



Highlights of the Month

Numerous investments in Serbia are continuing. [Read more >>>](#)



Meet SIEPA

This month SIEPA consultants will be participants at a fair in New York and a conference in Croatia. Feel free to meet us in person. [Read more >>>](#)



Industry Close Up **Aviation Industry**

Find out why long tradition, experience and highly skilled labor force can be crucial to your business. [Read more >>>](#)



Investor Personally

Mr. Dario Sik, Export Manager, CIMOS

Addressing the common resources such as culture and language can be of great assistance in achieving common business goals. [Read more >>>](#)



Monthly Reporting **Citizens of Serbia Leaders in SMS Communication**

With a 74% mobile phones usage, Serbia is almost at the CEE average. [Read more >>>](#)



Arts & Entertainment

The Rolling Stones, EXIT festival, Belgrade Summer Festival are some of the interesting and numerous happenings this summer. [Read more >>>](#)



The Other Home

Jerome Bayle, Managing Director, Tetra Pak Production

'... you have all sports facilities, plenty of tennis courts and golf courts.' [Read more >>>](#)



Hot Spots

Hotel President

Swarovski chandeliers and FIBA licensed wooden floors can be found at this exclusive hotel near Belgrade. [Read more >>>](#)

Many Projects Ahead in Nis

An agreement on cooperation and long-term investment for projects worth about €120 million in Nis and Nis region was signed by the Mayor of Nis Smiljko Kostic, General Manager of Hungarian Arcadom Isztvan Szokoray, and Aleksandra Mikic, the authorized representative of OTP Bank from Budapest. Construction of a shopping mall or specialized trade center and gas station, as well as construction of a cultural center with a concert hall, congress center, gallery and various accompanying facilities was encompassed by this agreement. It also includes investments in infrastructure, construction of roads, sewerage, wastewater treatment units, a new stadium and sports center, as well as a return of tram transportation to the city, investments in construction of university campus and rehabilitation of existing capacities of the University in Nis.

Scientific Cooperation

IBM Serbia and the Mathematic Institute SANU from Belgrade have signed a five-year agreement on intentions on June 26, which gives authorizations to the Institute to organize educational IT programs based on IBM methodology, products and solutions. This already well-known academic initiative has been designed to prepare graduate students for careers in multidisciplinary fields, including a broad university approach to the latest IBM technologies and practice.

First Foreign Investment in Arandjelovac

Reval Holdings Limited from Kent (England) will build a high-end factory for production of building elements for quick construction of apartments and business facilities worth €7 million in the municipality of Arandjelovac. "We committed

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Third Round Beneficiaries

Minister of Economy and Regional Development Mladjan Dinkic and the President of company Henkel for CEE Herman Dajcer have put the €5 million for production of building glue Ceresit in the industrial zone of Indjija. The factory will provide employment to 60 people and therefore become eligible for SIEPA's financial support amounting to €2,500 per employee as the stimulus for employment. Henkel is one of the companies that have received financial support as part of the second round of implementation of Government's decree on supporting the opening of new jobs. The most recent, third round of Decree's implementation saw 18 companies become beneficiaries of the program and a total of €5.22 million of pledged financial support for the creation of 2,535 new jobs.

ourselves to equip the building land of 2.26ha with the required infrastructure and we are working on that as we speak", said the City Manager Milutin Djuric and added that they intensively working on collecting the necessary documentation, so that the future owner could start construction. According to Mr. Djuric, the contract stipulated that the production in the factory should start prior to March 31, 2008 and that it will employ at least 200 workers.

First Cargo Center in Serbia

Intereuropa company opened the first cargo-transportation center in Serbia in Dobanovci on June 22. The new logistic center was built in the vicinity of Belgrade's future bypass. It spreads on more than 8,600 square meters of indoor storage space, half of which is covered with shelves.

"Our aim is to become a leading logistic company in Serbia prior to 2011. Therefore, we will continue to invest in infrastructure and personnel and to improve the quality of our services, to the satisfaction of our numerous clients" – said Mr. Nemanja Kacavenda, General Manager of Stock Company Intereuropa Logistic Services Belgrade.

Logistic Center in Zrenjanin

Logistic center of German Fiva Valter group, worth €5.5 million, was opened in Zrenjanin's industrial zone Bagljes on June 23. Commercial Manager of the company, Hanz Via, announced that this facility, the first in the series of such facilities that company will build in Zrenjanin's industrial zone, is intended for distribution, production and storage of consumer goods. The hall occupies an area of 13,000 square meters with 1,600 square meters of indoor gallery.

Gorenje Building

Slovenian company Gorenje will start building a €10 million business-commercial center in New Belgrade in August, said the Manager of Gorenje in Serbia, Marko Mrzel. He pointed out that the opening of the 8,000 square meter center was scheduled for March 2008. "The facility will encompass a large 900 square meter studio with household appliances, making it possible for consumers in Serbia to see the entire assortment of Gorenje products", said Mrzel.

New Port on the Danube River

The Manager of the Directorate for Building Land and Construction of Belgrade, Boris Rankovic, and the Manager of Austrian company Tina, Michael Schwartz, signed the contract on June 20 worth €730,000 on design of feasibility study with a general project for a new port on the left bank of the Danube River in Belgrade. The location and capacity of the new pier, on a surface of about 600 ha would enable concentration of transportation and production capacities at one place and provide modern forms of reloading of cargo and containers, which implies the construction of a multimodal transportation terminal.

Future facilities, equipment and infrastructure should ensure connection between navigable ways with the main road and railway corridors, as well as with air transportation. In that way, the new port in Belgrade would get qualification of cargo pier for international multimodal and combined transport in accordance with the European agreement on main internal navigable ways of international importance.

Hungarian Investments

Company Arkadom from Budapest has signed a contract with the Municipality of Zrenjanin on a construction of the commercial park on the left side of the major highway Zrenjanin - Novi Sad. The commercial park will consist of a hypermarket, gas station, accommodation capacities and other business contents. According to the contract, this investment should be completed in one year. It is expected to result in direct hiring of around 600 workers and to be a good stimulant for the entire business life of Mid Banat.

Another Hungarian company has invested in Serbia. Betonut company, one of the 5 largest construction companies in Hungary, has taken over 68.13% of the total registered

capital of Valjevo Road company for €1.57 million and committed to a social program and realization of the Investment program in the value of €2.73 million.

KBC Takes Over A Bank

Belgian banking group KBC announced that it has taken over all 107,824 shares of A bank from Belgrade for €96.5 million through a public tender. The Executive Director of KBC group, Andre Bergen says that this bank recognized in Serbia one of the key financial markets at the Balkans and that as the majority owner of A Bank it will dedicate itself to a faster growth of the bank.

Meet SIEPA

July 8 - 10, 2007

Fancy Food Show,
New York, USA

July 10, 2007

Human Capital Conference,
Zagreb, Croatia

Large Number of New Posts in Leskovac

Greek businessman from Cyprus, Kostas Georgiu, the owner of a company Mageo Ltd., will invest more than €5 million in the refurbishment of the unit of former textile factory Zevelon in Leskovac and install a modern line for production of light ready-made clothing. The unit will hire 500 to 1,000 workers this year, for which professional training in certain textile works will be organized in September. The number of employees within the next two or three years should grow to 2,000.

Moeller Factory

Austrian company Moeller has started building a new facility for production of components for electric power distribution in Sremska Mitrovica. A total of €1.5 million will be invested and the new unit will employ 150 workers. That company already has a unit in Sremska Mitrovica, in which it invested €2 million and it currently employs 350 workers. The entire production, where special poles for electric appliances are manufactured, is exported to Austria.

Another R&D Center in Serbia

International company Seavus is opening an R&D center in Nis worth €250,000 that will employ 70 Serbian programmers in the next two years. Seavus employs 270 people worldwide and sells products in 68 countries, supplying large companies such as Volvo, Airbus, Chevron, Michelin, Tele 2, etc. This is the third IT Development center in Serbia after Microsoft and Red Hat and are expected more of such investments in the near future. Seavus has headquarters in Sweden and representative offices in USA, UK, Denmark, Lithuania, Belarus, and Macedonia.

Bulgarian Investment in Leskovac

The Bulgarian company Intertrust from Sofia invested around €8 million in the construction, equipment, and environmental protection of a new factory in Leskovac. The production of thermo-insulation materials used for civil engineering (panel sandwiches of sheet metal, polyurethane foam and stone wool) in the newly built factory Inter lemind should start in early July. The projected capacity of this factory owned by Bulgarian company Intertrust from Sofia is about 25,000 tons, or 2.5 million square meters of panel sandwiches per year. These sandwiches are used for paneling walls, roof structures, production halls and other buildings.



Aviation Industry

The aviation industry in Serbia has one of the longest traditions in Europe, with first developments in this field dating back as early as 1909 and the first serial production of piston engine powered aircrafts starting in early 1920's. Today, the aviation industry has established a continuous tradition in this field which is matched by only 15 other countries in the world. Furthermore, its experience has been strengthened by cooperation with both European and American companies.

Skilled Labour

This industry sector employs mostly high skilled labor, and it is estimated that the total number of people related to this industry is close to 10,000 in 19 highly specialized companies. One of the most distinctive features of the industry is that it has capabilities in every stage of production of aircraft –from design and engineering to testing, maintenance and repair services. This makes the domestic industry very self sufficient allowing for complete development of its own products which are often successfully marketed for exports.

Great capabilities in every stage of production of aircraft – from design and engineering to testing, maintenance and repair services.

Serbia has a great potential for continuous development in this industry, because the education system provides opportunities for specialized education of workers on all levels. All education facilities for technical sciences related to the aviation industry are located in and around Belgrade. The university of Belgrade, on its Mechanical Engineering Faculty has a separate Aeronautical Department and there are several specialized schools available for lower level of education in this field. In addition, the training of engineers and pilots is done in Serbia.

All education facilities for technical sciences related to the aviation industry are located in and around Belgrade.

Conveniently Situated

The position of the country, as well as the competitive labor rates make Serbia a good competitor in the field of aviation maintenance and repair. Servicing Europe comes naturally to many Serbian companies, but nevertheless efforts are made to export products and services worldwide. In addition, many companies still have significant free capacities which can be easily utilized and could, for example, provide much faster turnaround times than some other companies.



Mr. Dario Sik
Export Manager, CIMOS

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

In our development strategy, we have set the highest priority for the Cimos Corporation to grow into a global manufacturer and service provider, investing everywhere we perceive sufficient development potential for materials or other production resources, and know-how in metal processing and automotive industry in particular. We found such an environment in Serbia, in Kikinda, and this plant has been included in the global automotive industry for several decades. In our opinion, the foundry Livnica Kikinda and some other industrial centers in Vojvodina province with production facilities that were active in the metal industry until the recent past, showed sufficient know-how, human resources potential, and the will for starting up a plant to manufacture components for the global automotive industry at a high quality level.

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

The transformation of our production plant in Vojvodina is undoubtedly developing in line with our plans.

The achieving of short-term goals gives us the necessary impetus to continue our work and accomplish the long-term goals set in our corporate strategy. The key issue is that the people living in the environments in which Cimos is present understand that they are given an opportunity for long-term employment in the most propulsive and competitive branch of industry in the world - the automotive industry. Accordingly, we have made ample investments in our production plants and new technologies, we have trained the local workforce to operate modern, computerized numerical controlled - the CNC machines, and we have included local staff in our development projects. This year, we expect the first effects from such an approach to be reflected in the operating results. Every employee in Serbia must be aware of our dedication to improved productivity, competitiveness and top quality-excellence. There are still large reserves here. The key tasks for management teams and employees in our plants in Vojvodina, to be accomplished in the shortest time possible, are standardization of work habits and business culture, developing loyalty to the corporate goals and standards applied by Cimos, utilizing internal reserves and achieving con-

tinuing improvement ("polishing") of work processes. We will endeavor to strengthen our presence in the local market in the future, and even expand to other business segments of our Group. In particular, we will focus on the production of agricultural mechanization, tool making, and energy.

Every employee in Serbia must be aware of our dedication to improved productivity, competitiveness and top quality-excellence.

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

In Cimos, we have started with our comparative advantages and addressing the common resources that we share, as we are related in culture and language. Perhaps this is why we can better understand and overcome some cultural and other specific features, or mechanisms of the Serbian market. We estimate there is a lot of potential in the local people, as well as reserves. Believing that the country will continue its path in the approximation to the European Union and other global economic organizations, we expect Serbia's continuing growth.



Citizens of Serbia Leaders in SMS Communication

With a concentration of 74% mobile phone users, Serbia ranks close to the average of the CEE region; with the highest concentration in Slovenia with 92%, and the lowest in Bulgaria (59%).

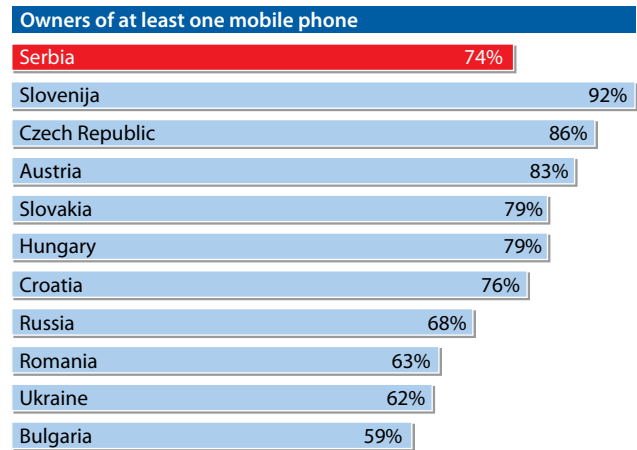
Serbia is the leader in the number of SMS users, and shares the top spot with Croatia in the frequency of SMS sent – 5.4 messages daily. By concentration of MMS the leader is Slovenia with 24%, while with 3 multimedia messages daily Russia is the leader in the usage frequency, followed by Austria with 2.6 MMS messages per day.

The CEE regional average is that 75% of its citizens have at least one mobile phone. Serbia is located at just about this average with 74%. By concentration behind Serbia are Russia (68%), Romania, Ukraine and the bottom place Bulgaria (59%), while the countries that are ahead include Slovenia with 92%, followed by the Czech Republic (86%), Austria (83%), Slovakia (79%), Hungary (79%) and Croatia (76%).

Those with two or more mobile phones are the rarest in Bulgaria – 4%, while the Czech Republic is at the top with 12%. In Serbia the concentration is 7%, same as Slovakia.

Among the users of mobile phones Serbia is the leader in the number of those who send SMS messages daily – with an outstanding 80%, while the regional average is 62%. Very close to Serbia in this category is Slovenia (79%) and Croatia (75%). At the bottom of the list is Bulgaria (33%) followed by Austria (36%).

When examining the usage of SMS different patterns can be observed in different countries. In Serbia a large group of users intensively uses SMS – sending 5.4 messages daily. Austria is a country, for example, where a very small percentage use SMS, however they use this type of service intensively. Slovenia is a different case – a high percentage of citizens uses SMS but with a low intensity or frequency. Finally, Bulgaria is a fourth example where a small percentage of users (a third of the total number of mobile phone subscribers) send a relatively small number of messages (2.3).



A wide range and higher frequency of using SMS messages could be attributed to a certain psychological profile – mind set, social profile, and a habit to communicate with people in this manner. However, it is certain that the availability and frequency of using other available forms of communication (internet, telephone conversations, direct contact...) also affect the usage of SMS. In addition, an important factor in the frequency of usage is the cost of an SMS, which at least in Serbia is a lot cheaper than the cost of talking over the phone.

When it comes to multimedia messages (MMS), which require higher tech mobile phones, the situation varies among different countries. Slovenia is at the top with 24% of users which send at least one MMS daily, while the regional average is 10%. Above average are also Ukraine (16%), Slovakia (13%) and Romania. In Serbia, like Croatia 6% users of mobile phones send at least one MMS, while in Austria this number is 7%.

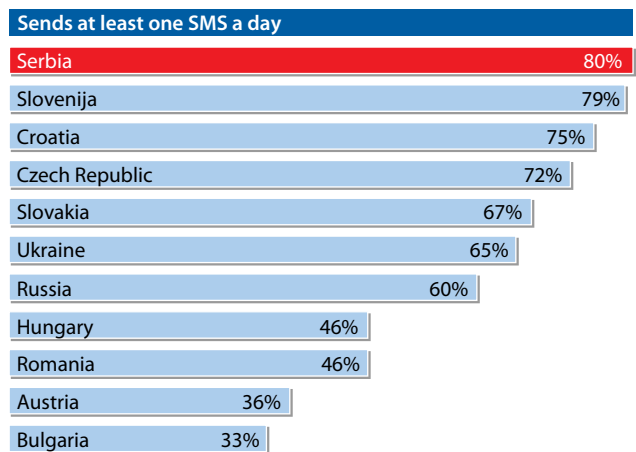
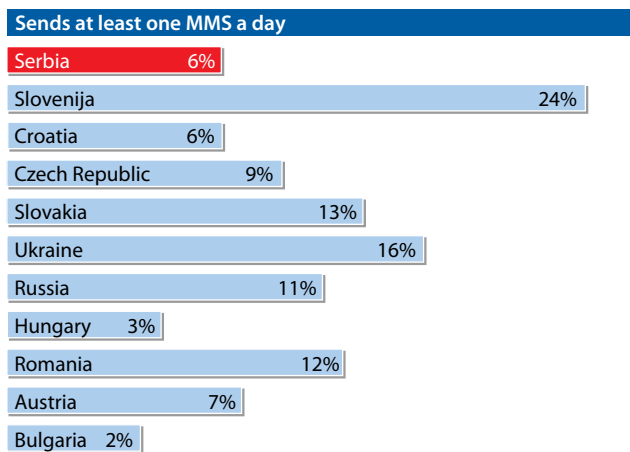
What kind of expectations are there for the future? Countries with lower mobile phone concentration than the CEE regional average (especially Bulgaria and Ukraine) expect a higher volume of calls in the future. When it comes to the usage of SMS especially optimistic countries are Ukraine, Croatia, while in Russia, Bulgaria and Romania the expectations are very divided.

In examining a wider and more intensive trend of using MMS in the future, the users in Serbia, Slovenia and Croatia are optimistic, while more cautious expectations are present in Bulgaria, Romania and Russia (where currently MMS messages are sent the most – 3 messages daily).

Study

The study of mobile phone providers was conducted in 11 countries in Central and Eastern Europe. The study focused on calls, SMS and MMS. The methodology takes into consideration quantitative research on the 15 years of age and over population. The sample is national and representative for the chosen countries, conducted on 1000 users. The field work component was conducted during the months of January and February, 2007. The participating countries in the study were: Austria, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Slovakia, Slovenia, Ukraine and Serbia.

Source: 



Hot Spots

Hotel President

The hotel is 2 stories high spreading on 26 hectares and offering open sports and tennis courts, sports hall, open pool, congress center with a restaurant, shooting range with clay targets, and a sporting compact. There are 17 rooms, some are non smoking, and 10 apartments with terraces. One of the restaurants can host up to 250 guests and is equipped with luxurious wooden furniture and Swarovski chandeliers, while the other is more of a summer version with an open terrace hosting up to 60 guests. The congress center is equipped by the standards of the World Congress Federation and is located on the first floor hosting up to 250 guests. The shooting range was proclaimed the best in the world, while the sports hall was built using FIBA licensed wooden floors.

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In cooperation with
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Belgrade

June 8 - September 1, 2007 Earth Seen From the Sky Art Exhibition

Jan Artis-Bertran has made portraits of our planet from the air. The exhibition consists of 120 photographs with educational explanations that were written by UNESCO experts. It has been viewed by 100 million visitors on five continents. The exhibition is available for viewing 24 hours in Kalemegdan Park at Sava promenade, across from the French Embassy, and the entrance is free.

The Other Home

Jerome Bayle

Managing Director,
Tetra Pak Production

What has been the most engaging experience for you in Belgrade?

I have been here since the summer of 2000 and I have never felt unsafe walking around, even at night. There is absolutely no problem. You have plenty of concerts, plenty of classical concerts, more modern ones, you have film festivals. You can actually see the films that you would see anywhere in Europe. Sport is very easy to practice, you have all the sports facilities, plenty of tennis courts and golf courts.

June 5 – September 2, 2007 Scandinavian Design Beyond the Myth – Art Exhibition

Many items from Denmark, Iceland, Finland, Norway and Sweden have been gathered at this exhibition that marks 50 years from the beginning of Scandinavian design. The exhibition was first opened in 2003 in Berlin and holds over 200 items of contemporary art and design. The Museum 25th of May is hosting this prestigious exhibition.

July 23 – August 15, 2007 BELEF – Belgrade Summer Festival

For the 22nd time the Belgrade Summer Festival is offering innovative forms and content to its faithful audience. This year the program is organized in more segments than it has been so far, on a provocative location of Belgrade Fortress where music, theater and a visual program offer rich and diverse entertainment to those that are not only satisfied by the mass values supported by media.

July 14, 2007 The Rolling Stones – Concert

During the tour A Bigger Bang this world infamous music group will come to

Usce, Belgrade. Finally, after a few cancellations in the last couple of years, the Belgrade audience will be able to enjoy the songs from their latest album, together with the greatest hits that go a long way.

Novi Sad

July 12 – 15, 2007 EXIT – Music Festival

Snoop Dogg, Beastie Boys, Roger Sanchez, and many more will be performing at this year's EXIT Festival. The festival started with the new millennium and has turned into one of the best in Europe. People come to enjoy the city of Novi Sad from all over the world and this year, by looking at the official program, will be no different if not even better.

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