

REAL ESTATE COMMITTEE

CHAIRPERSON: Đorđe Nikolić, *NKO Partners*

VICE CHAIRPERSON: Vladimir Pavlović, *Metro Cash & Carry*

THE COMMITTEE'S MISSION:

The Real Estate Committee strives to be a constructive partner to Serbian Government and other state institutions in improving overall real estate regulatory framework, aimed at diminishing obstacles for both green and brown field investments, facilitating further development of planning, construction, design and other real estate sectors as well as ensuring better enforcement of adopted regulations in practice.

THE COMMITTEE'S MEMBERS:

ADVOKATSKA KANCELARIJA
PARIVODIC
ADVOKATSKA KANCELARIJA VUKOVIĆ
& PARTNERS
AGRI BUSINESS PARTNER
AIRPORT CITY
APATINSKA PIVARA
ATLAS CENTAR
ATLAS GROUP
BALKANS REAL ESTATE
BANCA INTESA
BDK ADVOKATI
BELGRADE OPEN SCHOOL
BELGRADE WATERFRONT
BEOANALIZA
BOJOVIĆ & PARTNERS
BOYDEN GROUP
BRITISH AMERICAN TOBACCO
CBS INTERNATIONAL
COCA COLA HELLENIC
COLLIERS
CONTINENTAL WIND SERBIA
CRE INTERNATIONAL
CROWE HORWATH
DBP ADVOKATI
DELHAIZE
DELOITTE
DELTA HOLDING

EMBASSY TECHZONES
ERNST & YOUNG
ERSTE BANK
EUROBANK
EXECUTIVE GROUP
HARRISONS
HEMOPARM
HONEYWELL
HYPO ALPE ADRIA BANK
IKEA
IMO PROPERTY INVESTMENTS
INSTITUT IMS
JANKOVIĆ, POPOVIĆ & MITIĆ
JONES LANG LASALLE
JT INTERNATIONAL
KARANOVIĆ & NIKOLIĆ
KINSELLAR
KOMERCIJALNA BANKA
LALIN LAW
LUKA BEOGRAD
M & V INVESTMENTS
MERCATOR-S
METRO CASH & CARRY
MIKIJELJ, JANKOVIĆ & BOGDANOVIĆ
MK GROUP
MOJI BRENDOVI
MORAVČEVIĆ, VOJNOVIĆ & PARTNERI
NAFTNA INDUSTRIJA SRBIJE

NAUMOVIĆ & PARTNERI
NKO PARTNERS
NOVASTON
ORION TELEKOM
OSA RAČUNARSKI INŽENJERING
PHILIP MORRIS SERVICES
PWG LAW OFFICE
RAIFFEISEN BANK
RIO SAVA EXPLORATION
SBB
SCHNEIDER ELECTRIC
SEKULOVIĆ LAW OFFICE
SIEMENS
SIKA
SOCIETE GENERALE BANK
TEKNOXGROUP SRBIJA
TELENOR
TRS EUROPE
TURNER SOUTHEAST EUROPE
UNIQA NEŽIVOTNO OSIGURANJE
VICTORIA GROUP
VIP MOBILE
VODA VRNJCI
VOJVODANSKA BANKA
WIENER STADTISCHE OSIGURANJE
WOLF THEISS
ŽIVKOVIĆ & SAMARDŽIĆ LAW OFFICE

THE COMMITTEE'S FOCUS 2014-2016:

- Creating an efficient and predictable framework for construction permitting by amending the Law on Planning and Construction, clearly defining the ownership of land, and reforming the compensation for development of construction land
- Harmonization of sector-specific laws with the Law on Planning and Construction
- Resolving the issue of conversion of the right to use land into ownership right

THE COMMITTEE'S GREATEST ACCOMPLISHMENTS:

SETTING UP A MORE EFFICIENT AND PREDICTABLE FRAMEWORK FOR OBTAINING CONSTRUCTION PERMIT

The Real Estate Committee took an active part in the public discussion surrounding the adoption of the **Law on Planning and Construction** in 2014. The committee's suggestions helped ensure that the final text of the law is in conformity with the main requirements of the business community, with the aim of further developing the construction industry and establishing a better business climate. AmCham's key suggestions related to:

- Addressing the complicated matter of ownership rights over land - limiting the conversion process with compensation to the least possible number of cases and abolishing the right to long-term lease as a specific category of right over land
- Reform of the compensation for construction land development

Most of AmCham's suggestions were incorporated into the final version of the law, while the conversion of the right to use land into the ownership right was left to be regulated in a specific law.

With the aim of informing its member companies about the latest amendments to the law, AmCham, together with the Ministry of Construction, Transport and Infrastructure, organized a **round table about the most important amendments to the Law on Planning and Construction**, a simulation of the required permitting procedure, and a comparative overview of the procedures implemented by the former and the new rules.

A year later, the Ministry of Construction, Transport, and Infrastructure, NALED, USAID BEP and AmCham organized a **Conference on Integrated Procedure and Planning Documents** with the goal of summarizing the first results of the practical implementation of the new construction permitting procedure and the identification of further steps to be taken with regard to planning and construction.

ISSUE OF CONVERSION RESOLVED THROUGH THE LAW ON THE CONVERSION OF RIGHT TO USE LAND INTO OWNERSHIP RIGHT

In 2015, committee actively worked to provide comments and support to the adoption of the proposed **Law on the Conversion of Right to Use Land into Ownership Right** as one of the last outstanding important issues presenting an obstacle to the promotion of new investments in the upcoming period. Following the **Business**

Luncheon with the Deputy Prime Minister of the Government of Serbia and Minister of Construction, Transport and Infrastructure, Ms. Zorana Mihajlović, many meetings with the representatives of the relevant Ministry, Delegation of the European Union, and the IMF, AmCham, in cooperation with the Foreign Investors Council and NALED, issued recommendations for an alternative solution, satisfactory for both the private and public sectors.

The new Law adopted in July 2015 provided for conversion without compensation, for any part of land serving for regular use of objects, including elements located around objects (infrastructure, traffic roads etc.). In addition, Law provides opportunity for recognition of costs for acquiring right to use land in specific cases, such as if it relates to undeveloped land or when it is determined that there existed acquiring costs at the time of acquisition.

FOCUS IN THE UPCOMING PERIOD 2016-2018:

Taking into account the multi-layered effects of the construction industry, and its implications for the creation of a more favorable business environment, in the upcoming period the committee will continue to be a constructive partner for the Government of the Republic of Serbia. By defining an action plan in cooperation with partner institutions and the competent Ministry, it will attempt to resolve the outstanding key issues.

The key recommendations for the upcoming period are:

- Changes in the bylaws on the Law on Planning and Construction, as a result of the first implementation results
- Enacting new and amending existing legislation governing the construction of infrastructural, primarily line, projects
- Harmonizing sector-specific laws (the Law on Fire Protection and the Law on Public Procurement), with the planning documentation requirements
- Regular consultations between the public and private sectors in the field of planning documentation

WIDE ANGLE

Đorđe Nikolić, NKO Partners

We start 2016 full of enthusiasm, following the initiation and implementation over the past two years of key reforms which strengthen Serbia's competitiveness with regard to the development of the construction industry. The acceleration of the pace of reform with regard to issues of construction licensing and conversion was the result of work by the Ministry of Construction, Transportation and Infrastructure over the past two years. However, it was also the result of the synergy of expertise between business associations, particularly AmCham, NALED and FIC, with exceptional and continuous support from donors, primarily USAID through its Business Enabling Project.

The amendments made to the Law on Planning and Construction are certainly the greatest accomplishment of the Real Estate Committee. Through continuous dialogue between the private sector and the competent ministry, the committee managed to prevent amendments to this law from being adopted prior to the due preparation of bylaws regulating the licensing procedure. A legal vacuum was thus avoided, and suitable preparations for implementation were enabled. Furthermore, the Law on Conversion of the Right to Use Land into Ownership Right was adopted. Since the committee's main suggestions were reflected in

this law, this longstanding barrier to the development of the construction industry was finally removed.

A true assessment of the suitability of these solutions will surely come from their practical implementation and the experience of business operators, but the committee's focus in the upcoming period will be on implementation, primarily with regard to planning documents and the integrated procedure. The general conclusion of the conference which we organized in late 2015 in cooperation with partner institutions and the competent Ministry was that the integrated procedure functions in practice, and has accelerated the construction licensing procedure, although some problems are still encountered in practice which need to be resolved by amending certain regulations and taking suitable action.

The committee's good performance indicators are primarily the result of engagement by AmCham member companies, whose comments contributed significantly to improvements made to the initial drafts of sector-specific laws. We owe special thanks to the Ministry of Construction, Transport and Infrastructure for their openness to continuous dialogue, both about the need to amend the legislation and about how to interpret and implement it. This was an excellent example of synergy between the public and private sectors.