



*Textile industry*  
*shaping quality*



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Taking into consideration the global economic trends, the knowledge intensive economy becomes the key of long-term development and growth. In accordance with the changing market conditions, the national economy carries out reforms for the purpose of upgrading competitiveness and improving the business environment for investors.

To that end, we welcome the foreign companies and partners, and we highly appreciate their wish to invest in our economy. Looking to the promising future, the Chamber of Commerce and Industry of Serbia has continuously built its capacity in order to be the best business service for foreign investors in the country.



Marko Čadež, President  
Chamber of Commerce and Industry of Serbia

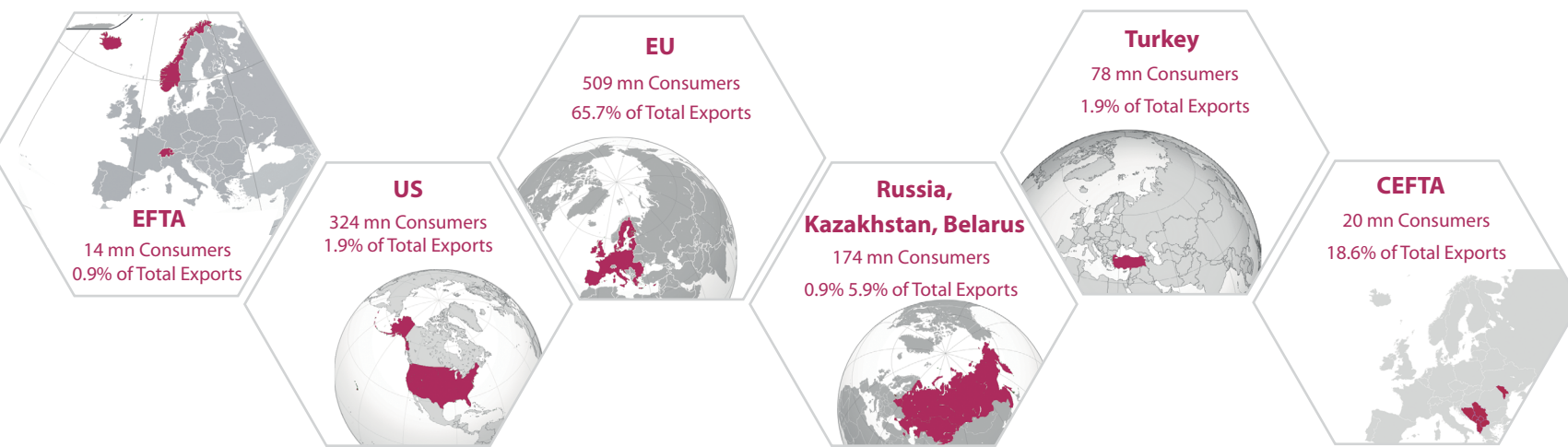
# Serbia

## basic info



- Serbia is a landlocked state situated in the Southeast Europe, at the crossroads of the Pan-European Corridors (VII - the River Danube and X - the international highway and railroad, intersect on the Serbian territory, providing excellent connections with the Western Europe and the Middle East)
- Parliamentary Republic  
Population: 7.1 mn  
Territory: 88,499 km<sup>2</sup>  
Capital city: Belgrade (1.7 mn)  
Currency: RSD (EUR/RSD average 123.3, August 2016)
- According to the World Bank statistics, Serbia is an upper middle income country, total nominal GDP amounts to EUR 33bn, while GDP pc is EUR 4,638
- Serbia is an emerging market and it is in a process of developing infrastructure related to its export-oriented economic growth
- Customs Free Access to 1.1bn Consumers

- Serbia is the only country beyond the Commonwealth of Independent States that has a Free Trade Agreement with the Russian Federation
- Serbia has an open market economy and in comparison with the rest of the Western Balkan countries has the largest market in terms of population and territory
- One of the main advantages is political stability
- The main political goal of Serbia is to become a full member of the European Union. Currently, Serbia has a candidate status and, so far, Serbia has opened Chapters 32 and 35 in the process of the EU accession, and recently 23 and 24
- On the WB Doing Business List, Serbia has moved up by 9 places in 2016, so it is now ranked 59th globally. Serbia has made dealing with Construction Permits (progress by 47 places) less costly by eliminating the land development tax for warehouses. On the other hand, it has also introduced a mandatory inspection of foundation works. Additionally, Serbia has made paying taxes easier for companies by introducing an electronic system for payment of VAT and social security contributions as well as by abolishing the urban land use fee.

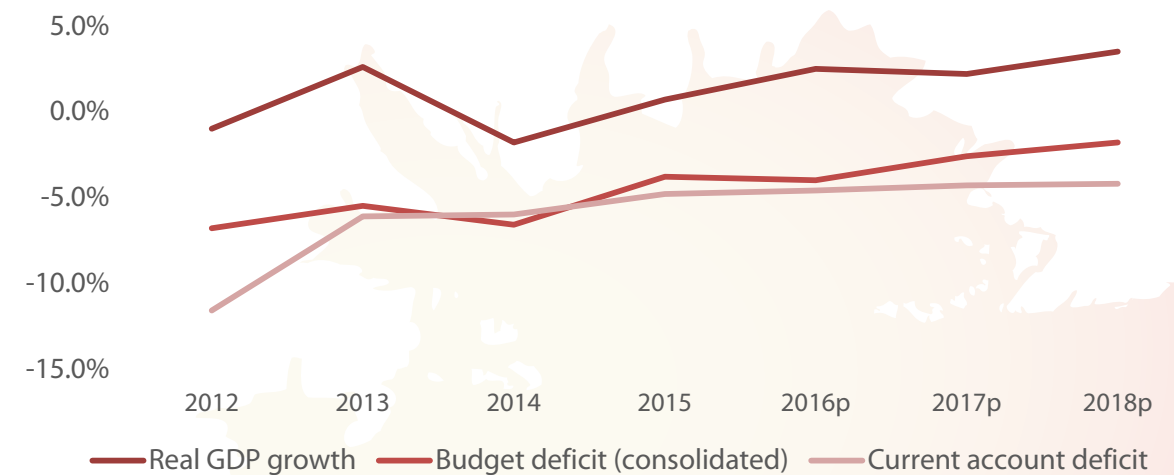


# Serbia

## macroeconomic framework

- The Government has implemented the economic reforms in order to achieve fiscal consolidation. In 2015, the reforms gave positive results and Serbia's budget deficit has been reduced to the lowest level since 2008
- Serbia has concluded a precautionary agreement with the International Monetary Fund in order to increase credibility of undertaken reforms
- In their latest reports, the credit rating agencies have improved Serbia's outlook and confirmed its credit rating (S&P BB-/stable; Fitch B+/positive; Moody's B1/positive)
- In 2015, the Republic of Serbia recorded 0.7% growth, while the estimated growth for 2016 has been revised up to 2.5%

Key macroeconomic indicators, (%)



Inflation has been moving below the target tolerance band mainly due to the movements in food and oil prices

The NBS gradually reduced its key policy rate to the level of

**4.00%**

in July 2016

Net Foreign Direct Investments in 2015 reached the level of above EUR

**1.8bn**

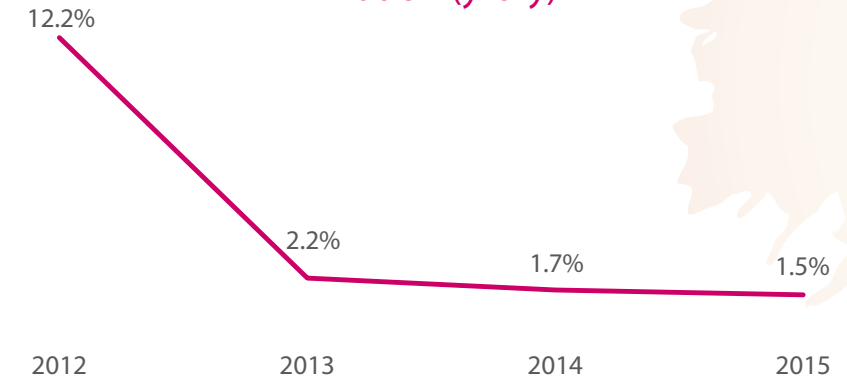
and fully covered the current account deficit

Estimated level of net FDIs in 2016 is EUR

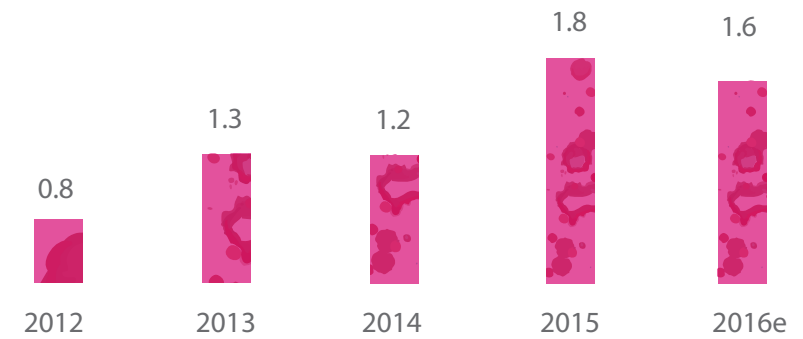
**1.6bn**

In 2015, net FDIs were mainly from the Netherlands (20.1%), Austria (19.5%), Luxembourg (9.4%), Italy (8.0%) and the United Arab Emirates (6.7%)

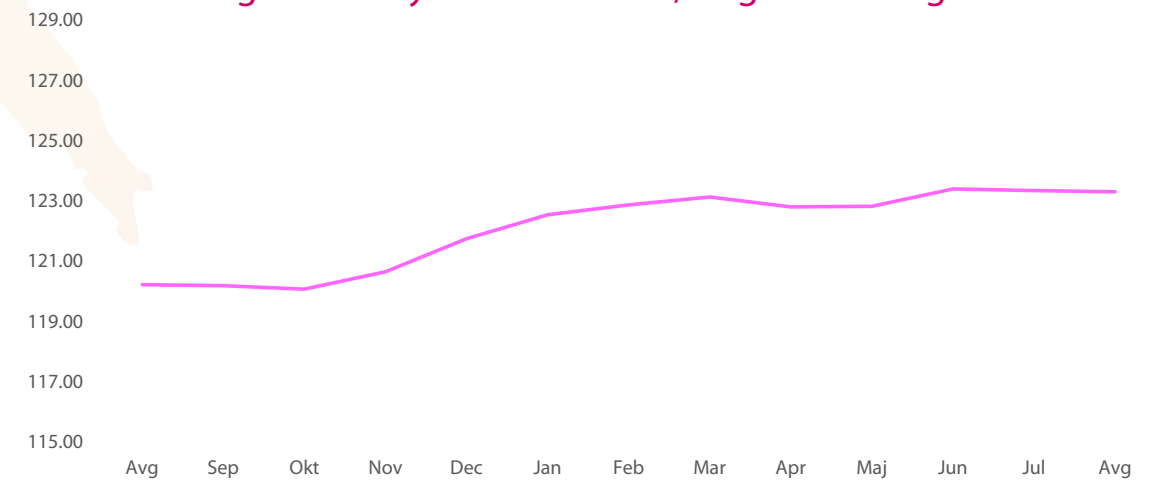
Inflation (y-o-y)



Foreign Direct Investment, net (EUR bn)



Average monthly EUR/RSD rates, Aug 2015 - Aug 2016

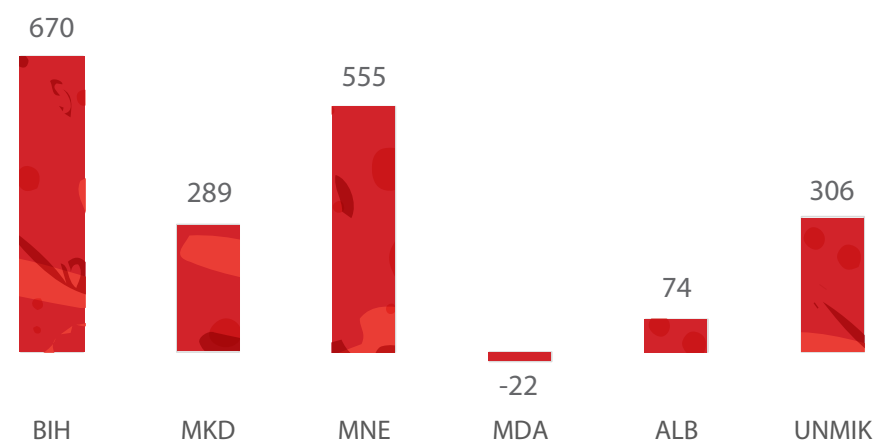


# Serbia

## and the Western Balkans

- Based on the substantial economic potential and political stability, Serbia shows better economic performances than other countries in the Western Balkans Region. In 2015, total surplus in commodity trade with CEFTA countries amounted to EUR 1.9bn
- Cooperation with the People`s Republic of China is on the rise. Companies from the Western Europe and the United States are mainly interested in energy sector and telecommunications, as well as mining and agriculture. Serbia intends to pave the way to new markets for its goods and services

Trade surplus with CEFTA countries, 2015 (EUR mn)



# Invest

## in Serbia

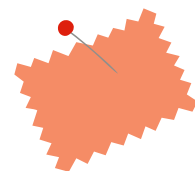
- Since 2000, Serbia has attracted over EUR 26.9bn of inward foreign direct investment (more than EUR 385mn of inward FDIs in textile industry)
- Serbia has regained its position as one of the most attractive investment destination in the world, measured by the number of jobs relative to the size of the population (IBM Global Location Trends 2014 Report, IBM Institute for Business Value)
- Many world-renowned companies have recognized Serbia's potential and decided to locate operations in Serbia
- Some of the most renowned global companies that have invested in Serbia are as follows: FCA, Bosch, Michelin, Siemens, Panasonic, NCR, Yura, Magna, Continental, Calzedonia, Eaton, Stada, Falke, Swarovski, Ball Packaging, Pompea, Jeanci, Golden Lady, Real Knitting, etc.
- One of the main advantages of doing business in Belgrade is "easiness to get to and move around"
- Others are attracted by our country's adept level of English language proficiency, highly skilled and easily trained workforce and generous tax and incentives environment. Serbia was ranked 4th out of the 76 countries in Business English Proficiency by Business English Index, Global English Corporation, 2012. In the top five were Philippines (7.0), Norway (6.54), Estonia (6.45), Serbia (6.38) and Slovenia (6.19)

# Textile Industry

in Serbia



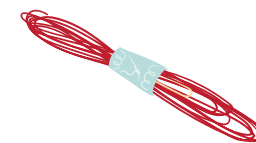
Long tradition in providing services to global industry leaders. The strong tradition of textile manufacturing and exports in Serbia has brought business-minded companies with highly skilled employees



The textile industry has been one of the main export industries for years. For instance, Serbia is the third exporter of hosiery in the world



The main reasons why foreign investors decide to invest in textile industry are high-quality products at competitive prices, admirable tradition, together with skilled workforce and relatively low subcontracting costs. Due to highly labor-intensive activity, investments in textile industry greatly reduce unemployment and therefore enjoy full support from local government



Companies such as Golden Lady, Falke, Geox, Benetton, Calzedonia, Pompea, Real Knitting, and many others extensively use their production facilities as secondary manufacturing sites for the production of high-quality apparel



Serbian producers offer fast service, low minimal orders, 24-hour shipping to most European countries



For more information about Serbian manufacturers, fashion labels and designers look at: [www.serbianapparel.com](http://www.serbianapparel.com)



# Export

## of Textile Industry from Serbia

In 2015, the highest export values were gained through the export of the following products:

### HS 6115

Panty hose, tights, stockings and other hosiery, knitted or crocheted - exported value in 2015: 173 mn EUR  
Trade balance: +137 mn EUR.

Export of this product represents 1.4% of Serbia's exports to the world (out of 240 countries) and its ranking in the world exports is 12.

Major export markets for this product are the Russian Federation (36%), Italy (33%) and Germany (22%)

### HS 6110

Jerseys, pullovers, cardigans, knitted or crocheted - exported value in 2015: 45 mn EUR  
Trade balance: +19 mn EUR  
Its ranking in world export is 57

### HS 6203

Men's suits, jackets, trousers and shorts - Exported value in 2015: 41 mn EUR  
Trade balance: +17 mn EUR  
Its ranking in world export is 66

### HS 6212

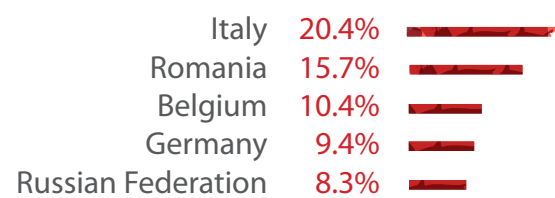
Brassieres, girdles, corsets, braces, suspenders and parts - Exported value in 2015: 39 mn EUR  
Trade balance: +26 mn EUR  
Its ranking in world export is 68

### HS 6204

Women's suits, jackets, dresses skirts and shorts - Exported value in 2015: 31 mn EUR  
Trade balance: +4 mn EUR  
Its ranking in world export is 85

- In 2015, the export of textile sector reached the value of 887 mn EUR or 7.4 % of total Serbian exports. The textile production and garment industry generated 619 mn EUR or 69.7% of this export, which represents an increase of 2.8%, when compared to the same period in 2014
- 74.3% of total production, in 2015, was sold to the EU countries
- 12.4% of total production was sold to Germany

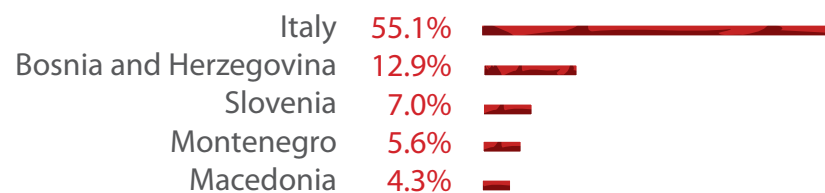
Textile products export, 2015



Garment products export, 2015



Manufacturing of leather export, 2015



Source: Statistical Office of the Republic of Serbia

### Key Brands in Textile Industry

FALKE

UNITED COLORS OF BENETTON.

pompea

Edil  
fiorentini

trendtex

FULGAR®

CALZEDONIA

ILARY

aster  
TETSTIL SAN. WEI. DIS. TIC. A.S.

GEOX

Real Knitting

JEANCI

GOLDEN LADY®

Fioleter

# Product Range

## of Textile Industry from Serbia

The textile and clothing manufacturing industry of Serbia has substantial production capacity, especially in the following programs:

- Heavy and light garments for all ages
- Knitted garments
- Sportswear
- Jeans
- Children clothing and baby equipment
- Work clothes and uniforms
- Underwear
- Hosiery
- Home textiles
- Carpets

## SWOT analysis Serbia - Textile Industry

### Strengths

- Economic and political stability
- Location and infrastructure
- Educated and skilled workforce

### Opportunities

- Comparative advantage in textile industry
- Access to international market (CIS, CEFTA)
- The largest market in the region
- Favorable tax rates

### Weaknesses

- Legal framework in the process of adjustment with the EU standards
- Different level of efficiency among local self-government units (administrative issues)
- Limited access to textile industry's workforce in certain municipalities

### Threats

- Political instability in the region
- Economic crisis in the EU, the main trading partner

## Educated and skilled young work force

- Universities and colleges in Serbia produce around 50,000 graduates annually (the most of them comes from business and administration universities). Companies have proven experience in maintaining customer relations and meeting customer requirements based on the international standards
- Highly skilled labor force in textile industry is a result both of experience gained through many years of work, and of an educational system, that includes high-schools and university levels. Tailors, technicians and designers are educated in around 30 specialized high schools evenly spread throughout the country. Higher levels of education at specialized university departments offer post-graduate education in related fields
- As of June 2016, 4.7% of total unemployment rate has referred to textile industry
- Average total labor cost for the first seven months of 2016 in Serbia and in textile industry amounted to EUR 506 and EUR 326, respectively
- Over the last 10 years, the Serbian fashion industry has evolved from a domestic, manufacturing-based industry into a design-led sector operating in the global market. Many Serbian design students go on to work in global fashion houses, which promote the Serbian fashion industry abroad





2016