

In March 2019, the Agreement on the alienation of real estate in public ownership was signed, by which slightly more than 95 hectares of land were transferred by direct agreement, without compensation to the ownership of the company “Linglong International Europe” d.o.o. The contract was signed by the directors of “Linglong International Europe” d.o.o. and the Republic Property Directorate of the Republic of Serbia.

On June 5, 2020, the State Aid Control Commission illegally approved state aid to Shandong Linglong Tire Co. Ltd. for the construction of a tire factory in Zrenjanin in the amount of 83,490,605.00 euros. Namely, the investor and the Ministry of Economy did not report to the Commission the entire state aid approved to the company. Also, the commission failed to determine the indirect assistance that the company received in the form of building infrastructure from public funds.

The mentioned aid, which the state granted to the company Linglong Tire, consists of two components: allocated funds in the amount of 75,823,900.00 euros (granted to it by the Ministry of Economy) and 95 ha of land owned by the city of Zrenjanin, estimated at 7,666.705.00 euros (awarded to her by the Republic Property Directorate).

The Law on State Aid Control stipulates that state aid cannot be granted before the Commission adopts a decision assessing that it is in compliance with the rules on state aid control. It remains unclear how it is that this issue was on the agenda of the State Aid Control Commission a little more than a year after the signing of the contract? In addition, neither Linglong nor the Ministry of Economy reported all aid received from the state: aid granted through long-term exemption from income tax and duty-free imports, from land development contributions, and indirect state aid that Linglong received in the form of infrastructure construction from public funds, which is predominantly directed for the needs of his investment.

By signing the Stabilization and Association Agreement with the European Union, the Republic of Serbia undertook to ensure that the project holder complies with the regulations in the field of environmental protection before state aid is approved. From the very beginning of the project implementation, the recipient of state aid resorted to dividing the single project into several separate units, avoiding the project as a whole being evaluated (so-called salami slicing), which undoubtedly violates the regulations governing environmental impact assessment. In addition, the Investor does not have the conditions of the competent institute for nature protection, and without them it is impossible to determine the impact on the environment, especially the impact of the project on flora and fauna, which is extremely important given that the special nature reserve Carska bara is located at a distance of only two kilometers from the location where the project is planned.

The Chinese company Linglong received state aid from Serbia for a tire factory

Finally, given the net present value of the investment estimated by Linglong at € 645 million including aid and the expected internal rate of return of 34% for the 8-year investment period, the total aid Linglong received from the Republic of Serbia certainly exceeds the allowable aid threshold. large investment projects. The Commission bases the approval of this state aid on the argument that Linglong's investment contributes to the achievement of a goal of common interest and has an incentive effect, whereby the Commission makes such conclusions based on investor statements, without assessing specific material evidence. RERI points out that by easily granting state aid, which actually increases the overall profitability of an already profitable project, it irresponsibly disposes of state money, which leads to large losses for the citizens of the Republic of Serbia, all in favor of private interests of foreign investors.

Source: reri.org.rs