YOUNG TRADE AMBASSADORS

Comparative Report On Foreign Trade Capabilities of Partner Countries

(Output 1)

Co-funded by the Erasmus+ Programme of the European Union

TÜRKİYE CUMHURİYETİ AVRUPA BİRLİĞİ BAKANLIĞI

REPUBLIC OF TURKEY MINISTRY FOR EU AFFAIRS

TÜRKİYE ULUSAL AJANSI
TURKISH NATIONAL AGENCY


TABLE
OF
CONTENTS

ABSTRACT

Foreign trade plays an important role in the economic development of country. It is said, "Foreign trade is not simply a device for achieving productive efficiency but is an engine of economic growth. Integrated report mainly examines the current foreign trade trends and opportunities for young students in partner countries be eamined within the scope of this output. The report as a basic resource for young students to identify the foreign trade trends and opportunities in either their own country for domestic trade purposes or other partner countries for international trade purposes.

An integrated report which examines in detail; how is foreign trade, as an act of globally exchange of goods and services with no barriers of time and space, being perceived, what are the new trends and support/development opportunities for new comers in foreign trade business in partner countries.

The report serve as a basic resource for students to identify the foreign trade trends and opportunities in either their own country for domestic trade purposes or other partner countries for international trade purposes.

The report be composed of two sections;

1. Base Map for Foreign Trade in Partner Countries and
2. Foreign Trade Opportunities for students in Partner Countries

The indicative topics to be covered by the 1. Section of the report be as follows:

- The importance and share of foreign trade in the economy
- General tendency of the use of international networks for shopping in partner countries
- Profile of customers; ages, gender, education, etc.
- Goods purchased globally
- Tools being used more common for shopping; PCs or smartphones
- The timing of gettin into global markets
- Tendency to use international networks for shopping and etc.

By the identification of these issues in all partner countries, the target group of students access all the information they need to start global business; the profile target customer groups, tendency of users, products and tools.

The indicative topics to be covered by the 2. Section of the report be as follows:

- The financial support mechanisms in partner countries for students to business start-up or business development
- The financial support mechanisms for direct foreign trade in partner countries

The detailed and compiled information provided in this section help students to be aware of the available supports in their countries and make use of them if the conditions fit for their purposes.

Skills Required for Foreign Trade.

- Cross-cultural communication skills.
- Excellent networking abilities.
- Collaboration.
- Interpersonal influence.
- Adaptive thinking.
- Emotional intelligence.
- Resilience.

1. Detailed analysis of the Country where you intent to develop business activity.

Starting business in another country requires a lot of preparation, research and strategic re-orientation. It's indispensable because until you examine all aspects of a business and are aware of investments needed from the company, the result is risky. If your business isn't prepared for expansion, entering a new market could overstretch resources. Businesses need to know whether there is a demand for their products or services in a new market, and whether they are legally able to do business there without overcoming significant obstacles.

2. Profound analysis and determination of all types of trade risks.

There's always a lot of risk in any element of international trade. If you don't know what they are ahead of time, and plan for them, your business could be in big trouble. Currency exchanges, political instability, intellectual property rights, cultural differences, economic issues – the list of risks seems to never end. That being said, risk shouldn't stop you from doing business internationally. The key is to identify those risks, create backups and margins of risk, and keep both the best and worst case scenarios in mind as you broaden your international horizons.

3. Managing financing and payment for trade transactions with confidence.

While the payment methods and processes of international trade are very important, there are a lot of steps that companies need to take before it occurs. Getting financing and credit before the transaction takes place is a crucial component of any deal, as most companies do not have the liquid assets to pay to purchase international products or services out of pocket. Having a firm sense of the skills needed to acquire that financing, secure insurance on trade deals, and negotiate the details of payment will eliminate confusion, and streamline the process.

4. Master research and planning to effectively manufacture goods for export.

It's one thing to produce a product for export; producing one that meets customer demands, operates exactly as expected and is packaged to meet specifications is quite another. Before the manufacturing process starts, companies must conduct market research to make sure that the proposed product meets market expectations and consumer demands. Once the product comes off of the assembly line, it also needs to be tested for quality and safety assurance, and then packaged and labelled in such a way that all of its features and uses will be clear to consumers.

Knowledge of finance and budgets.

Among other financial skills, export/import requires the ability to understand accounting systems and contribute to the budgeting process.

Financial skills are especially valuable when working with small businesses because such organizations often operate on small budgets, and any deviations from approved budgets can hurt the business.

Knowledge of technology.

It is indispensable to have basic technology such as laptops and desktops, smartphones, cloud platforms and web-based applications.

Among other things, technology has helped small businesses leverage capital efficiently, improve customer service, minimize costs by automating routine tasks, taking documentation online and accessing global markets. It has helped these organizations become more efficient and competitive.

The following technology tools are important in particular:

Inventory management software: This software allows businesses to track stocks, plan production, procurement and sales and even prevent stock-outs or excess stocks. This helps to increase productivity, efficiency, improves cash flow and subsequently leads to cost savings.

Project management tools: These tools help in planning and scheduling jobs to be done, collaboration with colleagues as well as hassle-free documentation and evaluation.

Knowledge of international trade compliance requirements

Complex rules govern the import and export of goods between countries. Trade compliance is the process of understanding and conforming to the import and export laws and regulations of a country and any trade agreements it has signed.

You must be familiar with the country's updated import and export laws and regulations. Failure to do so can result in audits, penalties, and inspections of shipments at the border.

Networking skills

Interacting with multiple stakeholders such as customers; vendors such as freight forwarders, transport service providers; and representatives of government agencies such as customs officials. These relationships must be maintained.

It is easy to connect with customers using social media platforms. Most of these platforms allow you to easily create a business profile that you can use to interact with customers.

Analytical skills

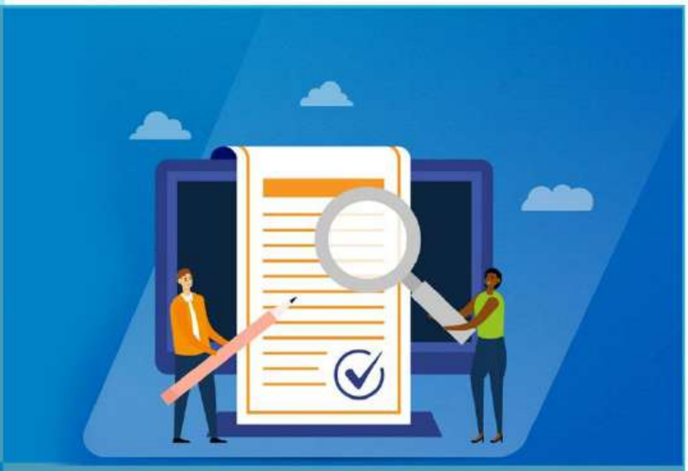
Businesses generate data every day as do entire industries. Analyzing all this data can give businesses insights into customer behavior as well as demands of domestic and international markets, allowing them to make more informed business decisions.

Data analytics has three key components: gathering data, analyzing data, and obtaining insights from data.

Accountability and adaptability

Accountability refers to the act of taking responsibility or ownership for your work, adaptability can be defined as a person's ability or willingness to change their way of thinking or established processes to suit new or changed circumstances.

Both these skills are useful to develop. Accountability builds trust with people you interact with internally (such as team members) and externally (with clients, vendors, and representatives of government agencies). Similarly, a manager who is adaptable is better equipped to face challenges that their highly-stressful job throws at them.



Communication skills

Clear and concise communication is essential to avoid any misunderstandings with business partners. Always ensure that those you deal with clearly understand what you mean and, most importantly, that you closely listen to and understand what others have to say.

Ability to handle stress

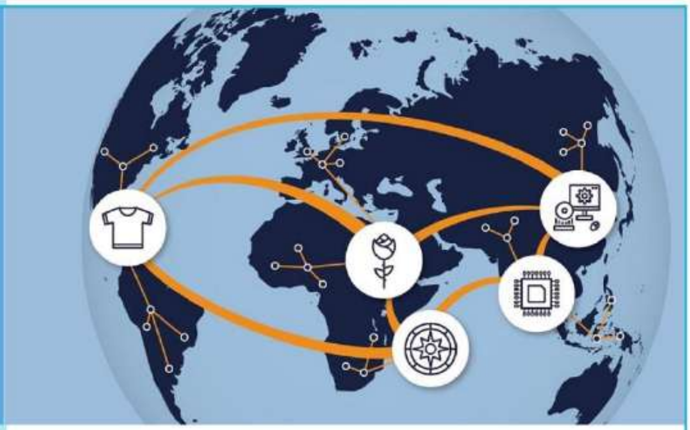
Sometimes you should make quick decisions under stressful circumstances. For example, you might find that a shipment has been delayed, cargo has been damaged or payments haven't been released according to schedule. All this can lead to a huge amount of stress for you and the customer and also requires quick decision-making about how you want to proceed. This is why the ability to take calm and measured decisions in the middle of a crisis is a valuable skill.

Determining whether your company is ready for international trade.

Before you start selling beyond borders, you need to know whether your company is ready, and what steps to take to get started.

You also need to understand how to market your products or services internationally. Since every market will have different expectations and preferences, you need to know the techniques to build a strong brand and stand out from your competition.

- what the opportunities and risks are in various markets
- your company's capacity and readiness for trade
- how to find new customers and markets
- the logistics of trade
- how to negotiate and prepare contracts
- legal and tax requirements
- how to mitigate risks
- resources and contacts that can help you



Mastering e-commerce.

Companies can't afford to ignore e-commerce. Companies need to know how their websites and online presence – like their products and services – should be customized for local markets, including currency, language, customs, reading preferences, colors, and more.

Understanding global value chains

Today's international businesses don't just sell to the world. They also set up international supply chains, strategically choosing where to locate their supplies, plants, and branch offices to optimize production, quality and speed.

POLAND
COUNTRY REPORT

TABLE OF CONTENTS

List of tables List of charts

General Informations

Geographic Location

Poland, country of central Europe. Poland is located at a geographic crossroads that links the forested lands of northwestern Europe to the sea lanes of the Atlantic Ocean and the fertile plains of the Eurasian frontier.

Poland lies at the physical centre of the European continent, approximately between latitudes49° and 55° N and longitudes 14° and 24° E. Irregularly circular in shape, it is bordered to the north by the Baltic Sea, to the northeast by Russia and Lithuania, and to the east by Belarus and Ukraine.To the south the borderfollows the watershed of the Beskid(Beskidy), Carpathian (Karpaty), and Sudeten (Sudety) mountains, which separate Poland from Slovakia and the Czech Republic, while to the west the Neisse (Nysa Luzycka) and Oder (Odra) rivers define the border with Germany. Its current frontiers, stretching for 2,198 miles (3,538 km), were drawn in 1945. Except for its southern mountainous regions, the country consists almost entirely of lowlands within the North EuropeanPlain.

In the southern part of the country, by contrast, older and more diverse geologic formations are exposed. The mountainous arc of the Carpathians, dating from the mountain-building Paleogene and Neogene periods (from about 65 to 2.6 million years ago), dominates the topography. Around the northern rim of the Carpathians lie a series of structural basins, separating the mountain belt proper from a much older structural mass, or foreland, that appears in the relief patterns of the region as the Bohemian Massif, the Sudeten, and the Little Poland Uplands (Wyzyna Malopolska).

The Baltic Coastal Plain stretches across northern Poland from Germany to Russia, forming a low-lying region built of various sediments. It is largely occupied by the ancient province of Pomerania (Pomorze), the name of which means "along the sea." The scarcely indented Baltic coastline was formed by wave action after the retreat of the ice sheet and the raising of sea levels. The Pomeranian (Pomorska) Bay in the west and the Gulf of Gdansk in the east are the two major inlets.

In the southern portion of the former, two islands block off the Szczecinski Lagoon (Zalew Szczecinski), into which the Oder River discharges its waters. In the Gulf of Gdansk, the Vistula (Wisla) River forms a large delta. Sandbars, on which the winds have created large dunes, line much of the coast, separating the coastal lakes and lagoons from the sea.

The belt immediately to the south of the coastal plain is a varied landscape with lakes and hills of glacial origin. Wide river valleys divide the region into three parts: the Pomeranian Lakeland (Pojezierze Pomorskie); the Masurian (Mazurskie) Lakeland, east of the lower Vistula; and the Great Poland (Wielkopolskie) Lakeland. The larger settlements and the main communications routes of this zone lie in and along the river valleys; the remainder of the area is mostly wooded and thinly populated. Only the eastern portion of the Great Poland Lakeland has a developed agriculture.

The extensive central lowlands contain isolated relief features shaped by the oldest glaciations, but their character is generally flat and monotonous. The postglacial lakes have long since been filled in, and glacial outwash masks the weakly developed meltwater valley channels. The basins of the main rivers divide the area into the Silesian (Slaska) Lowland, which lies in the upper Oder; the southern Great Poland Lowland, which lies in the middle Warta River basin; and the Mazovian (Mazowiecka) and Podlasian (Podlaska) lowlands, which lie in the middle Vistula basin. Lower Silesia and Great Poland are important agricultural areas, but 10 many parts of the central lowlands also have large industrial centres. Warsaw, the capital, situated on the middle Vistula, is the most prominent. South of the central lowlands, the Little Poland Uplands extend from east to west, but they are folded transversely. In the west is the Silesian-Kraków upthrust, with rich deposits of coal. The ancient rocks of the Swietokrzyskie ("Holy Cross") Mountains, which reach a maximum elevation of 2,008 feet (612 metres), form a second upthrust. Between these two regions lies the Nida River basin, with an average height of 650 to 1,000 feet (198 to 305 metres). East of the Swietokrzyskie Mountains, the uplands are cut by the valley of the Vistula, beyond which lie the Lublin (Lubelska) Uplands. In the south occur patches of loess on which fertile brown- and black-earth soils have developed.

The older geologic regions contain valuable minerals; in the Silesian-Kraków uplands there are coal, iron, zinc, and lead deposits. These mineral resources have made possible the rise of Poland's most important industrial region, and the landscape of Upper Silesia is highly urbanized. Katowice is the largest centre, and the region is closely linked with that around Kraków (Cracow). The Little Poland Uplands protect the Little Poland Lowlands, in which Kraków lies, from the colder air of the north. To the north the Staropolski ("Old Polish") Basin, situated in the foothills of the Swietokrzyskie Mountains, has a long history of industrial production. Kielce is the area's urban centre.

The Sudeten and their foreland, part of the larger Bohemian Massif, have a long and complex geologic history. They owe their present rugged form, however, to earth movements that accompanied the Carpathian uplift, and the highest portion, the Karkonosze ("Giant Mountains"), reaches 5,256 feet (1,602 metres) above sea level. The region contains rich mineral deposits, notably coking coal, which has occasioned the growth of an industrial centre around

Walbrzych. The region has many small towns. Resorts and spas are found in more- secluded areas. The foreland of the Sudeten, separated by a large fault from the larger mass, contains many granite quarries.

The southernmost, and most scenic, portion of Poland embraces the Carpathian Mountains and their associated chains and basins, created in the Paleogene and Neogene periods. Within the Polish frontiers lie the Oswiecim and Sandomierz basins, a portion of the Beskid Mountains, the Orawka-Podhale Basin, and the Tatra (Tatry) Mountains. The sub-Carpathian basins contain deposits of salt, sulfur, and natural gas and some petroleum. The region has a large rural population, but there are also many towns of medium size.

The highest peak of the Beskid Mountains, Mount Babia, reaches 5,659 feet (1,725 metres); the Tatras, with a maximum elevation of 8,199 feet (2,499 metres), are the highest portion of the Polish Carpathians. Zakopane, the largest tourist and resort centre in Poland, lies at their feet. The Bieszczady Mountains—rolling, carpeted in beech woods, and sparsely inhabited— lie in the extreme southeast.

Virtually the entire area of Poland drains to the Baltic Sea, about half via the Vistula River and a third via the Oder River. Polish rivers experience two periods of high water each year.

There are some 9,300 Polish lakes with areas of more than 2 1/2 acres (1 hectare), and their total area is about 1,200 square miles (3,108 square km), or 1 percent of the national territory. The majority, however, are found in the northern glaciated belt, where they occupy more than 10 percent of the surface area.

Source: Geography of Poland

Political and Administrative Structure

Poland is a republic and a parliamentary democracy with a parliamentary and cabinet system. The rules of functioning of the state are laid down in the Constitution, which is the supreme legislative act. Poland has a system of statutory law, with an act being the basic form of legislation.

The Polish political system is based on the tripartite division of power between legislative, executive and judicial powers. The legislative power is exercised by a bicameral parliament (the Sejm, the lower Chamber, has 460 Deputies, and the Senate, the upper Chamber, has 100 Senators) which is elected in a general election for a term of office of 4 years. The Sejm passes legislation and controls bodies of the state administration, including the Council of Ministers. The Supreme Audit Office, the supreme audit state authority, is subordinated to the Sejm. The main task of the Senate is to contribute to creating Polish law in cooperation with the Sejm. The election rules provide for a system of proportionate election to the Sejm and a system of majority election to the Senate. The election rules for the Sejm lay down the electoral threshold of 5% for political parties and the threshold of 8% for electoral coalitions.

The following clubs and groups are active in the Sejm and Senate of the current term of office, elected for the years 2019 - 2023: the parliamentary Club of Law and Justice (Prawo i Sprawiedliwosc, PiS); the Parliamentary Club of the Civic Coalition (Koalicja Obywatelska), including the following parties: Platforma Obywatelska, Nowoczesna, Inicjatywa Polska, Zieloni); the Coalition Parliamentary Club of the Left (Lewica), including the following parties: Razem, Sojusz Lewicy Demokratycznej, Wiosna Roberta Biedronia; the Parliamentary Club of the Polish Coalition (Koalicja Polska) - Polish Peasants' Party (Polskie Stronnictwo Ludowe, PSL) - Kukiz'15; the Deputies Circle Confederation (Konfederacja); one Deputy is non- attached.

The executive power is vested in the Council of Ministers and the President. The internal and foreign policy of the state is carried out by the Government, i.e. the Council of Ministers, which is led by the President of the Council of Minister (the Prime Minister). The Council of Ministers coordinates and controls the activities of the government administration. The President of the Council of Ministers supervises the local self-government and is the superior for employees of the government administration. The President of the Republic of Poland appoints the Prime Minister and Ministers at the request of the latter.

Elected in a general election for a term of office of 5 years, the President of the Republic of Poland is the superior representative of the Republic of Poland, supervises compliance with the Constitution and is the supreme Commander of the Polish Armed Forces.

The judicial power is vested in independent courts and tribunals, headed by the Supreme Court and the independent Tribunal of State and the Constitutional Tribunal. The Supreme Court supervises the activities of common and military courts and is the supreme instance of appeal against rulings which are issued by courts of lower instances. The Supreme Administrative Court and other administrative courts supervise the activities of the public administration. The Constitutional Tribunal adjudicates on whether statutes and international agreements, objectives and activities of political parties comply with the Constitution, and decides on competence-related disputes between central constitutional bodies of the state. The Tribunal of State decides on the constitutional responsibility of top-ranking state officials, including the President of the Republic of Poland, the President of the Council of Ministers and the Members of the Council of Ministers.

Guarantees for civic rights are enshrined in the law, with the Constitution being the most important act. The Constitution also provides citizens of national and ethnic minorities with the freedom to maintain and develop their own language, pursue their customs and traditions, as well as to develop their own culture.

Since 1999, the three-tier territorial structure has been in force in Poland which consists of communes (2478), districts (314), cities with a district status (66) and provinces (16). Communes and districts are cells of local self-government, with the commune being the smallest administrative unit in Poland. Provinces are units of both the government and self- government. On the province level, the Government is represented by the Head of Province (Wojewoda). The Marshal is the superior representative of the self-government at the province level. Councils, which exercise power and supervision, are bodies of the local self-government. Their main tasks include passing local legislation, approving the budget and levying local taxes and charges. Elections to commune and district councils and province sejms are universal, equal, direct, and are conducted by secret ballot.

Public employment services in Poland consist of employment authorities (the Minister competent for labour, Heads of Provinces, Marshals of Provinces and Heads of Districts (Starosta Powiatu)) and district employment offices (340 offices), province employment offices (16 offices and their branch offices) as well as the office supporting the Minister competent for labour, and province authority offices. The general labour market policy is agreed on the national level, but both district and province employment offices can supplement it to satisfy local needs of the labour market.

Source: eures, praca.gov.pl

Population and Labour Force

The current population of Poland in 2021 is 37,797,005, a 0.13% decline from 2020.

The population of Poland in 2020 was 37,846,611, a 0.11% decline from 2019.

The population of Poland in 2019 was 37,887,768, a 0.09% decline from 2018.

The population of Poland in 2018 was 37,921,592, a 0.08% decline from 2017.

According to the 2011 census by the Polish Central Statistical Office (GUS), at the end of 2011, Poland had a population of 38,538,447, which translates into an average population density of 123 people/km2 (urban 1105 per 1 km2, rural 50 per 1 km2). 61.5% of the Polish population lives in urban areas, a number which is slowly diminishing. Poland is the 37th most populous country in the world (8th in Europe, with 5.4% of the European population). The total population of Poland is almost stagnant (population growth was 0.08%). In 2018, the average life expectancy was 77.9 years; 74.1 for men and 82 for women. Population distribution is uneven. Ethnically, Poland is a very homogeneous country, with 96.7% of population being Polish.

Like many nations with falling birth rates and considerable emigration, Poland is ageing. In 1950, the median age was 25.8: half of the Polish population was younger, half older. Today it is 38.2. If current trends continue, it may be 51 by 2050. As the population is ageing, it also started to decline in the 1990s mainly due to low birth rates and continued emigration overseas, which impacted the local economy; however, this has started to change, with the Polish government encouraging citizens to return to Poland with increased wage incentives. The number of children born in Polish families is one of the lowest in Central Europe, but has started to increase in recent years.

Demographic situation in 2020 was influenced by the SARS-CoV-2 pandemic. The low birth rate, high number of deaths, significantly lower than in previous years number of marriages and the inhibition of immigration to Poland deepened the unfavourable population situation in

Poland that has been observed for several years. In the nearest future, no any considerable changes should be expected to guarantee a stable demographic development.

The ongoing process of population ageing in Poland resulting from a positive phenomenon of an increasing life expectancy is intensified by the low fertility rate. Currently, the old age index is 121, i.e. for 100 "grandchildren" (aged 0-14), there are 121 "grandparents" (aged 65 and over), and the difference in the size of these populations is 1.2 million to the disadvantage of children (in cities it reaches 1.3 million, and in rural areas there are still more children - 99 thousand).

The old age index increases year by year (in 2019 it was 118), it in the future, this will cause a decrease in the supply of labour force on the labour market and difficulties in the social security system due to an increase in the number and percentage of elderly people.

The process of ageing of the Polish population varies by region - currently, the youngest age structure is represented in Pomorskie voivodship. Measures in the scope of population ageing are the most favorable there, e.g. in 2020 median age of the inhabitants it amounted to 40 years, the old age index (share of people aged 65 and more) – 17.4%, and the percentage of children (0-14 years) is 16.9% (for reminder, theparameters for Poland are – more than 41 years, 18.6%, and 15.4%). A very similar age structure is alsocharacteristic for Malopolskie and Wielkopolskie voivodships.

In turn, voivodships characterized by the least favorable parameters of the population age structure are Opolskie, Swietokrzyskie and Lódzkie, where - in 2020 - the median age was 43 years, the old age index - 19-20%, and the percentage of children is about 13-15% - very similar situation is also observed in Zachodniopomorskie and Dolnoslaskie voivodships.

Analysis of the changes the size of old age measures for particular voivodships shows that during the last 25 years, the fastest population ageing rate has been observed in Opolskie, Zachodniopomorskie and Slaskie voivodships. The process of worsening of the parameters was also one of the fastest in Warminsko-mazurskie voivodship - although it is still one of the youngest voivodships. In turn, the demographic parameters for the following voivodships have changed the least since 1990: Mazowieckie, Wielkopolskie, Lubelskie and even Lódzkie - whose inhabitants are currently considered as the oldest in Poland.

The aging process of the population perceived in the individual and social dimension puts difficult challenges with a multifaceted dimension, and thus not only in the economic, but also in the health and social spheres. Poland, for which the population development projections are currently unfavorable, will have to face all the problems resulting from unfavorable demographic trends. This also concerns to regions and smaller territorial units - especially those with the oldest age structure of inhabitants, in which the aging process will also deepen the most.

POPULATION BY SEX AND AGE IN 2020									
As of December 31									
				Urban areas			*Rural areas*		
Age	*Total*	*Males*	*Females*	*total*	*males*	*females*	*total*	*males*	*females*
POLAND	**3,8E+07**	**1,9E+07**	**2E+07**	**2,3E+07**	**1,1E+07**	**1,2E+07**	**1,5E+07**	**7655228**	**7704690**
0-4 years	1902236	976934	925302	1116045	573255	542790	786191	403679	382512
5-9	1910470	981987	928483	1089979	560242	529737	820491	421745	398746
10-14	2065628	1059013	1006615	1150244	589315	560929	915384	469698	445686
15-19	1794310	919954	874356	988846	505041	483805	805464	414913	390551
20-24	1969685	1007095	962590	1038614	528493	510121	931071	478602	452469
25-29	2402721	1222297	1180424	1297395	653330	644065	1105326	568967	536359
30-34	2820162	1431230	1388932	1686021	842337	843684	1134141	588893	545248
35-39	3225731	1631420	1594311	1996664	998182	998482	1229067	633238	595829
40-44	3075130	1551252	1523878	1886744	940626	946118	1188386	610626	577760
45-49	2693241	1351172	1342069	1596442	789859	806583	1096799	561313	535486
50-54	2282038	1132707	1149331	1319935	639610	680325	962103	493097	469006
55-59	2323428	1131721	1191707	1365864	640263	725601	957564	491458	466106
60-64	2680248	1260299	1419949	1675192	752083	923109	1005056	508216	496840
65-69	2505595	1122813	1382782	1650204	708389	941815	855391	414424	440967
70-74	1916928	809884	1107044	1288154	529622	758532	628774	280262	348512
75-79	1013492	390267	623225	672144	256219	415925	341348	134048	207300
80-84	865717	292861	572856	562161	189327	372834	303556	103534	200022
85-89	538356	160024	378332	345773	104831	240942	192583	55193	137390
90-94	222498	56709	165789	140678	37482	103196	81820	19227	62593
95-99	50517	11031	39486	33137	7427	25710	17380	3604	13776
100 and more	6882	1571	5311	4859	1080	3779	2023	491	1532
Pre-working age	6953639	3569348	3384291	3954774	2028448	1926326	2998865	1540900	1457965
Working age	2,3E+07	1,2E+07	1,1E+07	1,3E+07	6984188	6345914	9441338	5103545	4337793
18-64 - males	1,2E+07	1,2E+07	X	6984188	6984188	X	5103545	5103545	X
18-59 - females	1,1E+07	X	1,1E+07	6345914	X	6345914	4337793	X	4337793
Mobility age18-44 yearsmales and females	1,4E+07	7211834	7000600	8295778	4162373	4133405	5916656	3049461	2867195
Non-mobilityage	8559006	4875899	3683107	5034324	2821815	2212509	3524682	2054084	1470598
45-64 - males	4875899	4875899	X	2821815	2821815	X	2054084	2054084	X
45-59 - females	3683107	X	3683107	2212509	X	2212509	1470598	X	1470598
Post-workingage	8539934	2845160	5694774	5620219	1834377	3785842	2919715	1010783	1908932
65 and more - males	2845160	2845160	X	1834377	1834377	X	1010783	1010783	X
60 and more - females	5694774	X	5694774	3785842	X	3785842	1908932	X	1908932
Biological age groups	3,8E+07	1,9E+07	2E+07	2,3E+07	1,1E+07	1,2E+07	1,5E+07	7655228	7704690
0-14 years	5878334	3017934	2860400	3356268	1722812	1633456	2522066	1295122	1226944
15-64 years	2,5E+07	1,3E+07	1,3E+07	1,5E+07	7289824	7561893	1E+07	5349323	5065654
65 and more	7119985	2845160	4274825	4697110	1834377	2862733	2422875	1010783	1412092
Educational age groups	8532066	4374528	4157538	4731470	2421326	2310144	3800596	1953202	1847394
3-6 years	1543244	792541	750703	896988	460745	436243	646256	331796	314460
7-12 years	2438709	1251820	1186889	1373008	704986	668022	1065701	546834	518867
13-15 years	1154600	591913	562687	640339	327398	312941	514261	264515	249746

In 2020, data on the vital statistics and migration of population were as follows: – 355 thousand of live births were registered. After two years of growth (in 2016 and 2017), the number of births fell by almost 20 thousand. In relation to 2019, the birth rate also decreased by 0.5 promile points (prom. p.) to the level 9.3‰. There are relatively more children born in the rural areas. In 2020 the birth rate there was at 9.6‰, and in the urban areas 9.0‰ - this is the intensity lower by 0.6 prom. p. in urban areas and by 0.5 in rural areas than in 2019;

– about 477 thousand people have died. In relation to the 2019 number of deaths increased by almost68 thousand. The highest intensity was recorded in the fourth quarter of 2020– over 60% more deaths were registered than in the same period of the previous year. Week 45 of the year (from 2 to 8 November) turned out to be particularly critical, with over 16 thousand deaths. The weekly average in 2020 was over 9 thousand deaths while in 2019 - less than 8 thousand. Death rate also decreased – by 1.7 prom. p. and amounted to 12.4‰. The intensity of deaths is higher in urban areas, there was also decrease compared to the previous year - by 1.8 prom. p. to the level of 12.8‰, in the rural areas by 1.7 prom. p. up to 11.9‰;

– consequently - the natural increase (the difference between the number of live births and the number of deaths) was negative and amounted to -122 thousand (in 2019 -35 thousand). The rate was at the level of -3.2‰ compared to -0,9‰ in 2019. It means that in 2020, as a result of vital statistics, 32 people for every 10 thousand have disappeared from the country. In the urban areas the natural decrease has taken place (except in the years 2008-2011), which in 2020 amounted to -87.2 thousand, in rural areas the natural increase is negative for the second time – in the past year the number of deaths exceeded the number of births by 34.8 thousand.

Source: figures from Statistical Office of Poland

Natural Resources and Environment

Poland is a country relatively rich in minerals. The Polish resources of hard coal, lignite, natural gas and copper ore will enable their intensive exploitation for dozens of years to come. In this material we present basic information on the most important resources.

Coal

Hard coal deposits occur in Poland in three regions: the Upper Silesian Coal Basin (Gornoslaskie Zaglebie Weglowe - GZW), the Lublin Coal Basin (Lubelskie Zaglebie Weglowe

- LZW) and the Lower Silesian Coal Basin (Dolnoslaskie Zaglebie Weglowe - DZW).

At present coal mining operations are performed only in two of those regions: in GZW, which traditionally has always been the main source of Polish coal and where most of the mines are situated, and in LZW. The third region, DZW, has a historical significance only.

The surface area of the Upper Silesian Coal Basin (GZW) within Poland is estimated at about 5,800 km2. Mined deposits take up an area of about 1,100 km2 (i.e. about 19 % of the total area), reserve deposits that have been surveyed in detail occupy an area of 660 km2 (11 %), reserve deposits that have been pre-surveyed - 765 km2 (13 %), and exhausted and abandoned deposits - 635 km2 (11 %). About 27 % of the region are prospective deposits, where the resources were estimated to the depth of 1000 m. The remaining area comprises mainly regions wi

parts of the basin without economic reserves of coal. At present about 78.5 % of coal balance deposits in Poland occur in GZW.

The Lublin Coal Basin (LZW), and in particular its extent, has been relatively poorly investigated. The area of 9,100 km2 is assumed to be a prospective area for coal deposits and with overburden thickness ranging from 360 m to over 1,000 m. The one deposit being exploited occupies an area of 57 km2, which constitutes 0.5 % of the total basin area. Deposits surveyed in detail take up an area of 340 km2, deposits where only preliminary surveys have been made occupy an area of 610 km2. In large part of the area the overburden is over 1000 m thick. Balance hard coal resources of LZW constitute about 21.5 % of total Polish balance resources.

Proven balance resources of hard coal, as estimated for 31.12.2003, amount to 43,122 million tons. Steam coal constitutes about 2/3 of the resources, the rest being coking coal. The resources of mined deposits make up about 37 % of balance resources and amount to 15,971 million tons. Commercial reserves of hard coal are estimated at 7,102 million tons, of which 75 % may be economically mineable.

Lignite

The largest lignite deposits in Poland are in Belchatów (central Poland). Almost 60 % of domestic lignite output comes from those deposits. The rest of Poland's demand is met by production from the Turów deposit near Bogatynia and from deposits in the Konin region: Patnów, Lubstów and Adamów. Opening out work is being done in the Szczerców field of the Belchatów deposit. Total lignite output in 2003 amounted to 60,923 thousand tons.

Balance resources of lignite in Poland amount to 13,685 million tons, of that 0.8 million tons bituminous lignite, 3,013 million tons briquette lignite and 1,875 million tons tar lignite. All of the resources, however, are utilised and treated as lignite for power generation. Lignite is used by "Adamów", "Belchatów", "Konin", "Patnów" and "Turów" power plants. Commercial reserves of lignite in Poland are estimated at 1,635.12 million tons and nearly all of them may be utilised.

Natural gas and crude oil

Deposits of natural gas in Poland occur mainly in the Polish Lowland: in the Wielkopolska region and the North Pomerania and in the Carpathian Foreland. Small resources of natural gas are also found in the Carpathians and in the Polish economic zone of the Baltic Sea.

These data do not include natural gas deposits where the content of nitrogen exceeds 90%. The resources of the exploited deposits amounted in 2003 to 130,460 million cubic metres, which makes up about 85.5 % of all recoverable resources. Of the 245 natural gas deposits 184 are being exploited. The resource figures given here include gas reserves of deposits that were excluded from production and used for gas storage. The gas left in the deposit is treated as a gas cushion (buffer capacity) and it will not be recovered as long as the gas store is in use.

In 2003 natural gas production from deposits of proven and probable reserves amounted to 4,916 million cubic metres and was the same as in the previous year. The contributions of the individual regions were as follows: Lowland: 67.1 %, Carpathian Foreland: 31.7 %, Carpathians: 0.7 %, Baltic: less than 0.5 %.

Prospective resources of natural gas were estimated a few years ago at 650 billion cubic metres. There are indications that new deposits could be discovered and that a larger portion of the national demand could be covered from domestic sources. Commercial reserves of natural gas are estimated at 80,463 million tons cubic metres

There are 86 crude oil deposits in Poland, of that 35 are in the Carpathians, 11 in the Carpathian Foreland (Carpathian Depression), 39 in the Polish Lowland and 1 in the Polish economic zone of the Baltic Sea.

In 2003 the recoverable reserves of crude oil in the Lowland constituted 74.9 % of the total domestic reserves, Baltic reserves - 20.6 %, Carpathian reserves - 2.3 %, Carpathian Foreland reserves - 2.2 %. The exploited resources contain 96.6 % of the total domestic resources. In 2003 crude oil and oil condensate production from on-shore and off-shore deposits of proven

and probable capacity amounted to 753.26 thousand tons. In relation to the previous year production from on-shore deposits increased by more than 40 thousand tons. Balance resources of crude oil amount to 15,182 million tons, whereas recoverable reserves amount to 12,650 million tons. Domestic crude oil production covers only a minute part of the national demand.

Copper and silver ores

The deposit area of copper ore in Poland runs from the town of Lubin in the south east to the town of Bytom Odrzanski (area 60 kms long and 20 kms wide). In fact it is a one deposit with three mines in operation: "Lubin", "Polkowice-Sieroszowice" and "Rudna".

Total copper ore output in 2003 amounted to 25,670 thousand tons, which contained 612 thousand tons of copper and 1561 tons of silver.

Apart from metallic copper the other elements recovered from copper ore include Ag, Au, Ni, Pb, Pt-Pd, Se, Zn. Of these the recovery of silver is of the highest economic significance.

Technically and economically feasible resources of copper and silver ore are estimated at 2,340.65 million tons, whereas those that are deemed not feasible amount to 631.48 million tons. Commercial reserves of copper ore (containing both copper and silver) are estimated at 793.03 million tons.

Other minerals

- fuel minerals, such as high-nitrogen content natural gas, helium, coal bed methane,
- chemical raw materials, such as diatomic rocks, sulphur and rock salt,
- metal ores - zinc and lead ores,
- clayey, solid and clastic rock minerals and peat;
- aggregates.

Source: Higher Mining Office

General Economic Situation

According to the World Bank, growth in Poland is expected to reach 3.5 percent in 2021. The projected recession in 2020 is less pronounced than the 4.2 percent contraction anticipated in June, while the recovery in 2021 is expected to be faster than the previously-forecasted 2.8 percent.

The well-diversified Polish economy is among Europe's least affected by the COVID-19 pandemic. Nevertheless, GDP declined by 2.7 percent in 2020, the first output contraction in over 20 years. Before the pandemic, prudent macroeconomic policies, effective absorption of European Union (EU) investment funds, a sound financial sector, and better access to long- term credit fed into inclusive growth and poverty reduction. Real wage growth and a range of demographically targeted social programs led to robust consumption growth until early 2020. With an improving business environment, Poland integrated well into regional value chains.

A key challenge over the short term is to continue supporting the sectors most affected by the pandemic while ensuring public debt sustainability. The unprecedented policy response to the COVID crisis has narrowed the available fiscal space. Increased spending efficiency is needed to rebuild fiscal buffers for future countercyclical policies and to prepare for the growing fiscal burden arising from the increase in the number of elderly people.

Over the medium term, a key challenge to sustained growth is a tightening labor supply that has been made more acute by the aging population. Achieving decarbonization commitments is another challenge. Strengthening institutions at both the national and subnational levels is a necessary ingredient to sustained and inclusive growth and the narrowing of regional disparities.

Source: The World Bank in Poland

Consumer prices according to the flash estimate in May 2021, compared with the corresponding month of the previous year, increased by 4,8% (price index 104,8), and as related to the previous month increased by 0,3% (price index 100,3)

Table 1. Flash estimate of the consumer price index in May 2021

SPECIFICATION	05 2021	
	05 2020=100	04 2021=100
TOTAL	104,8	100,3
Food and non-alcoholic beverages	101,7	100,6
Electricity, gas and other fuels	104,4	100,3
Fuels for personal transport	133,0	99,1

"study based on figures from Statistics Poland".

Economic Overview

Poland has emerged as a dynamic market over the past 25 years and has become a major actor within Europe, being the tenth-largest economy in the EU. The country performed well during the 2014-19 period, with the real GDP growth rate generally exceeding 3%, driven by private consumption. In the second quarter of 2020, however, the spread of COVID-19 and the restrictions that followed caused a real GDP contraction of 8.9% quarter-on-quarter. Nevertheless, the country's reacted well in Q3, with increases in industrial production, exports and household consumption, thus resulting in an overall GDP loss of 2.7% for the year 2020, a smaller decline compared to the EU average. As foreign demand should increase, the Polish economy is expected to turn to growth this year (+3.5%) and in 2022 (+4.5% - IMF's April 2021 forecast), though much will depend on the global economic and sanitary recovery.

An expansionary fiscal policy – which included the decision to lower the retirement age and increase transfers to pensioners and households with children - has been deepening the public deficit in recent years, a trend that was accelerated by the COVID-19-induced crisis: in 2020, the budget deficit was estimated at -7.2% of GDP by the IMF, as tax revenues decreased and expenses surged due the measures to counterbalance the crisis (which accounted to approximately 5.25% of GDP according to the European Commission). As the situation stabilizes, the budget deficit is expected to gradually decrease to -4% and -2.8% in 2021 and 2022, respectively (IMF). Though still relatively low, the debt-to-GDP ratio also saw an increase in 2020, reaching 57.7% (from 45.7% one year earlier), and should remain around this level in 2021-22. The decrease in energy prices was more than offset by the rise the cost of services and of food products, thus prompting an increase of inflation rate to 3.4% (from 2.3% one year earlier). As governmental measures ease, contributing to a deterioration in the labour market, and food prices moderate, inflation is expected to decelerate in 2021 (3.2%) and 2022 (2.5%

- IMF). Overall, the Polish economy has several advantages: it uses resources from the European Structural Funds efficiently and has a resilient banking system and a strong domestic demand, coupled with its strategic position between Eastern and Western Europe (and Russia). To date, Poland faces several systemic challenges, which include a rigid labour code, the deficient road and rail infrastructure, a weak commercial court system and a burdensome tax framework.

The unemployment rate has been structurally low (just above 3%), though more than one in four employees have temporary contracts, twice the EU average. However, the situation is expected to worsen due to the long-term effects of the COVID-19 crisis: while governmental support measures helped to contain unemployment (3.2% in 2020), the IMF forecasts the rate

to increase to 4.9% this year and 4.5% in 2022. According to the latest data by Eurostat, the GDP per capita (PPP) of Polish citizens is still 27% lower than that of the EU-27. Finally, there are still large disparities between the east and the west of the country.

Main Indicators	2018	2019	2020 (e)	2021 (e)	2022 (e)
GDP (billions USD)	587.15	595.77	594.18	642.12	697.43
GDP (Constant Prices, Annual % Change)	5.3	4.5	-2.7	3.5	4.5
GDP per Capita (USD)	15	15	15	16	18
General Government Balance (in % of GDP)	-1.3	-1.4	-7.2	-4.0	-2.8
General Government Gross Debt (in % of GDP)	48.8	45.7	57.7	57.4	56.1
Inflation Rate (%)	1.6	2.3	3.4	3.2	2.5
Unemployment Rate (% of the Labour Force)	3.8	3.3	3.2	4.9	4.5
Current Account (billions USD)	-5.84	2.93	20.75	12.95	8.92
Current Account (in % of GDP)	-1.0	0.5	3.5	2.0	1.3

Source: IMF – World Economic Outlook Database, April 2021Note 1: (e) Estimated Data

Main Sectors of Industry

In Poland, agriculture employs 9% of the active population and contributes about 2.3% of GDP (World Bank, latest data available). More than 60% of Poland's total land area is taken up by farming, and the country is generally self-sufficient in terms of its food supply. The main crops are rye, potatoes, beetroot, wheat and dairy products. Poland also breeds pigs and sheep in livestock farming. The country is relatively rich in natural resources and the main minerals produced are coal, sulphur, copper, lead and zinc. According to the Polish Agricultural Market Agency (ARR), there are roughly 1.5 million small family farms of less than 9 ha in the country. A study by BNP Paribas shows that The first COVID-19 wave influenced the exports of Polish food and agricultural products with varying degrees: meat and vegetables were the subsectors affected most severely, whereas dairy products saw an increase. Demand from retail chains and traders partly offset the collapse of the demand from the HoReCa channel, though with lower prices offered.

The industry sector contributes 28.6% of GDP and employs 32% of the workforce. The World Bank estimates that the manufacturing industry's value-added amounted to 17% of the Polish GDP in 2019 (latest data available). The country's main industrial sectors are machine manufacturing, telecommunications, environment, transport, construction, industrial food-processing and IT. Some of the traditional sectors have been in decline, as the steel and shipbuilding industries. The Polish automobile industry is mainly export-oriented and had been highly resistant to the effects of the 2008 economic crisis; however, it has been the worst-hit domestic sector in the coronavirus pandemic, with passenger car production down 99% on an annual basis after the first wave of the pandemic, according to the Central Statistical Office. Overall industrial production saw a slight recovery in Autumn 2020 (+3% in September, +1.6% in October and +5.4% in November), though still below 2019 level and with the risk of being hampered by the second epidemic wave.

The tertiary sector represents 57.6% of GDP, employing about 59% of the active population. The sector has been booming in recent years, especially for financial services, logistics, IT and tourism. This one in particular has seen impressive growth, with the number of tourists visiting the country reaching the record figure of 21.4 million visitors in 2019. Nevertheless, the impact of the COVID-19 epidemic was heavy: according to data from the Central Statistical Office, in the first half of 2020 7.3 million tourists were received in tourist accommodation establishments

for a total of 19.4 million overnight stays; compared to the same period one year earlier, this was lower by 54.3% and 51.5%, respectively. In general, the tertiary sector was the most affected by the pandemic, due to social distancing restrictions which buffeted most services.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	8.9	32.0	59.1
Value Added (in % of GDP)	2.2	28.8	56.9
Value Added (Annual % Change)	-0.4	3.9	4.3

Source: World Bank, 2017, Latest available data.

Source: Santander Trade Portal

New Industrial Policy of Poland

Poland faces long-term social, environmental and economic challenges. It will not be possible to meet them without a properly designed, ambitious, strategically oriented, flexible and tailor- made industrial policy. Such policy should ensure resistance to economic shocks and support the companies in their efforts to gain competitive position.

Industrial Policy of Poland – what is it?

The new Industrial Policy will be a program for industrial sectors that will complement, by its sectoral approach, the existing Productivity Strategy. Within the framework of the new industrial policy, we will define precisely the problems and barriers of individual industries to propose concrete solutions using legislative and institutional instruments.

The new Industrial Policy will be based on the following development axes:

- Digitization – improving industrial activity from the product design to changing business models using digital technology;

- Security – restoring the production capacity of key products necessary to ensure the security of citizens, such as, for example, pharmaceuticals or medical devices;

- Location of industrial production – ensuring economic autonomy, shortening supply chains, as well as diversifying sources of raw materials and intermediate products;

- Green Deal – accelerating the transition toward a circular economy;

- Modern society - matching the skills of workers to the needs of the future labor market

- Instruments used to implement the Industrial Policy:

- Deregulation - closing the existing legal barriers to industrial development;

- Industry contract - agreements between the government and representative delegates of individual sectors where both parties commit themselves to specific actions, e.g. the government to improve regulation, infrastructure investment, research funding and the industry to invest, reduce emissions, train workers or transfer knowledge;

- Research Agendas / Sectoral Programs - establishing research and development programs to support industries that will be preceded by a structured dialogue with enterprises;

- Supporting the competencies needed by particular industries – developing the skills of employees to maintain existing activity and secure future operations;

- Purchasing policy - appropriate rules for public procurement to stimulate industrial development in new technologies, co-operation, innovative products and their standards;

- Support for export and foreign expansion – promotion of Polish economy on foreign markets, active inclusion of economic diplomacy in the support of expansion of Polish companies abroad, support of domestic investments outside Poland;

- Contracts with international organizations – supporting industries in acquiring new markets by helping them to apply for public contracts outside Poland;

Industrial Policy of Poland – for whom?

For industries that know what changes they need and how they want their business to be supported.

So far, the horizontal development policies have been implemented to improve the business environment for all enterprises. Nowadays, it seems that such measures must be complemented by a tailor-made Industrial Policy. Industries with high production complexity and high added value generated at the national links of the production chain, as well as representing significant export potential, will be particularly important for the Industrial Policy.

Industrial Policy of Poland – what are its benefits?

The further dynamic development of the country and the improvement of the quality of life of society needs a cross-cutting industrial policy, that would support industries which are traditionally strong but suffer from the crisis; it should also create a solid basis for industries with high development potential and for industries facing – as a result of the pandemic - new development prospects, so to provide potential for further growth. Such a well-targeted support within the Industrial Policy should give rise to development momentum in individual sectors, and institutional environment, while permanent deregulation should help to build the competitive advantages of the Polish industry.

How do we collect proposals and who do we work with?

One of the forms of acquiring knowledge directly from the particular industries, regarding the challenges to be addressed, is the White Paper on Industrial Development. We invited business, industry and non-governmental organizations to participate in the consultation, so to identify barriers and suggested solutions to improve the situation of the industry, within an open dialogue and on-line consultation. We thus want to activate industries, structure discussions on specific barriers and draw on the experience of active economic actors. The analysis of proposals submitted by entrepreneurs is carried out by an expert group on industrial policy, established the Ministry of Economic Development, Labor and Technology and supported by its experts.

Source: Ministry of Economic Development, Labor and Technology

Economic Structure

Poland has a mixed economic system which includes a variety of private freedom, combined with centralized economic planning and government regulation. Poland is a member of the European Union (EU).

The economy of Poland is an industrialized, mixed economy with a developed market that serves as the sixth largest in the EU and the largest among the former Easter Bloc members of the EU.] Since 1988, Poland has pursued a policy of economic liberalization and today stands as the greatest success story of all the post-communist states of Europe - its economy was the only one in the EU to avoid a recession through the 2007-08 economic downturn. And as of 2019 the Polish economy has been growing steadily for the past 28 years, a record high in the EU and only surpassed by Australia in the world economy. GDP per capita at purchasing power parity has grown on average by 6% p.a. over the last 20 years, the most impressive performance in Central Europe resulting in the country increasing its GDP seven-fold since 1990.

Poland is classified as a high-income economy by the World Bank and ranks 22nd worldwide in terms of GDP (nominal) as well as 40th in the 2020 Ease in Doing Business Index. Poland has a highly diverse economy that ranks 21st in the 2017 Economic Complexity Index. The largest component of its economy is the service sector (62.3.%), followed by industry (34.2%) and agriculture (3.5%). With the economic reform of 1989 the Polish external debt increased from $42.2 billion in 1989 to $365.2 billion in 2014. Poland shipped US$224.6 billion worth of goods around the globe in 2017, while exports increased to US$221.4 billion.

The country's top export goods include machinery, electronic equipment, vehicles, furniture, and plastics. According to the Statistics Poland, in 2010 the Polish economic growth rate was 3.7%, which was one of the best results in Europe. In 2014 its economy grew by 3.3% and in 2015 by 3.8%. Although in 2016 economic growth slowed, government stimulus measures combined with a tighter labour market in late 2016 kick-started new growth, which in 2017 the Polish Central Statistics Office states to be 5.2%. On 29 September 2017, the index provider FTSE Russell changed Poland's market status from an emerging market to a developed market.

According to Eurostat Poland in 2020 had higher minimum wage than in United States, measured by Purchasing Power Standard.

Source: Wikipedia

Industries

The Polish economy is the eighth largest in the EU and the biggest among the former Soviet states. Its nominal GDP is $571.320 million in 2017, the 23rd largest in the world, making a nominal GDP per capita of $15,050.

Poland has recorded constant economic growth in the past 26 years since its economy was liberalized in 1990. Even during the recession of 2008-09, the company was able to continue its development. The EU as a whole recorded an economic growth rate of negative (-) 4.5% during the 2009 recession. In contrast, Poland's economy grew by 1.6% in the same period. The largest industries in Poland are the agriculture, manufacturing, energy, and tourism industries, of which more below.

Agriculture

Agriculture is one of Poland's biggest industries, accounting for 3.8% of the country's GDP and responsible for 12.7% of the country's labour force. The industry is mostly private, as private farms make up 90% of the total farmlands. Majority of these private farmers (57%) own less than 5 hectares of farmland, and only 7% of private farms exceed 15 hectares in size in 1987. In contrast, most of the state-owned farmland was over 1,000 hectares in size.

However, most of the gross agricultural produce in Poland is attributed to private farms. 60% of the country's land area (18.727 million hectares) is used for agricultural purposes, where 14.413 million hectares is in crop cultivation and 4.048 million hectares is used for pasture and meadows.

Grains are the most important crops in the country, especially wheat, oats, barley, and rye.Poland has the world's second-largest potato production and is the sixth-largest producer of milk and pigs in the world. Poland's large population acts as an essential market for the country's agricultural produce. Of the sugar produced in Poland, 83% is consumed domestically, as well as 90% of the poultry, 74% of the bacon, and 84% of the tinned meat.

Energy

Another major industry in Poland is the energy sector. The country is the world's 9th largest producer of hard coal. It produces about 57 megatons of brown coal and 78 megatons of hard coal per year. Most of the locally sourced coal in Poland is consumed domestically, as the country is Europe's second-largest consumer of coal, with its coal consumption only surpassed in Europe by neighbouring Germany.

Poland's coal is used to generate electricity, with 143 TWh being sourced from coal-based power stations. The Lodz Region in Poland is home to the Belchatów Power Station, Europe's biggest brown coal power station, which is responsible for the generation of 20% of the energy consumed in Poland.

Renewable energy is also an essential aspect of the energy industry, with renewable energy sources such as solar power, wind power, and hydroelectric power all significant recording growth in recent years.

Manufacturing

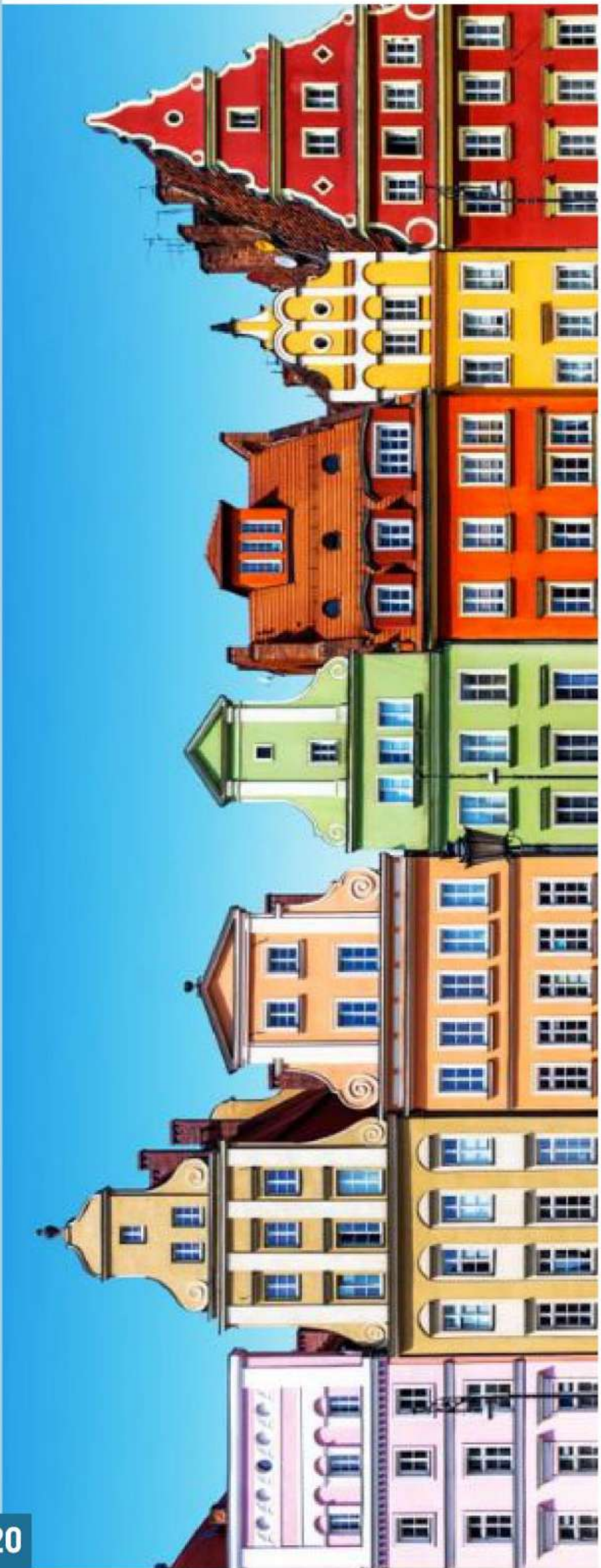
Manufacturing is also a significant industry in Poland. Automotive production accounts for 11% of its total industrial output and about 4% of the country's GDP. The country is the world's 23rd largest vehicle manufacturer and is eastern and central Europe's largest producer of light vehicles. The automotive sector in Poland has seen rapid growth since the collapse of the Soviet Union but experienced its most significant growth after the country became part of the European Union in 2004. Annual exports from the automotive sector are valued at over €15.7 billion, translating to about 16% of the country's total exports.

Poland's manufacturing industry also features shipbuilding, the production of petrochemicals and fertilizers, and the manufacture of electronics and electrical machinery.

Tourism

Tourism is another important industry in Poland. The country has always been a tourist magnet since the collapse of the Eastern Bloc in the late 1980s but experienced a surge in tourist numbers after being an EU member in 2004. Poland was regarded as the world's 16th most popular tourist destination in 2016 after an estimated 17.5 million tourists visited the country. The country is known for its natural scenery and historic sites. Tourist attractions in the country include the Tatra Mountains and the Baltic Sea. Cities such as Warsaw, Gdansk, Torun, and Krakow have numerous sites of great historical significance. The many cultural events held in the country also attract thousands of tourists.

Source: Industry Europe



Economic Policy

(Trade agreements, taxes, customs duties, product standards)

Trade Agreements

The European Commission, on behalf of the EU, is currently negotiating or negotiated (but not yet in force), a number of trade agreements with third countries or groupings of such countries, and investment agreements.

The Ministry of Development identifies Polish interests in specific negotiations, coordinates the development of the Polish position, and presents and defends this position in the EU forum. It is also responsible for coordinating the implementation of concluded trade agreements in Poland.

Standards

The Polish Committee for Standardization (PKN) is the only Polish body that creates standards at the national level when no EU-wide standards have been set and which also represents the Polish member state vote within the European standards setting organizations of CEN, CELENEC, and ETSI when an EU-wide harmonized standard is being developed. Since Poland joined the European Union, Polish standards have been revised to be consistent with EU Standards. PKN sells standards documents electronically on its web-site Digital System for the Sale of Products and Services.

Product Certification

In Poland, the Polish Center for Testing and Certification (PCBC)is the leading organization for product testing and certification. With over 50 years of experience, this organization also certifies management systems and conducts personnel trainings. PCBC is a member of many international and European organizations acting in the field of quality management, conformity assessment of products and systems and training and certification of personnel. PCBC is the EU Notified Body. The PCBC runs activities in the scope of:

- organization of certification system for: B, Q, Eko, Ecolabel mark,
- certification of management systems (PCBC and IQNet certificates),
- product certification,
- conformity assessment of products and management systems per notifications
- certification of personnel
- organization of training and improvement of personnel development in the field of quality (testing, certification, and accreditation)
- testing of products,
- certification of ecological farms

Source: Poland Country Commercial Guide

Trade Barriers

All business entities operating in Poland (including foreign companies) have equal access to international trade. However, this access is subject to trade policy measures introduced by the EU, which Poland is obliged to observe.

There are certain licensing requirements, not related to commercial policy, for trading in dual- use (i.e., both civil and military use) goods and technologies, in certain chemicals, particularly narcotic drugs and psychotropics, or in cultural goods. Separate arrangements are applied to trade in certain agricultural products under the European Union's Common Agricultural Policy (CAP), including export/import licensing, quantitative restrictions, export refunds or preferential tariff arrangements. The Minister of Development issues licenses and permits for trading in goods when required. The National Support Center for Agriculture issues licenses and permits in the case of agricultural products.

A range of products is prohibited for reasons relating to the protection of the natural environment, national security, public order, human, plant and animal health.

Customs authorities may detain goods when they suspect infringement of intellectual property, based on supporting documents submitted by the rights holder to the Central Customs Board.

In December 2018, the Polish Parliament postponed provisions under the 2006 Feed Act (OJ 2006 No. 144, item 1045) banning the use of genetically-engineered (GE) feed and feed ingredients until January 1, 2021. Enforcement of these provisions under the 2006 Feed Act has been postponed three times due to strong opposition from Poland's livestock industry. Polish poultry and swine producers can continue to use various feed ingredients, including imported soybean meal, in livestock rations through 2020. Post is engaged with Poland's Ministry of Agriculture and Rural Development to seek another postponement of provisions under the 2006 Feed Act which ban biotech feed ingredients for 2021.

Customs Regulations

Includes customs regulations and contact information for this country's customs office.

Poland as one of the 27 member states of the European Union is a member of the Customs Union.

The EU Customs Union means there are common customs duties on imports from outside the EU, common rules of origin for products from outside the EU, and no customs duties at internal borders between the EU Member States.

Poland as a member of the European Union is also a member of the EU Customs Union. The basic rules of the EU Customs Union include: no customs duties at internal borders between the EU Member States; common customs duties on imports from outside the EU; common rules for origin of products from outside the EU; and common definition of a customs value. Poland has adopted the Common Customs Tariff (CCT) of the EU that applies to goods imported from outside Europe, while transactions carried out between Poland and the European Economic Area (EEA) countries are free of duty. In general, EU external import duties are relatively low, especially for industrial goods (4.2% on average). Applicable customs duty for a specific product imported from a selected country of origin, can be found on the TARIC website.

Taxes in Poland

Companies in Poland are subject to taxation based on residence. This means that a company or partnership is a tax resident in the country if it has its management in Poland (or its registered seat).

Resident business entities are taxed on their worldwide income while non-resident companies or partnerships only on their Polish-source income. Resident Polish companies that derive income from a foreign source are subject to the same corporate tax in most cases, unless a tax treaty includes different provisions for the given situation.

Branches and subsidiaries of foreign companies in Poland are taxed much in the same way, with the same corporate income tax applicable to branches (only on their Polish-derived income).

The main taxes in Poland that are taken into consideration before setting up a company here are the following:

- the corporate income tax: this has a standard value of 19% and a reduced rate of 9%; the same applies to branches;
- the value-added tax: with a standard rate of 23% and reduced rates of 8%, 5% and 0%;
- the withholding tax: 0% on dividends when paid by a Polish resident company to another resident company or 19% when paid to a resident individual;
- other taxes: the capital gains tax of 19% and social security contributions amounting to approximately 35% of the employee's salary (out of which the employer pays approximately 21% and the employee is responsible for 14%).

The general list of taxes on corporations also includes the real property tax, the transfer tax and stamp duty. There is no payroll tax or worth/netwealth tax in Poland. The excise tax is charged in case of a number of selected goods and shipping companies in Poland have the option to choose to pay the tonnage tax in case of certain types of income. Companies that are involved in the excavation of silver, copper or natural gas (among others) are subject to a specialtax.

Understanding the tax rules is an important step before startingthe company formationprocess in Poland and the country does offer a low corporate income tax rate, compared to those applicable in Western European countries. Local and foreign investors who are in need of tax counsel, as well as legal advice pre- and post-incorporation, can reach out to our lawyers if they have any questions.

The legal basis for paying taxes in Poland

The legal basis for the **tax liability in Poland** is effective from 17 October 1997 and it is established by the Polish Constitution in the Article 217 which provides that **imposition of taxes** and other public charges and determination of taxable entities subject to tax payment in Poland, tax rates, categories of taxpayers exempted from **paying taxes in Poland** and the rules for granting tax reliefs and remissions can occur only by the laws and regulations established by the state.

The Polish tax system consists of twelve tax titles, which are defined as public, unpaid, compulsory and non-returnable funds to the state treasury, state, county or municipality. The provisions of the Tax Code also apply to fees and other non-tax duties for the state budget and the budgets of local governments, which are authorized by the tax authorities and regulated by rulings on local taxes and fees.

The Polish tax system registered an accelerated development in the past 25 years. This decision taken by the Polish government was taken with the purpose to encourage foreign investments and increase the employment rate. Among the measures taken to reach this objective, Poland has reduced the income tax from 40% to 19% reaching an indicator among the 5 lowest in Central and Eastern Europe.

Corporate tax in Poland

Corporate tax in Poland. Before starting a business in Poland, you should know that the corporate tax in Poland is one of the lowest in Europe, being rated at 19%. Partnerships are not subject to corporate income tax in Poland.

Companies that must pay these taxes in Poland are the following: corporations in formation;

- tax capital groups;
- limited liability companies, joint-stock companies and other legal entities;
- organizational units without legal personality except for companies without legal personality;
- companies without legal personality with offices or management boards in another state.

Starting with January 1, 2021, limited companies as well as joint-stock companies that are wholly or partly owned by individuals are able to apply for a flat tax rate that will be available for four years. This taxation scheme is subject to additional requirements that can be detailed by our lawyers in Poland. We list the main types of regulations below:

- Operating revenue: the value for the previous tax year cannot exceed 100 million PLN, including VAT;
- Passive income: the condition is for this type of income to amount to less than half of the total revenue (examples of passive income include interest, royalties, guarantees, etc.);

- Direct investment expenditure: increase by 15% (no less than 20,000 PLN) in two consecutive years or 33% (no less than 50,000 PLN) in four consecutive years;

- Company conditions: maintain an average number of at least three employees and have monthly expenses of at least three times the average monthly salary in the business sector in which it activates.

Source: Polish Lawyers

VAT in Poland

The standard Polish VAT rate is 23% since 2011. As in many other countries, Poland also applies VAT exemptions for various services like postal and financial ones, and also reduced rates of 8% and 5% for certain food, books, newspapers and others. However, contributors have the possibility to apply for VAT refund by submitting an application to the Tax Authorities.

Dividend tax in Poland

The Polish dividend tax is 19%. This rate applies to the gross dividend amount. Dividends received by Polish companies from another Polish company or a company operating in the EU/EAA area and/or Switzerland are exempt from taxation if they fulfil certain conditions.

According to the Polish participation exemption, Polish companies are exempt from the withholding tax on dividends if the receiver of the dividends resides in another EU country and pays the relevant taxes on its worldwide income. Also, the company receiving dividends must hold at least 10 percent of the shares of the dividend payer company for at least two years, uninterrupted.

Poland has signed double taxation treaties with more than 80 countries in order to guarantee that companies are protected from double taxation. These treaties also influence the taxation of dividends. One of the benefits included in double taxation treaties is a reduced withholding rate for dividends, interests, royalties and capital gains.

Poland also has a Parent-Subsidiary Directive for companies. According to the provisions of this directive, dividends paid between related EU companies are benefit from a participation exemption. Our incorporation agents are at your disposal for more details about this directive or about the types of taxes in Poland.

Incentives for foreign investors in Poland

Entrepreneurs that decide to invest in Poland can choose the Special Economic Zones (SEZ). These are specific areas where the Polish government has implemented programs meant to attract foreign investors and increase the region economic development. Basically SEZ represent the result of successful connections between the needs of these regions and the wishes and needs of foreign investors. Therefore, a new company with foreign capital can benefit from income tax and local taxes exemptions, employee training, and financial grants for new investments and for the creation of new jobs. The respective company must receive a permission to begin trading in an SEZ from the management board of each zone and can also receive assistance related to the investment process.

Compulsory contributions to social insurance

Social insurance in Poland include pension, disability, sickness and maternity funds. Health insurance is mandatory in case of illness, accident, injury, poisoning, life threatening conditions. In order to benefit from this insurance, both employer and employee must pay contributions arising from the insurance contract, regulated by the National health Fund (NFZ). The amount of social security that must be paid is approximately 35% of the employee's wage (paid partly by the employer and the rest by the employee). The contributions made by the employee are withheld by the employer and remitted together with his part of the contribution. In addition to social security, the employee is also required to submit a 9% healthcare contribution (also collected by the employer).

Special rules for social security contributions purposes apply in case of self-employed individuals and our lawyers in Poland can provide you with more details.

When paying taxes in Poland, the real estate tax must be taken in account. The real estate tax in Poland is a local tax, levied by local governments and it is applied for owners of land, buildings or parts of buildings, buildings or parts associated with running a business.

Real estate tax payers are individuals or legal persons, organizational units, including companies without legal personality, which are owners of real estate or buildings, holders of the intrinsic property or buildings, users of perpetual land and other particular categories provided by the law.

Other taxes in Poland

The withholding tax on interests and royalties was established at 20% unless the company can take advantage from the benefits double tax treaties signed by Poland. For branches it is not required to pay a remittance tax. For sea and air transportation services companies must pay a fax in quantum of 10%.

Source: Lawyers Poland

Types of taxes

In Poland, there are fifteen types of taxes which are divided into direct taxes (paid by a tax payer to the tax authority) and indirect taxes (paid when purchasing goods).

Direct taxes include:

- personal income tax (PIT)
- corporate income tax (CIT),
- inheritance and donation tax,
- tax on civil law transactions,
- agricultural tax,
- forest tax,
- property tax,
- tax on means of transport,
- tonnage tax (levied on shipowners operating offshore commercial vessels in international shipping);
- tax on the extraction of certain minerals,
- tax on certain financial institutions,
- tax on incomes subject to taxation in accordance with the principles set out in the Act on activation of the shipbuilding industry and complementary industries (tax on the value of production output sold).

Indirect taxes include:

- value added tax (VAT – 23%, 8%, 5% and 0%),
- excise duty,
- gambling tax.

In the context of employment and conduct of economic activities in Poland, the most important taxes are the Personal Income Tax and the Corporate Income Tax.

Source: The European Jobs network

Custom duties

When products enter the EU, they need to be declared to Customs according to their classification in the Combined Nomenclature (CN). The CN document is updated and published every year, and the latest version can be found on the European Commission's website.

Upon its accession to the European Union on May 1, 2004, Poland became part of the EU customs union. This means that the same import duty rates are applicable in all member states. Tariff rates are contained in the European Union's Common External Tariff. Information on customs duty rates is available from the integrated Tariff of the European Community (TARIC) database.

The Polish Customs Service has an official Tariff Browser (a module of the Integrated Tariff System – ISZTAR), that provides information on tariffs of goods in international trade. The Tariff Browser contains data from the TARIC system

Polish VAT applies to the following activities:

- Supplies of goods and services within the territory of Poland.
- Exports of goods outside the territory of the European Union.
- Imports of goods from countries that do not belong to the European Union.
- Intra-Community acquisitions of goods (imports from countries belonging to the European Union).
- Intra-Community supplies of goods (exports to the countries belonging to the European Union).

VAT rates

The VAT rates are 23% (standard rate), 8%, 5%, 0%, and exemption.

The standard 23% VAT rate generally applies to the supply of all goods and services, except for those that are covered by special VAT provisions that provide other rates or treatments.

Supplies covered by a reduced rate of 8% include, among others, supplies of pharmaceutical products and passenger transport services and also supply of goods for the Social Housing Programme (no greater than 150 square metres).

Supplies covered by a reduced rate of 5% include books and journals, unprocessed food, and basic food.

Zero-rated activities include, among others, exports of goods to countries outside the European Union.

VAT-exempt supplies include, among others, certain financial, insurance, and educational services.

"White list" of VAT payers

The amendment of the Polish VAT Act introduced regulations on the electronic database of taxpayers registered for VAT purposes in Poland. As of 1 September 2019, the Head of the National Fiscal Administration maintains, in electronic form, the list containing data on:

- entities that were not registered for VAT purposes (or were de-registered), and
- entities registered as VAT payers (i.e. data on active and exempt VAT taxpayers), including entities whose registration as VAT payers has been restored.

According to the MoF, the so-called 'white list' will support verification of counterparties.

Taxpayers using the list will receive information on date and time when verification of the particular entity took place. It is possible to verify your counterparty on a current basis as well as retrospectively, up to five years preceding the year in which verification is made.

Split payment system in VAT settlements

As of 1 July 2018, split payments regulations have been introduced into the Polish VAT Law. Buyers now have a choice to pay the VAT amount into a dedicated bank account of the seller. Cash deposited in a VAT account is a taxable person's asset, although it can be used only to pay the VAT liability to a tax office's account or to pay the VAT shown on acquisition invoices to the supplier's VAT account. Cash in a VAT account may only be sourced from VAT payments made by acquirers or refunds of VAT from tax authorities.

A mandatory split payment mechanism for B2B supplies of selected goods and services entered into force on 1 November 2019. Obligatory split payment applies only to transactions between taxpayers, which are subject to VAT in Poland, documented by invoices in which the total amount of receivables exceeds PLN 15,000 (gross). Foreign entities settling transactions by bank transfers transactions, subject to VAT in Poland, will be required to open a bank account in Poland.

Funds from the VAT account can be used to regulate other tax liabilities (CIT, PIT, excise duty, customs duty) and social security (ZUS) contributions.

The split payment mechanism will be applied to 150 product and service groups determined in accordance with the Polish Classification of Products and Services (PKWiU) of 2008.

In general, the following groups of goods and services can be distinguished:

- Steel products, precious metals, non-ferrous metals.
- Waste, scrap, recyclable materials.
- Electronics, specifically processors, smartphones, phones, tablets, netbooks, laptops, game consoles, inks, toners, hard drives.
- Fuels for cars, fuel and lubricating oils.
- Greenhouse gas emission rights.
- Building and constructions services.
- Coal.
- Sale of car and motorcycle parts.

On July 1, 2020, an amendment introducing the exclusion of sanctions in the case of payment by the split payment mechanism entered into force. The new regulations also introduced a clarification regarding payments resulting from international transactions. Pursuant to the Act, payments resulting from intra-Community transactions of purchases of goods, imports and supplies of goods settled by the buyer will be excluded from the need to verify.

VAT refunds

The Polish VAT law allows direct refunds when input VAT (available for deduction) exceeds output VAT.

A Polish business may also be entitled to the VAT refund owed by another country under certain circumstances. Likewise, a foreign business having seat or fixed place of business for VAT purposes outside of Poland may be, in most cases, entitled to the refund of Polish VAT. If the respective countries belong to the European Union, the procedure is substantially simplified due to the EU Directive, which provides favourable rules for businesses based in EU countries that are seeking VAT refunds in other EU countries (i.e. electronic VAT refunds are possible).

International services

The treatment of international services largely depends on the place of supply since it is determinative of whether particular services are subject to the Polish VAT. The Polish VAT applies only to those services that are supplied within Poland.

Custom duties

As a member of the European Union, Poland belongs to a customs union, thus only goods imported from non-EU countries or exported from Poland to non-EU countries are subject to customs duties and formalities. Moreover, all the Community customs regulations are directly applicable in Poland. The most important act is the Community Customs Code and its implementing provisions, as well as the Community Customs Tariff.

These regulations are supplemented with certain Polish national rules, especially in respect to procedures and specific areas that are not defined in the Community customs law (e.g. strict regulations concerning the export of works of art and animals, limits on the amount of cash that may be brought from Poland to non-EU countries).

Excise duties

Excise duties are levied on the production, sale, import, and intra-Community acquisition of 'excise goods', which are listed in the excise duty law and include (among others) alcohol, cigarettes, energy products (e.g. petrol, oils, gas), passenger cars, and electricity.

Depending on the excise goods in question, one of four methods of calculating excise tax may be applicable:

- A percentage of the taxable base.
- An amount per unit.
- A percentage of the maximum retail price.
- An amount per unit and a percentage of the maximum retail price.

Polish excise duty law provides for a wide system of excise duty exemptions as well as 0% taxation. Under specified circumstances, such preferential treatment may apply to specified goods that are otherwise taxed based on general rules.

This concerns, for example, specific energy products used for other purposes than as a fuel or for heating.

There is also an excise duty placed on coal. Depending on the product the excise duty rates for energy products are for coal and coke intended for heating purposes. The rates are PLN 30.46 per 1,000 kg of coal, PLN 11,01 per 1,000 kg of lignite, and PLN 35.2 per 1,000 kg of coke. In practice, there are a wide range of excise duty exemptions (practically, Poland has used all the exemption options provided in the EU Directive); nevertheless, many new administrative obligations have been set for entities producing, distributing, and using coal.

The fulfilment of those obligations is necessary in order to apply an excise duty exemption.

Property taxes

Property tax rates are fixed by municipalities within limits set in the Law on Local Taxes and Fees. In 2019, land used for business purposes is subject to a rate limit of PLN 0.93 per square metre. Buildings used for business purposes are subject to a rate limit of PLN 23.47 per square metre.

Transfer taxes.

A transfer tax may apply to certain civil law transactions, determined as a percentage of the transaction (i.e. such as sale, loan, donation). A tax obligation on civil law transactions does not arise when one of the parties of the transaction is a VAT payer.

Stamp duty

In Poland, some activities are charged a stamp duty. Payment is required, for example, in connection with the submission of a power of attorney, after completion of an official act, or the issue of a certificate or permit.

Capital tax

A share capital increase (in case of corporations) and contribution/contribution increase (in case of partnerships) is subject to a 0.5% capital tax, payable by a company or partnership that receives a capital contribution. This tax applies equally to limited liability companies as well as joint-stock companies. A merger, division, or transformation of a corporation into another corporation is not subject to capital tax, even if the transaction results in a share capital increase. A similar exemption applies to a capital increase resulting from (i) an in-kind contribution of an enterprise or its organized part or (ii) contribution of shares of the other corporation giving the majority of votes in this corporation or contribution of additional shares in case the corporation to which the shares are contributed already has the majority of votes.

Payroll taxes

There are no payroll taxes other than social security contributions (see below).

Social security contributions

Both the employer and the employee are obligated to contribute to the Polish social security system. Apart from paying its own share, the employer is obligated to withhold the employee's share of the social security contributions and remit them to the Social Security Authorities (ZUS). In both cases, the relevant payments shall be made monthly. The employer pays total contributions in a range of 19.48% to 22.14% of the employee's gross salary (the employer's

contribution rate includes an accident insurance element that varies according to the number of employees insured and the business sector). The contribution rate for the employee is 13.71% of gross salary.
The social security shares payable by the employer and the employee are tax-deductible items in their respective income tax settlements.

The rates apply to salaries below the cap of PLN 142,950 in 2019. The cap changes every year. After exceeding this cap, the salary is subject to a contribution rate of 3.22% to 6.41% payable by the employer and 2.45% payable by the employee.

Tax on certain financial institutions

A tax on certain financial institutions (so-called 'banking tax') is levied on:

- Banks, branches of foreign banks, branches of credit institutions, and credit unions.

- Insurance companies, reinsurance companies, branches of international insurance companies and international reinsurance companies, and main branches of international insurance companies and international reinsurance companies.

- The lending institutions within the meaning of the Consumer Credit Act.

Tax at the rate 0.44% per year (0.0366% per month) is levied on the assets of the taxpayers less (i) PLN 4 billion in case of banks, (ii) PLN 2 billion in case of (re-)insurance companies, and (iii) PLN 200 million in case of lending institutions. In case of (re-)insurance companies and lending companies, tax is levied on the consolidated assets of the capital group companies.

Retail tax

On 1 September 2016, the Retail Tax Act of 6 July 2016 entered into force, but was quickly suspended due to an EC investigation into the Polish tax on the retail sector. After several postponements, this law came into force on 1 January 2021.
Based on the Retail Tax Act, retailers are to be taxed on the revenues achieved on retail sales, which should be understood as sales of goods to consumers for remuneration, in case an agreement is concluded on the business premises or away from business premises of the given taxpayer. Thus, e-commerce sales should not be subject to this tax. In this context, the services associated with retail sales should also be subject to taxation, unless they are recorded separately than the sale of goods.

Retail tax rates

The retail tax should be imposed on the excess of revenues over the amount of PLN 17 million, calculated, in principal, based on the turnover registered by the cash registers. The Act introduces two tax rates: 0.8% of the tax base for the given month, in the part not exceeding the amount of PLN 170 million, and 1.4% of the excess of the tax base, in the part exceeding the amount of PLN 170 million.

The retailers shall be obligated to submit tax returns and calculate and pay retail tax in the monthly settlement periods. However, no tax return must be submitted in case the revenues in the given month do not exceed the value of PLN 17 million.

Retail tax exemptions

The Retail Tax Act includes certain exemptions from taxation, among others, in respect of:

- energy, water, natural gas, and heat supply to consumers made by network utilities
- supply of some fuels designated for heating fuel purposes, and
- supply of medicines, special purpose nutrition, and reimbursed or partially refunded medical products.

Capacity fee

On January 1, 2021, the capacity fee charged for electricity entered into force. The law introducing the fee was passed by the Parliament in 2017.

The capacity fee will be collected, inter alia, from end users connected directly to the transmission network and electricity distribution system operators.

Sugar tax and fee on alcoholic beverages

The fee on foodstuffs, the so-called "sugar tax", was imposed on beverages with added sugars, sweeteners, and caffeine or taurine. The amount of the sugar tax is:

- PLN 0.50 for the content of sugars in an amount equal to or less than 5 g in 100 ml of drink, or for the content of at least one sweetener in any amount,
- PLN 0.05 for each gram of sugar above 5 g in 100 ml of drink.

Drinks containing the addition of caffeine or taurine will be charged a fee of PLN 0.10 per liter of drink. This fee will be paid, among others by entities supplying retail stores. The fee for the permit for domestic wholesale trade in alcoholic beverages with alcohol content above and below 18% will be imposed on alcoholic beverages in unit packages with a nominal quantity of the drink not exceeding 300 ml.

Source: PricewaterhouseCoopers

countercyclical policies and to prepare for the growing fiscal burden arising from the increase in the number of elderly people. Over the medium term, a key challenge to sustained growth is a tightening labor supply that has been made more acute by the aging population. Achieving decarbonization commitments is another challenge. Strengthening institutions at both the national and subnational levels is a necessary ingredient to sustained and inclusive growth and the narrowing of regional disparities.

Source: The World Bank in Poland

Economic Performance (Future Prospects In The Economy)

The well-diversified Polish economy is among Europe's least affected by the COVID-19 pandemic. Nevertheless, GDP declined by 2.7 percent in 2020, the first output contraction in over 20 years.

Before the pandemic, prudent macroeconomic policies, effective absorption of European Union (EU) investment funds, a sound financial sector, and better access to long-term credit fed into inclusive growth and poverty reduction.

Real wage growth and a range of demographically targeted social programs led to robust consumption growth until early 2020. With an improving business environment, Poland integrated well into regional value chains.

A key challenge over the short term is to continue supporting the sectors most affected by the pandemic while ensuring public debt sustainability.
The unprecedented policy response to the COVID crisis has narrowed the available fiscal space. Increased spending efficiency is needed to rebuild fiscal buffers for future

Economic forecast for Poland

The latest macroeconomic forecast for Poland. The European Commission publishes a full set of macroeconomic forecasts for the EU and its Member States in spring (May) and autumn (November) and publishes interim forecasts updating GDP and inflation figures in winter (February) and summer (July).

Last update: Spring 2021 Economic Forecast (12/05/2021)

Indicators	2019	2020	2021	2022
GDP growth (%, yoy)	4,7	-2,7	4,0	5,4
Inflation (%, yoy)	2,1	3,7	3,5	2,9
Unemployment (%)	3,3	3,2	3,5	3,3
General government balance (% of GDP)	-0,7	-7,0	-4,3	-2,3
Gross public debt (% of GDP)	45,6	57,5	57,1	55,1
Current account balance (% of GDP)	0,9	3,1	2,8	2,1

Source: EuropeanCommission, Monetary Policy, Inflationand GDP projection - March 2021

The inflation and GDP projection is prepared by the Economic Analysis Department of the National Bank of Poland and presents a forecast of economic developments under the assumption of constant NBP interest rates.

The work involved in the creation of the projection is coordinated by the Macroeconomic Forecasts Division.

The Management Board of the NBP approves the projection to be submitted to the Monetary Policy Council.

The projection constitutes one of the inputs to the Monetary Policy Council's decision making process concerning NBP interest rates.

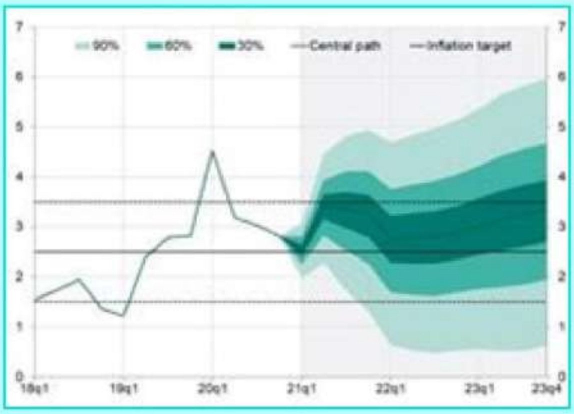
The projection is prepared three times a year and is published in March, July and November in the fourth chapterof the Inflation Report.

The projection covers economic developments up to three years ahead from the publication date.

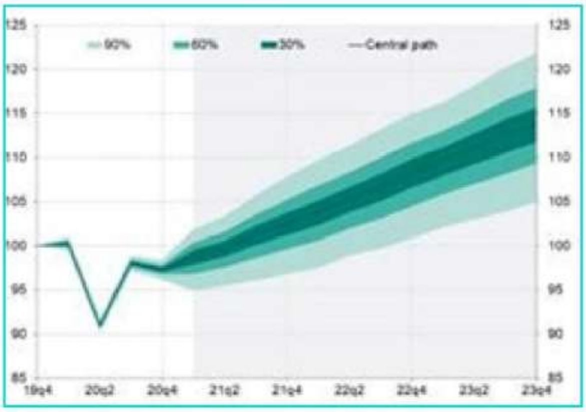
The projection is based on the macro econometric model NECMOD..

The currentinflation and GDP projection (published on the 8th of March 2021)

CPI inflation y/y (%)



Level of real GDP (Q4 2019 = 100))



* projection preparedunder the assumption of constant interestrates

The next inflation and GDP projection will be published on 12th of July 2021

Source: Published by NationalBank of Poland

European Green Deal (Carbon Footprint) How it effect the Economy?

The Permanent Representation of the Republicof Poland to the EU together with the NationalCentre for Emissions Management (KOBiZE) organized a video conference, during which experts exchanged views on the challenges related to the transformation towards climate neutrality and the impact of the COVID-19 pandemic on the implementation of the EU's ambitious climate and energy policy.

"The challenges facing Poland and the European Union are unprecedented. They will require not only significant investments, but also far-reaching actions with serious consequences on behalf of a wide range of sectors". AmbassadorAndrzej Sados

Already before the pandemic, the costs of transformation were particularly high for countries such as Poland, and due to the pandemic they are expected to increase even further. Regardless of the level of socio-economic development or the structure of the energy mix, all Member

States are faced with new challenges. Strengthening cooperation and building universal tools to stimulate post-crisis reconstruction has a chance to help solve some of the problems.

"The need for an ambitious and solid recovery plan ensuring the sustainable and equitable development of our continent without burdening the poorest and most vulnerable citizens and regions, and that transformation should lead to a stronger, greener, crisis-proof and united EU".

Undersecretary of Statein the Ministry of Climate, Adam Guibourge-Czetwertynski.

"The implementation of the new greenhouse gas emission reduction targets proposed in the European Green Deal and Climate Law requires an in-depth impact assessment analysis, which is additionally complicated due to the current situation caused by the COVID-19 pandemic: the results of the analyzes carried out in as part of the LIFE Climate CAKE PL project. The findings suggest that the change in the target reduction by 2030 will result in a reduction in the supply of emission allowances in the ETS, which in turn will significantly increase their price. This will also trigger a sharpening of current reductionpolicies in the non- ETS sectors. The implementation of far-reaching emission reductions to 2050 will practically mean the need to reduce to zero emissions from the power sector and from some other industrial sectors. The high price of allowances can generate large production costs and lead to the phenomenon of a so-called carbon leakage".

Mr. MaciejPyrka (KOBiZE)

"Raising targets by 2030 despitethe current crisiscaused by COVID-19 is still a priority for the EC, and the publication of the results of the impact assessment is planned for September this year. The EC representative emphasized that it will be a comprehensive analysis that will assess the possibility of extending the ETS system to the transport and construction sectors. It will also analyze the potential of all EU sectors and policies identified within the European Green Deal (e.g. industrial policy, circular economy, biodiversity, farm to fork) to achieve its goals. The analysiswill also cover the role of forestsand land use in absorbingemissions. The comprehensive assessment will also consider the impact of COVID-19 and take into account the social aspect, including effects on labour market and employment". Mr Tom van Ierland (DG CLIMA - EuropeanCommission)

European Green Deal – opportunities and challenges for the EU and Poland

Green Transformation Council,video-conference on 6 May 2020 by the Lewiatan Confederation.

"Due to the level of ambition, the realization of this vision is a big challenge for the EU and Poland, but at the same time the level of innovation required to achieve this objective is a big development opportunity for us"

"Climate neutrality is a path that each country has to choose for itself, taking into account the tools available at their disposal. In Poland we plan to gradually diversify our energy mix and develop renewable energy at the same time."

"We want to carry on with a constructive debateon the future of EU climate policy.Poland will not only be an activelistener, but also a partnerin these discussions,"

Minister of ClimateMichal Kurtyka

Source: Ministry of Climate and Environment

Foreign Direct Investments

Description	Equity	Reinvestmentof earnings	Debt instruments			Total FDI inflows
	net	net	net (6=7-8)	liabilities	assets	net (9=4+5+6)
Europe	**2 390,6**	**40 805,8**	**-9 297,1**	**5 554,2**	**14 851,2**	**33 899,3**
Andorra	3,2	0,6	3,1	3,1	0,0	6,9
Albania	0,0	0,0	0,7	0,2	-0,5	0,7
Austria	-225,4	242,5	1 208,1	1 285,4	77,3	1 225,2
Bosnia and Herzegovina	0,0	0,0	27,0	3,3	-23,7	27,0
Belgium	616,4	1 148,3	1 296,6	1 358,6	62,0	3 061,3
Bulgaria	52,6	8,0	-165,6	-14,3	151,3	-105,0
Belarus	0,4	18,0	-74,7	0,0	74,7	-56,3
Switzerland	281,3	878,5	-829,6	682,8	1 512,4	330,2
Cyprus	1 617,2	829,5	-2 642,0	-2 408,1	234,0	-195,3
Czech Republic	22,5	71,8	769,1	1 050,6	281,5	863,4
Germany	753,7	11 364,6	-104,1	3 109,9	3 213,9	12 014,2
Denmark	371,5	1 083,1	-29,0	514,2	543,1	1 425,7
Estonia	17,0	2,6	112,7	108,6	-4,2	132,3
Spain	-685,4	-14,6	512,3	474,3	-37,9	-187,7
Finland	705,9	575,4	-371,8	-31,4	340,4	909,5
France	-1 910,9	2 886,0	-315,5	776,4	1 091,9	659,7
United Kingdom	-4 596,7	1 626,3	-929,6	496,8	1 426,4	-3 900,0
Guernsey	0,0	-15,2	5,1	5,1	0,0	-10,2
Gibraltar	0,0	0,2	-23,4	-23,8	-0,4	-23,2
Greece	111,6	18,3	-137,7	-83,0	54,7	-7,8
Croatia	1,9	12,3	-6,2	6,8	12,9	7,9
Hungary	1 438,6	117,5	292,9	189,2	-103,7	1 848,9
Ireland	-98,5	241,6	-560,4	-375,2	185,2	-417,3
Isle of Man	11,5	1,8	-4,0	0,2	4,2	9,4
Iceland	0,0	-2,2	-22,0	-18,3	3,8	-24,2
Italy	-14,3	1 415,2	550,0	1 071,1	521,1	1 951,0
Jersey	0,0	5,4	-1,7	-0,3	1,4	3,7
Liechtenstein	14,1	28,8	-15,9	-22,5	-6,6	27,0
Lithuania	-1 203,5	115,7	108,9	54,2	-54,7	-978,9
Luxembourg	1 365,9	8 273,4	-3 774,9	-977,4	2 797,5	5 864,4
Latvia	-1,4	192,1	-21,5	27,3	48,9	169,2
Moldova, Republic of	0,0	0,0	-8,8	27,0	35,8	-8,8
Montenegro	0,0	0,0	0,1	0,0	-0,1	0,1
Macedonia, the Former						

Yugoslav Republic of	0,0	-0,2	2,8	-0,3	-3,1	2,6
Malta	99,5	-185,3	245,3	221,8	-23,5	159,5
Netherlands	4 166,7	8 478,4	-1 932,9	-1 266,8	666,1	10 712,2
Norway	-55,4	273,9	432,3	537,1	104,9	650,8
Portugal	28,7	358,8	-71,9	-233,2	-161,3	315,6
Romania	0,0	11,9	-132,2	50,9	183,1	-120,3
Serbia	0,0	0,0	37,4	-18,6	-55,9	37,4
Russian Federation	-12,2	33,1	-929,5	-168,0	761,5	-908,6
Sweden	-444,3	1 278,6	-1 988,8	-1 067,3	921,5	-1 154,5
Slovenia	-25,0	-0,7	-5,3	-17,0	-11,7	-31,1
Slovakia	-5,4	61,2	187,5	162,8	-24,6	243,3
Turkey	3,3	-10,5	-13,8	23,6	37,5	-21,0
Ukraine	-15,3	-616,6	16,3	37,7	21,4	-615,6
Africa	**-15,4**	**13,8**	**-239,2**	**-45,2**	**194,0**	**-240,8**
North Africa	**-18,2**	**1,8**	**-113,8**	**-14,1**	**99,7**	**-130,2**
Algeria	0,0	0,0	2,5	0,4	-2,1	2,5
Egypt	0,0	0,0	4,7	-0,9	-5,6	4,7
Libya	0,0	0,0	0,0	0,0	0,0	0,0
Morocco	-18,2	1,8	-105,7	1,7	107,4	-122,1
Tunisia	0,0	0,0	-15,2	-15,3	-0,1	-15,2
Other African Countries	**2,8**	**12,0**	**-124,7**	**-31,1**	**93,6**	**-109,9**
Angola	0,0	0,0	15,4	0,3	-15,2	15,4
Burkina Faso	0,0	0,0	0,0	0,0	0,0	0,0
Burundi	0,0	0,0	0,0	0,0	0,0	0,0
Benin	0,0	0,0	-0,1	-0,1	0,0	-0,1
Botswana	0,0	0,0	-0,1	0,0	0,1	-0,1
Congo, the Democratic Republic of the	0,0	0,0	-0,3	-0,3	0,0	-0,3
Central African Republic	0,0	0,0	-0,1	0,0	0,1	-0,1
Congo	0,0	0,0	0,0	0,0	0,0	0,0
Côte d'Ivoire	0,0	0,0	-1,0	0,0	1,0	-1,0
Cameroon	0,0	0,0	1,4	0,0	-1,4	1,4
Cape Verde	0,0	0,0	0,0	0,0	0,0	0,0
Djibouti	0,0	0,0	0,0	0,0	0,0	0,0
Eritrea	0,0	0,0	0,0	0,0	0,0	0,0
Ethiopia	0,0	0,0	0,7	0,0	-0,7	0,7
Gabon	0,0	0,0	0,0	0,0	0,0	0,0
Ghana	0,0	0,0	-1,1	-0,5	0,6	-1,1
Gambia	0,0	0,0	0,0	0,0	0,0	0,0
Guinea	0,0	0,0	0,0	0,0	0,0	0,0
Equatorial Guinea	0,0	0,0	0,0	0,0	0,0	0,0
Guinea-Bissau	0,0	0,0	0,0	0,0	0,0	0,0
British Indian Ocean Territory	0,0	0,0	0,0	0,0	0,0	0,0
Kenya	0,0	0,0	-0,1	0,0	0,1	-0,1
Comoros	0,0	0,0	0,0	0,0	0,0	0,0

Liberia	0,0	0,0	0,6	0,0	-0,6	0,6
Lesotho	0,0	0,0	0,0	0,0	0,0	0,0
Madagascar	0,0	0,0	-0,1	0,0	0,1	-0,1
Mali	0,0	0,0	0,0	0,0	0,0	0,0
Mauritania	0,0	0,0	0,4	0,4	0,0	0,4
Mauritius	0,0	15,1	-17,1	-16,4	0,8	-2,0
Malawi	0,0	0,0	-0,1	0,0	0,1	-0,1
Mozambique	0,0	0,0	-64,8	0,0	64,8	-64,8
Namibia	0,0	0,0	-0,2	0,0	0,2	-0,2
Niger	0,0	0,0	0,0	0,0	0,0	0,0
Nigeria	0,0	0,0	-1,8	0,5	2,3	-1,8
Rwanda	0,0	0,0	0,0	0,0	0,0	0,0
Seychelles	2,8	-3,0	-27,0	-27,0	0,0	-27,2
Sudan	0,0	0,0	0,0	0,0	0,0	0,0
StHelena	0,0	0,0	0,0	0,0	0,0	0,0
Sierra Leone	0,0	0,0	0,0	0,0	0,0	0,0
Senegal	0,0	0,0	2,5	-0,1	-2,7	2,5
Somalia	0,0	0,0	0,0	0,0	0,0	0,0
South Sudan	0,0	0,0	0,0	0,0	0,0	0,0
Sao Tome and Principe	0,0	0,0	0,0	0,0	0,0	0,0
Swaziland	0,0	0,0	-0,1	-0,1	0,0	-0,1
Chad	0,0	0,0	0,0	0,0	0,0	0,0
Togo	0,0	0,0	-13,1	0,0	13,1	-13,1
Tanzania, United Republicof	0,0	0,0	0,0	1,0	1,0	0,0
Uganda	0,0	0,0	0,5	0,0	-0,5	0,5
South Africa	0,0	-0,1	-18,9	11,2	30,1	-19,0
Zambia	0,0	0,0	0,3	0,0	-0,3	0,3
Zimbabwe	0,0	0,0	-0,4	0,0	0,4	-0,4
America	**234,6**	**1 429,9**	**885,3**	**1 759,9**	**874,6**	**2 549,8**
North America	**264,1**	**1 357,8**	**908,2**	**1 771,0**	**862,9**	**2 530,1**
Canada	13,0	90,5	1,1	41,9	40,8	104,6
Greenland	0,0	0,0	0,0	0,0	0,0	0,0
United States	251,1	1 267,3	907,1	1 729,2	822,1	2 425,5
Central America	**-29,5**	**71,5**	**-18,9**	**-6,8**	**12,1**	**23,1**
Antigua and Barbuda	0,0	0,0	0,0	0,0	0,0	0,0
Anguilla	0,0	0,0	0,0	0,0	0,0	0,0
Aruba	0,0	0,0	-0,6	0,0	0,6	-0,6
Barbados	0,0	0,4	9,6	3,3	-6,4	10,0
Bermuda	0,0	61,3	1,9	4,8	2,9	63,2
Bonaire, Saint Eustatius, Saba	0,0	0,0	0,0	0,0	0,0	0,0
Bahamas	0,0	0,0	6,9	0,0	-6,9	6,9
Belize	0,0	0,0	0,0	0,0	0,0	0,0
Costa Rica	0,0	0,0	2,2	2,3	0,1	2,2
Cuba	0,0	0,0	-3,8	0,0	3,8	-3,8

Curaçao	0,0	0,0	-0,5	-0,5	0,0	-0,5
Dominica	0,0	0,0	0,0	0,0	0,0	0,0
Dominican Republic	0,0	0,0	0,3	0,3	0,1	0,3
Grenada	0,0	0,0	0,0	0,0	0,0	0,0
Guatemala	0,0	0,0	0,2	0,0	-0,2	0,2
Honduras	0,0	0,0	0,0	0,0	0,0	0,0
Haiti	0,0	0,0	0,0	0,0	0,0	0,0
Jamaica	0,0	0,0	0,0	0,0	0,0	0,0
StKitts and Nevis	0,0	-0,2	18,1	18,1	0,0	18,0
Cayman Islands	-22,9	4,3	-78,4	-69,3	9,1	-97,1
Saint Lucia	0,0	0,0	0,0	0,0	0,0	0,0
Montserrat	0,0	0,0	0,0	0,0	0,0	0,0
Mexico	0,0	3,6	3,2	17,0	13,8	6,8
Nicaragua	0,0	0,0	-6,6	-6,6	0,0	-6,6
Panama	0,0	-0,5	-2,7	-7,8	-5,1	-3,2
El Salvador	0,0	0,0	-0,2	0,0	0,2	-0,2
Sint Maarten	0,0	0,0	0,0	0,0	0,0	0,0
Turks and Caicos Islands	0,0	6,0	0,0	0,0	0,0	6,0
Trinidad and Tobago	0,0	0,0	0,0	0,0	0,0	0,0
St Vincent and the Grenadines	0,0	0,1	0,0	0,0	0,0	0,1
Virgin Islands, British	-6,6	-3,5	31,5	31,5	0,0	21,4
Virgin Islands, U.S.	0,0	0,0	0,0	0,0	0,0	0,0
South America	**0,0**	**0,6**	**-3,9**	**-4,3**	**-0,5**	**-3,3**
Argentina	0,0	0,0	-10,3	-3,0	7,3	-10,3
Bolivia	0,0	0,0	0,0	0,0	0,0	0,0
Brazil	0,0	0,0	-25,2	0,8	25,9	-25,2
Chile	0,0	0,0	29,7	0,3	-29,4	29,7
Colombia	0,0	0,0	4,7	0,0	-4,7	4,7
Ecuador	0,0	0,0	0,1	0,0	-0,1	0,1
Falkland Islands (Malvinas)	0,0	0,0	0,0	0,0	0,0	0,0
Guyana	0,0	0,0	0,0	0,0	0,0	0,0
Peru	0,0	0,0	-0,4	0,2	0,6	-0,4
Paraguay	0,0	0,0	-0,1	0,0	0,1	-0,1
Suriname	0,0	0,0	0,0	0,0	0,0	0,0
Uruguay	0,0	0,6	-2,4	-2,3	0,0	-1,8
Venezuela	0,0	0,0	0,0	-0,3	-0,2	0,0
Asia	**1 478,2**	**1 153,3**	**2 785,6**	**3 841,1**	**1 055,5**	**5 417,0**
Near and Middle East	**88,7**	**134,6**	**0,3**	**70,4**	**70,1**	**223,7**
Gulf Arabian Countries	**0,7**	**48,0**	**-24,9**	**15,9**	**40,7**	**23,9**
United Arab Emirates	0,7	48,7	-20,5	1,2	21,7	28,9
Bahrain	0,0	0,0	-1,3	0,0	1,4	-1,3
Iraq	0,0	0,0	-0,1	0,0	0,1	-0,1
Kuwait	0,0	0,0	16,3	16,4	0,1	16,3

Oman	0,0	0,0	-0,4	0,0	0,4	-0,4
Qatar	0,0	0,0	2,8	4,0	1,1	2,8
Saudi Arabia	0,0	-0,7	-21,7	-5,8	15,8	-22,3
Yemen	0,0	0,0	0,0	0,0	0,0	0,0
Other Near and MiddleEast Countries	**88,0**	**86,6**	**25,2**	**54,6**	**29,4**	**199,8**
Armenia	0,0	-0,7	0,2	0,0	-0,2	-0,6
Azerbaijan	0,0	0,0	0,3	0,0	-0,3	0,3
Georgia	0,0	0,0	0,4	0,3	-0,1	0,4
Israel	88,0	88,8	17,6	48,5	30,9	194,3
Jordan	0,0	0,0	1,6	0,0	-1,6	1,6
Lebanon	0,0	-1,4	5,2	5,8	0,6	3,8
Palestinian Territory, Occupied	0,0	0,0	0,0	0,0	0,0	0,0
Syrian Arab Republic	0,0	0,0	0,0	0,0	0,0	0,0
Other Asian Countries	**1 389,4**	**1 018,6**	**2 796,7**	**3 782,3**	**985,6**	**5 204,8**
Afghanistan	0,0	0,0	0,0	0,0	0,0	0,0
Bangladesh	0,0	0,0	-13,7	-11,2	2,5	-13,7
Brunei Darussalam	0,0	0,0	0,0	0,0	0,0	0,0
Bhutan	0,0	0,0	11,4	11,6	0,1	11,4
China	7,7	34,9	303,8	323,3	19,4	346,5
HongKong	26,5	68,7	855,0	935,4	80,4	950,2
Indonesia	0,0	0,0	2,5	3,1	0,5	2,5
India	0,0	295,5	65,2	39,0	-26,2	360,7
Iran, Islamic Republic of	0,0	0,0	0,0	0,0	0,0	0,0
Japan	88	109,6	-83,9	-59	24,9	113,7
Kyrgyzstan	0,0	0,0	0,0	0,0	0,0	0,0
Cambodia (Kampuchea)	0,0	0,0	-0,3	1,1	1,4	-0,3
Korea, Dem. People's Republic of (North Korea)	0,0	0,0	-0,4	-0,8	-0,3	-0,4
Korea, Republic of (South Korea)	1 196,4	557,7	2 047,6	2 428,1	380,5	3 801,7
Kazakhstan	0,0	0,0	-65,9	5,6	71,5	-65,9
Lao People's Democratic Republic	0,0	0,0	0,0	0,0	0,0	0,0
SriLanka	0,0	0,0	0,8	0,7	-0,1	0,8
Myanmar	0,0	0,0	0,0	0,0	0,1	0,0
Mongolia	0,0	0,0	0,0	0,0	0,0	0,0
Macao	0,0	0,0	0,0	0,0	0,0	0,0
Maldives	0,0	0,0	0,0	0,0	0,0	0,0
Malaysia	3,8	0,0	-14,2	-1,2	13,0	-10,4
Nepal	0,0	0,0	0,0	0,0	0,0	0,0
Philippines	0,0	0,0	-28,9	1,0	29,9	-28,9
Pakistan	0,0	0,0	0,1	0,7	0,5	0,1

Singapore	34,6	-43,8	-267,1	123,4	390,4	-276,3
Thailand	0,0	5,8	-4,3	-5,4	-1,1	1,5
Tajikistan	0,0	0,0	0,0	0,0	0,0	0,0
Timor_Leste	0,0	0,0	0,0	0,0	0,0	0,0
Turkmenistan	0,0	0,0	0,2	0,2	0,0	0,2
Chinese Taipei	32,4	-3,7	-12,5	-15,6	-3,1	16,3
Uzbekistan	0,0	0,0	0,0	0,0	0,0	0,0
Viet Nam	0,0	-6,0	1,0	2,2	1,2	-5,0
Oceania and Polar Regions	**3,2**	**-13,8**	**63,1**	**49,0**	**-14,1**	**52,5**
Australia	3,2	-6,8	43,0	49,0	6,0	39,4
Marshall Islands	0,0	0,0	0,0	0,0	0,0	0,0
New Zealand	0,0	-0,6	2,6	0,1	-2,4	2,0
World not allocated	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**
Total World	**4 091,1**	**43 395,0**	**-5 819,2**	**11 159,1**	**16 978,3**	**41 666,9**
2. Economic zones (Europe)						
EU28	2 158,9	40 212,3	-7 905,9	4 485,4	12 391,3	34 465,3
Extra EU28	1 932,2	3 182,7	2 086,7	6 673,7	4 587,0	7 201,6
EA-19	5 312,8	36 002,9	-5 716,5	3 258,5	8 975,0	35 599,2
Extra EA-19	-1 221,7	7 392,1	-102,6	7 900,6	8 003,3	6 067,8
EFTA	240,0	1 179,0	-435,3	1 179,2	1 614,5	983,7
3. Other economiczones						
OECD	3 460,2	42 670,1	-2 779,5	12 054,3	14 833,8	43 350,8
NAFTA	264,1	1 361,4	911,3	1 788,0	876,7	2 536,9
CIS countries	-27,0	-566,3	-1 061,8	-97,4	964,4	-1 655,1
ASEAN countries	38,4	-44,0	-311,3	124,2	435,5	-316,9
OPEC countries	0,7	48,0	-7,1	16,8	23,8	41,7
Offshore Financial Centres	63,2	124,5	468,9	964,2	495,3	656,6
Latin America	0,0	3,7	-11,6	0,6	12,1	-7,9
ACP countries	2,8	11,8	-94,3	-9,4	84,9	-79,7
MERCOSUR	0,0	0,6	-37,9	-4,9	33,0	-37,3
Mediterranean countries in the Euro-Mediterranean Partnership	73,1	78,7	-75,1	67,7	142,8	76,7
International Organisations	0,0	0,0	0,0	0,0	0,0	0,0

Source: National Bank of Poland Source: NBP

Foreign investors in Poland

In 2016, the analyzed group of entitieswith foreign capitalconsisted of 24 780 units.Units with up to 49 employed persons prevailed in the analyzed group of entities with foreign capital. They accounted for 82.7% of total number of analyzed enterprises (micro-enterprises with up to 9 personsemployed accounted for 65.1%). Medium-sized entities, of the number of employed persons from 50 to 249, accounted for 11.6% of the whole group, whereas large enterprises, of the number of employedpersons 250 and more accountedfor 5.7%.

The majority of entities conducted business activity related to trade; repair of motor vehicles (29.1%),manufacturing (20.3%), professional, scientific and technical activities (9.8%) and real estate activities (9.6%). More than every thirdentity with foreigncapital had its registered officein Mazowieckie Voivodship.

Foreign capital invested in Poland at the end of 2016 came from 129 countries. Over 90% of foreign capital came from the EU member states. Countries that invested in Poland capital of the highest value are as follows: the Netherlands (21.9% of foreign capital in total), Germany (17.5%)and France (14.4%).

The value of Dutch capital at the end of 2016 amounted to 43 597.9 mln zl. Over two-thirds of this capital was invested in manufacturing and trade; repair of motor vehicles.

The value of German capitalinvested in Poland amounted to 34 802.5 mln zl. There was 31.4% of this capital invested in manufacturing, and 36.5% – in trade; repair of motor vehicles. The value of French capital invested in Poland amounted at the end of 2016 to 28 666.0 mln zl. One-third of Frenchcapital was investedin manufacturing and trade; repairof motor vehicles.

Capital from Luxembourg amounted to 25 584.6 mln zl, 46.4% of this capital was invested in manufacturing. The value of capital from Cyprus amounted to 6 452.3 mln zl. One third of Cypriotcapital was invested in manufacturing – 30.3%.

The capital coming from the following three countries constituted a half (50.8%) of foreign capital investedin manufacturing: the Netherlands, Germanyand Luxembourg. With regard to trade; repair of motor vehicles, over 50.0% of the capital came from two countries: Germany and the Netherlands. As for construction, a half of capital came from the Netherlands, Spain, Luxembourg and France.

With regard to real estate activities, over 60% accounted for capital from Luxembourg, the Netherlands and Germany. In the case of transport and storage, 45.1% of capital came from the Netherlands, the next 25% came from France and Luxembourg.

Majority of capital invested in professional, scientific activities came from the Netherlands, Luxembourg and Germany.

Source: Information based on: Economic Activity of Entities with Foreign Capital in 2016, Central Statistical Office.

FDI in figures

Poland figures among the most attractive countries in Europe in terms of FDI. According to UNCTAD's 2020 World Investment Report FDI inflows to Poland remained stable in 2019, reachingUSD 13.2 billion,in line with the USD 13.9 billionrecorded one year earlier. The total stocks of investments in the country stood at USD 236.5 billion in 2019, an increase of 26% when compared to the 2010 level. Poland is the first largest recipient of FDI inflows in Central Europe. The majority of stocks are held by Germany, the Netherlands, Luxembourg and

FDI in figures

Poland figures among the most attractive countries in Europe in terms of FDI. According to UNCTAD's 2020 World Investment Report FDI inflows to Poland remained stable in 2019, reachingUSD 13.2 billion,in line with the USD 13.9 billionrecorded one year earlier. The total stocks of investments in the country stood at USD 236.5 billion in 2019, an increase of 26% when compared to the 2010 level. Poland is the first largest recipient of FDI inflows in Central Europe. The majority of stocks are held by Germany, the Netherlands, Luxembourg and

France, with investments directed mainly to the manufacturing, financial and insuranceactivities, and wholesale and retail sectors. In addition, in the past few years data showed a high percentage of investors coming from China and South Korea. According to an OECD study, in the first half of 2020 total FDI inflows to the country stood at USD 5.8 billion, down from USD 8.9 billion recorded in the same period one year earlier, mostly due to the COVID- 19-related crisiswhich caused a globalinvestments drop of 50%.

Poland's main assets are its strategic position,a large population, its EuropeanUnion membership, economic stability, cheap skilled labour costs and a fiscal system attractive to businesses. Furthermore, Poland has a numberof dynamic SpecialEconomic Zones, and the government founded the Polish Investment and Trade Agency to improve conditions for FDI. However, Polish law limits foreign ownership of companies in selected strategic sectors, and restricts acquisition of real estate, especially agricultural and forest land. Furthermore, in July 2020 a new law came into force, giving the President of the Office for Competition and Consumer Protection the authority to review FDIs by non-EEA and non-OECD investors on the grounds of public security, order and health. Overall, the Polish business climate is good and the World Bank ranks Poland 40th out of 190 countries in its 2020 Doing Businessranking, losing 7 positions compared to the previous year.

Foreign Direct Investment	2017	2018	2019
FDI Inward Flow (million USD)	9,179	13,947	13,221
FDI Stock (million USD)	238,483	228,501	236,506

Number of Greenfield Investments*	431	445	448
Value of Greenfield Investments (million USD)	16,406	18,220	24,462

Source: UNCTAD

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Table: FDI Stocksby Country and Industry

Main Investing Countries	2018, in %
Netherlands	21.3
Germany	17.4
Luxembourg	14.2
France	9.0
Spain	4.7
Austria	4.0
United Kingdom	3.9

Main Invested Sectors	2018, in %
Manufacturing	31.3
Financial and insurance activities	18.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	14.6
Real estate	9.6
Professional, scientific and technical services	6.7
Information and communication	5.3

Source: OECD's Statistics

Form of Company Preferred By Foreign Investors: Companies can be established as: joint- stock companies, limited liability companies, and partnerships.

Form of Establishment PreferredBy Foreign Investors: A company

Source: Central Statistical Office

What to considerif you invest in Poland

Strong pointsfor FDI in Poland:

- Growing economy

- Central geographical location in the heart of Europe

- Multilingual workforce, qualified, able to export trades(at a low cost) and whose productivity is growing rapidly

- Stable banking sector and a controlled currency

- A healthy and resilient economy even during economiccrises

- Unlike other Central Europeancountries, its population does not face over- indebtedness.

Weak Points, Disadvantages for FDI in Poland:

- Rigidity of the labourmarket
- Slow administrative procedures (120thcountry for the speed of starting a business according to the World Bank)
- Current account in deficit

- The adoption of the euro initially planned for 2012 has been jeopardized by the financial crisis, thereby delaying its beneficial effects on the economy.

- The relatively unstable political landscape slows down the implementation of necessary reforms.

Government Measures to Motivate or Restrict FDI:

Poland's well-diversified economy reduces its vulnerability to external shocks, although it depends heavilyon the EU as an export market.Poland is one of the most attractive locations for foreign investments.

Regional aid is the most popular type of aid for companies carrying out investment projects in Poland. It is granted only for "initial" or "new" investments, which are generally defined as investments related to: setting-up of a new establishment; extension of the capacity of an existing establishment; diversification of the output of an establishment into products not previously produced. The maximum level of aid a project can receive depends on the size of the companyand where in Poland the project is to be located.

Regional aid available in Poland can be granted in different forms, such as corporate income tax (CIT) exemption in so-called special economic zones (SEZ), government grants (support from domestic budget)and cash grantsor loans from EU funds.The government grant (Multi- Annual Support Program – MASP) is a regionalaid scheme financedby the Polish government and dedicated to supporting large investments in the so-called "priority sectors": automotive, electronics, aviation, biotechnology, modern services (particularly IT centres, BPOs and telecommunications) and R&D.

In the case of companiesregistered in Poland,cash grants from EU fundscan be obtained for R&D, including: Innovative new investments, which use new technologies; Energy efficiency projects;Production of energy from renewable sources.

State aid can be granted for R&D projects that carries out fundamental research; industrial research or experimental development. Entrepreneurs conducting activities in the area of researchand development may benefit from an income tax relief.

Poland does place limits on foreign ownership and foreign equity for a limited number of sectors. Polish law limits non-EU citizens to 49 percent ownership of a company's capital shares in the air transport, radio and television broadcasting, and airportand seaport operations sectors. Licenses and concessions for defense production and management of seaports are granted on the basis of nationaltreatment for investorsfrom OECD countries.

The Law on Freedom of Economic Activity (LFEA) requires companies to obtain government concessions, licenses, or permitsto conduct businessin certain sectors,such as broadcasting, aviation, energy, weapons/military equipment, mining, and privatesecurity services.

In May 2020, the Polish government approved regulations aimed at making it difficult for investors from outside the European Union to take over at low cost companies that Poland considers strategic to its economy. The regulations are part of a government rescue package worth more than PLN 300 billion to help the country survive the new coronavirus pandemic and the resulting economiccrisis.

Protection of Foreign Investment

\Bilateral Investment Conventions Signed By Poland: Poland has signedmore than 60 bilateral investment treaties.

International Controversies Registered By UNCTAD. The ISDS Navigator contains information about known international arbitration cases initiated by investors against States pursuant to international investment agreements. Poland is involvedin 7 cases as Home State of claimant and in 30 cases as Respondent State.

Organizations Offering Their Assistance in Case of Disagreement:

International court of arbitration, International chamber of commerce,

International Center for settlement of Investment Disputes.

Poland is a signatory to the Convention of the Multilateral Investment Guarantee Agency.

Country Comparison For the Protection of Investors	Poland	Eastern Europe & Central Asia	United States	Germany
Index of Transaction Transparency*	7.0	7.0	7.4	5.0
Index of Manager's Responsibility**	2.0	5.0	8.6	5.0
Index of Shareholders' Power***	9.0	6.0	9.0	5.0

Source: Doing Business

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater theIndex, the Easier it Will Be For Shareholders to Take Legal Action. **** The Greater the Index, the Higher the Level of Investor Protection.

Procedures relative to ForeignInvestment

Freedom of Establishment: Poland allows both foreign and domestic entities to establish and own businessenterprises and engage in most forms of remunerative activityper the Entrepreneurs' Law whichwent into effect on April 30, 2018.

Acquisition of Holdings: Takinga majority holdingin the capital of a Polish companyis allowed, as long as an authorization is obtained.

Obligation to Declare: the Investment Promotion Agency in the country gives information about the authorizations necessary for setting up business.

Competent Organization For the Declaration:

- Ministry of Environment,
- Ministry of the Interior
- Energy Regulatory Office
- National Broadcasting Council
- Civil Aviation Authority RequestsFor

Specific Authorizations:

Polish law limitsnon-EU citizens to 49 percentownership of a company's capitalshares in the air transport, radio and television broadcasting, and airportand seaport operations sectors. Licenses and concessions for defense production and management of seaports are granted on the basis of national treatmentfor investors from OECD countries.

The Law on Freedom of Economic Activity (LFEA) requires companies to obtain government concessions, licenses, or permitsto conduct businessin certain sectors,such as broadcasting, aviation, energy, weapons/military equipment, mining, and privatesecurity services.

Office Real Estate and Land Ownership

Possible Temporary Solutions.
The Possibility of BuyingLand and Industrial and Commercial Buildings.

Polish law restricts foreign investment in certain land and real estate. Land usage types such as technology and industrial parks, business and logistic centers, transport, housing plots, farmland in special economic zones, household gardens and plots up to two hectares are exempt from agricultural land purchase restrictions.

Risk of Expropriation

Article 21 of the Polish Constitution states: "expropriation is admissible only for publicpurposes and upon equitable compensation." The government must pay full compensation at market value for the expropriated property.

Investment Aid

Forms of Aid

Regional aid is the most popular type of aid for companies carrying out investment projects in Poland. Regional aid available in Poland can be granted in different forms, such as:

- Corporate income tax (CIT) exemption in so-called special economic zones(SEZ);
- Government grants (support from domestic budget);
- Cash grants or loans from EUfunds.

Privileged Domains

The government seeks to expand the economyby supporting hightechinvestments, increasing productivity and foreign trade,and supporting entrepreneurship, scientific research, and innovation throughthe use of domestic and EU funding.

The government grant (Multi-Annual Support Program – MASP) is a regional aid scheme financed by the Polish government and dedicated to supporting large investments in priority sectors (automotive, electronics, aviation, biotechnology, modern services, particularly IT centres,BPOs and telecommunications and R&D)and human capitalformation.

Privileged Geographical Zones:

Special economiczones

Special economic zones were created in the mid-1990s and cover selected parts of Poland where companies can operate on preferential terms and conditions.

This type of support is also a type of regional aid and is available based on a SEZ permit until the SEZ ceases existence – which at present is set for 31 December 2026 for all 14 SEZs. In the case of investment in special economic areas, investors can benefit from tax relief.

Companies investing in Poland are able to benefit from corporate income tax exemption for business activities conducted within SEZs.

In addition, in the case of hiring in regions with high levels of unemployment, companies can benefit from tax reductions.

Free Zones

There are Special Economic Zones (not free zones), such as Mielec Euro-Park Special Economic Zone and Walbrzych Special Economic Zone INVEST-PARK.

Organizations Which Finance:

European Union, Special Economic Zones Authorities, Ministryof Economy, localLabor Office.

Investment Opportunities

The Key Sectors of the National Economy: Mechanical engineering, iron and steel industry, coal mining,chemical products, food processing, poultry industry, automobile.

High Potential Sectors: Information technology, business processing centres, environment and green building,cybersecurity, software for mobile applications.

Privatization Programs: The Polish Government has invited foreign investors to participate in most of the major privatisation programs,such that the level of foreign ownership in the Polisheconomy is high.

This is especially the case in the bankingsector, where foreign-controlled banks hold over 70% of assets.

Major privatisations are finished and the focus is on consolidation and improvement of efficiency in entities still under state control.

Sectors where investment opportunities are fewer

Monopolistic Sectors: Energy, finance, mining.

Source: Santander Foreign Markets

Foreign Trade: Export, Import

Foreign trade turnover of goods in total and by countries [1] in January - March 2021								
Specification	I - III 2021						2020	2021
	bn PLN	bn USD	bn EUR	I - III 2020 = 100			I - III	
				PLN	USD	EUR	structure %	
Exports	**298.8**	**80.4**	**66.3**	**114.6**	**119.2**	**108.3**	**100.0**	**100.0**
Developed countries	258.0	69.4	57.2	114.0	118.6	107.7	86.8	86.4
of which EU[2]	224.5	60.4	49.8	116.4	121.1	110.0	74.0	75.1
of which euro-zone[3]	177.8	47.8	39.4	118.8	123.5	112.2	57.4	59.5
Developing countries	24.6	6.6	5.4	126.6	131.7	119.6	7.4	8.2
Countries of Central and Eastern Europe[4]	16.2	4.4	3.6	108.4	112.8	102.3	5.8	5.4
Imports[5]	**287.9**	**77.4**	**63.9**	**112.3**	**116.8**	**106.1**	**100.0**	**100.0**
Developed countries	183.2	49.3	40.6	108.5	112.9	102.5	65.8	63.6
of which EU[2]	159.1	42.8	35.3	110.9	115.4	104.8	55.9	55.3
of which euro-zone[3]	131.9	35.5	29.3	111.7	116.2	105.5	46.1	45.8
Developing countries	85.3	22.9	18.9	123.6	128.6	116.8	26.9	29.6
Countries of Central and Eastern Europe[4]	19.4	5.2	4.3	104.5	108.7	98.7	7.3	6.8
Balance	**10.9**	**2.9**	**2.4**	**.**	**.**	**.**	**.**	**.**
Developed countries	74.8	20.1	16.6	.	.	.	.	.
of which EU[2]	65.4	17.6	14.5	.	.	.	.	.
of which euro-zone[3]	45.8	12.3	10.2	.	.	.	.	.
Developing countries	-60.7	-16.3	-13.5	.	.	.	.	.
Countries of Central and Eastern Europe[4]	-3.2	-0.9	-0.7	.	.	.	.	.

Foreign trade turnover by major countries

Specification	I - III 2021						2020	2021
	bn PLN	bn USD	bn EUR	I - III 2020 = 100			I - III	
				PLN	USD	EUR	structure %	
EXPORTS								
1. Germany	86.5	23.3	19.2	119.2	124.1	112.6	27.8	28.9
2. France	18.2	4.9	4.0	118.8	123.4	112.2	5.9	6.1
3. Czechia	16.8	4.5	3.7	106.2	110.5	100.3	6.1	5.6
4. Italy	14.8	4.0	3.3	132.3	137.4	124.9	4.3	5.0
5. United Kingdom	14.6	3.9	3.2	91.5	95.2	86.4	6.1	4.9
6. Netherlands	12.7	3.4	2.8	112.9	117.4	106.6	4.3	4.3
7. Sweden	8.5	2.3	1.9	113.4	118.1	107.1	2.9	2.8
8. Russia	8.1	2.2	1.8	108.4	112.9	102.4	2.9	2.7
9. Spain	7.8	2.1	1.7	111.2	115.6	105.0	2.7	2.6
10. United States	7.7	2.1	1.7	103.7	108.0	97.9	2.8	2.6

IMPORTS[5]								
1. Germany	62.4	16.8	13.8	111.6	116.2	105.5	21.8	21.7
2. China	42.3	11.4	9.4	131.8	137.0	124.5	12.5	14.7
3. Italy	14.8	4.0	3.3	116.1	120.8	109.6	5.0	5.1
4. Russia	14.1	3.8	3.1	97.9	101.7	92.4	5.6	4.9
5. Netherlands	11.5	3.1	2.5	119.5	124.5	112.9	3.7	4.0
6. France	10.0	2.7	2.2	107.7	112.0	101.7	3.6	3.5
7. Czechia	9.6	2.6	2.1	113.0	117.6	106.8	3.3	3.3
8. United States	7.9	2.1	1.7	88.3	91.8	83.4	3.5	2.7
9. South Korea	7.1	1.9	1.6	111.6	115.9	105.4	2.5	2.5
10. Belgium	6.9	1.8	1.5	116.3	121.2	109.9	2.3	2.4

Imports by country of consignment[6] - total and groups of countries[1]

Specification	I - III 2021						2020	2021
	bn PLN	bn USD	bn EUR	I - III 2020 = 100			I - III	
				PLN	USD	EUR	structure %	
Imports[6]	**287.9**	**77.4**	**63.9**	**112.3**	**116.8**	**106.1**	**100.0**	**100.0**
Developed countries	210.6	56.6	46.7	110.3	114.8	104.2	74.4	73.1
of which EU[2]	196.0	52.7	43.5	113.2	117.9	107.0	67.5	68.1
of which euro-zone[3]	165.8	44.6	36.8	113.9	118.5	107.6	56.8	57.6
Developing countries	57.2	15.4	12.7	125.6	130.7	118.7	17.8	19.9
Countries of Central and Eastern Europe[4]	20.2	5.4	4.5	100.8	104.8	95.2	7.8	7.0
Balance	**10.9**	**2.9**	**2.4**	**.**	**.**	**.**	**.**	**.**
Developed countries	47.4	12.8	10.5	.	.	.	.	.
of which EU[2]	28.5	7.7	6.3	.	.	.	.	.
of which euro-zone[3]	12.0	3.2	2.7	.	.	.	.	.
Developing countries	-32.7	-8.8	-7.2	.	.	.	.	.
Countries of Central and Eastern Europe[4]	-3.9	-1.1	-0.9	.	.	.	.	.

Imports by major countries - countries[6]

Specification	I - III 2021						2020	2021
	bn PLN	bn USD	bn EUR	I - III 2020 = 100			I - III	
				PLN	USD	EUR	structure %	
1. Germany	78.3	21.1	17.4	111.9	116.5	105.7	27.3	27.2
2. China	28.2	7.6	6.3	133.1	138.3	125.7	8.3	9.8
3. Netherlands	18.2	4.9	4.0	121.8	126.8	115.0	5.8	6.3
4. Italy	14.9	4.0	3.3	117.9	122.6	111.3	4.9	5.2
5. Russia	14.3	3.8	3.2	94.0	97.7	88.8	5.9	5.0
6. Czechia	11.6	3.1	2.6	114.6	119.2	108.2	4.0	4.0
7. France	11.3	3.0	2.5	108.5	112.8	102.4	4.1	3.9
8. Belgium	11.2	3.0	2.5	117.7	122.6	111.2	3.7	3.9
9. Slovakia	7.5	2.0	1.7	129.4	134.6	122.2	2.3	2.6
10. Spain	7.1	1.9	1.6	111.2	115.7	105.0	2.5	2.5

1 Collection of data on foreign trade turnover is open. Data published formerly is updated according to new customs documentation and INTRASTAT declarations.

2 Trade turnover with EU countries covers: Austria, Belgium, Bulgaria, Croatia, Czechia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

3 Trade turnover with euro-zone countries covers: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain.

4 Trade turnover with Central and Eastern European countries covers: Albania, Belarus, Moldova, Russia and Ukraine.

5 Country of origin is the country where the commodity was produced or processed and in this form entered the Polish customs zone.

6 Country of consignment is the country from which the goods were introduced into the Polish territory irrespective of their origin.

Source: Stat gov.pl

Indicators	2015	2016	2017	2018	2019	2020	2021
GDP (in bn USD)	823.5	848.5	850.0	713.5	631.2	848.0	890.3
GDP per capita (in USD)	10557	10979	10537	8716	7615	10 054	10 469
GDP (dynamics in %)	3	3.2	5.5	3.8	-1.5	-1.8	3.3
Budget deficit (-)/surplus (% PKB)	- 1.3	- 0.7	-3.2	-4.9	-4.6	-3.7	-0.9
Public debt (% PKB)	38.7	38.2	36.2	34.2	33.1	34.1	35.4
Inflation (w %)	7.6	6.5	5.0	20.8	16.8	12	12
Unemployment (in %)	10.5	10.3	9.6	9.8	12.8	12.6	14.5
Exports (in bn USD)	143	141.3	157	140.7	182.0	135.2	159.6
Imports (in bn USD)	208.4	192	234	200.0	244.0	183.3	192.35
Foreign direct investment in Turkey (bn EUR).	7.7	6.1	10.9	9.5	8.1	5.4	5.7
Turkey's foreign direct investment (in bn EUR)	2.3	2.8	2.3	2.6	-	-	-

Source of data: Turkish Statistics Institute

Legal and treaty frameworkof economic cooperation

Economic and commercial relationsare regulated by the following bilateral agreements:

- Trade Agreement of 23 April 1974 (it came into force on 22 April 1975);

- Agreement on Economic and Technical Cooperation of 31 January 1980 (it came into force on 18 July 1980.);

- Agreement on Mutual Protection and Support of Investments of 11 August 1991 (it came into force on 19 August 1994);

- Agreement to Avoid Double Taxation of 3 November 1993 (it came into force on 1 October 1996);

- Protocol on the Establishment of High-Level PermanentConsultative Committee of 19 July 1994 (it came into force on 13 September 1996);

- Agreement on Cooperation in Technology and Defence Industry of 19 July 1994 (it came into force on 2 March 2000);

- Agreement on Cooperation in Tourism of 7 May 1997 (it came into force on 19 September 1997);

- Agreement on Cooperation and Mutual Assistance on Customs Matters of 4 October 1999 (it came into force on 1 May 2000).

- Since 1 May 2004 Poland as a member of the European Union has been party to the agreements concluded with Turkey by the EU, including the Free Trade Agreement of 1963 (it came fully into force on1 January 1996)

Trade with Poland inmillion EUR

	2016	2017	2018	Dynamics 2018 / 2017	2019	Dynamics 2019 / 2018	2020 1-9	Dynamics 1-9.2020 / 1-9.2019
Turnover	5 628.3	6 129.1	6 324.1	103	5 854.5	92	4 246.9	98
Exports	2 816.3	2 914.7	2 521.0	86	1 937.8	77	1 585.2	114
Imports	2 812.0	3 214.4	3 803.1	118	3 916.6	103	2 661.8	90
Balance	4.4	-299.7	-1 282.1	-	-1 978.8	-	-1 076.6	-

Source of data:Statistic Office of Poland

Turkey continues to be the main partner of Poland in the Middle East and Asia region. According to statistical data for 2019, Polish exports to Turkey ranked this country 23rd and imports from Turkey ranked it16th.

Statistics for 2019 show that trade turnover amounted to EUR 5.8503 bn, which means a decrease by 8% comparedwith the same period of the previousyear. Polish exportsamounted to EUR 1.93940 bn (down by 13% compared with the same period of the previous year), and importsfrom Turkey were at EUR 3.9109 bn (up by 2% comparedwith the same period of the previous year).

The structure of Polish exports to Turkey in 2019: mechanical and electrical devices (39.4%),non-precious products and products made of non-precious metals (14.6%), vehicles (13.9%), chemical industryproducts (10%), plastics,rubber (8.5%), wood pulp (4.8%),ready-made food (3.9%),various goods (2.2%).Imports: vehicles (32.8%),textile materials and products (18.9%), mechanical and electrical devices (16.8%), non-precious products and products made of non-precious metals (10.9%), plastics, rubber (6.4%), chemical industry products (3.2%), productsof plant origin (2.7%).

Investment and capital cooperation

According to the data of the NationalBank of Poland, the accumulated value of Turkishforeign direct investments in Poland in 2019 was EUR 92.5 m, while in 2018 it was EUR 86.5 m. However,they still accountfor a small part of all foreigndirect investments in Poland.Investments (at the end of 2019 in million EUR)

	Shares and equity	Net debt instruments	Total FD
PL in TR	-39.3	273.0	233.7
TR in PL	46.0	46.4	92.5

Source:National Bank of Poland

Polish investments in Turkey amounted to EUR 233.7 m in 2019. Polish IT company Asseco South EasternEurope and pharmaceutical company Polpharma are active in Turkey. Also the Selena Group (construction chemicals) has a factory in Turkey. Investments in Turkey were also made by Rafako, MPN EE, Smyk and X-Broker. Likewise, Maspex (food industry) and Elemental (recycling, trade in recycledmaterials) invest in Turkey. Accordingto research doneby Polska Agencja Informacji i Inwestycji Zagranicznych S.A., 4 large Turkish investors were present in Poland in 2017/2018. They are presented in the table below:

Companies with Turkish capitalin Poland

#	Name of the investor	Name of the Polish entity	Sector
1.	Koç Holding	BEKO Polska	Household appliances
2.	Mesa Mesken A.S.	Euro Power Centrum Sp. z o.o. - Raszyn	Business activity related to real properties owned by the company
3.	Polimer Kauçuk Sanayi Ve Pazarlama A.	Niff Rubber Industry sp. Z o.o.	Production of rubber and plastics
4.	Yenigun Construction Industry and Commerce Inc.	Yenigun Polska Sp. Z o.o.	Construction

Source:"List of Major Foreign Investors in Poland", PAIiIZ,2018.

According to CentralStatistics Office (GUS) data, 256 entities with the participation of Turkish capitalwere registered in Poland in 2018.

Access to the market

Polish enterprises are subject to the same requirements and obstacles as all companies from the European Union area. Notable problems include:

- prohibition of importing live animals from the EU to Turkey,
- need to obtain a Turkish healthcertificate for food packaging products(even when the producer has the relevant certificate issued in the territory of an EU member state and the product is present in the EU market). Procedures of obtaining the local certificate are expensive and long,
- need for the local authorities to confirmat each delivery to the Turkish marketthe health certificate issued in the producer's country for products which might have contact with food (e.g. porcelain tableware),

charging importers of alcoholic beverages with excise duty significantly exceeding the tax for local products.

Actions to develop mutual economic cooperation

2014 was a jubilee year for Polish-Turkish relations. It marked the 600th anniversary of the establishment diplomatic relations between Poland and Turkey. The jubilee was an excellent opportunity to strengthen and develop bilateral relations, which was reflected in economic missions of entrepreneurs accompanying visits to Turkey by the Polish President (March 2014), Deputy

Prime Minister(June 2014) and Minister of Foreign Affairs (March 2015).

In August 2016, Mr. Elvan Lütfi, Minister of Development of the Republic of Turkey, visited Warsaw and met Mr. Jerzy Kwiecinski, Secretary of State at the Ministry of Development. The visit of the Minister of Development served the Turkish side as an opportunity to explain the economic situation in Turkey after the putsch of July 2016.

On 17 October 2017, Turkey's President Recep Tayyip Erdoğan visited Warsaw. On the occasion of that visit a Polish-Turkish Economic Forum was held with the participation of approx. 300 entrepreneurs from Poland and Turkey.

On 7 March 2019, IV Polish-Turkish Economic Consultations were held, presided by Minister Jadwiga Emilewicz and Ruhsar Pekcan,Minister of Trade of the Republic of Turkey.

Potential areas of cooperation

Sectors with promising prospects include:

- Energy in connection with the sector of machinery, equipment and technologies for mining. Potential in this regard is created, among other things, by high and constantly growing (at a rate of about7% annually) demandfor energy in Turkey, caused by rapid economicand demographic growthas well as growing household income, globalization with regard to greater willingness to adapt to Western cultural and consumption patterns. High cost of energy import, which led to modification of priorities in the new system of investment incentives introduced in Turkey in 2012. As a result of these changes, Turkeyintroduced preferences for the use of nationalresources of ligniteand energy based on the use of those resources. Turkey modernizes existingpower plants that rely on fossil fuels (coal, lignite, oil) in order to increase the efficiency of electrical energy production, which offers opportunities for deliveries of new machines and technologies.

- Transport in terms of infrastructure and meansof transport – Turkey pursuesa programme of developing the infrastructure of road transport (building new sections of roads, motorways, bridges), railway transport (planned construction of about 14,000 km rapid railway routes, extension of the metro in Ankara, extension of the public rail transport (tramways) in 5 Turkishcities) and air transport (building new airports).

- Pharmaceuticals, cosmetics, health care sectors– potential is created by demographics (aging society, civilization diseases) and development factors (increasing availability of medical care, growing wealth of the society and its consumption needs, governmental programmes to improve healthof the society).

- Agriculture and food processing – increased living standards, changedcultural conditions, growing demand for consumption goods make Turkey systematically open up to imported goods that have been absent in the Turkish food market until now.

Partial adoption of the Western lifestyle by the younggeneration of the Turkish societyincreases the demandfor using new market offers,creates an opportunity to introduce to the Turkish market also Polish food products such as: hard cheese, blue cheese, butter and its derivatives, sweets, energy drinks and a number of other goods.

Groups of goods that seem to have particularly promising prospects from the perspective of Polish exportsinclude:

- Machinery, devices and equipment for sectors with the highest contribution to Turkish exports: textiles and clothes,automotive sector, productionof household appliances,
food sector as well as sectors of priorityimportance for economicgrowth: energy and transport (also with regard toenergy transfer infrastructure);\

- Pharmaceutical products(generic medicines) as well as medical devicesand rehabilitation equipment;
Cosmetics and bodycare products, as well as personal hygiene products;

- Wooden and paper products(pulp, cardboard, stationery);

- Chemicals

- Rubber and plastic products

- Energy drinks

- Sweets

Source: Ministry of Economic Development, Labourand Technology

Total exports in the period January – April 2021 amounted to EUR 90.0 billion, and importsamounted to EUR 86,5 billion.

The Central Statistical Office presented data on foreigntrade turnover in total and by countries in the period January - April 2021.

After an exceptionally difficult beginning of the year, when the weather was extremely unfavorable for traders and logistics professionals, March and April also brought up most of these arrears. Certainly, the statistics were also positively influenced by the gradual standardization on the EU-UK border. In some economies, the scenarios of starting economicactivity after the pandemic have also become stronger. The tendency of some of our customers to work at a higher level of inventory than before - both for finished products and components needed for further production, draws attention. For the statistics comparing the currentresults with those from a year ago, it was important to echo the extremely low base from the previousyear (April 2020 wasthe peak of the slump in economic activity relatedto the pandemic).

According to the information contained in the report, total exports in the period from January to April2021 amounted to EUR 90.0 billion, which was 19.0% higher than in the corresponding period of the previous year. It should be remembered that the export results in the period January - March 2021 were 8.3% higherthan in the corresponding periodof the previous year. Germany continues to be Poland's main trading partner. In the period from January to April 2021, our exports here amounted to EUR 25.9 billion and at the same time turned out to be 22.1% higher than in the previous year (in the period January - March 2021, an increase of 12.6% was recorded). The substantial export growth generated in the context of the still moderate condition of the German economy is a positive surprise. However, the practice of the whole last year was similar (an increase in our exports amid a weak economic situation in Germany).

Exports to other euro area countries reached EUR 27.5 billion and turned out to be 25.2% higher than in the corresponding period of the previous year (in the period January - March 2021, an increase of 11.8% was recorded). In this context, it is worth paying attention to the rapidly growing results of sales to Italy (EUR 4.4 billion, increase by 43.0%, after an increase in the period January-March by 24.9%), France (EUR 5.4 billion, increaseby by 28.1%, after an increase in the period January - March at the level of 12.2%), Spain (an increase of 2.3 billion by 22.7%, while in the periodJanuary - March there was an increaseof only 5.0 %). The results of sales to the Netherlands are still positive (EUR 3.8 billion, an increase by 12.3% against an increase in the period January - March by 6.6%).

In the case of EU countries outside the euro area, exports amounted to EUR 14.1 billion and turned out to be 13.8% higher than in the previous year (in the period from January to March 2021, an increase of 2.4% was recorded here). The so far weak sales to the Czech Republic are improving (EUR 5.1 billion increase by 13.7%). We are also pleased with the increase in sales to Sweden (EUR 2.6 billion, an increase of 17.1%).

Contacts with highly developed countries outside the EU are graduallynormalizing (EUR 10.1 billion, a level higher than the year before by 4.0%), e.g. to Great Britain (EUR 4.4 billion, a decrease by only 1.7%) and to the USA (EUR 2.3 billion increase by 4.5%). In the first four months of 2021, goods worth EUR 5.0 billion (increase by 14.3%), mainly to Russia (EUR 2.5 billion increase by 11.9%), were exported to Central and Eastern Europe. Excellent results were recorded for developing countries - exports at the level of - EUR 7.3 billion were clearly higher than in the previous year (by 24.2%).

	Export	I – IV 2021	Import	I – IV 2021
	billion EUR	dynamics	Billion EUR	dynamics
Total	90,0	19,0%	86,5	15,6%
Germany	25,9	22,1%	18,9	17,4%
The rest of EUR zone	27,5	25,2%	21,0	17,4%
EU countries outside EUR	14,1	13,8%	8,1	12,8%
Remaining developed countries	10,1	4,0%	7,4	-3,7%
Countries of Central and Eastern Europe	5,0	14,3%	5,8	9,9%
Developing Countries	7,3	24,2%	25,2	22,5%

In the period January - April 2021, total imports amounted to EUR 86.5 billion, which was 15.6% higher than in the corresponding period of the previous year (in the period January - March 2021, importwas higher by 6.1%than in the previousyear).

In the first four monthsof the year, our importsfrom Germany reachedEUR 18.9 billionand at the same time turned out to be 17.4% higher than the year before (in the period January - March 2021 an increase of 5.5% was recorded). Imports from other euro area countries amounted to EUR 21.0 billion and turned out to be 17.4% higher than in the previous year (in the period from January to March 2021 the result was 5.5% higher than the year before). What is noteworthy is the increase in the so far weak imports from France (by 15.1% to EUR 3.0 billion), with a simultaneous strong increase in imports from Italy (by 25.2% to EUR 4.4 billion), the Netherlands (by 20.6 % to EUR 3.4 billion) and Belgium (by 23.4% to EUR 2.1 billion).

Imports from EU countries outside the euro area amounted to EUR 8.1 billion (increase by 12.8%). Imports from highly developed countries outside the EU (EUR 7.4 billion decrease by 3.7%), similarly to exports, were largely createdthrough contacts with the USA (EUR 2.4 billion decrease by 12.5%), but also with Korea South (EUR 2.2 billion increaseby 11.8%). Goods in the amount of EUR 5.8 billion were purchased from Central and Eastern Europe (an increase by 9.9%), mainly from Russia (EUR 4.2 billion an increase by 3.2%), and from developing countries - 25.2 EUR billion (increase by 22.5%) mainly due to China, our second partner in import (EUR 12.4 billion increase by 29.1%).

Structure of turnover according tocommodities	Export	I-IV 2021	Import	I-IV 2021
	Billion EUR	%	Billion EUR	%
Total	90,0	100,0	86,5	100,0
Food and live animals	9,4	10,4	6,1	7,1
Drinks and tobacco	1,6	1,8	0,6	0,7
Inedible raw materials except fuels	2,2	2,4	2,6	3,0
Mineral fuels, greases and similar	1,5	1,7	4,8	5,5
Oils, fats, waxes, animal and vegetal	0,2	0,2	0,3	0,4
Chemicals and derived products	8,6	9,5	13,1	15,1
Industrial goods, classified by rawmaterials	16,2	18,0	15,1	17,4
Machines, devices, transport equip.	34,7	38,5	30,7	35,5
Different industrial products	15,6	17,3	12,0	13,9
Goods and transactions not classified	0,2	0,2	1,2	1,4

Source: Piotr Soroczynski, Chief economist of the Polish Chamber of Commerce

Most Popular BusinessCities

Warsaw – the capitalof Poland (Polish:Warszawa) is the capital and largest city of Poland.It stands on the Vistula River in east-central Poland, roughly 260 kilometres (160 mi) from the Baltic Sea and 300 kilometres (190 mi) from the Carpathian Mountains. Its population is estimated at 1.740 million residentswithin a greatermetropolitan area of 2.666 millionresidents, which makes Warsaw the 9th most-populous capital city in the European Union.

Warsaw – the capitalof Poland (Polish:Warszawa) is the capital and largest city of Poland.It stands on the Vistula River in east-central Poland, roughly 260 kilometres (160 mi) from the Baltic Sea and 300 kilometres (190 mi) from the Carpathian Mountains. Its population is estimated at 1.740 million residentswithin a greatermetropolitan area of 2.666 millionresidents, which makes Warsawthe 9th most-populous capital city in the European Union.The city limits cover 516.9 square kilometres (199.6 sq mi), while the metropolitan area covers 6,100.43 square kilometres (2,355.39 sq mi). In 2012 the Economist Intelligence Unit ranked Warsaw as the 32nd most liveable city in the world. It was also ranked as one of the most liveable citiesin Central Europe.Today Warsaw is considered an "Alpha–" global city, a major international tourist destination and a significant cultural, political and economic hub.

Krakow – the second largest city of Poland and the country's ancient capital is sometimes spelled as Cracow in English although its correct English name is Krakow nowadays. Krakow is the top tourist destination of Poland. The city basks in glory of its long history and it greatly treasuresits reputation of the culturecapital of Poland.Cracow's seven universities plus almost twenty other institutions of higher education make it the country's leading center of science and education. The city's expanding service sector is the lifebloodof local economybut varied industry and production still provide substantial proportions of jobs and wealth. Cracow is the metropolis of southern Poland and the capital city of the Malopolska Province.

Lodz - the third-largest city in Poland. Located in the central part of the country, it had a population of 715,360 in 2013. It is the capital of Lódz Voivodeship, and is approximately 135 kilometres (84 mi) south-west of Warsaw. The city's coat of arms is an example of canting: depicting a boat. It alludes to the city's name which translates literally as "boat." Lódz is a thrivingcenter of academiclife. Currently Lódz hosts three major state-owned universities, six higher education establishments operating for more than a half of the century, and a number of smaller schoolsof higher education. The Piotrkowska Street,which remains the high-street and main tourist attraction in the city, runs north to south for a little over five kilometres (3.1 miles).This makes it one of the longestcommercial streets in theworld.

Gdansk - is a Polish city on the Baltic coast, the capital of the Pomeranian Voivodeship, Poland's principalseaport and the centre of the country'sfourth-largest metropolitan area.Thecity lies on the southernedge of Gdansk Bay (of the Baltic Sea), in a conurbation with the city of Gdynia,spa town of Sopot, and suburban communities, which together form a metropolitan area called the Tricity (Trójmiasto), with a population approaching 1.4 million. Gdansk itself has a population of 460,427 (December 2012), making it the largest city in the Pomerania

region of Northern Poland. There are 14 higher schools including 3 universities. The city has some buildings surviving from the time of the Hanseatic League. Most tourist attractions are located along or near Ulica Dluga (Long Street) and Dlugi Targ (Long Market), a pedestrian thoroughfare surrounded by buildings reconstructed in historical (primarily during the 17th century) style and flanked at both ends by elaborate city gates. This part of the city is sometimes referredto as the Royal Road, since it was once the formerpath of processions for visiting kings.

Poznan - is a city on the Warta river in west-central Poland, in the Greater Polandregion. It is best known for its renaissance old town, destroyedduring World War II and then rebuilt,and

Ostrów Tumski cathedral.Today, Poznan is an importantcultural and businesscentre and one of Poland's most populous regions with many regional customs such as Jarmark Swietojanski, traditional Saint Martin's croissants and a local dialect. Poznan is among the oldest cities in Poland and was one of the most important centers in the early Polish state in the tenth and eleventh centuries. Poznanis one of the four largest academiccenters in Poland.The number of students in the city of Poznan is about 140 000 (fourth/third after Warsaw, Cracow and close to Wroclaw student population). Every one of four inhabitants in Poznan is a student. Since Poznan is smaller than Warsaw or Cracow still having a very large number of students it makes the city even more vibrant and dense "academic hub" than both former and current capitalsof Poland. The city has many state-owned universities.

Wroclaw - is the largest city in westernPoland. It is on the River Oder in the Silesian Lowlandsof Central Europe. Wroclaw is the historical capital of Silesia and Lower Silesia. Today, it is the capital of the Lower Silesian Voivodeship. At various times in history, it has been part of the Kingdom of Poland, Bohemia, Hungary, the Austrian Empire, Prussia, and Germany. It becamepart of Poland in 1945, as a result of the border changes after the SecondWorld War. The population of Wroclaw in 2015 was 635 759, making it the fourth-largest city in Polandand the main city of Wroclaw agglomeration. Wroclaw is classified as a global city by GaWC, with the ranking of high sufficiency and living standard. It was among 230 cities in the world in the ranking of the consulting company Mercer — "Best City to Live" in 2015 and the only Polish city inthis ranking has been recognized as a city growing at the business center

Source: Wikipedia

Trade Fairsby Sector

Top 100 Poland Events: ranking of popular trade fairs, trade shows & conferences

Rank	Event	When	Where	Category
1	MSPO MSPO Expo Exhibition	07 - 10 Sep 2021	Poland Kielce	Security & Defense
2	TT Warsaw Exhibition	25 - 27 Nov 2021	Poland Warsaw	Travel & Tourism
3	AGRO SHOW Exhibition	23 - 26 Sep 2021	Poland Pobiedziska	Agriculture & Forestry
4	PLASTPOL Exhibition	21 - 23 Sep 2021	Poland Kielce	Industrial Engineering
5	Dental Exhibition by CEDE Exhibition	24 - 26 Sep 2020 cancelled r	Poland Poznań	Medical & Pharma
6	LIGHT Fair Exhibition	26 - 28 Jan 2022	Poland Warsaw	Electric & Electronics
7	BEAUTY FORUM WARSAW Beauty ForumConference	25 - 26 Sep 2021	Poland Pruszków	Fashion & Beauty
8	fast textile Fast Textile International Textile FairExhibition	17 - 19 Nov 2021	Poland Pruszków	Apparel & Clothing
9	budma BUDMAExhibition	23 - 26 Nov 2021	Poland Poznań	Building & Construction
10	P PolagraExhibition	04 - 06 Oct 2021	Poland Poznań	Food & Beverages
11	P Poznan Sport ExpoExhibition	15 - 17 Oct 2021	Poland Poznań	Entertainment & Media
12	I International Tourism and Leisure FairExhibition	07 - 09 May 2021 postponed	Poland Wrocław	Travel & Tourism
13	J JUBINALEExhibition	17 - 19 Jun 2021	Poland Kraków	Arts & CraftsFashion & Beauty
14	Green Is LifeConference	02 - 04 Sep 2021	Poland Warsaw	Agriculture & Forestry
15	STONE STONE FairExhibition	17 - 19 Nov 2021	Poland Poznań	Building & Construction
16	International GasShow ion & ConferenceExhibition	20 - 21 Oct 2021	Poland Warsaw	Power & Energy

19	I International Fair of Rural and Active Tourism AGROTRAVEL & ACTIVE LIF...Exhibition	09 - 11 Apr 2021 postponed r -	Poland Kielce	Agriculture & ForestryTravel & Tourism
20	FURNICA FURNICA PoznanExhibition	14 - 17 Sep 2021	Poland Poznań	Home & Office
21	A AGROTECHExhibition	12 - 14 Mar 2021 postponed r -	Poland Kielce	Agriculture & Forestry
22	World Travel Show World Travel ShowExhibition	28 - 29 Nov 2020	Poland Pruszków	Travel & Tourism
23	E Education Fair PoznanExhibition	12 - 14 Mar 2021	Poland Poznań	Education & Training
24	Look LOOKExhibition	16 - 17 Oct 2021	Poland Poznań	Apparel & ClothingFashion & Beauty
25	A Art & Craft FestivalExhibition	03 - 05 Dec 2021r -	Poland Poznań	Arts & Crafts
26	F Fruit and Vegetable MarketExhibition	12 - 13 Jan 2022	Poland Pruszków	Agriculture & Forestry
27	C Christmas FairExhibition	20 Nov - 27 Dec 2020r -	Poland Gdańsk	Arts & Crafts
28	T Tour SalonExhibition	24 - 26 Sep 2021r -	Poland Poznań	Travel & Tourism
29	EXPO SWEET Expo SweetExhibition	27 Feb - 02 Mar 2022	Poland Warsaw	Food & Beverages
30	A Audio Video ShowExhibition	05 - 07 Nov 2021	Poland Warsaw	Electric & ElectronicsEntertainment & Media
31	Polfish POLFISHExhibition	01 - 03 Jun 2022	Poland Gdańsk	Food & Beverages
32	Warsaw Rema DaysExhibition	15 - 17 Sep 2021	Poland Pruszków	Packing & PackagingEntertainment & Media
33	fitexpo FIT ExpoExhibition	03 - 05 Dec 2021	Poland Poznań	Wellness, Health & Fitness
34	European Travel Agent ForumConference	22 - 25 Feb 2021	Poland Poznań	Travel & TourismBusiness Services
35	E Kids'Time KIDS TIMEExhibition	28 - 30 Sep 2021	Poland Kielce	Baby, Kids & Maternity
36	I International Fair Petrol StationExhibition	11 - 13 May 2022	Poland Warsaw	Power & Energy
37	B BeautyVision-PoznanExhibition	16 - 17 Oct 2021	Poland Poznań	Fashion & Beauty

38	I International Conference and Exhibition on Emissions MonitoringExhibition	02 - 04 Mar 2022	Poland Kraków	Environment & WastePower & Energy
39	WARSAW PACKExhibition	23 - 25 Nov 2021	Poland Pruszków	Packing & PackagingLogistics & Transportation
40	K Kielce Bike-ExpoExhibition	30 Sep - 02 Oct 2021	Poland Kielce	Auto & Automotive
41	J Jubinale ChristmasExhibition	26 - 27 Nov 2021	Poland Kraków	Arts & Crafts
42	W Warsaw International Medical CongressConference	29 - 30 May 2021	Poland Warsaw	Medical & Pharma
43	I International Construction and Architecture FairExhibition	23 - 26 Nov 2021	Poland Poznań	Building & Construction
44	WorldFood WorldFood PolandExhibition	20 - 22 Apr 2021	Poland Warsaw	Food & Beverages
45	International Conference on Native and Non-native Accents of EnglishConference	09 - 11 Dec 2021	Poland Łódź	Education & Training
46	FOOD TECH FOOD Tech ExpoExhibition	23 - 25 Nov 2021r	Poland Pruszków	Food & Beverages
47	International Exhibition of Church Construction and Equipment, Sacred ...Exhibition	14 - 16 Jun 2021 postponed	Poland Kielce	Building & ConstructionArts & Crafts
48	E Electricity-WarsawExhibition	26 - 28 Jan 2022	Poland Warsaw	Electric & Electronics
49	L Lviv Agatta SummerExhibition	16 - 18 Jul 2021	Poland Jelenia Góra	Arts & Crafts
50	D Dni Obuwia POLSHOESExhibition	12 Oct 2021	Poland Warsaw	Apparel & ClothingFashion & Beauty
51	SALMED SALMEDExhibition	23 - 25 Mar 2022	Poland Poznań	Medical & Pharma
52	W WeldingExhibition	19 - 21 Oct 2021	Poland Kielce	Industrial Engineering
53	I ITM PolskaExhibition	08 - 11 Jun 2021 cancelled	Poland Poznań	Industrial Engineering
54	P Poznan Optical FairExhibition	22 - 24 Oct 2021	Poland Poznań	Electric & Electronics
55	I International Food Service FairExhibition	01 - 03 Sep 2021	Poland Pruszków	Food & Beverages
56	O OILexpo Trade Fair for Oils Lubricants and Process Fluids in IndustryExhibition	28 - 30 Sep 2021	Poland Sosnowiec	Power & Energy

57	Market TourExhibition	19 - 20 Jun 2021	Poland Szczecin	Travel & Tourism
58	Polagra PremieryExhibitior	14 - 16 Jan 2022	Poland Poznań	Agriculture & Forestry
59	I International Fair of Road Construction IndustryExhibition	10 - 12 May 2022r	Poland Kielce	Building & Construction
60	M Mach-ToolExhibition	31 Aug - 03 Sep 2021	Poland Poznań	Industrial Engineering
61	International Fair of Machine Tools, Tools and Processing TechnologyExhibition	28 - 30 Sep 2021	Poland Sosnowiec	Industrial Engineering
62	C CosmeticBusiness PolandExhibition	22 - 23 Sep 2021	Poland Warsaw	Fashion & BeautyHome & Office
63	I International Conference on Medical & Health ScienceConference	04 - 05 Jan 2022r	Poland Kraków	Medical & PharmaScience & Research
64	WARSAW FOOD EXPO Warsaw Food ExpoExhibition	22 - 24 Sep 2020	Poland Pruszków	Food & Beverages
65	S SIBEX Modern Home and Garden FairExhibition	05 - 07 Mar 2021	Poland Sosnowiec	Building & Construction
66	Warsaw Dental Medica ShowExhibition	09 - 11 Sep 2021	Poland Pruszków	Medical & Pharma
67	Warsaw Gift & Deco ShowExhibition	25 - 27 Nov 2021	Poland Pruszków	Arts & CraftsHome & Office
68	V VetMedica FairExhibition	23 - 24 Oct 2021	Poland Łódź	Medical & Pharma
69	I International Conference on Artificial Intelligence and Soft ComputingConference	20 - 24 Jul 2021	Poland Zakopane	IT & Technology
70	W Wedding FairExhibition	17 Jan 2021	Poland Kielce	Apparel & ClothingEntertainment & Media
71	D Days Of Footwear Polshoes KrakowExhibition	26 - 27 Oct 2021	Poland Kraków	Fashion & Beauty
72	S Sweet TARGiExhibition	19 - 21 Mar 2022	Poland Katowice	Food & Beverages
73	S Subcontracting PolandExhibition	31 Aug - 03 Sep 2021	Poland Poznań	Industrial Engineering
74	F Flower Expo PolandExhibition	02 - 04 Sep 2021	Poland Warsaw	Agriculture & Forestry
75	D DentamedExhibition	05 - 06 Nov 2021	Poland Wrocław	Medical & Pharma

76	POL-ECO SYSTEMExhibition	13 - 15 Oct 2021	Poland Poznań	Agriculture & Forestry
77	Polish Franchise ExpoExhibition	14 - 16 Oct 2021	Poland Warsaw	Business Services
78	Hair FairExhibition	20 - 21 Nov 2021	Poland Katowice	Fashion & Beauty
79	International Trade Fair for Environmental Protection and Waste Manage...Exhibition	23 - 24 Feb 2022	Poland Kielce	Environment & Waste
80	Mobile Trends ConferenceConference	08 - 09 Oct 2020 cancelled	Poland Kraków	Education & TrainingIT & Technology
81	International Exhibition Of Power And Electrical EngineeringExhibition	28 Apr 2021r	Poland Kielce	Electric & Electronics
82	Poznan Motor ShowExhibition	18 - 20 Jun 2021	Poland Poznań	Auto & Automotive
83	International Trade Fair for Composite Materials, Technologies and Pro...Exhibition	05 - 06 Oct 2021	Poland Kraków	Industrial Engineering
84	International Racing Pigeon FairExhibition	07 - 09 Jan 2022	Poland Sosnowiec	Animals & Pets
85	Big Data Technology Warsaw SummitConference	25 - 26 Feb 2021	Poland Warsaw	IT & Technology
86	opolagra OpolagraExhibition	03 - 05 Sep 2021r	Poland Kamień Śląski	Agriculture & Forestry
87	HPCI Central and Eastern EuropeExhibition	22 - 23 Sep 2021	Poland Warsaw	Fashion & BeautyWellness, Health & Fitness
88	GlassExhibition	17 - 19 Nov 2021	Poland Poznań	Building & Construction
89	International Conference On Methods and Models In Automation and Robot...Conference	23 - 26 Aug 2021	Poland Miedzyzdroje	Industrial EngineeringIT & Technology
90	Warsaw Motor ShowExhibition	13 - 15 Nov 2020	Poland Pruszków	Auto & Automotive
91	Gardenia FairExhibition	04 - 06 Nov 2021	Poland Poznań	Agriculture & Forestry
92	Central Agricultural FairExhibition	26 - 28 Nov 2021	Poland Pruszków	Agriculture & Forestry
93	logistics ExpoExhibition	07 - 10 Sep 2021	Poland Kielce	Logistics & Transportation

94	I **International Book Fair in Krakow** Exhibition	**14 - 17 Oct 2021**	**Poland** Kraków	Education & Training
95	E **Education Culture Society Conference** Conference	**11 - 13 Sep 2021**	**Poland** Wrocław	Business Services Education & Training
96	H **Horeca** Exhibition	**03 - 05 Nov 2021**	**Poland** Kraków	Food & Beverages
97	A **Agro Park Agriculture Fair** Exhibition	**23 - 24 Oct 2021**	**Poland** Lublin	Agriculture & Forestry
98	INTERBUD **Interbud Fair** Exhibition	**04 - 06 Mar 2022**	**Poland** Łódź	Building & Construction
99	FIWE **FIWE FITNESS TRADE SHOW** Exhibition	**10 - 12 Sep 2021**	**Poland** Warsaw	Wellness, Health & Fitness
100	E **Expo Gas** Exhibition	**22 - 23 Sep 2021**	**Poland** Kielce	Industrial Engineering Power & Energy

Source: Virtual Event Platform

Swot analysis

SWOT analysis is one of the most popular methods of strategic analysis of an organization, which is an integrated method that connects the organization's environment with its interior, and confronts them with the externalenvironment. The SWOT analysis includesthe diagnosis of the company's situation in four areas:

Strengths – these are the resources and skills that will allow the company to take advantage of a favorable position on the market, give an advantage over competitors. You should look after them and keep them in the future. Examplesof strengths are: high employeequalifications, good work organization, company's reputation, financialresources, etc.

Weaknesses – these are the factors that limit the efficiency of the company, hamper its development. They can weaken strengths if they are not overcome in time. Examples of weaknesses are: overstaffing, poor product quality,low competences, bad reputation, etc.;

Opportunities – these are positive phenomena and tendencies in the environment of the organization, which if properlyused by it, support its development or reduce threats.Examples of opportunities: openinga new market, increasing demand,new customer group, etc.

Threats – these are phenomena perceived as negative for the company, all barriers and obstacles that will inhibit its development. They will have a negative impact if you do not take appropriate remedial measures.

Examplesof threats may include: new competitors, crisis,loss of an importantclient, etc.

Source; DRB Research in Poland

SWOT Analysis of Poland: example 1.

STRENGHTS

- Strong Economy
- Culturally/Historically Rich
- Tourism

WEAKNESSES

- COVID-19
- Labor Market
- Technology
- Economic Inequality

OPPORTUNITIES

- Population'
- Technology Advancement
- Investment and Export

THREATS

- Economic Impact
- Price Competitiveness

It's no secret that the world is becoming crowded and noisy with each passing day, which is why words like a vacation, relaxation, etc. are being used more and more. If you are looking for a reprieve, look no further, Poland is the destination of your dreams. You can hike up mountains, wander through the woods, and take leisurely strolls through the streets, try out uniquely delicious food and enjoy the hospitality of the locals. There are, however, a few setbacks that will be addressed in this Poland SWOT analysis to see how it is faring in the current scenario.

STRENGHTS

Strong Economy: Polandis doing quitewell with respectto its economy, in fact, it is amongstthe top ten economic players within the European Union. It was also one of the few countries that were minimally affected by the financial catastrophe in 2008 and have managed to have a stable economic development.

It surely does not hurt to be close to European markets, to have a skilled and affordable workforce, a population that consumes locally produced products, and an economic structure that comprises agricultural, manufacturing, and the services sector.

Culturally/Historically Rich: A factor that may appeal to all the history buffs out there, is Poland'sinteresting (and ratherviolent history, full of invasions and communist influence.

In fact, the very essenceof that influence can stillbe felt by looking at the buildingsthroughout the country.In addition to that, the country comprises 14 UNESCO World Heritage Sities.

Tourism: For people who want to escape their troubles, take in scenic wonders, and get lost in the beautyof nature, Poland's diverse geography offersvarious opportunities.

You can visit salt mines, national parks, walk through one of the oldest market places, or visit natural wonders such as the crooked forest. If you love history, you should definitely add Poland to your bucket list. With historic sites such as castles, concentration camps, museums, etc.Poland has a lot of historically significant options to explore.

Poland's tourismindustry generated a revenue of PLN 124.6 billion in 2018 which is a marked

6.8 percent increase compared to the previous year. The number of tourists coming into the country increased by 7.5 percent which was the highest ever for Poland.

WEAKNESSES

COVID-19: It is no secret that the COVIDpandemic wreaked havoc throughout the world, and impacted all aspects of life. Before the pandemic, the growth of Poland's economy was considered to be one of the highest withinthe European Union,however, COVID-19 put a stop to that or ratherhit the brakesso as to decrease the speed of development.

If the pandemiccontinues to stretchout, it will put pressureon the healthcare sector, harm the education sector, negatively impact tourism, make investments riskier and affect the way people make purchases, all of this willnegatively impact Poland'seconomic stability.

Labor Market: Poland is not doing too well when it comes to its workforce because the new policies that have been enforced, squeeze the market by allowing fewer women to work, decreasing the age at which one can retire,and preventing immigrants from working altogether.

Technology:may well be what drives success in the modern world, however, Poland isn't nearly as technologically advancedas it should be nor does it invest in tech-savvy peoplewho can operatethe technology that it does or may invest in.

Economic Inequality: As Poland's economic status rises within the European Union, so does the economic inequality within its borders. The bridge between the well off and the economically deprived extends with every economic development.

OPPORTUNITIES

Population: Poland has a population of 38 million people which makes it an amazing investment opportunity for people looking for newer markets to invest in and gain from.

In addition to that, the fact that Poland's existing workforce is educated serves to greatly interest investors who consider the education level of a country's workforce to reflect its economic potential.

Newer investments mean there will be more projects which will require labor that can help solve the country's issue of unemployment.

Technology Advancement: Poland's government can benefit from evolving and updating its current policies to adopt technology in order to increase the pace of economic development. Efforts in the researchand development sector can also go a long way in helpingPoland hold its ground within the constantly changingmarketplace.

Investment and Export: As part of its initiative to use more environmentally friendly fuel sources in light of global concerns for sustainability, Poland may invest in newer fuel sources and invite investors from other countries to do the same.

THREATS

Economic Impact: While Poland is economically sound, its economic health is expected to decline as theCOVID-19 pandemic continues.
Unless it can manage to keep up with the other countries, Poland may well lose its position as one of the top ten countries in the European Union, especially if it does not invest in newer technologies that increase efficiency and place a lesserburden on the workforce.

The current labor policies need to be revisited if Poland expectsto have any hope of competing internationally.

Price Competitiveness: While Poland could initially gain a lot from offering the best prices due to the availability to cheap and qualified labor, it can no longer do so because of the new policies that limit the number of people who can become a part of the workforce.

If Poland does not revisit its labor policies and devise strategies to deal with the situation, it might lose one of its greatest competitive advantages, thereby further contributing to its economic decline.

Other countries, who are more technologically advancedand have a relatively robust workforce can sweep in and take over.

Poland SWOT Analysis: Bottom Line So, while Poland is, without a doubt, a wonderful tourist destination, it has suffered a great deal because of the COVID-19 pandemic.

It is clearly evident that while Poland'seconomic performance is by no means alarming,it does need to rethinkits labor and technological investment policies in order to maintainits competitive advantage and remain relevant in the modern economic landscape.

Source: PolandSWOT Analysis, pestle analysis Abdul Momin, Oct. 31, 2020

PESTEL analysis of Poland (Polandcountry profile)

Political environment and its impact on Poland

Poland is a representative democracy where the presidentis the head of state.It comprises of sixteen administrative provinces. It is an important member of the EU. It is also a member of NATO, the UN, OECD, European Economic Area, International Energy Agency, Schengen Agreement, and some other prestigious organizations and agreements.

Poland maintains very good relations with the UnitedStates. Likewise, its relationship with the United Kingdom is noteworthy as well with trade between the two being worth over £22 billion in 2019. It is a politically stable countryand has become a successstory in Europe.

However, CIVICUS, an NGO, has put Poland on its human rights watchlist as the former accuses the latter of cracking down on media, local government, peaceful protests, and freedom of expressions (Euronews, 2021).

Economic environment and its impact on Poland

The next issue in the PESTEL analysis of Poland is the economic environment. Poland is a major economic power in Europe. Its GDP in 2019 was worth $592.16 billion which is likely to reach around $675 billion in 2023 (Trading Economics, 2021). It is one of the countries in the EU which was least affected by the globallockdowns in 2020/21.

The Polish economy is well diversified. Agriculture, energy, manufacturing, and tourism are some of the top industries. Farming takes up over 60% of the total land, and the country is largely self-sufficient in the matter of its food supply (Santander, 2020). Telecommunications, transport, construction, IT, and financial services are some of the sectors that have been boomingfor quite some time.

The Polish economybenefits very well from the EU subsidies, remittances from the expatriates working in the EU, and a strong economic environment. For example, it received 13.1 billion euros from the EUbudget in 2020 (Sas, 2021).

In terms of labour costs, Poland is still one of the cheapest countries in Europe. Minimum wages were 583.48 euro per monthin the third quarter of 2020 whichincreased to 614.08euro per month in the first quarter of 2021 which equals to 7368.96 euro per year (Trading Economics, 2021). Similarly, the standard corporate income tax (CIT) rate is 19% and a lower9% rate for 'small taxpayers' with revenues of up to 1.2 millioneuros a year (PwC, 2021).

The Polish economy can improve further if the country can further develop its infrastructure. Likewise, developing and strengthening relevant institutions, increasing labour supply, and increasing opportunities for women should also play a big role.

Social environment and its impact on Poland

Poland is a developed country.Its current population is around 38 million (Worldometer, 2021). Polish is the major language in the country while

Christianity is the major religion. Life expectancy is 74 years for men, and 82 years for women.

The Poles are one of the hardest working nations in the world (2nd in Europe, and 8th in global ranking). Though the average working week is 40 hours, around 10% of working men work more than 50 hours a week (World Population Review, 2021). Poland has greatly benefitted from the open borders of the EuropeanUnion. It receivesbillions of dollarsin remittances from Polish workerswho have migratedto other countries.

However, ironically anti-migrant sentiment is high in some parts of the Polish society. The country faces labour shortages; however, it is largely failing to entice the diaspora to return there. Likewise, its political stance against migrants from other countries is also a barrier to resolvingthe problems of labour shortage(Santora, 2019).

There are some other socialchallenges that Polandneeds to consider.The population is aging very swiftly and creating massive shortages in the labour market. Likewise, housing crisis, economic inequality, and youth unemployment rate are some other social challenges for the country.

Technological environment and its impacton Poland

Technological environment is an important issue of discussion in the PESTEL analysis of Poland. Poland has a massive broadcasting market. It has a huge potential to become a leading player in the export of new technologies. There are over 50 thousand software companies, and 18 technicaluniversities in the country.

Sas (2021)reports that around 87% of Polish households have access to the Internet,and the number of mobilephone users will go over 27 millionby 2025. Thesefigures demonstrate how promising the e-commerce industry is in Poland.
Many Poles speak English well, and have excellent technical skills. Consequently, many overseas companies outsource software development to Poland (Kulig, 2021). However, one of the biggestchallenges for the country is how to encourage Polish engineers and IT expertsto stay in the country, as many of them go abroad for better opportunities.

Environmental and its impact on Poland
Poland is a beautiful country.It has a rich history,succulent local cuisine,and a great number of visitor attractions such as mountains, beaches, and forests. Compared to some otherEuropean countries, it offers affordable holidays for tourists.However, air pollution, waste management, water pollution, poor quality drinking water, emissions, and flooding are some of the environmental challenges facing the country.

Legal environment and its impacton Poland

The last issue to dissect in the PESTEL analysis of Poland is the legal environment. The constitution of Poland assures the independence of the judiciary. Any foreigners wishing to work in Poland must obtain a work permit; however, it is not a requirement for the citizens of EU, EEA and Switzerland. Employeesare entitled to 20 days annual holidayif they have been employed for less than 10 years, and 26 days if employed for 10 years.

Source: Joe David

Useful Addresses

Political and Economic Department, Embassy of the Republic of Poland in Ankara

0650 Ankara-Kavaklidere PK-20, Ataturk Bulvari241

Tel.: (00-90312) 457 20 20

Fax: (00-90312) 467 89 63

E-mail: ankara.sekretariat@msz.gov.pl

Website: http://www.ankara.msz.gov.pl

Ministry of Development Labour and Technology

Pl. Trzech Krzyzy 3/5 00-507Warszawa

E-mail: kancelaria@mrpit.gov.pl Tel.: +48 222 500 123

Website: http://www.mrpit.gov.pl

Polish Agency for Tradeand Investments

Ul. Krucza 50

00-025 Warszawa

Tel: 4822 3349955

e-mail: paih24@paih.gov.pl

Website: http://www.paih.gov.pl

Polish Chamber of Commerce Ul. Trebacka 4

00-074 Warszawa

Tel: 4822 6309613

e-mail: bwzz@kig.pl

Website: http;//www.kig.pl

References

Geography of Poland eures, praca.gov.pl

Central Statistical Office of Poland Higher Mining Office

Statistics Poland

The World Bank in Poland SantanderTrade Portal

Ministry of Economic Development, Labor and Technology Industry Europe

Poland Country Commercial GuidePricewaterhouseCoopers Poland National Bank of Poland

Ministry of Climate and EnvironmentStat gov.pl

Doing Business

Santander Foreign Markets Wikipedia

Virtual Event Platform Euronews

Kulig, T. Poland's IT industry is booming. How can you benefit from that? Santander (2020)Poland economic and political outline

Santora, M. (2021) Poland Bashes Immigrants

Sas, A. (2021) Poland'scontributions to and receipts from the EuropeanUnion budget from 2004 to 2019

Trading Economics (2021) Poland GDP Worldometer (2021) Poland population, PolishChamber of Commerce


Republic of Serbia
COUNTRY REPORT

Table of Contents

List of Tables

List of Charts

General Information

Geographic location

Serbia is a country located partly in the Southeast of Europe – on the Balkan Peninsula (75% of the territory), and partly in the Central Europe – in the Pannonian Basin, (25% of its territory), covering a total area of 88,407 km2.

In the North,Serbia shares borderswith Hungary, in the East withRomania and Bulgaria,in the South with Macedonia and Albania, and in the West with Montenegro, Bosnia and Herzegovina and Croatia. Serbia's capitalis Belgrade.

There are over 30 peaks higher than 2,000 meters above sea level, while the highest peak is Deravicaon the Prokletije Mountains with the height of 2,656 meters. The Serbian mountain landscape explains the emergenceof many canyons,gorges and caves. The lowest point is on the border with Romania and Bulgaria, at the point where Timok flows into the Danube, at 28 meters above sea level.

The longest river in Serbia,the Danube, has a flow of 2,783km, while its length in Serbia is 588km.

Serbia has a moderately continental climate. Winters are short, cold and snowy,while the summersare warm. The coldest month is January, and the warmest is July.

Rich fertile plainsare found in the Serbiannorth, while in the east there are limestone rangesand basins. Nearly half of Serbia is mountainous, with the Dinaric Alps on the western border, the North Albanian Alps (Prokletija) and the

Sar Mountains in the south, and the Balkan Mountains along the southeast border. The highest point is Daravica, in the North Albanian Alps, at 2,656 m (8,714 ft). Of its mountains, 15 reach heights of over 2,000 m (6,600 ft).

The Danube is the longest river. With a total length of 2,783 km (1,729 mi), about 588 km (365 mi) flows from west to east through the northern region of Serbia. The Tisa, Sava and Morava rivers are major tributaries of the Danube.

Located on the Eurasian TectonicPlate, there are several fault lines runningthrough the countrywhich seismically active.Earth tremors are fairly commonand destructive earthquakes have occurred.

Political and administrative structure

The Government of the Republic of Serbia was formed on 28 October 2020, with the appointment of Ana Brnabic as Prime Minister.

The Constitution of the Republic of Serbia stipulates that Serbia is a "state of the Serbian people and all its citizens, based on the rule of law and social justice,the principles of civil democracy, human and minority rights and freedoms, and commitment to European principles and values".

The Serbian politicalsystem is based on the principle of separation of authority betweenthe executive, legislative and judicial. The holder of legislative authority, the NationalAssembly – the representative body of 250 members who are elected in direct elections using the proportional electoral system, by voting for the electoral list and the distribution of parliamentary seats in proportion to the number of votes the electoral lists received.

The holder of the executive authority is the Government of the Republic of Serbia, which consists of18 ministries, two vice presidents and a prime minister. The current Government also has three ministers without portfolio, and the president is Aleksandar Vucic.

The president of the Republic of Serbia is a symbol of national unity and state representative in thecountry and the world. The president does not answer to the Assembly, but to all the citizens in the Republic, who select him every five years.

The judicial authorityconsists of the Constitutional Court,which has 15 judges, chosenby the National Assembly, then the regular courts and the prosecution.

National Bank of Serbiais responsible for monetary policyof the state.

Serbia is a unitary state composed of municipalities/cities, districts, and two autonomous provinces. In Serbia,excluding Kosovo, there are 145 municipalities and 29 cities,which form the basic unitsof local self-government. Apart from municipalities/cities, there are 24 districts, with the City of Belgrade constituting an additional district. Except for Belgrade,which has an elected local government, districtsare regional centresof state authority, but have no powers of their own; they presentpurely administrative divisions.

The Constitution of Serbia recognizes two autonomous provinces, Vojvodina in the north, and the disputed territoryof Kosovo and Metohija in the south,while the remaining area of CentralSerbia never had its own regional authority. The province of Vojvodina has its own assembly and government. It enjoysautonomy on certain matters,such as infrastructure, science, education and culture.

The administrative divisions of Serbia are regulated by the Government of Serbia Enactment of 29 January 1992, and by the Law on Territorial Organization adoptedby the National Assembly of Serbia on 29 December 2007.

Municipalities

Serbia is dividedinto 145 municipalities and 29 cities,which form the basic units of local government. Each municipality has its own assembly (elected every four years in local elections), a municipal president, public service propertyand a budget. Municipalities usuallyhave more than 10,000 inhabitants.

Municipalities comprise local communities, which mostly correspond to settlements (villages) in the rural areas (several small villages can comprise one local community, and large villages can contain several communities). Urban areas are also dividedinto local communities. Their roles includecommunication of elected municipal representatives with citizens, organization of citizen initiatives related with public service and communal issues. They are presided over by councils, elected in semi- formal elections, whose members are basically volunteers. The role of local communities is far more important in rural areas; due to proximity to municipal centers, many urban local communities are defunct.

Cities

Cities are another type of local self-government. Territories with the status of "city" usually have more than 100,000 inhabitants, but are otherwise very similar to municipalities. There are 27 cities, each having an assembly and budget of its own. Only cities have mayors, although the presidents of the municipalities are often referred to as "mayors" in everyday usage.

The city may or may not be divided into "city municipalities". Six cities, Belgrade, Novi Sad, Nis, Pozarevac, Uzice and Vranje comprise several municipalities, divided into urban and suburban areas. Competences of cities and their municipalities are divided. Of those, only Novi Sad did not undergo the full transformation, as the newly formed municipality of Petrovaradin exists only formally;thus, the

City municipality of Novi Sad is largely equated to City of Novi Sad (and the single largestmunicipality in the country, with around 300,000residents).

Populationand labour force

The current population of Serbia is 8,701,794 as of Tuesday,July 6, 2021, based on Worldometer elaboration of the latest United Nations data.

Serbia 2020 population is estimated at 8,737,371 people at mid year according to UN data. Serbia population is equivalent to 0.11% of the total world population.

Serbia ranks number 99 in the list of countries (and dependencies) by population. The population density in Serbia is 100 per km2 (259 people per mi2).

The total land area is 87,460 km2 (33,768sq. miles)

56.2 % of the population is urban (4,913,067 people in 2020) The median age in Serbia is 41.6 years.

Table 1. Change of population in the Republic of Serbia, 2000-2020

Year	Population	Yearly % Change	Yearly Change	Migrants (net)	Median Age	Density (P/Km²)	Urban Pop %	Urban Population
2020	8,737,371	-0.40 %	-34,864	4,000	41.6	100	56.2 %	4,913,067
2019	8,772,235	-0.35 %	-30,519	4,000	40.7	100	56.0 %	4,913,420
2018	8,802,754	-0.30 %	-26,874	4,000	40.7	101	55.8 %	4,914,777
2017	8,829,628	-0.27 %	-24,335	4,000	40.7	101	55.7 %	4,917,595
2016	8,853,963	-0.26 %	-22,814	4,000	40.7	101	55.6 %	4,922,488
2015	8,876,777	-0.26 %	-22,895	5,912	40.5	101	55.5 %	4,929,837
2010	8,991,254	-0.44 %	-40,514	-23,911	38.7	103	55.2 %	4,965,736
2005	9,193,825	-0.63 %	-58,758	-55,266	37.2	105	54.0 %	4,965,292
2000	9,487,616	-0.82 %	-79,306	-99,180	36.1	108	52.8 %	5,006,497

Source: https://www.worldometers.info/world-population/serbia-population/

Labour Force Survey, I quarter 20211

In the first quarter 2021, number of the employed amounted to 2,722,200, and number of the unemployed to 399,400. Employment rate for the mentioned period amounted to 46.3%, while unemployment rate, in the same period, had the value of 12.8%.

According to the Labour Force Survey data for the first quarter 2020, relative to the fourth quarter of 2020, the number of the employed saw decrease among persons aged 15 and over (-79 500) and an increase in the numberof the unemployed (+64 200) and out of the labor forcepopulation (+7 700).

On quarter-to-quarter level, the employment rate decreased by 1.3 pp and the rate out of the labor force population increased by 0.2 pp, amounting in the first quarter 2021 to 46.3% and 46.9%, respectively. At the same time, the unemployment rate went up by 2.1 pp, amounting to 12.8% in the first quarter 2021.

Total employment decreased by 79 500, primarily due to the decrease in the number of the employed in the informal sector, by ? - 68 000. The largest fall of employment was recorded in the section Agriculture, forestry and fishery (? -32 700), which was to be expected considering the decrease in the volume of agricultural activities in winter months.

1 In the first quarter 2021, the Survey was conducted on the sample of 15 703 households, out of which 11 290 households were interviewed, and data on working activity were collected for 24 685 persons aged 15-89. More detailed data can be obtained in the tables that are part of the Statistical Release on Labour Force Survey for the first quarter 2021 (RS10), on the address: http://publikacije.stat.gov.rs/G2021/Xls/G20211182.xlsx.

The so-called NEET rate ("Not in Education, Employment, or Training"), showing the share of the youth aged 15-24 who neither work nor attend school in total population of youth amounted to 17.7% in the first quarter 2021.

Table 2. Main indicators of labour market trend, Q1 2021

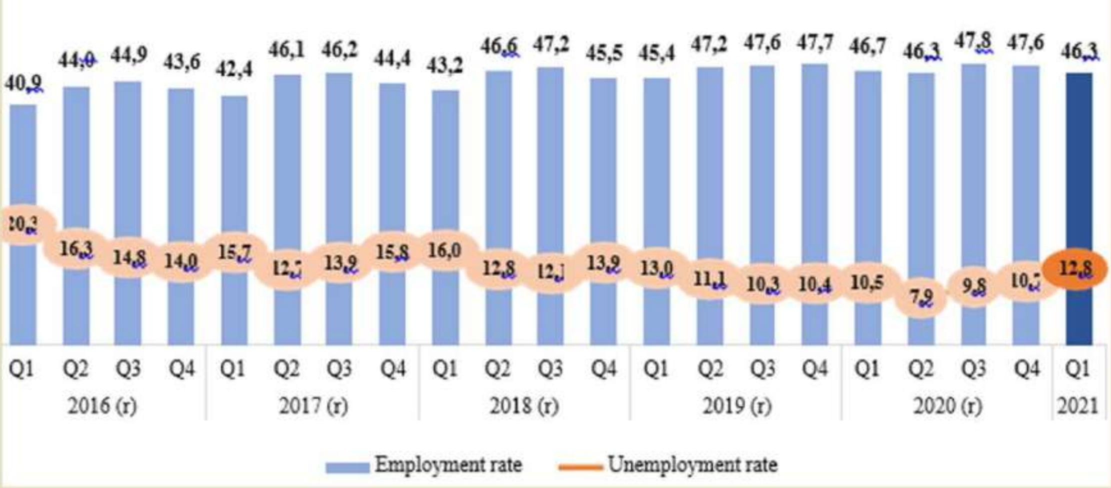
	Q1 2021	Changes relative to previous quarter[2]	
	(in thousand)	(in thousand)	%
Total	5875.1	-7.6	-0.1
Active	3121.7	-15.3	-0.5
Employed	2722.2	-79.5	-2.8
Unemployed	399.4	64.2	19.2
Inactive population	2753.5	7.7	0.3
	%	(p.p.)	
Rates			
Activity rate	53.1		-0.2
Employment rate	46.3		-1.3
Unemployment rate	12.8		2.1
Inactive population	46.9		0.2

Activity rate of people age 15 and over in the first quarter 2021 amounted to 53.1%, the activity rates among men and women being 61.2% and 45.6%, respectively.

Employment rate of people aged 15 and over in the first quarter amountedto 46.3%, among men 53.8%and women 39.4%.

Informal employment rate in the mentioned quarter in all activities amounted to 10.9%. The informal employment rate in agricultural activities (including the section of activities Agriculture, hunting and forestry) amountedto 42.1%, while in activities outside agriculture this rate amountedto 5.9%.

Chart 1. Trend of employment/unemployment rates (in %), population 15+, 2016-2021



2 Data for the first quarter 2021 are compared with those from the parallel survey for the fourth quarter 2020 and with the revised ones for the first quarter 2020. Considering that data revision in performed only for major indicators and the set of collected data from the pilot survey is limited,there is no possibility to make an in-depth and more precise structural analysis of the changes.

Unemployment rate of people aged 15 and over amountedto 12.8%, 12.1% for men and 13.7% for women.

Natural resources and environment

The natural resources found on the territory of Serbia includecoal, iron ore, oil, gas, gold, silver,copper, zinc, antimony, chromite, magnesium, pyrite, limestone, and marble. Despite that, the mining sector does not play a significant role in the country's economy.

Serbia's mining sector is small scale and yet to be developed owing to the country's political history. The mining sector's output in 2016is as follows:

Silver increased by 107%;
Lead increased by 275%;
Copper increased by 37%;
Pig iron increasedby 28%;
Sand and gravel increased by 29%;
Crude steel increased by 23%;
Bituminous coal increased by 19%;
Natural gas increased by 51%;
Petroleum refinery products increased by 32%;
Crude petroleum increased by 30%;
Selenium decreased by 22%;
Palladium decreased by 42%;
Refined gold decreased by 28%.

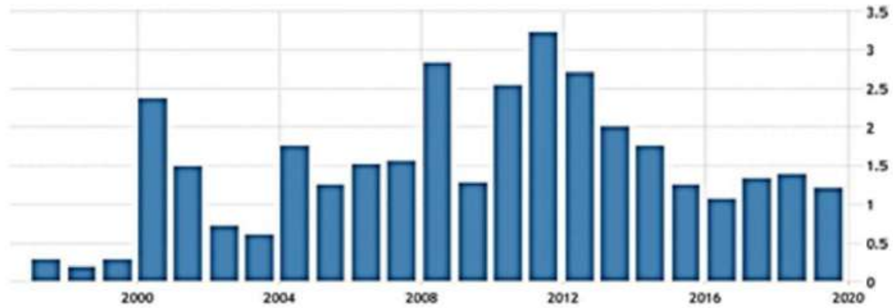
Metals

The majorityof copper production comes from depositsin the Timoc (Bor) Districtin northeastern Serbia.Lead and zinc production is based primarily in the KopaonikDistrict in south-central Serbia.

Fossil Fuels

Serbia depends upon crude petroleum and natural gas imports from Russia to meet its domestic demandfor fossil fuels. In 2009, Russia's JSC Gazprom Neft purchased a 51% interest in Naftna Industrija Srbije a.d. (NIS), which is Serbia's only producer of natural gas, petroleum, and refined petroleum commodities. The remaining 49% interest continues to be state-owned. Total natural resourcesrents (% of GDP) in Serbia was reported at 1.2131% in 2019, according to the World Bank collection of development indicators, compiledfrom officially recognized sources.

Chart 2. Serbia - Total Natural Resources Rents (% of GDP)



Source: https://tradingeconomics.com/serbia/total-natural-resources-rents-percent-of-gdp-wb-data.html

In regard to the distribution of resources, Eastern Serbia is dominatedby copper and gold and sometimes lead and zinc. There are also uranium deposits in Stara Planina. In central Serbia, there are deposits of lead, zinc, uranium, as well as gold and silver.

In the western part of Serbia, in the Podrinje region, there are many deposits of antimony that are no longer exploited, as well as lead and zinc.

Nickel and chromium are found in several places in Serbia, especially in the central part, near Arandjelovac, Vrnjacka Banja, in the west in Mokra Gora, while chromium is found in Tara, Zlatibor and Deli Jovan. There are bauxite (raw material for aluminium) deposits in Tara, Zlatibor, near Pocuta and near Babušnica. There are also deposits of non-metals and coal, and in Vojvodina there are depositsof natural gas andcrude oil, as well as deposits of different types of clay.

Estimates show that total resources and reserves of lead and zinc, including the mines in Kosovo and Metohija, reach around 100 million tonnes and coal deposits around ten billion tonnes.

There are smaller reserves of brown coal, which is exploited underground, while gold reserves cannot be estimated precisely, but it is assumed that there are about a few dozen tons of gold as metals, not including the deposits in Bor. Copperresources are estimated at several billiontonnes, both provenore reserves and resources still under research.

Nature conservation in Serbia

The nature of Serbia is characterized by a high diversity of flora and fauna, and is a significant part of the richness and diversity of Europe's naturalheritage. Its most representative and most conservedparts are placed under legal protection.

Due to the implementation of institutional nature conservation measures in the period of over seven decades, the total protected area in Serbia currently stands at 677.950 ha, or 7.66% of the territory of Serbia.

There are 469 protected areas: 5 national parks, 18 nature parks, 21 outstanding natural landscapes, 69 nature reserves, 6 protected habitats, 314 monuments of nature, 36 sites of cultural and historical importance, which are protectedaccording to the former Law on the Protection of Environment and the Law on the Protection of Cultural Monuments. In addition, thereare 1783 strictlyprotected wild speciesand 860 protected wild speciesof plants, animals and fungi.

Main facts about nature conservation

The Law on Nature Conservation (Official Gazette of RS, No. 36/2009, 88/2010,91/2010, 14/2016 and 95/2018 - another law) regulates the protection and conservation of nature, biological, geological and landscape diversity as part of the environment.

Nature conservation pertains to a series of measures and activities aimed at protecting the natural ecosystems to the greatest extent possible from the most commonly negative human impact caused by social development that is inconsistent with the available naturalresources.

General EconomicSituation

Economic structure

The economy of Serbia is a service-based upper middle income economy with the tertiary sector accounting for two-thirds of total gross domestic product and functions on the principles of the free market. Nominal GDP in 2021 is projected to reach $60.43 billion, which is $8,748 per capita, while GDP based on purchasing power parity stood at $141.927 billion, which is $20,544 per capita. The strongest sectors of Serbia's economyare energy, automotive industry, machinery, mining,and agriculture. Primaryindustrial exports are automobiles, base metals, furniture, food processing, machinery, chemicals, sugar, tires, clothes, pharmaceuticals. Trade plays a major role in Serbian economicoutput. The main trading partnersare Germany, Italy,Russia, China, and neighboring Balkancountries.

As the capitaland economic heartof Serbia, Belgradeis home to most majorSerbian and international companies operating in the country, as well as the National Bank of Serbia and the Belgrade Stock Exchange. Novi Sad is the secondlargest city and the most important economic hub after Belgrade.

Macroeconomic trends

Here are the most recentmacroeconomic indicators for the Republic of Serbia.

Table 3. Republic of Serbia - Economic Indicators

Overview	Last	Reference	Previous
GDP Growth Rate (%)	2.2	Dec/20	7.2
GDP Annual Growth Rate (%)	1.7	Mar/21	-1.1
Unemployment Rate (%)	12.8	Mar/21	10.7
Inflation Rate (%)	3.3	Jun/21	3.6
Interest Rate (%)	1	Jul/21	1
Balance of Trade (USD Million)	-729	May/21	-676
Current Account (USD Million)	-212	Apr/21	-57
Current Account to GDP (% of GDP)	-6.9	Dec/19	-4.8
Government Debt to GDP (% of GDP)	52	Dec/19	53.7
Corporate Tax Rate (%)	15	Dec/21	15
Personal Income Tax Rate (%)	10	Dec/21	10

Source: https://tradingeconomics.com/serbia/indicators

COVID-19 and global slowdown, according to available data, had a less severe impact on Serbia compared to most European countries, due to achieved macroeconomic and financial stability, growth momentum, fiscal space created in previous years, large and timely monetary and fiscal package, and structure of the economy.

Table 4. Programme of Economic Measures to Mitigate the Negative Effects Caused by the COVID-19 Pandemic and Support the Serbian Economy in 2020 and 2021

I Group – Tax policy measures
1. Deferred payment of payroll taxes and contributions in the private sector (during the state of emergency) with subsequent repayment of liabilities in instalments (starting from 2021 at the earliest) 2. Deferred payment on taxes and contributions on salaries for one month 3. Exemption of donors from the obligation to pay VAT
II Group – Direct assistance to the private sector
4. Payment of three minimum wages t o entrepreneurs that are subject t o the flat rate tax and pay tax on actual income, and t o micro, small and medium-sized enterprises in the private sector 5. Payment of assistance t o large private
III Group – Measures to preserve liquidity
6. Financial support to the corporate sector through the Development Fund 7. Corporate support guarantee scheme
IV Group – Other measures
8. Moratorium on dividend payments until the end of 2020, except for public companies 9. Wage increase measures and other direct financial assistance 10. Direct assistance to all adult Serbian citizens in the dinar equivalent of EUR 100
V Group – Additional package of measures (July/August 2020)
1. Payment od 60% of minimal wages to enterpreneurs, and to micro-,small- and medium-sized enterpises in the private sector 2. Deferred payment of income tax advances for one month 3.Direct support to the hotel sector-350€ per bed,150€ per room
Additional package of measures in 2021
1. Direct support to private sector - 3 months 50% minimal wage to all entrepreneurs, micro, small and medium enterprises 2. Targeted support for sectors that suffered the most (hotels, restaurants, passenger transport companies, tourist agencies artists etc.) 3. Measures to preserve liquidity (extension of previous and introduction of a new guarantee scheme) 4. Fiscal stimulus measures (direct payment to all adult citizen, and additional to pensioners and unemployed

Source: Ministryof Finance

Total valueof economic measuresin 2020 is estimated at around 13% of GDP, and additional package in the amount of 4,3% of GDP will be implemented in 2021.

Serbian economicoutline

The economy of Serbia experienced rapid growth in 2001–2008, althoughthe global financial crisis hit hardon the country's economy, showingits structural weaknesses and the need for a full transition to a market economy. In 2020, the Serbian economy reported a negative growth balance of 1%, compared to 4.2 % in 2019, due to the negative economic effects of the Covid-19 pandemic. Nevertheless, this is a relatively low economic contraction, with Serbia being among the least affected by the Covid-19 pandemic in Emerging Europe (OECD).According to the IMF's April 2021 forecast, growth is expectedto resume in 2021, estimated at 5% of GDP and 4.5% in 2022.

Public debt rose to 58.4% of GDP in 2020, is expectedto increase slightlyto 59% in 2021 beforefalling to 56.4% in 2022. This trend is due to the public support the government has put in place to cope with the negative economic effects of the pandemic. In January 2021, the Serbian Government approved new financial supportfor small and medium-sized enterprises, for which the government allocatedtwo billion RDS (EUR 17 million). The programme will fund the purchase of equipment, boostingentrepreneurship through development projects, as well as provide othertypes of support for start-ups, and young and female entrepreneurs (OECD). As a result of expenditure increases and substantial revenueshortfalls, the fiscalbalance has deteriorated sharply. The country'sbudget deficit reachedo.8% in 2020, compared to 0.5% in 2019. The IMF forecasts a slightly increasing budget deficit at 1.4% in 2021, which is expected to decrease to 1.3% in 2022. Inflation fell to 1.7% in 2020, down from 1.9% in 2019, but is expectedto pick up to 2.2% in 2021 and increaseto 2.4% in 2022, accordingto the IMF's latest World EconomicOutlook (April2021). Meanwhile, negotiations for the EU membership continueand as of January 2020 Serbia opened 18 negotiating chapters, including one on international trade, although the normalisation of relations with Kosovo is slow and those with Croatia and Bosnia- Herzegovina are complicated. The main challenges that Serbia facesare: a stagnant household incomes,a need for private sector job creation and structural reform of public enterprises as well as strategic reforms in the public sector. An ineffective judicial system, a high level of corruption and an aging population represent other challenges that the countrywill have to face in the long term.

Serbia's unemployment rate, relatively low compared to its neighbours in the Balkans,remains significantly higher than the European average. This trend has been heavily influenced by the negative economic impactof the COVID-19 pandemic, the rate increased to 13.3% in 2020 from 10.9% in 2019. It is estimated to be stable at 13% in 2021 and slightly decreasing to 12.7% in 2022. The standard of livingof the Serbian population remainssignificantly below the EU averageand the country's informal sector is substantial. However, the authorities have the support of the EU and international financial institutions to modernise infrastructure and support investment in the business community. The World Bank estimates that the number of people living in poverty has fallen further to 18.9% in 2019. Unfortunately, the trend isexpected to increase due to the negative effects of the Covid-19pandemic.

Main Sectorsof Industry

Serbia has a workforce of 3.2 million out of its 7 million population. The agricultural sector accountsfor 6% of the country's GDP (its share has been decreasing in the past years), employing nearly 15.1% of the workforce(World Bank 2020). Serbia has 3.4 millionof hectares of agricultural land.Continental climate with cold wintersand hot humid summers is ideal for intensive fruit production. Fruit production consists mainly of apples, grapes, plums, peaches, pears and berries. Recently Serbia has been widely using fruit processing to obtain products like brandies, jams, juices, compotes. The main crops are maize and wheat, together with barley, oat and rye.

Serbia has significant quantities of coal, lead, zinc, copper and gold, but the lack of investment, which has affected the mining sector for several years, prevents the country's economy from benefiting from this wealth. The industrial sector is likewise in need of modernisation and foreign investment. It contributes 25.6% to the country's GDP and employs 27.4% of the workforce. The country's main industries include automotive, food processing, chemicals, base metals, furniture, pharmaceuticals, machinery, sugar, tires and clothing. The manufacturing sectoris estimated to account 13.7% of GDP.

Services make up the main sector of activity and accounts 51.2% of Serbia's GDP, employing 57.6% of the workforce. The IT industry is one of the fastest growing, same as for the tourist sector which represented 6.9% of GDP in 2018 (in the first elevenmonths of 2019, the total number of foreign touristarrivals rose 7.4% year-on-year, to 1.7 million). However, due to the Covid-19 pandemic and travel restrictions, the Serbian tourism sector is estimated to have lost EUR 1 billionin 2020 alone.

Table 5. Breakdown od Economic Activity in Serbia by Sectors

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	15.1	27.4	57.6
Value Added (in % of GDP)	6.2	25.6	51.2
Value Added (Annual % Change)	0.0	5.3	4.3

Source: World Bank, Latest Available Data. Because of rounding, the sum of the percentages may be smaller/greater than 100%.

Chart 3. Share of economic sectors in the gross domestic product in Serbia from 2010 to 2020

Source: https://www.statista.com/statistics/440654/share-of-economic-sectors-in-the-gdp-in-serbia/

Economic sectors

Agriculture

Serbia has very favourable natural conditions (land and climate) for varied agricultural production. It has 5,056,000 ha of agricultural land (0.7 ha per capita),out of which 3,294,000 ha is arable land (0.45ha per capita). Agricultural exports constitute more than one-fifth of all Serbia's sales on the world market. Serbia is one of the largest providerof frozen fruit to the EU (largestto the French market, and 2nd largest to the German market). Agricultural production is most prominent in Vojvodina on the fertile Pannonian Plain. Other agricultural regions include Macva, Pomoravlje, Tamnava, Rasina, and Jablanica. In the structure of the agricultural production 70% is from the crop field production and 30% is from the livestock production. Serbia is world's second largest producer of plums (582,485 tons; second to China) and the third largest of raspberries (127,010 tons, trailing only Russia and the United States).It is also significant producerof maize (6.48 million tons, ranked 32nd in the world) and wheat (2.07 million tons, ranked 35th in the world). Other important agricultural products are: sunflower, sugar beet, soybean,potato, apple, pork meat, beef, poultry and dairy. There are 56,000ha of vineyards in Serbia, producing about 230 million litres of wine annually. Most famous viticulture regions are located in Vojvodina and Šumadija.

Energy

The energy sectoris one of the largestand most important sectors to the country's economy.Serbia is a net exporter of electricity and importer of key fuels (such as oil and gas). Serbia has an abundance of coal, and significant reserves of oil and gas. Serbia's proven reserves of 5.5 billion tons of coal lignite are the 5th largestin the world (second in Europe, after Germany). Coal is found in two large deposits:Kolubara (4 billion tons of reserves) and Kostolac (1.5 billion tons). Despite being small on a world scale, Serbia's oil and gas resources (77.4 million tons of oil equivalent and 48.1 billion cubic meters, respectively) have a certainregional importance since they are largest in the region of former Yugoslavia as well as the Balkans(excluding Romania). Almost 90% of the discovered oil and gas are to be found in Banat and those oil and gas fields are by size among the largest in the Pannonian basin but are average on a European scale.

The production of electricity in 2018 in Serbia was 38.3 billion kilowatt-hours (KWh), while the finalelectricity consumption amountedto 28.1 billion kilowatt-hours (KWh). Most of the electricity produced comes from thermal-power plants (71% of all electricity) and to a lesser degree from hydroelectric-power plants (24%) and wind energy (3%). There are 6 lignite-operated thermal-power plants with an installed power of3,936 MW; largestof which are 1,502 MW-NikolaTesla 1 and 1,160 MW-Nikola Tesla 2, both in Obrenovac. Total installed powerof 9 hydroelectric-power plants is 2,831 MW, largest of which is Derdap 1 with capacityof 1,026 MW. In additionto this, there are mazute and gas-operated thermal-power plants with an installed power of 353 MW. The entire production of electricity is concentrated in Elektroprivreda Srbije(EPS), public electric-utility power company.

The current oil production in Serbia amounts to over 1.1 million tons of oil equivalent and satisfies some 43% of country's needs while the rest is imported. National petrol company, Naftna Industrija Srbije (NIS), was acquiredin 2008 by Gazprom Neft. The company'srefinery in Pancevo (capacity of

4.8 million tons) is one of the most modern oil-refineries in Europe; it also operates network of 334 filling stationsin Serbia (74% of domesticmarket) and additional 36 stations in Bosnia and Herzegovina, 31 in Bulgaria, and 28 in Romania. There are 155 kilometers of crude oil pipelines connecting Pancevoand Novi Sad refineries as a part of trans-national Adria oil pipeline.

Serbia is heavily dependent on foreign sources of natural gas, with only 17% coming from domestic production (totalling 491 million cubic meters in 2012) and the rest is imported, mainly from Russia (via gas pipelines that run through Ukraine and Hungary). Srbijagas, public company, operates the natural gas transportation system which comprise 3,177 kilometers of trunk and regional natural gas pipelinesand a 450 millioncubic meter underground gas storage facility at Banatski Dvor.

Industry

The industry is the economy sector which was hardest hit by the UN sanctions and trade embargo and NATO bombing during the 1990s and transition to market economy during the 2000s. The industrial output saw dramatic downsizing: in 2013 it was expected to be only a half of that of 1989. Main industrial sectors include: automotive, mining, non-ferrous metals,food-processing, electronics, pharmaceuticals, clothes. Serbia has 14 free economic zones as of September 2017, in which many foreign direct investments are realized.

Automotive industry (with Fiat Chrysler Automobiles as a forebearer) is dominated by cluster located in Kragujevac and its vicinity,and contributes to export with about $2 billion. Countryis a leading steel producer in the wider region of Southeast Europe and had production of nearly 2 million tons of raw steel in 2018, coming entirely from Smederevo steel mill, owned by the Chinese Hesteel. Serbia's mining industry is comparatively strong: Serbia is the 18th largest producer of coal (7th in the Europe) extracted from large deposits in Kolubara and Kostolac basins; it is also world's 23rd largest (3rd in Europe) producer of copper which is extracted by Zijin Bor Copper, a large copper mining company, acquiredby Chinese Zijin Mining in 2018; significant gold extraction is developed around Majdanpek. Serbianotably manufactures intel smartphones named Tesla smartphones.

Food industry is well known both regionally and internationally and is one of the strong points of the economy. Some of the international brand-names established production in Serbia: PepsiCoand Nestlé in food-processing sector;Coca-Cola (Belgrade), Heineken(Novi Sad) and Carlsberg (BackaPalanka) in beverage industry; Nordzucker in sugar industry. Serbia's electronics industry had its peak in the 1980s and the industrytoday is only a third of what it was back then, but has witnessed a something of revival in last decade with investments of companies such as Siemens (wind turbines) in Subotica, Panasonic (lighting devices) in Svilajnac, and Gorenje (electrical home appliances) in Valjevo. The pharmaceutical industry in Serbia comprises a dozen manufacturers of generic drugs, of which Hemofarm in Vrsac and Galenika in Belgrade, account for 80% of production volume. Domestic production meets over 60% of the local demand.

Telecommunications and IT industry

Fixed telephone lines connect 89% of households in Serbia, and with about 8.82 million users the number of cellphones surpasses the total population of Serbia by 25%. The largest mobile operator is Telekom Srbija with 4.06 million subscribers, followed by Telenor with 2.73 million users and Vip mobile with about 2.03 million.

Some 58% of households have fixed-line (non-mobile) broadband Internetconnection while 67% are providedwith pay television services (i.e. 38% cable television, 17% IPTV, and 10% satellite). Digital television transition has been completed in 2015 with DVB-T2 standard for signal transmission.

The SerbianIT industry is rapidly growingand changing pace. In 2018, IT servicesexports reached

$1.3 billion. With 6,924 companies in the IT sector (2013 data), Belgrade is one of the information technology centers in this part of Europe, with strong growth. Microsoft Development Center located in Belgradewas at the time of its establishment fifth such center in the world. Many world IT companies choose Belgrade as regional or European center such as Asus, Intel, Dell, Huawei, NCR, Ubisoft etc. These companies have taken advantage of Serbia's largepool of engineers and relatively low wages.

Large investments by global tech companies like Microsoft, typicalof the 2000s, are being eclipsed by a growingnumber of domesticstartups which obtainfunding from domesticand international investors. What brought companies like Microsoft in the first place was a large pool of talented engineers and mathematicians. In just the first quarter of 2016, more than US$65 million has been raised by Serbian startups including $45 million for Seven Bridges (a Bioinformatics firm) and $14 million for Vast (a data analysis firm). One of the most successful startups have been Nordeus which was founded in Belgradein 2010 and is one of Europe'sfastest-growing companies in the field of computergames (the developer of Top Eleven Football Manager, a game played by over 20 million people).

Tourism

The touristic sector accounted for 1.4% of GDP in 2017 and employs around 75,000 people, about 3% of the country's workforce. Foreign exchange earnings from tourism in 2018 were estimated at $1.5 billion.

Serbia is not a mass-tourism destination but nevertheless has a diverse range of touristic products.In 2018, total ofover 3.4 milliontourists were recordedin accommodations, of which half were foreign.

Tourism is mainly focused on the mountains and spas of the country, which are mostly visited by domestic tourists, as well as Belgrade which is preferred choice of foreign tourists. The most famous mountain resorts are Kopaonik, Stara Planina, and Zlatibor. There are also many spas in Serbia, the biggest of which is Vrnjacka Banja, Soko Banja, and Banja Koviljaca. City-break and conference tourism is developed in Belgrade (which was visited by 938,448 foreign tourists in 2018, more than a half of all international visits to the country) and to a lesser degree Novi Sad. Other touristic products that Serbia offer are natural wonders like Davolja varoš, Christian pilgrimage to the many Orthodox monasteries across the countryand the river cruising along the Danube.There are severalinternationally popular music festivals held in Serbia, such as EXIT (with 25–30,000 foreign visitors coming from 60 different countries) and the Guca trumpet festival.

Transport

Serbia has a strategictransportation location since the country'sbackbone, Morava Valley, represents by far the easiest route of land travel from continental Europeto Asia Minor and the Near East.

Serbian road network carries the bulk of traffic in the country. Total length of roads is 45,419 km of which 915 km are "class-Ia state roads" (i.e. motorways); 4,481 km are "class-Ib state roads" (national roads); 10,941km are "class-II state roads" (regional roads) and 23,780 km are "municipal roads". The road network, except for the most of class-Ia roads, are of comparatively lower quality to the Western European standards because of lack of financial resources for their maintenance in the last 20years.

Over 300 kilometers of new motorways has been constructed in the last decade and additional 142 kilometers are currently under construction: A5 motorway (from north of Kruševac to Cacak) and 30 km-long segment of A2 (between Cacak and Pozega). Coach transport is very extensive: almost every place in the country is connected by bus, from largest cities to the villages; in addition there are international routes (mainly to countries of Western Europe with large Serb diaspora). Routes, both domesticand international, are served by more than 100 bus companies, biggestof which are Lasta and Nis-Ekspres. As of 2018, there were 1,959,584 registered passenger cars or 1 passenger car per 3.5 inhabitants.

Serbia has 3,819 kilometers of rail tracks,of which 1,279 are electrified and 283 kilometers are double- track railroad. The major rail hub is Belgrade (and to a lesser degree Nis), while the most important railroads include: Belgrade–Bar (Montenegro), Belgrade–Šid–Zagreb (Croatia)/Belgrade–Niš–Sofia (Bulgaria) (part of Pan-European Corridor X), Belgrade–Subotica–Budapest (Hungary) and Niš–Thessaloniki (Greece). Although still a major mode of freight transportation, railroads face increasing problemswith the maintenance of the infrastructure and lowering speeds.The rail servicesare operated by Srbija Voz (passenger transport) and Srbija Kargo (freight transport).

There are three airports with regular passenger traffic. Belgrade NikolaTesla Airport served5.6 million passengers in 2018 and is a hub of flagship carrierAir Serbia whichcarried some 2.5 million passengers in 2018. Nis Constantine the Great Airport is mainly catering low-cost airlines. Morava Airport is currently only served by Air Serbia.

Serbia has a developed inland water transport since there are 1,716 kilometers of navigable inland waterways (1,043km of navigable rivers and 673 km of navigable canals), which are almost all located in northern third of the country. The most important inland waterway is the Danube (part of Pan- European Corridor VII). Other navigable rivers include Sava, Tisza, Begej and Timiş River, all of whichconnect Serbia with Northern and Western Europe through the Rhine–Main–Danube Canal and North Sea route,to Eastern Europevia the Tisza, Begej and Danube Black Sea routes,and to Southern Europe via the Sava river. More than 2 million tons of cargo were transported on Serbian rivers and canals in 2016 while the largest river ports are: Novi Sad, Belgrade, Pancevo, Smederevo, Prahovo and Sabac.

Economic Policy

The state acts as a market participant, realising the said role through the implementation of economic policy measures. The holders of economic policy are state institutions, whereas the basic types of economic policy are: fiscal, monetary, international trade and public debt policy.

The fiscal policy is implemented by the Government of the Republic of Serbia, i.e. the Ministry of Finance. Fiscalpolicy aims at management of public revenuesand public expenditures at the statelevel, with the aim of achieving their balance. The fiscal policy may be expansive and restrictive, depending on whether fiscal rates are being decreased and public consumption increased or interestrates increased and the public consumption decreased. The Republic of Serbia is leading an expansive policy, having low tax rates (the VAT rate is amongst the lowest in Europe, general VAT rate amounting to 20% and special VAT rate amounting to 8%) and increased publicconsumption (social benefitsand subsidies).

The monetary policy of the state is led by the National Bank of Serbia, being the central bank. The monetary policy is implemented through the measures relating to the management of interest rates, money supply and intervention on foreign- exchange market, having as the basic objective stability of prices.The monetary policymay be expansive and restrictive, depending on whetherthe money supplyis increased or interest rates are decreased. The National Bank of Serbia leads restrictive monetary policy, with the projectedinflation for the year 2017 amounting to 3.0 +/- 1.5%. The exchange rate regime is a managed float regime, i.e. it is formed on the basis of demand and offer in terms of currencies, with the National Bank having the right to intervene on the foreign-exchange market so as to preventhigh daily fluctuations.

The Republic of Serbia is dependent on international trade, primarily owing to deficiencies of natural energy resources (oil and natural gas), and impossibility to settle domestic demand by domestic debt. Owing to this, there is a high foreign trade deficit, decreasing in recent years. Serbia is the Member of Central European Free Trade Agreement (CEFTA), realizing a positive foreign trade balance. Trade agreements signed with the European Union, Russian Federation and Turkey are especially important for Serbia. The customs policy of Serbia is getting less important, owing to the fact that the countrystrives to the membership in the EuropeanUnion. EU MemberStates are the main foreigntrade partners to Serbia, implyingthat customs dutieshave to be decreased owing to the implementation of the TradeAgreement. Endeavouring to obtain a full-fledged membership in the World Trade Organization imposes similar obligations to Serbia. International trade of the Republic of Serbia is becoming increasingly important also owing to the implementation of the new model of economic growth and development, which is based on the increase of exports (exportoriented growth model).

The public debt policy is within the competence of the Ministry of Finance, i.e. the Public Debt Administration, being a separate administrative authority. The borrowing is executed through the issuanceof state securities and contracting loan agreements both in the domestic and the foreignmarket. Financial resources collected in this manner may be used for covering budget deficit, financing infrastructural projects, debt servicing, procurement of assets etc. The institution competent for public debt policy is obliged to execute its duties in accordance with the situation in the market(interest rates, exchange rate, projections) in the most optimum way possible.

Trade Agreements

Externally, Serbia can serve as a manufacturing hub for duty-free exports to a market of more than 1billion people that includes the European Union, the Russian Federation, USA, Kazakhstan, Turkey, South East Europe, the European Free Trade Agreement members, and Belarus. This customs-free regime covers most key industrial products, with only a few exceptions and annual quotasfor a limited number of goods.

European Union

Import from the EU is customs-free for most of the products.Some export limitations are imposed only on exports of baby beef, sugar, and wine in the form of annual export quotas.

Russian Federation

The Agreement stipulates that goods produced in Serbia, i.e. which have at least 51% value added in the country,are considered of Serbian originand exported to Russian Federation customs free. The list of products, excluded from the Free Trade Agreement, is revised annually. As of March 2012, the list of excluded products includes: poultry and edible waste, some sorts of cheese, sugar, sparkling wine, ethyl-alcohol, tobacco, cotton yarn and fabric, some types of compressors, tractors and new and used passengercars.

CEFTA

In addition to duty-free trade between member countries, the agreement specifies accumulation of product origin, meaning that products exportedfrom Serbia are considered of Serbian origin if integrated materials originate from any other CEFTA country, the European Union, Iceland, Norway, Switzerland (including Liechtenstein) or Turkey, providedthat such productshave undergone sufficient processing, i.e. if at least 51% of the value added in the product is sourced in Serbia (if value addedthere is greater than the value of the materialsused in Serbia).

United States

Trade with the United States is pursuedunder the Generalized System of Preferences (GSP). U.S. tradebenefits provide for preferential duty-free entry for app. 4,650 products, including most finished and semi-finished goods and selected agricultural and primary industrial products. Certain sensitive goods (e.g. most textile products, leather goods, and footwear) are not eligible for duty-free exports. The list of eligible goods is reviewed and adjusted twice per year, with input from U.S. industries.

Turkey

Turkey without paying customs duties. Imports of industrial products from Turkey are generally customs-free, but for a large number of goods customs duties will be progressively abolished over a six-year period, ending in 2015. Customs duties remain in effect for agricultural products.

EFTA

Industrial products exported from Serbia to EFTA member states (Switzerland, Norway, Iceland, and Liechtenstein) are exempted from paying customs duties, except for a very limited number of goods, including fish and other marine products. Custom duties for imports of industrial products originating in EFTA states will gradually be abolished by 2014. Trade in agricultural products is regulated by separate agreements with each of the EFTA members, providing for mutual concessions for specified products.

Kazakhstan

The Agreementis in effect as of 2011. The list of free trade exemptions includes meat, cheese, wine, motorvehicles and several other product groups.

Belarus

There are only a few exceptions to the Agreement, including sugar, alcohol, cigarettes, as well as used cars, buses, and tires.

Local Market

Internally, with 7.5 million people,the Serbian marketis the 2nd largest in South East Europe. The rose of the averagenet monthly salary,together with rapidconsumer loan expansion, fueled a sharp increase in local demand that was particularly reflected in a double-digit surge in retail trade turnover on an annualbasis. In responseto expanding local demand, international retail chains have opened up dozens of new stores across the country.

Taxes

Serbia's tax regimeis highly conduciveto doing business.The corporate profittax is among the lowestin Europe, whilethe Value AddedTax is among the most competitive in Centraland Eastern Europe.

Corporate Income Tax Rate	**Uniform rate – 15%**
Withholding Tax Rate	**20%** **(for dividends, shares in profits, royalties, interest income, capitalgains, lease payments for real estate, and other assets)**
Personal Income Tax Rate	**Salaries – 10%**
Annual Income Tax Rate	**10/15% (for annual income above 6 average annual salaries)**

Corporate taxation

Corporate incometax rate in Serbia is unified (15%).Following companies are subject to income taxationin Serbia:

- Serbian corporate residents: companies established in Serbia or companies whose head office of management and control is on the Serbian territory. Serbian residents are taxed on their worldwide income

- Corporate non – residents: companies which are not established in Serbia, their head office of management and control is not on the Serbian territory, but generate profit through permanent establishment in Serbia. Non – residents are taxed on their income generated exclusively in Serbia

Fiscal year is a calendaryear by default, but a Serbiancompany may choosedifferent 12 month period if its foreign parent company prepares financial statements for a fiscal period different than calendar year. However, previous approval by the Ministry of Finance is necessary. In addition, fiscal year may be shorter than 12 monthsin exceptional cases (such as starting or terminating businessactivities during a calendar year).

Serbian corporateincome tax law provides following incentives:

- Double recognition of researchand development costs;

- Exclusion of revenue generatedfrom licensing intellectual property in tax base, after certain adjustments;

- Tax credit for investments in innovative start-ups;

- Tax holiday for large investors: companies who invest at least 1 billion RSD (approximately 8,5 million EUR) and employ permanently at least 100 people, are entitled to a tax holiday of 10 years.

Value Added Tax

Value added tax (VAT) is charged on the supply of goods and services done in Serbia, as well as imported goods and services.

In case a foreign entity performs sales of goods and services in Serbia to parties who are not VAT tax payers (e.g. other foreign entitieswho are not registered in Serbian VAT system), it is obligedto register in Serbian VAT system throughtax proxy. Tax proxy may be a Serbian individual or a companywhich satisfies certaincriteria.

Standard VAT tax rate is 20%, while reduced10% rate is used for certain goods(mostly for basic needs, such as bread, milk, eggs, medicineetc.).

The thresholdfor obligatory registration in VAT systemis total salesof 8.000.000 RSD (approximately

60.000 EUR) in previous 12 months.

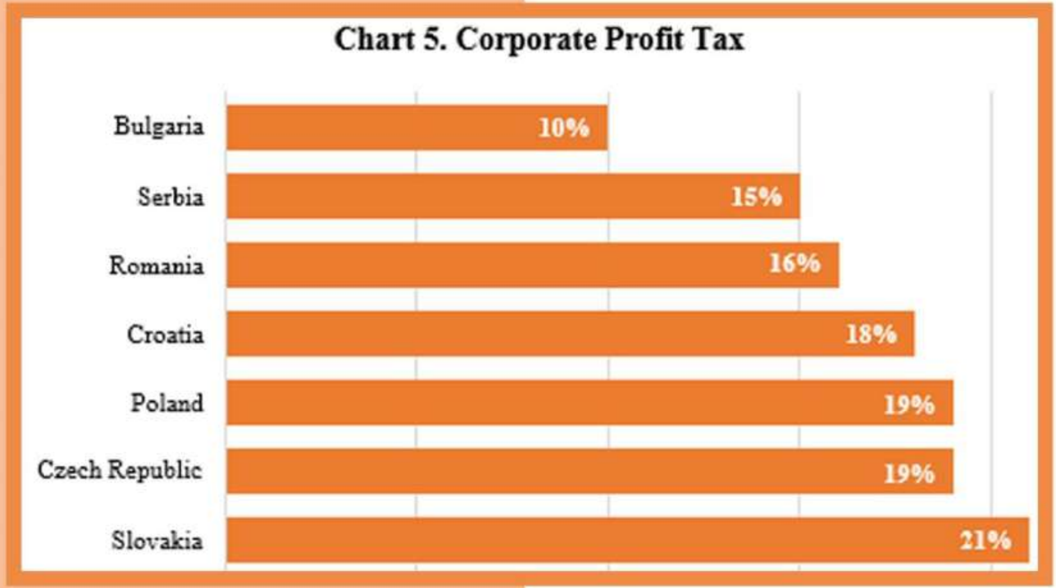
Chart 4. Standard VTA rate

Source: National IPAs, 2019

Standard tax period is 1 month. VAT return is submitted in 15 days of the end of tax period. Exporters and companies with large initial investments may request refund for input VAT.

Corporate Profit Tax

Corporate profit tax is paid at the uniform rate of 15%. Non-residents are taxed only based on their incomegenerated in Serbia.



Withholding Tax

The withholding tax is not applied to dividend paymentsbetween Serbian entities. For non-residents of Serbia, a 20% withholding tax is calculated and paid on certain payments such as dividends, shares in profit, royalties, interest, capital gains,lease payments for real estate and otherassets.

Personal Income Tax

Salary tax rate is 10%. The tax base is a monthlygross salary minus non-taxable amount of approximately 130 EUR. Grosssalary is net salary increasedby salary tax and contributions paid by an employee.

Rates for contributions paid by an employee are:

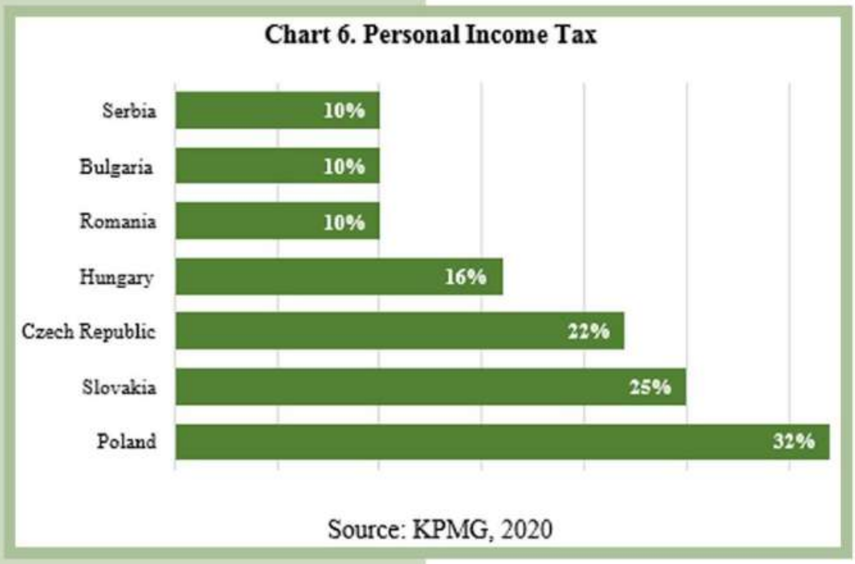
- Retirement contributions: 14% of monthlygross salary;
- Health contributions: 5,15% of monthly gross salary;
- Unemployment contributions: 0,75% of monthly gross salary.

Rates for contributions paid by an employer are:

- Retirement contributions: 11,5% of monthlygross salary;
- Health contributions: 5,15% of monthly gross salary.

Maximum base for contributions is a monthly gross salary of approximately 2.800 EUR. For amounts above maximumbase, only salary tax is paid.

All things considered, salary tax and contributions are approximately 65% of net salary, if gross salary is less than maximum base for contributions. Currently, there are tax incentives for new employees, previously unemployed, but new incentives are expected to be implemented in 2020.



Annual Income Tax

The annual income is taxed if exceeding the amount of threefold the average annual salary in Serbia.The tax rate is 10% for the annual incomeamounting up to 6 timesthe average annualsalary in Serbia,and 15% for thepart of the annualincome exceeding 6 times the average annual salary in Serbia.

Double tax treaties

The Republicof Serbia signed doubletax treaties with 60 countries, including:

- all EU countries (except Portugal);
- almost all Eurasian EconomicUnion member countries (Russia, Kazakhstan,
- Armeniaand Belarus);
- India;
- China;
- South Korea;
- Norway;
- Switzerland;
- Turkey;
- Israel;
- several Middle East countries, such as United Arab Emirates, Iran, Qatar, Kuwait.

In 2020, the Treaty was signed with Japan and Hong Kong. The next step is the ratification of the Treatyby Parliament in order for the Treaties to enter into force. The Agreement has been initialed with Algeria.

Serbia is currentlyor soon will be in negotiations with following countries:

- Portugal;
- Liechtenstein;
- Singapore;
- The United States.

Customs duties

Goods imported into Serbia are subject to customs duty rates provided in the Law on Customs Tariff. These rates are ad valorem(the only exceptionis related to the importation of other cigarettes containing tobacco, where a combinedad valorem and specific customsduty rate is prescribed) and apply to goods originating in countries that have a most favoured nation (MFN) status in trading with Serbia. Goods originating in other countries are subject to MFN duty rates increased by 70%.

At the moment,the only tradingpartner with Serbiathat does not have MFN statusis Taiwan.

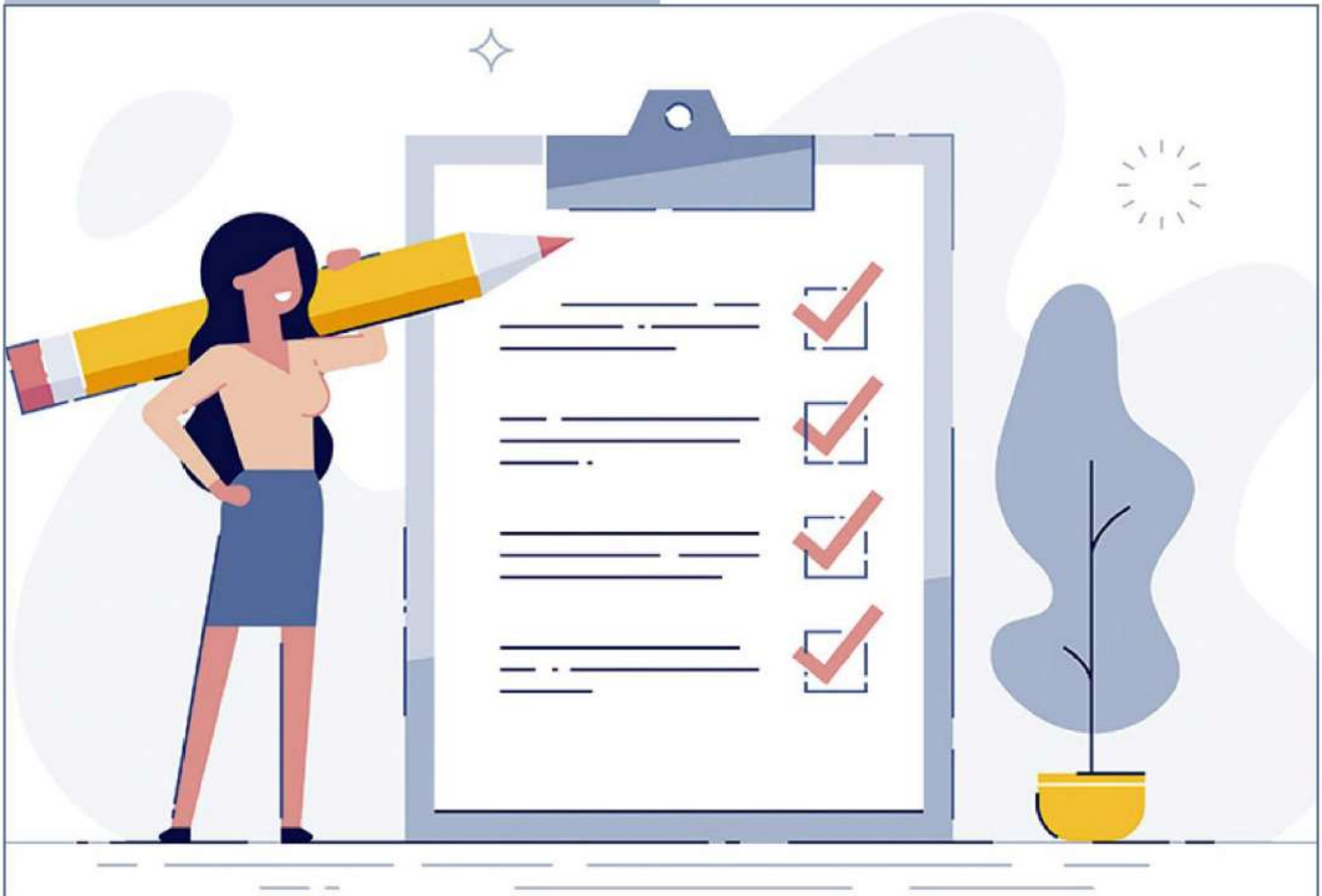
Customs duty rates in Serbiarange from 0% to 57.6%,with most being under 30%. At the moment, the 57.6% rate only applies to cigarettes.

Imports of certaingoods to the Republic of Serbia, besidescustoms duties providedfor in the CustomsTariff Law, or preferential tariffs laid down in the free trade agreements in force, are subject of other customs specialduties and other taxes. They are the following:

- special duties,
- seasonal duties,
- value added tax (VAT),
- excises.

Customs duties for all industrial and agricultural products coming from Serbia into the EU (aside from only a few agricultural productsprotected by the preferential tariffquotas) were abolishedby the EU in 2000with the application of the Autonomous Trade Measures. This regime was unilaterally grantedby the EU to Serbia in 2000 and it represented the most extensive trade concessions regime that was ever granted by the EU to any country or group of countries. This meant that the EU had immediately abolished all customs duties and quantitative restrictions on imports of all industrial and agricultural products, aside from only a few agricultural products that are under the preferential tariff quota regime (sugar, baby beef, wine and a few types of fish).

For Serbia, the reduction of import duties for goods originating in the EU started nine years later in January 2009 when Serbia voluntarily initiated the implementation of the trade-related part of the Stabilisation and Association Agreement, called the Interim Agreement. This agreement introduced asymmetric trade liberalisation in favour of Serbia for both industrial and agricultural products.In other words,since 2009, trade liberalisation on the Serbianside has been following a gradual and predictable six years' liberalisation schedule, reflecting the level of sensitivity of products for Serbian producers. At the same time, a level playingfield was being gradually introduced through the implementation of a predictable customs regime, anti-trust, state aid rules as well as the intellectual and industrial property protection regime in Serbia. This gradual trade liberalisation schedule was supposed to enable Serbian producers to progressively preparefor growing competition from the EU.



From January 1, 2014, Serbiaand the EU have reachedthe sixth and final year of the trade liberalisation schedule. However, the most sensitive agricultural products for Serbian farmers will remain protected with customsduties until Serbia'saccession to the EU, notablyall kinds of meat, yoghurt,butter, certain types of cheese, honey, certain vegetables and flour, with their tariff protection ranging from 20% to 50% of the most favoured nation (MFN) duty that Serbia applies to the rest of the world.

Product standards

The Institute for Standardization of Serbia (ISS) is recognized by the Law on Standardization as the only NationalStandards Body in Serbia. The ISS is responsible for developing and adopting standards, which are considered voluntary under the law. Its work is supervised by the Ministry of Economy. Expert councils direct work in specific areas of standardization.

Serbia has harmonized most of its legislation, standards, and technical regulations with EU legislation, including. To date, 99.5% of European standards have been adopted as Serbian standards, and 75% of the EU regulations have been transposed into Serbian legislation.

Serbia has established a network of institutions to ensure standards of quality and safety of products and servicesand to simplify international trade.

Economic Performance

(Future Prospects In The Economy)

Due to massive government intervention in the form of allocating 12.5% of GDP to support the economy and the population during the Covid-19 pandemic in 2020, all macroeconomic indicators in Serbia have been changed. Previous economic forecasts and plans have become largely invalid, and new plans and forecasts assume more modesteconomic goals than in the previous period.The economic growthof 6%, a slight increasein imports and strong growth in exportsare predicted. The reduction of the fiscal deficit from 9% to 3% is estimated, which is more unfavorable than in the period before the pandemic, when Serbia generally did not have a budget deficit. The Government of Serbia takes all plans and forecasts with reservations, due to the unpredictable future course of the pandemic.

The Covid-19 pandemic in 2020 had a strong effect on all macroeconomic parameters in Serbia, although the indicators are significantly better than in many more developed European countries. All previous economicforecasts and plans have becomelargely invalid, and the basis for new development programs and forecasts has changed greatly.

Economic growth and its drivers

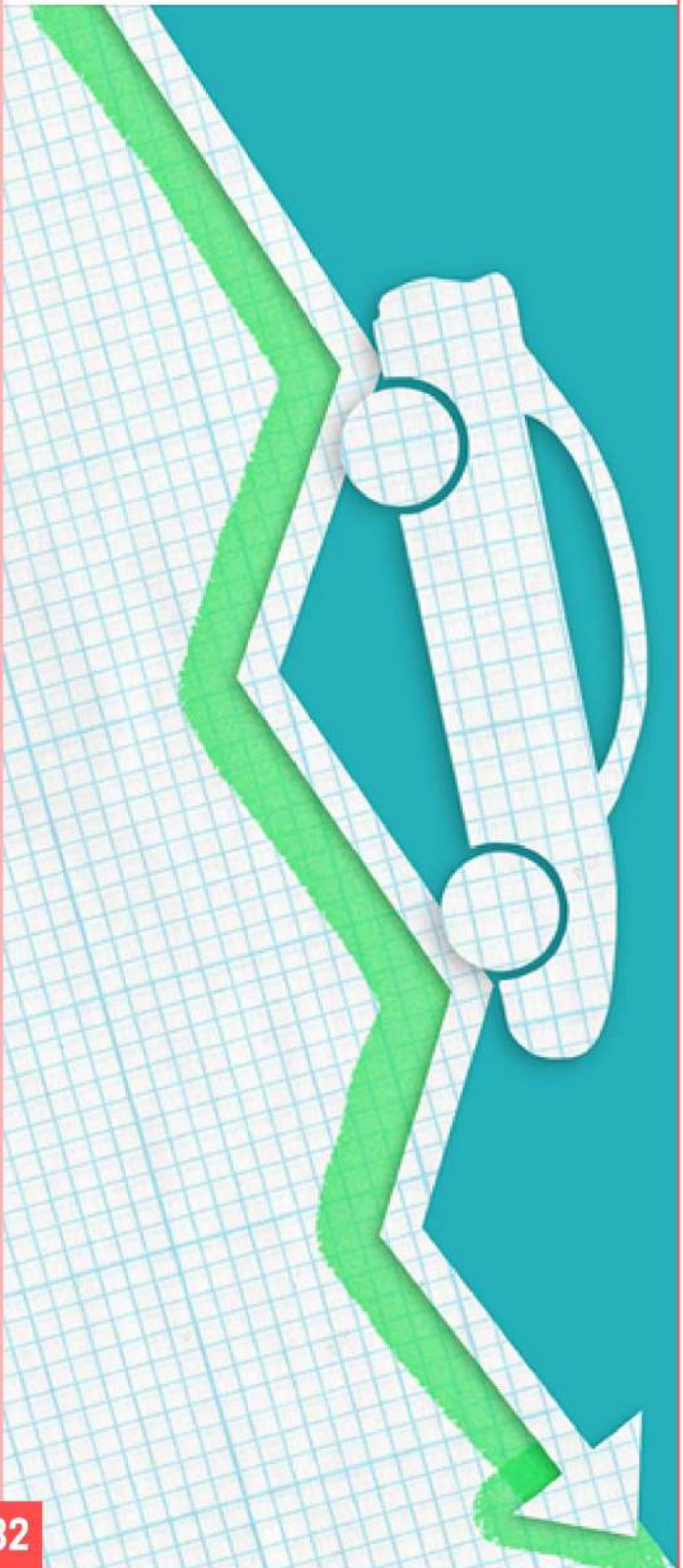
Economic policy measures,specifically the injectionof 5.8 billion euros (12.5%of GDP in 2020), havemanaged to limit the adverse effect of the pandemic crisis and minimize the economic downturn. According to the estimatesof the RS Statistical Office,Serbia's GDP fell by

1.1% in 2020.The decline in industry was avoided, and the decline in merchandise exports was only 2.3%. What is even more important for the future periodis that a greater declinein investment and consumer confidence has been prevented, while production capacities, labor force and a favorable macroeconomic perspective have been preserved.

A dramatic increasein Serbia's GDP cannot be expected in 2021 as Serbia did not have a sharp drop in economic activity in 2020. In addition, preventing dramatic consequences will contribute to the rapid return of GDP to pre-crisis levels during 2021. According to the projection of the National Bank of Serbia (NBS), GDP growth in 2021 is estimated at 5.5% to 6.0%, while sustainable growth of about 4% is expected in the medium term future. According to the Ministry of Finance, GDP growth will be 6.0%.

The growth will be driven entirely by domestic demand, both private and government consumption, while the contribution of net exportswill be negative. Personal consumption growth of 5.4% means that this aggregatewill have the largest share in GDP and will contribute to the growthof economic activitywith 3.8 percentage points. In 2021,investments will be the secondmost important componentin terms of a positivecontribution to GDP growth. They are expectedto increase by 13.3%, i.e. contributing 3.0 percent to GDP growth. Within investments, infrastructure projects are expected to have the largest contribution of 5.5%. Government spending will recorda slight increaseof 0.4% in 2021, primarilydue to the high base from the previous year caused by a significant increase in healthexpenditures.

From the production perspective, an increase in the created gross domestic value is expected in all sectors, except for agriculture, which is based on the assumption of an average season. The servicesector, which was most affected by the pandemic in 2020, will play the role of the dominant driver of growth in 2021.



Fiscal projections in theperiod 2021–2022

The high deficit in 2020, of about 9% of GDP (table 1) is a consequence of the pandemic and socio- economic measures taken by the Government of Serbia. These are lower indirect taxes and huge expenses ensuing from supportmeasures for economicentities and procurement of medical equipment.The fiscal strategy of the Ministryof Finance envisages a reduction of the deficitto 3.0% in 2021 (40.4%:43.4%). In the medium term, the fiscal deficit is expected to return to the level of about 1%, which the Ministryconsiders sustainable.

Table 6. Projections of public revenues, expenditures and debt (% of GDP)

	2019	2020	2021	2022
Public revenues	42,1	40,3	40,4	40,5
Public expenditures	42,3	49,2	43,4	42,1
Public debt	52,9	59,0	58,7	57,9

Source: Ministry of Finance

The Ministry of Finance of Serbia predicts a decrease in public revenues in 2021 and 2022, compared to 2019 and previous years, but also a slight increase compared to 2020.This will result from the transferred tax liabilities from 2020 to 2021 and 2022. Paymentof income tax on the basis of tax deferralin 2020 will have a temporary effect on the balance in 2021 and 2022.

Public debt also increased significantly in 2020 from 53% to 59% of Serbia's GDP, and is expected todecrease very gradually in 2021 and 2022.

Inflation

The National Bank of Serbia estimates that in 2021 inflation will be slightly higher than in previous years – 2.4% on average, but this growth will be temporary and still in the lower level of the target inflation range. The main reason that was taken into account during the assessment was the announced increase in electricity prices, and partly the increase in oil prices on the world market, which will also raise the prices of petroleum products on the domestic market.

The Executive Board of the NBS has set a target rate of total inflation for the periodfrom January 2021to December 2023 in the amount of 3%, witha tolerance of ± 1.5 p. p.

Interest rates

In February2021, the NBS decided to keep the reference interest rate at 1%.

Interest rates on the primary government securities market have been declining rapidly for more than a decade. From an average of 12% in 2012, they were reduced to about 2.5% in 2020, and in 2021 an additional smaller reduction to about 2% is projected. J.P. Morgan announced the decision to include dinar bonds of the Republic of Serbia in the bond index J.P. Morgan GBI-EM index from June 30, 2021, whichshould contribute to the recognition of Serbia as a safe and favorable investment destination.

Interest rates on (newly approved) loans to the private sectorhave also been reduced by 2021, althoughthese are relatively high interest rates in general.Interest rates on corporate loans are 3.2%,but on retail loans are 8.5%.

Socio-economic measuresin 2021

The Government of Serbia managedto prevent a larger number of the unemployed thanksto assistance measures, first of all, paymentof the minimum for three months to micro, small and mediumenterprises, deferral of taxes and contributions, application for cheap loansof the Development Fund. Despite that,there is a realistic expectation that unemployment is likely to rise in 2021, after the expiration of subsidies for minimum wages and other support measures. In February 2021, the government again approved the payment of a half of the minimum wage for March, April and May, provided that beneficiary companies do not lay off workers. However, as this is a significantly smaller amount than in 2020, and the end of the epidemic and the normalization of economic flows are not in sight, it is certainthat the unemployment rate cannot remain atsingle digits.

In addition to the fight against unemployment, the Serbian government plans to increase pensions and salaries in the public sector, as well as to increase the minimum wage.According to the Economic Reform Program for 2021-2023, the social component of the budget for 2021 has been improved by better targetingof social assistance programs and greaterallocation for healthand education activities.

Foreign trade

It is interesting that in 2020, Serbia had a smaller trade deficit than usual. It was 4.2% instead of the projected 5%. The reason for this is that exportshave proven to be relatively resilient to imports.Exports decreased by 2.3% while imports decreased by 3.4%, mainly due to reduced demand for imported products,but also periodicsupply difficulties. And hence the reduction of the deficit in 2020.

In 2021, a strong recovery of exports of 9.6% is expected. Its growth is projected based on the launch of new production capacities as a resultof FDI from the previousperiod. Exports of certain agricultural products are also expected to increase. It is estimated that in 2021 exports will exceed 26 billion USD, significantly more than in 2019 when it amounted to a maximumof 23 billion USD.

An increase in imports in 2021 is also projected, but not significant one compared to the period before the Covid-19 crisis, 29 billion USD instead of 28 billion USD in 2019, or 13.3% more than in 2020. The projection of import growth in 2021 is based on the projection of growth in domestic demand and the continuation of imports of medical equipment.

In terms of geographical distribution, the decline in exports in 2020 was relatively evenly distributed across countries, so the same is expected with the projected increase in 2021. The exception is China, with which exports as well as imports continued to grow during the pandemic. In 2020, imports from China approached imports from Germany (Germany 13.6%; China 12.5% of Serbian imports). The reasonfor this is the rapid growth of imports of medical equipment, so it is expected that in 2021 China as an import partner of Serbia will overtake Germany.

Table 7. Economic Forecast for Serbia

Main Indicators	2018	2019	2020 (e)	2021 (e)	2022 (e)
GDP (billions USD)	50.60	51.48e	52.96	60.44	65.11
GDP (Constant Prices, Annual % Change)	4.4	4.2	-1.0	5.0	4.5
General Government Balance (in % of GDP)	0.7	-0.5	-0.8	-1.4	-1.3
General Government Gross Debt (in % of GDP)	54.5	52.8	58.4	59.0	56.4
Inflation Rate (%)	2.0	1.9	1.7	2.2	2.4
Unemployment Rate (% of the Labour Force)	13.3	10.9	13.3	13.0	12.7
Current Account (billions USD)	-2.45	-3.54	-2.26	-3.44	-3.57
Current Account (in % of GDP)	-4.8	-6.9	-4.3	-5.7	-5.5

Source: IMF – World Economic Outlook Database, April 2021

European Green Deal (Carbon Footprint) – How it will affect the Economy?

The previous year was certainly marked by efforts to preserve health. A healthy environment is an unavoidable aspect of these efforts, and work in this area in 2020 has become more important than before. Just over a year ago, the European Union presented the European Green Agreement - a joint environmental plan that aims to make Europe the first climate-neutral continent by 2050. This plan includes many more countries than the 27 EU member states, and Serbia has, in previous for a year, togetherwith the EuropeanUnion, it activelyworked on variousaspects of the Agreement. Meanwhile, the economic crisis caused by the COVID virus pandemic further emphasized the need for a circular economy, and the digital 2020 highlighted the importance of new technologies and connectivity opportunities.

About The European Green Deal The European Green Deal is an EU development strategyfor the 21st century. Its central concernis the environment and climate change - how to make the EU's economy develop in a climate-friendly way. The Commission defines it as "a new growth strategy that aims to transform the EU into a fair and prosperous society, with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use". The Commission promises "mainstreaming sustainability" into all policies, by adopting "a green oath: 'do no harm'".

Some of the main targets set by the European Green Deal concern greenhouse gas emissions (GHG). The EU's climate ambitionfor 2030, with a 50-55% cut in greenhouse gas emissions GHG, is to replace the current 40% objective. The EU is to become climate neutral by 2050, which is the overarching objective of the European Green Deal.

This means that all policies at the EU level will have to be viewed through the prism of sustainability. How much natural resources are necessary? Could they be used more efficiently? What are the pollution levelsstemming from plannedactivities? Can they be reduced?How are activities affecting communities and individuals? Are the cleaner new energy technologies we wish to promote leaving someonebehind? What will happen to those EU citizens workingin the existing energy industry? These are just some of the questions that the European Green Deal is set to helpanswer.

Serbia, Montenegro and Kosovo are not EU members, but this new framework concerns them as well. EU diplomatic efforts will be mobilized in support of the European Green Deal. In October 2020, on the occasion of the Berlin Process summit in Sofia, the governments of the Western Balkans 6 committed to the "Green Agenda for the Western Balkans" as a concrete plan to expand the European Green Deal to Southeast Europe.

The rise of "green awareness" in Serbia

Beginnings

Recently the "greenagenda" has finallypenetrated into the mainstream of the Serbianpolitical system. Both urban and rural peopleare raising their voices againstprojects that can harm the environment. The first concrete indicator of such new political trend is a relatively successful campaign to stop the building of small hydropower plants in south-eastern Serbia.

?resent-day hotspots

Four epicenters of ecological problems and consequently, civil activism can be indentified: 1) capitalBelgrade, 2) the situation in the north-eastern town of Zrenjanin, 3) mining pollution in the city of Bor,and 4) Rio Tinto's explorations in Western Serbia, especially near the city of Loznica.

1. Environmental problemsin Belgrade are very complex.They include the problem of the air pollution caused by traffic and especially the use of individual furnaces in the winter months. This has led to the fact that Belgrade is often on the list of the most polluted cities according to the AQI Index. There is also an impending water shortage which could get even worse if the city authorities decide to build housing facilities and a metro line near the "Makis" water factory. The problem of water shortage is already present in the city municipality of Mladenovac. The third problem of the capital is the inadequate sewerage network,especially in the suburbs. Sewage waste is discharged directlyinto rivers almostwithout any filteringbeforehand. The situationis very similar regarding the completely unregulated city landfills.

Occasional fires in such landfills further worsen air quality. Both city and republicauthorities have announced large investments in solving the problems of sewage and landfills. Chinese companies are mentioned as the main partners in these projects, but the specific details of the projectsare still unknown.The last problemin Belgrade is the cuttingof forests and parks, for example on the site of Topcider and other green areas such as the Reva pond. These problems have prompted the creation of many different environmental movements that express their dissatisfaction with the current environmental situation in different ways: sometimes with stunts that show how air pollution affectsthe human lungs and sometimes they physically defendcertain "nature sites" from destruction.

2. In the town of Zrenjanin there is a problem with unsafe drinkingwater that lastsfor several decades.However, the reason for the alarm among the citizens was the deterioration of air quality that has been happening in the city in previous years. The reasons for this are waste recycling factories, as well as various agricultural companies, primarily those that deal with the destruction of dead animals.Citizens are also worried about the future Linglong tire factory, which is currently in the final stages of construction and operationalization.

3.The main polluter in the town of Bor for many years is the copperand gold mine in its vicinity. After the takeoverof the mine by the Chinese companyZijin, the pollution is visible in the Pek River, whichuntil then was considered one of the cleanest in Serbia, apart from being the only gold-bearing river. Furthermore, air quality measuring instruments record an increase in the valueof Sulfur monoxide(SO) and Sulfur dioxide (SO_2) which causes difficulty while breathing, feeling of tingling in the lungs and contribute to the development of asthma in children. Unlike the Belgrade scene, which was an illustration of pluralism of many civil movements and initiatives, in Bor, there were several protests which were centralized, citizens were united regardless of the political party they support. That was to be expected, considering that Bor is a much smaller communitythan Belgrade.

4.The last but certainly the most dangerous environmental problem in Serbia is geological research conducted by the company Rio Tinto in the region of Western Serbia. The multinational company is trying to extract the mineral called Jadarit - a mineral containing lithium, a key component of electric batteries necessary for the electric car industry and many other electronic devices. Unlike the citizens of other countries of the global South, citizens of Serbia are well acquainted with the infamous history of Rio Tinto. The crux of the problemis that a potential lithiummine will pollutethe water in the JadarRiver and most likely the Drina River as well.An additional problemis that the Jadar River often floodsthe surrounding areas.Floods with such contaminated water would cause catastrophic consequences for the environment in an otherwise agricultural area. Although Rio Tinto spokespersons and lobbyists claim that they will purify the water to a satisfactory level of quality, they do not provide specific information about the purifying process. Moreover, the economic gain from the mine for the average citizen is also questionable because even if the mine brings new jobs, those are poorly paid jobs. The government, which apparently wants to raise the employmentrate as much as possible,promises to build additional ore processing plantsthat would provideadditional, better-paid jobs. However, citizensare still unconvinced and they began protesting against Rio Tinto. Protests in the area of Šabac and Loznica are regular and held several times a month. Citizens' demands are numerous: they insist on respecting property rights when expropriating land. Furthermore, they demand full and transparent application of environmental standards, not arbitrary promises that everything will be fine. However, the largest group of protesters is the one demanding a complete abandonment of the project and expulsion of Rio Tinto from Serbia.

Activities in 2020

Work on reducing air pollution, protection of biodiversity, work on wastewater treatment, a series of online webinars intended for citizens that address the most important topics, promotion of "green" solutions for mobility that do not pollute the environment, support for local initiatives - these are justsome of the activities marked last year.

Through the EU program PPF - Support of the European Union in project preparation - of the 15 infrastructure projectsthat have been prepared for implementation so far, specialattention is paid to the project "Wastewater Collection and Treatment System in Brus and Blace" whose preparatory phase is completed and the construction phase starts this year. This project will work on preventing pollution and providing clean drinking water in the Rasina district from natural sources - such as Lake Celija. In a similar way, in partnership with the European Union and Sweden through the PEID project, which envisages, among other things,the construction of wastewater treatment plants in Nis and Cacak.
During the project"Support to policyplanning in the water management sector in Serbia", with the help of expertsfrom Germany, Austriaand the Netherlands, a river basin management plan was preparedin Serbia in accordance with EU directives. The project has also developed a list of necessary measures for water protection in Serbia.

At the beginning of the heating season, the operation of small heating plants and individual fireboxes,air pollution in Serbia had a great impact on human health in many ways. It is estimated that about 2.5 million citizens (ie one third of the population of Serbia) live in areas where the level of air pollution exceeds the limit values defined by national and EU regulations. Children, the elderly, and lower- income household members with limited accessto health care are more susceptible to adverse effects.

For all these reasons, it is widely visible why the topic of air pollution is important for the citizens of Serbia. Part of the segment of the project "EU for a better environment" is dedicated to the preparation of the Air Quality Strategyin Serbia, which is much needed and is expectedby mid-2021. The Strategy itselfhas three pillars:the first is dedicated to national CO_2 emissions and the third refers to the EU Air QualityDirective. A team of expertsis currently workingon modeling air quality protection scenarios. In additionto the Strategy, eight specificplans for the implementation of EU directives and regulations will be developed, five of which relate to the air protection sector.

Without investment and dedicated finances, the policies cannot be implemented and that is why this project will address the multi-annual investment and financial plan (MIFP).
In addition to clean air, the EU supports projects to protect rare species of animals. From March toOctober, 10,000 records were collected on 163 species and 57 habitat types, and some findings were very interesting: the presence of rare birds that had not been registered for more than two decades was registered. Within the project "EU for Natura 2000 in Serbia", the EU provides support to the Ministry of Environmental Protection of the Republic of Serbia to establish the first list of potentialsites in Serbiathat will be part of the European Natura 2000 network and ensure long-term survival of the most valuable species and habitats. So far, 89 habitat types, 150 animal species and 116 bird species from the EU Directives have been registered in Serbia. The mobile application "Terenska" has also been developed, which collects information on species and habitats, GPS locations, photos and videos.

The collected data is transferred to a server for later evaluation and supports the establishment of the Natura 2000 networkin Serbia.

During the 11 weeks of the Natura 2000 in a Frame Photo Contest, more than 1,500 photos were received emphasizing the importance of biodiversity conservation and representing the beauty and diversity of landscapes in Serbia, with an emphasison areas that will be part of the Natura2000 network.

On the eve of the World Biodiversity Day, May 22, the last pair of Eagle Crusaders in the north ofSerbia received offspring, and with the help of Serbian and ornithologists from the EU, this bird that adorns the coat of arms of the Republic of Serbia - has been saved from extinction. The "Pannoneagle LIFE" project, with a total budgetof more than 3.5 millioneuros, with the financial support of the EU, supports a group of 13 organizations from Hungary, Austria, Slovakia, the Czech Republic and Serbia in an effort to increasethe population of Eagles and reduce the suffering of these animals.

This year's European Mobility Week campaign under the slogan "mobility for all, without harmfulgases" was opened in Kruševac,a city that won the European Awardfor Sustainable Mobilityfor 2019. Througha prize challenge called "Move - just not by car!" a car-free day was also marked.

Foreign direct investments

Since the onset of economic reforms, Serbia has grown into one of the premier investment locations in Central and Eastern Europe.A list of leading foreigninvestors is topped by world-class companies such as Bosch, Michelin, Siemens, ZF, Yazaki, Brose, Toyo Tires, Fiat Chrysler Automobiles, Microsoft, Panasonic, Cooper Tires, Tarkett, Ling Long, MTU, NCR, Magna, Continental, Aunde, Calzedonia, Eaton, Stada, Swarovski, Mei Ta, Gorenje,Schneider Electric, Geox, Adient, Minth,Johnson Controls, JohnsonElectric, Leoni, Barry Callebaut, and many others.

Serbia has attracted over €34 billionof inward foreigndirect investment since2007.

Attracting foreign direct investments is set as a priority for the government of Serbia, which provides both financial and tax incentives to companies willing to invest. Leading investor nations in Serbia include: Germany,Italy, United States,China, Austria, Norway,and Greece. Majorityof FDI went into automotive industry, food and beverage industry, machinery, textile and clothing.

Blue-chip corporations making investments in manufacturing sector include: Fiat Chrysler Automobiles, Bosch, Michelin, Siemens, Panasonic, Continental, Schneider Electric, Philip Morris, LafargeHolcim, PepsiCo, Coca-Cola, Carlsberg and others. In the energysector, Russian energygiants, Lukoil and Gazprom have made large investments. In metallurgy sector, Chinese steel and copper giants, Hesteel and Zijin Mining have acquired steel mill in Smederevo and copper mining complex in Bor, respectively. The financial sector has attracted investments from Italian banks such as Intesa Sanpaoloand UniCredit, CréditAgricole and SociétéGénérale from France,Erste Bank and Raiffeisen from Austria, among others. ICT and telecommunications saw investments from likes such as Microsoft, Telenor, Telekom Austria, and NCR. In retail sector, biggest foreign investors are Dutch Ahold Delhaize, GermanMetro AG and Schwarz Gruppe,Greek Veropoulos, and Croatian Fortenova.

Table 8. Republic of Serbia: Foreign Direct Investments in 2020, assets-liabilities principal, by group of countries (preliminary data, in mil EUR)

Country	2020		
	Assets	**Liabilities**	**FDI, net (=assets - liabilities)**
TOTAL	**112,0**	**3.014,2**	**-2.902,3**
EUROPE	**122,8**	**2.335,3**	**-2.212,6**
EU (EU-27)	82,3	2.053,5	-1.971,2
Other european countries	40,5	281,8	-241,3
AFRICA	**-0,3**	**1,1**	**-1,4**
North Africa	0,7	0,1	0,6
Other African countries	-1,0	1,1	-2,0
AMERICA	**-1,6**	**80,7**	**-82,3**
North American countries	-1,4	87,0	-88,4
Central American countries	-0,2	-6,4	6,2
South American countries	0,0	0,1	-0,1
ASIA	**-6,1**	**594,2**	**-600,3**
Near and Middle East countries	0,7	60,6	-59,9
Gulf Arabian countries	0,1	58,4	-58,3
Other Near & Middle East countries	0,5	2,1	-1,6
Other Asian countries	-6,8	533,6	-540,4
OCEANIA & POLAR REGIONS	**-3,2**	**0,9**	**-4,1**
Unallocated	**0,4**	**2,0**	**-1,7**

Source: National Bank of Serbia

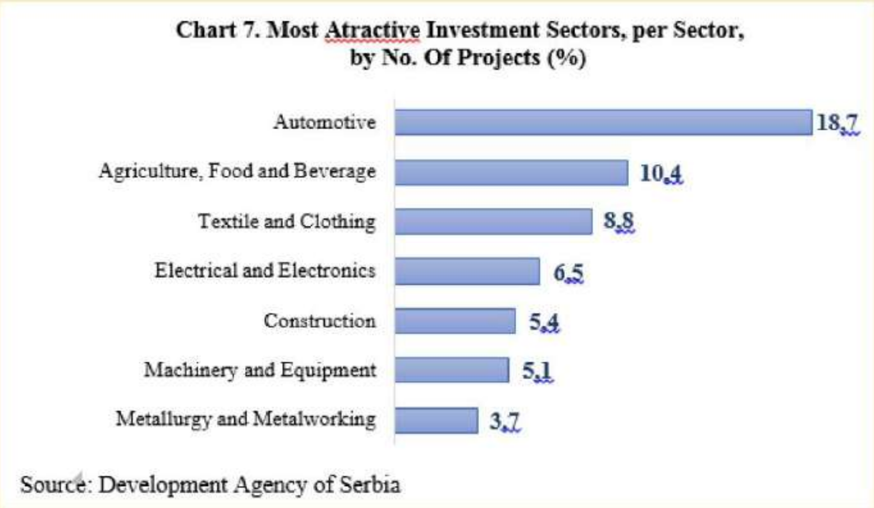
Table 9. Republic of Serbia: List of 50 Foreign Direct Investments in 2020, assets-liabilities principal, by the amount of investment (preliminary data, in mil EUR)

Number	Country	2020		
		Assets	**Liabilities**	**FDI, net (=assets - liabilities)**
1.	Netherlands	-3,2	705,5	-708,7
2.	Slovenia	17,4	483,3	-466,0
3.	China		366,8	-366,8
4.	Germany	-4,7	331,9	-336,6
5.	Austria	15,3	153,4	-138,1
6.	Hong Kong	-0,0	112,1	-112,1
7.	United Kingdom	0,9	106,4	-105,5
8.	United States	-0,8	79,1	-79,9
9.	Russian Federation	6,5	75,2	-68,8
10.	Malta	0,0	62,3	-62,3
11.	United Arab Emirates	0,5	56,9	-56,4
12.	Japan		52,0	-52,0
13.	Switzerland	-2,2	43,2	-45,4
14.	Luxembourg	-0,2	42,0	-42,2
15.	Bulgaria	1,9	38,4	-36,6
16.	Italy	-1,4	34,7	-36,1
17.	France	16,5	50,8	-34,3
18.	Turkey	0,7	29,2	-28,5
19.	Czech Republic	11,7	37,7	-26,1
20.	Cyprus	3,8	29,2	-25,4
21.	Croatia	7,9	31,2	-23,3
22.	Sweden	0,7	20,7	-20,0
23.	Poland	1,3	20,5	-19,2
24.	Belgium	0,6	11,4	-10,8
25.	Ireland	0,1	10,2	-10,2
26.	Romania	3,5	12,3	-8,8
27.	Canada	-0,6	7,9	-8,5
28.	Hungary	1,9	7,8	-5,9
29.	Myanmar	-5,4		-5,4
30.	Bosnia and Herzegovina	16,9	22,1	-5,2
31.	Liechtenstein	0,0	5,0	-4,9
32.	Ukraine	-1,9	1,8	-3,7
33.	Singapore	-1,7	1,7	-3,4
34.	Solomon Islands	-2,6		-2,6
35.	Republic of North Macedonia	3,4	5,8	-2,3
36.	Israel	0,2	2,5	-2,3
37.	Panama		2,3	-2,3
38.	Norway	-0,6	1,1	-1,7
39.	Australia	-0,7	0,8	-1,5
40.	Mauritius	-0,1	1,1	-1,2
41.	Estonia	-0,4	0,7	-1,0
42.	Zambia	-1,0		-1,0
43.	Saudi Arabia		0,9	-0,9
44.	South Korea		0,6	-0,6
45.	Virgin Islands, U.S.		0,5	-0,5
46.	Chile		0,5	-0,5
47.	Ghana	-0,4		-0,4
48.	Qatar		0,4	-0,4
49.	Uganda	-0,4		-0,4
50.	Kazakhstan	0,1	0,4	-0,3

Source: National Bank of Serbia

The Netherlands ranks first among foreign investors in Serbia.

According to the data of the National Bank of Serbia, the Netherlands is the first among foreign investors. The NBS explains that the Netherlands ranks first among foreign investor since numerous companies established their offices in this countryand are managing their businesses from the Netherlands in order to make use of the liberalDutch financial and banking system.



Serbia's investment climate has been modestly improving in recent years, driven by macroeconomic reforms, greater financial stability, improved fiscal discipline, and a European Union (EU) accession processthat provides impetus for legal changesthat improve the business environment. The government successfully completed a three-year Stand-by Arrangement with the International Monetary Fund (IMF), with the government exceeding all its fiscal targets in 2018. The government signed a new 30- month Policy Coordination Instrument with the IMF in mid-2018. Serbiaimproved four placesin 2020 on the World Bank's Doing Business Index and is now ranked 44th globally in ease of doing business. Attracting foreign investment remainsan important priorityfor the Serbian government. U.S. investors in Serbia are generally positive,highlighting the country's strategiclocation, well-educated and affordable labor force, excellentEnglish language skills,investment incentives, and free-trade arrangements with key markets, particularly the EU. Generally, U.S. investors enjoy a level playing field with their Serbian and foreign competitors. The U.S. Embassy in Belgrade often assists investors when issues arise, and Serbian leaders are responsive to our concerns.

Despite notable progress in Serbia, challenges remain, particularly with regard to bureaucratic delays and corruption. Other risks to the investment climate include unresolved loss-making state-owned enterprises (SOEs), a large informal economy, and an inefficient judiciary. Political influence on the decisions of nominally independent regulatory agencies is also a concern.

Serbian companies faced temporary export restrictions on certain agricultural products and on all medicines in March and April 2020 due to the COVID-19 pandemic. The Serbian government lifted the export restriction on medicines on April 24 and liftedrestrictions on all other affectedgoods on May 7.

The Serbian government has identified economicgrowth and job creation as its top economic priorities and has committed itself to resolving several long-standing issues related to the country's slow transition to market-driven capitalism. On the legislative front, the government has passed significant reforms to labor law, construction permitting, inspections, public procurement, and privatization that have helped improve the business environment. Both companies and officials have noted that the adoption of reforms has sometimes outpaced thorough implementation of these reforms. Digitizing certain functions (e.g., construction permitting, tax administration, e-signatures, and removing the previously ubiquitous requirement for ink stamps) has not yet brought a dramatic improvement in processing times and may not be consistently implemented.

The government is slowly making progress on resolving the fate of troubled SOEs.Where possible, this has been achieved through bankruptcy or privatization actions. For example, bankruptcy protections were removed for 17 SOEs in May 2016, and the situation of most of these companies has been resolved. The government is also slowly decreasing Serbia's bloated public-sector workforce, mainly throughattrition and hiring freezes, which continued through 2018.

If the government delivers on promisedreforms during its EU accessionprocess, business opportunities could continue to grow in the coming years. Sectors that stand to benefit include agriculture and agro-processing, solid waste management, sewage, environmental protection, information and communications technology (ICT), renewable energy, health care,mining, and manufacturing.

Women in Serbia generally enjoy equal treatment in business, and the government offers various programs to support women's businesses. One program that started in 2017 provides approximately USD 1 million from the Serbian government budget to support women's innovative entrepreneurship in the form of small grants.

Investors should monitor the government's implementation of reforms as well as the government's changing investment incentive programs.

Policies Towards ForeignDirect Investment

Serbia is open to FDI, and attracting FDI is a priority for the government. Even during its socialist past,Serbia prioritized international commerce and attracted a sizeable international business community. This trend continues, and the Law on Investments extendsnational treatment to and eliminates discriminatory practices against foreign investors. The law also allows the repatriation of profits and dividends, provides guarantees against expropriation, allows customs duty waivers for equipment imported as capitalin kind, and enables foreigninvestors to qualify for government incentives.

The Government's investment promotion authority is the Development Agency of Serbia (Razvojna agencija Srbije – RAS). RAS offers a wide range of services, including support of direct investments, export promotion, and coordinating the implementation of investment projects. RAS serves as a one- stop-shop for both domestic and international companies. The government maintains a dialogue with businesses through associations such as the Serbian Chamber of Commerce, American Chamber of Commerce in Serbia,Foreign Investors' Council(FIC), and SerbianAssociation of Managers(SAM).

Limits on Foreign Controland Right to Private Ownershipand Establishment

Foreign and domestic private entities have the right to establish and own businesses, and to engage in all forms ofremunerative activity.

For some business activities, licenses are required, e.g., financial institutions must be licensed by the National Bank of Serbia prior to registration. Licensing limitations apply to both domestic and foreign companies active in finance, energy, mining, pharmaceuticals, medical devices, tobacco, arms and military equipment, road transportation, customsprocessing, land development, electronic communications, auditing, waste management, and production and trade of hazardous chemicals.

Serbian citizens and foreign investors enjoy full private-property ownership rights. Private entities can freely establish, acquire, and dispose of interests in business enterprises. By law, private companies compete equally with public enterprises in the market and for access to credit, supplies, licenses, and other aspectsof doing business. Serbia does not maintain investment screening or approvalmechanisms for inbound foreign investment. U.S. investors are not disadvantaged or singled out by any rules or regulations.

Agribusiness: Foreign citizens and foreign companies are prohibited from owning agricultural land in Serbia. However, foreign ownership restrictions on farmland do not apply to companies registered in Serbia, even if the company is foreign-owned. Unofficial estimates suggest that Serbian subsidiaries of foreign companies own some 20,000 hectares of farmland in the country. EU citizens are exempt from this ban, as of 2017, although they may only buy up to two hectares of agricultural land under certain conditions. They must permanently reside in the municipality where the land is located for at least 10 years, practice farming on the land in question for at least three years, and own adequate agriculture machinery and equipment.

Defense: The Law on Investments adopted in 2015 ended discriminatory practices that prevented foreign companies from establishing companies in the production and trade of arms (for example, the defense industry) or in specific areas of the country. Further liberalization of investment in the defense industry continued via a new Law on the Production and Trade of Arms and Ammunition, adopted in May 2018. The law enables total foreign ownership of up to 49 percent in seven SOEs, collectively referred to as the "Defense Industry of Serbia," so long as no single foreign shareholder exceeds 15 percent ownership. The law also cancels limitations on foreign ownership for arms and ammunition manufacturers.

Other Investment Policy Reviews

Serbia underwent formal reviews by the Organization for Economic Cooperation and Development (OECD) on Labour Marketand Social Policiesin 2008 and by the United NationsConference on Tradeand Development (UNCTAD) on competition policy in 2011.

Business Facilitation

According to the World Bank's 2020 Doing Business Index, it takes seven procedures and seven days to establisha foreign-owned limitedliability company in Serbia. This is fewer days but more procedures than the average for Europe and Central Asia. In addition to the procedures required of a domestic company, a foreign parent company establishing a subsidiary in Serbia must translate its corporate documents into Serbian.

Under the BusinessRegistration Law, the Serbian BusinessRegisters Agency (SBRA)oversees company registration. SBRA's website is available in English at www.apr.gov.rs/home.1435.html . All entities applyingfor incorporation with SBRA can use a single application form and are not requiredto have signatures notarized.

Companies in Serbiacan open and maintain bank accounts in foreign currency,although they must also have an account in Serbian dinars (RSD). The minimum capital requirement is symbolic at RSD 100 (less than USD 1) for limited liabilitycompanies, rising to RSD 3 million (approximately USD 27,500) for a joint stock company. A single-window registration process enables companies that register with SBRA to obtain a tax registration number (poreski identifikacioni broj – PIB) and health insurance number concurrently with registration. In addition, companiesmust register employeeswith the PensionFund at the Fund's premises. Since December 2017, the Labor Law requiresemployers to registernew employees before they start their first day at work; previously, the deadline was registration within 15 days of employment. These amendments represent an attempt by the government to decrease the grey labor market by allowing labor inspectors to penalize employers if they find unregistered workers.

Pursuant to the Law on Accounting, companies in Serbia are classified as micro, small, medium, and large, depending on the number of employees, operating revenues, and value of assets.

RAS supports direct investment and promotes exports. It also implements projects aimed at improving competitiveness, supporting economic development, and supporting small-andmedium-sized enterprises (SMEs) and entrepreneurs.

Serbia's business-facilitation mechanisms provide for equitable treatment of both men and women when a registering company,according to the World Bank's 2020 Doing Business Index. The government has declared 2017-2027 a Decade of Entrepreneurship, with special programs to support entrepreneurship by women.

The ministry of economy plans to keep providing incentives to foreign investors in order to improve the business climate in the country. Factors favourable to FDI in Serbia include the economic reforms it is undergoing as part of its EU accessionprocess and IMF agreement, its strategic location,a relatively inexpensive and skilled labour force, and free trade agreements with the EU, Russia, Turkey and countries that are members of the Central European Free Trade Agreement, for which many investors see Serbia as an export platform rather than as a market in its own right. By contrast, its main weaknesses are a massive and inefficient public sector, low productivity (excluding automotive), inadequate road and electricity transport infrastructure, and a large informal economy. Besides, the business environment remains hampered by red tape, corruption and political interference. Serbia ranked 44th in the 2020 Doing Business report published by the World Bank, four positions up compared to the previous edition.

What to consider if you invest in Serbia

Serbia has these assetsto attract FDI:

- A generally positive business environment and is much more liberal than its neighbours. This is characterised, for example, by the lowest corporate tax rate in Europe (10%). The country's 44th position in the Doing Businessranking attests to a pro-business environment;
- A real desire for public sector reformsdisplayed by the government made concrete and decisive by the various agreements reached with the IMF and the EU (which the country has beenseeking to join since 2014);
- A young workforce compared to the rest of Europe, well trained and multilingual (nearly half of the population speaks English fluently) whose cost is low;
- A comfortable level of foreigncurrency reserves;
- An ideal geographical locationwith connections to the Rhine-Main-Danube Canal, the AdriaticSea, the Mediterranean Sea and the Black Sea.

The main obstacles that may discourage foreign investors are:

- Political instability and risks of stagnation are still high compared to other countriesin the region;
- The trade deficit and the level of public debt remain problematic for the country'seconomy, which needs external financingto support its growth;
- The lack of transportation infrastructure and landlocked country;
- High risks of corruption and administrative burdenweaken the confidence level of the business community;
- The cumbersome and slow implementation proceduresin Serbia can dampen entrepreneurial initiatives;
- Vulnerability of the exchangerate to price changes.

Procedures Relative to Foreign Investment

Freedom of Establishment - Anybody can start a business or invest in Serbia. Acquisition of Holdings - A foreign investor can own 100% of the shares in a Serbian company. Obligation to Declare - An authorization is necessary to create a company in the followingfields: health, pharmacy, veterinary products and services, transport, arms and munitions, insurance, bankruptcy management.

Foreign trade

Table 10. Exports and imports by economic destination of the EU[3]

* EUR mill.

	exports			imports			balance	
	I-VI 2020	I-VI 2021	index	I-VI 2020	I-VI 2021	index	I-VI 2020	I-VI 2021
Total	**7834,7**	**10068,7**	**128,5**	**10730,1**	**12979,0**	**121,0**	**-2895,4**	**-2910,3**
Energy	159,7	258,4	161,9	891,8	942,0	105,6	-732,2	-683,5
Intermediate goods	3088,7	4155,7	134,5	3900,6	5001,3	128,2	-811,9	-845,6
Capital goods	1642,2	2192,0	133,5	2284,6	2716,2	118,9	-642,3	-524,3
Durable consumer goods	408,9	519,2	127,0	204,1	284,3	139,3	204,8	234,8
Non durable consumer goods	1839,0	2106,8	114,6	1884,2	2152,3	114,2	-45,2	-45,5
Unclassified by MIG destination	696,2	836,6	120,2	1564,8	1882,9	120,3	-868,6	-1046,3

Source: Statistical Office of the Republic of Serbia

3 EU classifies industrial products into five groups, by destination.

Table 11. Exports and imports by classification of activities (production principle)

* EUR mill.

	January–June											
	exports			imports			share in total exports (%)		share in total imports (%)		balance	
	2020	2021	index	2020	2021	index	2020	2021	2020	2021	2020	2021
Total	**7834,7**	**10068,7**	**128,5**	**10730,1**	**12979,0**	**121,0**	**100,0**	**100,0**	**100,0**	**100,0**	**-2895,4**	**-2910,3**
Agriculture, forestry and fishing	**607,1**	**693,0**	**114,1**	**359,1**	**362,4**	**100,9**	**7,7**	**6,9**	**3,3**	**2,8**	**248,0**	**330,6**
Crop and animal production, hunting and related service activities	598,5	678,0	113,3	348,5	348,4	100,0	7,6	6,7	3,2	2,7	250,0	329,6
Forestry and logging	7,9	13,7	173,5	2,2	3,9	177,9	0,1	0,1	0,0	0,0	5,7	9,9
Fishing and aquaculture	0,8	1,2	158,7	8,4	10,1	119,2	0,0	0,0	0,1	0,1	-7,7	-8,8
Mining and quarring	**33,7**	**188,9**	**560,0**	**852,8**	**796,8**	**93,4**	**0,4**	**1,9**	**7,9**	**6,1**	**-819,0**	**-607,9**
Mining of coal and lignite	1,6	1,8	112,1	19,9	20,9	105,1	0,0	0,0	0,2	0,2	-18,3	-19,2
Extraction of crude petroleum and natural gas	0,1	0,3	175,8	616,0	563,8	91,5	0,0	0,0	5,7	4,3	-615,8	-563,6
Mining of metal ores	26,0	179,8	692,2	155,5	176,3	113,4	0,3	1,8	1,4	1,4	-129,5	3,5
Other mining and quarrying	6,0	7,1	116,9	61,4	35,7	58,1	0,1	0,1	0,6	0,3	-55,4	-28,7
Manufacturing	**7077,4**	**8978,7**	**126,9**	**8295,2**	**10265,4**	**123,8**	**90,3**	**89,2**	**77,3**	**79,1**	**-1217,8**	**-1286,7**
Manufacture of food products	852,0	991,9	116,4	585,2	670,7	114,6	10,9	9,9	5,5	5,2	266,8	321,2
Manufacture of beverages	101,2	136,2	134,6	49,2	59,4	120,9	1,3	1,4	0,5	0,5	52,0	76,8
Manufacture of tobacco products	195,6	178,3	91,2	68,7	62,7	91,2	2,5	1,8	0,6	0,5	126,9	115,6
Manufacture of textiles	125,7	133,5	106,2	292,8	295,2	100,8	1,6	1,3	2,7	2,3	-167,1	-161,7
Manufacture of wearing apparel	248,7	267,6	107,6	173,3	192,2	110,9	3,2	2,7	1,6	1,5	75,4	75,4
Manufacture of leather and related products	169,2	217,2	128,3	128,7	165,8	128,8	2,2	2,2	1,2	1,3	40,5	51,4
Manufacture of wood and of products of wood and cork, except furniture manufacture of articles of st	111,1	131,0	118,0	107,4	141,7	131,9	1,4	1,3	1,0	1,1	3,6	-10,7
Manufacture of paper and paper products	223,5	235,2	105,2	314,5	333,0	105,9	2,9	2,3	2,9	2,6	-91,0	-97,8
Printing and reproduction of recorded media	0,6	0,2	28,0	2,0	2,1	105,5	0,0	0,0	0,0	0,0	-1,4	-1,9
Manufacture of coke and refined petroleum products	127,0	188,8	148,7	236,6	320,0	135,3	1,6	1,9	2,2	2,5	-109,6	-131,2
Manufacture of chemicals and chemical products	481,0	669,9	139,3	1106,1	1276,2	115,4	6,1	6,7	10,3	9,8	-625,1	-606,4
Manufacture of basic pharmaceutical products and pharmaceutical preparations	145,6	131,5	90,3	503,9	602,0	119,5	1,9	1,3	4,7	4,6	-358,3	-470,5
Manufacture of rubber and plastic products	690,3	895,9	129,8	446,9	584,5	130,8	8,8	8,9	4,2	4,5	243,4	311,4
Manufacture of other non-metallic mineral products	98,3	113,7	115,6	172,1	216,2	125,7	1,3	1,1	1,6	1,7	-73,7	-102,5
Manufacture of basic metals	653,9	840,6	128,6	666,7	956,5	143,5	8,3	8,3	6,2	7,4	-12,8	-116,0
Manufacture of fabricated metal products, except machinery and equipment	391,1	500,8	128,1	463,8	539,6	116,4	5,0	5,0	4,3	4,2	-72,7	-38,8
Manufacture of computer, electronic and optical products	121,7	131,5	108,1	537,0	671,2	125,0	1,6	1,3	5,0	5,2	-415,4	-539,6
Manufacture of electrical equipment	709,4	1061,5	149,6	657,0	958,6	145,9	9,1	10,5	6,1	7,4	52,4	102,9
Manufacture of machinery and equipment n.e.c.	485,6	593,5	122,2	905,4	1138,1	125,7	6,2	5,9	8,4	8,8	-419,7	-544,6
Manufacture of motor vehicles, trailers and semi-trailers	729,9	1057,8	144,9	522,1	668,1	128,0	9,3	10,5	4,9	5,1	207,8	389,7
Manufacture of other transport equipment	93,1	128,1	137,6	152,1	150,1	98,7	1,2	1,3	1,4	1,2	-59,0	-22,0
Manufacture of furniture	241,5	281,6	116,6	65,3	84,3	129,2	3,1	2,8	0,6	0,6	176,2	197,3
Other manufacturing	81,4	92,5	113,6	138,4	177,1	128,0	1,0	0,9	1,3	1,4	-57,0	-84,7
Electricity, gas, steam and air conditioning supply	**30,9**	**67,6**	**218,5**	**19,4**	**37,2**	**192,0**	**0,4**	**0,7**	**0,2**	**0,3**	**11,6**	**30,4**
Electricity, gas, steam and air conditioning supply	30,9	67,6	218,5	19,4	37,2	192,0	0,4	0,7	0,2	0,3	11,6	30,4
Water supply, sewerage, waste management and remediation activites	**60,5**	**112,1**	**185,3**	**38,9**	**61,6**	**158,5**	**0,8**	**1,1**	**0,4**	**0,5**	**21,6**	**50,5**
Waste collection, treatment and disposal activities; materials recovery	60,5	112,1	185,3	38,9	61,6	158,5	0,8	1,1	0,4	0,5	21,6	50,5
Information and communication	**24,1**	**27,1**	**112,1**	**23,1**	**27,0**	**117,0**	**0,3**	**0,3**	**0,2**	**0,2**	**1,1**	**0,1**
Publishing activities	22,4	25,3	113,1	16,6	22,0	132,1	0,3	0,3	0,2	0,2	5,8	3,3
Motion picture, video and television programme production, sound recording and music publishing acti	1,8	1,8	100,3	6,4	5,0	77,9	0,0	0,0	0,1	0,0	-4,7	-3,2
Professional, scientific and technical activities	**0,1**	**0,3**	**304,7**	**0,2**	**0,0**	**20,7**	**0,0**	**0,0**	**0,0**	**0,0**	**-0,1**	**0,3**
Architectural and engineering activities; technical testing and analysis	0,1	0,3	304,6	0,2	0,0	11,2	0,0	0,0	0,0	0,0	-0,1	0,3
Other professional, scientific and technical activities	-	0,0	-	0,0	0,0	118,9	-	0,0	0,0	0,0	0,0	0,0
Arts, entertainment and recreation	**0,5**	**0,6**	**120,3**	**0,9**	**0,6**	**71,7**	**0,0**	**0,0**	**0,0**	**0,0**	**-0,4**	**-0,1**
Creative, arts and entertainment activities	0,5	0,6	119,1	0,9	0,6	69,7	0,0	0,0	0,0	0,0	-0,4	-0,1
Libraries, archives, museums and other cultural activities	0,0	0,0	159,6	0,0	0,0	631,2	0,0	0,0	0,0	0,0	0,0	0,0
Other service activities	**-**	**-**	**-**	**0,0**	**0,0**	**30,0**	**-**	**-**	**0,0**	**0,0**	**0,0**	**0,0**
Other personal service activities	-	-	-	0,0	0,0	30,0	-	-	0,0	0,0	0,0	0,0
N.E.C[4]	**0,3**	**0,4**	**153,1**	**1140,7**	**1428,0**	**125,2**	**0,0**	**0,0**	**10,6**	**11,0**	**-1140,4**	**-1427,6**
N.E.C	0,3	0,4	153,1	1140,7	1428,0	125,2	0,0	0,0	10,6	11,0	-1140,4	-1427,6

Source: Statistical Office of the Republic of Serbia

Table 12. Exports and imports by sections and divisions of SITC, rev. 4

* EUR mill.

	January–June											
	exports			imports			share in total exports (%)		share in total imports (%)		balance	
	2020	2021	index	2020	2021	index	2020	2021	2020	2021	2020	2021
Total	**7834,7**	**10068,7**	**128,5**	**10730,1**	**12979,0**	**121,0**	**100,0**	**100,0**	**100,0**	**100,0**	**-2895,4**	**-2910,3**
0 Food and live animals	**1244,6**	**1440,2**	**115,7**	**780,8**	**856,9**	**109,7**	**15,9**	**14,3**	**7,3**	**6,6**	**463,8**	**583,3**
00 Live animals other than animals of division 03	24,3	27,5	113,4	10,7	7,5	70,0	0,3	0,3	0,1	0,1	13,6	20,0
01 Meat and meat preparations	46,4	39,3	84,7	80,6	67,2	83,4	0,6	0,4	0,8	0,5	-34,2	-27,9
02 Dairy products and birds eggs	69,8	80,0	114,5	61,2	70,6	115,4	0,9	0,8	0,6	0,5	8,6	9,3
03 Fish(not marine mammals),crustaceans,molluscs and aquatic invertebrates;preparations thereof	6,0	6,9	114,6	39,3	45,2	114,9	0,1	0,1	0,4	0,3	-33,3	-38,3
04 Cereals and cereal preparations	428,0	529,3	123,7	66,6	79,1	118,7	5,5	5,3	0,6	0,6	361,4	450,3
05 Vegetables and fruit	399,7	433,7	108,5	256,5	276,2	107,7	5,1	4,3	2,4	2,1	143,1	157,4
06 Sugar, sugar preparations and honey	28,1	59,6	212,2	25,6	29,2	113,8	0,4	0,6	0,2	0,2	2,5	30,5
07 Coffee, tea, cocoa, spices, and manufactures thereof	42,9	48,8	113,7	113,3	122,3	108,0	0,5	0,5	1,1	0,9	-70,3	-73,5
08 Feeding stuff for animals (not including unmilled cereals)	108,6	111,5	102,6	41,5	53,7	129,1	1,4	1,1	0,4	0,4	67,0	57,8
09 Miscellaneous edible products and preparations	90,8	103,6	114,2	85,4	105,9	124,1	1,2	1,0	0,8	0,8	5,4	-2,3
1 Beverages and tobacco	**310,1**	**324,2**	**104,6**	**165,7**	**156,3**	**94,3**	**4,0**	**3,2**	**1,5**	**1,2**	**144,4**	**167,9**
11 Beverages	99,5	133,3	133,9	47,3	57,3	121,2	1,3	1,3	0,4	0,4	52,3	76,0
12 Tobacco and tobacco manufactures	210,5	190,9	90,7	118,4	99,0	83,6	2,7	1,9	1,1	0,8	92,1	91,9
2 Crude materials, inedible, except fuels	**261,3**	**476,3**	**182,3**	**426,0**	**470,3**	**110,4**	**3,3**	**4,7**	**4,0**	**3,6**	**-164,6**	**6,1**
21 Hides,skins and furskins,raw	3,8	8,8	230,8	7,0	8,5	121,8	0,0	0,1	0,1	0,1	-3,2	0,3
22 Oil-seeds and oleaginous fruits	73,3	55,0	75,1	18,2	19,1	104,6	0,9	0,5	0,2	0,1	55,1	36,0
23 Crude rubber (including syntetic and reclaimed)	12,5	15,5	124,6	52,6	66,7	126,8	0,2	0,2	0,5	0,5	-40,1	-51,1
24 Cork and wood	54,3	69,5	128,1	31,0	40,5	130,6	0,7	0,7	0,3	0,3	23,2	29,0
25 Pulp and waste paper	4,5	7,6	170,8	33,2	29,5	89,1	0,1	0,1	0,3	0,2	-28,7	-21,9
26 Textile fibres and their wastes	0,5	0,5	101,9	14,4	15,6	108,0	0,0	0,0	0,1	0,1	-13,9	-15,1
27 Crude fertilizers, other than those of Division 56, and crude minerals	6,8	8,2	120,3	63,8	37,4	58,7	0,1	0,1	0,6	0,3	-57,0	-29,2
28 Metalliferous ores and metal scrap	78,7	279,9	355,9	177,7	217,8	122,6	1,0	2,8	1,7	1,7	-99,0	62,1
29 Crude animal and vegetable materials, n.e.s.	27,0	31,2	115,3	28,0	35,1	125,3	0,3	0,3	0,3	0,3	-1,0	-3,9
3 Mineral fuels, lubricants and related materials	**160,2**	**259,1**	**161,8**	**895,7**	**946,9**	**105,7**	**2,0**	**2,6**	**8,3**	**7,3**	**-735,5**	**-687,8**
32 Coal, coke and briquettes	1,7	1,9	109,4	83,6	91,7	109,7	0,0	0,0	0,8	0,7	-81,8	-89,8
33 Petroleum, petroleum products and related materials	117,9	178,0	151,0	505,4	578,8	114,5	1,5	1,8	4,7	4,5	-387,5	-400,8
34 Gas, natural and manufactured	9,6	11,6	120,4	287,3	239,3	83,3	0,1	0,1	2,7	1,8	-277,7	-227,7
35 Electric current	30,9	67,6	218,5	19,4	37,2	192,0	0,4	0,7	0,2	0,3	11,6	30,4
4 Animal and vegetable oils, fats and waxes	**79,4**	**115,4**	**145,3**	**28,9**	**39,5**	**136,6**	**1,0**	**1,1**	**0,3**	**0,3**	**50,5**	**75,8**
41 Animal oils and fats	1,2	2,1	171,5	5,2	5,6	108,1	0,0	0,0	0,0	0,0	-4,0	-3,5
42 Fixed vegetable fats and oils, crude, refined or fractionated	75,7	109,2	144,3	22,2	31,9	143,9	1,0	1,1	0,2	0,2	53,5	77,3
43 Animal or vegetable fats and oils, processed; waxes of animal or vegetable origin, n.e.s.	2,5	4,0	165,0	1,6	2,0	128,4	0,0	0,0	0,0	0,0	0,9	2,0
5 Chemicals and related products, not elsewhere specified	**812,0**	**1048,6**	**129,1**	**1724,0**	**2034,7**	**118,0**	**10,4**	**10,4**	**16,1**	**15,7**	**-912,0**	**-986,1**
51 Organic chemicals	81,6	119,4	146,4	118,8	130,1	109,5	1,0	1,2	1,1	1,0	-37,2	-10,7
52 Inorganic chemicals	32,5	39,9	122,7	67,4	79,2	117,5	0,4	0,4	0,6	0,6	-34,9	-39,3
53 Dyeing, tanning and colouring materials	53,0	60,8	114,7	75,1	86,8	115,6	0,7	0,6	0,7	0,7	-22,1	-26,0
54 Medicinal and pharmaceutical products	143,3	130,4	91,0	497,2	593,8	119,4	1,8	1,3	4,6	4,6	-353,9	-463,4
55 Essential oils and resinoids and perfume materials;toilet,polishing and cleansing preparations	132,2	196,2	148,4	187,0	220,5	117,9	1,7	1,9	1,7	1,7	-54,8	-24,3
56 Fertilizers(other than crude)	54,6	67,2	123,2	140,8	110,7	78,6	0,7	0,7	1,3	0,9	-86,2	-43,4
57 Plastics in primary forms	67,1	106,7	159,0	294,2	383,6	130,4	0,9	1,1	2,7	3,0	-227,2	-276,9
58 Plastics in non-primary forms	191,2	255,8	133,8	179,8	229,2	127,5	2,4	2,5	1,7	1,8	11,5	26,6
59 Chemical materials and products, not elsewhere specified	56,6	72,3	127,8	163,7	200,9	122,7	0,7	0,7	1,5	1,5	-107,2	-128,7
6 Manufactured goods classified chiefly by material	**1797,2**	**2196,3**	**122,2**	**1933,5**	**2490,3**	**128,8**	**22,9**	**21,8**	**18,0**	**19,2**	**-136,3**	**-294,0**
61 Leather,leather manufactures, n.e.s., and dressed furskins	40,9	58,9	144,1	60,8	87,3	143,6	0,5	0,6	0,6	0,7	-19,9	-28,4
62 Rubber manufactures, not elsewhere specified	334,5	429,8	128,5	98,5	120,2	121,9	4,3	4,3	0,9	0,9	236,0	309,6
63 Cork and wood manufactures (excluding furniture)	67,6	76,6	113,3	77,5	102,7	132,5	0,9	0,8	0,7	0,8	-9,9	-26,1
64 Paper,paperboard and articles of paper pulp, of paper or of paperboard	218,3	229,5	105,1	270,9	297,1	109,7	2,8	2,3	2,5	2,3	-52,6	-67,6
65 Textile yarn,fabrics,made-up articles, n.e.s., and related products	132,4	139,6	105,5	343,0	336,7	98,2	1,7	1,4	3,2	2,6	-210,7	-197,1
66 Non-metallic mineral manufactures, not elsewhere specified	89,5	102,5	114,5	155,8	196,8	126,3	1,1	1,0	1,5	1,5	-66,2	-94,3
67 Iron and steel	316,0	392,7	124,3	341,5	477,3	139,7	4,0	3,9	3,2	3,7	-25,6	-84,6
68 Non-ferrous metals	319,7	427,3	133,7	301,2	439,9	146,1	4,1	4,2	2,8	3,4	18,6	-12,6
69 Manufactures of metals,not elsewhere specified	278,3	339,3	121,9	284,3	432,3	152,0	3,6	3,4	2,6	3,3	-6,0	-93,0
7 Machinery and transport equipment	2080,5	2882,3	138,5	2644,7	3487,3	131,9	26,6	28,6	24,6	26,9	-564,2	-604,9
71 Power-generating machinery and equipment	354,5	487,3	137,4	145,3	216,9	149,3	4,5	4,8	1,4	1,7	209,3	270,3
72 Machinery specialized for particular industries	95,9	118,5	123,6	298,7	412,7	138,2	1,2	1,2	2,8	3,2	-202,8	-294,1
73 Metalworking machinery	22,0	20,8	94,3	58,9	95,9	163,0	0,3	0,2	0,5	0,7	-36,8	-75,1
74 General industrial machinery and equipment, n.e.s., and machine parts, n.e.s.	281,1	343,8	122,3	484,7	574,6	118,5	3,6	3,4	4,5	4,4	-203,6	-230,8
75 Office machines and automatic data-processing machines	42,3	32,4	76,5	108,0	145,3	134,5	0,5	0,3	1,0	1,1	-65,7	-112,9
76 Telecommunications and sound-recording and reproducing apparatus and equipment	39,3	42,4	107,9	257,1	284,7	110,7	0,5	0,4	2,4	2,2	-217,8	-242,3
77 Electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof	884,6	1318,6	149,1	671,5	981,4	146,2	11,3	13,1	6,3	7,6	213,1	337,2
78 Road vehicles(including air-cushion vehicles)	289,4	412,0	142,4	506,2	653,8	129,2	3,7	4,1	4,7	5,0	-216,8	-241,7
79 Other transport means and equipment	71,3	106,5	149,3	114,4	122,1	106,7	0,9	1,1	1,1	0,9	-43,1	-15,6
8 Miscellaneous manufactured articles	983,3	1172,7	119,3	810,6	1004,7	123,9	12,6	11,6	7,6	7,7	172,7	168,0
81 Prefabricated buildings; sanitary, plumbing, heating and lighting fixtures and fittings,n.e.s.	42,7	65,5	153,4	43,6	69,5	159,3	0,5	0,7	0,4	0,5	-0,9	-4,0
82 Furniture and parts thereof;bedding,mattresses,cushions and similar stuffed furnishings	245,8	289,5	117,8	69,0	91,7	132,9	3,1	2,9	0,6	0,7	176,7	197,9
83 Travel goods, handbags and similar containers	10,3	12,3	119,4	24,0	26,3	109,6	0,1	0,1	0,2	0,2	-13,7	-13,9
84 Articles of apparel and clothing accessories	252,6	278,9	110,4	179,3	203,6	113,6	3,2	2,8	1,7	1,6	73,3	75,3
85 Footwear	118,5	147,2	124,2	48,4	57,4	118,6	1,5	1,5	0,5	0,4	70,2	89,9
87 Professional, scientific and controlling instruments and apparatus,n.e.s.	71,4	81,1	113,6	142,7	158,8	111,3	0,9	0,8	1,3	1,2	-71,3	-77,7
88 Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches and clocks	14,0	17,8	127,5	26,6	35,6	133,8	0,2	0,2	0,2	0,3	-12,6	-17,8
89 Miscellaneous manufactured articles,not elsewhere specified	228,0	280,4	122,9	277,1	362,0	130,6	2,9	2,8	2,6	2,8	-49,0	-81,6
9 Commodities n.e.s. in the SITC Rev.4	106,1	153,5	144,6	1320,3	1492,2	113,0	1,4	1,5	12,3	11,5	-1214,1	-1338,6
96 Coin(other than gold), not being legal tender	0,0	0,0	195,5	0,0	0,0	133,8	0,0	0,0	0,0	0,0	0,0	0,0
97 Gold(excluding gold ores and concentrates)	7,8	6,9	88,1	7,2	16,4	226,6	0,1	0,1	0,1	0,1	0,6	-9,5
99 Unclassified goods[5]	98,3	146,7	149,1	1313,1	1475,8	112,4	1,3	1,5	12,2	11,4	-1214,7	-1329,1

Source: Statistical Office of the Republic of Serbia

5 This section includes:

army goods;
goods in storage and goods in free zone with no customs tariff marked;
motor vehiclesparts and aircrafts parts for thoseimported / exported with the transport mean.

Table 13. Exports and imports by economic zones[6]

* EUR mill

	January–June											
	exports			imports			share in total exports (%)		share in total imports (%)		balance	
	2020	2021	index	2020	2021	index	2020	2021	2020	2021	2020	2021
1010 European Union[7]	5017,9	6642,2	132,4	6191,5	7718,6	124,7	64,0	66,0	57,7	59,5	-1173,7	-1076,4
1021 EFTA[8]	89,9	97,9	109,0	155,2	190,8	122,9	1,1	1,0	1,4	1,5	-65,4	-92,8
1031 ACP[9]	37,9	65,6	173,2	51,0	59,0	115,7	0,5	0,7	0,5	0,5	-13,1	6,6
1053 OPEC[10]	174,2	162,9	93,5	104,0	345,4	332,2	2,2	1,6	1,0	2,7	70,2	-182,6
1055 MEDA[11]	1265,0	1417,1	112,0	813,3	1072,7	131,9	16,1	14,1	7,6	8,3	451,7	344,5
1057 ASEAN[12]	11,5	19,1	166,9	194,9	228,3	117,2	0,1	0,2	1,8	1,8	-183,4	-209,2
1059 SAARC[13]	9,2	11,5	125,3	116,8	141,8	121,5	0,1	0,1	1,1	1,1	-107,6	-130,3
1120 WBCs[14]	1271,2	1525,1	120,0	395,2	524,1	132,6	16,2	15,1	3,7	4,0	876,0	1001,0
1310 NAFTA[15]	160,8	188,8	117,3	264,0	236,4	89,6	2,1	1,9	2,5	1,8	-103,2	-47,7
1330 MERCOSUR[16]	9,4	16,1	171,7	34,5	47,5	137,7	0,1	0,2	0,3	0,4	-25,1	-31,4
1410 NICs[17]	4,9	5,8	117,8	107,5	175,5	163,3	0,1	0,1	1,0	1,4	-102,6	-169,7
1420 APEC[18]	793,1	1048,0	132,1	2776,0	2836,4	102,2	10,1	10,4	25,9	21,9	-1982,9	-1788,5
1815 CIS[19]	457,7	503,8	110,1	1006,4	696,1	69,2	5,8	5,0	9,4	5,4	-548,7	-192,3
1820 OECD, other[20]	596,7	679,2	113,8	1159,2	1445,2	124,7	7,6	6,7	10,8	11,1	-562,5	-765,9
1430 LDC[21]	25,5	57,6	225,8	48,3	58,2	120,4	0,3	0,6	0,5	0,4	-22,8	-0,6

6 According to the Eurostat GEONOM with th principle that a country can be member of several economic zones. The list of countries by economic zones is available at the SORSwebsite, External Trade Statistics.

7 European Union, 27 members from January 1, 2020.

8 European Free Trade Association.

9 African, Caribbean and Pacific countries, signatories to the Partnership

10 Organization of Petroleum Exporting Countries.

11 Mediterranean countries in the Euro-Mediterranean Partnership.

12 Associaton of South-East Asian Nations.

13 South Asian Association for RegionalCooperation.

14 Western Balkan countries + Moldova= parties to CEFTA.

15 North American Free TradeAgreement.

16 South American CommonMarket.

17 Newly-Industrialized Asian Countries.

18 Asia Pacific EconomicCooperation.

19 Commonwealth of Independent States.

Source: Statistical Office of the Republic of Serbia

20 Organization for EconomicCooperation and Development.

21 Least Developed Countriers

Table 14. Exports and imports by geographic zones

* EUR mill

	January–June									
	exports			imports			share in total exports (%)		share in total imports (%)	
	2020	2021	индекс	2020	2021	индекс	2020	2021	2020	2021
Total	**7834,7**	**10068,7**	**128,5**	**10730,1**	**12979,0**	**121,0**	**100,0**	**100,0**	**100,0**	**100,0**
Europe	7134,2	9098,1	127,5	8300,1	9873,0	119,0	91,1	90,4	77,4	76,1
European Union	5017,9	6642,2	132,4	6191,5	7718,6	124,7	64,0	66,0	57,7	59,5
Other European countries	2116,3	2455,9	116,0	2108,6	2154,4	102,2	27,0	24,4	19,7	16,6
Africa	168,9	180,4	106,8	105,7	104,7	99,1	2,2	1,8	1,0	0,8
North Africa	132,4	116,4	87,9	55,8	47,9	85,9	1,7	1,2	0,5	0,4
Other African countries	36,5	64,0	175,4	49,9	56,8	113,8	0,5	0,6	0,5	0,4
America	178,3	212,0	118,9	341,9	333,9	97,7	2,3	2,1	3,2	2,6
North America	146,7	176,1	120,1	242,4	211,4	87,2	1,9	1,7	2,3	1,6
Central America, Caribbean	16,2	15,6	96,8	30,0	37,2	123,8	0,2	0,2	0,3	0,3
South America	15,4	20,2	130,8	69,5	85,3	122,7	0,2	0,2	0,6	0,7
Asia	344,0	565,2	164,3	1970,8	2654,7	134,7	4,4	5,6	18,4	20,5
Countries of Near and Middle East	112,9	130,9	116,0	167,2	396,9	237,4	1,4	1,3	1,6	3,1
Other Asian countries	231,1	434,3	187,9	1803,6	2257,8	125,2	3,0	4,3	16,8	17,4
Oceania and Polar Regions	9,3	13,0	139,6	3,5	8,4	239,2	0,1	0,1	0,0	0,1
Australia,New Zealand	9,2	13,0	142,0	3,5	8,2	236,8	0,1	0,1	0,0	0,1
Other countries of Oceania	0,2	0,0	2,8	0,0	0,2	421,0	0,0	0,0	0,0	0,0
Countries not specified	-	-	-	8,1	4,3	52,5	-	-	0,1	0,0
Miscellaneous(countries non specified)extra	-	-	-	8,1	4,3	52,5	-	-	0,1	0,0

Source: Statistical Office of the Republic of Serbia

Table 15. Exports and imports by selected countries

* EUR mill

	January–June									
	exports			imports			share in total exports (%)		share in total imports (%)	
	2020	2021	индекс	2020	2021	индекс	2020	2021	2020	2021
Germany	997,9	1251,7	125,4	1400,6	1737,8	124,1	12,7	12,4	13,1	13,4
Italy	659,5	880,8	133,5	873,4	1111,0	127,2	8,4	8,7	8,1	8,6
China	152,9	336,8	220,2	1271,2	1568,6	123,4	2,0	3,3	11,8	12,1
Hungary	345,3	527,8	152,8	524,1	586,0	111,8	4,4	5,2	4,9	4,5
Romania	483,9	649,3	134,2	328,0	424,7	129,5	6,2	6,4	3,1	3,3
Bosnia and Herzegovina	571,6	698,3	122,2	238,9	319,7	133,8	7,3	6,9	2,2	2,5
Russian Federation	410,1	439,2	107,1	891,5	551,5	61,9	5,2	4,4	8,3	4,2
Poland	245,3	355,9	145,1	339,7	444,3	130,8	3,1	3,5	3,2	3,4
Turkey	140,0	134,6	96,2	440,9	621,6	141,0	1,8	1,3	4,1	4,8
Czechia	273,0	399,1	146,2	229,0	321,6	140,4	3,5	4,0	2,1	2,5
Slovenia	242,7	342,9	141,3	300,1	327,3	109,1	3,1	3,4	2,8	2,5
France	214,0	286,4	133,8	294,9	363,0	123,1	2,7	2,8	2,7	2,8
Austria	236,4	289,3	122,4	268,6	332,6	123,8	3,0	2,9	2,5	2,6
Croatia	272,5	315,5	115,8	233,4	278,8	119,4	3,5	3,1	2,2	2,1
Bulgaria	262,4	318,7	121,4	183,1	272,1	148,6	3,3	3,2	1,7	2,1
North Macedonia	295,9	369,2	124,8	97,7	131,6	134,7	3,8	3,7	0,9	1,0
Netherlands	168,7	186,1	110,3	187,9	234,1	124,6	2,2	1,8	1,8	1,8
Belgium	96,8	123,1	127,2	238,2	288,7	121,2	1,2	1,2	2,2	2,2
Montenegro	326,1	359,1	110,1	27,3	29,1	106,5	4,2	3,6	0,3	0,2
Slovakia	137,0	187,3	136,8	111,2	175,9	158,2	1,7	1,9	1,0	1,4
Spain	82,7	151,3	182,9	175,8	208,9	118,9	1,1	1,5	1,6	1,6
United States of America	133,2	157,8	118,5	229,4	194,3	84,7	1,7	1,6	2,1	1,5
Iraq	4,8	5,9	122,4	75,9	311,0	409,8	0,1	0,1	0,7	2,4
Greece	96,3	114,3	118,6	150,9	187,1	124,0	1,2	1,1	1,4	1,4
United Kingdom	128,1	170,9	133,4	114,1	116,6	102,2	1,6	1,7	1,1	0,9
Sweden	99,0	142,9	144,4	82,7	108,9	131,6	1,3	1,4	0,8	0,8
Switzerland	77,3	82,2	106,4	131,1	156,6	119,5	1,0	0,8	1,2	1,2
Republic of Korea	2,4	4,1	167,3	100,9	165,3	163,8	0,0	0,0	0,9	1,3
Ukraine	53,5	68,5	128,2	89,2	86,2	96,6	0,7	0,7	0,8	0,7
Japan	44,4	50,6	114,1	55,4	82,5	148,7	0,6	0,5	0,5	0,6

Source: Statistical Office of the Republic of Serbia

Trade with Turkey

The external tradeof the Republic of Serbiaand the Republic of Turkey is characterized by higher importsthan exports, i.e. the foreign trade deficit on the part of the Republic of Serbia.

Chart 8. Foreign trade of the Republic of Serbia and the Republic of Turkey, in EUR

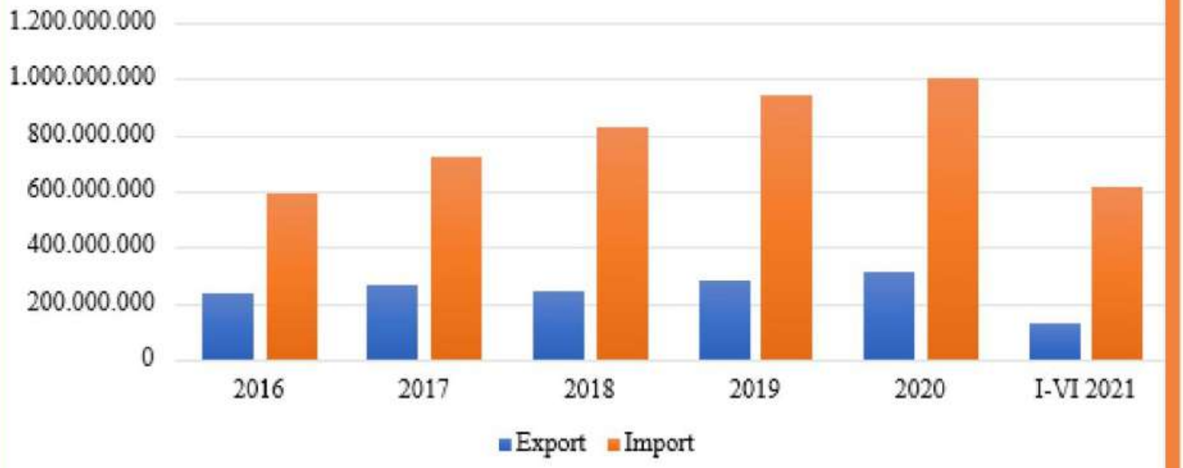


Table 16. Main parameters of external trade between the Republic of Serbia and the Republic of Turkey

*in 000 EUR

Period	Export	Index	Import	Index	Total	Index	Balance
2017	273,165	112.2	724,796	122.1	997,961	119.2	-451,631
2018	251,571	92.1	832,656	114.9	1,084,227	108.6	-581,085
2019	287,604	114.3	945,220	113.5	1,232,824	113.7	-657,616
2020	317,339	110.3	1,002,911	106.1	1,320,250	107.1	-685,572
I-VI 2021	134,616	96.2	621,625	141.0	756,241	130.2	-487,009

The total foreign trade of the Republic of Serbia and the Republic of Turkey in the first six months of 2021 amounts to 756 million euros and is higher by 30.2% than the exchange realized in the first six months of 2020.

Exports of the Republic of Serbia to the Republic of Turkey amounted to EUR 134.6 million and decreased by 3.8% comparedto exports in I-VI 2020, while imports from Turkey amounted to EUR

621.6 millionand are increased by 41.0%.

In the first six months of 2021, a trade deficit of EUR 487 million was recorded, which is 62% higherthan the deficit recorded in the same period last year. Higher import growth than export growth led to a decrease in the coverage of imports by exports from 21.7% to 31.8%.

Among the countries to which Serbiaplaced goods from Januaryto June 2021, the Republicof Turkey ranks 23rd with a share of 1.3% in total export trade, and on the list of countries from which Serbia importedgoods, Turkey is in 4th place with a share of 4.8% .

In the followingtable is an overview of the most important sectorsand products accordingto classification of activities in trade between the Republic of Serbia and the Republic of Turkey in I-VI 2021.

Position of the Republic of Turkey in the order of countries with which Serbia cooperates, I-VI 2021	
TOTAL TRADE	9th place
EXPORT	23rd place
IMPORT	4th place

Most Popular BusinessCities

1. Belgrade

Lying at the point where the Sava and Danube rivers meet, the capital of Serbia is a happening place that is full of energy and life. With its eclectic mix of architectural styles that include grim socialist concrete blocks and buildings and ruins dating back to when the country was ruled by the Ottomans and Hapsburgs, Belgrade is a fascinating city to explore.

There are lots of interesting museums on offer, atmospheric coffee houses, and an impressive citadel, as well as some lovely parks and walks along the river.

Belgrade has an energy that's unmistakable, especially in its vibrant café culture. A stroll along the pedestrianized Knez Mihailova Streetmeanders past elegant19th century neoclassical buildings as wellas shops, bars and restaurants.

Dorcol is one of the city's most attractive neighborhoods and has dozens of bars and restaurants, many on Strahinjica Bana.

Visitors can check out the lively nightlife along the Sava and Danube rivers, where floating clubs and bars hug the riverbanks. The buzzing nightclubs of Savamala are passed along the way.

Meanwhile Skadarlija, the closest thing Belgrade has to a touristy district, features 19th century cobblestone streets filled with restaurants and bars that hum to a live soundtrack provided by folk musicians.

In the recent years, investment climate in Belgrade and Serbia have been improved. The country is in the process of negotiating the accession to the European Union, and is the world's leading reformer as stated by the World Bank. In addition, the pace of structural reforms is ahead of that in other transition countries according to the European Bank for Reconstruction and Development. Stocks are traded at the Belgrade Stock Exchange.

Most of notable Serbian companies are based in Belgrade, such as Air Serbia, AIK Banka, Belgrade Nikola Tesla Airport, DelhaizeSerbia, Delta Holding,Dunav osiguranje, Elektromreza Srbije, Elektroprivreda Srbije,Energoprojekt holding, Frikom,Galenika, Generali Osiguranje, Hesteel Serbia, Imlek,MK Group, Nordeus,Pošta Srbije, PuteviSrbije, Serbia Broadband, Serbian Railways, TelekomSrbija, Telenor Srbija, Yugoimport SDPR, Štarkand many others.

Also, Belgrade is a regional center for AXA, Carlsberg, CBRE Group, Delhaize Group, ComTrade Group, GeneralElectric, Huawei, Japan Tobacco, Kraft Foods, Maquet,Motorola, MTV Adria, Mubadala,NCR Corporation, OMV, Procter & Gamble, Samsung,IKEA, Ericsson, ColliersInternational, CB Richard Ellis, SNC-Lavalin, Sinohydro Corporation, Société Générale, Unilever, Zepter International and many others.

As a leading educational center in Serbia comprising 62 university-level institutions, Belgrade boastswell educated, fast learning, multilingual and IT literatelabor force. Over 8,000 studentsgraduate from Belgrade University every year, with 1/3 of them adding to the traditionally strong engineer base. According to the Gallup International, the percentage of English speakers is the highest in Central and EasternEurope, and an increasing numberof western businessschools open their affiliates in Belgrade.

2. Novi Sad

Known as the 'Athens of Serbia', this delightful city is packed full of historical sites and earned the nickname in part due to the domineering Petrovaradin Citadel, which looks out over the city and is in some ways reminiscent of the Parthenon.

While it is a charming place with numerous buildings dating back to the Hapsburgs, there is a vibrant cultural scene and every year the citadel hosts a massive music festival – 'Exit'. A picturesque place, Novi Sad has lots of little parks dotted about, with cafes and galleries hidden away amidst the winding alleys for you to explore. Trg Slobode (or Freedom Square) is one of the main hubs, where the impressive neo-Renaissance City Hall vies for attention with the strikingRoman Catholic cathedraland cafés of the pleasant pedestrian area.

3. Nis

Dating back to pre-Roman times, Nis certainly has its fair share of historical sites -numerous Roman emperors were born here. Later ruled by the Ottomans, the impressive fortress and the eerily, yet appropriately named Tower of Skulls are remnants of its tumultuous past which should be included on your to-do list.

The third largestcity in the country is a bustlingplace, where trendycocktail bars and atmospheric cafesare hidden away among old alleys. Thanksin part to its large student population, Nis has a lively music scene, one of the best culinary scenes in the country, and lots of events and festivals for visitors and locals both to enjoy.

4. Kragujevac

The fourth largest city in the country lies alongside the Lepenica River. Despite being the industrialcenter of Serbia,Kragujevac has a lot of things to see and do. There are many historical and cultural attractions for you to stop by, with the Sumarice Memorial Park being particularly interesting to visit. A youthful place,Kragujevac has a lively air to it and there are a plethora of cheap restaurants and bars for visitors to checkout, while its raucous nightlife is yet anotherdraw.

5. Kraljevo

Lying in the center of the country, Kraljevo is a small city that is attracting an increasing number of tourists each year. While the city itself is relatively underwhelming, with not much going on, its main draw is whatlies outside the confines.

Spectacular medieval monasteries are located nearby; they really are beautiful with their breathtaking architecture and delightful frescos. Dating to the 12th Century, Studenica is stunning and is one of the most impressive buildings in the country.

In addition to this, from Kraljevo you can visit the MaglicFortress, which has ancient fortifications and beautiful views of the Ibar River.

6. Subotica

Formerly an influential city in the Austro-Hungarian Empire, the wealth and importance of Subotica drew architects and artists to its streets – this is in largepart why it is so magical to visit today.

These fine craftsmen left behind beautiful Art Nouveau architecture in the shape of the dazzling buildings that they designed, making Subotica is a delightful place to stroll around. Lying in the north of the country,it is quite multicultural and its large Croat and Hungarian populations make for a vibrant mix of cultures. From here, you can take a daytrip to the picturesque lakeside town of Palic.

7. Vrsac

Lying not far from the border with Romania, this small city is easy to explore on foot and there are a few points of interestthat you shouldstop by before heading on to Romania,as many visitorsdo. With many fine vineyards surrounding the city, as well as verdant hills and an old castle overlooking Vrsac, it is a picturesque place with some nice views and great wines to sample. With lots of restaurants and cafes,as well as two Orthodox monasteries nearby, Vrsac is a lovely little place to spend some time.

8. Sremska Mitrovica

One of the oldest towns in Europe, Sremska Mitrovica's impressive history stretches all the way back to five thousandBC. It was once one of the four capitalsof the Roman Empire – known then as Sirmium.

The city is currently in the doldrums a bit, its industry is dwindling and its future looks uncertain. Onepossible answer could be tourism – it has a wealth of ancient ruins due to the fact it used to be one of the largestcities in the world. The Museum of Srem is fascinating and there are some nice old churchesand markets to stop byin addition to the Roman ruins.

9. Pozarevac

At just over seventy kilometers away from the capital, Pozarevac is a well worth a day trip if you're looking to explore the region around Belgrade. As well as a great gallery that focuses on the artworks of famed Serbian painterBarili, Pozarevac has a fantastic museum featuring a huge numberof artifacts relatingto the city's history.

As the ancientRoman city of Viminacium lay nearby, there are lots of Roman coins, pots and weaponsto marvel at. You can visit the archaeological site on the outskirts of the city – while only three or four percent of it has been excavated to date, it is worth visiting if you are in Pozarevac.

A great place to go out in, the nightclubs and bars on offer will enable you to experience yet another side to the city.

10. Sombor

Known as 'Greentown' to the locals due to its lovely tree-lined avenues and leafy parks and squares, Sombor has a delightful city center, with the old town hall and Zupanija building just two of its highlights.

Despite having been annexed by Hungary during the Second World War, Sombor's buildings are remarkably well-preserved, and the main pedestrian streetis full of old-time charm that makes it feel as if you have stepped back into the past.

Trade Fairs by Sector

Table 19.
Top 100 Events in Serbia: ranking of populartrade fairs, trade shows & conferences

Rank	Event	When	Where	Category
1	Belgrade International Tourism Fair Exhibition	24 - 27 Feb 2022	Belgrade Serbia	Travel & Tourism
2	New Year's Fair Exhibition	18 - 30 Dec 2020	Belgrade Serbia	Entertainment & Media
3	International Conference on Elearning Conference	24 - 25 Sep 2020	Belgrade Serbia	Education & Training IT & Technology
4	International Agricultural Fair Exhibition	18 - 24 Sep 2021	Novi Sad Serbia	Agriculture & Forestry
5	International Congress & Fair of Cosmetics Exhibition	09 - 10 Oct 2021	Belgrade Serbia	Fashion & Beauty
6	Horeca Belgrade Exhibition	24 - 27 Feb 2022	Belgrade Serbia	Travel & Tourism
7	Serbian Diaspora Medical Conference Conference	16 - 18 Jun 2022	Belgrade Serbia	Medical & Pharma
8	Fair Of Ethnic Food and Drinks Exhibition	25 - 28 Nov 2021	Belgrade Serbia	Food & Beverages
9	South East Europe Belgrade Building Expo Exhibition	27 - 30 Apr 2022	Belgrade Serbia	Building & Construction Industrial Engineering
10	Education and Teaching Tools Fair Exhibition	27 - 31 Oct 2021	Belgrade Serbia	Education & Training
11	International Motorcycle Show Exhibition	24 - 30 Mar 2022	Belgrade Serbia	Auto & Automotive
12	International School and Conference on Photonics Conference	23 - 27 Aug 2021	Belgrade Serbia	Science & Research
13	International Fair of Technics and Technical Achievements Exhibition	17 - 20 May 2022	Belgrade Serbia	Electric & Electronics Industrial Engineering
14	International Graphic, Paper and Creative Industry Fair Exhibition	22 - 25 Sep 2021	Belgrade Serbia	Arts & Crafts
15	Agro Belgrade Exhibition	27 - 29 Jan 2022	Belgrade Serbia	Agriculture & Forestry
16	Belgrade Future Gaming Expo Exhibition	21 - 22 Sep 2021	Belgrade Serbia	Entertainment & Media
17	Medident Exhibition	07 - 09 Oct 2021	Belgrade Serbia	Medical & Pharma
18	112 Expo Exhibition	06 - 08 Oct 2021	Belgrade Serbia	Security & Defens
19	Belgrade Beer Fest Exhibition	11 - 12 Sep 2021 postponed	Belgrade Serbia	Food & Beverages
20	Furniture Fair - Belgrade Exhibition	09 - 14 Nov 2021	Belgrade Serbia	Home & Office
21	International Belgrade Book Fair Exhibition	24 - 31 Oct 2021	Belgrade Serbia	Education & Training
22	International Energy Fair Exhibition	06 - 08 Oct 2021	Belgrade Serbia	Power & Energy
23	Education Fair Exhibition	19 - 20 May 2022	Besiané Serbia	Education & Training
24	Nautika Exhibition	08 - 11 Jun 2021 postponed	Belgrade Serbia	Agriculture & Forestry Logistics & Transportation
25	BeoPlant Fair Exhibition	21 - 24 Apr 2021 postponed	Belgrade Serbia	Environment & Waste
26	Bg Car Show Exhibition	24 - 30 Mar 2022	Belgrade Serbia	Auto & Automotive
27	Telecommunications Forum Conference	23 - 24 Nov 2021	Belgrade Serbia	Telecommunication Education & Training
28	Expo Zim Exhibition	25 - 28 Nov 2021	Belgrade Serbia	Education & Training
29	BEOPLANTFAIR - Fair of Horticulture Exhibition	21 - 24 Apr 2021	Belgrade Serbia	Agriculture & Forestry
30	QuBit Conference Belgrade - Cyber security community event Conference	01 Oct 2020	Belgrade Serbia	IT & Technology
31	The Touch Of Paris Exhibition	09 - 10 Oct 2021	Belgrade Serbia	Fashion & Beauty
32	International HVAC&R Congress and Exhibition Exhibition	01 - 03 Dec 2021	Belgrade Serbia	Power & Energy
33	Biro Expo Exhibition	22 - 25 Sep 2021	Belgrade Serbia	Education & Training IT & Technology
34	Technobank- Banking Technologies Conference	22 - 23 Sep 2021	Belgrade Serbia	Banking & Finance
35	Exit Festival Exhibition	07 - 10 Jul 2022	Petrovarad in Serbia	Entertainment & Media
36	PARKON Conference Conference	19 - 21 May 2021	Aranđelovac Serbia	Auto & Automotive IT & Technology
37	International Symposium on Agricultural Engineering Conference	30 Sep - 02 Oct 2021	Belgrade Serbia	Agriculture & Forestry
38	FruVeg Expo Exhibition	09 - 11 Sep 2020	Belgrade Serbia	Agriculture & Forestry Food & Beverages
39	Expo Russia Serbia Exhibition	16 - 18 Mar 2022	Belgrade Serbia	Power & Energy
40	Belgrade Security Forum Conference	21 - 23 Oct 2020	Belgrade Serbia	Business Services Security & Defense
41	International Fair of Hunting and Fishing Exhibition	18 - 24 Sep 2021	Novi Sad Serbia	Environment & Waste
42	International Scientific Conference on Information, Communication and Energy Systems and Technologies Conference	10 - 12 Sep 2020	Niš Serbia	Electric & Electronics Telecommunication
43	International Conference Industrial Engineering And Environmental Protection Conference	07 - 08 Oct 2021	Zrenjanin Serbia	Industrial Engineering Environment & Waste

Rank	Event	When	Where	Category
44	World Soybean Research Conference Conference	05 - 10 Sep 2021	Novi Sad Serbia	Agriculture & Forestry Science & Research
45	PARTNER - International Defence Exhibition Exhibition	05 - 08 Oct 2021	Belgrade Serbia	Security & Defense
46	Sports Fair Exhibition	27 - 29 Nov 2020	Belgrade Serbia	Entertainment & Media
47	CACIB Belgrade Exhibition	07 Mar 2021	Belgrade Serbia	Animals & Pets
48	International Conference on Mineral Resources in the Republic of Serbia Conference	16 - 17 Nov 2021	Belgrade Serbia	Industrial Engineering
49	International Conference on Machine and Industrial Design in Mechanical Engineering Conference	10 - 12 Jun 2021	Novi Sad Serbia	Industrial Engineering
50	International Conference Days of Applied Psychology Conference	24 - 25 Sep 2021	Niš Serbia	Science & Research Education & Training
51	eSecurity Conference Conference	28 - 30 Sep 2021	Belgrade Serbia	Education & Training IT & Technology
52	International Symposium Engineering Management and Competitiveness Conference	18 - 19 Jun 2021	Zrenjanin Serbia	Industrial Engineering
53	International Symposium on Intelligent Systems and Informatics Conference	16 - 18 Sep 2021	Subotica Serbia	Education & Training
54	EUROCLIO Annual Conference Conference	10 - 14 Nov 2020	Belgrade Serbia	Education & Training
55	ECerS Conference for Young Scientists in Ceramics 56 Conference	20 - 23 Oct 2021	Novi Sad Serbia	Education & Training
56	Media Market Exhibition	27 - 31 Oct 2021	Belgrade Serbia	Business Services Entertainment & Media
57	Grafima Exhibition	22 - 25 Sep 2021	Belgrade Serbia	IT & Technology
58	Azure Conference Conference	20 Feb 2021	Belgrade Serbia	IT & Technology
59	International Conference on Fundamental and Applied Aspects of Physical Chemistry Conference	20 - 24 Sep 2021	Belgrade Serbia	Science & Research Education & Training
60	International Conference on Applied Internet and Information Technologies Conference	15 Oct 2021	Zrenjanin Serbia	IT & Technology
61	EurBee 9 Congress Conference	15 - 17 Sep 2020	Belgrade Serbia	Medical & Pharma Science & Research

Rank	Event	When	Where	Category
61	EurBee 9 Congress Conference	15 - 17 Sep 2020	Belgrade Serbia	Medical & Pharma Science & Research
62	European Multicolloquium of Parasitology Conference	12 - 16 Oct 2021	Belgrade Serbia	Medical & Pharma Science & Research
63	Serbian Road Congress Conference	02 - 03 Jun 2022	Belgrade Serbia	Serbian Road Congress Conference
64	Annual Meeting of the International Society of Electrochemistry Conference	30 Aug - 04 Sep 2020	Belgrade Serbia	Electric & Electronics Science & Research
65	International Fair of Information and Office Equipment Exhibition	22 - 25 Sep 2021	Belgrade Serbia	Home & Office
66	European Society of Neurosonology and Cerebral Hemodynamics Conference Conference	15 - 17 Oct 2021	Belgrade Serbia	Medical & Pharma
67	EANS Congress Conference	18 - 22 Oct 2020	Belgrade Serbia	Medical & Pharma
68	Access Masters Event in Belgrade Conference	26 Nov 2020	Belgrade Serbia	Business Services Education & Training
69	SEE Mobility Exhibition	15 - 17 Sep 2021	Belgrade Serbia	Logistics & Transportation
70	European Congress of Physical and Rehabilitation Medicine Conference	19 - 23 Sep 2020	Belgrade Serbia	Medical & Pharma Science & Research
71	Access MBA Conference	26 Nov 2020	Belgrade Serbia	Business Services Education & Training
72	International Conference on Information and Education Innovations Conference	16 - 18 Apr 2021	Belgrade Serbia	Education & Training IT & Technology
73	Global HR Trends Summit Belgrade Conference	07 Oct 2021	Belgrade Serbia	Business Services Education & Training
74	International Sunflower Conference Conference	20 - 23 Jun 2022	Novi Sad Serbia	Agriculture & Forestry Science & Research
75	Annual International Summit and Exhibition: Balkan's Power Exhibition	15 - 16 Sep 2021	Belgrade Serbia	Power & Energy
76	International Conference on Environmental Science and Technology Conference	21 - 25 Oct 2020	Belgrade Serbia	Environment & Waste IT & Technology
77	Computer Graphics & Arts Conference Belgrade Conference	30 - 31 Oct 2020	Belgrade Serbia	IT & Technology
78	International Conference on Tribology Conference	20 - 22 May 2021	Belgrade Serbia	Industrial Engineering
79	International Emergency Medicine and Cardiac Care Symposium Conference	03 - 06 Jun 2021	Belgrade Serbia	Medical & Pharma
80	Water Fair and Water Forum Exhibition	17 - 19 Nov 2021	Belgrade Serbia	Environment & Waste

81	CNN TECH Conference Conference	29 Jun - 02 Jul 2021	Zlatibor Serbia	Power & Energy IT & Technology
82	SINERGY Serbian Conference on Interventional Cardiology, Cardiovascular Imaging and Drug Therapy Conference	10 - 12 Sep 2020	Belgrade Serbia	Medical & Pharma
83	WESTM MICE Exhibition & Conference Exhibition	20 - 21 Oct 2020	Belgrade Serbia	Travel & Tourism IT & Technology
84	Logistics & Transport Annual Conference Exhibition	09 Nov 2021	Belgrade Serbia	Logistics & Transportatio n
85	ISSA Conference Conference	05 - 09 Oct 2020	Belgrade Serbia	Baby, Kids & Maternity
86	ICT Security Conference Conference	28 - 29 Nov 2020	Kopaonik Serbia	IT & Technology
87	Balkans Property Forum Conference	03 Dec 2020	Belgrade Serbia	Building & Construction
88	Balkan Congress of Nuclear Medicine & Serbian Congress of Nuclear Medicine Conference	12 - 15 May 2021	Novi Sad Serbia	Medical & Pharma
89	International Fair of Prevention and Response in Emergencies and Occupational Safety and Health Exhibition	06 - 08 Oct 2021	Belgrade Serbia	Wellness, Health & Fitness
90	Data Science Conference Conference	14 - 18 Nov 2021	Belgrade Serbia	IT & Technology
91	International Symposium on POWER ELECTRONICS Conference	27 - 30 Oct 2021	Novi Sad Serbia	Electric & Electronics P ower & Energy
92	Symposium on Advances in Microbial Electrochemistry for Energy Conversion, Biotransformation, Bioremediation and Electroanalysis Conference	30 Aug - 04 Sep 2020	Belgrade Serbia	Electric & Electronics P ower & Energy
93	International Conference on Engineering and Natural Sciences Conference	21 - 25 Oct 2020	Belgrade Serbia	Industrial Engineering S cience & Research
94	International Conference on Enhancement : Cognitive, Moral and Mood Conference	01 - 02 Mar 2021	Belgrade Serbia	Education & Training
95	International Scientific Conference Strategic Management and Decision Support Systems in Strategic Management Conference	21 May 2021	Subotica Serbia	Science & Research Edu cation & Training
96	Plenareno Diabetes, Obesity and Cholesterol Metabolism Conference Conference	24 - 25 May 2021	Belgrade Serbia	Medical & Pharma Welln ess, Health & Fitness
97	SmartArt Conference Conference	23 - 25 Sep 2021	Belgrade Serbia	Science & Research
98	Symposium on Fuel Cells and Electrolysis: Promising Energy for the Future Conference	30 Aug - 04 Sep 2020	Belgrade Serbia	Electric & Electronics P ower & Energy
99	Symposium on Nanoelectrochemistry and Electrocatalysis - From Fundamentals to Applications Conference	30 Aug - 04 Sep 2020	Belgrade Serbia	Electric & Electronics P ower & Energy
100	International Exhibition of Dogs of All Breeds Exhibition	21 Nov 2021	Belgrade Serbia	Animals & Pets

Source: https://10times.com/top100/serbia

Swot analysis

SWOT analysis is a business analysis process that ensures that objectives for a project are clearly defined and that all factors related to the project are properly identified. The SWOT analysis process involves four areas: Strengths, Weaknesses, Opportunities and Threats. Both internal and external components are considered when doing SWOT Analysis, as they both have the potential to impact the success of a project or venture.

The following is a brief summaryof SWOT Analysiscomponents:

1. **Strengths -** Strengths in SWOT analysis are the attributes within an organization that are considered to be necessary for the ultimate success of a project. Strengths are resources and capabilities that can be used for competitive advantage.

2. **Weaknesses -** The factors within the SWOT analysis formula that could prevent successful results within a project are Weaknesses. Weaknesses, like strengths, are inherent featuresof an organization.

3. **Opportunities -** Opportunities are classified as external elements that might be helpful in achievingthe goals set for the project. They usually arise from situations outside an organization, and require an eye to what might happen in the future. They might arise as developments in the market you serve, or in the technology you use. Being able to spot and exploit opportunities can make a huge difference to one's organization ability to compete and take the lead in amarket.

4. **Threats -** These externalfactors could gravelyaffect the successof the project or businessventure. Threats are external factors that could jeopardize the entity's success.

Swot Analysis of Serbia

1) Strengths

Main strengths of Serbianeconomy are good geostrategic positionand good climateconditions for agriculture. Due to its locationon the Danube river at the heart of the Balkan region,Serbia's manufacturing sector benefits from relatively short transportation routes to major industrial production centres in Central Europe and Germany;
Increasing GDP per capita;
An incresement of FDI every year;
Stabilisation and Association Agreement with the EU allowing 93% of Serbianproducts to enterwithout customs duties;
Public sector reform in coordination with the IMF and EU;
Natural resources (coal, bauxite,copper, zinc, gold) and food self-sufficiency.

2) Weaknesses

Weaknesses are related to economyand state - monopolistic market,high rate of unemployment and law system;
Devastating industrydamaged during NATO Bombings in 1999;
Landlocked with poor road infrastructure;
High trade deficit;
Massive and inefficient public sector;
Slow judicial proceedings, customs harassment, corruption, lack of transparency in the government;
Large informal sector: 24% of GDPand 20% of employment;
Difficult relations with several neighbouring countries;
Brain drain (youth unemployment: 27% in Q3 2020);
Serbia's economy is heavilyeuroized, which limitsthe effectiveness of domestic monetarypolicy and makes the countryvulnerable to a depreciation of the local currency.

3) Opportunities

Opportunities are development of industry clustersand youth entrepreneurship;
Preparing to join EU; partof CEFTA and BSEC;
Low wages for well educated work force and favorable tax code (both an opportunity for investors);
Attracting FDI is set asa priority for the government of Serbia;

4) Threats

COVID-19;
Threats are related to education system that is educating young people who are preparedto leave country as soon as they finish their studies (brain drain);
Eastern Europe's economies have been hardest hit by the global recession;
Long term population decline;
Country's debt to IMF and World Bank.

Useful Adresses

Republic of Serbia

National Assembly of the Republicof Serbia
Governement of Serbia
Ministry of Finance
Ministry of Economy
Ministry of Foreign Affairs
Agency for Deposit Insurance
Business Registers Agency
Belgrade Foreign ExchangeMarket
Central Securities, Depository and Clearing House
Securities Commision
Chamber of CertifiedAuditors
Serbian Chamber of Commerce and Industry
Statistical Office of the Republicof Serbia
Serbian Banking Association
Administration for the Prevention of Money Laundering

International organisations
Bank for International Settlements
European Bank for Reconstruction and Development
European Investment Bank
International Monetary Fund
World Bank
Central banks: (BIS - Central bank and monetary authoritywebsites)

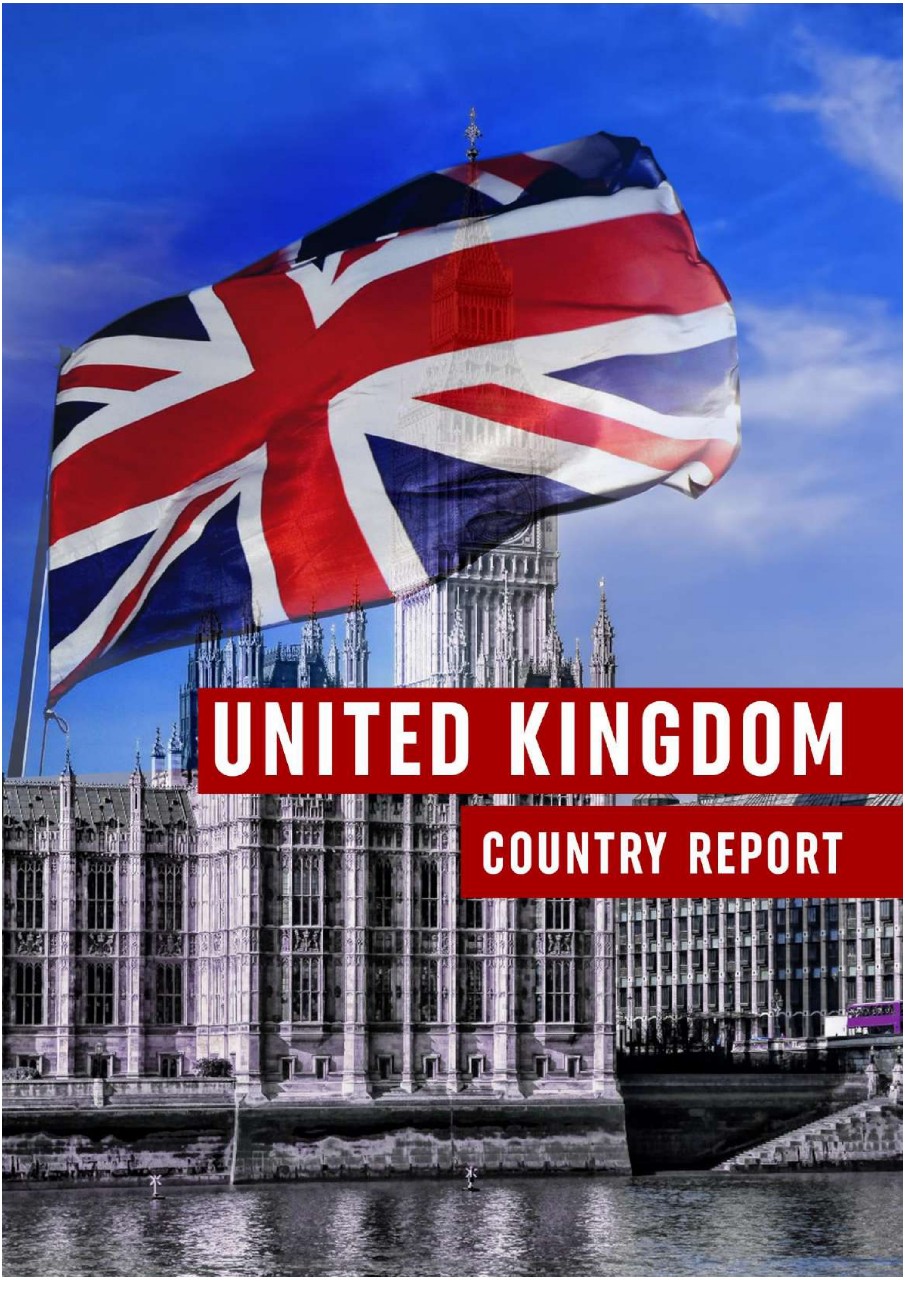
Other

Financial StabilityBoard
International Organisation of Pension Supervisors
International Association of Insurance Supervisors

Financial institutions in Serbia
List of banks
List of insuranceentities
List of voluntarypension funds
List of lessors

References

Development Agencyof Serbia
Statistical Officeof the Republic of Serbia
Institute for Nature Conservation of Serbia
The World Bank
National Bank of Serbia
Republic of Serbia, Ministryof Finance, Public Debt Administration
https://tradingeconomics.com/serbia/indicators
http://www.serbia.com/
https://en.wikipedia.org/wiki/Serbia#Administrative_divisions
https://www.infoplease.com/world/countries/serbia
https://www.srbija.gov.rs/
http://www.parlament.gov.rs/national-assembly.467.html
https://www.worldometers.info/world-population/serbia-population/
https://www.wtsserbia.com/en/blog-en/taxation-in-serbia-investor-s-guide/
https://taxsummaries.pwc.com/serbia/corporate/other-taxes
https://www.trade.gov/country-commercial-guides/serbia-standards-trade
https://europa.rs/trade/?lang=en
https://commercium.rs/Customs_Tariff-218/group_id=Customs_duties_-58
https://china-cee.eu/2021/03/08/serbia-economy-briefing-economic-forecast-for-serbia-in- 2021/
https://china-cee.eu/2021/07/12/serbia-social-briefing-the-rise-of-green-awareness-in-serbia/
https://eupregovori.bos.rs/progovori-o-pregovorima/u-fokusu/292/2021/01/13/zastita-zivotne- sredine--saradnja-eu-i-srbije.html
https://www.state.gov/reports/2020-investment-climate-statements/serbia/
https://santandertrade.com/en/portal/establish-overseas/serbia/investing
https://www.touropia.com/best-cities-to-visit-in-serbia/
https://www.adequatetravel.com/blog/10-best-cities-in-serbia-to-visit/
https://edition.cnn.com/travel/article/serbia-best-places-to-visit/index.html
https://10times.com/top100/serbia
https://www.coface.com/Economic-Studies-and-Country-Risks/Serbia
https://slideplayer.com/slide/4780908/
https://economics.rabobank.com/publications/2014/july/country-report-serbia/


UNITED KINGDOM
COUNTRY REPORT

CONTENTS

ABSTRACT

On January 1st 2021 the United Kingdom left the European Union after agreeing a trade deal.

The UK has signed a trade agreement with Turkey, as a result of its departure from the European Union. The agreement covers areas such as: trade tariffs, dispute settlement and rules of origin.

Manufacturing accounts for a significant share of the United Kingdom's economic activity.

By 2025 it is expected that the UK tourism industry will be worth over £257 billion, around 10% of the UK GDP. The industry currently supports 3.8 million jobs and has a huge impact on the UK economy.[1]

The Low Carbon and Renewable Energy Economy (LCREE) has become a rising contributor to the UK economy. It achieved a turnover of £47bn in 2018, a 16% increase from 2015.[2]

The UK banking sector is the largest in Europe and the fourth largest in the world.[3]

The telecommunications industry contributes 4-5% of the UK's GDP and plays a vital role in the economic and social well-being of the country.[4]

1. Condor Ferries. 2021. UK Tourism Statistics 2020-2021: https://www.condorferries.co.uk/uk-tourism-statistics 2. www.energy-uk.org.uk. 2021. https://www.energy-uk.org.uk/publication.html?task=file.download&id=7655. 3.UK Retail Banking Market | Growth, Trends, and Forecast (2019 - 2024). 2021. https://www.mordorintelligence.com/industry-reports/uk-retail-banking-market.
4. 2021. Current UK Telecommunications Network Landscape. https://www.moorhouseconsulting.com/insights/perspectives/current-uk-network-landscape-a-flat-market-and-tighter-margins/#:~:text=The%20telecommunications%20industry%20contributes%204-5%25%20of%20the%20UK%E2%80%99s,the%20telco%20industry%20in%20the%20UK%20is%20saturated..

UK-Turkey Trade Agreement

The UK-Turkey Free Trade Agreement was signed in December 2020.

The information included below provides an insight into the various aspects of trade which are included under the new UK-Turkey trade agreement. This information is applicable for UK businesses trading with Turkey.

This agreement includes:

- Trade in goods – including provisions on preferential tariffs, tariff rate quotas, rules of origin and sanitary and phytosanitary measures.
- Customs and Trade facilitation.
- Intellectual Property.
- Government Procurement.
- Technical barriers to Trade.
- Competition.
- Trade Remedies.
- Dispute Settlement[1]

This deal will secure existing preferential tariffs for the 7,600 UK businesses that exported goods to Turkey in 2019. Thus, the deal will help to maintain various UK-Turkey supply chains, including areas such as the manufacturing sector. There is also potential for further developments with the current deal between the countries, which could be tailored more closely to the UK.

The agreement also ensures that UK businesses can continue to import under preferential tariffs, which further illustrates the significance of the trade deal for the UK economy. This will support UK importers of textiles, where the annual increase in estimated duties would have been around £102m under WTO terms. Tariffs applied to UK imports of washing machines and televisions will remain at 0%, compared to up to 2% and 14% respectively under WTO terms.

Furthermore, critical UK and Turkish supply chains will also be protected for automotive manufacturers; a key beneficiary of this is Ford, which employs 7,500 people in the UK. Car parts are imported from the UK to Turkey to assemble the Ford Transit range of vehicles, a third of which are then exported to the UK. In 2019, UK car exports to Turkey were worth £174m.[2]

[1] GOV.UK. 2021. Trade with Turkey - GOV.UK . https://www.gov.uk/guidance/summary-of-the-uk-turkey-trade-agreement#uk-turkey-trade-agreement.

[2] GOV.UK. 2021. UK and Turkey sign trade deal https://www.gov.uk/government/news/uk-and-turkey-sign-trade-deal.

British Investments

The UK is currently one of the largest foreign investors inside Turkey with over 3,000 British companies operating in the country, including companies such as Unilever and BP. [1]

The majority of the exports from the UK to Turkey largely consist of motor vehicles and parts, industrial machinery, mechanical appliances, iron and steel. Whereas, Turkey's main exports consist of white goods, cars, electrical equipment, metals and textiles to the UK.

Notably in the automotive industry, Ford sends parts to Turkey for assembly into the Ford Transit range of light commercial vehicles by Ford-Otosan, its Turkish joint venture. A third of the finished vans are then exported to the UK.

"Given that Ford and Ford-Otosan business constitutes more than 10 per cent of the total trade volume between the UK and Turkey, this trade agreement is extremely significant for us and will help to secure jobs in both countries," Ford Europe's President Stuart Rowley said.

According to Ozkan, the Turkey-UK deal offers both countries the chance to "pursue mutually beneficial initiatives, at a time when both countries are facing major economic and political challenges, which may provide additional impetus to both making the best of such opportunities"[2]

The UK plays a key role in Turkey's economy. In 2019 the UK was Turkey's 2nd biggest export market and Turkey's 5th largest investor, with investments in Turkey worth nearly £8.5 billion.

Also, Turkey was the UK's 19th largest trading partner, accounting for around 1.3% of its total trade in goods and services in 2019, which was £18.6 billion. UK's exports to Turkey were £7.7 billion while imports from Turkey, over the same period, were £10.9 billion.

Over the same period, the main goods exported to Turkey included mechanical appliances and machinery; in contrast to this the main goods imported from Turkey were vehicles and mechanical appliances. Notably, in 2019 it was estimated that around 7600 registered businesses in the UK exported goods to Turkey, whilst around 10,600 imported goods from turkey.

In 2019, Her Majesty's Revenue and Customs (HMRC) estimated that around 7,600 VAT registered businesses in the UK exported goods to Turkey and around 10,600 imported goods from Turkey.[1]

[1] Alliott Global Alliance. 2021. Free Trade Agreement Signed Between Turkey and the United Kingdom. https://ceelegalmatters.com/turkey/15630-free-trade-agreement-signed-between-turkey-and-the-united-kingdom.

[2] Andrew Wilks. 2021. Turkey, UK safeguard $25bn worth of trade in post-Brexit deal | Brexit News | Al Jazeera https://www.aljazeera.com/news/2021/1/6/turkey-uk-safeguard-25bn-worth-of-trade-in-post-brexit-deal.

UK - Political and Administrative Structure

In the United Kingdom's political system, the Prime Minister is responsible for leading the government with the support of the Cabinet and Ministers. The current Prime Minister of the United Kingdom is Boris Johnson.

Who runs government?

The Prime Minister

The Prime Minister is the leader of Her Majesty's government and is responsible for all policy and decisions made by the UK government. The Prime Minister has an array of roles and responsibilities which ultimately dictate the direction and priorities of the UK government. The Prime Minister represents the UK both domestically and abroad, whilst monitoring the work carried out by key government agencies and the civil service.

The Cabinet

The Cabinet is made up of the most senior ministers in government. The Ministers are chosen by the Prime Minister and they are responsible for the actions of their departments. The Cabinet is chaired by the Prime Minister and typically members meet on a regular basis, this tends to be each week during parliament to review and discuss the most critical issues for the government, at the time of meeting.[2]

The Civil Service

The purpose of the civil service is to help the current government develop and implement their policies in an effective manner. The civil service is focused on performing the administrative work of government and is managed by the existing Prime Minister. Typical services offered by the civil service to the public include the payment of benefits and pensions, issuing driver's licences and staffing prisons.

UK Population and Labour Force

Since February 2020, the number of payroll employees has fallen by 726,000.

However, as to be expected the most significant drop was seen at the start of the coronavirus pandemic. Existing data which has been analysed in accordance to age categories suggests that 18- 24 year age demographic has seen the greatest decrease in pay-rolled employees.

For much of 2020 the unemployment rate continued to rise, while the employment rate continued to decline. Although total hours worked continued to increase from the low levels in the previous quarter, this increase slowed in the latest quarter. The number of people temporarily away from work has fallen since its peak in April and May 2020, although it has increased slightly in November and December.

The number of job vacancies in November 2020 to January 2021 was 26% lower than a year ago. This is an improvement on the position in summer 2020 when vacancies were down by nearly 60% year-on-year. Further restrictions and national lockdowns in recent times have had an adverse impact on job vacancies in certain industries; this has become increasingly evident in the accommodation and food services industry. Annual growth in average employee pay continued to strengthen; the growth is driven in part by compositional effects of a fall in the number and proportion of lower-paid employee jobs, and by increased bonuses, which had been postponed earlier in the year.

- In January 2021, 83,000 more people were in payrolled employment when compared with December 2020; this is the second consecutive monthly increase.

- In January 2021, 726,000 fewer people were in payrolled employment when compared with February 2020.

- The UK employment rate, in the three months to December 2020, was estimated at 75.0%, 1.5 percentage points lower than a year earlier and 0.3 percentage points lower than the previous quarter.

- The UK unemployment rate, in the three months to December 2020, was estimated at 5.1%, 1.3 percentage points higher than a year earlier and 0.4 percentage points higher than the previous quarter.

- The redundancy rate, in the three months to December 2020, was estimated at 12.3 people per thousand employees.

- There were an estimated 599,000 vacancies in the UK in November 2020 to January 2021; this is 211,000 less than a year ago and 64,000 more than the previous quarter.

- The Claimant Count increased in January 2021, to 2.6 million; this includes both those working with low income or hour, and those who are not working.[3]

[1] Alliott Global Alliance. 2021. Free Trade Agreement Signed Between Turkey and the United Kingdom. https://ceelegalmatters.com/turkey/15630-free-trade-agreement-signed-between-turkey-and-the-united-kingdom.

[2] How government works - GOV.UK. 2021. How government works - www.gov.uk/government/how-government-works.

[3] Labour market overview, UK - Office for National Statistics. 2021. Labour market overview, UK - Office for National Statistics. www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/february2021.

UK Agriculture and Livestock

Agricultural land and arable crop areas

The total Utilised Agricultural Area (UAA) in the UK has decreased by 1.5% to just under 17.3million hectares. The area of total crops and permanent grassland has also seen a decrease, whereas uncropped arable land has seen a 61% increase.

Crop yields and production

Crop yields and production were lower than the levels of yield and production recorded in 2019.

Wheat

Wheat production in the UK decreased by 40% from 16.2million tonnes in 2019 to 9.7million tonnes in 2020 - the UK yield of 7.0tonnes per hectare is lower than the five-year average of 8.4tonnes per hectare.

Barley

Barley production increased by 0.9% from 8.0million tonnes in 2019 to 8.1million tonnes in 2020 - this increase was due to the rise in the area of spring barley, which increased by 52% from 710 thousand hectares in 2019 to 1.1 million hectares in 2020. Winter barley production decreased by 46%in 2020, while spring barley production increased by 38%.

Oats

The UK yield decreased by 17% to 4.9tonnes per hectare. This resulted in an estimated production decrease of 4.1% to 1.0million tonnes in 2020.

Oilseed Rape

The final oilseed rape harvest has shown a decrease of 41% to just over 1.0million tonnes in 2020. This was caused by a decrease of 28% in the planted area and a decrease in total oilseed rape yield of 17%, from 3.3tonnes per hectare in 2019to 2.7tonnes per hectare in 2020. This is below the five-year average of 3.5tonnes per hectare.

Horticultural crops [1]

In 2020 the total area of horticultural crops increased by 1.7% to 166thousand hectares. Vegetables and salad for human consumption make up the majority (71%) of this area and increased by 3.2% to 118thousand hectares in 2020.

Livestock

The total number of cattle and calves in the UK fell by 1.3% in 2020 to 9.6million. The female breeding herd accounts for over a third of the total cattle and stands at 3.4million head in 2020. For pigs, the female breeding herd in 2020 saw a decrease of 2.7%, falling to 402 thousand. Fattening pigs saw very little change, remaining at just under 4.6 million head. The total number of pigs now stands at just over 5.0 million head, a decrease of 0.5%. In 2020, the number of lambs in the UK fell by 1.1% to16.5 million and the female breeding flock decreased by 4.2%. This led to a total UK sheep and lamb population of 32.7 million, a decrease of 2.6% compared to 2019.Total poultry decreased by 2.7% to 182 million birds in 2020. This decrease was largely due to the 2.6% fall in broiler numbers (table chickens) to 118 million birds, which accounted for almost two thirds of the total.

Agricultural workforce

The total number of people working on agricultural holdings in the UK in 2020fell by 0.8% to 472 thousand.

Key country level changes Figure 1 shows how the UK percentage change for certain items compares to the country level changes. Although all countries are showing a decrease in wheat area, the decrease seen in the wheat area in England has driven the larger UK level change. This is due to the majority (91%) of wheat being grown in England.

[1] Labour market overview, UK - Office for National Statistics. 2021. www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/february2021.

Figure 1: Percentage changes between 2019 and 2020 by UK country

	UK % change	England % change	Scotland % change	N. Ireland % change	Wales % change
Wheat area	-23.6	-24.6	-13.0	-13.6	-7.9
Potatoes area	-1.1	-0.8	-0.7	-3.6	-19.6
Pigs	-0.5	-1.0	5.9	-1.0	16.4
Sheep	-2.6	-2.4	0.8	-1.3	-5.7
Cattle	-1.3	-2.1	-0.9	0.0	0.2 [13]

UK Manufacturing

Manufacturing is a key sector for the UK economy. This is made evident through the financial influence of the sector on the economy; currently the sector accounts for 11% of GVA, 44% of total UK exports, 70% of business R&D, and directly employing 2.6 million people in 2020.[1]

In 2020 the UK retained its position as the ninth leading manufacturer and tenth in terms of global exports with output totalling £191bn in 2019 – a growth of 7% over the last five years. The data also reveals that among the 2.7 million people employed by UK manufacturers, the average salary stands at £34,538 – 13% higher than the average UK salary.

The North West remains the single biggest region in terms of output; London and the South East combined are now significantly the largest, worth some £30.7bn. This is down to the heavy concentration of electronics – worth £4.7bn alone - in the South East which was already benefitting from the drive towards digital technologies and automation, a trend which the pandemic is likely to have accelerated.

Data collated prior to the Coronavirus pandemic shows that goods exports (53%) outweighed that of services (47%) while the sector continues to punch above its weight contributing 66% of total UK spend on R&D and 16% of business investment.[2]

There is now finally a sense of optimism as the UK has placed an increased focus on the roll out of the vaccination programme in addition to a roadmap plan to guide the country out of the third national lockdown. Early indications suggest that the manufacturing sector has benefited from increased business confidence. The output balance has reported a positive balance of 9% for Q1 2021, the highest balance reported since Q4 2019. However, the figure is still low by historical standards and indicates that only a small proportion of the sector is performing better. UK orders has now turned positive for the first time since Q2 2019 ending almost two years of negative balances, reporting at 6%.However, export orders have declined further on balance, this can be attributed in large to the new trade barriers between the UK and EU as a result of the BREXIT agreement. Despite this business confidence within the manufacturing sector continues to rise, gradually.[3]

There are other variables which support the optimism of the manufacturing sector, such as the Job Retention Scheme, which will help to maintain the capacity of the workforce in the short-term. However, to maintain this level of confidence the focus should shift in the medium to long term on recruiting and rehiring workers in the sector to bring the capacity back to pre-coronavirus levels.

[1] PricewaterhouseCoopers (2019). Annual Manufacturing Report 2019 - PwC UK https://www.pwc.co.uk/industries/manufacturing/insights/annual-manufacturing-report.html

[2] UK Manufacturing, The facts 2020/21 | Make UK. 2021. UK Manufacturing, The facts 2020/21 https://www.makeuk.org/insights/publications/uk-manufacturing-the-facts-2020-21.

[3] Manufacturing Outlook 2021 Q1 | Make UK. 2021. Manufacturing Outlook 2021 Q1 https://www.makeuk.org/insights/reports/manufacturing-outlook-2021-q1.

Production and trade

It should be noted that the UK is a net importer of many minerals and mineral-based products, which has led to the development of a trade deficit over time. UK mineral exports and imports have both increased in recent years. However, imports and exports of the largest minerals flow, aggregates, are relatively low, accounting for less than 5% of the market.[1]

UK Mining

Production

The key minerals which have been mined historically in the UK are:

- Energy minerals – coal
- construction minerals – aggregates, brick clay and cement raw materials
- industrial minerals – kaolin (china clay) and ball clay, silica sand, gypsum, potash, salt, industrial carbonates, fluorspar and barytes
- metal minerals – tungsten, gold

The construction industry serves as the largest market for non-energy minerals, whilst many industrial minerals used in the UK have large international markets, such as kaolin and ball clay. Mineral production supports a wealth of industries in the UK.

UK Consultancy sector

The UK management consulting market is Europe's second largest consultancy base. The UK consulting market is worth around £10 billion, and it has experienced strong growth in recent years of between 6% - 10%.

UK's consulting industry employs circa 63,000 professionals, of whom approximately 94% of them are consultants, and 6% are supporting staff, says the MCA. With regard to service lines, Technology is the largest segment (28%) in the United Kingdom, followed by Finance & Risk (15%) and Operations (13%). Strategy and People & Change have a turnover share of approximately 10% each. A comparison with European averages shows that UK consultancies do much of their work in Technology, and less amounts of work in the fields of Strategy and Operations.

Thus, technology consulting is expected to benefit from the most growth over the coming years. Key growth drivers include digital transformation, big data, cloud, robotics, mobile and artificial intelligence. On the other hand, Sales & Marketing and Finance & Risk are expected to grow mildly. In terms of Client industries, the largest part of the UK's management consulting turnover is represented by Financial Services (33%), followed by the Public Sector (21%) and Consumer or Industrial Products (14%). With the exception of Financial Services, which is expected to remain flat, all client segments are expected to grow in the years to come. 81% of the consulting turnover in the UK is related to services offered for the domestic market, while 19% is exported, equally split between exports within the EU and exports outside the EU. Across European Consulting Markets, 85% of work focuses on domestic engagements.

Looking ahead, the MCA believes the UK consulting industry will remain buoyant, with growth rates of between 8% - 10% forecasted up to 2018. Demand is now starting to rise for consultants who can provide solutions to complex and novel problems, sparking a growing demand for firms that can staff multi-disciplinary teams. [2]

[1] GOV.UK. 2021. Mining and quarrying in the UK https://www.gov.uk/government/publications/extractive-industries-transparency-initiative-payments-report-2018/mining-and-quarrying-in-the-uk.

[2] UK Consulting Market https://www.consultancy.uk/consulting-industry/united-kingdom.

UK Logistics sector

Market Overview

The logistics business sector is one of the biggest industries in Europe; logistics is a sector traditionally characterised by warehouses in low costs locations. However, this now starting to shift to areas which are more densely populated. The UK benefits from an open market, where economic operators have long traded with neighbouring countries, first and foremost Germany, the Netherlands, and France.

Brexit is expected to have a significant impact on the international road freight transport market, whilst it is also believed that rail freight will play a larger role in the movement of goods in the UK. The use of rail freight is steadily increasing in the UK with a total volume of rail freight moved to rise by 3% year on year. ?Network Rail has forecast that rail freight could grow by around 30% by 2035 if sufficient capacity were made available. The development of Europe – China rail network and underground rail networks can bolster the growth in this sub-sector.?

It is to be expected that environmental pressures over the next 30 years will encourage freight operators to explore innovative ways to ship goods through ports. According to British Ports Association, it would result in a growth in traffic through almost all the ports in Britain.

The supply chain will need to respond to heightened competition in the last mile as e-commerce operations grow in the wake of the coronavirus. Last mile logistics will be a highly competitive environment as
companies look to their supply chains to give the best possible customer experience.

This will call for technological innovation to enable retailers to scale up home delivery systems fast once normality returns.[1]

[1] United Kingdom Freight and Logistics Market | Growth, Trends, and Forecast (2021 - 2026). www.mordorintelligence.com/industry-reports/united-kingdom-freight-logistics-market-study

UK Construction sector

The value of construction new work in Great Britain continued to rise in 2019, reaching its highest level on record at £118,977 million; this was driven by growth in both public sector work of £3,008 million and in the private sector of £2,897 million.

Construction new orders grew by 2.5% in 2019 following the fall of 13.2% in 2018; this represented an increase of £1,516 million.

The number of construction firms operating in the construction industry fell sharply in 2019, falling by 10.9% compared with 2018 to 290,374 registered firms operating in Great Britain.

There were 3,502 insolvencies in the construction sector in Great Britain in 2019, the highest of any sector.

Construction-related employment in Great Britain fell by 6.0% in 2019, which is the first annual decline since 2014 when it fell by 0.1%.

Average weekly earnings in the construction industry in Great Britain grew by 1.8% to £648 per week in the year to December 2019, which was below the 2.8% increase for the whole economy.

The UK trade deficit in construction materials and components fell by £152 million to £10,421 million in 2019, though imports remain more than double the value of exports as all three components of building materials saw a trade deficit.[2]

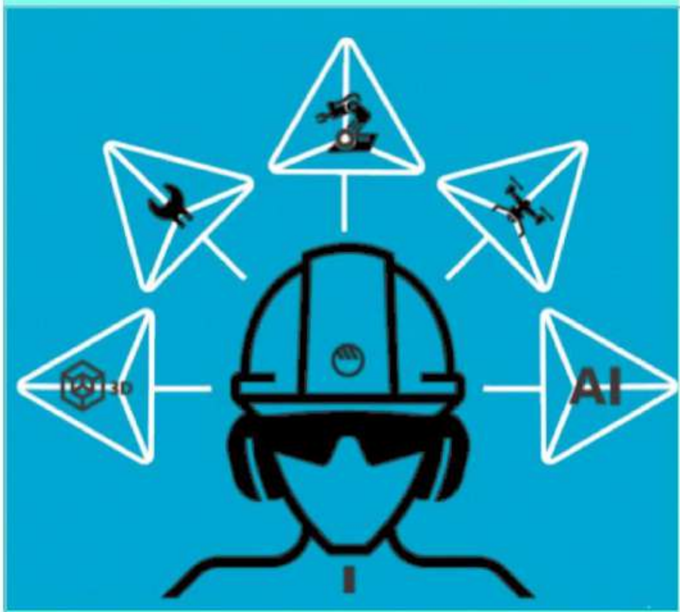
[2] Construction statistics, Great Britain - Office for National Statistics. 2021 https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/articles/constructionstatistics/2019.

UK Tourism

Tourism is one of the key sectors in the UK economy and is likely to play a significant role in the economic recovery in UK in response to the coronavirus pandemic. Tourism contributes around £106 billion to the British economy & GDP and supports 2.6 million jobs. By 2025 the UK tourism industry will be worth over £257 billion, around 10% of the UK GDP. The industry supports 3.8 million jobs and has a huge impact on the UK economy.

In 2018, 37.9 million tourists visited the UK, but this reached an all-time high in 2017 with 39.2 million. In July 2019 alone, £2.9 billion was spent here by overseas residents, demonstrating how substantial tourism is to the economy. USA residents visit the most as 3,877,000 people visited in 2018, closely followed by France. Tourism in London statistics demonstrates the popularity of the capital in comparison to other locations in the UK as the city has 8 times more visitors than the second most visited city. Holidays is the number one reason as to why tourists visit the UK, 63% of visits to the UK are for a holiday away.[1]

[3]Condor Ferries. 2021. UK Tourism Statistics 2020-2021: Latest Data. www.condorferries.co.uk/uk-tourism-statistics



UK Energy Industry

The UK energy sector remains pivotal to the UK economy, through tax contributions and consumption through the supply chains. In 2019, the energy sector created £30.9bn in value adding activity, measured in gross value added (GVA), a 10% increase from 2018. Compared to other utilities, the sector's GVA was between telecommunications (£35.8bn) and water (£24.5bn) sectors. Additionally, through intermediate consumption across the supply-chain, the sector contributed an added £94.6bn to the UK's economy. During 2018/19, the most recent year for which data is available, the sector contributed over £7.8bn total in taxes, including £2.4bn in national insurance contributions and £1bn in corporate taxes.

The low carbon and renewable energy economy (LCREE) has become a rising contributor to the economy. It achieved a turnover of £47bn in 2018, a 16% increase over 2015, the year of the survey's launch.

The largest sectors within the low carbon economy continue to be energy efficiency products (£21bn), low carbon power and bioenergy (£18bn) and low emission vehicles (£5bn).Standing at £3.7bn, offshore wind is closing the gap with other low carbon sub-sectors such as bioenergy (£4.3bn), nuclear (£3.8bn) and onshore wind (£3.7bn)

As business operations and global travel paused during COVID-19 lockdowns, consumption of electricity and gas fell by up to 20%. As countries emerge from lockdown, consumption remains 5-10% lower than previously, suggesting the industry shouldn't expect a full recovery until the end of 2021 or 2022.Despite temporary reductions in emissions, long-term climate change goals remain out of reach.

The consumption decline due to COVID-19 caused the largest reduction in Greenhouse Gas emissions since World War II, with emissions decreasing an estimated 8.5% in 2020. The crisis demonstrated that lifestyle changes, like decreasing travel, have a significant impact on emissions. However, as the world recovers from the pandemic, emissions are rising. The International Energy Agency (IEA) states that the world's current trajectory will elicit a 3.1-3.7°C rise in temperatures, well above the 1.5-2°C scenario needed to meet Paris Agreement objectives, corroborating our pre-crisis research that the world is not on track to reach the 2015 Paris goals. [2]

[2] WebxSol. 2021. Energy in the UK | Energy UK www.energy-uk.org.uk/energy-industry/energy-in-the-uk.html

UK Banking sector

The UK retail banking industry has developed over the past few years with the focus being placed on improving consumer confidence and overall satisfaction with the banking services on offer. This has become increasingly important since the 2008 financial crisis, which had severe implications for the retail banking industry and the UK economy on a whole.

The UK banking sector is the largest in Europe and the fourth largest in the world. It includes over 300 banks and 45 building societies.

There are approximately 9,000 bank branches and 70,000 ATMs available in the United Kingdom. About 2.2 million people work in the financial and related services in the UK.

The Big Four Banks (HSBC, Barclays, Royal Bank of Scotland, and Lloyds Banking Group) manage over 75% of UK current accounts and 85% of business accounts. They also hold more than GBP 5 trillion in total assets and employ around 560,000 people.[3]

[3] UK Retail Banking Market | Growth, Trends, and Forecast (2019 - 2024). https://www.mordorintelligence.com/industry-reports/uk-retail-banking-market

UK Financial Services

In 2019, the financial services sector contributed £132 billion to the UK economy, 6.9% of total economic output. The sector was largest in London, where half of the sector's output was generated.

The UK financial services sector was the ninth largest in the OECD in 2019 by its proportion of national economic output. Luxembourg's financial service sector was the largest in the OECD, contributing 27% of the country's economic output.

There were 1.1 million financial services jobs in the UK in Q1 2020, 3.2% of all jobs.

Exports of UK financial services were worth £60 billion in 2019 and imports were worth £18 billion, so there was a surplus in financial services trade of £41 billion.[4]

[4] House of Commons Library. 2021. Financial services: contribution to the UK economy - House of Commons Library https://commonslibrary.parliament.uk/research-briefings/sn06193/

UK Health Sector

The Healthcare UK Export Catalyst is set to help the NHS – the world's largest integrated health system – to access global healthcare export opportunities, with worldwide spend in the sector growing at 7% a year.

Healthcare UK has already supported NHS organisations to win export business of more than £100 million over the last 2 years.

The catalyst sets out to boost this further and comes as the result of a pilot with NHS organisations to identify the services that would best suit them as they embark upon their export journey. The service will provide continued support, right through to finding opportunities and winning contracts.

NHS organisations will have tailored export support in addition to local trade advisors and DIT's network of HM Trade Commissioners to help them boost their overseas success.

As the NHS marks its 70th birthday, the UK is at the forefront of research and innovation across life sciences, healthcare, medical devices, and digital technologies. Our world-renowned service is rated as the number one best integrated healthcare system in the world.

In total, Healthcare UK achieved over £700 million of export wins in 2017, supporting more than 100 exports projects for private and public UK suppliers across 17 countries, and delivering successful outward missions to India, China, and the Middle East.[1]

[1] GOV.UK. 2021. Government export support to help NHS profit by sharing expertise - www.gov.uk/government/news/government-export-support-to-help-nhs-profit-by-sharing-expertise

UK Economic Policy and Performance (pre COVID-19)

UK GDP growth

In its annual supply stocktake, the Monetary Policy Committee (MPC) judged that UK potential supply growth is likely to remain subdued over the forecast period.

Productivity growth in the UK has decreased down since the financial crisis in 2008 which led to the UK going into a recession. However, it is believed that productivity growth in the UK will begin to grow at an increased pace over the upcoming years.

The evolution of productivity growth is affected by Brexit.

The uncertainty created amongst businesses as a result of the Brexit trade deal has reduced business investment and productivity growth over the past few years. Furthermore, the introduction of new trade barriers and conformity standards as the UK officially leaves the European Union, is expected to have an adverse effect on productivity growth in the UK moving forwards.

UK demand growth remains subdued in the near term but is projected to pick up gradually as global growth recovers and as the decline in uncertainty boosts spending.

UK demand growth is expected to pick up a little in the near term, but to remain subdued. Thereafter, it increases gradually, driven by the modest recovery in global growth and the waning effects of uncertainty. Those factors drive a recovery in annual business investment growth, which is projected to pick up from close to zero in 2019 to around 3½% by 2022 (Table 1.C). Annual household consumption growth picks up from 1¼% in 2019 to 1¾% in 2021 and 2% in 2022. Those rates of consumption growth are relatively muted compared with history. That partly reflects the dampening effect of weak productivity growth on real income growth. In addition, consumption grows a little more slowly than real labour income over the forecast period. That is similar to developments over the past year, which could suggest that households have been cautious about spending in the face of Brexit-related uncertainty. Government spending continues to boost growth. In contrast, net trade weighs on growth over much of the forecast period. The move to new trading arrangements between the UK and EU weighs on both imports and exports growth.

In the central forecast, four-quarter UK GDP growth picks up from 0.4% in 2020 Q1 to 1.4% in 2021 Q1, 1.6% in 2022 Q1, and 2.0% in 2023 Q1

Consumer Price Index inflation (CPI inflation)

CPI inflation is projected to remain below 2% throughout 2020, partly reflecting the impact of lower utility bills, as well as the influence of slack.

Over the coming quarters, inflation will be affected by developments in a number of regulated prices. Changes to Ofgem's energy price cap introduce some volatility — with CPI inflation expected to pick up to 1.8% in 2020 Q1, before falling back to around 1¼% in the middle of the year. The expected reduction in water bills as a result of action by the regulator Ofwat is also expected to contribute to the fall in inflation in 2020 Q2. Inflation is expected to remain materially below 2% over the second half of 2020 as those factors, as well as spare capacity, continue to drag.

As the drag from lower utilities prices fades and domestic price pressures strengthen in response to the erosion of spare capacity, CPI inflation returns to the target.

CPI inflation begins to rise towards the 2% target in late 2020 as the temporary negative contributions from energy and utility prices start to unwind. Domestic price pressures also rise as spare capacity is used up and excess demand then emerges. Wage growth is projected to pick up over the second half of the forecast period, supported by low unemployment. While productivity growth increases as well, unit labour cost growth remains firm. Those cost pressures are passed through to CPI inflation. As a result, inflation is projected to be 2.0% in 2022 Q1 and 2.1% in 2023 Q1.

Relative to the November forecast, growth slowed more than expected in 2019 Q4 and there is judged to be more spare capacity in the economy at present.

Following its annual reassessment of the supply side of the economy, the MPC judged that the current degree of spare capacity is somewhat greater than it had previously thought. In part, that is because of weaker-than-expected GDP growth in 2019 Q4. In addition, subdued CPI inflation is judged to signal that the margin of spare capacity in the economy has been slightly greater over the past.

Over the forecast period, both supply and demand growth are projected to be weaker.

The MPC has also revised down its assessment of potential supply growth over the forecast period as part of its annual stocktake. In part, that reflects the weakness of productivity growth over the past year, which extends the pattern seen since the financial crisis. Productivity growth is also dampened by the effect of trade barriers with the EU coming into effect more immediately than in November.

Policy decision

At its meeting ending on 29 January 2020, the MPC judged that the existing stance of monetary policy was appropriate. The MPC voted to maintain Bank Rate at 0.75%, to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion and to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

Monetary policy will be set to ensure a sustainable return of inflation to the 2% target. Policy may need to reinforce the expected recovery in UK GDP growth should the more positive signals from recent indicators of global and domestic activity not be sustained or should indicators of domestic prices remain relatively weak. Further ahead, if the economy recovers broadly in line with the MPC's projections, some modest tightening of policy may be needed to maintain inflation sustainably at the target.[1]

[1] The economic outlook | Bank of England. 2021. The economic outlook www.bankofengland.co.uk/monetary-policy-report/2020/january-2020/the-economic-outlook.

UK transport moving forwards from 2020

■There is planned investment across road and rail forms of transport, which will support the country's economic recovery and continue to level-up infrastructure.

■£1.7 billion to improve journeys for cyclists, pedestrians, and drivers across England through repairs to local roads.

■fast tracked construction works worth £175 million will ensure networks get vital repairs while fewer passengers are using transport system.

■There are plans to lock in environmental benefits seen during lockdown with vision to boost England's charging infrastructure for electric vehicles over next decade. Furthermore, clear air zones will be introduced into more areas of the country to reduce harmful emissions.

There are major investment plans to improve the existing infrastructure with the UK, to make travelling safer and more convenient for the public. Some investment has already been put into the infrastructure of the UK, such as roads and network rails during the initial lockdown period, which took place from March 2020. UK residents will benefit from a £1.7bn Transport Infrastructure Investment Fund to improve roads, repair bridges and fill in millions of potholes. The package will also target around 11 million nuisance potholes.

It will also see smaller improvements completed to upgrade local networks, such as enhancing road safety at key locations, the installation of priority bus lanes, and the creation of projects to help lock in improvements in air quality experienced during lockdown.[1]

Railway Transport – The British railway network is one of the busiest and congested across Europe. Over the past 20 years the number of people using the rail network has doubled, which has put increased pressure on the rail network to meet the new level of demand.

In response to this Network Rail, the owner and infrastructure manager of most of the railway network in Great Britain is now entering the final phases of the Railway Upgrade plan.

Now better, more frequent, faster journeys for hundreds of thousands of people are months away for some, as the benefits start to come to fruition.

Millions of passenger journeys will be transformed in 2021 as more and more new services come on-stream.[2]

[1] GOV.UK. 2021. Multi-billion pound road and railway investment to put nation on path to recovery?- www.gov.uk/government/news/multi-billion-pound-road-and-railway-investment-to-put-nation-on-path-to-recovery.

[2] Network Rail. 2021. Railway Upgrade Plan - Network Rail www.networkrail.co.uk/running-the-railway/railway-upgrade-plan/.

UK consumers benefit from high availability of superfast broadband, but low fibre to the premise's coverage means that the UK trails in ultrafast broadband compared to the rest of Europe. There is a clear requirement for an uplift in infrastructure to futureproof the UK superfast broadband network. In response to this evolving digital landscape, the Exchequer Autumn 2017 statement outlined an investment of over £1bn over the next four years for the UK's networks (including an investment in 5G). The Government's objective is to give everyone in the UK access to speeds of at least 10Mbps by 2020 – no matter where they live or work. However, this is no small challenge – currently, 1.1m UK premises cannot regularly access these speeds.

5G is still some years away from commercial availability. In preparation, Ofcom auctioned off additional spectrum to support the next generation of mobile networks. Mindful of maintaining a consumer-focused 'fair' marketplace, Ofcom capped the maximum amount of mobile spectrum a British company can own at 37%. The 5G spectrum auction results leave EE in the strongest position, despite not acquiring as much of the available spectrum as O2 or Vodafone, as it already had so much more than rivals. After EE, Vodafone has the second most, with O2 having the third most spectrum overall.[1]

UK Telecommunications

The telecommunications industry contributes 4-5% of the UK's GDP and plays a vital role in the economic and social well-being of the country.

Research conducted by McKinsey concluded that revenue growth is down by 4% and Earnings before interest, taxes, and amortization is down from 25% to 17% over the past 5 years. In parallel, it is estimated that infrastructure costs for telecommunications could double with 5G broadband development. With rising costs and falling revenue growth and profitability, the landscape for our telco clients is challenging.

The digital world is constantly evolving, and online services have become crucial to everyday life. The UK's role in the digital economy will be influenced by variables such as the speed of uploads, downloads, and latency.

[1] . 2021. Current UK Telecommunications Network Landscape www.moorhouseconsulting.com/insights/perspectives/current-uk-network-landscape-a-flat-market-and-tighter-margins/#:~:text=The%20telecommunications%20industry%20contributes%204-5%25%20of%20the%20UK%E2%80%99s,the%20telco%20industry%20in%20the%20UK%20is %20saturated.

Future expectations for the UK economy

More than a year on from its start, the coronavirus pandemic continues to exact a heavy toll in lives and livelihoods. Around the globe, more than 100 million people have had the virus and around 2½ million have died from it, and world GDP fell by 3½ per cent in 2020 as governments imposed public health restrictions in an attempt to control the virus. The UK has been hit particularly hard. Following a resurgence of infections over the winter, around 1 in 5 people have so far contracted the virus, 1 in 150 have been hospitalised, and 1 in 550 have died, the fourth highest mortality rate in the world. And GDP fell 9.9 per cent in 2020, the largest decline in the G7. While output partially recovered in the second half of last year – and somewhat more strongly than we previously thought – the latest lockdown and temporary disruption to EU-UK trade at the turn of the year is expected to result in output falling again in the first quarter of this year.

The pandemic has, however, also spurred a global scientific effort to develop new and effective vaccines at unprecedented speed, with the UK in the vanguard of their discovery and rollout. More than 200 million people worldwide have already received their first dose of one of those vaccines. In the UK, that figure has topped 20 million – more than a third of all adults and the fourth highest vaccination rate worldwide. Early evidence from the UK and other countries indicates that the vaccines are broadly as effective in reducing illness and death as suggested in clinical trials. The Government aims to have offered a first dose to everyone over 50 or at risk by 15 April and to all adults by 31 July, slightly earlier than assumed in our November central forecast.

The rapid rollout of effective vaccines offers hope of a swifter and more sustained economic recovery, albeit from a more challenging point than we forecast in November. The easing of public health restrictions in line with the Government's 22 February Roadmap should permit a rebound in consumption and output through this year, partially supported by the release of extra savings built up by households during the pandemic. GDP is expected to grow by 4 per cent in 2021 and to regain its pre-pandemic level in the second quarter of 2022, six months earlier than we forecast in November. Unemployment still rises by a further 500,000 to a peak of 6.5 per cent at the end of 2021, but the peak is around 340,000 less than the 7.5 per cent assumed in our November forecast, thanks partly to the latest extension of the furlough scheme. The pandemic is nevertheless still expected to lower the supply capacity of the economy in the medium term by around 3 per cent relative to pre-virus expectations.

Faced with an economy that is weaker in the near term but rebounding faster than we forecast in November, the Chancellor has done three things in this Budget. First, he has extended the virus-related rescue support to households, businesses, and public services by a further £44.3 billion, taking its total cost to £344 billion. Second, he has boosted the recovery, most notably through a temporary tax break costing more than £12 billion a year that encourages businesses to bring forward investment spending from the future into this year and next. Third, as the economy normalises, he has taken a further step to repair the damage to the public finances in the final three years of the forecast by raising the headline corporation tax rate, freezing personal tax allowances and thresholds, and taking around £4 billion a year more off annual departmental spending plans, raising a total of £31.8 billion in 2025-26.[1]

[1] Office for Budget Responsibility. 2021. Overview of the March 2021 Economic and fiscal outlook - Office for Budget Responsibility https://obr.uk/overview-of-the-march-2021-economic-and-fiscal-outlook/.

Monetary policy report

Global and UK GDP growth slowed in 2020 Q4, although UK activity was higher than projected in the November Report. Global and UK GDP both picked up sharply during Q3, but growth slowed in Q4 as Covid cases rose and restrictions to control the spread of the virus were tightened (Section 2). Bank staff estimate that, in 2020 Q4, UK-weighted world GDP fell a little to around 4% lower than in 2019 Q4. That is somewhat weaker than was projected in the November Report, largely reflecting the impact of tighter restrictions on activity, especially in the euro area. While UK GDP growth also slowed in Q4, activity is projected to have risen a little, to around 8% below its 2019 Q4 level. That is materially stronger than the contraction in GDP that was previously expected, with activity less affected by Covid-related restrictions than had been anticipated, including as more businesses appeared to be better prepared to continue operating than during the first lockdown.

Covid vaccination programmes have improved the economic outlook, but Covid-related restrictions at the start of 2021 are tighter than was assumed in the November Report. Since the November Report, Covid vaccines have been approved for use and vaccination programmes have begun in a number of countries around the world. That should both boost activity in future and reduce downside risks to the economic outlook. Nonetheless, recent activity has been affected by increases in Covid cases, including from newly identified strains of the virus. In many countries, Covid-related restrictions have been tighter in early 2021 Q1 than was assumed in the November Report. As a result, UK-weighted world GDP is projected to be somewhat weaker than previously expected. It is expected to be broadly flat in Q1, with a projected fall in GDP in the euro area offset by increases in activity in the US, China, and emerging market economies.

UK GDP is expected to fall by 4% in 2021 Q1. In the UK, restrictions have been tightened materially to help contain the spread of cases resulting from a new strain of Covid and are much stricter than was assumed in the November Report. As a result, UK GDP is expected to fall in 2021 Q1, and to be weaker than projected three months ago. That is consistent with initial evidence from high-frequency measures of economic activity – for example, spending on cards and indicators of travel have declined in recent weeks. Taking the extent of restrictions and early evidence of their effects together, UK GDP is expected to fall by around 4% in Q1, to about 12% below its 2019 Q4 level. While the widespread nature of the restrictions in place at present means that they are expected to affect activity more than those in Q4, their impact is not expected to be as severe as in 2020 Q2, during the first lockdown in the UK. Consistent with that, the proportion of businesses that paused trading rose in January but was at a broadly similar level to that in June (Chart 2.17), by which time GDP had recovered over a third of the way from its April trough. While Covid-related restrictions have reduced both demand and supply, overall, there is judged to be a material amount of spare capacity in the economy.

While Covid-related restrictions have reduced supply as well as demand – as some businesses have been required to close, for example – there appears to be a material amount of spare capacity in the economy at present. Although the Government's job retention scheme has attenuated the number of job losses very substantially, unemployment has risen, and is expected to rise further in Q1. There may also be some spare capacity within companies, with some capital – such as buildings and machinery – not being fully utilised. Inflation has been below the MPC's 2% target, reflecting the direct and indirect effects of Covid. CPI inflation was well below the MPC's target at 0.5% in Q4, broadly in line with the November projection. Spare capacity is likely to have dampened inflationary pressures, although much of the weakness of inflation reflects the impact of a number of specific Covid-related temporary factors, particularly falls in energy prices and the Government's cut to VAT for certain services. Those factors are expected to continue to weigh on inflation in Q1 before dissipating later in 2021

The MPC's projections assume that Covid-related restrictions continue to weigh on spending in the near term, before easing as vaccination programmes continue. The outlook for the economy remains highly uncertain. It is dependent on the evolution of the pandemic and the measures taken to protect public health. It will also depend on how governments, households, businesses, and financial markets respond to those developments.[1]

UK Foreign Direct Investments (FDI)

2019

■ The largest 25 outward investors by stock of foreign direct investment (FDI) accounted for 45% of UK FDI assets in 2019, compared with 37% of UK FDI liabilities for the top 25 inward investors.

■The share of FDI assets held by the largest 25 outward investors in 2019 was lower than that in 2014, whereas the share of liabilities for the largest 25 inward investors was higher over that period.

■There were only 9 companies in the top 25 inward investing companies in 2019 that were also present in the top 25 in 2014; this was lower than the 18 outward investing companies in the top 25 over the same period.

■Companies in services industries within the top 25 companies accounted for a larger proportion of FDI liabilities (75%) than FDI assets (40%) in 2019.[2]

2018

■EU companies immediately controlled the highest value of the UK's inward foreign direct investment (FDI) position (£579.0 billion) in 2018 whereas North American companies controlled the highest value on an ultimate basis (£629.8 billion).

■The value of "round-tripping" – UK companies investing in the UK through foreign affiliates – was £24.4 billion in 2018, equivalent to 1.6% of the total inward FDI position.

■UK companies with FDI links accounted for 30.3% of UK employment in 2018 despite representing only 2.1% of all UK businesses.

■In 2018, companies with an inward FDI link with the EU employed half (2.3 million UK employees) of those employed by companies with inward FDI links, while UK companies with outward links in the EU employed just under half (3.7 million UK employees) of those employed by companies with an outward link.

■FDI links with the South and Central Americas (inward) and North Americas (outward) gave UK companies the highest average productivity in 2018.[3]

UK Foreign Investment Legislation

In November 2020, legal steps were put in place by the UK government to reduce the threat of hostile foreign direct investment. This new approach will enable the government to ensure that they have more control over deals in any sector which pose an unacceptable risk to national security.

The new regime will update the UK's current powers, which are almost 20 years old and are therefore not tailored towards modern day threats. The aim of the new regime is to modernise the UK's governance around foreign investment, without adversely impacting the UK's reputation as an attractive country to invest in.

The new regime will apply to investors from any country. However, it should be noted that the majority of transactions will be processed without any intervention, furthermore, the government will not revisit a transaction once cleared unless inaccurate information was provided.

It is believed that by bringing the UK's regime into the twenty-first century, the government will make the screening system slicker and quicker for investors, providing certainty and transparency by working to clear timelines for decisions and making administrative procedures smooth.

Under the new regime, investors and businesses will have to notify a dedicated government unit through a single digital portal about certain types of transactions in designated sensitive sectors, such as our defence, energy and transport sectors, to ensure it can investigate and take action to address any national security risks.

The new regime will also cover additional areas such as the acquisition of sensitive assets and intellectual property, as well as the acquisition of companies. Investments will be screened more quickly than in the current regime and it is expected that transactions will be assessed within 30 working days.

In what represents a major addition to the UK government's ability to attract foreign investment, earlier this week the Prime Minister Boris Johnson announced the creation of the Office for Investment (OFI), a new unit staffed by highly experienced individuals tasked to land high value investment opportunities in infrastructure, clean technologies and research and development.

The UK is not alone in making such changes to its regime, which means global investors will be familiar with our approach. Like us, earlier this year the United States introduced mandatory notification requirements for transactions concerning specified types of businesses as part of a broader programme for reform. The Australian Government introduced legislation to their Parliament requiring foreign investors to seek approval to acquire a direct interest in sensitive national security businesses. And, like us, several other major recipients of investment, including France and Italy, have regimes that make certain transactions which take place without prior approval legally void.

Overall, the National Security and Investment Bill will make interactions with government much slicker as we remain open for trade and continue our fight against COVID-19.

The Investment Security Unit will sit within the Department for Business, Energy and Industrial Strategy and provide a single point of contact for businesses wishing to understand the Bill and notify the government about transactions. The unit will also coordinate cross-government activity to identify, assess and respond to national security risks arising through market activity - providing certainty for businesses that they will not be targeted and exploited by hostile actors.[4]

[1] Monetary Policy Report - February 2021 | Bank of England. 2021. Monetary Policy Report - February 2021 | Bank of England. www.bankofengland.co.uk/monetary-policy-report/2021/february-2021.

[2] Foreign direct investment distribution, UK trends and analysis - Office for National Statistics. 2021. www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/ukforeigndirectinvestmenttrendsandanalysis/february2021.

[3] UK foreign direct investment, trends and analysis - Office for National Statistics. www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/articles/ukforeigndirectinvestmenttrendsandanalysis/august2020.

[4] GOV.UK. 2021. New powers to protect UK from malicious investment and strengthen economic resilience www.gov.uk/government/news/new-powers-to-protect-uk-from-malicious-investment-and-strengthen-economic-resilience.

UK Foreign Trade

■ The total trade balance, excluding non-monetary gold and other precious metals, decreased by £3.2 billion to a deficit of £1.2 billion in the three months to April 2020, as exports fell £33.1 billion and imports fell by a lesser £29.9 billion.

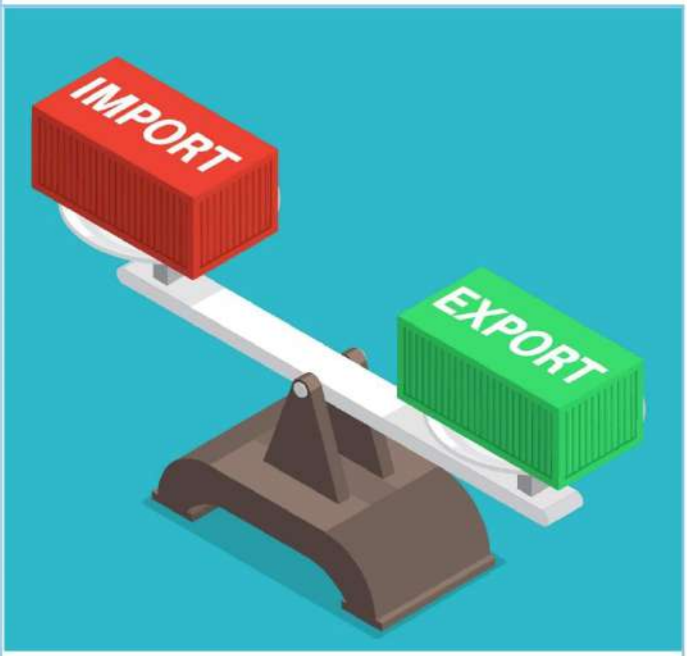
■ The fall in both exports and imports in the three months to April 2020 was mainly driven by trade in services, which saw falls of £19.5 billion and £18.1 billion respectively.

■ Trade in goods, excluding non-monetary gold and other precious metals, saw a £13.7 billion fall in exports and an £11.8 billion fall in imports in the three months to April 2020.

■ Monthly total trade imports, excluding non-monetary gold and other precious metals, fell by £11.7 billion in April 2020, while exports fell by £9.0 billion; falls in both imports and exports were mainly seen in machinery and transport equipment, fuels and miscellaneous manufactures.

■ Removing the effect of inflation, the total trade surplus in volume terms, excluding unspecified goods (which includes non-monetary gold), narrowed by £0.9 billion to £0.2 billion in the three months to April 2020, as imports fell by £28.8 billion and exports fell by £29.8 billion.

■ Including non-monetary gold and other precious metals, the total trade balance decreased by £19.3 billion to a deficit of £4.5 billion in the three months to April 2020.[1]



UK Imports and Exports 2021

■ Exports of goods, excluding non-monetary gold and other precious metals, fell by £5.3 billion (19.3%) in January 2021, because of a £5.6 billion (40.7%) fall in exports to the EU.

■ Imports of goods, excluding non-monetary gold and other precious metals, fell by £8.9 billion (21.6%) in January 2021, driven by a £6.6 billion (28.8%) fall in imports from the EU.

■ Falling imports of goods, excluding non-monetary gold and other precious metals, were largely seen in machinery and transport equipment, and chemicals from the EU in January 2021, particularly in imports of cars and medicinal and pharmaceutical products.

■ In both current price and chained volume measures, the January 2021 monthly fall in goods imports and exports are the largest monthly falls since records began in January 1997.

■ Total imports of goods from non-EU countries, excluding non-monetary gold and other precious metals, fell by £2.4 billion (12.7%) in January 2021 while exports increased by £0.2 billion (1.7%).

■ The total trade deficit for January 2021, excluding non-monetary gold and other precious metals, narrowed by £3.7 billion to £1.9 billion; imports decreased by £9.2 billion (17.6%) and exports decreased by £5.5 billion (11.8%).

■ The total trade deficit, excluding non-monetary gold and other precious metals, widened by £6.7 billion to £12.8 billion in the three months to January 2021; imports increased by £2.4 billion (1.7%), while exports decreased by £4.3 billion (3.1%).

Table 1: Trade in goods imports and exports, excluding precious metals, January 2021

Changes in the UK trade balances, excluding non-monetary gold and other precious metals, exports, and imports EU [2]

		Exports	Imports	Balance
Total trade in goods: January 2021 vs December 2020	**Value (£bn)**	22.2	32.3	-10.1
	Change (£bn)	-5.3	-8.9	3.6
	% Change	-19.3%	-21.6%	
EU: January 2021 vs December 2020	**Value (£bn)**	8.1	16.2	-8.1
	Change (£bn)	-5.6	-6.6	1.0
	% Change	-40.7%	-28.8%	
Non- EU: January 2021 vs December 2020	**Value (£bn)**	14.1	16.1	-2.0
	Change (£bn)	0.2	-2.4	2.6
	% Change	1.7%	-12.7%	

Source: Office for National Statistics – UK trade statistics [1]

[1] UK trade - Office for National Statistics. 2021 www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/april2020.

[2] UK trade - Office for National Statistics. 2021 www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/january2021 #main-points.

UK Trade with Turkey

The UK and Turkey have a long-established relationship, dating back to around 400 years ago. The UK was one of the first countries with which the Ottoman Empire established regular diplomatic relations. The first Ambassador appointed by the UK to the Ottoman Empire, William Harborne, assumed his duties in Istanbul in 1583 and Yusuf Agah Efendi assumed his duties as the Ottoman Ambassador to London in 1793.

The UK and Turkish alliance is therefore based on a historical relationship which is still evolving in current times. The UK was the first European country to voice its strong and clear support in wake of the attempted coup in Turkey. Again, it was the first European country to send a high-level envoy to Turkey to offer its condolences. Foreign Secretary Johnson's visit to Turkey from 25 to 27 September 2016, has demonstrated that the momentum in bilateral cooperation will be widened and deepen in the period ahead.

Indeed, Turkey and the UK have the mutual political commitment to further improve bilateral relations in every field. On this basis, firm foundations for bilateral cooperation have been laid through a "Strategic Partnership Agreement", which was renewed during former UK Prime Minister Cameron's visit to Ankara in July 2010. Through this document, bilateral cooperation continues to flourish in a variety of areas.

The UK continues to support Turkey in its march towards membership of the European Union.

Furthermore, the two countries share similar approaches in the face of regional and international problems, and they are in constant contact and coordination to this end.

In accordance with the current state of the bilateral relations, bilateral economic and commercial relations continue to improve dynamically. Bilateral trade between Turkey and the UK increased by %68 since 2009 and exceeded 16 billion dollars in 2016.

Joint Economic and Trade Committee (JETCO) continues to contribute to the enhancement of commercial and economic relations as a leading bilateral commercial mechanism.

Turkey's position as a manufacturing hub and its proximity to the UK market make Turkey a reliable trade partner for the

UK in various sectors and products. Today, BEKO, a Turkish brand is the most selling white goods brand in the UK. There are various industrial goods in the UK market sourced from Turkey. To name a few, 85% of UK's non-EU imports of buses and minibuses, 11% of total imports of apparel and ready-wear and finally 10% of TVs are made in Turkey.

The picture on the investment part of economic relations is also bright. In fact, the UK is also one of the largest investors in Turkey in terms of foreign direct investments, and UK companies are active in Turkey across a wide range of sectors. There are more than 2,900 UK companies operating in Turkey. The UK's direct investments in Turkey amount to 8.4 billion dollars. Vodafone, Rolls Royce, BP, HSBC, Diageo, Sab Miller, British American Tobacco and GKN are among the top UK investors in Turkey.

The UK vote to "Brexit", which Turkey fully respects, requires a readjustment in the bilateral economic and commercial relations. That is why it was agreed during the visit of H.E. Mr. Nihat Zeybekci, Turkish Minister of Economy, to London on 8-9 September 2016, to begin exploratory talks between the two countries to shape the economic relations in the aftermath of Brexit.

"Turkey-UK Tatlıdil Forum" continues to make a valuable contribution to the bilateral relations. This forum, in essence, is a social forum aiming at bringing together people from different walks of life based on a disciplined understanding. Businessmen, politicians, scholars, representatives from media can discuss and exchange views over various unfolding developments over two days. The last meeting of the forum was held in Bath from 11 to 13 March 2016.[1]

UK Passport and Visa procedures

Procedure to Renew Passport In UK.

If your passport's expired, you must renew it before you can travel. You can renew your passport at any time. When you renew your passport, time left on your existing passport is added to your new one, up to a maximum of 9 months.

UK Passport Renewal Requirements

- You are 16 years of age or older
- Your current Red UK Passport
- 2 Passport Photos.45 millimetres high by 35 millimetres wide as per the requirements
- Authorization letter that allows you to nominate someone to lodge your documents at Her Majesty's Passport Office and collects your new passport on your behalf.
- Completed Application Form

Steps To Renew UK Passport Online

- Go to https://www.gov.uk/renew-adult-passport/renew
- You need to upload a digital passport photo
- Once applied through the above link, make the payment online where a standard passport costs £75.50.
- You need to send your old passport
- Pay the postage fee to return your old passport.

*In the case of First Adult Passport, it is mandatory for the individual to visit Her Majesty's Passport Office at least once for identity verification.

Steps to Renew UK Passport using Paper Application Form

You can get a paper application form by either going to a Post Office that has a Check and Send service or by calling the Passport Adviceline. Use the Check and Send service if you're using a paper form.

Passport Check and Send service

Some Post Offices can check your passport application form – called 'Check and Send'. It's less likely that your application will be rejected if you use Check and Send. You can only use Check and Send if you've filled in a paper form from the Post Office.

- Submit completed paper application form along with photos and supporting documents to the Post Office.
- Pay visa fees using cash, credit or debit card and postal order (payable to 'Post Office Limited')
- The Post Office Check and Send service checks the paper form, supporting documents, photos and collects the right fee.
- Application is then sent to Her Majesty's Passport Office by Special Delivery.

Cost of renewing UK passport

The cost of British passport renewal is £128 for a 32-page and £137 for a 48-page passport.

Time Taken

Renewing a passport takes 3 weeks. It can take longer if more information is needed or your application hasn't been filled out correctly.[2]

[1] T.C. Dışişleri Bakanlığı Turkish Embassy In London. 2021. T.C. Dışişleri Bakanlığı Turkish Embassy In London. http://london.emb.mfa.gov.tr/Mission/ShowInfoNote/326596.

[2] Embassy n Visa. 2021. How to renew British (UK) passport? Procedures and the required documents - Embassy n Visa. https://embassynvisa.com/how-to-renew-british-uk-passport-procedures-and-the-required-documents/.

UK public holidays and working hours Entitlement

Almost all workers are legally entitled to 5.6 weeks' paid holiday a year, this is known as statutory leave entitlement or annual leave.

This includes:

- agency workers
- workers with irregular hours
- workers on zero-hours contracts

An employer can include bank holidays as part of statutory annual leave.

Coronavirus (COVID-19) does not affect workers' entitlement to holiday pay and leave, except for carrying over leave.

Statutory annual leave entitlement

Most workers who work a 5-day week must receive at least 28 days paid annual leave a year. This is the equivalent of 5.6 weeks of holiday.

Working part-time

Part-time workers are entitled to at least 5.6 weeks' paid holiday, but this will amount to fewer than 28 days.

For example, if they work 3 days a week, they must get at least 16.8 days' leave a year (3 × 5.6).

Irregular hours

People working irregular hours (like shift workers or term-time workers) are entitled to paid time off for every hour they work.
They might find it helpful to get an estimate of holiday entitlement by calculating leave based on days or hours worked in an average week.

Limits on statutory leave

Statutory paid holiday entitlement is limited to 28 days. For example, staff working 6 days a week are only entitled to 28 days' paid holiday.

Bank holidays

Bank or public holidays do not have to be given as paid leave.

An employer can choose to include bank holidays as part of a worker's statutory annual leave.

Extra leave

An employer can choose to offer more leave than the legal minimum. They do not have to apply all the rules that apply to statutory leave to the extra leave. For example, a worker might need to be employed for a certain amount of time before they become entitled to it.

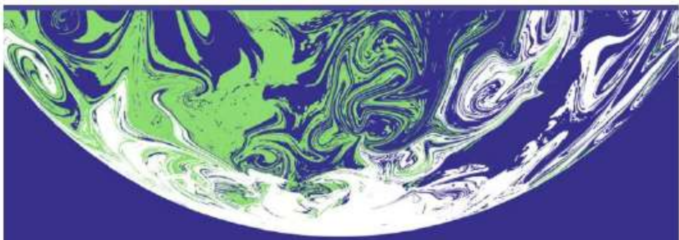
Other aspects of holiday entitlement

Workers have the right to:

- get paid for leave
- build up ('accrue') holiday entitlement during maternity, paternity, and adoption leave
- build up holiday entitlement while off work sick
- request holiday at the same time as sick leave

Disputes

Paid annual leave is a legal right that an employer must provide. If a worker thinks their right to leave and pay are not being met there are a number of ways to resolve the dispute.[1]



UK Climate

The provisional UK mean temperature for 2020 was 9.6°C, which is 0.8°C above average. Much of the winter and spring were relatively warm, and July was the only month with temperatures generally below average. There were several short hot spells during the summer, and 31st July was the third warmest day on record for the UK with a temperature of 37.8 °Cat Heathrow. On six consecutive days in August 34 °C was exceeded somewhere in southern England, and temperatures exceeded 30 °C somewhere in the UK on 13 days during the summer, including one final hot day on 15th September.

There were several nights on which minimum temperatures of 20 °C or above were recorded somewhere. Fewer frosts were experienced than usual, and the lowest temperature of the year, -10.2 °C, was recorded on 30th December. It was a rather wet year, with the wettest February on record, all summer months being wetter than average, and October and December also notably wetter than average.

The provisional UK rainfall total for 2020 was 1308mm, which is 114% of the 1981-2010 average. Western areas were generally wettest relative to average, especially western Scotland, and north-west England. However, some eastern coastal fringes were slightly drier than average for the year. A record sunny spring was a major contributor towards it being a sunnier year than average. The provisional annual UK sunshine total was 1495 hours, which is 109% of average. England fared best relative to average, with all areas boosted by the sunny spring –only three summers have actually been sunnier than this spring was.[2]

For businessmen and businesswomen visiting the UK it is important to wear appropriate clothes as the UK is characterised by unsettled weather. Generally, the UK climate is cool and cloudy, depending on the time of year there can also be frequent periods of rain. Standard business wear tends to consist of a suit or shirt and trousers for men. For women standard business wear can include a variety such as trousers and a well fitted blouse or shirt, a suit or skirts and tights. The dress code in workplaces is becoming increasingly flexible and is subject to the specific employer. Typically, there are three main levels of dress code imposed in the workplace which are: formal, professional, and casual. However, it should be noted that when attending an interview, it is typically best for candidates to follow a professional dress code irrespective of the employer.

European Green Deal and how will it effect the UK economy?

In December 2019, the EU launched the European Green Deal, a comprehensive policy package which aims to make the continent carbon-neutral by 2050. It contains a wide range of legal and policy measures including support for restoring ecosystems and biodiversity, low-carbon mobility, and sustainable food systems and healthy diets.

Even though the UK has now left the EU, and the UK government has made clear that there will be no regulatory alignment and no rule-taking from the EU, this will affect Britain's markets, trade negotiations and stance in global climate action.

The UK has essentially three choices in how to react. First, non-alignment, with low ambition for domestic climate and environmental policies and product standards; second, so-called dynamic alignment, which means non-regression on existing environmental regulations, with domestic UK policies mirroring those of the EU in the future; third, non-alignment but higher ambition, with a domestic policy agenda to emerge as global leader on climate and green industrial development.

What would be the consequences of each of these three options?

Non-alignment

There is concern that the UK might be going down this route, swapping an established set of stringent EU environmental protections for a new set of deliberately loose regulations. For instance, standards on air pollution have been watered down in the new UK Environment Bill.

As part of the European Green Deal, a carbon border adjustment tax to prevent 'carbon leakage' – companies relocating to countries with laxer climate policy outside the EU to avoid higher costs, with the result of increasing overall emissions – was also announced. The EU has already threatened to potentially apply this mechanism against the UK as part of its policy to ensure a 'level playing field' in trade between the two.

Non-alignment on European carbon taxation and border adjustment would help to facilitate a quick trade deal with the US but it would clearly make it more difficult for UK businesses to sell into the EU market.

Furthermore, the UK's and the EU's climate security concerns and interests continue to be closely tied together. Ignoring European climate policy developments might jeopardize the UK's long-term climate security.

Dynamic alignment and mirroring future standards

This would be beneficial to the future industrial competitiveness of the UK's manufacturing sector.

The European Green Deal is more than a set of ambitious environmental policies. It also includes comprehensive plans for industrial policies, digitalization, financing mechanisms and investment programmes.

The European Green Deal also aims to boost trade in secondary raw materials with regional initiatives aimed at 'harmonizing national end-of-waste and by-product criteria'. Those could be a first step towards EU-wide criteria.

Furthermore, the European Strategy for Data European Strategy for Data will facilitate the development of a 'single market for data' and develop electronic product passports which can improve the availability of information of products sold in the EU to tackle false green claims.

The UK would benefit from mirroring these industrial policies domestically to achieve equivalence of standards. This could facilitate a closer partnership and would potentially also offer chances to UK businesses in the green technology sector to benefit not only in terms of EU market access, but also from the European Green Deal investment plan €1 trillion opportunity.

Higher ambition: aiming for global leadership

This gives the UK the unique opportunity to become a frontrunner. There are many challenges to implementing the European Green Deal, such as member states with little interest in green issues, which the UK can avoid.

The new UK Environment Bill is the first example of a policy departure from EU regulations. While there are some elements that point to a loosening of standard, in statements accompanying the bill, the Department for Environment, Food and Rural Affairs has insisted that the UK will not be bound by future EU green rules and even 'go beyond the EU's level of ambition' on the environment.

For example, the bill introduces new charges for single-use plastic items to minimize their use and incentivize reusable alternatives. Plus, the UK aims to exceed the EU's level of ambition to create global action by introducing powers to stop the exports of plastic waste to developing countries. [3]

Taking a global leadership role on climate would also benefit the UK's climate diplomacy to make this year's Climate Change Conference of the Parties (COP 26) jointly hosted with Italy in Glasgow a success. The European Green Deal agenda sets a new benchmark for climate action and shows global leadership. If the UK also wants to be seen as leading the climate and sustainability agenda, it can scarcely afford to be seen as falling behind.

[1] GOV.UK. 2021. Holiday entitlement - GOV.UK . www.gov.uk/holiday-entitlement-rights.

[2] www.metoffice.gov.uk. 2021. www.metoffice.gov.uk/binaries/content/assets/metofficegovuk/pdf/weather/learn-about/uk-past-events/summaries/uk_monthly_climate_summary_annual_2020.pdf.

[3] What the European Green Deal Means for the UK www.chathamhouse.org/2020/02/what-european-green-deal-means-uk

UK Exhibitions - by Sector

Trade shows

Exhibition name	Cycle	Venue	Date and duration
Newark International Antiques and Collectors Fair - International Antiques & Collectors Fair. Newark International Antiques and Collectors Fair is the largest event of its kind in Europe. On an enormous 84-acre site, up to 2,500 stands attract thousands of dealers and buyers from around the globe.	6 times a year	Newark-on-Trent Newark & Notts Showground	12/03/2020 2 days
Airtech UK - The UK's only dedicated event for the compressed and pneumatics market	every 2 years	Birmingham National Exhibition Centre	01/02/2021 26 days
Drives & Controls Automation, Power Transmission & Motion Engineering Event	every 2 years	Birmingham National Exhibition Centre	01/25/2021 3 days
Fluid Power & Systems Exhibition for Hydraulics & Pneumatics Industries	every 2 years	Birmingham National Exhibition Centre	01/25/2021 3 days
MACH International Exhibition of Machine Tools & Manufacturing Technology	every 2 years	Birmingham National Exhibition Centre	01/25/2021 4 days
Plant & Asset Management Plant & Asset management Trade Show	every 2 years	Birmingham National Exhibition Centre	01/25/2021 3 days
Learning Technologies - Learning Technologies is Europe's leading showcase of organisational learning and the technology used to support learning at work	unknown	London ExCeL	02/10/2021 2 days
Future Build Designing and Building a Sustainable Future. Eco build is the world's biggest event for sustainable design, construction & the build environment & the UK's largest construction event of any kind. For build, refurbishment, residential & commercial projects	once a year	London ExCeL	03/02/2021 3 days

International CONFEX UK's leading exhibition for the meetings and events industry. International Confex's role is to provide the meeting place for the events world and to connect event professionals with the best venues, destinations, finishing touches, technology, etc	once a year	London ExCeL	03/02/2021 2 days
Sign & Digital UK - UK's Premier Visual Communications Event. Where the print industry meets. Sign & Digital UK showcases innovative products, technologies & services, attracts world's top manufacturers & suppliers from across the sign, display & graphics industry	once a year	Birmingham National Exhibition Centre	03/02/2021 3 days
EXPOWEST Cornwall Show Expo dedicated to catering and hospitality. Expo west Cornwall is a major business to business exhibition where regional and national catering, hospitality and food & drink suppliers and manufacturers showcase their ranges and new products	once a year	Wadebridge Royal Cornwall Showground	03/03/2021 2 days
Packaging Innovations Birmingham Packaging Innovation Expo. Packaging Innovations London is the opportunity to source a wide range of services & solutions including: marketing, design, branding & materials, a very useful insight for brand building and drawing inspiration from packaging	once a year	Birmingham National Exhibition Centre	03/03/2021 2 days
A Place In The Sun Live – Manchester Overseas Real-estate exhibition. A Place in the Sun Live is Europe's leading overseas property exhibition and the official exhibition of the hit TV show	once a year	Manchester The Principal Manchester	03/05/2021 3 days
The London Bike Show Bike Fair. At the London Bike Show, on top of seeing the latest bikes, clothing and accessories for both adults and children, enjoy the Bike Radar Training Hub, Test Track, The Cool Wall, DMR Pump Track and the Cycling performance Theatre	once a year	London ExCeL	03/05/2021 3 days
Triathlon Show London The Triathlon Plus Show will provide you with everything you need from the worlds of swimming, cycling and running to help prepare you for your next triathlon	once a year	London ExCeL	03/05/2021 3 days
Ardingly International Antiques & Collectors Fair International Antiques & Collectors Fair	unknown	Ardingly South of England Centre	03/07/2021 1 day

Digital Signage & Interactive Solutions SUMMIT Digital Signage & Interactive Solutions Summit. Digital advertising as a solution for reaching wider audiences, faster and more effectively	once a year	London Hilton London Canary Wharf	03/08/2021 1 day
SMMEX (Sports Merchandise and Marketing Exhibition) Sports Merchandise and Marketing Exhibition. SMMEX gives buyers and specifiers from sporting clubs and associations across Europe, the chance to meet up with premier suppliers of unique products and services	once a year	London Wembley Stadium	03/08/2021 1 day
Dementia, Care & Nursing Home EXPO The UK's most dynamic social care event dedicated to inspiring business growth & a sustainable social care model	once a year	Birmingham National Exhibition Centre	03/09/2021 2 days
European Neuro Convention Europe's only Trade Event for Brain and Spine Experts	once a year	Birmingham National Exhibition Centre	03/09/2021 2 days
European Oncology Convention - Convention for clinicians and researchers working in the oncology profession	once a year	Birmingham National Exhibition Centre	03/09/2021 2 days
London Book Fair. The London Book Fair encompasses the publishing industry & is the global marketplace & leading business-2-business exhibition for rights negotiation, the sales and distribution of content across print, audio, TV, film & digital channel	once a year	London Olympia Exhibition Centre	03/09/2021 3 days
Medical Imaging Convention UK's dedicated trade show for medical imaging professionals and senior management teams	once a year	Birmingham National Exhibition Centre	03/09/2021 2 days
NAIDEX Equipment and Services for Disabled and	once a	Birmingham	03/09/2021
Elderly People. The Naidex CPD Conference delivers an outstanding knowledge building and career enhancing programme free of charge especially presented for healthcare professionals	year	National Exhibition Centre	2 days

Casual Dining Show Food & Beverage Expo. The Casual Dining show gives casual dining operators the opportunity to meet over 150 food, drink, equipment and table-top suppliers, network with the industry and learn from leading industry figures with 2 theatres of free education	once a year	London ExCeL	03/10/2021 2 days
SCOTHOT - Scotland's premier event for the Scottish Foodservice and Hospitality Industry. ScotHot is a fantastic opportunity to meet and do business with the largest gathering of hospitality and tourism buyers in Scotland	every 2 years	Glasgow Scottish Exhibition and Conference Centre	03/10/2021 2 days postponed!
Vertical Flight Expo & Conference - The leading European rotorcraft exhibition and conference event. The event is a showcase for new developments and technologies	once a year	London ExCeL	03/10/2021 2 days
MOVE ITMOVE IT is the UK's leading annual dance event, taking place over three days at Excel London	once a year	London ExCeL	03/12/2021 3 days
MIPIM UK International Property Tradeshow	once a year	London Old Billingsgate	03/16/2021 4 days
The Cleaning Show - the UK's largest trade event focused on Cleaning & Hygiene	every 2 years	London ExCeL	03/16/2021 3 days
Country House Business Innovation - The Event for Estate & Country House owners to transform their Business. - Top industry experts give advice and recount case studies to share their knowledge and expertise - Share ideas with likeminded individuals and gain advice from their experiences	once a year	Birmingham National Exhibition Centre	03/18/2021 2 days
Family Attraction EXPO The event to grow and expand your Family & Leisure Attraction Park	once a year	Birmingham National Exhibition Centre	03/18/2021 2 days
Farm Business Innovation Inspiration, Advice & Resource to make your land more profitable. Key	once a year	Birmingham National	03/18/2021 2 days
individuals and experts in their fields will share their knowledge, stories and advice		Exhibition Centre	
Holiday Park & Resort Innovation The Event to Grow, Evolve or Expand your Holiday Business	once a year	Birmingham National Exhibition Centre	03/18/2021 2 days

Leisure F&B EXPO Food and Beverage Marketplace for Holiday Parks and Visitor Attractions	once a year	Birmingham National Exhibition Centre	03/18/2021 2 days
London Bridal Fashion Week Trade Bridal Show. The London Bridal Fashion Week will introduce retailers to the latest collections from some of the biggest names in the bridal business	once a year	London ExCeL	03/21/2021 3 days
Careers in Hospitality - This show helps recruiters attract and retain the right staff	every 2 years	London ExCeL	03/22/2021 3 days
HOTELYMPIA International Foodservice and Hospitality Exhibition. Hotelympia brings together the broadest range of future trends, fresh talent, and new ideas to help the UK foodservice & hospitality industry push the boundaries in quality, innovation & sustainability	every 2 years	London ExCeL	03/22/2021 3 days
PRO2PAC Food and Drink Processing & Packaging Exhibition. Discover innovative & exceptional packaging, sustainable materials, new manufacturing equipment & 1st-class packaging services. Pro2Pac will help innovate, increase profits & keep up with consumer demand	every 2 years	London ExCeL	03/22/2021 3 days
Total Security SUMMIT The Total Security Summit is specifically organised for senior professionals who are directly responsible for the safety and security of their facility, and those who provide the latest and greatest products and services within the sector	twice a year	Manchester Hilton Manchester Deansgate	03/22/2021 2 days
MARKETING WEEK LIVEUK's largest marketing event. Marketing Week Live is the platform for marketers to learn from the best our industry has to offer. Discover leading suppliers, the latest knowledge, techniques, and solutions to become a smarter marketer	once a year	London Tobacco Dock	03/23/2021 3 days
BRITISH TOURISM & TRAVEL SHOW Exhibition for the domestic tourism industry in the UK	once a year	Birmingham National Exhibition Centre	03/24/2021 2 days
Cloud EXPO Europe – London Event dedicated to Data centres, cloud computing, security, blockchain, big data & AI and the Internet of Things	unknown	London ExCeL	03/24/2021 2 days

National Homebuilding and Renovating Show UK's biggest, dedicated self-build & renovation event. National Homebuilding & Renovating Show is packed with free expert advice, inspirational ideas & cutting edge and essential products - all to help you make the most of your home, budget & plans	once a year	Birmingham National Exhibition Centre	03/25/2021 4 days
Ideal Home Show International Home Show. Ideal Home Show has 7 dedicated show areas for all needs and tastes. Everything from ideal Interiors, to ideal Home Improvements, with ideal Gardens, ideal Gadgets, ideal Food & Housewares, ideal Shopping & ideal Woman	once a year	London Olympia Exhibition Centre	03/26/2021 17 days
ELEOTECHNIA Mediterranean Exhibition of Olive & Olive Oil. Eleotechnia is expected to be visited by the parties concerned, businessmen, and buyers from all over Greece and abroad	every 2 years	London Hilton London Kensington Hotel	April 2021 postponed!
Farm Shop & DELI Show Local and Regional food and drink products, ingredients, packaging innovations and services Exhibition	once a year	Birmingham National Exhibition Centre	04/12/2021 3 days
FOOD & DRINK EXPO Food & Drink Trade Fair	every 2 years	Birmingham National Exhibition Centre	04/12/2021 3 days
FOODEX Birmingham International Exhibition for the Food and Drink Processing, Packaging, Food Ingredients and Logistics Industries. FOODEX BIRMINGHAM mainly focuses on eight key sectors such as Bakery, Beverage, Dairy, Fresh, Ingredients, Logistics, Meat and Seafood	every 2 years	Birmingham National Exhibition Centre	04/12/2021 3 days
NATIONAL CONVENIENCE SHOW BIRMINGHAM – NCS Convenience Market Industry Expo. National Convenience Show showcases products & services for convenience stores, forecourts, independent retailers, symbol groups, CTN's, off licences, wholesalers, cash and carries, sandwich shops and cafes	once a year	Birmingham National Exhibition Centre	04/12/2021 3 days[i43]

[1] Trade Shows Worldwide - UK - United Kingdom - 2021/2022. 2021. Trade Shows Worldwide - UK - United Kingdom - 2021/2022 www.eventseye.com/fairs/c1_trade-shows_uk-united-kingdom.html.

GERMANY

COUNTRY REPORT

Table of Contents

Tables

Table 1:
The table below contains general information of the Federal State of Germany.

Table 2:
It contains general information about the states of Germany.

Table 3:
The basic economic indicators of the Federal Republic of Germany.

Table 4:
Below is Foreign Trade data of Germany between 2011-2020.

Table 5:
The rates of countries where Germany imports intensely are listed.

Table 6:
The list of countries where Germany imports the most between 2013-2020 is provided

Table 7:
Main Product Groups in Export of Germany Customs Tariff Statistics Position Data and Figures

Table 8:
Main Product Groups in Import of Germany Customs Tariff Statistics Position Data and Figures

Table 9: Top 10 Products that Germany Imports the Most from the World (6-Customs Tariff Statistics Position code)

Table 10:
Table 9 lists the descriptions of the 6-point Customs Tariff Statistics Position coded products.

Table 11:
The Sector with the Most Imports by German States (2019-2020)

Table 12:
Foreign trade data between Germany and Turkey (Turkey's imports)

Tables

Table 1:
The table below contains general information of the Federal State of Germany.

Table 2:
It contains general information about the states of Germany.

Table 3:
The basic economic indicators of the Federal Republic of Germany.

Table 4:
Below is Foreign Trade data of Germany between 2011-2020.

Table 5:
The rates of countries where Germany imports intensely are listed.

Table 6:
The list of countries where Germany imports the most between 2013-2020 is provided

Table 7:
Main Product Groups in Export of Germany Customs Tariff Statistics Position Data and Figures

Table 8:
Main Product Groups in Import of Germany Customs Tariff Statistics Position Data and Figures

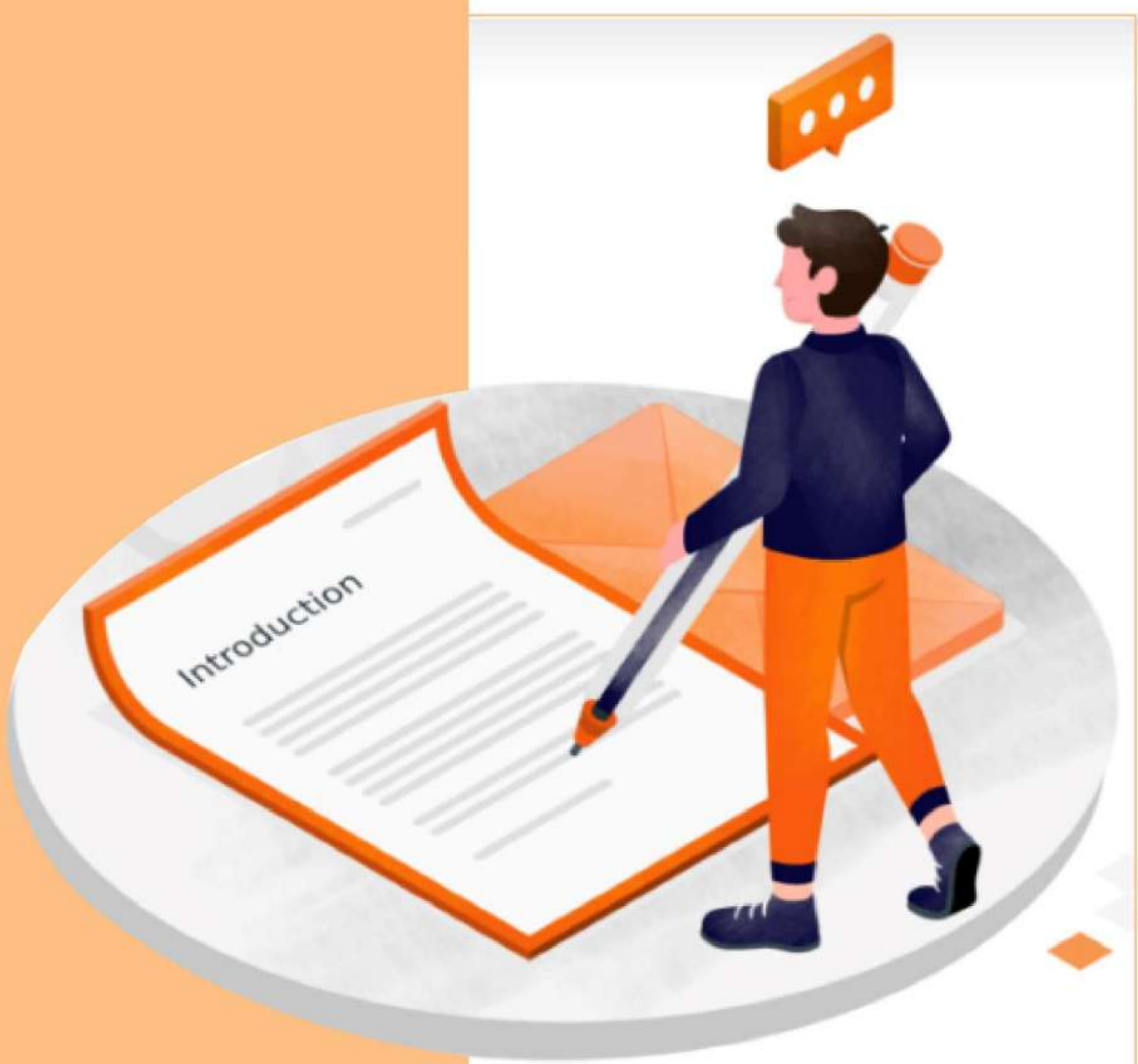
Table 9: Top 10 Products that Germany Imports the Most from the World (6-Customs Tariff Statistics Position code)

Table 10:
Table 9 lists the descriptions of the 6-point Customs Tariff Statistics Position coded products.

Table 11:
The Sector with the Most Imports by German States (2019-2020)

Table 12:
Foreign trade data between Germany and Turkey (Turkey's imports)

Charts



Introduction

The Federal State of Germany is one of the countries of the European continent and has a long history. It is the country with the greatest economic power of the European Union (EU) of 27 countries with the separation of England after the Brexit process, based on the European Coal and Steel Community signed on 18 April 1951 and the European Economic Community (EEC) signed on 25 March 1957.

The cooperation of the member states, which started as the Common Market, resulted in the Single Market on 1 January 1993. The Single Market of the European Union is a common area among 27 EU countries without technical, legal and bureaucratic regulatory obstacles to the free movement of goods, services, capital and people, and it also ensures the freedom of European citizens to live, work, train and do business wherever they want in the EU. With the withdrawal of the United Kingdom from the European Union on 31 January 2020, more and more countries decided to join the EU, which was founded with six member states. Not only an economic union, but the only market that does not have borders for trade, 22 members are called the Schengen area and 19 countries are called the Eurozone.

According to the decision taken at the Association Council meeting held on 5 March 1995, it was decided to establish a Customs Union between Turkey and the EU and thus the Customs Union entered into force on 1 January 1996. After this date, the 22-year Transition Period stipulated in the Additional Protocol between Turkey and the EU has ended, thus entering the "Final Period", which will lead to the eventual accession of Turkey to the EU.

At the Brussels Summit held on 17 December 2004 in Turkey-EU relations, a milestone was reached and as a result of Turkey meeting the political criteria sufficiently, it was decided to start negotiations on October 3, 2005.

65% of the EU realized both in 2019 and 2020 among the member states of the union. This is an indication of how big a market the EU has emerged. Germany, which has signed a total of 44 Free Trade Agreements (Regional Trade Agreement) with the EU, will sign an FTA with 11 countries. Germany also participated in the new structure formed as a result of the enlargement of the EU 8 times. Turkey is entitled to make an FTA proposal to these countries where the EU makes FTA. It is clear that trade will expand as a result of the FTA to be made with these countries if both parties agree. Germany, which has a population exceeding approximately 83 million euros in 2020, has a GDP of 3.86 trillion dollars and exports 1.6 trillion dollars with 1.35 trillion dollars of imports, is an important target market for world exporters.

Major International Organizations of which it is a member: European Union (EU), World Trade Center (WTO), United Nations (UN), Council of Europe, North Atlantic Treaty Organization (NATO), International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD)

Table 1: The table below contains general information of the Federal State of Germany.

Name of Country	Federal Republic of Germany
Administration Regime	Federal Structure with State System
Capital City	Berlin
Head of State	Frank-Walter Steinmeier
Plate Code	D
Telephone Code	+49
Number of States	16
Inflation Rate	3.8% (2020)

Source: Republic of Turkey Ministry of Foreign Affairs, German Chamber of Commerce (IHK), German-Turkish Chamber of Commerce (AHK)

1.General Information

a. Country Overview

Germany, whose capital is Berlin, consists of 16 states: Baden-Württemberg, Bavaria (Bayern), Berlin, Brandenburg, Bremen, Hamburg, Hessen, Mecklenburg-Vorpommern, Lower Saxony (Niedersachsen), North Rhine-Westphalia (Nordrhein-Westfalen), Renanya-Palatina (Rheinland-Pfalz), Saarland, Saxony (Sachsen-Anhalt), Saxony-Anhalt (Sachsen-Anhalt), Schleswig-Holstein and Thüringiya (Thüringen).

The most important ports of Germany are Brake, Bremen, Bremerhaven, Cuxhaven, Emden, Hamburg, Leer, Nordenham, Oldenburg, Papenburg, Wilhelmshaven.

Germany's most important airports are Berlin, Düsseldorf, Frankfurt, Hamburg, Hannover, Stuttgart, Bremen, Cologne, Munich, Nuremberg and Hannover. THY operates direct flights to the airports of Bremen, Düsseldorf, Frankfurt, Friedrichshafen, Hamburg, Hannover, Karlsruhe/BadenBaden, Cologne, Leipzig/Halle, Munich, Nuremberg and Stuttgart in Germany.

Table 2: It contains general information about the states of Germany.

	States	Capital City	Population	Surface area (Km2)	Unemployment Rate (%)
1	Baden-Württemberg	Stuttgart	11.1 million	35.751 km²	4.2%
2	Bayern	München	13.1 million	70.552 km²	3.7%
3	Berlin	Berlin	3.7 million	892 km²	10.2%
4	Brandenburg	Potsdam	2.5 million	29.486 km²	6.1%
5	Bremen	Bremen	0.7 million	419 km²	11.6%
6	Hamburg	Hamburg	1.8 million	755 km²	7.9%
7	Hessen	Wiesbaden	6.3 million	21.115 km²	5.6%
8	Mecklenburg-Vorpommern	Schwerin	1.6 million	23.180 km²	7.5%
9	Lower Saxony	Hannover	8.2 million	47.635 km²	5.8%
10	North Rhine-Westphalia	Düsseldorf	17.9 million	34.098 km²	7.7%
11	Rheinland-Pfalz	Mainz	4.1 million	19.853 km²	5.2%
12	Saarland	Saarbrücken	1 million	2.570 km²	7.2%
13	Saxony	Dresden	4.1 million	18.416 km²	6.1%
14	Saxony-Anhalt	Magdeburg	2.2 million	20.446 km²	7.5%
15	Schleswig-Holstein	Kiel	2.9 million	15.799 km²	5.8%
16	Thüringen	Erfurt	2.1 million	16.173 km²	5.9%

Source: Wikipedia, German Chamber of Commerce (IHK), German-Turkish Chamber of Commerce (AHK)

Table 3: The basic economic indicators of the Federal Republic of Germany.

Germany	2019	2020	Change (%)
GDP (€Billion)	3.449.1	3.332.2	-3.39
GDP Growth (Fixed Prices - %)	0.6	-5,0	----
GDP Per Capita (Current Prices - €)	41,508	40,072	-3,45
Consumer Price Inflation (avg, %)	1.4	0,5	----
Manpower (Million)	45.3	44,8	-1,1
Unemployment Rate (%)	4.9	6,5	---
Current Transactions Balance (billion €)	244.8	236,2	-3,51
Export (€Billion)	1,328.1	1.205.0	-9,27
Imports (€Billion)	1,104.1	1025.6	-7,12

Source: Ministry of Trade of the Republic of Turkey, OECD, Trademap

b. Geographical Location

Germany is one of the largest countries in Europe, with a surface area of 357 thousand km^2 and a population of nearly 83 million. Germany is geographically located in Central Europe, between the North Sea and the Alps. Its neighbouring countries are Austria, the Czech Republic, the Netherlands, France, Poland, Switzerland, Belgium, Luxembourg and Denmark.

The northern region of the country consists of plains, old mountains in the central and south-western region, the Alps, hills and the Bavarian Alps in the south. It has a border with nine neighbouring countries. Denmark, the Netherlands, Belgium, Luxembourg and France to the north and west respectively. Switzerland and Austria are neighbours in the South, while the Czech Republic and Poland are neighbours in the East. The length of the airline from North to South is 876 km. Its length from West to East is 640 km. It is the most populous country in Europe after the Russian Federation.

c. Political and Administrative Structure

Germany is a Federal State of 16 states. The administration consists of two separate assemblies. The Bundestag is elected by general elections for four years according to the population of electoral districts. The Bundesrat, on the other hand, is a senate and consists of two representatives of each state, regardless of the number of population. Legislative power rests with the Federal Assembly. However, besides the area left to the Federal Assembly by the Constitution, the State Councils also have legislative power. States may make legal arrangements if the Federal Assembly does not exercise this authority in an area falling under the legislative authority of the Federal Assembly. The Federal President is elected by the General Assembly of the Federal Assembly for a term of office of five years from among the Germans who are over the age of forty and who are eligible to be deputies. The Presidents may be elected once again. The President represents the country and appoints federal judges and officers, unless otherwise provided by law. The President has the right to apply to the constitutional court for the annulment of the laws, claiming that they are contrary to private amnesty and the constitution. Executive power rests with the Federal Government. The President of the Government is elected by the Federal Assembly on the proposal of the President. The members of the government are appointed or dismissed by the President on the proposal of the Prime Minister.

d.Population and Employment

According to the data of 2020, 18.6 million (~) of the population exceeding 83 million in Germany consists of immigrant citizens and foreigners. 49% of the population is male and 51% is female. The average life expectancy is 76 for men and 82 for women. 8.8% of the population is composed of foreigners. Other EU member countries make up approximately 40% of the foreign population. The main nations in the foreign population are Turkish, Italian, Polish, Greek, Croatian, Austrian and Bosnia-Herzegovina.

e. Natural Resources and Environment

Germany has large meadows and forests, fertile plains. Agricultural land is approximately 17 million hectares and the country's forested land is 11 million hectares. 12.1 million hectares of agricultural land is composed of arable land and 4.7 million hectares of permanent crops are composed of permanent grassland and pasture.

Elbe, which comes from the two major rivers of the country, the Rhine River flowing from the south to the north and the Czech Republic and reaches the sea near the Port of Hamburg, is of great importance as traditional waterways for both Germany and other European countries.

In addition, a canal was built connecting the Rhine River with the Danube River, which was born in Germany via one of its tributaries, the Main River and flows into the Black Sea via Austria.

Germany's food self-efficacy rate is at the level of 70%. Germany's resources are limited in terms of both oil and mineral ore and are largely foreign-dependent in this respect. Significant lignite reserves are located in the Rhine region, southern Brandenburg, Saxony, Saxony-Anhalt and eastern Lower Saxony. Economically extractable reserves are estimated to be 40.5 billion tons. Significant coal reserves are located in Ruhr region (North Rhine-Westphalia) and Saarland. The reserve size is 2.5 billion tons. However, it is thought that the operation of these reserves is not economical. A significant amount of uranium was also extracted in Germany (Saxony and Thuringia) until the 1990s. However, enriched uranium required to operate nuclear power plants is imported. Germany ranks in the first place among the EU countries in the field of renewable energies. It is stated that Turkey is the first major renewable energy economy among the developed economies of the world.

f. Economical Structure

The Federal Republic of Germany is the world's most developed industrial country after the United States ,China and Japan. With a population of more than 83 million, Turkey is also the largest and most important market of the European Union. The manufacturing industry and related service sectors constitute the heart of the German economy. While the most important manufacturing sectors are industrial machinery, automotive and chemical industry, the telecommunications sector has become one of the leading fields of activity in recent years. As in other industrialized countries, the importance of the services sector has increased steadily in Germany.

2. SWOT Data

a. Analysis

Below is the simplified data of the Federal State of Germany. These data show the commercial advantages of the country as well as its disadvantages.

Strengths

- Enhanced economy
- High Technology:
- Innovation
- Location
- Transport
- Transfer
- Discipline
- Training
- Established Constitution
- Low Corruption
- Low Interest
- Employment
- High Export
- Fair and Promotion

Weaknesses

- High Salary
- High Tax
- Higher Leases
- Migrant Policy
- Workforce Lack
- Strict Constitutional Rules

Opportunities

- Density of Turkish Population
- Presence of Turkish NonGovernmental Organizations
- Becoming the Greatest Market in Europe
- European Free Circulation Facilities
- Investment Location of the World

Threats

- Problems Arising from the European Union
- Industrial Moves of competitors

3. Foreign Trade Policy and Practices

a. Foreign Trade Policy

Current foreign trade practices in Federal Germany are based on both national and European Union law.

Regulations at the national level are subject to the Foreign Economic Activities Act - Außenwirtschaftsgesetz (AWG) and the Foreign Economic Activities Regulation Außenwirtschaftsverordnung (AWV). Despite the free movement of goods and global trade, certain goods are subject to restrictions on imports and exports. These special rules arising from both national and European law cause prohibitions and restrictions on imports and exports. These prohibitions and restrictions are basically carried out to protect the rights in the areas listed below.

- Public order preservation
- Environmental protection
- Protection of human health
- Protection of the animals,
- Protection of plants
- Protection of industrial property rights
- Protection of cultural heritage

However, certain goods are subject to restrictions for some countries.

Further information on the Foreign Trade Legislation at German and EU level can be found on the following web pages:

Trade - European Commission - Import And Export Rules

https://ec.europa.eu/trade/import-and-export-rules/

Federal Ministry of Economy and Energy –Foreign Trade Legislation
https://www.bmwi.de/Redaktion/DE/Artikel/Aussenwirtschaft/aussenwirtschaftsrecht.html

General Directorate of customs
https://www.zoll.de/DE/Fachthemen/Aussenwirtschaft-Bargeldverkehr/aussenwirtschaft-bargeldverkehr_node.html

GTAI-Germany Trade and Invest - Customs and Import Arrangements
https://www.gtai.de/gtai-en/invest/investment-guide/the-tax-system/customs-and-import-arrangements-65594

b.Import Regimen

Textile and steel products from some third countries are generally restricted by import quotas and require an import license. Further information on licenses is available on the Federal Economic and Export Audit (Bundesamt für Wirtschaft und Ausfuhrkontrolle - BAFA) website, which is responsible for the relevant procedures. For example, special import control arrangements are applied to products that may pose a risk to human health, public safety or environmental protection, such as health, weapons or endangered species of plants and animals. Regardless of any import regulations or licenses, importers must be familiar with the rules relating to the product, because the legal procedures and administrative procedures which guide the commercial transactions in Germany may differ from the laws of the country in which the importation is made.

Current changes and details can be found on the following websites. *http://www.zoll.de/EN/Businesses/Movement-ofgoods/Import/Restrictions/restrictions_node.html*

For the European Commission TARIC database:
https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?callbackuri=CBU-36&Lang=en

c. Customs Tariffs

Since the Federal Republic of Germany is a member of the European Union, it applies the Common Customs Tariff (CCT), which, like other member states, constitutes the most important instrument of the Common Trade Policy.

Customs duties in force in the European Union, via the Internet;
(http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en) or, (http://trade.ec.europa.eu /tradehelp/)

The connection in question allows searching on the basis of the goods description or customs tariff statistical position (Customs Tariff Statistics Position), and also shows them if there are other restrictions on the product in question. On the other hand, with the adoption of the Decision of the Association Council No. 1/95 and the entry into force of the Customs Union on January 1, 1996, customs duties were reset in the trade of industrial products between Turkey and the EU and Turkey started to apply Common Customs Tariff against third countries. The Turkey-EU Customs Union covers only industrial products and processed agricultural products, while traditional agricultural products are excluded from the scope. While customs duties are determined in processed agricultural products, the share of agriculture and the share of industry are separated and only the share of industry is subject to tax exemption. The VAT(MvsT) payer is German companies or importers providing goods or services. However, the tax is charged to the consumer at the final stage. The standard VAT (MvsT) rate in Germany is 19% (Covid Process 16%). However, this rate is applied as % (Covid Process 5%) in products such as basic food products, cultural publications such as books and newspapers, and some health products.

The amount of VAT(MvsT) must be specified separately in the invoices. Anti-dumping duties imposed against our country or other countries;
http://trade.ec.europa.eu/tdi/completed.cfm, In terms of SCT rates;
https://ec.europa.eu/taxation_customs/business/excise-duties-alcohol-tobacco-energy_en on the website.

d. Domestic Duties

In Germany, the tax types related to venture and investment activities are income tax, corporate tax, commercial business tax and value added tax-VAT(MvsT).

Income Tax (Einkommensteuer)

The German Income Tax Law has divided the income elements included in the tax into seven groups as agricultural and forestry income, commercial earnings, self-employment earnings, wages, capital income, leasing and other income (e.g. pensions, speculation profits, etc.). Income tax tariff has an increasingly proportional structure that takes into account the personal characteristics of the taxpayers. Tariff rates range from 0% to 45%. In the tax tariff, 0% rate is applied to income up to a certain amount and it is excluded from tax and the tax rate to be applied to the income of individuals varies according to their income level and marital status.

According to the legislation, the income of married couples is voluntarily combined and subject to tax by submitting a declaration. However, the spouses also have the right to request taxation separately. The incomes of children in need of care, who are in formal and vocational education (up to the age of 25) and who have not reached the age of 18 are taxed together with the income of the mother or father. Upon the unification of East and West Germany in 1990, a 5% Solidaritatzuschlag is deducted from the income obtained separately from the income tax, and church tax is paid if the income taxpayers are also members of the church.

Every person whose domicile or place of residence is in Germany is an income taxpayer in the broad sense. However, persons whose place of residence or residence is outside Germany have a limited (narrow) tax liability for the income they receive within Germany. Earnings from income tax are calculated as follows. The expenses related to these revenues are deducted from the revenues obtained (in cases specified in the tax law). Some different and special expenses are deducted from this amount (e.g. some insurances) and personal income tax must be paid from the remaining amount. Especially expenses may vary in Turkish and German tax systems. It may be necessary to pay attention to many details in Germany, especially for the recognition of expenses. Payments that are not expenses in Turkey can be deducted as expenses in the personal income tax return in Germany. In Germany, monthly withholdings are paid by calculating wages on a yearly basis. Therefore, real persons are obliged to submit an annual income tax return if they have other income other than wages. For a citizen who does not earn anything other than wages, it is not compulsory to file an income tax return, but it may be advantageous to deduct some expenses.

In accordance with the "Double Taxation Prevention Agreement" between Germany and Turkey, which was published in the Official Gazette dated 24 January 2012 and numbered 28183 and entered into force on 1 August 2012, if the taxpayer pays taxes in both countries, this tax may be deducted from the tax in the country of residence under certain conditions.

Corporate Tax (Körperschaftsteuer)

Corporate tax is collected from legal entities and covers 15% of the paid and distributed profit. Profit distributions to capital companies are not covered by corporate tax. In distributions made to real persons (persons and shareholders of private companies), only half of the profit distributed by applying half income method (Halbeinkünfteverfahren) is taxed in order to prevent double taxation. Because corporate tax accrued on this amount as previously distributed profit share.

Commercial and Industrial Enterprise Tax [Gewerbesteuer]

Every business operating in Germany is subject to business tax. Here, the taxpayer is the business owner, that is, the person who operates the company for his own account. This tax amount varies according to the financial strength of the business and the rate determined by each municipality. Accordingly, there is no fixed tax rate determined as business tax, instead, this tax amount to be paid varies according to the rate determined by each municipality according to the business profit. This rate, which varies from municipality to municipality, is between 13-20%.

Value Added Tax (Umsatzsteuer)

Value added tax is collected from the production of goods and services performed by an enterprise for a certain price within the framework of its activities. The entity may deduct the value added tax specified in the invoice from its own tax debt as a preliminary tax. The authority to allow this is the tax administration. The value added tax rate in Germany is 19%(Covid Process 16%). The discounted rate is 7%(Covid Process is 5%), applicable to goods and services used in foodstuffs, books and newspapers, hotels, science and arts.

e. Practices Related to Product Standards

In order for some industrial products to be exported to Germany (or any EU country) in accordance with the rules of the European Union, they must bear the CE Mark. It is not possible to export a product to EU member countries that does not carry this marking even though it is required to do so. CE means "Communauté Européenne" (European Community) and indicates that the goods of the party concerned have been successfully manufactured in accordance with European safety standards.

The manufacturer is responsible for placing the products on the market with CE marking. However, if the manufacturer or his authorised representative is not within the European Union, the importer must fulfil this responsibility. In other words, the importer has to guarantee that the products it imports comply with EU norms.

Each EU Member State has established "market surveillance" units to ensure that the CE marking is used correctly and that the CE marked products are truly safe for consumers.

Arbeitsmedizin:
https://www.baua.de/EN/Home/Home_node.html

On the other hand, although there is no legal obligation, an additional set of performance or quality signs given in Germany may be requested by German companies. Of these, GS (Gepruefte Sicherheit) sign for mechanical products and VDE (Verband Deutscher Elektrotechniker) sign for electrical products are particularly important. The use of these marks is compulsory only in certain cases and there is generally no legal obligation. Standards for the GS mark are compiled by the German Institute of Standards DIN (Deutscher Industrie Normenausschuss). The standards for the VDE marking can be obtained from VDE Verlag GmbH or the VDE Association.

Basic information related to product safety in Germany can be found in the Customs General Directorate – Product Safety section:

https://www.zoll.de/EN/Businesses/Movement-ofgoods/Import/Restrictions/Goods/Product-safety/product-safety_node.html

Information on EU product standards can be obtained from https://europa.eu/youreurope/business/productrequirements/index_en.html

f.Testing, Inspection and Documentation

Information on the standards, technical regulations and certification system in place in Germany and issued by the federal government, local governments or other organizations can be obtained from the German Technical Rules Information Centre established in collaboration with the German Standards Institute (DIN) and the Federal Government:

Deutsches Informationszentrum fuer technische Regeln (DITR)

E-mail: postmaster@din.de
Internet Page:
http://www.ditr.din.de

g. Conformity Assessment

The conformity assessment step is a mandatory step in ensuring compliance with EU legislation. The aim here is to ensure compliance with the necessary conditions at every stage of production and to facilitate the acceptance of the final product. EU product legislation gives manufacturers the right to choose a quantity at the conformity assessment stage according to the level of risk that may occur during the use of their products. These options can be self-certification, type examination and product quality control system, complete quality assurance. The list of conformity assessment bodies of EU member states appears on the EU Commission website.

EUROPA - European Commission - Growth - Regulatory policy - NANDO

There are also some non-mandatory evaluation programmes that facilitate the entry of the final product into the market. Information about them CEN (European Committee for Standardisation),

CENELEC-European Committee for Electrotechnical Standardisation
https://www.cencenelec.eu/Pages/default.aspx
Available at https://www.etsi.org/ from the ETSIAEuropean Telecommunications Standards Authority.

h. Packaging, Packing and Labelling

When packaging and labeling operations are carried out, demands such as consumer safety and environmental protection as well as legal requirements related to products must be taken into account. There are strict regulations on product labelling, as consumer protection and information are of paramount importance in the European Union and in Federal Republic of Germany. There is no general packaging, packaging and labelling legislation covering all products. There is a different arrangement for each product. These include food products, textiles, electrical and electronic equipment, chemical products, cosmetics and toys.

Such information may be obtained from:

EU Labels:
https://ec.europa.eu/info/business-economy-euro/product-safety-and-requirements/eu-labels_en

Product Labelling and Packaging:
https://eur-lex.europa.eu/summary/chapter/consumers/0905.html?root=0905

Labelling and Packaging Guidelines:
https://trade.ec.europa.eu/tradehelp/labelling-and-packaging#Labelling_guidelines

German Packaging Act VerpackG:
https://verpackungsgesetz-info.de/en/

Labelling in Food Products

It may be useful for our exporters who want to export food products to Germany to apply to a food laboratory in this country in terms of labelling and determining the compliance of the product with both German and EU regulations. The address of the German Federal Association of Food Chemists in order to contact the Food Laboratories is given below.

Bundesverband der
Lebensmittelkontrolleure Deutschlands
(BVLK)

E-mail
lebensmittelkontrolleure@t-online.de
Website
http://www.lebensmittelkontrolle.de

Green Dot System

It is a system that enables the recovery of packaging. It is not possible to import transport and consumer packages that do not carry a Green Spot sign to Germany. In order to use the Green Spot symbol in Germany, the manufacturer or importer must pay a fee depending on the type and quantity of packaging of the product. Regarding this issue, it is useful for our exporters to contact their importers in Germany or Duales System Deutschland GmbH (DSD).

Duales System Deutschland GmbH (DSD) Internet:
http://www.gruener-punkt.de

Technical Obstacles

Detailed information on the subject is available on the web site of the General Directorate of Product Safety and Inspection of the Ministry of Commerce, Republic of Turkey:
https://www.teknikengel.gov.tr/#/ulke/almanya

4.Market Features

a. Intellectual, Industrial Property Rights

In the Federal Republic of Germany, intellectual property is strictly protected. This protection takes place with the registration of intellectual property rights. The most important body in Germany in the protection of intellectual property rights is the German Patent and Trademark Office (Deutsches Patent- und Markenamt-DPMA), where trademarks and patents are registered. DPMA is affiliated to the Federal Ministry of Justice as an administrative unit. The organization headquartered in Munich also has offices in Berlin and Jena. Protection of intellectual property rights related to technical and commercial innovations in Germany can be registered in the form of patents, utility models, trademarks and designs with an application to the German Patent and Trademark Office (Das Deutsche Patent- und Markenamt-DPMA). The same conditions apply to Germans and foreigners in the registration of intellectual property rights. However, in order to sign the applications of those who cannot reside and reside in Germany, it is necessary to have a patent attorney by proxy. The commercial activities of Turkish companies in Europe, especially the increasing import and export relations between Turkey and Germany, require the protection of Turkish brands at the international level. Protection of the trademark in Germany and European Union countries is possible with different registration procedures. The trademark can be protected at national level with the application to be made to the German Patent and Trademark Office, or if it is desired to be protected in other countries other than Germany, it can be registered internationally with the application to be made to the World Intellectual Property Organization through the German Patent and Trademark Office. If registered trademark protection is desired to be used in all European Union countries without being limited to Germany and a few countries, a Community trademark application can be made to the European Union's Internal Market Compliance Office. Turkish citizens also have the right to apply for the community trademark.

More information on the subject can be found on the website of the German Trade and Investment Agency: https://www.gtai.de/gtai-en/invest/investment-guide/the-legal-framework/patents-licensing-trade-marks65372

DPMA:
https://www.dpma.de/english/index.html

Patent Application:
https://www.dpma.de/english/patents/application/index.html

Bundesverband Großhandel, Außenhandel, Dienstleistungen (BGA) e. V.-Federal Wholesaler, Foreign Trade and Services Association;
E-Mail
info@bga.de
Internet
http://www.bga.de

Handelsverband Deutschland - HDE e.V. - German Trade/Retailers Association
E-Mail
hde@einzelhandel.de
Internet
http://www.einzelhandel.de/

Außenhandelsvereinigung des Deutschen Einzelhandels e.V. (AVE) - German Retailers Foreign Trade Association
E-Mail
info@ave-intl.de
Internet
http://www.ave-international.de/

Centralvereinigung Deutscher Wirtschaftsverbände für Handelsvermittlung und Vertrieb CDH) e.V. - Central Association of German Commercial Intermediaries and Sales Associations
E-Mail
centralvereinigung@cdh.de
Internet
http://www.cdh.de

Bundesverband E-Commerce und Versandhandel Deutschland e.V. (bevh)- FederalE-Commerce Association
E-Mail
info@bevh.org
Internet
https://www.bevh.org/

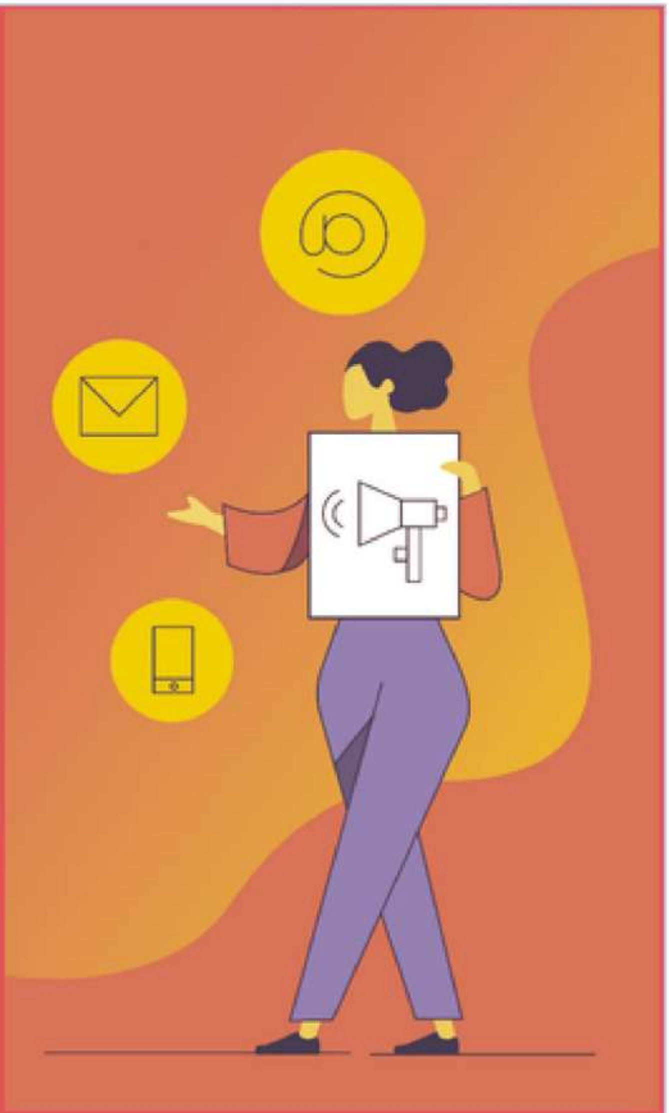
b.Distribution Channels

German law does not impose any restrictions on the means used to distribute imported goods in the country. Foreign businesses can determine the most appropriate distribution channels for their products. The most common distribution channels are wholesale, retail, commercial agents and distributors. In addition, with increasing momentum recently, companies are selling their products to other companies and end consumers through e-commerce. New types of sales such as consumer-to-consumer sales are also becoming widespread. In addition, the number of companies selling their products by establishing a company and/or entering the market with a representative office in Federal Republic of Germany is increasing.

Relevant Unions and Associations that are useful in establishing contact regarding the subject are provided below:

c. Consumer Preferences

When the consumption behaviors of the German people are examined, it is observed that the purchasing tendency continues as in previous years. More than half of the income is spent on basic needs such as housing, food and clothing. The money spent for transportation, free time and other services is at the forefront of the expenditures, although not as much as the basic needs. Bringing practical solutions in many aspects of daily life, the car is an indispensable habit for Germans. Most Germans tend to maintain their current means. As for heating, the Germans tend to reduce heating costs as much as possible by saving energy. For this reason, most Germans tend to reduce heating costs by investing in a new heating method with a high budget for once. In this context, it is noteworthy to focus especially on solar energy investments.



In general, there appears to be a tendency to switch from traditional retail to electronic commerce. It is observed that traditional shopping methods are maintained in other products although e-commerce is preferred especially in home goods, TV / Hi-Fi and clothing shopping.

d.Public Procurement

Although public procurement is a very important sector for the economy in the Federal Republic of Germany, there are hundreds of billions of public purchases every year. The Federal Ministry of Economy and Technology is responsible for the Public Procurement Act and is authorized to shape the principles and legal framework for public procurement in Germany.

The primary objective of the Public Procurement Law is to meet public procurement needs through the economic use of budget resources. Public procurement in Germany is carried out in a semicentric structure by the Supply Department (Beschaffungsamt des Bundesministeriums des Innern www.bescha.bund.de), which is currently operating within the Federal Ministry of the Interior in the city of Bonn. There are no restrictions in the AFC for third countries to participate in public procurement tenders in the goods and services sectors. In German public procurement law, the principles of equal treatment and non-discrimination prevail regardless of the nationality of the tenderers and the origin of the goods used.

No regulations restricting the participation of non-EU countries in tenders in Germany. Since there is no special arrangement in the AFC that grants concessions to German and European countries, non-EU companies, like German and other European companies, can participate in the tenders announced in Germany without any discrimination. From the point of view of the German Public Procurement Laws, it does not matter where the headquarters of a firm is located and by whom their capital participation is provided, the only thing that matters is the implementation of the undertaken project by the firms in accordance with the legislation.

5. Foreign Trade of Germany

Foreign Trade Data and Analyses of Germany

Most of the national income of the Federal State of Germany depends on foreign trade. When the countries that are dominant in the foreign trade of the country are examined, China, the Netherlands and the USA are among the most important countries in terms of imports. While Germany exported EUR 1.327 billion and imported EUR 1.104 billion in 2019, this figure decreased with the pandemic, and was announced as EUR 1.204 billion in exports and 1.026 in imports in 2020.

Table 4: Below is Foreign Trade data of Germany between 2011-2020.

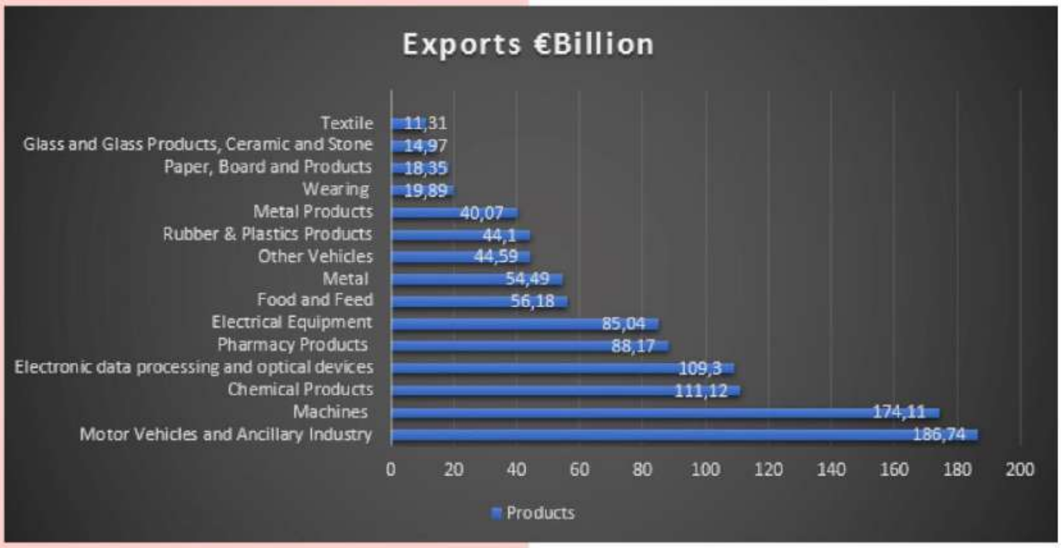
Year	Export (€billion)	Import (€billion)	Ratio of Total Foreign Trade to National Income (Commercial Export Openness Index)
2018	1,317	1,090	72.0%
2019	1,327	1,104	70.8%
2020	1,204	1,026	70.6%

Source: (International Trade Centre (ITC), Trademap, 2020) and (International Monetary Fund (IMF), 2020)

When examined according to product groups, motor vehicles and sub-industry ranked first with EUR 186.74 billion in exports, machines ranked second with EUR 174.11 billion and chemical products ranked third with EUR 111.12 billion.

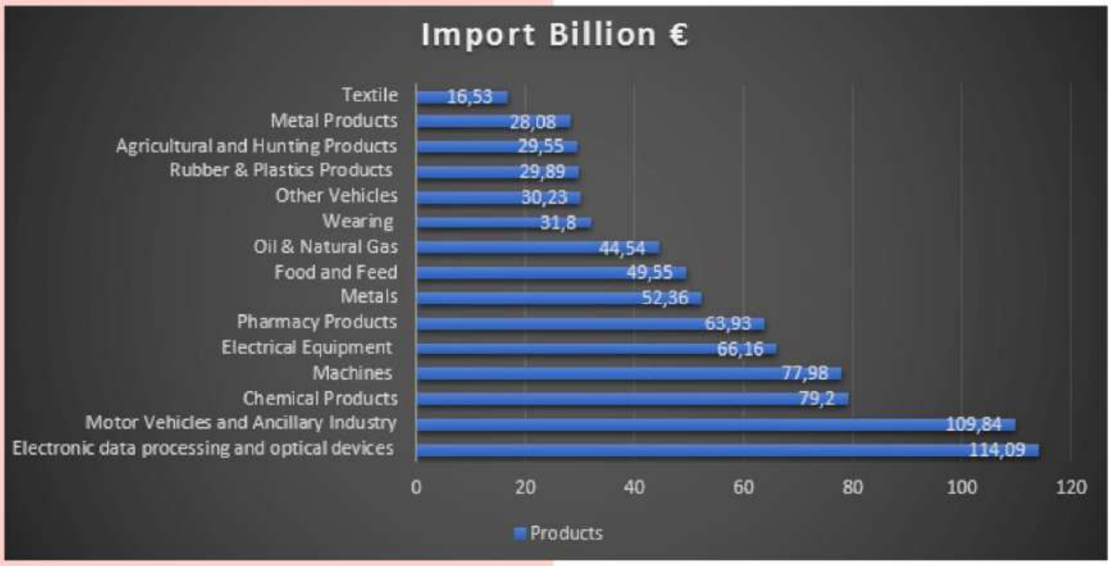
In imports, digitalization has come to the forefront with the effect of the pandemic, and the largest import has taken the first place with 114.09 billion euros in electronic data processing and optical devices. This was followed by motor vehicles and sub-industry with 109.84 billion euros, followed by chemical products with 79.20 billion euros.

Chart 1: Main products in the export of Federal Germany in 2020



Source: (International Trade Centre (ITC), Trademap, 2020)

Chart 2: Main products in the import of Federal Germany in 2020



Source: (International Trade Centre (ITC), Trademap, 2020)

b. Foreign Trade of Germany with the World

While the country where Germany imports most is China in both 2019 and 2020, imports from this country increased from 122.7 billion dollars in 2019 to 133 billion dollars in 2020. While the Netherlands followed China both in 2019 and 2020, imports from this country amounted to 94.4 billion dollars in 2019 and 90 billion dollars in 2020, and the share of this country in total imports was 8% in 2019, while it was 8% in 2019. While these two countries were followed by the USA, which imported 79.9 billion dollars in 2019 and 77 billion dollars in 2020, the share of this country in total imports was 6.5% in 2019 and 7% in 2020.

When the average distances of the countries where Germany imports in 2019 and 2020 are examined, it is seen that Germany imports from countries with an average distance of 3.230 km. It is seen that the USA, which imports the most in the world, imports from an average of 7.788 km. It is seen that China, which is the second most importing country in the world, imports from an average of 6.326 km. Germany, which is the third most importing country in the world, imports more than 1.3 trillion dollars from an average of 3.230 km.

Table 5: The rates of countries where Germany imports intensely are listed.

No.	Country	%, 2019	%, 2020
1	China	%9.90	%11.00
2	The Netherlands	%8.00	%8.00
3	U.S.A.	%6.50	%7.00
4	France	%6.00	%6.00
5	Poland	%5.20	%6.00
6	Italy	%5.20	%5.00
7	Czechia	%4.30	%4.00
8	Switzerland	%4.20	%4.00
9	Austria	%3.80	%4.00
10	Belgium	%3.70	%3.00
	Other countries	%41.80	%40.50

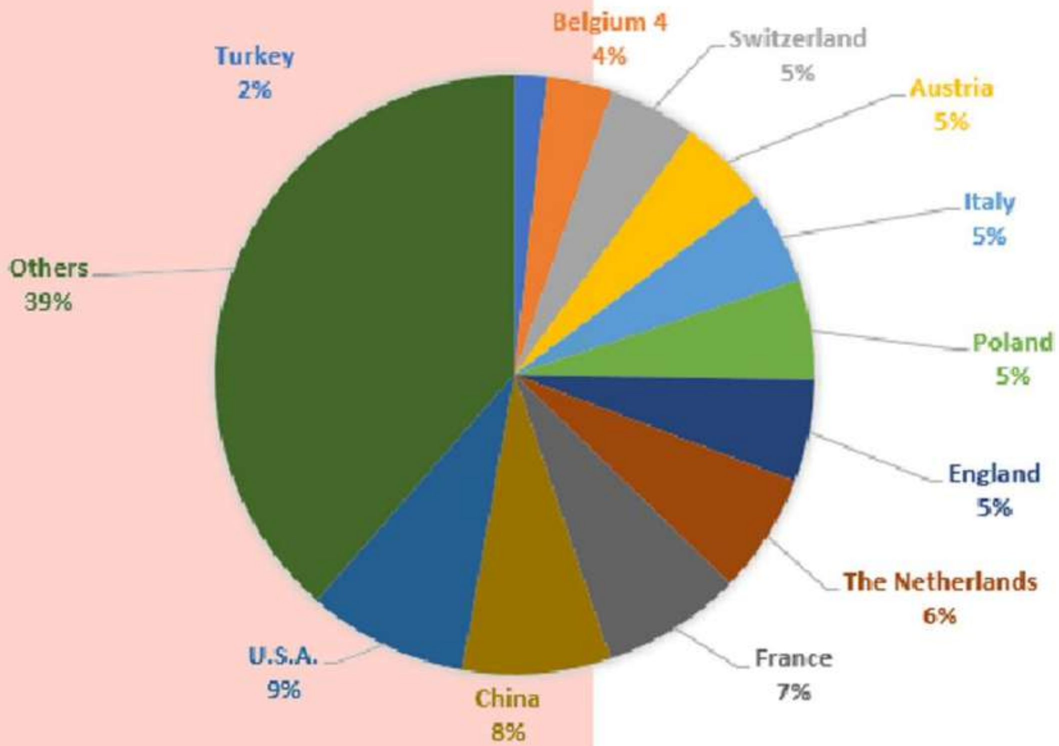
Source: Tredemap

Table 6: The list of countries where Germany imports the most between 2013-2020 is provided

2013	2014	2015	2016	2.017	2018	2019	2020
China	The Netherlands	The Netherland s	China	China	China	China	**China**
The Netherland s	China	China	The Netherlands	The Netherlan ds	The Netherlan ds	The Netherlan ds	**The Netherla nds**
France	France	France	France	France	France	France	**U.S.A.**
U.S.A.	U.S.A.	U.S.A.	U.S.A.	U.S.A.	U.S.A.	U.S.A.	**France**
Italy	Italy	Italy	Italy	Italy	Italy	Italy	**Poland**
United Kingdom	Switzerland	Switzerland	Poland	Poland	Poland	Poland	**Italy**
Switzerlan d	England	Poland	Switzerland	Switzerla nd	Switzerla nd	Czechia	**Czechia**
Belgium	Belgium	Belgium	Czechia	Czechia	Czechia	Switzerla nd	**Switzerla nd**
Austria	Austria	Russia	United Kingdom	Austria	Austria	Belgium	**Austria**
Poland	**Poland**	**England**	**Austria**	**Belgium**	**Belgium**	**Austria**	**Belgium**

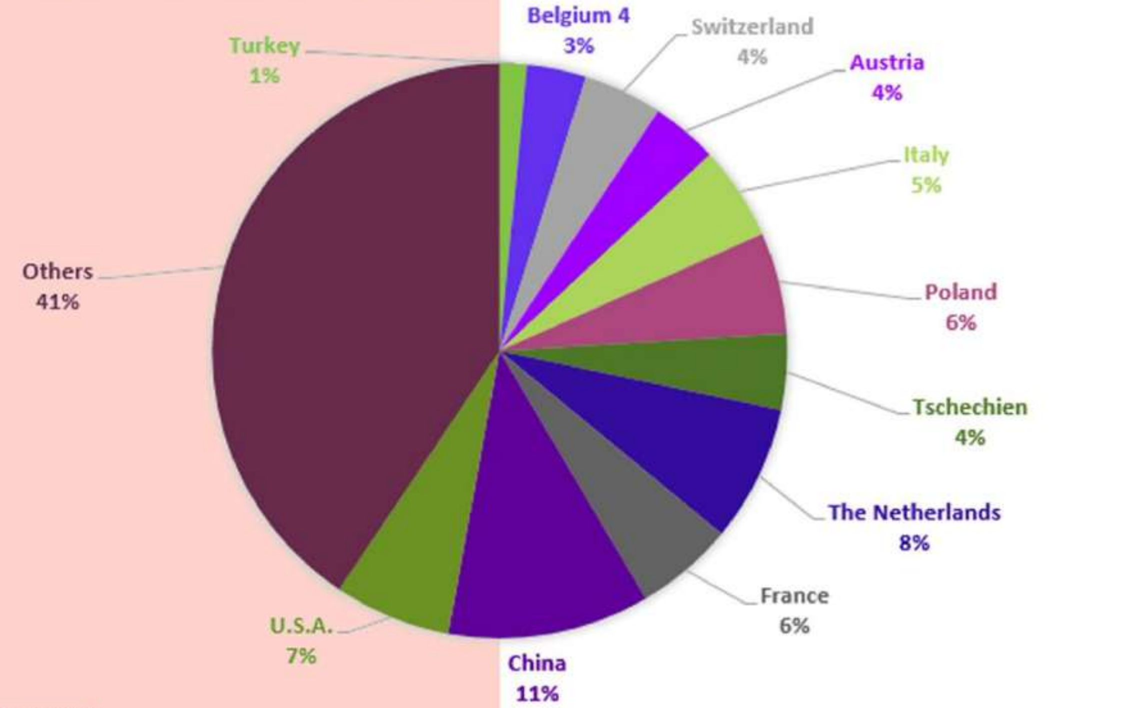
Source: (International Trade Centre (ITC), Trademap, 2020)

Chart 3: Exports of Germany by Countries-2020 (billion dollars, % share)



Source: Trademap

Chart 4: Imports of Germany by Countries-2020 (billion dollars, %share)



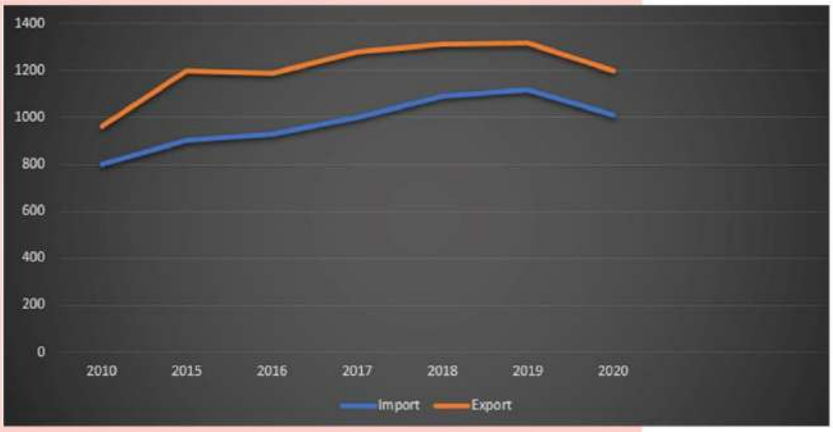
Source: Trademap

Chart 5: Foreign Trade Indicator of Germany (Billion Dollars)

Source: Trademap, OCDE

Germany, which ranked first in world exports from 2003 to 2009, ranked first with China and the USA in the world export and import ranking in 2020, and second with China in terms of foreign trade balance. Germany, which focuses especially on products with high added value, is less affected by competition from countries with low wage policies than other European countries such as Italy and Spain.

Chart 6: Change in foreign trade by years (€billion)



Source: Trademap

Chart 7: Foreign Trade Balance (Billion €)

Source: Trademap

Table 7: Main Product Groups in Export of Germany Customs Tariff Statistics Position Data and Figures

Customs Tariff Statistics Position	Products	2018	2019	2020	Share)	Change
8703	Cars	155.037.984	143.430.200	122.200.241	8.9	-14,8
3004	Medicines prepared for use in treatment or protection (dosed)	55.805 051	56.458.032	60.097.726	4.4	6,4
8708	Components and parts for road vehicles	67.426.305	62.072.410	54.205.949	3.9	-12,7
3002	Products such as human blood, animal blood, serum, vaccine, toxin, etc.	29.066.121	28.295.455	31.827.669	2.3	12,5
8802	Helicopters, planes, etc.; spacecraft (including satellites), spacecraft launch vehicles and suborbital vehicles	30.159.243	32.348.654	20.673.024	1.5	-36,1
9018	Tools and devices used in medicine, surgery, dentistry and veterinary medicine	15.536.096	16.255.409	16.661.453	1.2	2,5
8479	Other machines and mechanical devices with a unique function	18.167.395	17.686.658	15.981.142	1.2	-9,6
8471	Automatic computing machines, their units; magnetic or optical readers, machines that convert and process data into code	15.692.206	15.022.142	15.619.085	1.1	4,0
8421	Centrifuges; machines and devices for filtering or purifying liquids or gases	13.520.507	13.894.955	14.277.451	1	2,8
8536	Electrical circuit equipment whose voltage does not exceed 1000 volts (switches, relays, fuses, plugs, boxes, etc.)	15.487.731	14.497.344	13.769.858	1	-5
8517	Telephone devices, audio, video or other devices intended to receive or transmit information	13.592.743	13.284.982	13.289.288	1.0	0
8481	Faucet, battery, valve and valves	14.397.550	14.105.428	12.840.613	0.9	-9
8542	Electronic integrated circuits	16.733.026	14.923.059	12.712.804	0.9	-14,8
8537	Electrical control, distribution tables, panels, consoles, cabinets, other supports and digital control devices	13.669.673	13.852.808	12.552.866	0.9	-9,4
8483	**Transmission shafts, cranks; bearing shells and bearings; gears and systems; screws; gearboxes, flywheel, etc.**	**13.268.419**	**12.642.755**	**11.711.112**	**0.9**	-7,4

Source: (International Trade Centre (ITC), Trademap, 2020)

Table 8: Main Product Groups in Import of Germany Customs Tariff Statistics Position Data and Figures

Customs Tariff Statistics Position	Products	2018	2019	2020	Share	Change
8703	Cars	64.705.458	72 162 137	65.201.693	5.6	-9,6
3004	Medicines prepared for use in treatment or protection (dosed)	28.688.297	30 577 106	33.637.094	2.9	10,0
8708	Components and parts for road vehicles	43.870.523	39 687 068	32.823.976	2.8	-17,3
2709	Crude oil (oils from petroleum oils and bituminous minerals)	45.086.740	40 738 077	27.424.195	2.3	-32,7
8471	Automatic computing machines, their units; magnetic or optical readers, machines that convert and process data into code	24.524.859	24 449 696	2.154.066	2.3	11,1
9018	Tools and devices used in medicine, surgery, dentistry and veterinary medicine	9.889.600	10 186 701	11.017.915	0.9	8,2
3002	Human blood, animal blood, serum, vaccine, toxin, etc. Products	24.107.086	23 090 068	27.153.655	2.3	17,6
2711	Petroleum gases and other gaseous hydrocarbons	32.387.746	31 402 594	31.402.594	2.1	-22,8
2933	Only nitrogenous heterocyclic compounds	15.780.768	16 726 204	16.376.456	1.4	-2,1
2710	Petroleum oils and oils obtained from bituminous minerals	25.750.253	24 443 477	14.986.034	1.3	-38,7
8517	Telephone devices, audio, video or other devices intended to receive or transmit information	24.410.488	22 927 782	24.740.709	2.1	7,9
8542	Electronic integrated circuits	19.545.395	16 960 639	13.149.700	1.1	-22,5
7108	Gold (including platinum plated gold) (untreated or semi-treated or in powder form)	4.783.312	4 417 330	8.228.522	0.7	86,3
8544	Insulated wires, cables and other electrical conductors; fiber optic cables consisting of individually coated fibres	11.625.641	10 724 718	10.037.069	0.9	-6,4
8411	**Turbojets, turbopropellers and other gas turbines**	**12.313.220**	**14 201 051**	**9.912.626**	**0.8**	**-30,2**

Source: (International Trade Centre (ITC), Trademap, 2020)

Table 9: Top 10 Products that Germany Imports the Most from the World (6-Customs Tariff Statistics Position code)

2011	2012	2013	2014	2015	2016	2.017	2018	2019	2020
270900	270900	270900	270900	999999	999999	999999	999999	999999	999999
999999	999999	999999	999999	270900	270900	270900	270900	270900	270900
271121	271121	271121	271121	271121	300490	271121	271121	271121	271121
271019	271019	271019	300490	300490	271121	300490	300490	300490	300490
300490	300490	300490	271019	870332	870332	870332	870332	870332	870332
870332	870332	880240	880240	880240	300210	271019	271019	271019	271019
880240	880240	300210	870332	300210	880240	870323	870322	870323	870323
300210	300210	870332	300210	271019	271019	851712	870323	870322	870322
854140	851712	851712	851712	851712	851712	870322	851712	851712	851712
271011	870323	870829	870323	847130	870323	847130	847130	847130	847130

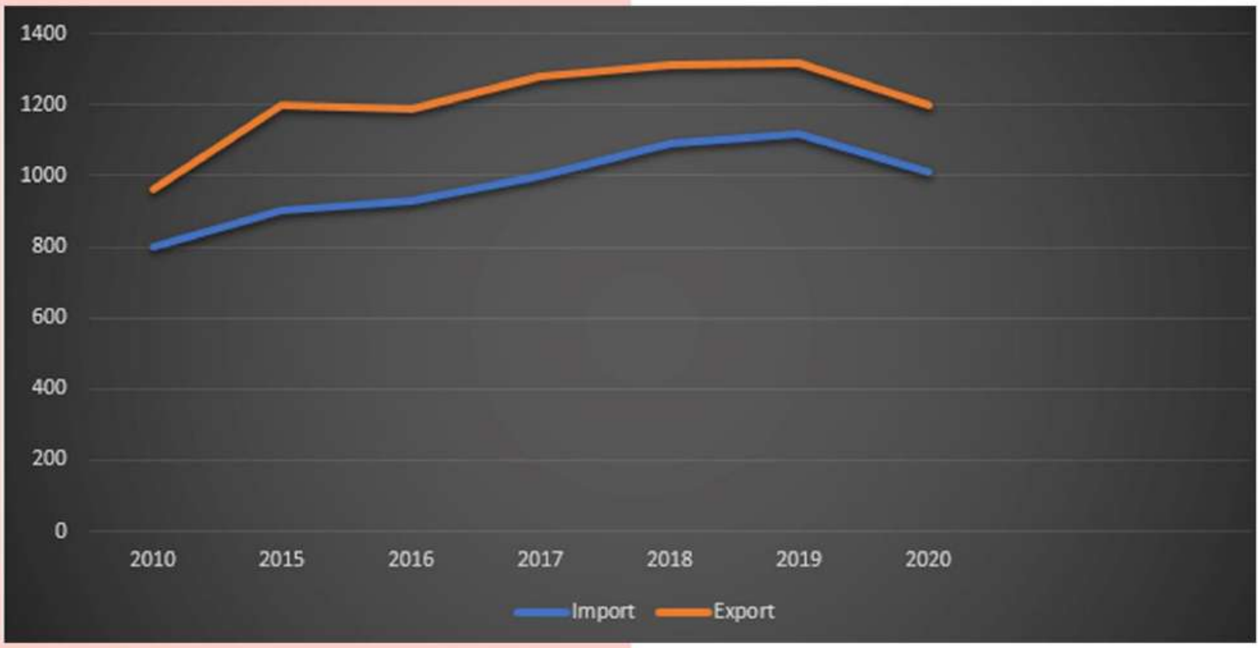
Source: (International Trade Centre (ITC), Trademap, 2020)

Table 10: Table 9 lists the descriptions of the 6-point Customs Tariff Statistics Position coded products.

Customs Tariff Statistics Position Coded Product	Product Description
270900	Crude oil (oils from petroleum oils and bituminous minerals)
271011	Hard Coal
271019	Other oils and preparations
271121	Natural gas (gaseous)
300210	Serum, Blood and Body Fluids
300490	Other drugs prepared for use in treatment/protection
847130	Portable numerical automatic data processing machines; weight<10 kg.
851712	Phones for cellular networks or other wireless networks
854140	Photosensitive semiconductor assembly and light emitting diodes (LED)
870322	Motor vehicle; spark-ignition (1000cm3<cylinder= < 1500cm3)
870323	Motor vehicle; spark-ignition (1500cm3 <cylinder= <3000 cm3)
870332	Motor vehicle; diesel/semi-diesel (1500cm3 <cylinder volume= <2500cm3)
870829	Other components-parts of road vehicles
880240	Aircraft and other aircraft (empty weight >15000 kg)
890190	Load and other watercraft intended for both human and cargo transport
999999	Unknown/Hidden Products

Source: Tredemap

Chart 8: Import highlights from China



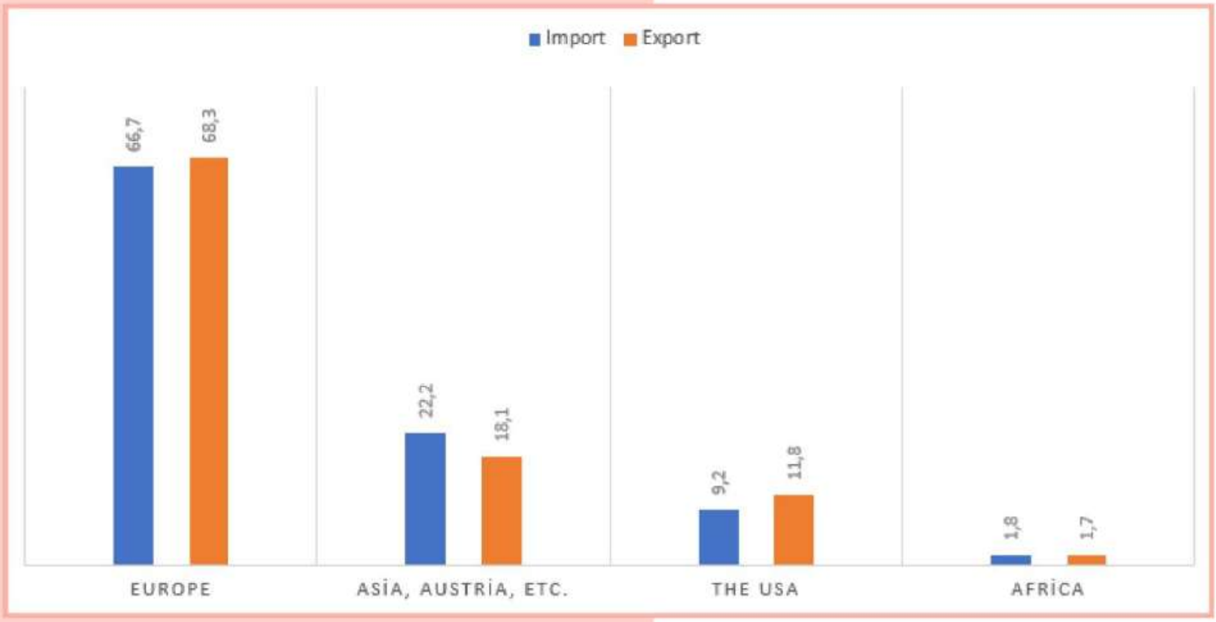
Source: Tredemap

Table 11: The Sector with the Most Imports by German States (2019-2020)

Address state	2019	2020
Baden-Württemberg	Motor vehicles and motor vehicle parts	**Motor vehicles and motor vehicle parts**
Bayern (Bavaria)	The data processing equipment	**The data processing equipment**
Berlin	Leather and leather products	**Leather and leather products**
Brandenburg	Petroleum and natural gas	**Petroleum and natural gas**
Bremen	Other vehicles	**Motor vehicles and motor vehicle parts**
Hamburg	Other vehicles	**Other vehicles**
Hessen	The data processing equipment	**The data processing equipment**
Mecklenburg-Vorpommern	Coke products and petroleum products	**Paper, cardboard and articles thereof**
Niedersachsen	Motor vehicles and motor vehicle parts	**Motor vehicles and motor vehicle parts**
Nordrhein-Westfalen	Motor vehicles and motor vehicle parts	**The data processing equipment**
Rheinland-Pfalz	Chemical products	**Chemical products**
Saarland	Motor vehicles and motor vehicle parts	**Motor vehicles and motor vehicle parts**
Sachsen	Motor vehicles and motor vehicle parts	**Motor vehicles and motor vehicle parts**
Sachsen-Anhalt	Petroleum and natural gas	**Petroleum and natural gas**
Schleswig-Holstein	Pharmaceuticals and similar products	**Pharmaceuticals and similar products**
Thüringen	**The data processing equipment**	**The data processing equipment**

Source: (German Federal Statistical Institution (DESTATIS), 2020)

Chart 9: Distribution of foreign trade of Germany by continents (%)



Source: (German Federal Statistical Institution (DESTATIS), 2020)

c. Foreign Trade of Germany with Turkey

Federal Germany exported a total of 1.205.044.980 billion euros in 2020, of which 21.301.115.00 came from Turkey. In imports, Turkey has realized 15.866.164.000 of 1.025.574.766.0002 billion euros imports worldwide.

Table 12: Foreign trade data between Germany and Turkey (Turkey's imports)

	Total Exports of Germany	Turkey's Import from Germany	Share %
2018	1,317,440,164,000	19,163,313,000	**1.45%**
2019	1,328,151,564,000	19,582,870,000	**1.47%**
2020	1,205,044,980,000	21,301,115,000	**1.77%**
Change 2019-2020	-9.27	8,77	...

Source: (German Federal Statistical Institution (DESTATIS), 2020)

Table 13: Foreign trade data between Germany and Turkey (Turkey's exports)

	Total Imports of Germany	Export of Turkey from Germany	Share %
2018	1,088,720,408,000	16,386,210,000	**1.51%**
2019	1,104,141,070,000	15,866,164,000	**1.44%**
2020	1,025,574,766,000	15,308,844,000	**1,49**
Change 2019-2020	-7.12	-3,51	...

Source: (German Federal Statistical Institution (DESTATIS), 2020)

Table 14: Leading sectors in exports of Turkey from Germany

Sectors	Export (Million €)	Sector Ratio in All Exports %
Wearing	3,238	20,42
Automotive and Automotive Sub-Industry	2,778	17,51
Machines	1,965	12,39
Food and Feed	1,090	6,87
Textile	862	5,43
Metal Products	851	5,37
Rubber & Plastics Products	820	5,17
Electrical Equipment	812	5,12
Metals	621	3,91
Agricultural and Hunting Products	327	2,06
Other	2,498	15,75
Total	15,860	100,00

Source: Ministry of Trade of the Republic of Turkey

Table 15: Leading sectors in imports of Turkey with Germany

Sectors	Imports (Million €)	Sector Ratio in All Imports %
Machines	3,732	19,07
Automotive and Automotive Sub-Industry	2,702	13,81
Chemical Products	2,546	13,01
Other Vehicles	1,762	9,01
Products Made of Metal	1,611	8,24
Electrical Equipment	1,322	6,76
Data Processing, Electrical Optical Devices	1,192	6,09
Pharmaceutical and Similar Products	873	4,46
Rubber & Plastics Products	717	3,66
Metal Products	645	3,30
Other	2,463	12,59
Total	19,565	100,000

Source: Ministry of Trade of the Republic of Turkey

Table 16: Leading Sectors in Foreign Trade of Federal Republic of Germany and Turkey Export of Turkey (2019-2020)

Customs Tariff Statistics Position 8	2019	2020	2019-2020 CHANGE %
Components for diesel engines; parts	547,358,000	455,325,000	-16,8
Components for gasoline engines; parts	405,335,000	377,197,000	-6,9
Automobile/ambulance and caravan (petrol, new) (1000 cm3 <	376,320,000	327,164,000	-13,1
cylinder volume < 1500 cm3)			
T-shirts, vests, singlets, etc. of cotton (knitted or crocheted)	305,777,000	311,615,000	1,9
Hazelnut (without shell)	266,393,000	302,223,000	13,5
Minibus, midibus and bus; new (diesel/semi-diesel) (cylinder volume > 2500 cm3.)	267,677,000	255,879,000	-4,4
Other nuts and seeds; packaging > 1 kg	247,283,000	253,534,000	2,5
T-shirt, vest, undershirt, etc.; make wool/fine animal and synthetic/artificial fiber. (knitting)	272,977,000	231,759,000	-15,1
Trousers/short trousers for boys/boys; denim	213,551,000	212,248,000	-0,6
Pants/shorts, shorts etc. for women/girls. Denim	190,955,000	189,198,000	-0,9

Source: Ministry of Trade of the Republic of Turkey

Table 17: Leading Sectors in Foreign Trade of Federal Republic of Germany and Turkey - Import of Turkey (2019-2020)

Customs Tariff Statistics Position 8	2019	2020	2019-2020 CHANGE %
Aircraft and other aircraft (empty weight >15000 kg)	1,498,379,000	1,505,757,000	0,5
Gold (those in other unprocessed forms, not used instead of money)	849,739,000	821,081,000	-3,4
Automobile/ambulance and caravan (petrol, new) (1000 cm3 < cylinder volume < 1500 cm3)	183,256,000	789,252,000	330,7
Automobile/ambulance (diesel/semi-diesel, new) (1500 cm3 < cylinder volume < 2500 cm3)	452,795,000	581,410,000	28,4
Products with Disabilities in Foreign Trade Statistics	421,877,000	416,788,000	-1,2
Wind-powered electrogen groups	197,332,000	394,610,000	100,0
Medications that are/are not mixed for	441,201,000	358,892,000	-18,7
use in treatment or protection; retail			
Automobile/ambulance (diesel/semi-diesel, new) (cylinder volume < 1500 cm3)	120,631,000	358,789,000	197,4
Gearboxes of road vehicles	344,417,000	313,927,000	-8,9
Components for diesel engines; parts	253,120,000	256,688,000	1,4

Source: Ministry of Trade of the Republic of Turkey

d. Foreign Direct Investments in Germany

While Germany's FDI stock was 963.5 billion dollars in 2009, this figure decreased to 936.033 billion dollars in 2018.

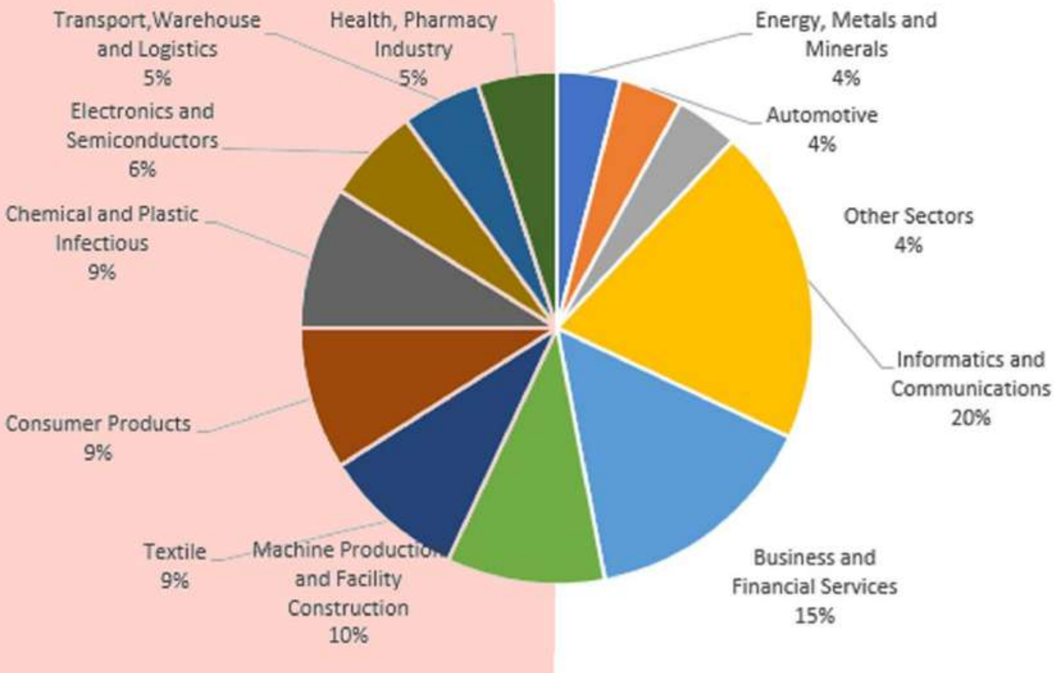
Table 18: Foreign Direct Investments in Germany by Years and FDI Inventory (million $)

Year	FDI (Germany)	FDI (World)	FDI (Germany's Share)	FDI Stock (Germany)
2009	23,806	1,236,404	1.9%	963.511
2010	65,643	1,429,562	4.6%	955.881
2011	67,514	1,639,107	4.1%	997.727
2012	28,181	1,557,464	1.8%	1.077.019
2013	15,572	1,615,172	1.0%	967.688
2014	4,864	1,467,991	0.3%	859.565
2015	41,444	2,147,836	1.9%	781.718
2016	23,500	2,030,410	1.2%	794.527
2.017	36,931	1,582,814	2.3%	957.444
2018	25,706	1,400,617	1.8%	939.033

Source: (United Nations Conference on Trade and Development (UNCTAD), 2019)

Sectoral breakdowns of Foreign Direct Investments entering Germany for 2017 suggest that 59.2% of the investments were made in the service sector, while 38.6%were made in the manufacturing industry sector. While 19.6 billion dollars was invested in the "Service" sector in 2017, 317.3 million dollars of FDI was invested in the "Manufacturing Industry" sector and 12.83 billion dollars in the "Construction" sector. In particular, it is beneficial for our intermediate exporters in this sector to consider the $5.92 billion investment made in the "Manufacture of Motor Land Vehicles, Trailers, Semi-Trailers and Other Transportation Vehicles" sector.

Chart 10: Sectoral distribution of FDI made to Federal Republic of Germany on project basis, (2018)

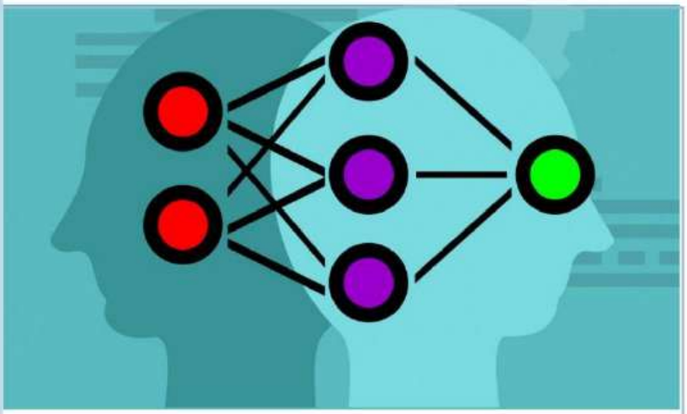


Source: Tredemap,

6. Detailed Sector Classification

a. Agriculture and Livestock

Although it still accounts for only 0.7% of the country's GDP, agriculture and livestock sectors remain important in terms of Germany's social structure. The country's agricultural policy is essentially shaped within the framework of the EU's Common Agricultural Policy (CAP). The basic principles of cap are to ensure the free movement of agricultural products within the EU, except for health reasons, and to ensure stability by protecting the domestic market from fluctuations in world prices. In this context, Federal Germany, an engineering and industrial country, is also known as a strong agricultural country. In this sense, with an area of 16.7 million hectares, half of the country's land is used as agricultural land. With this feature, Germany is the fourth largest agricultural producer in the European Union and the third largest exporter in the world after the USA and the Netherlands. In this context, approximately 267,000 enterprises in the agricultural sector employ 4.6 million people and mainly animal products, cereals, potatoes, sugar beet, oilseeds, fruits and vegetables are grown in the country. In addition, a quarter of agricultural land is used for wheat cultivation.



When the country's livestock sector is examined, according to the current figures, 34% of 11.9 million cattle are allocated for milk production, 1.6 million tons of chickens are grown for consumption on an annual basis and 1.4 billion eggs are produced organically. In addition, agricultural structuring varies significantly between the regions of the country, including the separation of east and west. While farms operated by families are dominant in West Germany, large agricultural enterprises, which are the continuation of former socialist cooperatives, come to the fore in East Germany. As a result, more than ninety percent of agricultural land in East Germany is used by farms with a surface area exceeding 100 hectares, while the average farm size is 188.2 hectares. This average is only 31.2 hectares in West Germany. In addition, it is determined that the rate of farmers interested in organic agriculture has reached 11.7% due to the increasing demand for organic agriculture today. In this context, 8.9% of the agricultural land across the country has been allocated for organic agriculture. Most of the enterprises dealing with organic farming The Ministry of Commerce was found to be in 2020, which is the region with the highest number of agricultural enterprises in Germany.

b. Industry

Although its share in GDP is gradually shrinking compared to the services sectors, the manufacturing industry still forms the backbone of the German economy. The weight in question is due to the fact that even the service sectors are somehow connected with the manufacturing sectors. As of 2018, the industrial sector accounts for approximately 30.7% of the GDP of the Federal Germany. In this context, more than half of the total industrial production consists of manufacturing sectors, of which 12% consists of machinery and equipment, 12% of motor vehicles and equipment, 10% of metal and metal products, 10% of electrical and electronic products, 11% of construction products and 10% of energy products. On the other hand, although almost all industrial goods are produced in Germany, the world's fourth largest economy, the country's industrial power mainly comes from the vehicles, capital goods, chemicals and white goods sectors.

On the other hand, in Germany, where the aviation and computer hardware industry is less developed, the production and export of high-tech products has a smaller share compared to other leading industrialized countries. Although there are many internationally recognized companies in the country's manufacturing industry, medium-sized companies are seen as the backbone of both the manufacturing industry and the German economy. In general, these firms, which have fewer than 500 employees and operate as family businesses, are more common in western states. The main manufacturing industry sectors in the eastern states of the country are electrical engineering and electronics, chemicals, vehicles, glass and ceramic sectors. After the merger of East and West Germany, industrial enterprises in East Germany were largely closed. However, there are some new large investments made by some West German large and medium-sized companies and foreign investors. Among these investments, the investments of Volkswagen, Opel and BMW (automobile), Daimler-Benz (truck), Siemens and AMD (semiconductors) come to the fore. The automotive sector, which is one of the driving forces of the industry, has an important place in the German economy. On the other hand, it is determined that R&D studies related to the automotive sector in the digitalizing world are mostly carried out by Amazon, Alphabet, Samsung, Microsoft, Apple, etc.

c. Automotive

Germany, one of the leading automotive industries in the world, is the fourth largest automotive manufacturer in the world and the largest motor vehicle manufacturer in Europe after China, the USA and Japan. Although the production costs in the country are high today, the automotive sector accounts for 24% of the country's total industrial turnover with a business volume of 436.1 billion Euros in 2019. More than 800,000 people are employed in the whole sector, and about 950 companies operate in the sector. It is observed that approximately 70% of the companies consist of SMEs.

Domestic production facilities have a capacity of more than one third of the total production in Europe. It is estimated that the turnover in the sector in 2020 was approximately 370 billion Euros. (Predictions Before Covid_19). German car manufacturers produced more than 16 million vehicles all over the world in 2019. With 4.66 million domestic passenger cars produced in 2019, approximately 25% of all passenger cars produced in Europe were produced in Federal Republic of Germany. In addition, 283,567 commercial vehicles were produced in the production facilities in Federal Republic of Germany in 2019. With 3.6 million new car registrations, 20% of cars registered in Europe are registered in Federal Republic of Germany.

Federal Republic of Germany also owns the largest OEM ("Original Equipment Manufacturer") factories in Europe. With 43 OEM factories, more than one third of the production in the automotive sector in Europe is carried out in Federal Republic of Germany. As of 2019, OEM market share of Federal Republic of Germany in the EU is over 55%. In 2019, 75% of vehicles produced in Federal Republic of Germany have been exported. German passenger car and light commercial vehicle OEM companies generated approximately 282.4 billion Euros of foreign market revenue with an increase of 2% compared to 2018. In 2019, more than 13% of all Federal Republic of Germany exports are made up of automotive exports, the product group with the largest export share.

More than half of the exports in the automotive sector are made to European countries, followed by the US and Asian countries, respectively. Domestic market income of Federal Republic of Germany in the automotive sector in 2019 increased by 2% to EUR 152.9 billion compared to 2018. One in five cars in the world is a German-brand car. In 2018, domestic automotive industry, Research & development expenses of Federal Republic of Germany are EUR 25.5 billion and this accounts for 35% of total R&D expenditure in Federal Republic of Germany. The total number of R&D personnel in the German automobile industry is 126,400. Federal Republic of Germany the number of employment in the entire automotive sector in 2019 is 833,000 and a total of 945 companies operate in the sector. Of the world's 100 largest automotive suppliers, 18 are German companies. In Federal Republic of Germany, more than 40% of patent registrations are made in the automotive industry. Federal Republic of Germany is the world's first-class (premium) automobile manufacturing center. 67% of all premium brand vehicles produced worldwide are produced by German OEMs. Globally, the premium car market segment is forecast to grow faster than the passenger car segment in the coming years. Almost all German and German-based manufacturers are launching or planning to launch new products that meet the premium segment demand. Knowledge based on the country's automotive production tradition will further strengthen the country as a leading international automotive production location.

German cars continue to have a positive image globally and are in high demand worldwide. According to a recent survey by Ernst&Young with 300 companies (15% OEM and 85% supplier) active in the European automotive industry, Federal Republic of Germany is seen as the most innovative automotive hub in the international comparison. 81% of the companies surveyed consider Federal Republic of Germany to be the most competitive country in innovation. Federal Republic of Germany is followed by Japan with a share of 65% and South Korea with a share of 61%.

Automotive engineers in Germany are working hard to improve internal combustion engine energy efficiency, develop alternative drive technologies (including electric, hybrid and fuel cell cars) and adapt lightweight materials and electronics. Carbon emission reduction targets, smart traffic management and government electric vehicle initiatives steer future automobile technologies and play a driving role in the growth of the sector. It is seen that the potential of domestic and international markets for energy-efficient passenger cars is great. The global market share of this sector is expected to grow by almost 30% by the end of 2020. Supported by ambitious electromobility plans of Federal Republic of Germany, the automotive industry's goal of becoming the leading provider and market of electromobility solutions in 2020 has been set. In particular, the demand for connected cars, which is another trend in the premium segment, is expected to increase significantly. A range of innovative intelligent technologies combine safety, comfort and information services to revolutionize driving experiences. According to a market research company called "Mordor Intelligence", the internet-connected vehicle market is projected to reach up to US $1 trillion by the end of 2030. Producing electronic solutions and software solutions together, Federal Republic of Germany is among the important countries in technological progress in this sector. The automobile industry in Federal Republic of Germany consists of large, medium-sized and numerous small-scale companies such as automobile manufacturers, system and module suppliers active in the sector. 85% of the automobile industry suppliers are medium-sized companies. All these suppliers provide 70% of the added value in the domestic automobile industry and play a major role in keeping the German automobile industry at the forefront of international competition. It is observed that the added value has shifted to the supplier side and increasingly to the non-automotive industry (chemical industry, electro-mobility). International suppliers are increasingly showing interest in Federal Republic of Germany as an investment region. To date, the ten most important non-German automotive sector suppliers in the world have made successful attempts in Federal Republic of Germany.

d. Aviation

In Federal Germany, the turnover of the aviation sector in 2019 was approximately 42 billion Euros and the sector provided employment opportunities to 111,500 people throughout the country. 73% of the total sales made by the sector are in the fields of civil aviation, 19% in the field of military aviation and 8%in the field of space studies. In this context, it is determined that the civil aviation sub-sector realized 29.2 billion Euros of the turnover of the whole sector and provided employment for 76,500 people. Approximately 2,300 companies operate in the aviation sector in Germany, and these companies are not only gathered in certain regions throughout the country, but also show a widespread distribution throughout the country. However, the sector's cultivation centers are Hamburg, Bremen, Hannover in northern Germany and Munich, Stuttgart, Berlin and Dresden in central and eastern Germany in southern Germany and Cologne, Bonn and Aachen in western Germany. In addition, it is seen that the sector is organized in the form of SMEs, and it is observed that the operation of the sector is in the form of medium and small-scale, but specialized, companies that are suppliers of large and international companies.

In order for the sector to maintain its competitive power, it is obligatory to open abroad and to find suppliers from abroad. German companies first turn to suppliers within the borders of the European Union, and currently France and Southern European countries stand out as important suppliers. Apart from Europe, the preferences of German companies are the United States and the People's Republic of China. The number of Turkish companies where German companies work is 3-20 20 T.R. While the Ministry of Trade is a company in 2020, it is observed that this figure is 21-30 companies in Italy and 31-60 companies in the People's Republic of China. In this context, Airbus is the largest aircraft manufacturer in the world in France (Toulouse), Germany (Hamburg), China (Tianjin) and USA (Mobile), as well as in Federal Germany (Hamburg). It is known that the company delivered 863 aircraft only in 2019. However, a total of 49.8 billion dollars of exports and 27.9 billion dollars of imports were realized in the sector in question in 2019.

In this context, the country with the most exports is France with 13.4 billion dollars, while the United States and the People's Republic of China are in the second and third place. The amount of exports from Germany to Turkey is 1.8 billion dollars and Turkey is in the fifth place in the aforementioned ranking. In addition, when the imports of Federal Republic of Germany in the aviation sector are examined, it is seen that the United States is in the first place with 12.2 billion dollars, followed by France and the United Kingdom. The import amount of Federal Republic of Germany from Turkey in this sector is 309 million dollars and Turkey ranks in the ninth place. In addition, special importance is attached to the fact that the sector in the country is subject to the transformation process by using new technologies. In this context, innovation and R&D studies have focused on the fact that the priority of the aviation sector in the 21st century is the production of low-carbon and less noisy aircraft.

In this context, 90% of the budget allocated to research and development is used to achieve this goal. It is known that the next target is the production of aircraft with electric motor hybrid technology. In addition to this target, the use of biofuels (studies on the use of algae) and solar energy (Solar Kerosene) are also investigated in the studies currently carried out in order to minimize the need for kerosene in the sector. In addition, innovative approaches are put forward in in-flight cabin applications and importance is attached to cabin designs. In this sense, the "Crystal Cabin Award" competition held at the Aircraft Interiors Expo in Hamburg every year attracts great attention and it is possible to introduce the designs to the aircraft manufacturers by finding investors in the awards winning designs in the aforementioned competition.

In 2020, the COVID-19 outbreak, which started in Wuhan, China and affected the world and our country, had serious effects on airline traffic both worldwide and in Germany. Since the rate of spread is faster than previous pandemic cases, all countries, the European Union (EU) and International Organizations operating globally, regionally or sectorally have announced and implemented comprehensive fight and measure packages to prevent the spread of the epidemic and loss of lives and also to deal with the economic problems it will cause.

Germany had a total of 55,190,373 passenger traffic with a 77.9% decrease compared to the previous year. The closest example of this is that when the daily air traffic was examined in 2019, Frankfurt ranked first in the world with 1408 flights, while in the current year, there were 590 flights with a drop of &59.

e. Mining

Coal and lignite have been the pioneers of economic growth and development for the Federal German industries for many years. According to the report of the Federal Republic of Germany Coal Commission, coal and lignite account for more than 20% of the country's energy resources. In this context, Federal Germany is the world's largest producer of lignite. Lignite, which is on the surface and has a higher carbon dioxide ratio than hard coal, is mostly extracted in the west and east of the country, especially in the states of North Rhine-Westphalia, Saxony and Brandenburg. Since it is not economical to carry lignite to long distances, a significant amount of lignite is burned to produce electricity in power plants. Therefore, the facilities are located near the area where the lignite is removed. In addition, hard coal extracted in Turkey is mostly found in North Rhine-Westphalia and Saarland. Germany still has 83 billion tons of hard coal; however, 36 million tons of this is estimated to be extractable. Compared to lignite deposits, hard coal deposits are located deeper and the cost of extracting hard coal from the ground is higher than the import cost of the commodity. For this reason, although it is rich in reserves, coal is now imported entirely from countries such as Russia, USA, Colombia and Australia. Coal exports of Federal Republic of Germany in 2019 amounted to 23 million dollars and its imports to 103 million dollars. On the other hand, the state has been subsidizing the sector since the 1960s and it is estimated that more than 300 billion euros were transferred from the budget to the sector between 1970-2019. The number of people employed in the sector is currently estimated to be around 32,800. Today, climate change, air pollution and increasing health and environmental factors have also required the reduction of coal use. As a matter of fact, the 37% share of coal and lignite in the carbon dioxide emissions in the country has brought up the issue of reducing the economic dependence of Federal Republic of Germany on this sector among other countries.

In 2018, a Coal Commission was established to reduce the effects of structural change on the economy and employment in Turkey. The most important task of the aforementioned Commission is to create a comprehensive roadmap for determining the policies that will reduce the country's coal dependence by 2038 and to facilitate the transition of the country from the coal economy to the renewable energy economy. However, in addition to the global responsibilities assumed by Federal Republic of Germany regarding carbon dioxide emissions, it is also estimated that electricity production in the country can increase up to 630 terawatts per hour in 2030. On the other hand, it is calculated that the electricity production capacity provided from lignite and hard coal will not meet even one third of the said figure, and closing this gap with wind and solar energy, which are renewable energy sources, is on the agenda of the country.

f. Energy

Energy consumption in Federal Germany, one of the world's leading industrial countries, has exceeded the level of 14,000 petajoules (PJ). Turkey's leading energy sources consist of approximately 34% mineral oils, 23% oil, 21% coal and lignite, 14% renewable energy, 6.4% nuclear energy and 0.3% other species. In this context, the country has limited resources in terms of fossil fuels, is largely foreign-dependent, and imports more than half of the energy used from other countries. In 2020, it met 46% of electricity production from renewable energy. During the Covid 19 process, Germany reached a record level in renewable energy investments.

The Renewable Energy Resources Act was enacted by the Federal German government in 2017, following the studies to reduce this dependency and the determination that the exports of renewable energy plants and components were approximately 12 billion Euros in 2016. In order to ensure that energy supply is based on renewable resources and energy use is more efficient, the law sets out the basic principles of energy transformation and attaches special importance to cost efficiency, the integration of electricity with renewable energy and the modernization of existing networks by providing optimization.

Within the scope of the studies carried out in the country regarding the energy sector, it has been determined that 10 million heating systems are at least 10 years old throughout Germany as of 2020, and the replacement of inefficient heating systems with new ones has been on the agenda.

In this context, in accordance with the aforementioned law, even households such as homeowners and tenants have started to be encouraged to use solar energy in the country in order to make an active contribution to energy conversion. In this respect, the measures taken by the Federal German government on energy have a positive result in the first place. While approximately 37% of the total electricity production was obtained from coal in 2017, it was determined that this rate decreased to 20% in 2020 and instead, electricity production from wind and solar energy increased significantly. It is stated by the authorities that the efforts to ensure energy consumption from renewable energy sources between 40-45% will be continued until 2025. In 2030, it is thought that this figure will exceed 60%.

In addition, the closure of nuclear power plants, which started to be built in the 1960s, came to the fore in 2011. Pursuant to the data of the International Atomic Energy Authority for 2019, works have been started on the closure of 23 nuclear power reactors and it is planned to close the last 7 plants currently in operation in 2022. In this context, it is on the agenda to obtain 60% of the energy supply and 80% of the electricity from renewable energy sources in the country by 2050. In this context, the Federal Republic of Germany will reduce traditional oil and gas imports and reduce global greenhouse gas emission rates by fulfilling its obligations under the Paris Agreement and the Kyoto Protocol.

According to the statements of federal government officials, it is envisaged that greenhouse gas emission rates will be reduced by 55% by 2030 and to 80-95% by 2050 compared to 1990. In this context, it is estimated that the German government spent EUR 6.4 billion for energy research between 2006 and 2015, as well as it is planned to invest more than EUR 35 billion for the construction of high-voltage transmission lines (electric highways), and that approximately 300 German companies in many sectors, from the automobile industry to the chemical industry, allocated more than EUR 2 billion to invest in energy renewal by 2024.

g. Service Sectors

Service sectors account for about 70% of the country's GDP. In this sense, 1 in 5 people employed in the country work in the service sectors and in this sense, the service sectors constitute about one third of the added value of the German economy. According to the data of the World Trade Organization, Federal Republic of Germany exported 2 billion 873 million Dollars of services and imported 2 billion 266 million Dollars of services, with a share of 26.8% in world service exports and 10.2% in world service imports in 2020. In this context, Germany ranks in the first place in the world in service export and service import in 2020. With the 2019 Pandemic crisis, the service sector such as aviation and tourism sectors has been seriously affected.

h. Tourism

Tourism, which provides more than 110 billion Euros of added value to the German economy, is one of the important service sectors of the country. The most important tourism regions of the country are: Bavaria, Baden-Württemberg and the Rhine Valley in the West, Berlin, Dresden, Thuringia and the Harz Mountains in the East. The most preferred cities in the country are Berlin, Munich, Hamburg, Frankfurt and Cologne.

i. IT and Software

In Germany, more than 97,000 IT companies offer employment opportunities to 1.1 million people. Small and medium-sized software companies are very important for the Federal German economy. These companies constitute approximately 99.9% of German companies and provide approximately 70% of employment in the German economy. In addition, Germany, the largest digital game market in Europe, generates over 2 billion Euros in this sector. 1.2 billion Euros of the revenue in question is generated from the game trade and the remaining part is generated from the sale of game consoles and equipment. In particular, Berlin, Hamburg, Rhine-Ruhr and Munich are important centers of this sector. In addition, it has been determined that the goods subject toe-commerce with the pandemic provide a significant rate compared to the previous year.

j.Contracting

The construction sector has an important place in the German economy. The contracting sector is growing every year and this growth increases the tension in the market regarding the supply of products. At the same time, this tension has revealed new production and purchasing areas. More than 2.5 million skilled workers are employed in the sector, where there are around 400 thousand small and medium-sized companies. It is known that 95% of approximately 3 million enterprises have less than 20 employees in the sector where approximately 45 million employees directly and indirectly contribute in EU member countries.

k. Logistics

The country's road network (roads other than local transport) is 230,082 km, the length of the waterways is 7,675 km and the length of the railways (the length of the operated lines) is 37,775 km. In this sense, Germany, which is claimed to be in the very center of Europe, ranks in the first place in the field of logistics in Europe.

I. Health

There are five different types of hospitals in the Federal German health system: hospitals under the control of local governments, municipal hospitals, university hospitals, hospitals of religious foundations (church) and independent private hospitals, and according to the country regulations, it is understood that the last two of them correspond to the definition of "private hospital". On the other hand, health insurance is compulsory for everyone residing in Federal Republic of Germany and, in general, basic health care services under health insurance are free of charge.

For compulsory health insurance institutions, the term "Krankenkasse", which can be translated as "health fund" and "health insurance institution", is generally used. Apart from this, it is also possible to take out "private health insurance" for those in the high income group. In the practice of health insurance institution (Krankenkasse) covering all settlements in the country, all basic health expenses are covered in all hospital types without any difference, in this context, there is no difference between private hospitals and public hospitals that have agreements with these institutions.

There may be some items that health insurance institutions do not consider appropriate to pay in each branch, these items are notified to the patient before the treatment, the decision regarding the treatment or materials that are out of scope is left to the patient, and if he/she accepts, the patient only pays the difference arising from this application. On the other hand, there are very few private hospitals that do not have agreements with health insurance institutions, and the treatment expenses in these hospitals are fully covered by the patient himself. However, it would be appropriate to consider such private hospitals as exceptions within the system.

m. Insurance

The German insurance market is the 6th largest in the world in terms of insurance premiums. In Europe, it is the third largest market after Federal Germany, the United Kingdom and France. Approximately 90% of the German insurance market consists of life, health, accident and reinsurance insurance companies operating under the supervision of the Federal Republic of Germany Financial Supervisory Authority (BAFIN).

When the employment rate in the insurance sector is examined on a state basis, approximately 120,000 people work in the state of North Rhine-Westphalia, 98,000 in the state of Bavaria and 65,000 in the state of Baden-Württemberg. As a city, Munich, Cologne, Hamburg, Stuttgart, Hannover, Düsseldorf and Berlin are observed to come to the fore. However, as a result of the recent digitalization process, change in the quality of the workforce and price optimization in the country, it is observed that insurance companies have developed different business strategies and determined different target audiences by changing their infrastructure.

INSURANCE

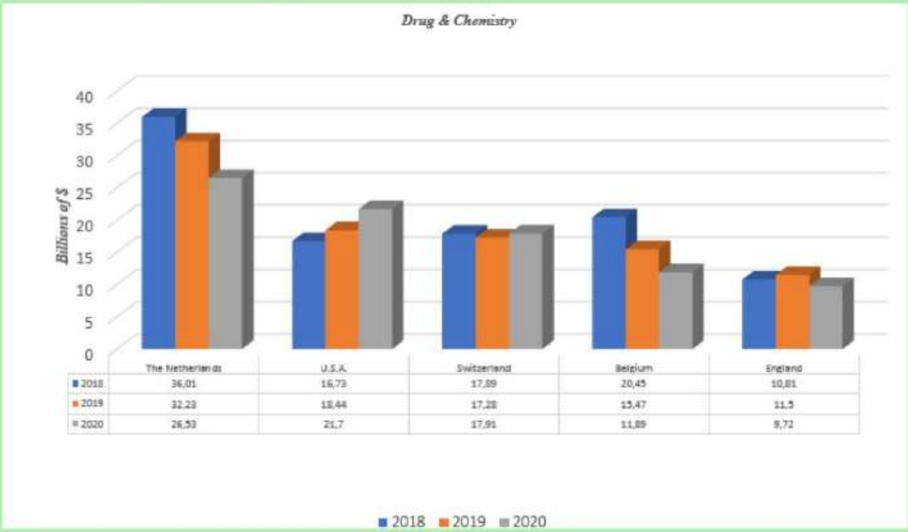
7. Import & Export Figures Highest Sectors

Drug & Chemistry

The chemical industry, which provides input to many sectors such as paint, soap, fertilization and pharmacy, is constantly developing, but price fluctuations and uncertainties affect sector performance and investments. Fossil fuel alternatives and investments to be made in energy efficiency come to the fore in the sector in the focus of the companies aiming for growth. Low-cost base chemical production competition between America and China in the chemical industry is one of the main issues affecting the course of the sector in terms of low and more stable raw material prices.

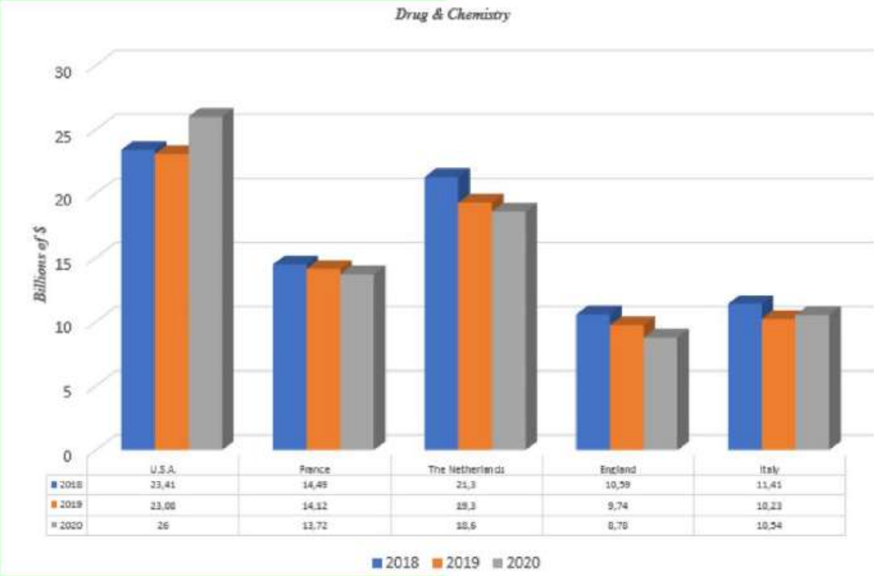
However, as in the past decade, the fate of the global chemical industry inevitably depends on the latest market demand, the price volatility of key raw materials, trade and regulatory barriers, and sustainability. In addition, chemical sales increase or decrease not only due to trade tensions between the US and China, but also due to variables related to domestic manufacturing activities.

Chart 11: Germany has import data for the Drug & Chemistry sector.



Source: Trademap

Chart 12: Germany has export data for the Drug & Chemistry sector.



	U.S.A.	France	The Netherlands	England	Italy
2018	23,41	14,49	21,3	10,59	11,41
2019	23,08	14,12	19,3	9,74	10,23
2020	26	13,72	18,6	8,78	10,54

Source: Trademap

b. Electrical & Electronics

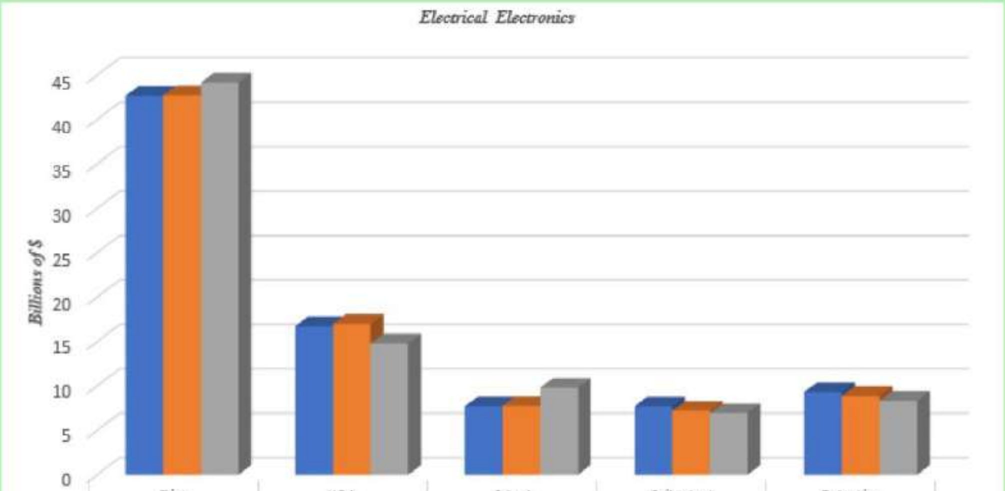
The product range produced by the electricity and electronic products sector is quite wide and the speed of technological development and progress increases the product range produced by the sector day by day.

Global consumer electronics sector size exceeded 800 billion dollars in 2020. It is predicted that the sector, which is expected to grow by 6.9% on average annually by 2024, will reach a valuation of over 1 trillion dollars in 2024. China currently has the largest share in the sector with 24%, followed by the USA with 21% and India with 5%.

Among these three markets, India is expected to grow the fastest by 2024 with an annual average growth rate of13.6%. Consumer electronics are examined under four headings: Computer, in-vehicle electronics, in-home electronics, portable electronic devices. While the computer accounts for 19% of the market, it is predicted that it will grow byo.6% annually on average by 2024. While in-car electronics account for 1% of the market, a contraction is expected in this market because many OEMs develop their own electronics while eliminating third-party players. Domestic electronics currently account for 21% of the market, with an average annual growth of8.1% by 2024. It is predicted that the mobile electronic devices segment, which has the largest share in the domestic electronics category with 59% market share, will grow by 8.3% on average annually until 2024. The size of the global white goods sector has exceeded 450 billion dollars. It is predicted that the sector will grow by5.5% annually on average by 2024 and will reach approximately 600 billion dollars in 2024.

The size of the electric motors, generators and converters sector was measured as 465 billion dollars in 2019. The sector, which is expected to grow by 6.2% on average annually by 2030, is expected to reach 900 billion dollars in 2030. Currently, China has the largest share in this market with 53%, followed by the USA with 6% and Japan with 5%.

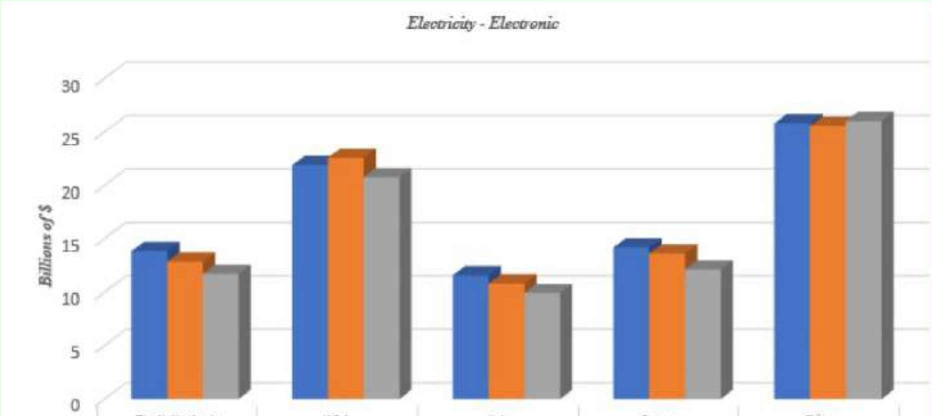
Chart 13: Germany has import data for the Electrical & Electronic sector.



	China	U.S.A.	Poland	Switzerland	Tschechien
2018	42,65	16,72	7,71	7,7	9,29
2019	42,69	16,98	7,73	7,19	8,86
2020	44,15	14,78	9,79	6,92	8,32

Source: Trademap

Chart 14: Germany's State has export data to the Electrical & Electronic sector



	The Netherlands	U.S.A.	Italy	France	China
2018	13,84	21,88	11,57	14,18	25,78
2019	12,84	22,56	10,8	13,59	25,53
2020	11,68	20,75	9,9	12,09	26

Source: Trademap

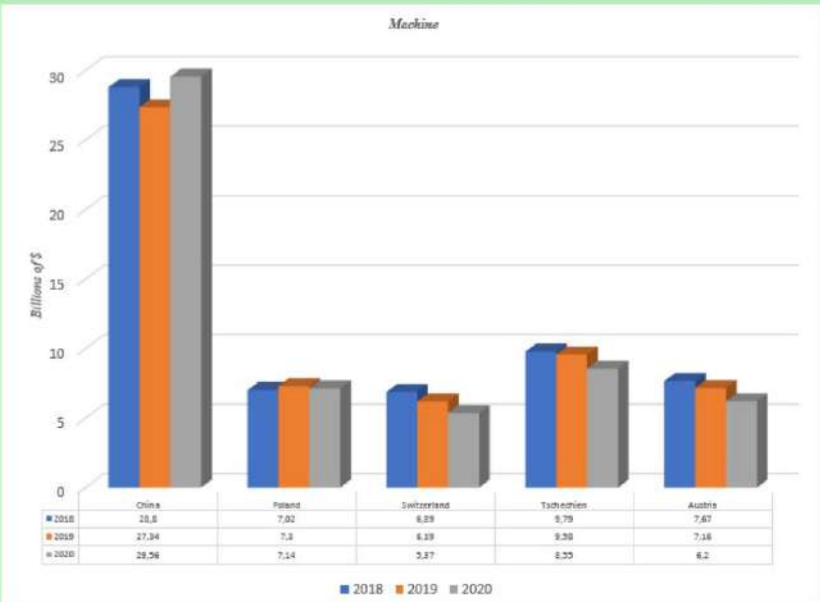
c. Machine

Production growth in developing countries is the driving force of growth in the global machinery sector. The relatively rapid population growth in emerging economies and the correspondingly increasing total demand encourage countries to increase their production. Developing economies constitute the majority of the countries that grow 5% and more in terms of the largest twenty markets in machine manufacturing. These countries are China, India, Mexico and Turkey. In developed economies, Germany is Japan and the USA.

The effects of Industry 4.0 are seen in machine production. Considering the relatively high labor costs in Europe, it is predicted that the use of automation and robotics in production will increase further. Unmanned production process, which provides a decrease in production efficiency and energy costs; "Dark factory" applications are becoming widespread. The machinery manufacturing industry should also be prepared for the possible increase in demand in this direction in the coming period.

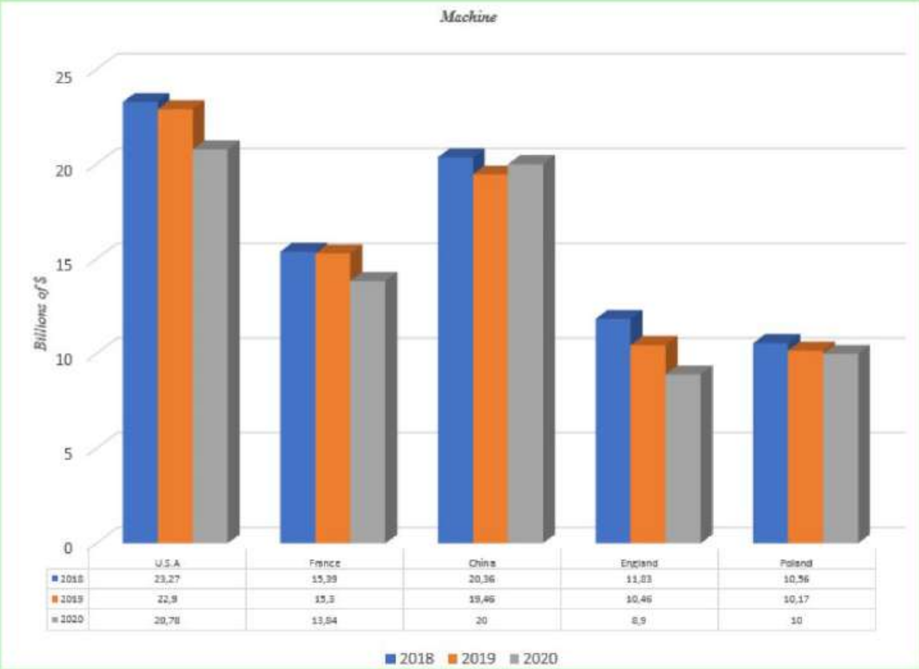
Although it is predicted that the average annual growth rate will be 4.4% by 2030, it is estimated that the sectoral size will exceed 6.5 trillion dollars in 2030. China has the largest share in the machinery sector with 39%. China is followed by the USA with 12% and Germany with 8%. The country that is predicted to grow the fastest in the 10 largest markets is China with an average annual growth of6%.

Chart 15: Germany has import data for the Machinery sector.



Source: Trademap

Chart 16: Germany has export data for the Machinery sector.



Source: Trademap

d. Automotive

The global automotive sector is a sector that is developing day by day and its importance for the national economies is increasing. In this sector, competition between companies is increasing rapidly and accordingly, factors such as productivity increase, effective use of resources, administrative and technical organization are gaining great importance. In this context, features such as R&D investments, quality management, relationships based on cooperation between main and sub-industry, qualified workforce employment, application of flexible production methods and effective marketing are decisive for competition.

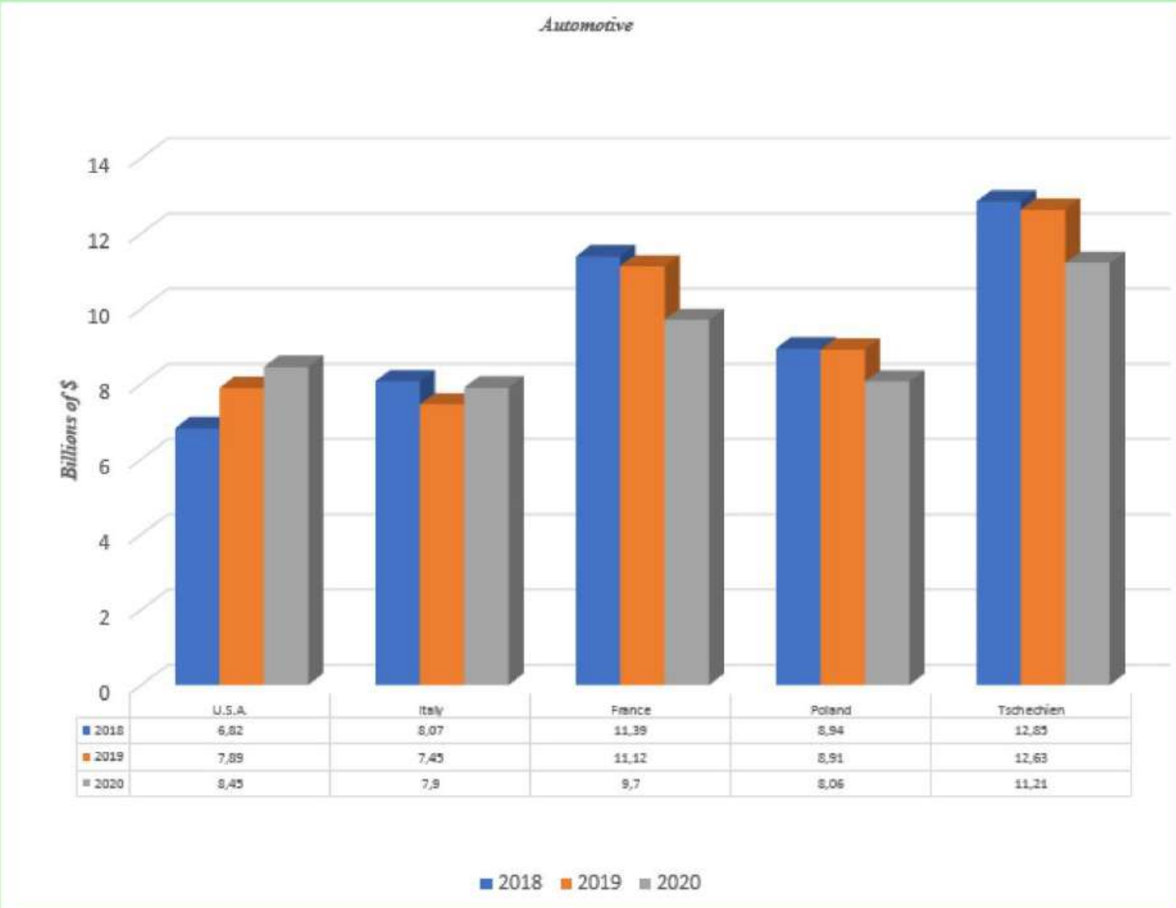
It is predicted that the sector, which is expected to grow by 5.1% annually on average worldwide, will increase its sectoral size to over 8 trillion dollars in 2030. While China is the leader in the sector with a market share of 30%, it is followed by the USA with 15% and Germany with 10%.

Sub-industry and suppliers are gaining importance in the automotive sector. One of the factors affecting the power of the supplier vis-à-vis the original product manufacturer (OEM) is the size of the supplier, the material effect, the quality/cost ratio and the shortage of alternative producers. While factors such as suppliers being close to OEMs and selling directly and only to certain OEMs reduce supplier power, in some areas OEMs produce parts through their own companies. Operational and logistical excellence is among the most noticeable issues in the parts purchased from the supplier in addition to the production of OEMs within themselves.

Customer integration, timely delivery and flexibility in the production time of the order are among the most important issues in this field. The fact that fluctuations in the prices of metals and aluminum, which are among the primary raw materials in the world, put pressure on the suppliers causes them to reduce their operating costs and increase their turnover rates and lower their margins in order to differentiate from their competitors. Suppliers also began to produce cars with a bold vertical integration move.

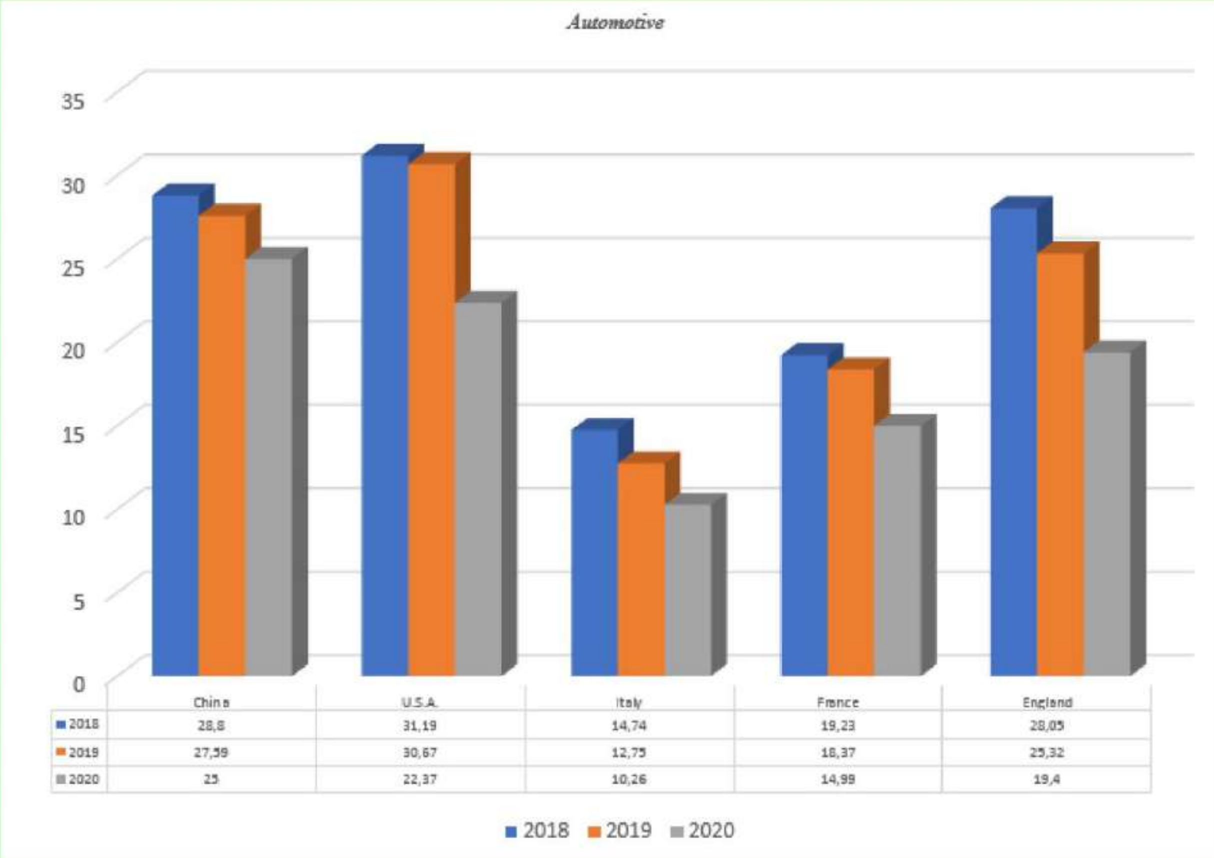
While the production of internal combustion engine systems and all parts related to these systems are in a decline trend, it is estimated that the electronic systems will be in a growth trend. For example, while electric transmission battery/fuel cell, autonomous driving systems are in an upward trend, a contraction in fuel systems and exhaust systems is foreseen. This prediction is based on the expectation that electric and autonomous vehicles will become widespread and the interest in internal combustion vehicles will decrease.

Chart 17: There are import data for the automotive sector in Germany .



Source: Trademap

Chart 18: Germany has export data to the automotive sector.



Source: Trademap

8. Tariff and Non-Tariff Obstacles Applied by Germany

a. General Status

According to WTO agreements, countries cannot distinguish between countries in which they normally trade. If a country that is a member of the WTO grants a privilege to a country (such as the application of a lower or higher customs duty rate for some products), it must do the same for all other WTO members (Most Favoured Nation, MFN). As an exception to the MFN, countries may establish a Customs Union in which a common customs tariff is adopted only for third countries which are traded within the group and which do not apply a common customs tariff to third countries which discriminate against external goods, or for countries outside the Union. In addition, developed countries can implement the Generalized System of Preferences (GTS), which aims to increase the share of these countries in world trade with unilateral concessions (preferential tariffs given by developed countries to imports from developing countries).

Reducing or even resetting customs duties (tariffs), reducing barriers to trade such as import bans or quotas that reduce the volume of trade are the most effective methods of promoting international trade. As a result of the eight rounds of trade negotiations, the tariffs on imported goods were initially lowered, and as a result of the negotiations, the tariff rates on industrial goods of industrial countries fell below 4% in the mid-1990s. The ninth round of the Doha Development Agenda continues. In the 1980s, however, negotiations were expanded to cover new areas such as barriers and services on goods other than customs duty, and intellectual property.

It is seen that Germany, which is a member of the EU, is a member of the IMF, the World Bank, the OECD and the World Trade Organization. Germany, which has signed a total of 44 Free Trade Agreements (Regional Trade Agreement) with the EU, will sign an FTA with 11 countries. There is a Customs Union agreement between Turkey and the EU and thus Germany entered into force on 1 January 1996. Germany also has preferential trade agreements with the Western Balkan Countries, Pakistan and Moldova, where it is a beneficiary together with the EU (World Trade Organization (WTO), 2020).

b. Tariff and Non-Tariff Obstacles Applied by Germany

The World Integrated Trade Solution (wits) defines three types of tariffs: Bound Tariff, Most Popular Nation (MFN) Tariff, and Preferential Tariff. Wits uses the concept of Effectively Applied Tariff (AHS), which is defined as the lowest available tariff. If a preferential tariff (such as the Generalized Preferences System) is available, this tariff is used as the effectively applied tariff, while MFN uses the MFN tariff if it is applied.

Since Germany is an EU member, analyses related to non-tariff (NTM) will be made according to the EU.

According to the WTO data, while the EU applied an average "Most Observed Nation (MFN)" tariff of4.53% in 2005 for the products it imported (Customs Tariff Statistics Position code 10), the rate was 2.68% by weight compared to the actual imports. While it is seen that the tariff rate of "Most Observed Nation (MFN)" in the products imported by the EU in 2018 has increased to 4.73%, it is seen that the rate has decreased to 2.66% by weight compared to the actual imports (WTO, 2020).

While Germany had an average MFN Tariff Rate (6-Customs Tariff Statistics Position code) of 5.13% in 2007 in the products it imported, the rate increased slightly in 2018 and increased to 5.15%. While Germany had an average MFN Tariff Ratio of7.80% in Customs Tariff Statistics Position code of 10 in 2007 in its imported products, the ratio decreased slightly in 2018 and decreased to 7.63%.

While Germany had an average "Effective Tariff Rate (AHS)" of 1.40% in 2007 in the 6-point Customs Tariff Statistics Position code in the products it imported, in other words, it decreased slightly in 2018 and decreased to 1.39%. While Germany had an average MFN Tariff Rate of2.87% in Customs Tariff Statistics Position code of 10 in 2007 in its imported products, the rate decreased in 2018 and decreased to 2.38%. While Germany applied a preferential trade tariff to 40 countries in 2007 in the 6-point Customs Tariff Statistics Position code, it applied it to 38 countries in 2018. Germany applied a preferential trade tariff to 14 countries in 2007 in the 10-point Customs Tariff Statistics Position code (country tariff schedule), while nowadays it has applied it to 13 countries.

Germany imports a total of 5,233 different 6-point Customs Tariff Statistics Position coded products from the world and 3,277 different 6-point Customs Tariff Statistics Position coded products from Turkey. Table 13 shows the distribution of the products according to the customs duty rates applied by Germany in its imports from the world. While Germany does not apply customs duties on 5,118 products it imports from the world, it has applied customs duties on 25 products less than 1%, 48 products less than 5% greater than 1%, 57 products less than 10% greater than 5%, 47 products less than 15% greater than 10%, 28 products less than 20% greater than 15%, 14 products less than 25% greater than 20%, 20 products less than 30% greater than 25%, 5 products less than 35% greater than 30%, and 25 products greater than 35%. While it is seen that Germany does not apply customs duty on many products in its imports from the world, it is determined that the products with the highest customs duty are the products in the product group with 57 products and 5-10% customs duty with 48 products and the products in the product group with 47 products and the products in the product group with 10-15% customs duty with 48 products.

Table 19: Distribution of 6-point Customs Tariff Statistics Position Coded Products According to the Customs Tax Rates Applied by Germany in Imports from the World

Customs Duty Rate Applied in Importation	The Number of Products
Products Not subject to Customs Tax (0%)	5,118
Greater than 0% - Less than 1%	25
Greater than 1% - Less than 5%.	48
Greater than 5% - Less than 10%	57
Greater than 10% - Less than 15%	47
Greater than 15% - Less than 20%	28
Greater than 20% - Less than 25%	14
Greater than 25% - Less than 30%	20
Greater than 30% - Less than 35%	5
Greater than 35%	25
Total	5,387

Source: (ITC Market Access Map (MacMap), 2020)

According to UNCTAD data, the EU, of which Germany is a member, implemented a total of 413 NTMs in its imports from the world in 2019, including 97 "A-Sanitary and phytosanitary (SPS) measures", 272 "B- Technical barriers to trade (TBTs)", 5 "C- Pre-shipment inspections and other formalities", 35 "E-Licenses, quotas, prohibitions and other quantitative control measures", 2 "P-Export-related measures" and 2 other non-tariff barriers (NTMs).

Germany has also applied a total of 4 non-tariff barriers (NTM) as 1 "A-Sanitary and phytosanitary (SPS) measures", 1 "B- Technical barriers in trade (TBTs)", 1 "E-Licenses, quotas, prohibitions and other quantity control measures" and 1 "C-Pre-shipment inspection and other formalities" to the countries. Thus, the EU has implemented 417 NTMs worldwide, 413 of which are for all countries and 4 of which are for dual use (UNCTAD, 2020).

According to the World Bank wits data, the EU applied non-tariff barriers to 94.31% of the products imported from the world and 93.88% of the total import amount of these products in 2018. In the world, it applied non-tariff barriers to 71.98% of the imported products and 43.04% of the total import amount of these products. When the ratio of the number of products applied NTM among the products in the sectors where the EU imports is examined, it is seen that the non-tariff barrier is mostly applied in the "Textile and Ready-to-wear", "Machinery and Electrical Products" and "Chemicals" sectors and almost all of the products imported in all of the mentioned sectors are applied non-tariff barrier. Among the sectors where non-tariff barriers are applied, it is seen that the "Textile and Ready-to-wear" sector has the most obstacles with 796 products, while this sector is followed by the "Machinery and Electrical Products" sector with NTM applied to 760 products. The sectors with the least non-tariff barriers are listed as

"Fuels" sector with 26 products and "Shoes" sector with 43 products. The least NTM in the amount of imports was owned by the "Minerals" sector with 15.44% and the "Stone and Glass" sector with 57.21%.

Table 20: Rate of Non-Tariff Obstacles Applied by the EU in Imports by Sector

Sector	NTM Rate in Import (Total Included in Import %)	The Rate of Imported Product Applied in NTM (The Number of Imported Product %)	The Number of Products Subject to NTM
Animal Products	99.91	99,69	321
Leather & Leather Goods	99.83	98,55	68
Textile and Apparel	100.00	100,00	796
Vegetable	99.88	98,86	348
Food Products	99.82	99,53	210
Fuels	94.83	66,67	26
Footwear	97.63	91,49	43
Miscellaneous Products	92.79	83,90	297
Machinery and Electrical Products	99.40	98,57	760
Chemicals	99.82	96,29	753
Tree Products	85.44	83,83	197
Transportation	98.37	93,85	122
Plastic or Rubber	95.40	93,84	198
Metals	90.99	91,83	517
Stone and Glass	57.21	76,17	147
Minerals	15.44	57,14	60
All Import Products	94.31	93,88	4,863

Source: (World Bank WITS (World Integrated Trade Solution), 2020)

Table 21 shows the number of products applied NTM in EU imports according to SPS and TBT, which are non-tariff barriers. "Sanitary and phytosanitary measures" (SPS) were applied to a total of 1,554 products, while "Technical barriers to trade" (TBT) was applied to 4,824 products. While the sector where SPS is applied the most is "Vegetable", it is seen that SPS is applied in 334 products in this sector. This sector was followed by the "Animal products" sector where SPS was applied in 321 products and the "Chemicals" sector where SPS was applied in 243 products. While the sector where TBT is applied the most is "Textile and Ready-to-wear", it is seen that TBT is applied in 796 products in this sector. This sector was followed by the "Machinery and Electrical Products" sector in which TBT was applied in 760 products and the "Chemicals" sector in which TBT was applied in 753 products.

Table 21: Number of Products Applied SBS and TBT in EU Imports

Sector	Sanitary and phytosanitary measures (SPS, NTM) affected product infeeds	Technical barriers to trade (TBT, NTM) affected product infeeds
Animal Products	321	**314**
Vegetable	334	**347**
Food Products	193	**209**
Plastic or Rubber	80	**198**
Leather & Leather Goods	29	**68**
Chemicals	243	**753**
Tree Products	100	**193**
Metals	102	**502**
Stone and Glass	38	**140**
Machinery and Electrical Products	61	**760**
Textile and Apparel	36	**796**
Miscellaneous Products	6	**294**
Minerals	*10*	*60*
Fuels	*1*	*25*
Footwear	-	*43*
Transportation	-	*122*
All Import Products	*1,554*	*4,824*

Source: (World Bank wits (World Integrated Trade Solution), 2020)

Table 22 shows the NTM rates in the import of the EU and the number of products it imports according to non-tariff barriers. The most common NTM application is "Labeling requirements (B310) (B-Technical Barriers in Trade, TBT)" and this NTM has been applied in 3.645 of the total 5.233 imported products and it is seen that this NTM has been applied in 70.4% of the products and the import amount of these products applied in NTM corresponds to 72.8% of the total imports. The second most common NTM application is "Certificate requirement (B830) (B-Technical Barriers in Trade, TBT)" applied to 2.633 products and it is seen that 50.8% of the total import amount of these products applied to NTM constitutes 54.9% of the total import amount.

In the third place, the most common NTM application is "Product quality or performance requirement (B700) (B-Technical Barriers in Trade, TBT)" applied to 2.445 products, and it is seen that 47.2% of these products applied to NTM constitute 57.5% of the total import amount.

The least NTM application is "Packaging Requirements (B330) (B-Technical Barriers in Trade, TBT)" applied to 1.278 products and it is seen that 24.7% of the total import amount of these products applied to NTM constitutes 34.2%of the total import amount.

Table 22: Rate by Non-Tariff Obstacles NTM Rates Applied by the EU in Imports

NTM	NTM on Import Rate (Total Import %)	NTM Applied Import Product Ratio (The ratio between the number of imported products %)	The Number of Products Subject to NTM
Product quality or performance requirement (B700) (B-Technical Barriers to Trade, TBT)	57.53	47,20	**2,445**
Labelling requirements (B310) (B-Technical Barriers to Trade, TBT)	72.79	70,37	**3,645**
Test requirement (B820) (B-Technical Barriers to Trade, TBT)	36.55	35,39	**1,833**
Certificate requirement (B830) (B-Technical Barriers to Trade, TBT)	54.86	50,83	**2,633**
Inspection requirement (B840) (B-Technical Barriers to Trade, TBT)	60.03	42,43	**2,198**
Packaging Requirements (B330) (B-Technical Barriers to Trade, TBT)	34.24	24,67	**1,278**
Restricted use of certain substances (B220) (B-Technical Barriers to Trade, TBT)	30.74	29,34	**1,520**
Prohibits due to Technical Barriers to Trade (B110) (B-Technical Barriers to Trade, TBT)	42.83	32,92	**1,705**
Registration requirement for importers due to Technical Barriers to Trade (B150) (B-In Trade Technical Barriers (TBT)	50.87	30,50	**1,580**
Authorization requirement due to Technical Barriers to Trade (B140) (B-Technical Barriers to Trade, TBT)	**37.51**	**34,81**	**1,803**

Source: (World Bank wits (World Integrated Trade Solution), 2020)

Disposable Plastics There is a "Regulation on the Prohibition of Entry of Disposable Plastic Products and Products Obtained from Soluble Plastics to the Market" that will enter into force on 03/07/2021. Disposable plastic forks, knives and plates will not enter Germany. It has become mandatory to write a warning in the official languages of the EU member states on plastic cups (wine and beverage glasses made of plastic and simple plastic cups in white or different colors used in beverage vending machines, for example). (In glasses, those produced by XPS production method can enter, those produced by EPS method cannot.)

Supply Chains In the German public opinion, issues such as the continuous violation of basic human rights in trade and production in relation to international supply chains, child labor, abuse, discrimination and lack of workers' rights, destruction of nature (cutting of forests, pesticide wastes, activities causing water and air pollution) create serious sensitivities. It is also emphasized that businesses in Germany also generate income from the values produced in other parts of the world, so they bear the responsibility of paying attention to human rights throughout their supply chains.

c. Tariff Obstacles Applied by Germany to Turkey

It was determined that the EU applied non-tariff barriers against other countries where it did not apply bilateral non-tariff barriers to Turkish export products. The EU also applies 1 NTM coded as "C-Shipment Pre-Shipment Inspection and Other Formalities" to Turkey as a bilateral country. Thus, the EU applies a total of 414 NTMs to Turkey, 413 of them to all countries and 1 of them to bilateral countries (UNCTAD, 2020). Table 35 shows the distribution of 414 non-tariff barriers applied by the EU to all countries, including Turkey, according to the type of obstacle. In its imports from Turkey, the EU applied 97 "A-Sanitary and phytosanitary (SPS) measures", 272 "B-Technical barriers in trade (TBTs)", 5 "C-Pre-shipment inspection and other formalities", 35 "E-Licenses, quotas, prohibitions and other quantity control measures", 2 "P-Export-related measures" and 2 other measures coded 413 non-tariff barriers (NTM) in total with other countries. In addition, it is seen that the EU has implemented 1 NTM coded as "C-Shipment pre-examination and other formalities" against Turkey (UNCTAD, 2020). Apart from these, according to WTO data, it is seen that Germany has implemented 1 Sanitary and Phytosanitary (SPS) measures in countries including Turkey and is considering to apply 10.

9. Points to be considered in the market and Useful Information

a. Business Culture

German business culture consists of strict rules with very little flexibility. Punctuality is an extremely important issue in both business and social life. Appointments are arranged weeks in advance, sudden appointments have no place in social or business life. Objective facts and tasks constitute the focus of business life.

In this context, the Germans expect the participants to arrive at the meetings on time and in preparation. Persons who will not be able to attend the meeting or who will be late in attending the meeting are required to notify these situations in advance.

Those who come together for work shake hands to greet and a contact other than handshake is not appropriate in the workplace. Looking into the other person's eyes is quite normal in Germany, it is perceived as a sign of attention and interest.

In business, Germans often attach importance to objective exchange of views on the topic on the agenda. Interviews in the workplace focus on a certain content, and after a short introduction, the main topic is discussed. The Germans want to give confidence to the other party with their competencies, so they make what they can do visible and try to provide confidence in this way.

b. Currency Use

Germans generally prefer to pay cash in consumption. Girocars, called EC cards, are the most preferred form of payment after cash. Interest in Federal Germany credit card and other payment options is extremely low. It is far behind England, France and Scandinavian countries in the use of credit cards.

c.Passport and Visa Procedures

Citizens of the Republic of Turkey who wish to apply for a trip to Germany must apply for a visa to Germany in order to enter the country.

Citizens of the Republic of Turkey holding a Special Passport, Service Passport and Diplomatic Passport are exempted from applying for a German visa for their travels not exceeding 90 days within 180 days.

All citizens of the Republic of Turkey who want to travel to Germany for long-term purposes (family reunification, residence permit, work permit, etc.) are obliged to apply for a visa to Germany. Germany is among the member countries of the Schengen Region. Therefore, if Turkish citizens have a German visa, they can travel to other Schengen countries with a German Schengen visa provided that they start their travels from Germany. Persons wishing to travel to Germany must apply for a German Schengen Visa for travels up to 90 days and a German National Visa for travels longer than 90 days.

German Schengen Visa

With the Schengen Convention, which entered into force in 1995 in the European Union (EU), a region that grants freedom of movement between the parties to this Convention was established. Countries that have signed this Convention have begun to implement common rules for border crossings with countries outside the Schengen Area. The Schengen Region, which covers a total of 26 countries, includes Germany, Austria, Belgium, the Czech Republic, Denmark, Estonia, Finland, France, the Netherlands, Spain, Sweden, Italy, Liechtenstein, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia and Greece. Switzerland, Iceland and Norway, on the other hand, have joined the Schengen Area through a special agreement even though they are not members of the EU. People who want to travel to the member countries of the Schengen Region can travel to other Schengen countries with the same visa, provided that they start their travels from the Schengen country where they apply for a visa. The Schengen visa is valid for travel up to 90 days.

German Visa Types

Persons wishing to travel to Germany should apply for different types of visas according to the purpose of their travel. The German visa is also classified separately according to the duration of the travels to the country.

The types of visas issued by the German Consulate are as follows:

- Germany Short Term (Type C) Visa: Schengen visa, which covers people who want to travel to Germany to participate in official, touristic, commercial, income-generating activity, education, treatment, visit, voluntary activity, research, participation in conferences, sports or cultural activities, falls into the "Type C" visa category.

- Germany National (Type D) Visa: It is the type of visa issued for residence to people (student, family reunification, study purpose) who want to stay in Germany for more than 90 days without interruption. Applications for a German National Visa (Type D visa) can only be obtained by applying to the German Consulate and the German Embassy one-on-one.

- Germany Transit Visa: Citizens of Republic of Turkey who depart from Turkey and transit to a third country via Germany must apply for Airport Transit Visa. Type A visa holders travel at the airport by way of transfer without leaving the international transit section and undergoing passport control.

d. Public Holidays and Working Hours

n Germany, working hours in official institutions are usually from 08.00 am to 16.00 pm on weekdays. In most of the industrial enterprises, a double-shift system is applied, the first between 06.00-14.00 and the second between 14.00-22.00. In some large enterprises, a three-shift system is also implemented (22.00- 06.00). In Germany, working days are five days, Monday to Friday. Working hours, especially in public institutions, are reminded at the entrance doors of service buildings, in manuals, on web pages, etc. It is seen that the private sector started to work early (usually 07.00-08.00 in the morning) and the shift was ended around 17.00 in the evening.

On the other hand, many companies and institutions can flexible working hours instead of a strict working day between 09.00-17.00. However, there is a core work time, which often ensures that a sufficient number of employees are required to be present in the workplace.

Information on public holidays in Federal Republic of Germany can be obtained from the following websites:
https://www.officeholidays.com/countries/germany/2020

e. Local Time

Federal Republic of Germany is located in the Central European time zone (CET). The time zone is valid all over Germany, as in other European countries such as France or Italy. In Germany, summer and winter time is applied. There is an hour difference between summer time and winter time applications. Summer time in Federal Republic of Germany begins on the last Sunday of March each year. Hours are set from 2.00 to 3.00. Winter time begins on the last Sunday of October each year. Hours are set from 3.00 to 2.00.

10. Information on Establishment of the Company and Business

a. Company Types

Company Establishment Procedures

Foreign investors can carry out their activities in the German market by establishing a private or capital company or a branch in the form of individual entrepreneurship such as German entrepreneurs.

In Germany, businesses can be established in three different ways from a legal point of view;

- One-man company
- Multiple-partner company
- Capital company

The form of a company varies in personal, material, tax and legal aspects. The legal regulations applicable to German investors are also valid for foreign investors. In other words, there was no need to make a separate law regulating the legal status of foreign investors. However, since foreign managers, managers and individual entrepreneurs are subject to the provisions of Foreigners Law in terms of recruitment and residence permits, it is possible for them to encounter some restrictions.

The most important reason why entrepreneurs who start their own business prefer capital companies as a business style is that capital companies exclude the personal assets of the person from the area of responsibility. The shareholders take responsibility for the commercial activities in proportion to their capital in which they are partners with the company. The partners or founding members provide the capital and their active participation in the management of the company is not obligatory. Examples of capital companies are GmbH, UG (limited liability), Limited &Co.KG and AG. As other capital companies, it is necessary to refer to the limited company (KommanditgesellschaftaufAktien), whose capital is divided into shares, as „KgaA" style companies.

The common feature that distinguishes third party companies from capital companies is the payment of the losses that will occur with personal assets. In any case, the person who will open the company does not need to start with a minimum capital. The main feature that distinguishes single-person companies from multi-person companies is that the single-person company owner is also the manager of the company. Unlike typical merchant businesses, in multi-person companies such as collective companies, one person does not decide alone. If a decision is to be made for a commercial transaction, all partners must give their consent. In both private companies and multi-partner companies, the person is not required to pay corporate tax if his/her annual income is below 24,500 Euro. There is no minimum capital requirement in both types of enterprises. Operating costs are quite low compared to capital companies. Examples of multi-partner companies are GbR, KG, OHG, PartG and GmbH &Co. KG. can be given.

b.Stages of Establishing a Company in Germany

- Contacting authorized person organizations providing legal services (for legal issues).

- Preparation of the required Union/Association, representation authority and other documents

- Confirmation from notary or local Chamber of Industry and Commerce whether the name of the company to be established is acceptable or not,

- Notary procedures,

- Depositing the projected capital into the bank account,

- Registration in the relevant local court (Amtsgericht) Trade Registry,

- 7. Application to the Local Commerce Office (Gewerbeamt) for the establishment of a company and the purchase of a Registration Certificate (Gewerbeanmeldeschein), (Special licenses are required for sectors such as food, pharmaceutical, manufacturing, finance and transportation.)

- Registration with the Municipal Trade Tax Office (Gewerbesteueramt) and the local tax office (Finanzamt),

- Registration to the Chamber of Commerce where the head office of the company is located.

Establishment of a Limited Liability Company (Gmbh) in Germany

The legal status of the Limited Company (GmbH) is regulated in the Limited Companies Law. In terms of the simplicity of its establishment and structure, the Limited Liability Company is the most legally appropriate company for foreign entrepreneurs who want to limit the risk of their activities to the capital they invest in Germany.

Incorporation Requirements of Limited Liability Company (Gmbh):

- The main capital must be at least 25.000, - €.

- The articles of association must be certified by a notary public.

- It is compulsory to register in the trade registry.

The Limited Liabilities Act does not require directors or administrators to be German citizens or to reside in Germany or speak German. However, German knowledge can be sought in terms of audit law.

Branch Opening Requirements

n addition to the establishment of legally independent businesses, it is also possible to open independent business sections (branches).

The branch, which is not regulated by the law, operates in a place separate from the business center; it indicates its special activity, accounting, balance sheet and asset independence, operates in its own residential unit and has a competent court to which it is affiliated. However, it has no legal (legal) personality. Although the commercial title does not have to be the same as the central business title, it should be possible to understand the relationship.

The Turkish company (Limited Liability Company) wishing to establish a branch must notify the municipality to which the address of the branch is affiliated. In addition, the company must make a declaration to the trade registry of the district court where it will establish the branch.

c. Social Security Practices

The basic laws on the German Social Security System are compiled in the Social Code (SGB-Sozialgesetzbuch/Social Code Book), which consists of a total of 12 books. In Germany, the social insurance system is based on obligation and is carried out by the state. The German social security system covers pension insurance, unemployment insurance, health insurance, accident insurance and long-term care insurance. Apart from the social insurance branches, there are also social benefits, family benefits covered by taxes or basic guarantees for pensioners and unemployed people (parental allowance, housing allowance, vocational training incentives, unemployment benefits, etc.).

The organizational structure of social security or "social protection network" is formed by the funds (safes) where the insurance branches are managed. These funds (local disease funds, industrial funds, rural funds, seafarers' funds, miners' funds, tradesmen's funds, etc.) are social security institutions that serve on a “self-management basis” and whose duties are determined by law.

In addition, there are Ministries responsible for the overall planning and general administration of social security. These are the Federal Ministry of Health, which is responsible for health insurance and long-term care insurance; the Federal Ministry of Labor and Social Affairs, which is responsible for pension, accident and unemployment insurance; and the Federal Ministry of Family, Elderly, Women and Youth, which is responsible for family benefits. The German social security system is funded by premiums collected from workers and employers. Only Work Accident Insurance premiums are fully collected from the employer. An employee's premium charge is approximately 20% of their earnings. Other insurance premiums are shared halfway between the employer and the worker.

Table 23: Distribution of insurance premium rates for 2020 is as follows:

Social Insurance	Total Premium Rate %	Worker Share Insurance Premium Rate	Employer Share Insurance Premium Rate
Sickness Insurance	14.60 + X*	7.30 +X/2	7.30 +X/2
Pension Insurance	18,60	9,30	9,30
Accident Insurance	-	-	It varies according to the degree of risk of the work.
Unemployment Insurance	2,40	1,20	1,20
Maintenance Insurance* *	3,05	1,525	1,525

Source: https://www.lohn-info.de/beitragsberechnung.html

*: Average of additional premium 1,1 (at the initiative of Insurance Institutions)

* 2,8 with 0,25ek premium for persons without children

As a result, restaurants, brokers, etc. that want to establish a business in Federal Republic of Germany has to obtain a trade permit at the stage of determining the standards for company organizations and during registration with local authorities. However, in cases where this permission is not required, there is a need for companies to obtain a trade license in local trade offices. This notification procedure is also important in terms of fulfilling the registration formalities with the competent authorities in the country, such as the Federal social insurance and health institution.

In addition, companies are required to register with the authorized associations in terms of the relevant sector. These associations have undertaken the representation of occupational accident insurance in the country. Such registration must be made within a period of one week from the date of establishment of the company.

In Federal Republic of Germany, companies are obliged to take out health and social insurance for their employees. In this context, each employee chooses their own health insurance company and informs the employer. Upon this, the employer has to register the employee electronically in the health insurance system.

d. Banking Legislation

The financial sector, which is one of the strong sectors of Federal Germany, is considered as the backbone of the economy. As of 2018, the total asset of the German banking industry was EUR 7 trillion 927 billion.

In the country, the banking sector is built on three main pillars: commercial banks (Deutsche Bank, DZ Bank, KfW Bank, Commerzbank, Unicredit Bank), public banks (Sparkassen and Landesbanken) and cooperative banks (Volks- and Raiffeisenbanken). One of the greatest features of Germany is that private banking covers only a small part of the German market. Based on 2018, only 267 of the 1,823 banks operating in Germany are private banks. As of 2017, Deutsche Bank ranked first among commercial banks with a total asset of EUR 1,474 billion.

Hamburger Sparkasse ranked first among the public banks with a total asset of 46 billion Euros. Deutsche Apothekerund Ärztebank eG is the most important cooperative bank with a total asset of EUR 46 billion. In this period, the number of people employed in the banking sector is over 570,000. All credit institutions in Germany are audited by the Federal Banking Audit Office in Berlin. In addition, banks operating in Federal Republic of Germany have a rooftop organization called the Federal Association of German Banks.

In addition, a company resident in Federal Republic of Germany must have the following documents in order to open an account in a German bank:

- Identity photocopies of the company official and partners

- Certificate of residence (if there is no German citizenship)

- Trade Registry Record

- Memorandum of Association

- Document or contract showing the Partnership Structure

- Tax number of the company

- Debt record information related to the company official (Schufa-KKB inquiry)

- In the event of a capital injection of EUR 25,000, the source of the money may be requested under the anti-money laundering law.

Apart from the documents mentioned above, there may be a request for additional documents, at the initiative of the relevant bank. In this context, it may be one of the documents to be requested that the last quarterly account statement or business plan of the established company regarding an existing account be submitted to the said institution.

e. Visas

Residence Permit for Entrepreneurs

In Article 21 of the Residency Law, the following conditions are stipulated for obtaining the residence permit required to become an entrepreneur:

- A material interest or a regional need
- Positive reflection of the activity on the national economy
- Financing is guaranteed by an equity or loan

The evaluation of these items is carried out according to the following criteria; soundness of the business idea, work experience, amount of capital, employment and vocational training contribution and their contribution to innovation and R&D.While inspecting whether the above-mentioned conditions are fulfilled, the competent authorities apply to the competent chambers (such as the Chamber of Industry and Commerce, Chamber of Tradesmen, Chamber of Architects) and the competent chambers for the permission of professional execution. The relevant departments submit their opinions on the foreigner's goals in the form of a short report. However, the final decision on the application is at the discretion of the foreigners branch. The information contained in the reports of the chambers and that may affect this decision must be taken into consideration by the foreigners branch.

Detailed information on the subject can be found at the following internet addresses:

Federal Ministry of Economics and Energy – Company Establishment Portal (in Turkish)

http://www.existenzgruender.de/TR/Home/inhalt.html

German Trade and Investment Agency GTAI - Company Establishment

http://www.gtai.de/GTAI/Navigation/EN/Invest/Investment-guide/establishing-a-company.html

f. Taking Over the Company

The elderly population of Germany is increasing day by day and this increase cannot be prevented. Germany's socio-cultural structure does not allow the continuation of generations, and families act independently. Family companies cannot find a subgeneration to transfer the management of the company after them, and offer these companies to the investors who will take over. Although the idea that the transferred company shows a negative trend as a general opinion is active, in Germany this situation is the opposite. The capital required to take over the company depends on the capacity of the company to be taken over and is handled individually. The decisive feature in taking over the company is the condition that the transferee has financial competence as much as 30% of the equity of the company to be taken over. Considering the risks of taking over the company, serious depreciation decreases in some companies after the transfer process. This is due to the fact that companies have an individual basis, not an institution basis. Serious analyses should be made before taking over the company and corporate consultancy should be applied. The nationality of the transferee or the company is insignificant in the takeover of the company. The general issue is that it can meet the transfer costs. Taking over the company instead of establishing a company is like stepping into an established nest.It has a settled customer and market, and there is no personnel problem. Although there are more than 300 consultancy companies in Germany to take over the company, the transfer processes are not reflected in the national press in order not to create a wrong economic impression.

First of all, domestic investors are sought and announced as a result of their absence. In general, this process is being advanced through consultancy companies.

In general, the chambers of commerce (Chambers of Commerce) to which companies are affiliated can be provided with information.

Alternatively, superficial announcements related to the subject can be found on the website

http://www.firmendatenbank.de.

According to ASU and Bundesverbnd data, more than 300,000 companies change hands annually in the Federal State of Germany for various reasons. The most important issue to be considered in the acquisition of the company is whether the transferred company is open to development. Family companies generally transfer their companies to various associations for name continuity and demand that they be managed according to the multiple partnership system.

11. Travelling to Germany

Travelling to Germany

There are no travel restrictions for individuals from countries where the Robert Koch Institute does not classify as a risk zone, high incidence zone or virus variant zone. Those who receive the European Medicines Agency approved vaccine (14 days after the last dose) can even come to Germany for touristic reasons. In the case of fairs, participants coming from the Risk region, high incidence region or virus variant region must show evidence that they will participate in the fair during the visa application and/or at the entrance to Germany.

Employees of the participating companies must submit a confirmation letter from the fair organizer that they have participated in the fair. On the other hand, fair visitors should submit a confirmation letter indicating that they have a job interview appointment with at least one participant in the fair area. Under normal conditions, passengers coming from risky areas should stay in quarantine for at least 10 days. In particular, if a negative test result is submitted, provided that the business trip lasts a maximum of 5 days, there is no quarantine obligation.

Table 24: Pandemic cases in Germany (June 28, 2021)

Address state	Total Cases	Difference from Previous Day	Number of Cases in the last 7 Days	7-Day Incidence	Death Numbers
Baden-Württemberg (S)	500,378	31	798	7	10,226
Bayern (M)	647,293	66	903	7	15,243
Berlin	180,102	0	237	6	3556
Hamburg	77,299	11	184	10	1,590
Hessen (F)	290,712	24	473	8	7,505
Nordrhein-Westfalen (D)	815,824	39	1034	6	17,113
Niedersachsen (H)	260,916	11	249	3	5,757
Germany-wide	3,726,929	219	4667	6	90,762

Source: Robert Koch Institute,

The Young Trade Ambassadors project has been funded by the European Commission. This publication reflects the views only of the authors, and the European Commission cannot be held responsible for any use which may be made of the information contained therein.