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Serbia's new currency code RSD

London-based British Standards Institution (BSI) has changed the alpha and numeric code of the national currency of the Republic of Serbia. The three-character alpha code for the dinar is RSD, and applies as of October 25, 2006, while its numeric code is 941. This created preconditions for the Serbian dinar to be enlisted in world financial stock exchanges for the first time in modern history.

Deflation in October

Director of the Serbian Statistics Office Dragan Vukmirovic announced that Serbia recorded a 0.4% deflation in October, whilst inflation in the first ten months of the year amounted to 5.6%. The value of exports amounted to \$4.5 billion, which was a 40.3% increase when compared with the same period last year, while the value of imports amounted to \$9.27 billion, which was a 24.0% increase relative to the same period last year. The deficit for the January-September 2006 period amounted to \$4.75 billion, which was a 11.6% increase compared with the same period last year. The Export-import ratio stood at 48.7% and was 43% higher compared with the same period last year, Vukmirovic said. The major foreign trade partners in exports were Italy (\$638.3 million), Bosnia and Herzegovina (\$528.6 million) and Montenegro (\$468.5 million) whereas major foreign trade partners in imports were the Russian Federation (\$1.53 billion), Germany (\$887.2 million) and Italy (\$771.8 million).

La Fantana opens bottling factory

Swedish company La Fantana, which is present in Serbia for the past two years, opened a water bottling factory in Mitrovo Polje, municipality Aleksandrovac. This largest greenfield project in this part of Serbia was officially opened by the

company's Managing Board President Roland Bengtson. The factory was constructed according to the highest quality standards for this type of industry.

WB: Serbia leader in reforms

World Bank Director for Southeast Europe Orsalia Kalantzopoulos told German radio Deutsche Welle that Serbia is today regional leader when it comes to successfulness of economic reforms. "Privatisation process in Serbia is successful, which can be verified by the economic growth and accumulation of reserves," said Kalantzopoulos, adding that Serbia is applying a "sophisticated economy with a high level of education of its citizens."

Serbia shows fastest growth

The EBRD stated that Serbia has shown the greatest amount of economic growth this year in Southeast Europe. In the latest Transitional Report for Economic Trends in Southeast European countries, the European Bank for Reconstruction and Development stated that Serbia had a 6.3 % economic growth rate this year.

JICA opened office in Belgrade

Japanese International Cooperation Agency (JICA) opened its Balkan office in Belgrade tasked with conducting projects regarding technical cooperation with Serbia, Montenegro, Bosnia and Herzegovina, Macedonia, Croatia and Albania. JICA, as a bridge between the people of Japan and other developing countries, will develop international cooperation through the exchange of knowledge and experiences and would work on bringing peace and prosperity in the world, said the statement, adding that since 1998 Japan provided Serbia with economic assistance worth \$ 198 million, including \$ 3.4 million within the technical cooperation project.

NIS - most successful company

Belgrade's Economist magazine has

published the Top 300 list of the Serbian companies which is topped by Serbian Oil Industry (NIS). NIS turned over more than three billion euros in 2005, and it is followed by Serbia's electric company EPS, Delta Holding, Telekom and U.S. Steel Serbia. Compared to the previous year, the top 300 companies increased their income by 33 %, a figure indicative of the positive effects of privatisation on companies' performances.

Meet Us

December 9 - 14, 2006

Trade Delegation of Serbia to Cairo, Egypt

December 9 - 14, 2006

World Free Zone Convention Paris, France

December 21, 2006

SIEPA Cocktail Party Belgrade, Serbia

Tarkett acquires Sintelon

International company Tarkett successfully completed a takeover of flooring factory Sintelon from Backa Palanka after acquiring additional 21.1% of shares for approximately €44.9 million. Tarkett operates within Tarkett Eastern Europe, which is the leader in design, production and sale of floorings in Russia, Ukraine and Balkans now owns 64.3% of shares of Sintelon. Tarkett from Backa Palanka last year generated RSD 1.6 billion in net revenues. After the opening in November last year, Tarkett's factory became the best-equipped production facility of this kind in Europe. More than 95% of products are exported to Russia, Ukraine and Western Europe.

SMEs make the bulk of profit

The small and medium size enterprises sector has had the highest rate of profit in 2005 - 40%. This rate is by 4% higher than that achieved by the overall industry and 7.3% higher compared to big companies. 70 % of those profits came from the trade and processing industry, while 64.2 were achieved in the territories of Belgrade and the South Banat district. The SME sector employed 810,000 workers in 2005, increasing the unemployment rate by 7.7 % compared to the previous year. The enterprises themselves, 276,695 in total, consisted of 72,284 small and 2,452 medium companies, while the number of shops soared to 201,959.

Grawe's investment worth €30m

Austrian insurance company Grawe officially presented its new business centre Grawe-Napred which is in the final stages of construction and which will be officially opened in April 2007. Grawe Deputy Director General Siegfried Grigg said that this €30 million centre will be the largest company's facility ever built outside Austria.

Credit Agricole Life is new insurer

National Bank of Serbia (NBS) licensed Credit Agricole Life insurance and it is the first Greenfield license issued according to the new Law on insurance. The majority owner of the new insurer is Credit Agricole SA from Paris, which is the third largest overall insurer in France and the second largest life insurer in the country. Opening of the Credit Agricole Life insurance in Serbia represents a strong impetus to development and modernisation of insurance market.

Raiffeisen, Uniqa join a partners

Belgrade-based Raiffeisen bank and insurance company Uniqa signed a contract

on strategic partnership in Serbia, which stipulates introduction of insurance of consumer, cash and car credits. Uniqa will in the second phase of this contract start insuring pensions and credit cards, and in the third phase - housing and mortgage credits. Uniqa, the largest Austrian insurance company became a majority owner of Zepter insurance.

Impol opens new plant in Serbia

Aluminium rolling mill Impol-Seval, in the majority ownership of Slovenian aluminium maker Impol, opened a new €12 million production facility in Sevojno and aluminium cutting line worth additional €4 million. The new foundry with the capacity of 50,000 tonnes of aluminium a year is the largest in Europe and one of the three most modern in the world, said Impol CEO Jernej Cokl. Investments will make the company one of the largest producers of cut smooth and corrugated aluminium sheet in Europe. Impol became the majority owner of the aluminium rolling mill from Sevojno in 2002.

Serbia-Italy trade to top \$1.8bn

As part of the event called Italia a Belgrado several hundred Italian and Serbian businessmen had bilateral talks in Belgrade to enhance trade and economic cooperation. Opening the meeting, Italian ambassador to Belgrade Alessandro Merola said that Serbia was a "natural expansion target" for Italian industry because of compatibility of products in the area of furniture, metallurgy, agriculture and energy. Italy is Serbia's first trading partner in exports and third in imports, and total trade turnover is expected to reach 1.8 billion \$ this year.

PfP Good for Investors

NATO Secretary General Jaap de Hoop Scheffer has formally invited Serbia to join the Partnership for Peace. The membership agreement will be signed on 14

December, which will mark the beginning of Serbia's membership in the NATO partnership. Serbia's President Boris Tadic hailed the news about NATO's invitation and said that "finally we can say to all that want to open new places of work here and secure a better life for our citizens that Serbia is in the Partnership for Peace and that that is a sure and secure guarantee for their investments," Tadic said.



€4m expected after Paris food fair

The expected export of food products from Serbia following Serbia's participation in the international food fair in Paris "Salon international de l'alimentation - SIAL" should reach €4 million. More than a thousand business contacts have been initiated, a dozen pre-contracts signed and are to be realised in the upcoming few months. For example, Nectar company signed a contract worth €1 million on exporting organic apple juice concentrate to Germany.

Grants to Italy's Pompea, Fulgar

SIEPA and Italian companies Pompea and Fulgar have signed the agreements on granting non-repayable funds from the National Investment Plan for encouraging investments. Pompea, one of the leading European producers of socks and underwear, and Fulgar, a producer of yarn, are building production plants in the free business zone in Zrenjanin, in which they will invest over €25.5 million over the next three years and employ 370 workers. SIEPA will support these projects with €600,000, i.e. €2,000 for every new job.

IT Industry

With its intellectual and technological potential reaching the level of developed countries, Serbia now has the attributes to competitively satisfy the needs of IT companies worldwide. Dominant giants such as Microsoft, IBM, Ericsson and Siemens, together with European SME's namely FinSoft, TeleTrader, Gowi Group and IFsz have opened their offices in Belgrade and have hired highly educated and skillful local labor. The reasons why these companies have chosen Serbia are the following: overall labour costs for graduate and skilled staff are approximately 30% of Western levels, fluency in English language, educational profile considerably higher than in any other Eastern European country, having key knowledge of emerging Balkans and Eastern markets and localization skills for Eastern European and Russian markets.

The IT sector has an annual growth rate of 18.3% and a projected five-year CAGR (Compounded Annual Growth Rate) of 16.8%. The value of the Serbian IT market in 2003 was estimated at \$ 340 million. (Source: IDC ICT Sector Market Analysis and Trends in Serbia and Montenegro, 2003-2008). In Serbia, there are 1,408 IT companies. 95% of IT companies in Serbia are domestic companies, then 3% are with mixed ownership and 2% represent foreign companies.

There are about 3,000 highly qualified IT engineers currently working on projects for foreign partners, mainly in the field of software product and service development. Total annual revenue in this sub-sector alone is estimated at almost \$ 100 million. In addition, net salary costs for employees in this sector vary from 350 € to 850 € per month for qualified and experienced personnel. The overall salary cost of a programmer/systems expert is in the range 700-1,400 € per month. Their overall costs are considerably lower in Serbia than in most other countries in Western and Eastern Europe.

Outsourcing, software or hardware developments are ways of benefiting from Serbian fast growing IT industry. In an IT outsourcing arrangement, Serbian software developers assume either partial or full responsibility for a client's daily information technology needs. In many cases, they manage and improve the client's entire information technology process which includes applications, data centers, and networks. In Serbia, there are 835 software development companies. They have expertise in developing front-end, back-end and middle-ware components, but also are very proficient at listening to client requirements and creating tailored software and systems. In Serbia, there are 573 hardware manufacturers. The industry focus to date has been on the development of customized products for specific industry applications for the local market with larger companies offering a wider systems integration and full technical service approach. Today, modern hardware (LCD monitors, memory modules, toners cartridges for printers, etc) are made in Serbia.

Serbia has done a lot to align businesses in the IT sector closer with the standards of the EU. In order to aid the quick development of the Information Society, several important laws have been adopted: Electronic Signature Law, Patent Law, Trademark Law, Copyright and Related Rights Law, Legal Protection of Design Law, Protection of Integrated Circuits Topographies Law, Protection of personal data, Protection of consumers, Access to information and Amended Criminal Code. Additionally, for the first time, the regulation to strengthen custom powers to act against counterfeit and pirated goods was introduced in the Customs Law. Finally, Serbia signed the international Convention on Cyber Crime on April 7th 2005 that will further strengthen relationships with other EU states.



Slovenian, Serbian software firms set up joint venture in Kragujevac

After four years of successful cooperation, Slovenian Hermes SoftLab and Serbian Virtual Team have set up a joint venture in Kragujevac devoted to developing software. Ljubljana-based Hermes is Slovenia's largest software and IT solutions provider with branch offices in Europe and North America. Kragujevac-based Virtual Team was awarded for CRM solutions at Microsoft's World Wide Partner Conference 2003 and it scooped the coveted Winning Customers Award at the same event the following year. Gregor Smrekar of Hermes' managing board said that the Slovenian firm wants Virtual Team to become its "competent development division in Serbia." Virtual Team is planning to employ 20 engineers, young experts and help train IT students at Kragujevac University.

Silviu Hotaran

General Manager
Microsoft South-East Europe

Why did you choose to invest in IT industry in Serbia?

“It’s a proven fact that IT professional communities are strong, skilled and with a high creativity potential all across Eastern Europe. This is the reason for which IT can be a specific approach to accelerate economic growth in our countries. Serbia is one of the biggest countries in South East Europe, with an important potential for future growth. I believe that IT is already a dynamic and competitive industry in Serbia and investing in its development could accelerate market expansion and overall economic progress on the path to EU integration.”

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

“The local subsidiary history is relatively short, but the achievements are already impressive. Strong growth rates are definitely significant, but the overall impact on the market is even more important for the long term approach strategy. We have in Serbia the first Development Centre in the whole Eastern Europe (and one of the few in the world), partners like Pexim and Saga developed and delivered solutions which were awarded and got world wide recognition at the highest level, best practices were built (banking, regional governments, education), the size and quality of partner ecosystem are continuously growing.

Our aspiration for the future, in Serbia as in other countries in South East Europe, is to accelerate our growth and investments, even to be change drivers. We’re looking forward to developing our traditional business, but also to launch an impressive range of innovative new products, to experiment new ways to deliver software and user experience. Our intention is also to enter into a strategic partnership with the government, to identify together the best ways to develop new projects, to grow a strong local software industry, to walk faster on the path to knowledge based society. We want definitely to be a respected citizen of this society in Serbia.”

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

“I strongly believe in the Serbia’s potential for future growth, I can literally feel it each time I’m there. I would encourage foreign investors to open eyes on Serbia, to evaluate the specific opportunities and to make their decision. It definitely matters to be in pole position when the real competition begins.”



- After UK, China and India, Microsoft Corp opened its fourth international development centre, the Tablet PC Software Development Extension, in Belgrade, Serbia.
- Branded within the Microsoft Corporation as the Center for Excellence.
- Language Handwriting Recognizer Factory - Expanding language support for handwriting recognizers within Microsoft® Tablet PC technology.
- Handwriting Recognizers for Special 2D Domains - the recognizer for mathematical equations is currently under development.
- Windows Live Platform developing Components that will perform analysis, recognition, and search of printed documents.
- In one year expanded from 1 employee to 20.
- As a result of impressive accomplishments in 2006 the Microsoft funding quadrupled for 2007.

Eager to work more and re-qualify

During the time of transition, which implies a shift in company ownership, the arrival of foreign investors, as well as the development of domestic entrepreneurship, the need becomes more pronounced, not only for formally qualified workforce but also for employees who are willing to attend training continually and if necessary to re-qualify. This requires additional effort, equally on the part of society as a whole and companies in the financial, educational and organizational sense, as well as certain endeavors on the part of individuals and their willingness to learn, change and be flexible.

As part of the GfK Omnibus research study, we asked the citizens several questions which relate to their willingness and motivation for certain changes regarding work. Thus, the question as to whether they would agree to work more if they would earn more that way, the vast majority - 83.6% answered positively. It must be noted that the sample included solely respondents up to 60 years of age, who have completed at least secondary school, which means that these people are by definition, according to age and education, more accepting of changes. Particular willingness to switch jobs because of considerably larger income was expressed by people of younger middle age, 20-29 years old (88% of them) and generally of the middle generation which has more work experience. It is interesting to point out that those who are temporarily employed are the most willing to take on more intensive occupational arrangements.

Asked whether they would be willing to re-qualify in order to find or change a job, almost three quarters gave a positive answer. According to this criterion as well, the 20-29 age group stands out, followed by 30-39 year olds, and according to occupational status – again those who are temporarily employed.

When it comes to various types of expected willingness and flexibility, the least was shown in respect of moving to a different place of residence – accepted by “solely” 61.9%. Above average readiness to change location for the sake of work was expressed by men aged 20-29, those who do not have steady jobs and, regarding region – the population of Western Serbia, followed by Eastern Serbia. The least willing to move are the inhabitants of Vojvodina, followed by Belgrade.

It may be observed, on the basis of this short survey, that, of the offered variants, the citizens of Serbia consider the greatest motivator to be “more work for more money”, followed by re-qualification, while the least willingness was shown in respect of moving to a different location. According to demographic characteristics, the greatest potential mobility, flexibility and willingness to learn was expressed by the 20-29 year olds generation and people with temporary jobs. These categories would essentially be the best target group for all those who have the need for human potential in the expressed attributes.

Source: GfK Omnibus, August 2006



Belgrade

October through December
Exhibition: Flying

The theme of the exhibition is flying as a way of movement. Exponents are biological and zoological (Insects and birds have priority). The purpose of the exhibition is to illustrate examples of structural and functional characteristics of organisms that are able to fly and to show the universal importance of flying.

The Other Home

Matej Kovac

Foreign Direct Investment Advisor,
World Bank Group

What was your latest discovery in Belgrade?

During one of the journalists visits to Belgrade I accompanied them on an boat trip. Admiring Belgrade from the river side is an unforgettable experience. The view on the Belgrade Fortress reminded me of a rich history of the city and its strategic location in the Balkans.

December 11 - 14, 2006
10th International Festival of
Underwater Films

The festival will include numerous events such as the exhibition of underwater photographs by Vladica Milisavljevic, children art exhibition themed The waters should always be clean, student art exhibition presenting solutions for the festival poster, lectures, presentations, seminars, and meeting authors. The audience will be presented 85 films of the newest production from all over the world

December 15-30, 2006
New Year's Fair

Established in 1961, the fair is traditionally the main out-of-season tourist event, equally popular amongst Serbian visitors and foreign tourists. By keeping standards high and maintaining a wide and expanding variety of programs it can now be said that one of the largest events in Belgrade. Almost 400 mini shops will be selling everything from clothing items to amusement parks entrance.

December 16, 2006
The Belgrade Dixieland Orchestra
Jazz Concert

Established in 2001, the band made of 8 people has continued a tradition of presenting the type of jazz that was being played in the beginning of the 20th century. Even though the orchestra exists for a relatively short period of time the band has taken a very important cultural position within the music culture of Serbia.

Novi Sad

November 16 – December 14, 2006
Milan Konjovic, Exhibition

The exhibition displays one of the most dynamically creative periods of this worldly renowned painter. The paintings have been created during the time when Parisian and Prague critics have been welcoming every exhibition by this great artist.

Hot Spots

Once Upon a Time ... (Bilo jednom...)

The rustic ambient of this boat restaurant is dominated with hand picked details based upon owners' anecdotes. Whilst enjoying the river Sava scenery, guests can indulge in a deliciously prepared domestic cuisine. Specialties such as fried dough with zucchini, rolled turkey, grilled fish, and veal prepared in an old country Serbian style are only some of the delicacies on the menu. There are live bands playing pop music on Fridays and old traditional music on Saturdays.

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