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Russia Considers Tax Cut for Fiat Car Factory in Serbia

By The Moscow Times

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Russia is considering waiving a 30 percent import tax on Italian Fiat cars produced in Serbia to boost its historical Slavic ally in Europe, newspaper Kommersant reported Wednesday, citing a source in Russia's Economic Development Ministry.

Moscow is ready to "comply with the request" from Serbia to cut the tariffs, the unidentified source said. The request will be considered by the Russian-led Eurasian Economic Union on April 15.

The import tax cut would be limited by a quota on the number of Fiats allowed into the country and go both ways, allowing Russia to also deliver cars to Serbia without any import tariffs. Serbia first raised the issue in 2013, at the time suggesting that Serbian imports would be limited to 10,000 Fiats per year.

President Vladimir Putin during a visit to Belgrade last year said that Russia was open to removing the tariff to benefit both Serbia and Fiat's home country, Italy. “Considering our good relations with Italy and with the company Fiat, we, it seems to me, could negotiate a specific quota for the supply of these cars to the Russian market,” Putin said.

Serbia's Fiat plant, a 1 billion euro ($1.1 billion) joint venture with Italy's biggest car producer, is a top wage earner for the nation's economy, which contracted by 2 percent last year according to the World Bank.

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