



Highlights of the Month

Even though it's a holiday season investments in Serbia are not taking a rest. No time to loose. [Read more >>>](#)



Industry Close Up **Energy and Mining**

Thanks to the improvement of the overall business environment, the Serbian energy faces positive challenges and presence of major global players in country. Best is yet to come. [Read more >>>](#)



Investor Personally

Mr. Anthony Barnett, Plant Manager, Ball Packaging

We achieved and exceeded our operational expectations and that largely is a credit of our employees. [Read more >>>](#)



Monthly Reporting

Growth of the Insurance Market in Serbia

Plenty of room for the development of market, especially in the field of life and household insurance. [Read more >>>](#)



Arts & Entertainment

Rock n' Roll, Jazz and Brass Orchestras

[Read more >>>](#)



The Other Home

Michael A. Fedorenko,

Former General Director, US Steel Serbia d.o.o.

People in Serbia are warm, friendly and polite. [Read more >>>](#)



Hot Spots

Fish Restaurant Elite, Palic

A time machine of pleasure with culinary masterpieces of fish and seafood. [Read more >>>](#)

Assembling in Zastava

After assembling 96 units of Zastava 10 (previously marketed as Punto brand by Fiat) in June as a pre-production, Kragujevac-based car maker Zastava Auto has officially started assembling of Zastava 10 under the license of Fiat. According to the plan, a total of 192 units of this vehicle should be assembled in July and between 400 to 500 units monthly by the end of the year. The cars are assembled from the parts manufactured in Italy, with strict supervision by Fiat experts.

Punto is not the only model that will be assembled in Zastava. The assembling of Opel Astra will start in the third quarter of 2008, as announced by Marketing and Sales Manager of General Motors for Central and Eastern Europe Aldred Dankan.

Dankan said at the press conference in the Government of Serbia that retail price of Opel Astra Classic in Serbia would be €10,800, VAT included. On the same occasion, Minister of Economy and Regional Development, Mladjan Dinkic, said the international tender for selection of strategic partner of Zastava will be announced in December.

Fast Track Internet

Telekom Serbia increased the speed of ADSL Internet connection while the prices remained at the same level. New speeds will be 512, 1,024 and 1,536 Kb/s. As of September, business users with the need for more advanced Internet access will have an opportunity to use Direct Internet Access service at the 30-40% lower prices, depending on the access speed.

Telekom Serbia is the largest Internet service provider in Serbia, which also provides Internet access services to large operators in Bulgaria, Macedonia, Montenegro and Bosnia and Herzegovina.

Beer for Sale

Share Fund and the Agency for Privatization signed a contract on sale of 51,9% of the shares of Belgrade Beer Industry (BIP) with the first-ranked bidder – con-

sortium United Nordic Beverages from Sweden and Alita from Lithuania for a total of €26,5 million. The second bidder was Pivovarna Lasko from Slovenia.

Moving Forward on the Road to Europe

Sixth Business Roundtable with the Government of Serbia dubbed Moving Forward on the Road to Europe will take place on November 28-29th 2007 in Hyatt Regency in Belgrade. Participants at the roundtable will have a unique chance to, through an open discussion with high government officials, find out more about government's plans in energy sector, telecoms and infrastructure, but

also to hear about overall priorities and the overall economic course of the Serbian Government.

Interested parties can contact SIEPA and be part of this exclusive event.

Meat for EU

Ministry of Agriculture, Forestry and Water Management announced that, according to the new consolidated lists of EU, five slaughter houses in Serbia are licensed for exporting fresh meat to EU: Yuhor from Jagodina, Stokoimpex slaughter house from Knjazevac, Zlatibor from Cajetina, Big Bull from Bacinci and Kolbis from Novi Sad. These new consolidated lists of EU are in effect as of August 1st, 2007.

The screenshot shows the SIEPA website interface. At the top right is the SIEPA logo. Below it is a navigation menu with links: Home, News, Events, For Media, Links, Contact Us, About SIEPA. A secondary menu lists: Investing in Serbia, Getting a Business, Net Register, Importing from Serbia, Living in Serbia, and HR Serbia. The main content area is titled 'WHY SERBIA?' and is divided into several columns with icons and text:

- REASONS TO INVEST:** Investment incentives, Quality human resources, Strategic geographic location, Low operating costs, Locate your business.
- BUSINESS BENEFITS:** Easy start-up, EU system, Government registration, Investment infrastructure, Living conditions.
- PREFERRED LOCATION:** Strong economic performance, Booming market potential, Proven business services, Low-risk trade.
- REASONS TO EXPORT:** Location, Booming EU markets, Experience & tradition, Exporter database.
- ECONOMIC INDICATORS:** Low production costs, Ease of doing business, Labor quality.

Below this are sections for 'QUALITY OF THE WEB', 'SUCCESS STORIES' (highlighting the Packaging industry with Tetra Pak), and 'EVENTS' (listing Human Capital Conference, Fancy Food New York, and others). A footer contains contact information for SIEPA.

SIEPA

Serbia on Expo Real 2007

After successful presentation on last year's real estate fair Expo Real in Munich, SIEPA is planning to have even better one from 8th to 10th of October. Beside SIEPA, private real estate companies and municipal authorities will have the chance to meet their counterparts at Serbia stand which will be positioned in Hall B2, on number 314. The specialty of this year's fair participation will be the presentation of Serbian Minister of Economy and Regional Development Mr. Mladjan Dinkic.

G&K Tekstil Started Production in Indjija

Cypriot company G&K Tekstil has completed the \$2 million investment project in Indjija. The company started production on July 1 and provided jobs for 120 women.

Serbian Skills in Russia

Multicon Inzenjering Belgrade and Smarting from Moscow have signed contract on design of expertise for 10,000 square meters Sheraton in Moscow.

Contracted expertise includes improvement of existing air conditioning, heating and BMS systems, as well as measuring of existing fluid parameters. This expertise will be used for preliminary planning of existing systems and elimination of discovered flaws. The design of project documentation for reconstruction of 2,000 square meters will start immediately. It is expected that the project for remaining 8,000 square meters will be elaborated prior to the end of year 2007.

New Industrial Zone

The Mayer of Kragujevac, Veroljub Stevanovic, the representatives of Italian companies and associations, and the company for investments promotion Synergy signed an agreement on foundation of JV company Sumadija – Industrial and Logistics Park. Park will be located in the suburb area of the city on around 60,000 square meters of space, and built under a €25 million investment. The City of Kragujevac has provided 11 hectares of land, which is 10% of foundation capital, while the Italian investors will finance the construction of premises.

Logistic park will be the center of industrial exchange between Italy and other European countries, Balkan countries and Russia. "This will be a logistic base from which the entire export will go to South – Eastern

Europe. But it will not be only for Italy, but also for companies from other countries of the European Union. This kind of project hasn't been seen yet on the Balkans" – estimated the official representative of the Italian company Synergy Dino Piovesan.

The construction of the park will start in mid 2008 and is due to be finished by October 2009.

Polish Investment

MIN Holding's companies – Oprema, Mont and Fitip are sold for €430 million to a Polish company for manufacture of mining machines Kopex, which already has 10 factories in Warsaw.

Representative of this company stated that Kopex is present on Serbia's market for a long time and that it has turned over €30 million in 2003.

SIEPA

€150.6 Million and 2,535 New Jobs

The Minister of Economy and Regional Development Mr. Mladjan Dinkic signed a contract with 18 companies on pledging the non-refundable funds, in the third round of the investment stimulation program. Forty-three applications were in and the official committee approved 18 applications half of which are foreign companies. The implementation of these contracts will underpin investments in the total value of 150.6 million euros in 16 municipalities of Serbia, as well as the opening of 2,535 new jobs. A total of 5,220,000 euros of stimulus funds from the NIP will be pledged to this project.

The contracts were signed with the following companies: Srb Beograd (Kronospan), Rauch Serbia (Rauch Fruchtsäfte), Valy (Golden Lady), Sto posto, Steel Mill (Istil Metalfer), Golden Garden, Izoterm - Plama (Izoterm-Plama), Moeller Electric (Moeller), Dunav, Ponteks, Slovan Progres, Gruner Serbia (Gruner AG), Awiss, Elrad Serbia (Elrad International), Nives, Vega - Regulus, Subeks, and Fiorano (Calzedonia Finanziaria).

A formal call for the fourth application round was announced on July 20, 2007 and is open until September 14, 2007. The threshold amount of investment to qualify for these funds has been reduced since the last call and now amounts to between 1 and 3 million euros for investments in manufacturing, €500,000 for services, and €250,000 for investments in R&D.



Energy and Mining

Foreign investors started entering the Serbian Energy and Mining sector on a large scale during 2001. In the last three years more than 80 laws have been adopted or modified in order to facilitate the inflow of foreign investment in this sector. Two of the most important laws are the Energy Law and the Law on Concessions, established on the basis of the European Union laws. All activities concerning planning, technical and other regulations, concessions and construction of facilities must be in accordance with the above mentioned laws. In order to assure better implementation of these laws two Government agencies were established: Serbian Energy Agency and Serbian Energy Efficiency Agency.

- A variety of unexplored energy potential: hydro, solar, geothermal, wind and bio mass
- Construction of small hydro plants (up to 10 MW) with production of 1,800 GWh/year possible on almost 900 locations
- Great variety of renewable energy solutions
- Big potential for further technological improvement with low operating cost

Thanks to the improvement of the overall business environment and significant support of the legal framework, the Serbian energy sector is faced with positive challenges and the presence of major world players in country.

The energy sector in Serbia is primarily based on large deposits of lignite mostly used as a main fuel for thermal power plants. Copper production is the primary economic branch in Eastern Serbia. Key comparative advantages of nonrenewable industry in Serbia are skilled staff, low shipping costs, and prosperous and unexplored copper deposits. In the near future, state owned companies from this sector will be restructured and privatized, existing energy systems will be modernized and the new ones will be built, new energy efficiency system, and technology networks will be introduced.

Renewable energy systems are specifically attractive for standalone applications in Serbia. Installation of generators supplied by hydro, solar or wind energy is cost effective and currently one of the most attractive investment opportunities in the Serbian energy sector. In addition, construction of small hydro plants (up to 10 MW) with production of 1,800 GWh/year is possible on almost 900 locations on the flows of rivers Morava (2,300 GWh), Lim (1,900 GWh) and Danube (1,000 GWh).

The largest companies are state owned, with core business activities in electricity production, transmission and distribution. Furthermore, managing the electricity system and exports–imports of electricity is powered by the same companies. In 2006, Serbia sought to restructure the energy sector. The biggest company in this sector is NIS, the state–owned oil company planned to be privatized, renovated and modernized in the area of its infrastructure, as well as, the business environment.



Mr. Anthony Barnett
Plant Manager, Ball Packaging

Why did you choose to invest in Serbia?

There are number of levels on which you make decisions to make investment like this. The first one is the market and its potential, meaning that we already had partners who established quite businesses in the region and in Serbia. So as a natural expansion of our partnerships we followed those customers into this region and that is the primary business driver. But, if you go beyond into reasoning of choosing the location, specifically Belgrade and Serbia, then geographic location of the country which is central to our target region of Southeast Europe and central Europe was significant because distribution in transport is a key element of our value cost. Also, the investment climate, packages of the opportunities that were presented to us were attractive and appropriate for what we wanted to do. The availability of human talent is one of the key things in our business, and that is exactly what we have found in Serbia. Also we were able to put the facility close to the capital city with all the infrastructure, international airport, major highways and close to the seat of government.

The plant and the production line is the same in the whole world?

We globally have the most advantageous technological facility. Furthermore, we make high performance containers, cans for beer and soft drinks that meet the highest international standards. In addition, because we trade on the pan-European bases, the standards and the expectations for the facility in Serbia is exactly the same as the standard and the expectations of any of our facilities in Europe. From the operational point of view we are very pleased with the progress that we made. We achieved and exceeded our operational expectations and that largely is a credit of our employees. I really think that those guys made the difference. These people are really the asset that creates a great success.

How would you describe the people that work in Ball Packaging?

Our business is built on people that we employ because technology anybody can buy. We believe that what make us different as an organization is our approach and our people. We were able to get people in Serbia without compromising our business model, without compromising the way we conduct business. And that's distinguishing. But what I would call a differentiator, I do not know about other countries in the region, we found local people with the excellent language skills, virtually every language at high proficiency that we need to operate our business. So we have got people that speak very good English in general, German, Polish, Italian, Dutch, French. And more important that we also found people that are happy and comfortable to be working in the team oriented environment that we established.



Growth of the Insurance Market in Serbia

Broadly examined, the financial market in Serbia is in expansion. While the banking sector is on a noticeable rise for few years, the growth of the insurance market is a lot slower. Nonetheless, it is evident that things are moving forward here as well.

The consolidation of this market is currently taking place through privatization. Further economic development and the rise of the living standards in Serbia give an optimistic chance for faster growth of the insurance market. Insurance companies can expect a higher penetration – higher number of new clients, as well as the usage of more products by a single client. This is more of a perspective approach, but what is the current situation?

The perception of the concept of insurance among the population has changed during 2006 and 2007. While during last year a citizen of Serbia could name 2,49 insurance companies on average, at the beginning of this year this number rose to 2,91.

Also, citizens are becoming more sensitive to novelties in this field. In 2006, 41% of them could not remember any advertisements for insurance companies, while only a few months later the number of people that could not remember any insurance advertisements was noticeably lower – 27%. When the familiarity is replaced by the preference of insurance companies, the situation is

even more optimistic – 57% of citizens show a preference towards at least one company, while last year the majority did not prefer any single company (55%).

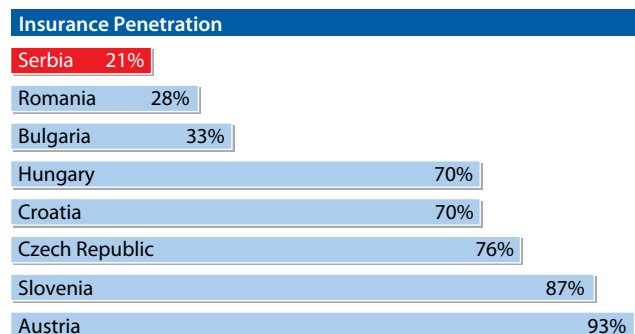
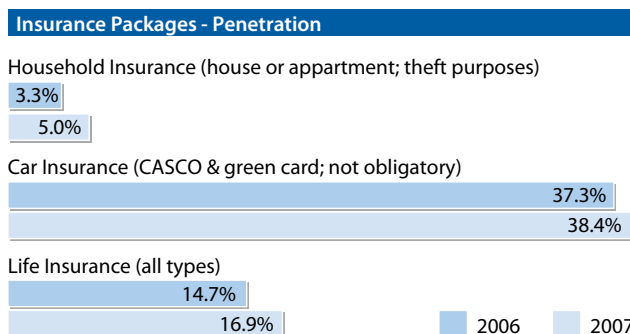
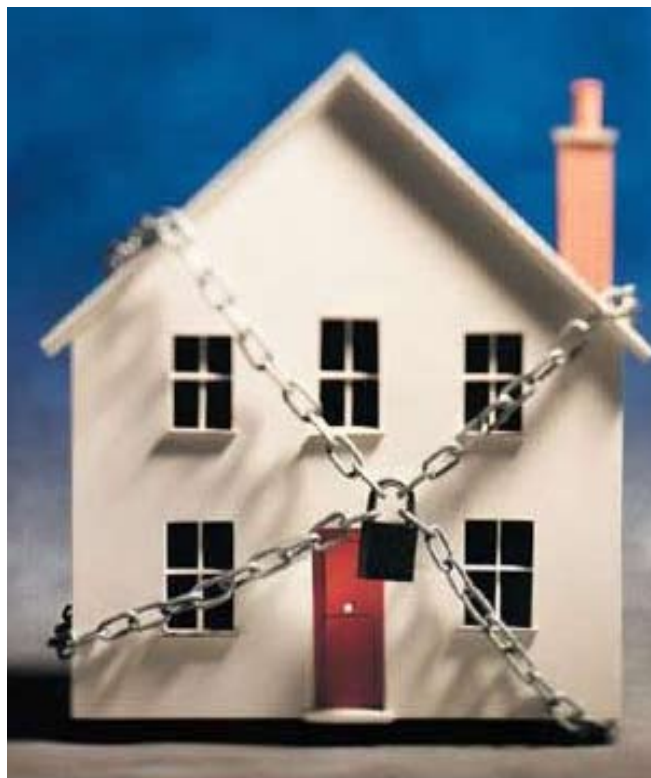
If Serbia is compared to other CEE countries, it is still at the bottom of the list by the penetration of the insurance market (21%). The new EU members – Romania and Bulgaria are slightly ahead, while Serbia significantly overtaken by Hungary, Croatia, Czech Republic, Slovenia and the leader Austria (93%).

The most attractive insurance products for the citizens of Serbia are auto-insurance (Casco and the green card), while life insurance and home insurance in case of theft, are for, now less attractive. However, these types of insurance had a higher growth rate in the period that was examined.

That the market potential is high is shown by the fact that 10% of the population plans to start using one of these insurance products, while the real opportunity will be present when a significant number of the remaining 90% of potential clients start to think in a similar manner. Insurance companies, from their point of view, will have to put an

emphasis on developing needs for insurance and educate the population, but also to articulate attractive offers to gain the clients' trust (for example, establishing confidence of potential clients segments of population capable of servicing the insurance under agreed conditions).

Source: GfK



Belgrade

July 19 – September 30, 2007

Pablo Picasso – Art Exhibition

The Spanish Institute Servantes is holding this exhibition featuring more than 40 art works by this world famous painter. These excellent art-works are samples from the two best known graphics periods covering years between 1930 and 1937. Also, exhibition features some of the 156 books that Picasso had illustrated throughout his life.

Nis

15 – 18 August, 2007

Nisville

International Jazz Festival

The 24th International Nisville Jazz Festival is going to be held on two stages on Niš Fortress representing a distinctive brand of artistic music and promotion of the fusion of ethno traditions and classical jazz music. This tradition in the South of Serbia will host the following participants: Ike Turner and The Kings of Rhythm, Penny Ford, Larry Coryell, Dr Donald Byrd, Enrico Rava and many others.

The Other Home

Michael A. Fedorenko

Former General Director,
U.S. Steel Serbia, d.o.o. and
Affiliated Companies

What has the relocation to Serbia brought to you and your family?

Each day brings many challenges especially for our family. Relocating to a new country with a new language and culture makes life very interesting. However, the community received us very well. We have found the people to be warm, friendly and polite when you try to ask directions or ask questions. We have noticed the cost of living in Serbia to be reasonable and therefore, restaurants and shopping in general are more affordable for families.

Hot Spots



In cooperation with
Caffe&Bar magazine by Frame Media.

Fish Restaurant - Elite, Palic

The restaurant is situated right next to the Palic lake, in the north of Serbia, and its exterior has not been changed since the 19th century. The four stars are a proof of its superior quality and the exclusiveness of service. The Riblja Carda is a true time machine of pleasure with its rustic interior, ennobled with antiquities and paintings coupled with the culinary masterpieces of fish and seafood.

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Belgrade & Novi Sad

**Belgrade, August 23 and
Novi Sad, August 24, 2007**

Hubert fon Grojzer

Music Concert

The Austrian musician will perform music that is a mixture of ethno music with jazz and rock elements. This project aims to picture the dimensions of river Danube as a merger of economies and cultures, thus all the concerts will be held on a renovated boat that may host up to 5,000 people

Guca

8 – 12 August, 2007

Trumpet Festival

The village of Guca, in the peaceful and colorful part of western Serbia, has gained a world fame owing to its Assembly of Trumpet Players, the largest trumpet event on the planet. When Miles Davis came to this festival he said: I didn't know you could play trumpet that way! Come and enjoy this adrenaline rushing music event.

Zajecar

July 31 – August 4, 2007

Gitarijada 41st - Rock Music Festival

Youth Center Zajecar, whose aim is encouragement and affirmation of Youth cultural creativity and enriching cultural content that appeals to a wider audience is hosting this music festival. This year the main performers are: Ken Hensley and Wishbone Ash, and numerous famous Serbian rock groups.

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