

BDK Newsletter

BOJOVIĆ · DAŠIĆ · KOJOVIĆ
Advokati / Attorneys at Law

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Serbia: Real Estate

Boosting the construction industry in Serbia

The Serbian Parliament has recently adopted the Law on Stimulating Construction Industry¹, ("Law") purportedly aiming at boosting Serbian construction industry in the environment of pending financial crisis. The Law enables the Government to reach for taxpayers' money in order to finance a wide range of construction projects, including motorways, public housing, schools, hospital etc.

It is provided that at least 70% of construction material and built-in equipment used in the sponsored projects must originate from Serbia (provided domestic equipment of equal quality is available on the market).

The Government is granted wide discretion with respect to choosing projects as well as developers to be sponsored. The Law excludes the application of general public procurement rules on competitive tender. Instead, the Government is entitled to select invitees based on criteria which it will itself prescribe.

With respect to social housing projects, the Government will fix minimum and maximum price of construction for selected projects. Further details in this respect are yet to be seen in the implementing by-laws.

Contacts

BOJOVIĆ · DAŠIĆ · KOJOVIĆ
Advokati/Attorneys at Law

Belgrade office:
Dobračina 38
11 000 Belgrade, Serbia
Tel: +381 11 3284 212
Fax: +381 11 3284 213
E-mail: office@bdklegal.com

Podgorica office:
Vuka Karadžića 13
81 000 Podgorica, Montenegro
Tel/Fax: +382 20 230 396
E-mail: office.cg@bdklegal.com

¹ *Zakon o podsticanju građevinske industrije Republike Srbije u uslovima ekonomske krize, „Službeni glasnik RS“ br. 45/10*