



Highlights of the Month

Production of Bio Diesel on the way. [Read More >>>](#)



Meet SIEPA

This month SIEPA consultants will be participants of conferences and seminars in Netherlands, Italy and Belgium. Feel free to contact us and meet us in person. [Read more >>>](#)



Industry Close Up **Construction**

In 2006 construction industry constituted 3.5% of the total GDP and recorded growth of 9.3%. [Read more >>>](#)



Investor Personally

Mr. Kamil Beffa, CEO, Lafarge BFC

Foreign Investors have huge support from all relevant Ministries on equal basis as Serbian entities. [Read more >>>](#)



Monthly Reporting

A Great Knowledge of Foreign Languages

48% of Serbians use English and 28% use Russian. [Read more >>>](#)



Arts & Entertainment

Red Hot Chili Peppers concert is just one of many ways to entertain yourself in June. [Read more >>>](#)



The Other Home

Robert Hejzak, Consultant World Bank

Belgrade is no grey post-communist city. [Read More >>>](#)



Hot Spots

Kandinsky Club & Café Bar

Going inside Serbia to the town of Smederevo you will find a great place to enjoy. [Read More >>>](#)

The New Government in Place – SAA Agreement in Sight

Four democratic parties - Democratic Party (DS), coalition of Democratic Party of Serbia (DSS) and New Serbia and G17 Plus have formed a new Government comprised of 23 ministries. The new-old Prime Minister is Mr. Vojislav Kostunica, whilst Mr. Bozidar Djelic, former finance minister, is the new Deputy Prime Minister in charge of European Integrations. The Minister of Economy, Mr. Mladjan Dinkic, said that faster privatization, greater foreign investments and maintaining their continuity, assistance to small and medium-sized companies, boosting employment and export, balanced regional development and faster development of tourism represent the main focus. Dinkic also announced the Parliament would soon ratify the Central European Free Trade Agreement (CEFTA). The reopening of Stabilization and Association Agreement talks with Serbia may start as early as June.

Production of Bio-Diesel

The company Victoria Group has finished the construction and started operations in a factory for production of bio-diesel in Sid. According to Mr. Veroslav Jankovic, Manager for Investments and Development of Victoria Group, the projected production in the first year is 30,000 tons, 70,000 tons for second, and 100,000 tons for the third year of operation.

The new factory has employed 200 workers and already signed some pre-contracts for export of bio-diesel to Hungary and Slovenia. Its potential partner is also the Serbian Oil Company.

Serbian Brains

Interactive driving simulator named DriveON was designed for learning how to drive and has just been awarded the best project of the Imagine Cup 2007 local finals organized by Microsoft. DriveON uses large semicircular canvas with the vision of 180 degrees, to which three

projectors transmit the pictures of virtual streets. This, in addition to the steering wheel for the simulator, simulation includes rearview mirrors, brake, gas, clutch and transmission. DriveON is a result of work of Belgrade's student team of the Faculty of Organizational Sciences - Neven Tubic, Milan Stojic and Ivan Vujic, and a student of the third year of the Faculty of Applied Arts - Sava Cajetinac.

Meeting the Needs of the Industry

Henkel will open a new factory for production of construction glues under

Ceresit brand in mid June. The new factory in Indjija will be built under a €5 million investment and operating in accordance with up-to-date production standards. The facility will have the annual production capacity of 100,000 tons of powder materials and will be employing 60 people. This is the second Henkel factory for production of such materials in Serbia and it is intended to be used for meeting the needs of the construction industry of Belgrade, Vojvodina, Croatia, BiH and Romania. SIEPA has supported this project with €150,000 through its financial support program for creation of new jobs. For more information on this program you can visit our website.



The Real Vienna

Four domestic companies, ten municipality delegates and three specialized agencies presented themselves for the first time in Austria at the exclusive real estate fair Real Vienna. Also, for the first time, SIEPA organized participation at this CEE-oriented real estate and investment fair held from May 23 – 25, 2007 in Vienna. The participants included a renowned Law firm Jankovic, Popovic & Mitic, leading Serbian companies in the real estate sector - MPC Properties and Verano Group, and debuts on the fair Legat Co. Also, municipal representatives of Zrenjanin, Sombor, Loznica, Nis, Vranje, Uzice, Cajetina, Krusevac, Subotica and Kragujevac took part and presented themselves at the fair. Beside SIEPA as the national agency, investors had the opportunity to interact with the Agency for Investment Promotion and Business Support of Central Serbia and with the Belgrade Land Development Public Agency. The promotion of our local municipalities was jointly financed by SIEPA and the program for the Municipal Economic Growth Activity (MEGA), which is funded by the US Agency for International Development (USAID).

New SIEPA Director

On May 25, 2007 the Government of Serbia appointed Ms. Vesna Peric the new SIEPA Director. This appointment is an example of good practice and continuity in management, since she was promoted from Deputy Director's position, succeeding Ms. Jasna Matic who brought SIEPA to the highest standards of quality of services and placed it among the best agencies of this kind featured by countries with transition economies.

Ms. Peric was born in 1974 in Belgrade, received her education in Moscow, Heidelberg and London when studying international relations and diplomacy. She received her diploma in marketing management at Schiller University in 1996. She worked in SIEPA from 2001, when it was established, as an Export Promotion Manager. She was appointed a Deputy Director in 2004. She worked for Benetton Serbia, then as a Director of international consulting company Hauska&Partner International, specialized in government and local community relations, communication during merges and takeovers, and crisis management. Besides Serbian, she is fluent in English, whilst having good knowledge of Russian and German. She has never been a member of a political party.

Investment Pipeline

Balkan Reconstruction Investment Financing (BRIF) is the first strategic investment fund dedicated to Serbia & Montenegro. BRIF has acquired a project of 57,000 sqm shopping center development in Ada Huja, Belgrade for €13.5 million. The projected shopping center space, as per current design, is modern ground plus one level of 57,370 sqm gross construction areas and comprises total of 44,196 sqm usable retail space, with outside car par providing over 1,980 spaces. More information on the BRIF Fund can be found at www.brifgroup.com.

Serbian Creativity and Craftsmanship

Novi Sad-based private leather and design company Manual has designed the interiors for three retailing facilities of American textile company Avirex in Italy. The owner of Manual Sinisa Zarin said to the press that the retailing facilities in Italy have been opened in Mantova,

Verona and Milano, and that Manual has obtained the exclusive right to create the interior concept for Avirex retailing facilities all around Europe. "That is the proof that the domestic companies can succeed on the market of European Union. The atmosphere of the interior reminds of those in American banks and stores from the 1930's, when Avirex came to life."

American company Avirex is one of the largest textile companies in the world and Manual became its exclusive agent for the territory of former Yugoslavia in 2005.

Great News for Serbian Exporters

The first accredited certification and inspection company in the Republic of Serbia - Suolo e Salute Serbian is opened in Velika Plana. The company is accredited for certification of food products and ecological systems. Companies that pass the control and obtain Suolo e Salute Serbian certificates can export products to the countries with large markets, such as America, Can-

ada, Japan, France, Switzerland, and Great Britain. Suolo e Salute Serbian operates in the following fields of certification – Quality management system, Environment protection management system, Forest certification, Agriqualita, Bio Habitat, EurepGAP, and others.

The Largest Greenfield in 2007

According to SIEPA's data, the Municipality of Zrenjanin has received the single largest Greenfield investment in Serbia in first four months of 2007. The project in question is a construction of a factory for production of synthetic diesel in the industrial zone Ecka near Zrenjanin. The investor is a daughter company of German company Future Tec – Future Biotech whilst the value of investment is €50 million. The factory that will occupy 3 hectares and employ some 100 workers is due to be finished in seven months time.

Meet SIEPA

June 6 - 8, 2007

CBI TOPIX IV conference,
Collaboration in smart
networks,
Rotterdam, Netherlands

June 5 - 8, 2007

Trade delegation of Serbia
in Puglia Region,
Bari, Italy

June 18, 2007

SEE Investment Commit-
tee's Working Group on
Investment Promotion,
Antwerp, Belgium

June 19, 2007

Investment Opportunities
in the South East European
Countries,
Antwerp, Belgium

SIEPA

Brotherhood

SIEPA has become the counterpart organization of the Balkan Regional Center for Trade Promotion. The Center has two main goals. One is to improve the economic and commercial cooperation among Balkan countries and the other is to increase the share of the Balkan Region in the world trade. SIEPA's counterpart organizations are Albanian Business and Investment Agency (ALBINVEST), Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA), The Foreign Trade Board of Greece (HEPO), Economic Chamber of Macedonia (MEC), Romanian Trade Promotion Center (RTPC), Export Promotion Center of Turkey (İGEME), and Ministry for Economic Development of Montenegro.

Applied Arts

Italian Institute for Foreign Trade (ICE) and SIEPA in cooperation with Toscana region have organized two workshops for Serbian experts in the field of textile and furniture industry. Ten leading Serbian companies and more than 30 students of applied arts, design and textile processing have taken part in this ten-day workshop under the guidance of experts from Toscana. The Director of ICE office in Belgrade Mr. Enrico Barbieri said the aim of the project is to establish firmer ties between specialized schools that is being coordinated by ICE in cooperation with SIEPA and Toscana Promocione.

Construction

Construction industry is the most dynamic with a positive balance of \$30 million. This industry has a very long tradition of great achievements that have been attracting international attention on all continents. Completed projects can be seen all around the world, from North America to Europe, from Asia to Africa and Middle East led by Serbian architects and builders who are recognized as highly educated, innovative and reliable. Also, the emerging real estate market led to a permanent and dynamic development of the domestic construction industry.

Rapid Growth

Building and construction industry has been on the rise in Serbia over the past few years, mainly because of continued construction activity in the three largest cities - Belgrade, Novi Sad and Nis.

During the first six months of 2006 value of construction works completed grew 20.1%. The construction of transport infrastructure has showed the fastest growth, constituting 49.8% of total construction activities, followed by non residential buildings with 20.2%, then pipelines and electric power lines and residential buildings with 12.5% and other constituting the smallest share of 5%.

The construction of transport infrastructure has showed the fastest growth, followed by non residential buildings, then pipelines and electric power lines and residential buildings.

Serbian construction market is characterized by increased investment activity, excellent prospects in the residential property market, security ensured by the macroeconomic stability and lowest company profit tax rate in Europe. Furthermore, in 2006 construction industry constituted 3.5% of the total GDP and recorded growth of 9.3%.



Hot Real Estate

The general real estate market in Serbia is in its full bloom. The construction of business and residential premises, together with hotels is enjoying a steady rise. Belgrade as the capital is a leader of major construction investments, thus the Urbanization Bureau of the city issued the Belgrade's Master Plan until the year 2021. The plan envisages 50,000 new apartments on approximately 4,000,000 sqm to be built.

By 2012 there will be 50,000 new apartments on approximately 4,000,000 sqm.



Production of building materials has been growing in the following sectors: metal and semi-metal beams for arches (68.3%), ceramics tiles (49.8%), cement (14.4%), bricks (11.5%), and facade blocks (9.1%).

Looking at the contracted works abroad, the total value in 2005 was more than \$204 million. The majority of Serbian companies carry out construction works in Asia: Kazakhstan and Uzbekistan, then Europe: Russia, Germany, and Ireland; Africa: Uganda, Morocco and Nigeria and in America, mainly in Peru.



Mr. Kamil Beffa
CEO, Lafarge BFC

Why did you choose to invest in the retail industry in Serbia?

Lafarge is the world leader in building materials, with a long history and strong presence in Central Europe. Investment in Serbia for Lafarge Group is an important and long-term step started in early 2002. We were one of the very first private investors. Why? The Group believed and still continues to believe in Serbia's future and in the development of its market. We have chosen Serbia and Beočin due to several reasons:

- Good access to raw material resources (limestone, marl, etc.);
- Location at the heart of Vojvodina (Serbia's most developed region);
- Proximity to Danube (water roads);
- Skilled and motivated work-force.

To what extent have your expectations been met so far and what are your plans for the future?

Our expectations have mainly been met. What certainly exceeded our expectations were our findings about people in Serbia, who are very open, friendly, professional, and prepared for further study and advancement. Speaking about our plans, I may express our intention to continue our marked

route. Lafarge BFC will continue building a modern, environmental friendly and well managed plant. Our objective is clear - to manage Beočin as a successful part of a Lafarge system and at the same time, a symbol of Serbian industrial leadership. Today we can say with confidence that the main elements of the Group standards are present in the everyday work at Lafarge BFC. The investment phase is now almost completed so that we could close down the two old lines of wet production in July 2004, significantly reducing environmental pollution and improving ecological situation in Beočin. We have invested €55 million into reconstruction and modernization of the plant so far, with technical investments directed into production capacities, plant reliability increase and reduction of negative influence to the environment. Our plan for the coming years is to continue investing in the plant, maintain ongoing improvements of the environmental situation and expanding the production capacity. Lafarge BFC intends to pursue tradition in quality and customer orientation, building a performance culture, developing safety at work, and implementing high standards and constant improvements in the field of environmental protection. We want Lafarge BFC to be the undisputable leader of cement industry in

Serbia, creating value for all, developing our people and contributing local communities.

Given your large experience in Serbia what would be your message to potential foreign investors?

Our message to potential investors is that Serbia is a very significant location for foreign investment! There are huge potentials in Serbia as it is located on major European transportation corridors, it represents one of the largest fast growing markets in South East Europe, while regulatory and business conditions are improving everyday. Foreign investors have huge support from all relevant Ministries, on equal basis as Serbian entities.

In order to share our experience and attract other investors to join us, we developed Beočin Business Park Project, as a non-profit initiative and the first corporate social responsibility project in Serbia. 5 hectares of land, with a possibility to expand up to 15 ha, are increasingly available to investors, with a prime position nearby the Danube river and good connection to the main infrastructure. Because of all these reasons, we want to tell all potential investors: **Come to Serbia and invest!**



A Great Knowledge of Foreign Languages

There is a Serbian saying “What determines the value of a person is the number of languages one is able to communicate in.” Today knowing at least one language is necessary. This fact is confirmed by the European Commission as they state that not knowing an additional foreign language (besides English) has cost every export oriented company to losing a deal worth in an average of around €325,000. In addition, among those there are at least 10 companies who have lost deals worth more than €1 million. (Source: magazine Banka, Croatia)

Recent research conducted by the research agency Gfk Belgrade has showed that almost half of respondents (48%) stated they understand at least some of English language. Out of that 6% thinks they speak and write in English superbly. Based on this data we may say with certainty this language is the most used in Serbia. The similar situation can be seen

in Croatia where 45% of citizens older than 15 years of age claim to understand some of English language.

In Serbia the mostly used foreign language is English (48%) and second placed is Russian (28%).

When it comes to other foreign languages, almost a third (28%) of our citizens claims to understand some of Russian language. They do now know German and French as much (only 4% speaks well or can make a conversation). These results are understandable as some generations have been growing up without an opportunity to travel abroad. After certain travels language may be learned, but more often than not it is an initiative to broaden views and learn languages after coming back home. Regardless of the fact that majority of the population does not speak foreign language they are certain that this knowledge is necessary, espe-

cially when planning to travel abroad, doing computer work or schooling. Based on the information gathered from the general population it is surprising that people are not aware of the importance of foreign languages in a daily business. However, younger educated and urban population is far better aware of this fact.

How much do the older people know and what are younger generations bringing?

When comparing younger and older generations we can see that respondents younger than 30 years of age claim in more than 80% to understand at least some of English language. A third of them can participate in conversations (respondents from 15 to 19 years of age – 36% and those from 20 to 29 – 33.5%). On the other hand, the older generation (from 40 to 60 years) may not have a great knowledge of English, but they are much better in understanding Russian compared to younger generations. Every fifth respondent from



40 to 49 years of age at least understands some of Russian, whereas in the age group of 50 to 59 every third. Specifically, what is considered very important to respondents under 30 years of age for learning languages are everyday work, communication with friends and foreign media.

More than 80% of respondents under 30 years of age declared to understand at least some of English language.

Which part of Serbia speaks foreign languages the best?

When looking at Serbia by regions we may see that citizens of North Serbia state that their knowledge of foreign languages is better than those in Southern parts. People living in Belgrade show the best knowledge of English with 62.3% in comparison to other regions, while citizens in Vojvodina show a much greater knowledge of German and Russian. Due to their limited language knowledge, citizens of Eastern Serbia claim that foreign languages are highly important when traveling abroad (83.8%), doing computer work (70.1%), and schooling (62.3%).

Citizens of urban parts of Serbia show better understanding of English

language in comparison to people from the countryside. Foreign language schools are more accessible to them and there is a greater possibility that they will meet with a person not speaking Serbian, thus will not be able to communicate in a mother tongue. However, one third of respondents from rural areas states they have some understanding of English.

Citizens with higher university degrees have a greater knowledge of German (30.4%) and Russian (39.7%).

Almost every fifth respondent who is a university graduate claim to have a great written and spoken English knowledge, whilst one third understands some of it. Also, citizens with higher university degrees have greater knowledge of German (30.4%) and Russian (39.7%).

What is the situation in the European Union?

Citizens of the EU would like to know 2 foreign languages, in addition to their native. When looking at the research results of Special Eurobarometer, conducted by the European Commission in 2005, one may conclude that more than half of EU citizens

(56%) can communicate in at least one more language, whilst every third can use two more in addition to the mother tongue. Some of the developed countries whose citizens have knowledge of 2 additional languages are Luxemburg (92%), Netherlands (75%) and Slovenia (71%). Those admitting of not knowing any languages besides their native are British (62%), Italians (59%), Hungarians (58%), Portuguese (58%), and Spanish (56%).

English remains the most commonly known language in Europe and our country, when looking at those whose native language is this one and those using it in communication with others, besides their own (51%).

And where are we?

There are 60 registered foreign languages schools in Serbia, not counting those offering private lessons. It sounds like an impressive amount doesn't it? But in Serbia there are around 7 million citizens amounting to 125,000 students per school. Still, what we need the most to continue our personal development, for some even professional, is to have a motive to learn as many foreign languages and increase our value as much as possible.

Source 

What is Your Knowledge of Foreign Languages

	Excellent Written and Spoken	Good Written and Spoken	Can Participate in Conversations	Understands Some	No Knowledge
English	6%	9%	16%	17%	53%
Russian	1%	2%	7%	18%	72%
German	1%	1%	3%	10%	85%
French	-	1%	3%	5%	91%
Spanish	-	-	2%	7%	91%
Italian	-	-	1%	3%	95%

How Important is Knowing a Language

	Traveling Aboard	Computer Work	Schooling/ Education	Folowing Foreign Media	Every Day Business	Communication With Friends
Necessary	6%	9%	16%	17%	53%	8%
Needed	1%	2%	7%	18%	72%	16%
Not Needed	1%	1%	3%	10%	85%	76%

Belgrade

June 9, 2007

Parallel Stories – Art Exhibition

Masterpieces of modern and contemporary art from the collection of the Museum of Modern Art in Saint-Étienne: Léger, Dubuffet, Stella. The selection of 45 artists and 60 works from the collection of 20th and 21st century chosen by Mr Lorand Hegyi, director of the Saint-Etienne Museum, will be presented at the Museum of History of Yugoslavia and the Cultural Center of Belgrade.

June 14 - 17, 2007

European Championship in Show Dance

Serbian association of dancing organizations and International dance organization have organized the European championship in show dance at Sava Centar venue for children, juniors and seniors.

June 24, 2007

Julian Rachlin – Concert

Julian Rachlin has already established himself as one of the most charismatic and exciting violinists of his generation. He has performed with most of the world's leading orchestras and conductors and is praised for his powerful and refreshing interpretations. He has performed with, and regularly returns to, Vienna Philharmonic, the London Symphony, New York Philharmonic, Orchestra Philharmonica della Scala, Orchestre de Paris and St. Petersburg.

June 26, 2007

Red Hot Chilly Peppers – Concert

There is an enormous interest for this concert in the region that will host 80,000 fans of these world famous musicians. It will be held in Indjija, a municipality close to Novi Sad, within an industrial zone. RHCP have announced

The Other Home

Robert Hejzak,
Consultant, World Bank

What surprised you the most on living in Belgrade?

I think everybody arriving at Belgrade is struck by the level of energy springing out of every corner of the city. No grey post-communist city as one may expect but a vibrant place where new replaces old in front of one's eyes. My biggest discovery? Belgrade made me realized that a pedestrian zone is not a mere shopping street or a shortcut to a business meeting but a pleasant place for an evening stroll or an afternoon cup of coffee.

that most of their songs that will be played are featured at their new album Stadium Arcadium.

Hot Spots

Kandinsky Club & Café Bar

The club is spreading on 250 sqm and every room is thematically separated where guests may choose the ambiance based on their mood. The first one is the smallest in size with a very comfortable and romantic set up furnished with a fireplace, small desks and lamps. The central part holds a bar and the furniture style is minimalist and modern. The third section is rustic and divided into smaller sections divided with brick walls, while the coffee machine dating from the beginning of the last century, old radio and lanterns enhance the intimate and cozy atmosphere. The club also features original drinks such as Kandinsky flavored coffee and Kandinsky breeze. Lastly, the club features thematic nights and on Thursdays bands play live, Fridays is the night of drinks promotion, Saturdays is reserved for house music, while Sundays is usually the cocktail night.

Address: Kralja Petra I 5, Smederevo, Tel: 064 / 2593 885, e-mail: www.klub-kandinsky.co.yu



In cooperation with
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Novi Sad

June 1 - 14, 2007

Imaginary Worlds – Art Exhibition

The exhibition is implemented in cooperation with Maribor Art gallery, and will include artworks of seven young artists from Slovenia, who explore contemporary events (personal, political, social) by utilizing new technologies. The seven artist exhibitors will present their work at MSUV through video installations, interactive film, videos, digital graphic artwork, and internet live-performance.

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