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## Winners Again

### OECD awards best investors in Serbia

The Organization for European Cooperation and Development (OECD) in Vienna presented the Best International Investor award to the Airport City Belgrade (ACB); while other winners also include ComTrade Group and Banca Intesa. The award is granted annually to foreign investors in Southeast European countries with the aim to promote region's capability to host large foreign investors. ACB was awarded with the best Greenfield investment in the region. ComTrade Group was the winner of The Innovative Domestic Investor category in the region, and Banca Intesa won the award as The Biggest National Investor in Serbia. The biggest recognition for Serbia's investment potential is that for the third year in a row it has won The Best Greenfield Investment award in the region (Ball Packaging Europe in 2004, Metro in 2005 and ACB this year).

ACB is a joint investment by Africa Israel Group and Tidhar Group Ltd. from Israel and is the first business park in Serbia that will offer the best business area in the country, the convenience of world class standards, all follow-up facilities, full infrastructure, a car park, etc. The acquisition by Banca Intesa is the largest financial investment in the banking sector, and also the biggest foreign investment in Serbia last year. The award granted to ComTrade Group is particularly important because this is the leading IT company in the region and it was recognized for software that was developed for the needs of the Serbian Corporate Register Agency.

The International Investor of the Year is an event that offers a unique opportunity to present the most successful examples of international investment in Southeastern Europe, which contributes to a positive business image of the whole region.



## **Austrian Investors Invited To Serbia**

### Vienna Economic Forum

At the Vienna Economic Forum conference dubbed "Invest in Serbia, Invest in the Region" held in Belgrade, Vienna Economic Forum President Erhard Busek said that there is great interest among Austrian firms for investing in Serbia as a country of key importance in the region. He said that a large number of Austrian banks and insurance societies are already present in Serbia, and voiced hope that the number of foreign investments will be even bigger in the upcoming period. Busek said that Serbia is moving in the right direction when it comes to implementation of economic reforms, which are necessary for joining the EU. In a statement to the news agency Tanjug, Vice President of the Vienna Economic Forum Josef Taus said that as a highly developed industrial country Austria is interested in investing in Serbia. According to Taus, Austria which currently holds the presidency of the EU is doing everything within its power to help Serbia in its efforts towards European integration. Austrian Federal Chancellor, chairman of the sponsor committee of Vienna Economic Forum Wolfgang Schuessel, said that the aim of this gathering is to create improved political and economic conditions so that the countries of south east Europe become a part of the EU as soon as possible. In a video address to participants of the meeting at the Sava Centre, Schuessel said that the aim of this forum is to connect all political and economic networks so that a perspective for countries of the region can be opened for integration in the EU. He said that the economic potential of the region is growing, and added that the Vienna Economic Forum allows the realization of the dream of a common economic zone from the Mediterranean to the Black Sea. He voiced hope that the session being held in Belgrade will lead to new projects which will strengthen regional cooperation.

Serbian Minister of Economy Predrag Bubalo has invited Austrian investors to invest their capital in Serbia's infrastructure, telecommunications and energy sectors. He recalled that after the adoption of a series of laws, Serbia has now entered the second phase of transition and harmonization of laws with European regulations, which will be the best evidence of an improved business climate for foreign investors.



## **New Law on Foreign Investment Ahead**

Efficiency of the local government as a must

Serbian Minister of International Economic Relations Milan Parivodic announced that a draft of the new Law on Foreign Investment is prepared. The draft envisages that relieves for foreign investors in Serbia will be available to investors who invest significant funds, create new jobs or attract other foreign companies to Serbia with their reputation. Local self-governments will be required to open one-stop shops at which foreign investors will be able to get all necessary permits for their Greenfield and Brownfield projects. The Minister specified that by-laws will set fines for authorities in local self-government who postpone the issuing of permits for launching investments. Parivodic said that the investors in municipalities will be required to make an investment of at least €300,000 and employ 10 workers in order to get the permit, while in the cities the requested amount of investment will be at least €500,000 and the employment of 20 workers. For Belgrade, the condition is an investment of €1 million and creation of 20 jobs. Such conditions will not be set for the leading world firms because they themselves are the best recommendation for other investors.



## **Joint Promotion of SEE Region**

Serbia co-chairs Investment Compact

Serbia took over from Bulgaria co-presidency over the Investment Compact for South East Europe, the initiative of the Organization for Security and Cooperation of Europe (OSCE). Serbia took over the co-presidency at the end of a two-day Ministerial Conference on the Regional Framework for Investment in South East Europe, which was attended by representatives of all countries from the region with the support of OSCE, which gathers the 30 richest countries of the world. OSCE treats this region with special attention and such promotion will benefit Serbia not just in the region but in the whole world. Ministers agreed to prolong the mandate of the Investment Compact initiative and this should help governments in the region in improving the investment climate and setting up an investment council for South East Europe.



## Five Years of Reforms

IMF pinpoints Serbia's successes, problems

The Head of the International Monetary Fund (IMF) Mission in Serbia Peter Doyle stated that this institution said there is high economic growth in Serbia, but that unemployment and deficits in international current payments are problems that should be resolved in the period to come. Furthermore he stated that current expenditures need to be reduced.

In a press conference held after two-week consultations with representatives of the Serbian government and the National Bank of Serbia (NBS) on economic trends, Doyle said that the result of successful five-year economic reform is a GDP increase of 40% and employment in the private sector. He hailed measures taken in the areas of economic and monetary policy to cut inflation and added that the NBS should continue with restrictive measures. He also said there is further room to influence the reduction of prices.



## Sweet Investment

Nordzucker enters Serbia

German sugar producer Nordzucker acquired a stake in Serbian sugar plants owned by MK Komerc. In order to avoid harsh regulations related to EU sugar market, second largest Germany's sugar producer has established a joint company with MK komerc group. According to the statement issued by Nordzucker, the company will have 51 percent of the property in the newly-established company Sunoko. Sunoko will be a majority owner of four sugar plants operated by MK komerc - in Bac, Vrbas, Pecinci and Kovacica. The price of this transaction was not revealed. "Vojvodina is the region with the best sugar beet in Europe and represents an important region for us. By signing this deal we are strengthening our position in Europe maintaining high profitability," said head of the Nordzucker Ulrich Nelle after the signing ceremony. Nordzucker also stated that it would be investing this year a total of €4.8 million in Sunoko aimed at improvement of quality and optimising of energy consumption in factories operated by MK komerc, above all in Pecinci.



## Heavy Investor

### Delta invests in the region

Delta holding President Miroslav Miskovic has announced an investment spree in Macedonia worth €113 million and total investment in real estate in FYROM, Bosnia and Herzegovina at the amount of €605 million. Delta holds plans to construct a multi-purpose business facility spanning over 800.000 square meters in Macedonia. "Delta aims to become a regional leader," said Miskovic, adding that he would also be visiting Albania's capital Tirana next week looking into further investments. During this year alone Delta M plans to invest in FYROM, Bosnia and Herzegovina and Montenegro a total of €265 million into agriculture, retail sale, distribution, real estate and new projects. "Delta will invest in Macedonia in development of Maxi supermarkets, construction of Tempo cash & carry centre, distribution and trade centre, but also in water exploitation".

In Montenegro, the company intends to invest a total of €67 million in the construction of chain of supermarkets, a trade centre and an exhibition facility. Delta also announced it would be building an acquisition-distribution centre in this country along with a water bottling factory.



## Recommendation

### Tender sale of Trayal announced

Companies interested in the tender sale of 76.9% of public capital in Trayal Corporation from Krusevac may purchase the tender documentation by July 21 at the price of €6,000, Trayal Public Relations Manager Lenka Markovic stated. She explained that only companies that have been continuously in the business of tire production or sales for the past three years, and the revenues of at least €50 million in 2005, are qualified to participate in the tender. Krusevac's Trayal, which employs about 3,500 workers, reported revenues of €50 million in 2005, while 60% of these revenues were generated through exports of car tires to EU, the USA and other markets.



## **Another Healthy Investment**

### **Moeller to open factory**

One of the largest international producers of electrical equipment, Moeller, opened a factory in Sremska Mitrovica. The facility will employ 300 workers in the first phase, and in the next two years more than 1,000 workers. Bonn-based Moeller Group is one of the leading international producers of components, equipment and systems for electricity distribution and industry automation. In the previous year the company employed more than 10,000 workers globally with annual revenues of €870 million.



## **Brand You Can Trust**

### **Volvo to build €3m truck centre**

As announced by Volvo Truck Corporation Vice President Roger Alm, this company will build a €3,5 million truck centre in Novi Banovci near Belgrade by the end of 2007. The Centre will span over three hectares, while the facility which will host the sales offices, maintenance service, truck and bus repair service, along with a warehouse with spare parts will span over 3,300 square meters. The Centre will be equipped in compliance with the highest Volvo standards applied in EU for facilities of this kind, including quality, safety and environment protection. Roger Alm also reminded that Volvo has been present in Serbia for more than three decades. A full representative office was opened in 1997, and year after that Volvo established a daughter company Volvo d.o.o., which has sold more than 2.000 trucks in the past ten years in Serbia. Volvo currently operates three service stations in Serbia and four sale centers, employing 70 people, said Alm, expressing hope that new Truck Centre would contribute to the strengthening of the leading position of Volvo in Serbia.



## Small But Important

### Satisfied investors are Serbia's best ambassadors

Mr. Gaetano Ferari, an entrepreneur from Vicenza, Italy, has operated a production facility in Sombor with 44 workers for two years. The Italian businessman intends to invest additional €7,5 million. Sombor city officials consider him their ambassador in Vicenza, as he brokered an exceptional cooperation with Vicenza Chamber of Commerce, which has resulted in pledges of the arrival of new Italian investors to Sombor. Ferari says that at least two of his country mates would be investing in Sombor by the end of the year.

Ferariplast produces plastic components for automotive industry and will double the number of employees by the end of the year, and by 2008 it will employ 250 workers. After leasing four hectares of land in Sombor's industrial zone, the company will build another 4,000 square meters production facility there by winter. Another 10,000 square meter production facility will be constructed there as part of the second phase of construction planned for next year. This year's investments will reach about €1,5 million, and during next year a total of about €5 million, which makes, with previously invested €1 million, a total investment of €7,5 million. "Our basic motive for investing in production facility in Sombor was that our important and large buyers are located in neighboring Hungary, and the other reason is that we plan to offer our wide palette of plastic products to foreign markets. We have been received well in Sombor by local authorities, which is why we recommended this city to other businesses from Italy".



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# SIEPA News

## Financial Incentives for Investors in Serbia

In addition to the existing benefits comprised of highly qualified labor force at competitive prices, the possibility of duty-free exports to all the markets in South East Europe and Russia, strategic geographic position and the lowest corporate profit tax in Europe at 10%, Serbia is proud to offer financial assistance for future investments in the country. Based on the Serbian Government Decree adopted in late June of 2006, the non-refundable funds will be assigned according to specified criteria for investment projects in all areas, except for trade, tourism, hospitality and agriculture. Eligible companies are those involved in manufacturing activities, internationally marketable services sector and research and development sector.

### **Investments in manufacturing activities:**

- Available funds: starting at €2,000 up to €5,000 per every new employee,
- The minimum investment amount: between €1 million and €5 million, depending on the unemployment rate in the municipality where the investment is made,
- The minimum number of new job positions: 50.

### **Investments in the internationally marketable services sector:**

- Available funds: starting at €2,000 up to €10,000 per every new employee,
- The minimum investment amount: €1 million,
- The minimum number of new job positions: 10.

### **Investments in the R&D sector:**

- Available funds: starting at €5,000 up to €10,000 per every new employee,
- The minimum investment amount: €1 million,
- The minimum number of new job positions: 10.

Investment projects will be scored and evaluated based on the specific criteria: 1) investor's references, 2) participation of domestic suppliers in the final product and the investment effect on local companies, 3) investment's sustainability and viability, 4) the effect related to the R&D sector, 5) the effect on human resources, 6) environmental impact, 7) international turnover of services for investments in this area, 8) the effect on development of the local community, and 9) municipality support related to providing all necessary permits and incentives.

Applications are to be submitted to the Serbia Investment and Export Promotion Agency (SIEPA). All necessary documentation will be available at the Agency's website ([www.siepa.sr.gov.yu](http://www.siepa.sr.gov.yu)) after the invitation for application is published. Upon evaluation and scoring of investment projects, the funds for selected projects will be awarded in accordance with the number of points, and paid out in four increments throughout the project's lifetime.

SIEPA will shortly announce an invitation for all interested investors to apply for this funding. We cordially invite you to contact us for detailed information and look forward to working with your company.



## Financial Aid for Serbian Exporters Available Through SIEPA

After the successful wrap up of the SEMDAS program (financial aid to Serbian exporters program that was implemented over the last two years with the support from the European Agency for Reconstruction), we in SIEPA had many inquiries whether such aid will be available again. Well, we have the great pleasure to announce that, based on recently enacted government's Decree on the Conditions and Modes of Internationalization of Enterprises (Official Gazette of the Republic of Serbia, no. 56/2006) SIEPA is in a position to provide such assistance again.

In order to apply for finances, companies have to meet certain preconditions: they should be classified as small and medium enterprises, engaged in production of goods or semi-finished goods, or rendering services (software development, design, engineering or construction); they should have at least 20 full time employees (for manufacturing companies, 5 for service providing companies); they should have stable and sustainable sources of finances and operate successfully for at least two years in a row; should have no unsettled liabilities towards Republic of Serbia.

Activities that can be co-financed through this program are the following: market research, international trade fair participation, new product design, new packaging design, testing and product certification, introducing quality systems and their certification, designing promotion materials and international legal protection of patents and trade marks. Only certain costs of these activities are eligible to be covered through this program (for full info please refer to SIEPA web site [www.siepa.sr.gov.yu](http://www.siepa.sr.gov.yu)). The costs will be reimbursed at the amount of 50% of the eligible and approved amount. The total budget of the program is 100 million CSD, while the level of financial aid to be granted to a company ranges from 250,000 to 2,500,000 CSD.

The official launch of the project is set for 21<sup>st</sup> of July, when the call for applying is to be published in daily newspapers.

All interested companies can get more information, as well as the application forms, guidelines and other documentation from SIEPA's web site, by phone (at +381 11 33 98 644), or personally at SIEPA premises.



## **Albon To Build in Simanovci**

SIEPA has finished another Greenfield project. The owner of the British company Albon Engineering PLC, Lawrence Albon and president of the municipality of Pecinci Nikola Pavkovic have signed an agreement on the realization of a Greenfield investment for constructing a factory in Simanovci. The investment is worth €8 million, and the factory will employ 200 domestic workers by 2010. The entire production is meant for exports to the markets of US and Great Britain, and it is estimated that the annual value of the export will be more than €10 million.

According to the report of PricewaterhouseCoopers published by the Sunday Times, Albon Engineering PLC is among first 50 largest companies in UK and among leading companies in the region of Essex. The initial contact between representatives of Albon and SIEPA took place in February 2005 and two months later Albon opened a project office in Belgrade and hired 11 local engineers. Albon Engineering and SIEPA chose the municipality of Pecinci for the construction of a plant. Local authorities showed readiness to meet the investor's requests. The Pecinci plant will manufacture engine components for trucks produced by: Volvo, Renault, Iveco and Caterpillar and bring the latest technology to the country.

This British company, which produces parts for truck and ship diesel engines, has established production in the US, England, and now Serbia. Serbia's highly skilled labor was an attractive incentive that made it the preferred location of investors over Romania and Bulgaria.



## **Europolis Starts To Export to the EU**

After only one year of production, Europolis has not only become the leading producer of armature networks and other construction materials on the Serbian market, but it has also very successfully started its export program. The factory plans to export 1,000 tones of construction material to the Hungarian market and yield an annual profit of €5 million. A sum of €8 million was invested in the construction of the factory making it the single largest investment made during the previous year. The production quality of the factory has been proven by the several awards won at international building fairs. The current production capacity of the factory is 150 tones of processed material per day, and plans are underway to double production by end of year, considering the fact that a contract will shortly be signed with equipment suppliers of Schlatter from Switzerland and Austria's EVG.

Visiting the factory, SIEPA Director Jasna Matic said that Europolis has set a positive example for all domestic firms running a company. She stressed that the SIEPA will support exporters in finding markets for their products, improving standards and the quality of export items.



## Invest Expo 2006 in September

The first investment exhibition dubbed Invest Expo 2006 will be held on September 6 and 7 in the city of Kragujevac under the auspices of the city hall and regional chamber of commerce. Central Serbia Agency for Promotion, Investments and Export Support Director Predrag Lucic said at the presentation of this exhibition held in Kragujevac Chamber of Commerce that cities, municipalities, public utility and other companies would be presenting their investment programs and projects, along with industrial zones, techno-parks, urban planning directorates and various organizations, banks, insurance companies, universities and institutes. Their attendance at this fair, which was supported by the Ministry for international economic relations, Serbian Chamber of Commerce and Serbian Investment and Export Promotion Agency - SIEPA, was announced by numerous investors, international donors, representatives of domestic and foreign companies from the region, former Yugoslav republics, Russia, Sweden, Germany, Italy and Austria, said Lucic. He added that Invest Expo 2006 would also be visited by representatives of the chambers of commerce from Serbia and several foreign countries and embassies accredited to Belgrade. "This fair is not only an opportunity for promotion of the most important development investment projects in Serbia and most attractive investment destinations, but also represents a significant support to the realization of recently-adopted national strategy for attracting further foreign investments," said Lucic.

For participation at the fair or any other enquiry please visit the web page of Agency for Investment Promotion and Business Support in Central Serbia ([follow this link](#)) or use the bellow contacts. See you in Kragujevac!

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