stands at 4.7%, which means this year's growth will reach up to 3.8%, Finance Minister Sinisa Mali said yesterday in Belgrade. In his words, that is a huge growth rate in circumstances in which Serbia's major foreign trade partners, such as Germany and Italy, are facing an economic slowdown. On the other hand, the European Bank for Reconstruction and Development (EBRD) expects that economic growth in the Western Balkans, including Serbia, will note a slowdown in 2019 and 2020. In the latest EBRD Regional Economic Prospects report for November, published on the bank's website yesterday, Serbia's gross domestic product (GDP) is projected to reach 3.2% this year and 3.5% next year. In the previous report, released in May, the EBRD forecasted that Serbia's economic growth would be 3.5% in 2019 and 3.8% in 2020.



MALI: LOWER INTEREST RATE TO SAVE US MILLIONS FROM BUDGET

Serbia has scored a major victory in the international financial market by issuing a 550 mln euro 10-year bond on the London Stock Exchange with a record-low interest rate of 1.25 pct, Finance Minister Sinisa Mali said yesterday. This is a major reaffirmation of the success of Serbia's economic reforms over the past years, as well as of greater investor confidence when it comes to investing in Serbia, Mali told a press conference. He said over 150 of the largest investment and pension funds and insurance companies had wanted to invest in Serbian bonds on the London Stock Exchange Tuesday. "The demand was three times higher than the supply... We will use the money we got yesterday to repay a bond maturing in February next year, whose interest rate is 4.9 pct," he said. That will save us millions from the budget, Mali said.

REVENUES OF RSD 582 BN FROM VAT, RSD 311 BN FROM EXCISE DUTY

Over half of the 2020 budget tax revenues will be collected through value-added tax (VAT), whereas over 50% of excise taxes will come from oil derivatives, according to the Bill on the Budget of Serbia for 2020, which has entered a parliamentary procedure. Budget revenues are planned to reach RSD 1,314 bn, mostly through taxes (RSD 1,132 bn). The VAT should account for most of the tax revenues, with RSD 582 bn, especially VAT on imported goods – RSD 520 bn. Legal entities are estimated to bring RSD 104 bn to the budget, while individual income tax revenue should be RSD 70 bn. According to the bill, excise duties on oil derivatives will bring RSD 168 bn, which is more than half of the total excise tax revenues, planned to reach RSD 311 bn. The total customs duty revenue for next year is expected to be RSD 52 bn.

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KURTI: I DO NOT WANT THE SERB LIST IN THE GOVERNMENT

The politician expected to head the next Kosovo government, Vetevendosje leader Albin Kurti told N1 last night that his cabinet will include an obligatory Serb minister who will not necessarily be from the Belgrade-backed Serb List. Kurti said he had not spoken to the Serb List yet adding that he will not “excommunicate them in parliament because they are MPs”. “I feel that the elections in Serb majority municipalities were not free and fair,” he said. According to him, there were cases of one Serb voting 18 times and cases of more votes being cast for the Serb List than there were voters in some areas. He said the blame for that lies with Kosovo institution. Asked

why he is eliminating the Serb List, Kurti replied that Belgrade is paying for obedience and added that Kosovo’s institutions and the international community have to prevent Belgrade from pressuring the Kosovo Serbs.

FAJON WILL CREATE DIFFERENT FORMAT FOR DIALOGUE ON ELECTION CONDITIONS?

Politicalologist Boban Stojanovic stated on Nov. 6 that the current format of the dialogue on election conditions was inoperable and that he believed the representative of the European Parliament, Tanja Fajon, would take the initiative and create a different one, in which EU representatives would talk with the opposition on the one side, and with representatives of the authorities on the other. "I think that Tanja Fajon and the new European Parliament's rapporteur for Serbia, Vladimir Bilcik, had realized that things in Serbia are not functioning, and that they will probably be the first to do something so that a step forward can be taken. It is obvious that this part of the opposition does not want to participate in the talks organized by Maja Gojkovic, which is logical, since she is the personification of bad work and one of the reasons why they walked out of the Serbian Parliament," Stojanovic stated.

THE U.S. DEMANDS THAT OPPOSITION RUNS IN ELECTION

Opposition representatives who met with U.S. envoy Matthew Palmer on Nov. 5 have confirmed that they were openly told the U.S. wants them to participate in the regular parliamentary polls due next spring. They say, however, that they cannot accept this demand unless all or most of their earlier requests for the creation of fair and democratic election conditions have been met, and that, otherwise, they will boycott the polls. The opposition representatives contacted by BETA also said that such position of Washington was worrying and disappointing. They added that during their meeting with Palmer they reiterated that it would be good to change the format of the ongoing dialogue between the authorities and the opposition, and that they proposed that representatives of the EU and U.S. hold separate talks with representatives of the ruling bloc and the part of the opposition favoring the boycott if the requests for fair election conditions are not met.

BRNABIC: CHINA IS A STRONG PARTNER TO SERBIA, SHARING SAME VALUES

Serbian Prime Minister Ana Brnabic stated on Nov. 6, in her address to the students of the Jiao Tong University, the second biggest university in Shanghai, that Serbia and China shared the same values and that China was a strong partner of Serbia, both politically and commercially. The prime minister said that China was a good advocate of Serbia's interests in the international arena, especially in the United Nations, where Serbia and China work together well. "Serbia is proud to consider itself China's partner and friend," she stated, adding that the two countries could not compare in size and economic resources, but that they shared common values – openness, readiness for cooperation with all partners from Europe, Asia and Africa. She said that Serbia supported the policy of one China and that China supported the territorial integrity and sovereignty of Serbia and did not recognize the unilaterally proclaimed independence of Kosovo.

SUPREME COURT OF CASSATION CONFIRMS TERMINATION OF AGREEMENT ON CHF LOANS



The Supreme Court of Cassation (VKS) has upheld the final judgment terminating an agreement on a loan indexed in Swiss francs, thereby finalizing this case completely. As *Telegraf Biznis* reports, the lawsuit referred to the termination of an agreement due to a compelling change in circumstances, filed by a legal entity against a bank in 2015. The first-instance judgment was delivered in December 2016 and upheld by the Commercial Appellate Court in February last year. The bank filed a revision with the VKS, which was rejected on this occasion. It is expected that all those who have sued for the termination will win their disputes.

SSP: VUCIC GIVES EUR 152 MN FROM BUDGET TO BANKS THROUGH LAW ON CHF LOANS

The Party of Freedom and Justice (SSP) released a statement yesterday saying that the Supreme Court's decision on writing off a part Swiss franc borrowers' debt confirmed that Serbian President Aleksandar Vucic had given EUR 152 mn to banks due to the law on Swiss franc loans. "Instead of reducing people's debts by 70%, as expected based on the court decision, the government adopted a law six months ago writing off only 38%. To make things worse, the banks borne only 8%," the SSP said. The party claims that the banks are satisfied with it and "are getting ready to finance new construction and media projects of the Serbian Progressive Party (SNS) elite using citizens' money."

SERBIA TO BAN IMPORTS OF USED VEHICLES WITH EURO 3 AND 4 ENGINES?

In less than 4 years, Serbia has imported over 500,000 used vehicles and paid at least EUR 1 bn, *Vecernje Novosti* reports, pointing out that vehicles in the country are older than 17 years on average. On the occasion of Serbian President Aleksandar Vucic's announcement that a ban on imports of vehicles with Euro 3 engines is being considered, the daily says the production of vehicles with that type of engine started in 2000 and lasted until 2005 when the Euro 4 emission standard was introduced (2006-2009). Those vehicles account for 60% of all vehicles registered in Serbia. Milos Petrovic, the president of the Serbian Association of Importers of New Vehicles, told the daily that the government must also ban imports of vehicles with Euro 4 engines.

IMPORT TARIFFS REDUCE FUNDING TO NORTHERN MUNICIPALITIES OF KOSOVO

Tariffs that the Kosovo government imposed on imports from Serbia and Bosnia & Herzegovina a year ago have drastically reduced money going to a special fund intended for northern Kosovo, representatives of a civil society organization from that part of Kosovo underscored yesterday. The special trust fund for the development of Kosovo's northern municipalities was formed based on the Brussels Agreement from 2013, aiming at the development of Serb-majority municipalities in the north of Kosovo. The agreement stipulates that money should be collected through duties referring to the import of goods via the Jarinje and Brnjak border crossings. By the end of 2018, the fund reached EUR 15.5 mn, and EUR 11 mn has been invested in 30 different projects, some of which are still being implemented, the EU Office in Kosovo said on its website. Since November 2018, when the tariffs were introduced, the inflow of money into the fund has nearly stopped.

ALIPAY COMING TO SERBIA IN NEXT FEW MONTHS?

Serbian PM Ana Brnabic visited the company Alibaba in Shanghai yesterday and said she hoped that the Alipay payment platform would become available in Serbia in the next few months. As she explained, it is Alibaba Group's online payment platform, which has nearly one billion users. "The Ministry of Trade, Tourism, and Telecommunications, as the Serbian side, is in talks about introducing Alipay, and they also include a commercial bank. The talks are going well, and I expect them to finish soon," Brnabic said. According to her, the next step would be a logistics center in Serbia. The intention is to continue discussions with Alibaba and other Chinese companies about opening development centers in Serbia. The country's delegation was welcomed by Alibaba Group CEO Zhang Yong.



THREE CHINESE COMPANIES FROM USA'S LATEST BLACKLIST OPERATING IN SERBIA

Out of eight Chinese technology giants specializing in video surveillance that the USA has placed on a blacklist for violating human rights of Uighurs (a Muslim minority group in the northwest of China), three companies operate in Serbia, Radio Free Europe reports. The companies in question are Dahua Technology, Hikvision, and iFlytek. Only Dahua Technology has a branch office in Serbia, specializing in video surveillance at airports. Its products are used at Nikola Tesla Belgrade Airport. Hikvision operates in Serbia through Pancevo-based KBC Security, which installs the company's surveillance products. During a meeting with Serbian Minister of Technological Development Nenad Popovic in Belgrade in early October, iFlytek Vice President Li Shipeng expressed intent for the company to open a center for Eastern Europe in Serbia.

CONSTRUCTION OF BORCA INDUSTRIAL PARK TO START IN LATE MARCH 2020

Serbia's Minister without portfolio in charge of innovation and technological development, Nenad Popovic, yesterday announced that the construction of an industrial park in the Belgrade suburb of Borca should begin in late March 2020. In the Chinese city of Hangzhou, which he is visiting as a member of a Serbian government delegation, Popovic stated that the funding of the project had also been discussed at a meeting with Bank of China representatives. The bank confirmed it would finance all Chinese companies setting up operations at the industrial park. The construction was also addressed at a meeting between Serbian PM Ana Brnabic and Chinese President XI Jinping, held in Shanghai on November 4. The Serbian-Chinese industrial park is a joint project of the Serbian government and the China Road and Bridge Corporation.

CIRCULAR ECONOMY IS CHANCE FOR SERBIA'S DEVELOPMENT

The implementation of a circular economy, which envisages using energy from renewable sources, a rational utilization of resources, recycling and implementation of new technologies in the optimization of production, would enable Serbia's economy to be more competitive, create new jobs and allow for better protection of the environment, it was assessed at the Nov. 6 conference "How to Get to a Circular Economy?". The analysis, performed within the EU's Policy and Legal Advice Centre (PLAC III) project of legal support to negotiations, showed that the main obstacles to the full implementation of a circular economy in Serbia are poor waste management, i.e. the low degree of recycling, illegal landfills, lack of infrastructure, slow and non-harmonized procedures, and the insufficient capacities of state and local administration bodies.

DJORDJEVIC: DRAFT STRATEGY FOR ECONOMIC MIGRATION BY END OF YEAR

A draft strategy on the management of economic migration for 2021-2027 will be completed by the end of the year, Serbian Minister of Labor, Employment, Veteran and Social Affairs Zoran Djordjevic said yesterday, according to a statement by his cabinet. It adds that an action plan will be developed afterward. Following a meeting with the German Society for International Cooperation (GIZ), which is financing the development of the strategy, Djordjevic stated that the Serbian government was actively tackling the issue of economic migration.



SOME USD 3 BN TO BE INVESTED IN CUKARU PEKI, JADAR, AND RTB BOR

In the next six years, nearly USD 3 bn will be invested in the opening of the Cukaru Peki mine near Bor and the Jadar mine near Loznica, as well as in the Mining and Smelting Complex (RTB) Bor, Serbian Assistant Minister of Mining and Energy Ivan Jankovic said yesterday.

Those are strategic projects for the Serbian government, Jankovic noted at the opening of the second day of the 9th International Conference on Mineral Resources in Serbia, held under the slogan “A Driving Force for Economic Development.” “Rakita (Zijin) plans an initial investment of almost USD 500 mn for the opening of the Cukaru Peki mine, Rio Tinto will invest over USD 1 bn to open the Jadar Mine, and RTB Bor and the Majdanpek mine should get investments worth USD 1.26 bn,” Jankovic explained.

OWING TO ZIJIN, BOR TO REPORT HIGHEST INCOME PER CAPITA IN SERBIA

Owing to the Chinese company Zijin’s investment in the Mining and Smelting Complex Bor and the Cukaru Peki site, the city budget will note a threefold rise in the next four years, Bor Mayor Aleksandar Milkic said yesterday. He underlined that Bor would have the highest income per capita in Serbia. At a panel discussion on the impact of mining development on local communities within the 9th International Conference on Mineral Resources in Serbia, held under the slogan “A Driving Force for Economic Development,” Milkic said important news had been revealed the day before yesterday. Namely, Zijin has become the owner of the Cukaru Peki lower zone, as well. “Zijin is already changing and will continue to change the situation in Bor,” Milkic said, adding that the city was already reporting accelerated development. In his words, 60% of the city budget was secured through mining.

SERBIA HAS 2,349 IT COMPANIES AND RECORD-BREAKING NUMBER OF NEW ONES

Serbia currently has 2,349 IT companies, each with annual revenues of over RSD 1 mn, Milan Dobrojevic from the country’s Ministry of Trade, Tourism, and Telecommunications said yesterday. At the opening of the sixth regional business and ITC conference BIZIT, he said the number of IT firms in Serbia had increased by 8.6% compared to 2018. Moreover, in the first eight months of this year alone, 229 new software companies were founded, which is more than in any previous year. Dobrojevic added that the IT market was growing at an annual rate of 10.2%, and was currently worth EUR 538.5 mn. In his words, the number of students enrolling in IT programs at Serbian faculties is also rising (9,747 in 2019 versus 5,523 in 2012). “That is a rise of nearly 76.5% in six years,” he said.

SUBSIDIES FOR AGRICULTURE HIGHER THAN EVER AT RSD 33.4 BN

Serbian farmers will receive RSD 800 mn worth of subsidies more in 2020 compared to subsidies allocated from this year’s budget. As the Serbian Agriculture Ministry has told Tanjug, the intent is to provide RSD 33.4 bn for subsidized agriculture next year. It is pointed out that the amount is higher than what the relevant ministry has ever managed to secure for supporting farmers. Last year’s amount from the budget for the subsidies was RSD 32.6 bn, the ministry recalled.

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MINEL RASTAVLJACI GENERATES NEARLY RSD 38 MN ON THE MTP

The total turnover on the Belgrade Stock Exchange yesterday was RSD 63.8 mn (EUR 543,000). The highest volume was noted on the multilateral trading facility (MTP) as Novi Pazar-based Minel Rastavljac traded nearly RSD 38 mn, rising by 7.12% to RSD 1,099 per share. Komercijalna Banka ordinary shares saw a turnover of RSD 10.4 mn, reporting a slight 0.03% drop to RSD 3,279. Nikola Tesla Airport traded RSD 8.1 mn, with a 2.76% decline to RSD 810. BELEX15 went down by 0.17% to 750.15 points, while BELEXline closed 0.31% higher at 1,624.76 points.

Prime Listing

Symbol	Price	% Change	Volume	Turnover RSD
AERO	810	▼ -2,76%	10.000	8.100.000
ENHL	665	▼ -2,21%	5	3.325
NIIS	679	▲ 1,04%	2.498	1.694.907

AERO - Aerodrom Nikola Tesla a.d., Beograd; ENHL - Energoprojekt holding a.d., Bg; NIIS - NISa.d., Novi Sad;

Standard Listing

Symbol	Price	% Change	Volume	Turnover RSD
JESV	6.290	● 0,00%	3	18.870
KMBN	3.279	▼ -0,03%	3.184	10.441.890
MTLC	1.920	● 0,00%	30	57.600

JESV - Jedinstvo a.d., Sevojno; KMBN - Komercijalna banka a.d., Beograd; MTLC - Metalac a.d., G. Milanovac;

Open Market

Symbol	Price	% Change	Volume	Turnover RSD
DINNPB	4.773	▼ -0,56%	200	954.500
IMPL	3.350	▲ 0,60%	218	730.300
JMBN	6.950	▲ 6,84%	2	13.900
TGAS	12.755	▲ 1,58%	44	561.215
VPDU	24.098	▼ -0,57%	132	3.181.000

DINNPB - Philip Morris Operations a.d., Niš; IMPL - Impol Seval a.d., Sevojno; JMBN - Jubmes banka a.d., Beograd; TGAS - Messer Tehnogas a.d.; VPDU - VP Dunav a.d., Bačka Palanka;

MTP

Symbol	Price	% Change	Volume	Turnover RSD
IRTL	950	▲ 7,83%	14	13.300
MNRS	1.099	▲ 7,12%	34.558	37.979.242
PUUE	125	● 0,00%	83	10.375
SVRL	610	● 0,00%	140	85.400
THHM	120	▼ -24,05%	30	3.600
VITL	700	▼ -6,79%	10	7.000

IRTL - Iritel a.d., Beograd; MNRS - Minel Rastavljači a.d., Novi Pazar; PUUE - Putevi a.d., Užice; SVRL - Min Div a.d., Svrlijig; THHM - Tehnohemija a.d., Beograd; VITL - Vital a.d., Vrbas;

Editor-in-Chief **Gordan Brkic**

Mail: gordan.brkic@executivenews.rs

Tel: +381 (0)60 71 93 559

Subscriptions and Advertising: gavrilo.tomic@ninamedia.rs Gavrilo Tomic Ni-

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06.11.2019.	Turnover RSD	Turnover EUR
REGULATED	25.757.507	219.231
Listing	20.316.592	172.921
Prime Shares	9.798.232	83.396
Prime Bonds	0	0
Standard Shares	10.518.360	89.525
Standard Bonds	0	0
Open Market	5.440.915	46.309
MTP	38.098.917	324.273
TOTAL	63.856.424	543.503

Beonia







November 6, 2019

BEONIA* (%)	1.27
Daily change (p.p.)	-0.01
VOLUME (mill RSD)	4,390.00
Daily change (mill RSD)	920.00
Minimum rate (%)	1.27
Maximum rate (%)	1.28
Standard deviation (p.p.)	0.01

Source: NBS

Currency Rates

November 6, 2019

 EMU	EUR	117.4904
 Australia	AUD	73.1663
 Canada	CAD	80.5833
 Switzerland	CHF	10.9891
 United Kingdom	GBP	106.7997
 United States	USD	136.6644

Source: NBS

Weather

November 7, 2019

Belgrade		12	19
Novi Sad		10	17
Niš		12	14
Kragujevac		12	16

Source: RHMZ

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