

## **LAW ON CONCESSIONS**

### **I. BASIC PROVISIONS**

#### **Subject Matter of the Law**

##### Article 1

The present Law shall determine the conditions for, way of and procedure for granting concessions to exploit natural resources, goods in general use that are the property of the Republic of Serbia under law and for conducting a business of general concern; subject matter of concession; duration of concession period; concession contract; concession fee; exercise of concessionary rights and duties; foundation and operation of concessionary enterprises and other matters of importance for the exploitation of concessions.

#### **Principles**

##### Article 2

The determination of the conditions for, way of and procedure for granting concessions shall be based on the principles of equal and fair treatment, free market competition and autonomy of the contracting parties' volition.

The principle of equal and fair treatment encompasses a prohibition against discrimination on any grounds among participants in the concession granting and concessionaire selection procedure, as well as the duty to provide the participants in the concessionaire selection procedure with full and accurate information on the procedure, standards and criteria for the selection of concessionaires. No participant in the concessionaire selection procedure may have advantage over others with regard to time, information and access to the agencies responsible for the concession granting procedure. Decisions shall be rendered on the basis of objective criteria that have been announced in advance, which shall be presented to each participant in the selection procedure together with reasoning.

The principle of free market competition encompasses a prohibition against the restriction of competition among participants and the duty to accept all participants whose bids satisfy the requirements determined by law and the deed of concession.

The principle of the autonomy of volition encompasses the freedom of the contracting parties to determine their mutual rights and duties on their own volition, in conformity with laws and regulations and good business practices.

## **Concept of Concession**

### Article 3

For the purposes of the present Law, a concession shall be understood to mean the right to exploit a natural resource and goods in general use or to conduct a business of general concern, granted by the competent government agency (hereinafter: the Grantor) to a domestic or foreign person (hereinafter; the Concessionaire) for a specified period of time, on the terms set by this Law and against payment of a concession fee.

For the purposes of the present Law, a foreign person shall be understood to mean one of the following: a foreign legal entity whose head office is abroad; a foreign individual; or a citizen of the state union of Serbia and Montenegro who has been residing abroad for more than a year.

For the purposes of the present Law, a concession shall also be understood to mean a B.O.T. (*build-operate-transfer*) system concession, including all forms of this system, based on the construction or reconstruction and financing of a complete building, installation or plant, its exploitation and transfer of the title to it to the Republic of Serbia (hereinafter: the Republic) within the contracted term.

## **Concession Granting Requirements**

### Article 4

Concessions may be granted to persons that satisfy the requirements set by the present Law, concession deed and invitation to tender.

## **Subject Matter of Concession**

### Article 5

The subject matter of a concession may be any of the following:

- 1) Prospecting for and mining of all kinds of mineral raw materials;
- 2) Construction, reconstruction, maintenance and exploitation of water management facilities, including dams and water storages, water supply and distribution systems, irrigation and drainage systems and sanitation systems;
- 3) Construction, maintenance and exploitation of roads or reconstruction, development, maintenance and exploitation of roads;

4) Construction, maintenance and exploitation of the public railway infrastructure and organisation and control of railway traffic or reconstruction, modernisation, maintenance or exploitation of the public railway infrastructure and organisation and control of railway traffic;

5) Construction, maintenance and exploitation of air transport facilities, equipment and airports or their reconstruction, modernisation, maintenance and exploitation;

6) Construction, maintenance and exploitation of river transport facilities and ports or their reconstruction, modernisation, maintenance and exploitation;

7) Construction, maintenance and exploitation of telecommunication facilities or their reconstruction, modernisation, maintenance and exploitation;

8) Construction, maintenance and exploitation of oil pipelines, gas pipelines, gas storage, conveyance and distribution facilities or their reconstruction, modernisation, maintenance and exploitation;

9) Construction, maintenance and exploitation of public utility facilities;

10) Construction, maintenance and exploitation of energy-related and other facilities serving for the generation, preservation, transmission and distribution of electricity and heat or their reconstruction, modernisation, maintenance and exploitation;

11) Development, renewal and exploitation of riverbanks and lake shores;

12) Construction, maintenance and exploitation of public health establishments or their reconstruction, modernisation, maintenance and exploitation and provision of health care services;

13) Construction of sports and recreational facilities, sport grounds and space for sports and recreation, including facilities for recreational, sports and cultural activities;

14) Exploitation of thermal water springs for health care and production purposes;

15) Construction of facilities, reconstruction, modernisation and exploitation of existing facilities in spas, localities having natural curative properties and other natural values, for the purpose of exploiting them;

16) Construction, maintenance and exploitation of the tourist infrastructure facilities or their reconstruction, modernisation, maintenance and use.

The subject matter of a concession may also be the conduct of such other business as is determined by law as a business of general concern.

A concession may not be granted to a foreign person for the fields and in the regions in which a foreign person may not be an enterprise founder under the law dealing with foreign investment.

## **Duration of Concession Period**

### Article 6

A concession may be granted for a period of up to 30 years.

The duration of a concession period shall be set taking into account the subject matter of concession and anticipated profit accruing from the conduct of concessionary business. In setting the duration of the period referred to in paragraph 1 of this Article, especially in the case of granting exclusive rights, it shall be necessary to take into account particularly the degree of assumed operating risk, need for constructing the

facility in the initial period and need for developing a competitive market in the line of business constituting the subject matter of the concession concerned.

A concession contract may stipulate the possibility of the duration of the concession period to be extended, if following the conclusion of contract, such changes are made to the conditions under which the concession was granted as substantially impede the performance of the contract by a party thereto or which make it impossible to accomplish the purpose of the contract and if such changes could not have been anticipated at the moment of conclusion of the contract. This extension may run up to the expiration of the term referred to in paragraph 1 of this Article.

## **II. CONCESSION GRANTING PROCEDURE AND MODALITY**

### **Proposal for Concession Granting**

#### Article 7

The proposal for granting a concession may be presented to the Government of the Republic of Serbia (hereinafter: the Government) by the ministry competent for the area concerned (hereinafter: the competent ministry).

The proposal for granting a concession may be presented to the Government also by a competent body of the autonomous province in which the subject matter of concession is situated, as well as by the assembly of the local self-government unit in the territory of which the subject matter of concession is situated.

Any interested person may file a motion for the granting of a concession with an authorized proposer referred to in paragraphs 1 and 2 of this Article.

The proposal for granting a concession shall include the following in particular: subject matter of concession, investment feasibility and cost, duration of concession period, basic requirements for the exploitation of concession, recommended fee, purpose of exploiting the subject matter of concession and when the proposal is presented by an interested person, also the particulars relating to such person (registered name, personal name, evidence of registration).

The Government shall notify the submitter of proposal of the position taken on the proposal for granting a concession within four months from receipt of the proposal.

If the subject matter of a concession is the construction, maintenance and operation of a facility referred to in Article 5, paragraph 1, items 3), 4), 5), 6), 7), 8) and 10), of the present Law, which is of strategic importance for the Republic or to which international importance is attached, the Government shall present to the National Assembly of the Republic of Serbia the proposal for granting the concession involved.

The National Assembly of the Republic of Serbia shall notify the Government of its position on the presented proposal for granting the concession involved, within three

months from receipt of the proposal, and the Government shall notify the proposal-presenting party accordingly.

## **Proposal for the Adoption of Concession Deed**

### Article 8

Based on the declared intention of the Government and/or the National Assembly to grant a concession in a case referred to in Article 7 of the present Law and based on economic, financial, social and other indicators, the competent ministry shall draw up a proposal for the issuance of a concession deed and forward it to the Government, within six months from the date of its being notified of the Government's and/or National Assembly's intention.

The competent agency of the autonomous province shall draw up the proposal for the issuance of a concession deed for the prospecting for and mining of all kinds of mineral raw materials in the autonomous province, in the way and under the conditions referred to in paragraph 1 of this Article.

The competent agency of the local self-government unit shall draw up the proposal for the issuance of a concession deed for the construction, maintenance and exploitation of facilities serving for public utility purposes, in the way and under the conditions referred to in paragraph 1 of this Article, and forward it to the Government together with the competent ministry's opinion.

The proposal for the issuance of a concession deed shall include the following:

- 1) Subject matter of concession;
- 2) Reasons for granting the concession;
- 3) Data showing the effect of concessionary business on the environment, infrastructure and other industries, as well as on the efficiency of technical and technological systems;
- 4) Minimum technical, financial and experience-related requirements to be met by candidates for participation in the selection of concessionaires and in negotiations;
- 5) Duration of concession period, including a reasoning therefor;
- 6) Amount of necessary funds and other means and schedule of their employment; methods of making payments, giving guarantees and other security instruments for the performance of concessionary duties; rights and duties of the concessionaire in relation to the users of services constituting the subject matter of concession and matters relating to the filing of complaints by such users; matters relating to the conditions for and way of exercising supervision; and general terms of using goods and conducting business;
- 7) Estimated number of job stations and skilled labour force in connection with the exploitation of concession, if that is proposed to be a component of the concession deed.

## **Issuance of the Concession Deed**

### Article 9

The concession deed shall be issuable by the Government.

The concession deed shall be published in the Službeni glasnik Republike Srbije.

## **Contents of the Concession Deed**

### Article 10

The concession deed shall include the following:

- 1) Subject matter of concession and designation of the areas in which the concessionary business is to be conducted;
- 2) Duration of concession period;
- 3) Main contents of the invitation to tender, information and instructions relating to the tender dossier;
- 4) Requirements to be fulfilled by a concessionaire;
- 5) Criteria for selecting of best tender;
- 6) Conditions for and way of conducting the concessionary business (conditions for and way of rendering services to users, etc.);
- 7) Requirements concerning the environmental protection, safety and protection of health of the concessionaire's employees;
- 8) Kinds and amount of guarantees or other instruments for securing the exploitation of concession;
- 9) Way of setting the concession fee;
- 10) Other matters of importance for dealing with mutual rights and duties of the concessionaires and grantors.

If the subject matter of a concession is the reconstruction, remodelling or repair of existing facilities, the concession deed shall also include the estimated amount of investment according to the value of the facilities, the reconstruction, remodelling or repair of which constitute the subject matter of concession.

## **Concession Granting**

### Article 11

Any concession may be granted on the basis of public tendering procedure conducted beforehand.

Exceptionally, the public tendering procedure may be excluded if the conduct of which would pose a threat to national defence and security, the existence of which shall be decided on by the Government.

The decision referred to in paragraph 2 of this Article shall be published in the Službeni glasnik Republike Srbije.

## **Invitation to Submit Tenders**

### Article 12

The invitation to submit tenders shall be announced by the competent agency competent for drawing up the proposal for the issuance of the concession deed referred to in the present Law, in the Službeni glasnik Republike Srbije and in at least one domestic daily, and if the subject matter of concession is the construction, maintenance and exploitation of the facilities referred to in Article 5, paragraph 1, items 3), 4), 5), 6), 7), 8) and 10), which are of strategic importance for the Republic, also in an international newspaper.

If the subject matter of a concession is in the territory of the autonomous province, the competent agency of the autonomous province may publish the invitation to tender in the official gazette of the autonomous province. In that case, the time limits shall run from its publication in the Službeni glasnik Republike Srbije.

The invitation to tender shall include the following in particular:

- 1) Subject matter of tender;
- 2) All elements of the concession deed;
- 3) Dates and time limits for the submission of tenders, the time limit not being shorter than 45 days from the date of the invitation to submit tenders;
- 4) Tendering criteria;
- 5) Tendering rules;
- 6) Way of submitting tenders (under a code or in tenderer's full name);
- 7) Date, time and place of opening the submitted tenders;
- 8) Deadline for the withdrawal of tenders;
- 9) Amount and form of bid bond;
- 10) Conditions for and modality of bid refunding;
- 11) Name of the person authorised to give all information concerning the tendering procedure.

The cost of announcing the invitation to submit tenders shall be borne by the agency announcing the invitation.

## **Tenders**

### Article 13

Tenders may be submitted in response to the announcement of the invitation to tender to the competent ministry directly or by registered mail.

If a tender is sent by registered mail from the territory of the Republic, the mailing date shall be regarded as the date of its submission.

If a tender is sent by registered mail outside the Republic, the date of its receipt shall be taken as the date on which it was received by the competent ministry.

## **Tender Commission**

### Article 14

The sale by tender shall be conducted by a tender commission appointed by the minister responsible for the area concerned (hereinafter: the Commission).

The Commission members shall be appointed from the ranks of prominent specialists in the fields of importance for the subject matter of concession (finance, law, engineering and other fields).

The competent ministry may commission, on the basis of a special tender or by invitation, consultants for the performance of duties and giving assistance in making preparations for and conducting the sale by tender and in the selection of the best tenderer.

The National Assembly of the Republic of Serbia shall appoint one of the Commission members.

If the proposal for granting a concession is presented by a competent body of the autonomous province, that body shall also appoint a member of the Commission.

If the subject matter of a concession is the construction, maintenance and exploitation of public utility facilities, the assembly of the local self-government unit in the territory of which the concessionary business is conducted shall appoint a member of the Commission.

The National Assembly of the Republic of Serbia and/or the assembly of the local self-government unit concerned shall appoint a Commission member no later than 7 days before the opening of tenders.

Should the National Assembly of the Republic of Serbia and/or, the assembly of the autonomous province and/or the assembly of the local self-government unit concerned fail to appoint a Commission member no later than 7 days before the tender opening date, the Commission shall work and make decisions as composed in accordance with paragraph 1 of this Article.

The Commission shall make decisions by a majority of the total number of members.

Any person who is in any business relationship with any tenderer, as well as any person whose spouse, direct relative of any degree and up to third degree in lateral line is submitting a tender, may not be appointed to the Commission.

## **Commission Proceedings**

### Article 15

The Commission shall keep a record of the tender proceedings, containing also the remarks made by the attending representatives of tenderers concerning the Commission's work and the proceedings.

The record shall be signed by the Commission members and the duly authorised representative of tenderer attending the opening of tenders. Should the duly authorised representative of a tenderer refuse to sign the record, a note to that effect shall be made in the record.

Untimely and incomplete tenders shall not be taken into consideration and the Commission shall notify the tenderer concerned accordingly, within five days from the opening of tenders.

The Commission shall rate the tenderers on the basis of provisions of the concession deed and the invitation to tender.

## **Recommended Concessionaire**

### Article 16

The Commission shall present to the Government a report on the conduct of sale by tender, together with a reasoned recommendation of the best tenderer, within 60 days from the tender opening date.

The report referred to in paragraph 1 of this Article shall be sent to the competent agency of the autonomous province, if the subject matter of concession is in the territory of the autonomous province.

The Commission shall attach to the report referred to in paragraph 1 of this Article the record referred to in Article 15 of the present Law, as well as any other document associated with the conduct of sale by tender.

## **Decision Naming the Concessionaire**

### Article 17

The Government shall render the decision designating the concessionaire within 30 days from receipt of the Commission's report on the conduct of sale by tender.

As an exception, when the subject matter of a concession is in the territory of the autonomous province, the Government shall render that decision within 30 days from receipt of the opinion of the executive body of the autonomous province.

The executive body of the autonomous province shall present its opinion to the Government within 30 days from receipt of the report referred to in Article 16, paragraph 2, of the present Law.

Should the executive body of the autonomous province fail to present its opinion within the term referred to in paragraph 3 of this Article, the Government shall render a decision without the opinion of the executive body of the autonomous province.

The decision naming the concessionaire shall be published in the Službeni glasnik Republike Srbije.

## **Tenderers' Rights**

### Article 18

Any tenderer, its agent or representative shall have the right to attend the opening of tenders. The invitation to attend the opening of tenders shall be forwarded at least 7 days prior to the tender opening date.

Any tenderer shall have the right to withdraw its tender on its written request filed before the expiration of the time limit set in the announcement of the invitation to submit tenders. Any tender shall be deemed withdrawn on receipt of the request for its withdrawal made in writing.

In a case referred to in paragraph 2 of this Article, the tenderer concerned shall have the right to be refunded the tender bond, within five days from receipt of the notice of withdrawal of tender served in writing.

Once the concession granting procedure has been completed and the decision naming the concessionaire has been rendered, the competent ministry shall notify in writing all tenderers of the tender results.

Any tenderer shall have the right to file a complaint concerning the lawfulness of the conducted procedure.

A complaint may be filed with the Government within 15 days from receipt of the notification about the tender results.

The Government shall render a decision on any filed complaint within 15 days from receipt thereof.

## **Tender Bond Refunding**

### Article 19

Tenderers shall have the right to be refunded the tender bond in the way set out in the invitation to submit tenders.

The cost of refunding the tender bond shall be borne by the tenderer concerned.

Interest shall not be charged on any tender bond that has been refunded within the term set in the invitation to submit tenders.

Default interest shall be charged on any bond refunded upon expiration of the time limit referred to in paragraph 3 of this Article for the number of days by which the time limit has been overstepped, in conformity with the law dealing with the default interest rate.

Any tenderer who has been named as concessionaire and who desists from signing the concession contract shall not have the right to be refunded the tender bond.

## **Validity of the Sale by Tender**

### Article 20

If only one party submits a tender, which the competent ministry finds to be up to the requirements and criteria of the invitation to submit tenders, the Commission may decide, at the competent ministry's recommendation, to repeat the sale by tender or based on negotiations conducted with the tenderer, to recommend to the Government that the tenderer concerned be granted the concession.

Should the tenderer named as concessionaire desist from signing the contract or fail to conclude the concession contract within the set term, the Commission may name as concessionaire the next best tenderer on the rating list referred to in Article 15, paragraph 4, of the present Law, unless the Government decides under the circumstances, to repeat the sale by tender under the same conditions and by the same procedure.

### **III. CONCESSION CONTRACT**

#### **Grounds for Conclusion, Negotiating Committee and Contract Form**

##### Article 21

Any concession contract shall be concluded in keeping with the conditions set out in the concession deed and the present Law, within 60 days from the effective date of the decision naming the concessionaire.

The Government shall appoint a negotiating committee to draft the contract, together with the concessionaire named on the basis of tender, in conformity with the conditions laid down in the concession deed and the present Law, and to draft the concession contract with the concessionaire on behalf of the grantor. The negotiating committee shall have at least three members and it shall be answerable to the Government for its work.

The concession contract shall be made in writing.

#### **Contents of the Contract**

##### Article 22

Any concession contract shall include provisions relating to the following:

- 1) Parties to the contract, subject matter of concession, including the description of facilities, devices and installations;
- 2) Duration of concession period and conditions under which such term may be extended and duration of preparatory operations;
- 3) Way of and deadlines for securing funds towards financing the concession-related business (financial plan) and schedule of their employment and amount and way of securing guarantees for the performance of concessionary duties;
- 4) Requirements for the conduct of concessionary business;
- 5) Product and service standards, technology transfer;
- 6) Criteria for setting the end user price/tariff for products and services;
- 7) Concession fee (amount, deadlines, conditions and way of making payment);
- 8) Rights and duties concerning the application of measures for general safety, protection of health and protection of the environment, as well as liability for damage resulting from the endangerment of general safety and protection of the environment;
- 9) Right to transfer the concession;
- 10) Time and way of handing over real estate, facilities, devices or installations and the state in which they have to be handed over;
- 11) Conditions for making amendments to or breaking the contract and the consequences thereof, changed circumstances and force majeure;
- 12) Settlement of disputes and application of ruling law;
- 13) Such other provisions as are mutually agreed on by the contracting parties.

The contract shall also stipulate the way of exchanging information on the performance of contract, the way of supervising such performance and the exercise of rights and duties of the contracting parties.

### **Conclusion of Contract**

#### Article 23

A concession contract may be concluded by the Government on behalf and for account of the Republic and the concessionaire concerned. If a concession has been granted to several persons, the concession contract shall be concluded by each concessionaire or a person duly authorised by such concessionaires, by special proxy.

If the subject matter of a concession is the construction of public utility facilities, the contract shall be concluded by the concessionaire concerned and the competent agency of the local self-government unit on behalf and for account of the local self-government unit, subject to the Government's prior consent given in writing.

### **Keeping a Record of Contracts**

#### Article 24

A record of concession contracts shall be kept in the single register of concessions kept by the ministry in charge of finance.

### **Financing Contract**

#### Article 25

Based on the concession contract and in keeping with it, the grantor and the concessionaire may conclude a special contract with banks and other financial institutions, dealing in greater detail with the financing of concession as stipulated by the concession contract.

The contract referred to in paragraph 1 of this Article may stipulate that in the event of bankruptcy or liquidation proceedings being instituted in relation to the concessionary enterprise at, the grantor may decide at the proposal of a bank or some other financial institution, to replace the existing concessionaire with another concessionaire that satisfies the requirements set out in the concession deed.

## **IV. CONCESSION FEE**

### **Obligation to Pay**

#### Article 26

A fee shall be payable for a granted concession (hereinafter: the concession fee) in conformity with the concession deed and the concession contract.

### **Criteria for Setting the Concession Fee**

#### Article 27

The concession fee shall be set in accordance with the kind, quality, purpose and market price of the natural resource or good in general use concerned and/or line of business, market conditions, duration of concession period, estimated risk and expected profit.

### **Allocation of Concession Fee**

#### Article 28

The funds stemming from the concession fee shall be regarded as revenue of the Republic and be payable in the Republic of Serbia Budget revenue account.

Thirty percent of the funds referred to in paragraph 1 of this Article shall be allocated to the financing of development and infrastructure of the autonomous province in the territory of which the concessionary business is being conducted.

Five per cent of the funds referred to in paragraph 1 of this Article shall be allocated to the financing of development and infrastructure of the local self-government unit in the territory of which the concessionary business is being conducted.

The funds stemming from the concession fee relating to public utilities shall be regarded as the revenue of the local self-government unit concerned.

## **V. EXERCISING THE CONCESSIONARY RIGHTS AND DUTIES**

### **Conditions for and Modality of Conducting Concessionary Business**

#### Article 29

Any concessionaire may build, maintain and exploit facilities and conduct concessionary business and/or use goods of general concern in conformity with the regulations dealing with spatial development and town planning and use of goods of general concern, conditions for and way of conducting the business constituting the subject matter of concession, as well as in conformity with the regulations dealing with environmental protection.

Any concessionaire shall acquire the right to use and manage the subject matter of concession in the way and under the conditions set out in the concession deed and the concession contract.

### **Assignment of Concession**

#### Article 30

Any concessionaire may assign the concession granted to it to another person, with the grantor's approval, in the way and under the conditions stipulated by the concession contract.

A concession may be assigned under a special contract approved by the grantor.

Any concession assignment contract concluded without the grantor's approval shall be null and void.

### **Increase in the Value of Subject Matter of Concession**

#### Article 31

Any increase in the value of a state-owned facility, device or installation used towards exploiting the subject matter of concession or which is contributing to its being used for the designated purpose, arisen in the conduct of concessionary business, shall be the property of the Republic, unless otherwise provided by the concession contract.

Upon termination of its concessionary business, the concessionaire concerned shall be entitled to a compensation for the improvements made pursuant to paragraph 1 of this Article, only if so has been stipulated by the concession contract.

## **Treatment of Found Objects**

### Article 32

The concessionaire shall hand over to the grantor against no compensation any objects found in the ground, which are of high historic, cultural or natural value.

If further work could pose a threat to the entirety and/or value of a found object, the concessionaire shall discontinue the work and notify the agency responsible for the protection of historic, cultural and natural values accordingly.

The concession contract shall stipulate the mutual rights and duties of the concessionaire and the grantor in a case referred to in paragraph 2 of this Article.

## **Protection of the Concessionaires' Rights**

### Article 33

Any concessionaire shall be guaranteed the rights determined by law, concession contract and project financing contract, and in the case of foreign persons, also the rights stipulated by international agreements on foreign investment fostering and protection concluded by the Federal Republic of Yugoslavia or the Republic of Serbia.

Any concessionaire who had prospected for mineral raw materials shall have priority in being granted the concession for mining such raw materials, under the conditions determined by law and the prospecting concession contract.

## **Other Rights and Duties**

### Article 34

Should the granting of a concession entail the expropriation or development of building land, the cost of expropriation or development of building land shall be borne by the concessionaire concerned, the way of and deadlines for the payment of costs being stipulated by the concession contract.

In a case referred to in paragraph 1 of this Article, the determination of general interest and expropriation shall be carried out by the summary procedure.

If by applying the expropriation regulations, the competent government agency renders a decision revoking or restricting the right to using the built facilities constituting the subject matter of a concession, the concessionaire concerned shall be entitled to a compensation which may not be lower than market value.

The compensation shall be paid without any delay.

## **VI. CONCESSIONARY ENTERPRISE**

### **Formation, Organisation and Operation**

#### Article 35

Any concessionaire shall form an enterprise for the conduct of concessionary business, the registered office of which is in the Republic, within 60 days from conclusion of the concession contract, unless it already has a registered enterprise for the conduct of the same kind of business.

Any concessionary enterprise shall be formed, operated and organised as a limited liability company or a stock company, in keeping with the law dealing with legal status of enterprises and other regulations dealing with the requirements for and mode of operation of enterprises.

All rights and duties of a concessionaire stipulated by the concession contract shall be assigned to the concessionary enterprise.

### **Change of Registered Office and Status Changes**

#### Article 36

The registered office and status of a concessionary enterprise may be changed subject to the grantor's prior consent given in writing.

### **Dissolution of a Concessionary Enterprise**

#### Article 37

Any concessionary enterprise shall be dissolved upon the expiration of the period for which it was formed, unless otherwise provided by the concession contract, as well as in other cases determined by law or the concession contract.

In the case of dissolution of a concessionary enterprise, the buildings, devices, installations and other resources used in the exploitation of a concession shall be handed over to the grantor.

## **VII. BENEFITS**

### **Tax Relief and Exemption**

#### Article 38

Any concessionaire or concessionary enterprise may enjoy tax and tariff relief in conformity with the regulations dealing with taxes and tariffs.

Any amendments made to the regulations referred to in paragraph 1 of this Article shall not be applicable if they entail less favourable benefits for the concessionaire or concessionary enterprise than those that were valid on the date of the concession contract.

## **VIII. SETTLEMENT OF DISPUTES**

### **Judicial and Arbitration Competence**

#### Article 39

Any dispute that arises in the exercise of concessionary rights and duties, the subject matter of which is real estate, shall be settled by a competent court in the Republic.

In the case of disputes arising in the exercise of other mutual rights and duties, the jurisdiction of domestic arbitration may be stipulated, and if the concessionaire is a foreign person, also that of an international one.

## **IX. INTERRUPTION AND TERMINATION OF CONCESSIONARY RELATIONSHIP**

### **Interruption of Concessionary Relationship**

#### Article 40

A concessionary relationship may be interrupted in the following cases:

- 1) If the conduct of a concessionary business poses a threat to the environment and health of people or to localities and buildings enjoying protection under law, which could not have been foreseen when the concession was granted;
- 2) If a state of war is declared;
- 3) If it is not possible to carry on conducting business because of substantial damage sustained by the concessionary facility through no fault of the concessionaire or the concessionary enterprise or not resulting from their gross negligence;

4) In other cases stipulated by the concession contract.

The concessionary relationship may be reinstated upon cessation of the circumstances referred to in paragraph 1, items 1), 2) and 3) of this Article, as well as when the condition therefore stipulated by paragraph 1, item 4, of this Article of the concession contract arise.

The concession contract shall stipulate the mutual rights and duties to be observed in the event of interruption of concessionary relationship.

## **Termination of Concessionary Relationship**

### Article 41

Any concessionary relationship may be terminated in the following cases:

- 1) Expiration of the concession contract;
- 2) Redemption of concession;
- 3) Revocation of concession;
- 4) Bankruptcy or liquidation of the concessionary enterprise;
- 5) If it has been found by an effective court decision that a criminal act has been committed in the concession granting procedure or in the course of negotiations, which has led or could have led to the concession being granted to a certain concessionaire;
- 6) In other cases stipulated by the concession contract;

Any concession contract shall be terminated with the expiration of the period for which it has been concluded and with the break of contract, in conformity with the provisions of contract or for reasons determined by law.

Any concessionary relationship may be terminated with the redemption of concession under the conditions stipulated by the concession contract and exceptionally, if so is necessary in general interest, the concession may be redeemed under the conditions and in the way determined by the regulations dealing with expropriation, in which case the Government shall pay full compensation to the concessionaire at market value, without any delay.

Any concessionary relationship may be terminated with the revocation of concession by the grantor, if the concessionaire has not been conducting the concessionary business for more than a year, if it is not performing its contractual duties, for public security reasons, as well as if the conduct of concessionary business poses a threat to the environment and health of people, and the measures set by special regulations are not good enough to prevent that, in the way and under the conditions stipulated by contract.

## **Hand-over of Facility**

### Article 42

Once a concessionary relationship is terminated, the buildings constructed for the purpose of conducting the concessionary business, as well as the devices, installations and other means used in the scope of the concessionary business, shall become the property of the Republic.

Upon the termination of the concessionary relationship, the concessionaire concerned shall hand-over the buildings, devices and installations referred to in paragraph 1 of this Article, as well as all other facilities constituting the subject matter of concession, which are owned by the Republic, in such a state as is good enough for their trouble-free exploitation and operation.

## **X. TRANSITIONAL AND CONCLUDING PROVISIONS**

### Article 43

In the case of relations stipulated by the concession contracts concluded prior to the effective date of the present Law, the provisions of such contracts and the provisions of the law on the basis of which they were concluded, shall be applicable, or if the contracting parties have not dealt with certain matters by mutual agreement in conformity with the present Law.

### Article 44

The present Law shall supersede on its effective date the Concession Law (Službeni glasnik Republike Srbije, Nos. 20/97, 22/97 and 25/97).

### Article 45

The present Law shall come into force on the eighth day upon its publication in the Službeni glasnik Republike Srbije.