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Serbia's new Law on Investments

Serbia's new Law on Investments was passed by the Serbian Parliament on 23rd October last year and provides number of significant changes to the investment framework in Serbia.



The Law categorises investments based on importance, pursuant to specified criteria, in two categories: Investments of special importance for Republic of Serbia

- Investments of local importance
- The New Investment Framework

The Law makes it practically mandatory for a state authority (through one of its investment support entities i.e. 'investment support subjects') to actively assist an investor.

The investment support subjects as set out in the Law include: Ministry of Economy, Council for Economic Development, Development Agency of Serbia and Autonomous Provinces and local municipalities, including Units for Local Economic Development and Investment Support, being dual development/investment support operational units of Autonomous Provinces and local municipalities. Obligations are now imposed on an Authority at a municipal/provincial level to establish a project team to assist an investor and to prepare an investment plan for an investor, containing a complete list of documents that an investor needs to

submit in order to obtain all necessary permits and documents necessary for making an investment. Council for Economic Development ("the Council") is to be formed pursuant as the Government body tasked with monitoring investments, economic development, granting State investment support, providing investment incentives and reporting annually on its results and findings to the Government.

Development Agency of Serbia is now given mandate to execute professional, operational and development functions associated with direct investments, export promotion and economic development. Ministry of Economy performs oversight functions in respect of matters relating to the Agency and its work. The Law importantly provides for unification of functions previously exercised by

Serbian Investment and Export Promotion Agency ("SIEPA") and National Agency for Regional Development. Development Agency of Serbia takes over roles, functions and responsibilities previously within the professional domain of SIEPA and National Agency for Regional Development. What does it mean in practice?

The new framework sets out duties and responsibilities of Council for Economic Development, Development Agency of Serbia, Autonomous Provinces and local municipalities. It appears that one of the aims of the Legislator was to effect proactive communication, collaboration and coordination between a municipal/provincial authority and an Investor, aimed at attaining mutually beneficial investment outcomes. Pursuant to the Law there is a duty of a municipal/

provincial authority to jointly (with an investor) identify investment pre-requirements and timeframes and ensure uninterrupted and urgent processing of all documents relating to issuance of permits and public authority documents, which essentially means providing practical, on-the ground assistance to an investor. In that regard, the Law provides new practical solutions to assist an investor at a municipal/provincial level. These provisions impose number of obligations onto municipal/provincial authorities, reinforced further by Duty of an Authority and Urgency of Conduct provision, stating that an urgent processing obligation is imposed on a municipal/provincial authority. If a municipal/provincial authority fails to act in accordance with the provision, an investor has the right to lodge a complaint to Development Agency of Serbia. This Agency is in turn obliged to assist an investor by verifying allegations contained in the investor's complaint and to act within the scope of its authority, so to rectify proven contraventions of the said provision. In that regard, Development Agency of Serbia must inform an investor of its findings no later than 15 days after receiving a complaint from an investor. ■

A New Way Forward

By conducting a legislative overhaul of the investment framework in Serbia, the Parliament's intention appears to have been making an attempt to provide practical and tangible assistance to potential investors which is certainly commendable. By introducing novel provisions on project teams and investment plans, by imposing duties and responsibilities on relevant authorities and making grievance redress mechanisms available to an investor, the new Law has potential to become an investment game-changer for Serbia and the region.