

GUIDE 2007

SPECIAL EDITION



Foreign Investors Council

October 2007



Together, we create good news!

You can easily recognize us. We used to be HVB Bank, and now we are UniCredit Bank. You are good news for us, as we are trying to be good news for you. We invite you to join a big worldwide community. You and we, together with 35 million of our clients, can create good news every day. We are big enough to know it is the small things that make life more beautiful.

There is good news.

WWW.UNICREDITBANK.CO.YU

INFO TELEPHONE: 011 320 45 90



BRINGING GOOD NEWS TO SERBIA!

UniCredit Group is one of Europe's leading financial groups, proud of its heritage and geographical roots. UniCredit Bank Serbia JSC, previously known as HVB Bank Serbia and Montenegro, is present on the local market since December 2001.

With a current market capitalization of approximately €84 billion (October 1st 2007), ranked as a second largest banking group in Europe, UniCredit Group has a presence in 23 countries, with over 40 million clients and 9,000 branches, approximately 170,000 employees and total assets of approximately €1.018 billion (June 30th 2007).

The opening of Central and Eastern European market has fundamentally changed the political and economic landscape of the European continent. The region has been transformed into a market place with dynamic growth, attracting a significant amount of foreign direct investments. In CEE region, UniCredit Group operates the largest international banking network with over

3,700 branches and outlets, where more than 76,000 employees serve approximately 27 million customers. It is the undisputed leader in CEE markets in terms of size, revenues and branch network.

UniCredit Group is still growing as a single, uniform and networked entity throughout Europe. As the representative of the Group, UniCredit Bank Serbia JSC has a significant potential to recognize and utilize the opportunities on the local market, in order to create a sustainable value both for local community and its shareholders. Following the values and principles of the Group, UniCredit Bank has succeeded to develop a single identity, based on specific demand of its clients, investors and general business environment.

The mission of UniCredit Group in all countries in which operates, as well as the mission of UniCredit Bank Serbia JSC is to create a new way of banking by constantly thriving to serve its clients with innovative solutions and become the Bank of

Choice for the customers by putting their interest at the forefront of every company initiative.

The development of local community, by bringing the best global opportunities and knowledge, has always been in the center of UniCredit Bank's interests. By positioning itself as active corporate citizen, wherever the Group operates, UniCredit Bank promotes sustainable economic growth and social responsibility playing an important role on the local market.

The communication claim of UniCredit Bank Serbia JSC "There is good news" refers not only to the leading position of UniCredit Group on international market, but it also communicates the determination to bring truly good news to the clients' lives.

Believing that nothing is good enough that can not be even better, UniCredit Bank Serbia JSC continues to go forward.



UniCredit Bank Serbia JSC is positioned among leading banks on the Serbian market. With the network of 47 branches, it represents the UniCredit Group in Serbia. The bank enjoys a strong position in business banking and e-banking; it is one of the leading providers of innovative products for private customers, as well as the leading Custody Bank.

- 32 cities in Serbia
- with 47 branch offices
- total assets: 760.131 thousand EUR
- Number of corporate clients:
 - Mid sized 1.153
 - Large & Int. 687
 - Business 8.880
- Number of private clients: 106.708
- Number of employees total: 683

Roman Kratochvil, Member of the Management Board of Alas Holding



Building on investment

Tremendous improvements have been made since our entrance in Alas Holding. In 2003 total turnover was €7million, but this year we plan to make a turnover of €22million.

● **The aim of your company is to be among the five biggest producers of building material in Serbia. How far have you progressed towards realising this goal?**

After taking part in the privatisation of *Beočinska Fabrika Cementa* and purchasing a major package of shares in *Zorka Nemetali*, we became certain in our attitude that Serbia is a great market with enormous potential. We reorganised *Zorka Nemetali* and established companies that function on market principles and successfully “struggle” on their markets, due to the development of more intense relations with, and sense for, the end-user, i.e. the buyer.

The production capacity of *Zorka Keramika* (ceramics) was doubled in 2005 to 2.1 million square-metres, and we have created new products that are competitive even against imported ceramics. We are now preparing a new investment in production capacity enlargement, to six million square-metres, and the widening of our range of products.

One of our major investments this year will be made in *Zorka Opeka* (bricks). The value of the investment will be around three million euros, and the factory will become one of the most up-to-date factories for brick production anywhere in this region. We have also invested in *Zorka Alas Kamen* (stone) in the quarries Jazovnik and Sesevica, as well as in the plant for stone drying and micronization processing.

Starting from 2004, we have been engaged in a greenfield project to establish a new quarry within *Zorka Alas Kamen*, Ceramide, in the area of the Gornji Milanovac municipality. The biggest crusher on the Balkans is installed in that quarry.

In company *Alas Rakovac*, where we own 73.96% of shares, reconstruction and re-

vitalisation of the existing equipment has been combined with the installing of the new plant. The value of the investment in *Alas Rakovac* is €7.5million.

We accepted our obligation to complete the re-cultivation of two quarries on Fruška gora – Srebro and Kišnjeva glava – and issued bank guarantees for each of those quarries to the value of €1.6 and €2.6 million. They are guarantees for a job well done. After re-cultivating these quarries, from which the stone has been mined for 70 years, a new picnic and recreation area will be made.

● **To date, you have invested around €70million in the purchase of firms here in Serbia. Which companies are those and are you satisfied with their operations so far?**

We entered the Serbian market together with Lafarge and the Wintersdorf group, and undertook the property transformation of *Beočinska Fabrika Cementa*. After that we bought a major package of *Zorka Nemetali* shares (77.71%) at public auction. This share has now increased to 84.89%. The name of *Zorka Nemetali* was changed to *Alas Hold-*

ing in March.

Alas Holding is comprised of four dependent companies: *Zorka Keramika*, *Zorka Opeka*, *Zorka Alas Kamen* and *Zorka Održavanje*. In 2005, the former *Zorka Nemetali* became the majority owner (73.96%) of company *Vojvodina put*, non-ferrous metal mine *Rakovac*. Now the company's name is *Alas Rakovac*. Tremendous improvements have been made since our entrance in *Alas Holding*. In 2003, the total turnover was €7million, while this year we are planning to make a turnover of around €22million. We are satisfied with our results and we are counting on huge progress in the future, principally because great expansion of the construction industry is predicted over the next 25 years.

● **You have announced your participation in the privatisations of some other Serbian firms. Could you tell us which companies that might be?**

We will take part in the tenders of the companies which are in the sphere of our interests, but for the moment I cannot tell you which companies those are. As soon as we make a clear decision, we will announce it to the public.

● **What plans for the future does Alas Holding have?**

We are considering the possibilities of creating new greenfield projects, and we will definitely invest in our existing capacities. With regard to companies in Serbia, our aim is to become a producer of gravel and concrete, like many of our companies in other countries in Central and Eastern Europe and Africa, including our parent company from Austria. We possess the required know-how needed to fulfil that aim. ■

Are you satisfied with the investment climate in Serbia and what do you think could lead to its further improvement?

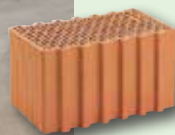
Lot of things have been changed, and the Serbian market now has a good rating. As the industrial centre of the former Yugoslavia, Serbia has both the experts and the conditions which lure foreign investors to invest capital in the country. However, investors have to be certain that their money will not be lost here. What Serbia needs now is political stability.



Alas Rakovac is a company for production and processing of stone, trahite. Its quarries are located on Fruska gora mountain and plant for stone processing is in Ledinci. Stone has been excavated for 70 years from our quarries and now our aim is to recultivate them and make place for recreation and different kinds of sport activities. There was a huge investment in the plant for stone processing in Ledinci which should soon be activated.



Facade brick factory was founded in 1977 in Donje Crniljevo, municipality of Koceljeva, some 55km away from Sabac. Raw material base for production of facade bricks is in vicinity of the factory some 0,5 km away from factory. Production program includes facade bricks of different color, and various kinds of blocks. Now, we are in stage of preparing for new investment which should start in this month. In cooperation with our new partner Zigelwerk Pichler from Austria and his know-how we are planning to start with production of completely new product on this market "KLIMABLOC".



Zorka Alas Kamen was founded in 2004 as limited liability company of Alas Holding a.d. Our basic activity is exploitation and processing of nonmetallic raw materials, limestone, dacite and kaolin clays. Production plants of Zorka Alas Kamen are located in municipalities of Koceljeva, Vladimirci and Gornji Milanovac. Company consists of six working units:

- Jazovnik, limestone quarry
- Šeševica, limestone quarry
- Prerada, plant for drzing and ecavation
- Ceramide, newly opened green-field project, dacite quarry on Rudnik Mountain
- Alas Trans, transport group
- Management



Factory for production of ceramic tiles was founded in 1978 in Sabac, with planed capacity of 1 m². It's development is based on constant monitoring of technological innovations, with regular implementation of know-how from European countries. Reconstructions and installments of new and modern equipment happen on regular basis. We try to keep pace with the world trends. After privatization, in February 2005 the third reconstruction was performed and capacity was enlarged to 2 m², and now we are preparing new investment which will enlarge production capacity to 6 m² and introduce new types of products, apart from existing ones: Monocottura and Gress porcellanato.

CONTENTS



12 BUDIMIR BOŠKO KOSTIĆ
President of the FIC Board of
Directors (Raiffeisen banka)



20 RADOVAN JELAŠIĆ
Governor of the National Bank of
Serbia



24 SRĐAN JANIĆIJEVIĆ
Vice President of the FIC Board of
Directors (Politika)



16 BOŽIDAR ĐELIĆ
Deputy Serbian Prime Minister



22 JASNA MATIĆ State Secretary
within the Serbian Economy and
Regional Development Ministry



28 ALEKSANDRA SMILJANIĆ
Serbian Telecommunications and
Information Society Minister

MANAGING DIRECTOR

Ana Isaković
a.isakovic@cma.co.yu

CORPORATE EDITOR

Mark Pullen
m.pullen@cma.co.yu

EDITOR IN CHIEF

Tatjana Ostojić
t.ostojic@cma.co.yu

ART DIRECTOR

Darko Staničić
d.stanicic@cma.co.yu

EDITORIAL CONTRIBUTORS

Zorica Nikić, Ana Stojanović, Željko
Popivoda

EDITORIAL MANAGER

Jelena Vignjević
j.vignjevic@cma.co.yu

PHOTO

Jelena Seferin, Stanislav Milojković, Časlav
Vukojičić

TRANSLATORS

Milica Kuburu-Jovanović, Dejan Zubac

SALES EXECUTIVES

Sanja Zimonjić/s.zimonic@cma.co.yu,
Marija Urošević/m.urosevic@cma.co.yu,
Sanja Dragojević/s.dragojevic@cma.co.yu,
Vladimir Đurićanin/v.djuricanin@cma.co.yu

GENERAL MANAGER

Ivan Novčić
i.novcic@cma.co.yu

FINANCIAL DIRECTOR

Snežana Batrićević
s.batricevic@cma.co.yu

PRINTING

Politika AD

The FIC Guide is published by:
alliancemedi

Knežinje Zorke 11b,
11000 Beograd, Serbia
Phone: +(381 11) 308 99 77, 308 99 88
Fascimile: +(381 11) 244 81 27
E-mail: office@cma.co.yu
www.cma.co.yu

ISSN no: 1451-7833
All rights reserved alliancemedi 2006

Bank



Our vision in Eurobank EFG is to be the bank of first choice in the region of New Europe, while operating with a sense of responsibility towards our employees, customers, shareholders and society.

In Serbia, we are dedicated to provide 5 star banking products and services to our corporate and retail clients through a network of more than 100 branches all over the country.



Eurobank EFG

štedionica

www.eurobankefg.co.yu

CONTENTS



40 ISAAC SHEPS
Member of the FIC Board of Directors (Carlsberg Srbija)



44 LJILJANA MILOSAVLJEVIĆ
Advisor to the Serbian Minister of Labour and Social Policy



48 ZORAN VOJNOVIĆ
Member of the FIC Board of Directors (UniCredit Bank)



52 GUSTAVO NAVARRO
Member of the FIC Board of Directors (Holcim)



56 PANAGIOTIS CH. VLASIADIS
Member of the FIC Board of Directors (Alpha Bank Srbija)



60 JELENA UDICKI
Director of Corporate and Regulatory Affairs, BAT SEE



66 STEIN-ERIK VELLÁN
Member of the FIC Board of Directors (Telenor)



80 ANA FIRTEL VLAJIĆ
Executive Director of the FIC



84 MAJA GEDOŠEV
First Executive Director of the FIC

Draginja Đurić, President of the Banca Intesa Executive Board

MAINTAINING LEADERSHIP

Commenting on the business climate in Serbia, President of Banca Intesa's Executive Board, Draginja Đurić, says: "Although the overall business climate in Serbia is good, there are certain problems which should be overcome in order to reach a higher level of political and economic stability, which is a prerequisite for attracting potential investors and thereby achieving faster and more intense economic development. When we are talking about investments in the banking sector, the most influential banking groups – like our parent company Intesa Sanpaolo – have clearly shown that investing in Serbia has a good future".

● **In your opinion, what needs to be done in order to preserve macro-economic stability and advance the business environment?**

In order to preserve the macro-economic and, above all, price stability in conditions such as adverse economic trends on the global level, it is extremely important to further harmonise fiscal and monetary policies. In that respect, reducing public spending and fiscal deficit represents the most important path to lowering domestic expenditure and the foreign trade deficit. The resolve to finalise the privatisation and more intensely restructure the business sector is necessary in order to raise economic competitiveness and advance economic development. Reviewing, supplementing and harmonising legal regulations, with consistent application of the law and a more efficient judicial system, should also contribute to stabilisation and the advancement of economic development.

● **How do you rate the future of the Serbian banking market and, from a banker's perspective, what are the biggest problems on this market?**



By coming to Serbia, the most influential bank groups – like our parent company Intesa Sanpaolo – have shown that investing in Serbia has a good future. The level of financial intermediation in our country is still considerably lower in relation to our neighbouring countries, and this potential is what attracted a substantial number of foreign banks to this market. Our good results so far, and high growth rates in all business segments, are the best testimony to the fact that investing here

"In the first nine months of this year, Banca Intesa's business operations have been very good in all segments. With a billion Euros of placements and 1.25 billion Euros in deposits, we have singlehandedly managed to become number one in the Serbian banking sector."

is worthwhile. From the perspective of bank owners in Serbia, the biggest problems here are substantial and frequent changes to business conditions and legal regulation with certain, very strict administrative constraints.

● **How do you rate the results achieved by Banca Intesa?**

In the first nine months of this year, Banca Intesa's business operations have been very good in all segments. With a billion Euros of placements and 1.25 billion Euros in deposits, we have singlehandedly managed to become number one in the Serbian banking sector. If we consider results achieved by Panonska banka, we can say that Intesa Sanpaolo Group has solidified its position as the leader. We have a clear development concept, i.e. the vision of where Banca Intesa should be on the Serbian market. We are developing all business segments with the aim of becoming a universal bank with the leading market position.

● **As a result of Banca Intesa and Sanpaolo IMI integrating, there will be a merger between Banca Intesa and Panonska banka in Serbia. What will this integration mean to the clients of these two banks?**

The merger between Panonska banka and Intesa has already begun, technically speaking, and it should be finished by the end of this year. Personnel and organisational integration are on course and we don't expect any major problems with this merger. All companies that are clients of Panonska banka mostly use Banca Intesa's services too, while those which were geared more toward Panonska banka will have an even more diverse and better quality offer at their disposal, including more favourable loans, after this integration takes place.

With regard to citizens, they will be getting additional quality from the integration – whether we are talking about the better offer of payment cards, which are Banca Intesa's trademark, or housing loans and E-banking services. Also, they will have a larger number of our branch offices at their disposal. ■

Francois d'Ornano, CEO of GLN

Specific expertise

● You were one of the first international law offices to begin operating in Serbia. Could you tell us how the company has developed internationally?

Building from a premier position in France into a powerful independent international law firm, Gide Loyrette Nouel (GLN) operates out of 21 offices around the world.

GLN has offices in Europe (Belgrade, Brussels, Bucharest, Budapest, Istanbul, Kiev, London, Moscow, Paris, Prague and Warsaw), the U.S. (New York), the Middle East (Riyadh), North Africa (Algiers, Casablanca and Tunis) and Asia (Hanoi, Hong Kong, Ho Chi Minh City, Beijing and Shanghai). The Belgrade office was opened in June 2004.

This new operational centre was established to further GLN's policy of expansion into Central and Eastern Europe, which began in 1991 with the opening of the Warsaw Office. By setting up an office in Serbia, GLN is reaffirming its interest in this region and is also answering the expectations of GLN's existing clients who are willing to invest in the Balkan region and want to receive excellent legal services equivalent to those they are offered by our offices elsewhere.

Since its opening, our office has been busy advising and assisting clients wishing to conduct business in the countries of the former Yugoslavia.

Our Belgrade Office can also rely on the support and assistance of lawyers in GLN's other international offices, especially those in Central and Eastern Europe and in the GLN Paris (Finance / Project Finance, Taxation, etc.), London (Banking and Finance) and Brussels (Competition) offices with several Serbian, Croatian and Bosnian associates among their members.

Our Firm is now able to assist its clients from Moscow to Istanbul through Belgrade, thanks to its network of offices developed throughout this part of Europe.

● Your Belgrade office offers various services. Which of your services would you highlight as being the most important and most sought after?

While respecting our confidentiality principle which bans us from quoting the names of our clients, I can tell you that we have been intervening in the following fields:

- we have specific expertise in advising clients on company acquisitions on privati-



Photo: ČASLAV VUKOJIČIĆ

sation and, more generally, in the mergers and acquisitions area. Our expertise includes, in particular, the realisation of the legal due diligence of the target company and drafting and negotiating of the acquisition agreement;

- our office advises banks on matters concerning their everyday business (the opening and management of accounts, export credits, loans, etc.) and in connec-

"Our Firm is now able to assist its clients from Moscow to Istanbul through Belgrade, thanks to its network of offices developed throughout this part of Europe."

tion with one-off transactions (international loan agreements involving security interests in Serbia and abroad, project finance etc.). Our work includes the drafting of loan agreements and the issuance of legal opinions on this kind of agreement. In this area, we can rely on the expertise of our Paris and London offices.

- Real Estate law: The importance of this field of activity should considerably increase in the following months and years, once some issues related to certain aspects of the legal status of real estate in Serbia, and also sometimes the absence

of free competition in this area, are solved and, thus, more foreign investors are able to realise greenfield operations here.

● What concrete plans for the future do you have?

I have two main objectives for the following two years: 1) The continuation of our activities' growth in Serbia; 2) The continuation of the development of our activities in the Balkan region, with, as an example, the intensification of our activities in Zagreb.

When I opened the office three years ago, we were only three persons. Today I have the pleasure to lead a team of about twenty people. I feel that there is no reason for our development to stop, and, as a mere example, I am considering the recruitment of new lawyers in the coming months, some of them to be qualified under a common law legal system with solid experience acquired in the jurisdiction of one of the world's leading financial cities (for example London or New York), especially to strengthen our expertise in the banking and financial areas.

As a conclusion, I would like to express my pride for having set up, in last three years, one of the leading law firms in Serbia and, as I would say in french, "comme il n'y a de richesse que d'homme", I would like to specifically thank my "Yugoslav" associates for the quality of their work. ■



Gide Loyrette Nouel

Gide Loyrette Nouel in Central and Eastern Europe

www.gide.com

8 offices in the region

140 lawyers specialising in all areas
of international finance and business law

15 years of experience

Opened in 2004, GLN Belgrade is one of the first
international law firms to be present in Serbia.
It advises investors wishing to set up business in
the Balkans, as well as companies already established.

Ranked 1st Tier by EMEA Legal 500 2007
(Serbia Section) in 3 categories : Corporate and
Commercial, Privatisation and Real Estate.



Algiers

Beijing

Belgrade

Brussels

Bucharest

Budapest

Casablanca

Hanoi

Ho Chi Minh City

Hong Kong

Istanbul

Kyiv

London

Moscow

New York

Paris

Prague

Riyadh

Shanghai

Tunis

Warsaw

Attorneys at law

Andrićev venac 2, 3rd floor

11000 Belgrade - Serbia

Tel. +381 (0)11 30 24 900

Fax +381 (0)11 30 24 910

Contact

François d'Ornano

ornano@gide.com

Budimir Boško Kostić, President of the FIC Board of Directors,
Deputy Chairman of the Board of Directors of Raiffeisen banka A.D.

Visible Results

“The Council will exist until European standards are fully implemented in local legislation”

● **This year the FIC marks five years since its establishment. What has the FIC achieved since 2002?**

Many things have been done in the last five years. The Council was established with the aim of supporting the rapid implementation of reforms in Serbia. We have chosen a pragmatic way of operating: providing concrete proposals on how to overcome problems and improve the business climate.

We established the White Book as a regular means of communicating our positions, but we did not stop there. This publication lives throughout the whole year, because it represents the basis for our continuous dialogue and co-operation with the administration, with the goal of the investors' recommendations being implemented as soon as possible and in the best way.

By comparing Serbia in 2000 to Serbia now, the results of all those who have been working on the economic recovery and development are visible. I am sure that the Foreign

Investors Council has its position in the group of international and domestic institutions that have contributed to the establishment of Serbia's new legislative framework.

● **Apart from the FIC, have any other similar organisations in Serbia come out in such a public way with proposals about what should be done in order to improve the investment climate in the country?**

What makes the Council different and recognisable is indeed the way it presents proposals. We chose the public, written word, an annual publication which covers the different fields of interest. In Serbia there is a group of so-called economic associations, which formulate their member's proposals and appear before the government. The Serbian Chamber of Commerce has a specific position; it recognised the significance of active participation and was our partner in publishing the last White Book. The American Chamber of Commerce, which also has a developed dialogue with the government, also helps with its proposals in the formulation of various policies, such as intellectual property rights, environmental protection, etc. National associations, which gather Italian, German and Slovenian companies, are also active... The aforementioned associations have an obvious advantage in regard to the Council, and that is the strong support of their respective state administrations, i.e. embassies. When you have behind you, for instance, the U.S. Embassy, your influence is much stronger in many ways, but at the same

BANKING SYSTEM

It is a fact that banks were among the most active members of the Council and that a whole series of recommendations had an influence on the formulation of the policy in the banking field. On the other side, the main credit belongs to the state, which implemented a completely new model of transition and started to solve the problems in the banking sector in the first phase of reforms.



time the focus of your action is determined by state policy priorities. In that sense the Council is independent, but also left to its own devices. The Council draws strength exclusively from its members, who are often also members of national associations. During my mandate in the Council, I have been working a great deal on the establishment of good co-operation with other associations. I think that the key is in the co-ordination of work and the division of tasks. Serbia still has a long way to go and all those associations can play a significant role in the implementation of reforms.



● **Deputy Prime Minister Božidar Đelić claims that the FIC's recommendations were operative; that they could be accepted. During the last five years has the FIC always met with the willingness of the other side to co-operate?**

I would say that the willingness for dialogue was always present, as was the good will to consider our proposals. That, of course, does not mean that all of the Council's recommendations were eagerly accepted by the government, or that our positions were identical.

However, it is important to us that all of

the governments of the last five years have expressed willingness for co-operation and maintained a constructive approach in the consideration of our proposals.

The basis for success is good co-operation, and the fact that we address issues one by one ensures that we often come to a mutually acceptable solution, or at least an understanding of the other side's positions.

● **Have some of the recommendations from the White Book 2007 already been accepted, and which recommendation would you particularly highlight as be-**

ing imperative to the improvement of the investment climate in Serbia?

The Parliament has just adopted the Law on the Amendments and Additions to the Law on Tobacco and ratified the regional Free Trade Agreement (CEFTA). The last White Book was published at the end of May, then came the summer – which is always passive – and the fact is that the Government's focus has been, for some time, directed towards solving political problems. The position of the Foreign Investors Council is that the Government has to pay appropriate attention to economic issues and to place the resolving of current economic problems among its priorities.

The White Book 2007 gave recommendations on a whole series of fields, such as the financial market, tax policy, insurance and construction. We expect the majority of those recommendations to be adopted

"I am sure that the Foreign Investors Council has its position in the group of international and domestic institutions which have contributed to the establishment of the new legislative framework of Serbia."

within the framework of the package of 40 laws which the Parliament is supposed to consider by the end of this year. If new legislative solutions containing our proposals are adopted, that will be another incentive for the Foreign Investors Council to take an even more active role.

I would not like to highlight any of the recommendations connected with specific sectors, but I would like to say that the improvement of the investment climate firstly depends on the continuation of completing the institutional framework for the market economy. In other words, the Government should complete the privatisation process, carry out the rigorous restructuring of the economy and, of course, maintain macro-economic activity, decrease public spending and control inflation.

The White Book 2007 places particular em-



WHITE BOOK

We established the White Book as a regular means of communicating our positions, but we did not stop there. This publication lives throughout the whole year, because it represents the basis for our continuous dialogue and co-operation with the administration, with the goal of the investors' recommendations being implemented as soon as possible and in the best way. By comparing Serbia in 2000 to Serbia now, the results of all those who have been working on the economic recovery and development are visible.

phasis on problems in the implementation of adopted legislative solutions and points out the importance of timely adoptions of bylaws and the strengthening of the administrative capacities of state institutions. The Council considers that it is not enough only to adopt laws, but also to ensure their efficient implementation. For instance, the new laws on bankruptcy proceedings were adopted, but their efficient application is overdue. Also, investors have recognised that it is necessary to improve judicial practices, because when investors are considering whether to bring charges against somebody they should be in a position to predict how long such a dispute will last.

● Other countries also have these kinds of councils. How do they operate and does the FIC have some time limit as to how long it should exist?

We maintain regular contact with other councils in this region. Regional acting is very important, especially considering the trend towards creation of a joint market for South-Eastern Europe. There is no unique formula for the work of such councils, each of them formulates the best way of achieving its goals, and the goals are common. As regards the time limit, we have connected that with accession to the EU. More precisely, the Council will exist until European standards are fully implemented do-

mestically. Let's clarify this with an example: even though Bulgaria and Romania are now in the EU, their councils still operate because the transition is not yet finished.

● The banking system is one of the most organised systems in Serbia today. Some say that part of the credit for organising the banking sector belongs to the FIC?

I would agree with that opinion, even though that might not sound modest. It is a fact that banks were among the most active members of the Council and that a whole series of recommendations had an influence on the formulation of the policy in the banking field.

On the other side, the main credit belongs to the state, which implemented a completely new model of transition and started to intensively solve the problems of the banking sector in the first phase of reforms.

● Some people have been of the opinion that the adoption of the Law on Investment Funds was late. How is that sector doing now, considering that Raiffeisen Bank has its own investment fund?

Bearing in mind the level of development of our capital market, the law isn't significantly overdue. What would the funds have invested in here two or three years ago? Did we have market material and what was the liquidity level at that time? Some statistics say that in total, the cumulative annual growth rate in the selected countries of Central and Eastern Europe (Russia, Poland, Czech Republic, Hungary, Slovakia) for the period from 2000-2005 was 9.6%, and in 2005, in relation to 2004, it was already 25.2%.

Property growth rate was also very dynamic under management, in relation to GDP. We are awaiting the same here. Today we have four active funds and probably by the end of the year we can expect another three or four to have commenced operations. Their property slightly exceeds equivalent to 57 million euros, and the number of members is close to 7,000.

Raiffeisen Invest is marked by solid growth. In two months we have collected over 1.2 billion dinars, and the investment unit value has reached 1,033.33 dinars. When we compare the funds' yields from the moment we commenced work, we see that our yield is the biggest. And portfolio managers worked well – we have grown more than "benchmark".

We expect that the bodies in charge will introduce certain amendments to the Law and bylaws that are in line with international norms. ■

VOJVOĐANSKA BANKA

has become important
member of big and
powerful NBG group,
which is now even
bigger and stronger.

Two banks, 200 branches,
750.000 clients.

**NOW
UNITED**



**VOJVOĐANSKA BANKA
NATIONAL BANK OF GREECE**

Božidar Đelić, Deputy Serbian Prime Minister

FLC recommendations are operative and acceptable

“There is no stronger argument for investors to come to a certain country than the recommendation given by investors who are already there”



By Tatjana Ostojić; Photo: Stanislav Milojković

● **Five years have passed since the establishment of the Foreign Investors Council. What do you think about the work of this organisation in Serbia?**

I have to say that the FIC has done better work here than in other countries. It seems that the Foreign Investors Council has managed to be very influential because it has been open. Not only have foreign companies found their place in the FIC, but also domestic firms which went on to find strategic partners, companies from all around

the world, not only from one region or from one neighbouring country. Apart from that, they also have a large number of contacts with domestic experts, whom they consult, thus their recommendations are often very operational and can therefore be accepted more than general appeals for the improvement of the business climate, which are always desirable but ineffective. In that sense, I think the FIC has established good relations with the Government; neither hostile nor of allegiance.

● **The last White Book cited the necessity for the faster implementation of adopted legal acts and swifter adoption of bylaws that would interpret certain legal provisions?**

The FIC is right regarding that issue. That currently shows the further problem of our administration's capacities. We have sufficient capacity to prepare certain concrete legal proposals but, at the same time – almost as a rule – we are always late with bylaws. And laws are dead letters on paper without them. Therefore, they are right, and I have to say that one of the elements in European dialogue, and also in the Government, is to firstly complete what we have done so far and only after that to go on to new things. Thus, as you can see, in our action plan we

ing system, has done those things to a certain extent and now we can turn towards the second generation of reforms, where we increasingly frequently encounter points of contact with the FIC.

Therefore, we expect much more regular and co-operative meetings with the Council where, with the White Book and its presentation, we will be able to resolve concrete issues. As far as I am concerned, one thing is clear: there is no stronger argument for investors to come to a certain country than the recommendation given by investors who are already there. That means that the first steps in those six years are the most important ones. It is good that, after the specific mistakes which the previous Government made – for instance with the tobacco industry – it adopted the action plan and our Government implemented it. From the changes of the tax laws to the amendments to the Law on Tobacco, including the amendment demanded from the industry and accepted by the Ministry of Agriculture to reduce the purchase of tobacco, because of this year's drought.

I hold meetings with potential investors on a regular basis, and there government members can present very nice power point presentations. However, in the end the most credible evidence for investors are those

"I have to say that the FIC has done better work here than in other countries. It seems that the Foreign Investors Council has managed to be very influential because it has been open."

do not talk only about laws, but about many things including bylaws. We are working on that, but it is a veritable jungle of regulations and it is often better to repeal some regulations than correct them.

● **Bearing in mind that you were a member of the post-5th October DOS Government, and you are now again in government, do you think the FIC has been able to find a genuine collocutor in the government, i.e. could they come to the government to discuss certain issues in the aim of improving the investment climate?**

I think that sophistication is higher on both sides now. Foreign investors now have experience of working in our country and, therefore, their questions are increasingly more operative and precise. The government, which was initially directed towards ensuring basic stability in our country and launching key processes such as privatisation, tax reform and the reform of the bank-

who have already invested their money here. It is because of that that we pay great attention to those who are here. They are our best ambassadors.

● **The CEFTA agreement was ratified recently. Were all problems ironed out?**

Yes, and it will not present a problem for the tobacco industry because we have already harmonised things. Thus, there will now be changes to the tax laws which facilitate what was agreed before. I have had a meeting with all tobacco industry representatives and we have started the analysis. We seek their proposals for the next six years, because that is one of the rare sectors in which Serbia has managed to attract the three biggest producers in the world. Regarding cigarettes, Serbia should do what Poland managed to do when they accessed the EU, and that is to produce more and more tobacco for the EU and to reduce smoking at home. Those two goals are only opposing at first glance.



● **Questions regarding the privatisation of public companies are being asked very frequently, aren't they?**

Sometimes that is presented as crypto-communist politics. That is simply not true. A certain number of our analysts think that if you do not sell all public companies this year, you are in essence not a supporter of the market economy. That is nonsense which can be uttered only by those who have sufficient intellectual idleness not to bother to find out what is happening in the states from this region and those in the west.

It is clear that public companies are public because the element of monopoly – natural and factual – appears in their activities, and that those are companies which economists claim are not flexible and that, regardless of their price, are so necessary that there will always be somebody to carry on making use of them: from petrol to electricity. There lies that specificity, which requires, firstly, the development of the regulatory

“I think the FIC has established good relations with the Government; neither hostile nor of allegiance.”

framework in order for the public monopoly not to be exchanged for a private one, because the public one can even have some rationale while the private one has none at all. Secondly, at the moment the whole world shows that energy, for instance, is a strategic branch with record high prices for petrol and gas. When you see the efforts of the French to keep their petrol and gas companies French, then the way in which Hungary, in absolute national unity at the moment when Austrian OMV tried to buy MOL this summer – regardless of the fact that it was an EU member – went as far as to propose a law banning the takeover of companies of strategic importance, and the American Government banned their company from being taken over by a Chinese

company. Because of that, we have to think about it more seriously.

Energy is really a strategic branch and we have to make the most of our potential. As such, we should not enter that domain unprepared. Rather, we should, of course, continue reforms. I believe that if we look at Telekom Srbija, which is already the regional leader through its presence in Bosnia & Herzegovina and Montenegro; if we look at EPS, which has an important position and the possibility of becoming a major exporter of electricity able to co-operate with Bosnia & Herzegovina and the surrounding area, and NIS too, we see that Serbia has the chance to use those public companies as the fulcrum for further economic development.

We should work on the de-politicisation and professionalisation of the management of those companies. That should be our goal for the time being.

ARGUMENT FOR FOREIGN INVESTORS

The fact that we have arranged relations with Europe; that we are on the clear road towards the EU, is one of the strongest arguments for foreign investors. Since I was a banker before joining the government, when I was a member of the management boards of banks in Romania and Bulgaria I witnessed how much that meant to those countries. Literally new classes of investors, who did not even want to consider those countries before they were accessing the European Union, started coming. In that sense, integration and investment are very strongly connected.

● **What does the EU Stabilisation and Association Agreement bring?**

The Agreement is important because it is a prerequisite for the next step, which is the granting of EU candidacy status. Once we

have that status, the remaining two parts of the European budget that are currently unavailable to us will become accessible. These pertain to funding for agriculture and regional development. The European budget has earmarked €190.9million for Serbia for the year 2008, and I expect that by 2009 we will see the tripling or quadrupling of that budget allocation.

Moreover, any attempt on the part of Europe to withhold privileges would firstly have to go through consultations with us, and practice shows that nothing that has been given once has ever been withdrawn later. That is one form of stability for our entrepreneurs: if we know that 63,000 hectolitres of wine can now be exported without custom taxes, it is clear that the wine industry is facing a period when they can safely plan their investments.

As regards our sugar industry, we have resolved all disputed issues regarding the trade with sugar and products with high sugar content, but we had to talk a great deal with Europe to find a common language and solution in order to ensure that a crisis like the one from 2003 is never repeated. We confirmed one quota of 180,000 tonnes. I think that Serbia should have got more because Croatia, which produces four times less than us, has the same quota. I do not want to take away a single tonne from Croatia, but I think that we deserve more. We were told that after the first year of good implementation, hopefully 2009, we will be able to request more. The export quota for veal will remain at 700 tonnes. For the time being, the utility rate for that is at the level of 20% and we consider it successful since they did not reduce our quota, regardless of the fact that we have not exported it for several years.

We must, however, look at the real effect during the negotiations. When we were approaching the signing of the agreement it became clear what the quota would be, and from only one slaughterhouse which has the certificate for exports, another five were added. Those are chain issues, not to mention the fact that investors, especially foreign ones, ask how far we have gone with Europe. I would like to mention that, as regards both the primary and processing sectors of the agriculture industry, Europe has shown good understanding of their importance and, as such, we were given sufficient protection during the transitional period for the most sensitive products. Regardless of whether that is meat, milk, wheat, flour or the specific quality of the Serbian market, we were the only country to be granted seasonal protection for plums, apples, tomatoes and other products.



"I believe that if we look at Telekom Srbija, which is already the regional leader through its presence in Bosnia & Herzegovina and Montenegro; if we look at EPS, which has an important position and the possibility of becoming a major exporter of electricity able to co-operate with Bosnia & Herzegovina and the surrounding area, and NIS too, we see that Serbia has the chance to use those public companies as the fulcrum for further economic development."

We were, as a country, already fairly open in the industrial domain. We have good protection for those things which are most critical for us, such as ceramics, furniture, toys and the car industry where we want to additionally attract investors and to keep the protec-

tion dose for our producers. NIS was granted a transitional period status until 2010 until the liberalisation of the petrol derivatives trade, to adapt to it, the same as other public companies which have between three to five years to adapt to the new situation. ■

Clear Intentions

“...it is crucial for the Serbian Government to define and publicly announce their plans and intentions with regard to public companies...”

By Radovan Jelašić,
Governor of the National Bank of Serbia

An active and agile FIC, as it has been so far, is necessary in Serbia. However, it is not a sufficient precondition for the essential changes in certain sectors of our economy. Since the desire for the swift implementation of reforms existed particularly in the banking sector, the FIC's engagement achieved the greatest results there. This was exceptionally important, because the changes in the banking sector indirectly set in motion reforms in the real sector. The knock-on effect of that

“The fact that we have achieved macroeconomic stability does not mean that now is the time to relax. On the contrary, now is the key moment for the state to clearly say what the next steps in the continuation of the transition process are”

is that nobody asks ‘what’ should be done in Serbia any longer, but rather ‘when’ and ‘how’ reform steps will be realised.

Therefore, in the aim of accelerating our economic transition process, it is necessary for the FIC to highlight the necessity of speeding up the reforms in Serbia even more forcefully. This will also simultaneously contribute to the quality and stability of the domestic banking sector.

In terms of the creation of a favourable climate for investments, regardless of whether that refers to the financial or real sector, there can never be too many warnings about the necessity of maintaining the achieved macroeconomic stability and not jeopardising the decreasing trend of inflation.

Potential foreign investors still come to Belgrade with a great degree of scepticism, but almost all of them leave with optimism and the conviction that Serbia has the capacity to rapidly enter the European Union.

What spoils this picture is the fact that on the



macro plan, unfortunately, messages regarding what Serbia really wants to achieve are frequently changed. This could refer to the EU, NATO or something else; or what (and within which time frame) the state will do regarding the structural reforms, especially concerning public companies.

In the interests of foreign investors' long-term planning for Serbia, it is crucial for the Serbian Government to define and publicly announce their plans and intentions with regard to public companies: which will be privatised and which will remain under state ownership, what tempo will be applied, etc. Without that structured planning, we are still faced with a confusing situation which sends negative signals to potential investors

that the reformist course here is not clearly defined. It is as a result of this that opinions regarding this important and, on several occasions, delayed issue will be presented by individuals instead of parties, and by parties instead of the state.

The fact that we have achieved macroeconomic stability does not mean that now is the time to relax. On the contrary, now is the key moment for the state to clearly say what the next steps in the continuation of the transition process are; what the publicly undertaken obligation for the state itself would be, but also the important motivation for potential investors to maintain an interest in Serbia as an economically prosperous country which is safely stepping towards EU integration. ■

KAKO ZNATE DA JE U BERLINU 9:00 ?



Dostava do 9:00, do 12:00, do 18:00

Nije u pitanju žamor hotelskih gostiju prilikom odjavljivanja. U pitanju je prva dnevna dostava DHL-a. Tačno na vreme, kao što je obećano. DHL pokriva više gradova Evrope do 9:00 od bilo koje druge ekspresne kurirske kompanije. To podrazumeva svakodnevnu dostavu pošiljaka po Evropi, po principu „od vrata do vrata“, do 9:00, kao i do 12:00 i 18:00. Na raspolaganju Vam je i *on-line* praćenje pošiljaka, uz besprekornu uslugu i posvećenost 100.000 zaposlenih DHL-a u 25 zemalja. Proverite kako Vaše poslovanje može da napreduje i ide ispred trendova, na www.dhl.co.yu ili pozovite 011 310 55 00.

DHL



Vesna Perić, SIEPA director, & State Secretary
Jasna Matić, promoting business in Serbia

Jasna Matić, State Secretary within the Serbian Ministry of the Economy and Regional Development

Natural partnership

Speaking for the FIC Guide, Jasna Matić – former director of SIEPA and current State Secretary for the economy & regional development – says that the Foreign Investors Council has represented a very important partner to the Government of Serbia in the process of reforming business regulations.

● **In terms of investments, how much would you say Serbia has changed in the five years since the creation of the Foreign Investors Council?**

Serbia has changed a lot in the past five years; and not only in terms of investments. From a country that had just emerged from a deep crisis, with a budget deficit and no growth; with a recently re-established monetary and fiscal system, we have grown to become a country with strong economic growth, a budget surplus, a stable monetary and fiscal system and a very dynamic banking scene.

● **Which positive changes would you emphasise?**

Numerous laws have been adopted in the past five years, and these laws have significantly improved our regulatory framework. One of the most important changes was the introduction of VAT, which has served to transform a big portion of our economy from the grey area into legal businesses.

"... decreasing the corporate profit tax to 10 per cent made Serbia stand out among the countries in the region, and transition countries in general, and it represents a very important component of our overall investment attractiveness."

Significant improvements have also been made in the regulations and practices related to the establishment of companies and bankruptcy procedures. This remedied the situation, because prior to the changes there was a heavy burden and high business costs. Lowering income taxes also proved to be very effective, and decreasing the corporate profit tax to 10 per cent made Serbia stand out among the countries in the region, and transition countries in general, and it represents a very important component of our overall investment attractiveness.

● **In your opinion, what else needs to be done in order to make Serbia even more attractive for foreign investors?**

What is still ahead of us are further reforms in the process of accession to the European Union and The World Trade Organisation, as well as the better implementation of laws that have already been adopted.



It is of utmost importance for us to complete and synchronise the regulatory and institutional frameworks in order to ensure the full implementation of laws, which is now in many areas impossible due to missing institutions and lacking bylaws.

Of course, improvement of the infrastructure of the country is also very important, and we also need to further improve the education system in order to ensure the competitiveness of our labour force, as our most important resource.

● **How much has the Foreign Investors Council influenced the improvement of the overall investment climate in Serbia?**

With its activity and constructive approach, the Foreign Investors Council has represented a very important partner to the Government of Serbia in the process of reforming business regulations.

With their suggestions and experience from other countries, the FIC members have helped us not merely to identify problems, but also to resolve them.

● **Has the FIC's White Book, and the recommendations it contains, had any influence over the Government and other institutions which shape the investment climate of the country?**

For years the White Book has provided excellent guidelines for our regulatory and institutional reform process. I believe



"It is of utmost importance for us to complete and synchronise the regulatory and institutional frameworks in order to ensure the full implementation of laws, which is now in many areas impossible due to missing institutions and lacking bylaws."

that a major part of the recommendations from the White Books were brought to life through the introduction of various regulations. The FIC White Book identifies problems that affect all companies in Serbia, not just foreign investors, and in a clear and transparent manner formulates the workings of our economy as a whole, thus providing a huge contribution to the improvement of the business climate in Serbia.

● **The FIC's members have said that they enjoy excellent co-operation with the Serbian Investment and Export Promotion Agency (SIEPA). As the former director of SIEPA, how do you see that co-operation?**

FIC and SIEPA are natural partners in the process of improving the business climate in Serbia. Our co-operation has been really good and constructive, and is getting better every year.

This process is further enhanced by the fact that more and more foreign investors, who have entered Serbia through the privatisation process, are now, with the full support of SIEPA, realising new Greenfield or Brownfield projects.

I would also like to mention our 'local supplier development programme', which is a new area of our co-operation that got underway during last year. This is about incorporating local suppliers into the supply chain of multinational companies that are present in Serbia, which is very important for both foreign investors and small and medium-sized Serbian enterprises. Foreign investors can obtain domestic origin status for locally produced goods, thereby securing duty free access to the EU, CEFTA and Russian markets. Simultaneously, domestic SMEs can introduce new standards in their production and management in general, as well as securing the stable growth of their company with the support of a big and strong business partner.

I am sure that in the time ahead the FIC and SIEPA will extend their co-operation to new areas and activities, to our mutual benefit and, of course, with the common goal of increasing the prosperity of Serbia. ■

FOREIGN DIRECT INVESTMENT INFLOWS (economist.com rankings)

COUNTRIES, 2007-2011

Highest

Rank % of world total

1	United States	16.75
2	Britain	7.54
3	China	5.79
4	France	5.22
5	Belgium	4.78
6	Germany	4.41
7	Canada	4.22
8	Hong Kong	3.20
9	Spain	2.99
10	Italy	2.77
11	Netherlands	2.57
12	Australia	2.52
13	Russia	2.10
14	Brazil	1.84
15	Singapore	1.81

Lowest

Rank % of world total

82	Kenya	0.01
81	Sri Lanka	0.02
80	Iran	0.02
79	Kuwait	0.03
78	Cuba	0.04
77	El Salvador	0.04
76	Bangladesh	0.05
75	Bahrain	0.06
74	Costa Rica	0.07
73	Venezuela	0.07
72	Slovenia	0.07
71	Latvia	0.07
70	Lithuania	0.08
69	Cyprus	0.08
68	Estonia	0.09

Sources> Economist Intelligence Unit, Columbia Programme on International Investment, World Investment Prospects to 2011

Srđan Janićijević, Vice President of the FIC Board of Directors
General Manager of Politika Newspapers and Magazines d.o.o.

ECONOMIC AND POLITICAL STABILITY

“Much has been done in the past seven years – less than we hoped for, but more than could have been expected given the circumstances. Solid economic foundations have been laid for the second phase of strong economic growth through direct foreign investments.”

Srđan Janićijević has been the General Manager of Politika Newspapers & Magazines since 2005, and Vice President of the Foreign Investors' Council. The future of the FIC, the investment climate trends in the country, and preconditions for the arrival of new greenfield investments, were the subjects of our interview with the FIC Vice President.

● **The FIC is celebrating five years of its existence. What do you think the FIC should concentrate on in the coming period?**

More than ever before, the FIC has profiled itself as an organisation where investors' interests come together, but also a body that meets the interests of the state and of a society where foreign investors want to invest their capital. I think that the FIC shall continue further in that direction.

Our organisation boasts various good corporate practices that foreign investors have brought here from their own countries and countries where they have invested, values that ensure potential investors won't decide to invest their capital, due to any reason, somewhere else. Just take a look at how many quality initiatives have stemmed from FIC members. None of those initiatives existed earlier. That is even more important than



direct investments, although we also expect them to grow significantly in the future.

● **Does the FIC have any competition in Serbia, and what kind of co-operation do**

you have with other such associations, both foreign and domestic?

There is an increased number of business associations, both national and foreign, in Serbia. Maybe there are even too many for the

Delivering better value results for clients

EC Harris is a professional services consultancy. With a professional team in Serbia since 2001 and more than 4000 employees in over 44 offices worldwide, EC Harris brings a mixture of local and international focus and innovations in planning, development and project management.

Services provided by EC Harris include:

- Programme, Project and Construction Management
- Commercial Management, Quantity Surveying and Value Engineering
- Technical and Investment Risk Management
- Risk Management and Business Continuity.

If you would like to know more about how we can help you, please call:

Sasa Trajkovic

Tel: +381 11 212 0334

E-mail: sasa.trajkovic@echarris.com

EC Harris

Bulevar AVNOJ-a 87

Novi Beograd

Serbia

000000000000



size of the economy we work in. let's try to quote the domestic associations: the Serbian Chamber of Commerce with all its branches, the Belgrade Chamber of Commerce, Association Privrednik (Businessman), various peer associations gathered around the Chamber of Commerce, the Corporate Managers' Association, the Serbian Managers' Association and I have probably omitted some of them. Of the foreign organisations, besides the FIC, there is the American Chamber of Commerce, the German and Austrian chambers, the Italian Association, the Greek Businessmen's Association, the Russian-Serbian chamber and others. We probably have more associations than the economies of California and Japan. Each association has its Managing Board and its own leadership. More or less every one of us managers is a member of one or more bodies in the above mentioned business associations. Co-operation is always good when interests match.

"The FIC has profiled itself as an organisation where investors' interests come together, but also a body that meets the interests of the state and of a society where foreign investors want to invest their capital."

● **We have heard several times that Serbia lacks sufficient greenfield investments. What should be done, in your opinion, in order to entice more such investments to Serbia?**

We merely need to see the bringing of economic and political stability. Much has been done in the last seven years. Less than we hoped for, but more than we could have expected, given the circumstances. Solid economic foundations have been laid for the second phase of strong economic development, through direct foreign investments. We just need to keep progressing slowly and steadily.

● **What are the other major obstacles that foreign investors face once that they decide to invest into Serbia, and how do you think they could be overcome?**

The biggest obstacle is the conflict between the desire for Serbia to become "European" and the constant strive for us all to play according to "Balkan rules". But the point is that serious corporate investors can solely operate according to the corporate rules valid in the West, which is still complicating their operations at the local level and, in the final instance, is also harming the overall image of our country globally. That battle between "as it is" and "how we wish it to be" will continue to rage.

"The biggest obstacle is the conflict between the desire for Serbia to become "European" and the constant strive for us all to play according to "Balkan rules". But the point is that serious corporate investors can solely operate according to the corporate rules valid in the West. . ."

● **Do the media influence the investment climate in the country, and also the establishment of a constructive dialogue with the government and other responsible institutions?**

The media transmit public opinion and sometimes they even create it. Of course, it goes without saying that the media can influence the investment climate in a country. However, that is more in a negative than a positive sense. I'm not sure that the media do have a crucial role to play in establishing a constructive dialogue between the investors and the government. In our case, that dialogue already exists, and it is a type of dialogue that cannot be established through the media. ■

Meridian Bank Credit Agricole Group

– the bank that provides more



Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skilful execution; it represents the wise choice of many alternatives.

William A. Foster

Meridian Bank Credit Agricole Group went through a comprehensive process of transformation in the implementation of Credit Agricole Group standards, guided by quality of services and a friendly approach to clients. That process marked the period of adjustment to the Serbian market, which was also led by the objective to “offer more” to its clients. This refers not only to building and improving the prospects of customers, but also to developing the “best options” in order to increase their wealth and achieve sustainable growth for each client’s stake. Each day is marked by commitment to delivering an exceptional service with integrity in a professional and friendly environment.

Meridian Bank Credit Agricole Group offers a versatile portfolio of products and services, mostly focusing on the retail sector for which this bank has prepared excellent conditions. Apart from standard services, our offer includes payment cards used for the non-cash payment of goods and services both in the country and abroad. The bank has also provided special conditions for dinar and foreign currency savings, as well as consumer and cash loans and various other products. The SME sector, for micro and small enterprises and entrepreneurs, offers numerous corporate loans aimed at helping clients in this sector improve their businesses. The bank takes great care of corporate clients as well, offering short-term and long-term loans in both local and foreign currency, designed in accordance with the needs and capacities of corporate clients.

Meridian Bank Credit Agricole Group became the first bank operating on the Serbian market to provide its own life insurance. Credit Agricole Life is an exceptional form of insurance, which is now available in the Bank’s branches in Serbia. Three forms of life insurance – Benefit, Guardian and Perspective – offer a wide range of solutions for both families and individuals, providing savings with life

insurance in order to insure the present as well as the future. This variety of quality customer service is followed by a commitment to exceed customer expectations, at the same time making products relevant to respective customers’ lifestyle and business needs.

With its high level of client service and personalised financial solutions – realised through expert team members, efficient teamwork, and constant facility improvement – Meridian Bank Credit Agricole Group is striving towards more innovative and creative ways to improve products and client services.

In order to provide accessibility to each client, Meridian Bank Credit Agricole Group is exerting great efforts in order to expand its branch network and provide the highest level of banking services, whilst also improving banking products that meet specific clients’ needs.

Meridian Bank Credit Agricole Group is actively involved in the communities where it conducts its business, providing human and financial resources in order to be a visible, responsible community partner. Great efforts are exerted in order to understand the direct and indirect effect resulting from the operations, products and services of the bank. The aim is to integrate environmental and social considerations into day-to-day business decision making and use resources in a responsible manner. Improved business performance with an open and honest culture, supported by constant care for local community, has helped in gaining the trust that Meridian Bank Credit Agricole Group enjoys.



Aleksandra Smiljanić, Serbian Telecommunications and Information Society Minister



By Zorica Nikić

Aleksandra Smiljanić, Minister of Serbia's newly founded Ministry for Telecommunications and Information Society, is one of the few women that have succeeded in gaining a position which, as a rule, has been reserved for men.

Regardless of her impressive biography, her appointment has triggered general surprise in expert circles – particularly from those who have considered the fact that only 18.5% of households in Serbia have access to the Internet, 337,000 individuals are without a fixed telephone line, and 255,000 homeowners are awaiting separation of their shared (community) telephone lines. In Belgrade alone, there is a shortfall of some 100,000 telephone landlines.

With the FIC's annual White Book having this year offered numerous observations and recommendations pertaining to the telecommunications sector, we spoke to Minister Smiljanić about the continuing development of the sector. Opening her interview for the FIC Guide, Minister Smiljanić clearly notes that Serbia needs to see the liberalisation of the telecommunication sector, a change of the Telecommunications Act, and the privatisation of Telekom Srbija as well as a decrease in the price of Internet services as prerequisites for the further development of the information society.

"I don't think that the privatisation of telecommunications is as important as the liberalisation of them. Those processes are different: when there's competition, a state company has greater stimulus to more efficiently use its resources," pointed out Smiljanić.

● This year's White Book states that Serbia lacks telecommunications infrastructure – which the book claims is the root obstacle to the further development and efficiency of the telecommunications sector. The poor quality of connections and underdeveloped access to Internet are the key reasons for the limited utilisation of broadband access. State-owned operator Telekom Srbija (MT:S), which represents both fixed and mobile operations, maintains its monopoly over underground and above-the-ground cable network for telecommunication services. Although there are laws regulating the telecommunication sector, there are still no bylaws for many relevant fields in the sector. How does the government intend to implement liberalisation of the telecommunication market, bearing in mind that the country lacks relevant bylaws pertaining to competition and liberalisation of various kinds of services,

PHASED LIBERALISATION

"It is my ambition to secure at least one more competitive base, as has been done in the majority of countries. In my opinion, that is the only reasonable way to decrease the cost of infrastructure utilisation."

IMPECCABLE CREDENTIALS

Born 1970 in Belgrade, Aleksandra Smiljanić graduated from the University of Belgrade's Faculty of Electrical Engineering, after which she received her MA and PhD at Princeton University in 1996 and 1999 respectively.

She teaches at the Faculty of Electrical Engineering in Belgrade and is an associate professor at the Polytechnic University of New York and Stony Brook University, NYC. She worked for AT&T Labs from 1999 until 2004.

Her area of research is the architecture and internal control of high-capacity packet switches. She has also worked on the scheduling algorithms for packet-switched ring networks.

She has authored numerous conference and journal papers in the area of high performance switching and routing. She is the holder of seven U.S. patents, and has two patents pending. Some of these patents have been patented in Europe, Japan and China as well.

She has been the editor of the OSA Journal on Optical Networking since 2003, and of IEEE Communication Letters since 2005; she mentored the master thesis that was awarded by the Belgrade Chamber of Commerce for the Best Master Thesis in 2005/2006.

such as fixed telephony, data transfer, broadband wireless transfer, digital TV and others. In addition to that, new technologies, such as WiMAX, VoIP, still haven't been regulated.

The Ministry, together with Ratel – the Republic Telecommunication Agency, will work on the adoption of the necessary Rule Books, in an urgent procedure. It is planned that all the necessary Rule Books should be completed by the end of the year, and that by the beginning of next year the implementation of liberalisation elements will commence. The Ministry oversees the implementation of the Telecommunications Act, which requires the liberalisation of the telecommunications market, as well as the application of valid Rule Books; Ratel, meanwhile, is in charge of operational activity.

● **Is it planned that the proposed changes of the Telecommunication Act should define a way in which expansion of the local loops should be implemented, because that is a prerequisite for market liberalisation and it enables new players to take part in the market game in the telecommunications field. Is that so?**

At this moment, the Ministry will not define the expansion of local loops for two reasons: firstly, it would represent too big a change and would require the proposing of a new law that would, naturally, take longer procedurally; secondly, we consider that liberalisation should be accomplished in phases, and that the first phase is liberalisation of the base. It will only be when there are no bases left that expansion of local loops will make sense. That said, we shall try to reach that phase as soon as possible.

● **Why are there more than 340,000 requests for the introduction of telecommunication services, the separation of shared lines, etc.; why, in general, is the waiting period for the resolving of those requests so long?**

That is a question for Telekom. I suppose that they have determined some other investments as priorities. Therefore, I think that it is important to form a Fund for Universal Service as soon as possible, in order to allow the state to be in the position to determine the dynamics for the provision of basic communication services to citizens.

● **You have an excellent scientific biography that many would undoubtedly envy. But now you have shifted your career's attention to concentrate on problems of a politico-economic-telecommunication-informatics nature. Which is easier?**

Every beginning is difficult. Science was difficult at first, but then it be-

Izgradimo nove perspektive za našu
budućnost. Učestvujte na svetskom
Holcim Awards takmičenju za projek-
te održive izgradnje*. Ukupni fond
nagrada je dva miliona USD.
Prijavite se na www.holcimawards.org

* U saradnji sa švajcarskim Federalnim Institutom za Tehnologiju (ETH Zürich), Švajcarska; Institutom za tehnologiju Masačusets, Kembridž, USA; Univerzitetom Tongji, Šangaj, Kina; Univerzitetom Iberoamericana, Meksiko Siti; Univerzitetom Witwatersrand, Johannesburg, Južna Afrika. Univerziteti definišu kriterijume za ocenjivanje i formiraju nezavisne žirije u pet svetskih regiona. Prijavljivanje se vrši na www.holcimawards.org do 29. februara 2008.

Holcim Awards je konkurs iniciran od strane Holcim Foundation for Sustainable Construction sa sedištem u Švajcarskoj. Fondaciju podržavaju Holcim Ltd i članice Grupe koje su prisutne u više od 70 zemalja. Holcim je jedan vodećih svetskih proizvođača cementa, agregata, betona i asfalta, uključujući i prateće usluge.

Ovo takmičenje u Srbiji podržano je od strane Holcim (Srbija) a.d. www.holcim.com/cs

 **Holcimawards**
for sustainable construction

"I don't think that the privatisation of telecommunications is as important as the liberalisation of them. Those processes are different: when there's competition, a state company has greater stimulus to more efficiently use its resources"

came easier. I believe this will also be the case with my work on politico-economic-telecommunications-informatics tasks. The development of telecommunications at the state level, as well as creation of the information society, requires a great deal of work and dedication.

● **September's published research of the Republic's Statistics and Informatics Bureaux states that 30 per cent of the residents of Serbia are on the net. Meanwhile, only 29 per cent of Greeks and 25 per cent of Macedonians are online, while 52 per cent of the EU's citizens are on the web. At the bottom of the statistics information-communication ladder are Bulgarians and Romanians. The number of people using computers in Serbia this year is 4.5% up on last year, yet we are still treated as underdeveloped in the IT field. What are the ministry's plans regarding Internet development, bearing in mind that there are around 140 providers in Serbia who purchase Internet time from one big provider and have the same or similar prices of services?**

It is my ambition to secure at least one more competitive base, as has been done in the majority of countries. In my opinion, that is the only reasonable way to decrease the cost of infrastructure utilisation. The alternative is for the regulator to analyse the costs of the dominant operator in detail, and to set the prices; if it is determined that the dominant operator is inefficient then the regulator should be in a position to influence the improvement of the operator's efficiency. So, management should be doubled, which does



not necessarily lead to success. This alternative is much more complicated.

Healthy competition is the element that is pushing us to succeed, as well as being the simplest mechanism for progress. However, it is a little bit more complex to implement competition in the telecommunications field, where the competitors are linked into a unique network and have to both compete and negotiate at the same time. The regulator should ensure that competing and negotiating is undertaken in accordance with the law, that is, the rules. The regulator should announce any illegal or unethical activities, personal mistake and the like, and ultimately eliminate the player from the game.

● **You have announced that by the end of the year you should issue licenses for wireless access to WIMAX technology, and by**

so doing enable telephone connection and access to Internet in the country's rural, mountainous areas. You have also announced formation of the Postal Services Agency and modernisation of postal services. What else is your ministry planning?

We primarily deal in analyses necessary for defining the regulations by which the market shall be liberalised, both in the field of telecommunications and in the field of postal services – because that activity is also under the authority of the Ministry.

We are writing proposals for a couple of new laws in the electronic field. We are working on defining the functional specifications for NIP projects in the e-government area. The only way to change the state of our country is to open the market for investments of foreign capital, which means liberalisation of the conditions for the entry of new operators. ■

Bo Andersson,
President & CEO of Ericsson d.o.o.

Beyond the obvious

● **How would you describe the state of affairs when the company came here in 1996, and how has it developed?**

Ericsson has actually operated in Serbia for many, many years – long before 1996 – because we had a co-operation agreement with the then Nikola Tesla company, before it became Ericsson-Nikola Tesla. However, it was in 1996 that we formed a company. At that time we could see that the Serbian market was growing a lot, and so we decided to establish ourselves in a more permanent way. When Ericsson enters a market, we don't look at the difficulties of a period a country is in; we look at the possibilities to do something and if we see such a potential we try to handle the situation instead of concentrating on all the obstacles. Moreover – as has been the case for us in Serbia, Israel and elsewhere – difficult periods can

also mean opportunities. Indeed, during difficult periods in a country there is often a pronounced need for better communication.

● **Do you think Ericsson has that pioneering spirit to go in and take on a market fraught with difficulties?**

Absolutely; we don't let political issues have an impact on us. Rather, we try to identify where it's possible for us to enter a market and do something positive. As is very well known, telecommunication helps the development of society; there is a direct correlation between the penetration of communication and the development of a society. Without a doubt, especially in the wireless domain – where we have a market share of around 80 per cent in Serbia and 100 per cent in Montenegro. One can't be much more successful than that.

● **Do you think that when you're so successful there's a danger of complacency setting in?**

To be honest, it's the customer who ensures that we don't get complacent. For good and for bad, it's always positive to have a demanding customer; it keeps you on your toes. When looking at possibilities of complacency, one has also to look at the market environment. And in our industry there is a very, very tough market environment all over the world: there are new Chinese players coming in, big mergers making companies stronger and helping them to start to reach our level.

● **Considering the growing competition, how do you intend to maintain, and even increase, your success here?**

When it comes to the wireless business, simply maintaining our position here would mark success. We are looking at new



Photo: JELENA SEFERIN

areas of business. Now multi-media is coming a lot and enterprise is an opportunity. Indeed, we are about to hold a two-day enterprise event – complete with lectures, discussions, presentations and a lot of information on enterprise. This is because we are not too strong in enterprise in Serbia, but our intention is to stamp our footprint on this section too.

● **How much attention does the company devote to business users?**

We have to think about business users because our operators have a lot of business users. As such, we also reach business users through the operators by selling a lot of services to the operators that are subsequently used by their business clients. On top of that, we are looking into services.

The networks of the world are not growing



that much today, but services are growing a lot. Worldwide, Ericsson plays a major role in this domain: taking care of the field maintenance and operational dimension of networks. And this is an area where we have much to do in Serbia.

● **The company's greatest development in Serbia has certainly been in the mobile network segment?**

Yes and, indeed, we have been driving all of those technologies here in Serbia. We are not the sole supplier, but we are by far the biggest supplier in this area.

Last year we signed a very strategic deal with Telekom Srbija for *Class 5 Softswitch*. We are the only company to have signed such a contract with Telekom Srbija, and this also represents a step into a new area for us.

● **What are your further plans as the company moves forward?**

As I've mentioned, we are looking into the wire-line business; we are looking more at the enterprise business, and we are looking into services. Meanwhile, when it comes to the wireless business our further plans are to maintain our dominant position.

Taking into account that telecommunication helps society develop and, therefore, Ericsson

proudly contributes to progress nationally, it could be said that we have a wider scope. Moreover, we are dealing with our corporate social responsibilities and are a major employer. Last year, for instance, we increased our staff here in Serbia by more than 30 per cent – which is a reflection of our success here.

Finally, we are going for other areas: for example, railway, e-government, 1-1-2 (emergency services system), etc.

The close proximity of the EU, as well as Serbia's own EU integration ambitions, means that this country has also to connect to the European Union's telecommunications and communication system, adopting the same modality. As such, there are a lot of opportunities in the enterprise area and this is something that we are looking forward to.

FIC Legal Committee

POSITIVE TREND

By proposing a number of relevant laws, the Government of the Republic of Serbia and its Ministries have shown their interest in attracting foreign investments to Serbia.

By Boris Baklaja, Head of the FIC Legal Committee

The Legal Committee has conducted its activities in three ways. On one side, it provides a service to the FIC's members by informing them about all new draft legislation and preparing texts of the amendments and changes to the existing laws. Together with this, the committee receives the comments of the individual members of the Legal Committee.

Prior to informing all FIC member companies, the members of the Legal Committee fully discuss all the relevant issues at regular meetings.

On the other side, the Legal Committee has organised a number of roundtables, where representatives of the government and public authorities have had the opportunity to receive direct input from the members of the FIC, regarding their past experiences both in the region and in Serbia.

Also, members of the Legal Committee have actively participated in the drafting of numerous texts on different areas of the legislative system in Serbia that directly and indirectly affect the foreign investment community. That was an important contribution to the final text of the White Book, meaning that the members of the Legal Committee provided their relevant comments and proposals using their vast experience of the professional market in Serbia.

The investment climate in Serbia has a positive trend and is continuously developing and improving; growing numbers and a wide variety of foreign investors entering the Serbian market provides the proof of that.

By proposing a number of relevant laws, the Government of the Republic of Serbia and its Ministries have shown their interest in attracting foreign investments to Serbia. Certain Ministries have provided the FIC with the draft texts of laws and have kindly par-



IMPROVING LEGAL CLIMATE

In the past years a number of important laws have been adopted which directly or indirectly improve the investment climate in Serbia. These include the new Law on Securities, the Law on Investment funds, Law on takeovers, the set of laws regulating intellectual property and its enforcement, etc.

ticipated in roundtables organised as part of the public debate on the relevant texts of laws and their application in practice.

In the past years, a number of important laws have been adopted. These laws have served to directly or indirectly improve the investment climate in Serbia. These include

the new Law on Securities, the Law on Investment funds, the Law on Takeovers, the set of laws regulating intellectual property and its enforcement, etc.

In the future, it will be a more productive process if other relevant Ministries would also discuss with the FIC the proposed texts of the laws and express their willingness to take into consideration the views of the general public and interested investors.

As the investment climate in Serbia has a positive trend, and as the Serbian economy is continuing to develop, and considering that a number of important laws have been adopted or are in the process of adoption, a piece of advice for a would-be foreign investor is to invest in Serbia and expect the full support of the Foreign Investors Council. ■



Unique SAP Solutions

Qualified and specialised

S&T Serbia

Many great companies trust us, including:

- Dijamant
- OMV
- Wiener Stadtische
- Serbian BroadBand
- JP PTT Srbija
- Politika N&M
- GU Okovi
- RAUCH
- Carlsberg
- Lukoil
- Direct Trade
- dm-Drogerie Markt
- Mihajlo Pupin Institute
- BASF
- West Pharmaceutical Services
- ATB Sever

Every organization is a collection of different business processes. Each of these processes is a link in the chain that adds value to your organization and its customers, employees and owners.

To utilize all of implemented business solution's advantages you need a reliable partner who knows the tools and can use this knowledge to implement your system efficiently. Only a well executed implementation and an optimal use of an IT business solution can guarantee efficient business process support and the increased added value.

Our SAP Project Team is recognized for:

- Deep understanding of business processes and extensive knowledge of SAP tools
- Team consisting of more than 70 local and regional consultants, and over 1000 in 22 countries within S&T Group
- Local and international expertise
- SAP Partner since 1996. (in Serbia since 2002)
- SAP Top Partner in 2005 in Adriatic region
- Gold SAP Channel Partner
- Global, regional and local competence centers
- Efficient implementation methods, based on SAP recommendations
- Maintenance, support and consulting through the entire lifecycle of the implemented SAP solution
- Experience acquired through huge number of successfully realized projects

All of the above enables us to efficiently support your business processes with SAP solutions. Number and qualifications of our consultants, guarantee the security of your investment and appropriate support.

With over 1000 SAP consultants in 22 countries, S&T is one of the leading SAP services providers. Comprehensive industry expertise included. Intelligent and connected.

**we
love
IT**

S&T Serbia d.o.o.

Narodnih heroja 43/23
11 070 Beograd
Tel. +381 11 311 62 21
Fax +381 11 311 76 65
info@snt.co.yu
www.snt.co.yu

FIC Insurance Committee

SPECIFIC PROPOSALS

Conditions have been met for the opening of a couple of greenfield insurance companies



INSURANCE ACT

The procedure for amendments to the Insurance Act is under way. These amendments will lead to the more precise regulating of the following:

- Deadlines for separation of life and non-life insurance, as well as for insurance and re-insurance jobs;
- Deadlines during which branches of foreign insurance companies would be allowed to operate in Serbia;
- Deadlines during which direct reinsurance with foreign reinsurance companies will be permitted (this is an FIC recommendation)
- Procedures related to the privatisation of majority state-owned insurance companies.

The Foreign Investors Council's Insurance Committee consists of internationally renowned insurance companies and insurance agents who are dedicated to the common goal of improving the insurance market in Serbia.

By Dragan Odžaklijević, Chairman of the FIC Insurance Committee

Committee activities to date have mostly related to grasping the current state of the insurance market in Serbia, and defining recommendations for its improvement. A couple more specific proposals were contained in the FIC White Book 2007.

Based on the Council's initiative, the National Bank of Serbia (NBS) compiled a list of mandatory insurances in Serbia during 2007, which was also published on the official website of the National Bank of Serbia. This has enabled both foreign and domestic companies to check in one place if some kind of mandatory insurance has been prescribed for their activity.

The insurance market in Serbia has been marked by year-on-year growth. However, the growth of some types of insurance (e.g., life insurance) is tied to liabilities which have

been imposed by various contracts to citizens and companies by the other contracting party (e.g., banks), so that one gets the impression that insurance is purchased only when mandatory.

The FIC considers that national awareness of the need for insurance will improve with the constant educating of the public. This will also lead to additional market growth.

The NBS exerts great efforts to carry out this kind of education whilst also simultaneously protecting the rights of insurance beneficiaries through its Centre for the Protection of Financial Service Users, including insurance services.

The growth of the insurance market should be stimulated and enabled by various other measures initiated by the state, which is one of the FIC's recommendations. The Serbian insurance market is dominated by two majority state-owned insurance houses: Dunav Osiguranje and DDOR Novi Sad. However, from the standpoint of the share of total stipulated insurance premiums, it is evident that insurers with majority foreign ownership have marked significant growth in Serbia. This has been acknowledged also by the regular in-depth report of the NBS, cov-

"The FIC considers that national awareness of the need for insurance will improve with the constant educating of the public. This will also lead to additional market growth."

ering the first half of 2007.

Though no information relating to the privatisation of the country biggest insurer, Dunav, has been released by the government, the announced privatisation of DDOR Novi Sad – due to take place by the end of this year or early next year – will significantly change this relationship. However, it is expected that this

privatisation will also add to the further qualitative development of the market as a whole, primarily through an expanded and more qualitative offer of insurance products.

Through market regulation and the NBS's strengthened control of insurer operations, conditions have been met for a couple more

insurance greenfield investments by important international insurers and, accordingly, a couple of new investments are pending. This is encouraging.

The immediate future activities of the FIC lie in the organisation of meetings where specific topics relating to the insurance industry will be discussed. This will mark intensified communication and co-operation with all relevant participants on the insurance market in Serbia. ■



OUR CORPORATE VALUES

INTEGRITY :

Direct and open communication
Credibility
Dignity
Ethical business practices

KNOW-HOW :

Proficiency in every function
Enlargement of our fund of knowledge
Initiative in learning

VALUE TO THE CUSTOMER :

One step ahead of the customer's needs
Innovative solutions for competitive advantage
Best service to the internal customer

COMMIT TO AND DELIVER RESULTS :

Set clear objectives (SMART)
Learn from mistakes and successes
Set high standards
Deliver shareholder value

CONTINUOUS IMPROVEMENT :

Seek new ways of doing business
Avoid complacency
Calculated risk-taking
Learning Organization

CORPORATE SOCIAL RESPONSIBILITY :

Active member of society
Sustainable development
Respect for people



FIC ADCPI Committee (Association of Detergents and Cosmetics Producers and Importers)

SEEKING SECURITY

"If we want to make Serbia more attractive for investors, it is necessary to have a certain degree of security, both legal and economic"

By Nenad Vučinić, President of the FIC ADCPI Committee

Although the Association of Detergents and Cosmetics Producers and Importers was only established in 2005, we've already had the opportunity to co-operate in specific projects with government representatives.

OFFICIAL SUPPORT

As an example of our co-operation with the government, at a press conference dedicated to the new generation of Eurocompact detergents, representatives from the ministries of science and environmental protection offered their support for this project. Eurocompact detergents represent the latest technology and are already present on the markets of Western Europe and the markets of the more progressive Eastern European countries. Less than a year ago, the domestic media published the news that 22 substances had been prohibited from use in hair dyes. This refers to a list of prohibited substances that the manufacturers themselves delivered to Strasbourg with a note that they do not, or have never, used those substances in the production of hair dyes. This was followed by a decision prohibiting those substances in the EU. The Serbian Ministry of Health, to whom we turned for support, then provided a statement confirming that those substances are not used in our products.

ATTRACTING INVESTMENT

If we want to make Serbia more attractive for investors, it is necessary to have a certain degree of security, both legal and economic. When a company comes to Serbia wanting to invest or purchase a domestic company, negotiations are held with the relevant parties and the procedure is eventually completed. Then the local company is purchased and the foreign investor thinks they've completed the acquisition. However, because not everything can fit into a contract, the investor gradually comes to understand that there are many minor elements which local powers are in charge of, such as construction permits. The foreigner then has to deal with local authorities who are often problematic. That is something that a foreigner cannot grasp, because, the way he sees it, he has reached an agreement at the national government level and, therefore, there should not be a problem. In this specific case, the question of municipal taxes is tricky, because the local governments control their levels. A general objection presented in the FIC's latest White Book is that the laws are passed very slowly and upon adoption they are even more slowly implemented. That prob-



lem has existed for years, but we believe this issue will now be accelerated. The FIC has duly highlighted the problem and the government's representatives have shown a readiness to address it by ensuring the application of laws that would specifically implement changes envisaged by the new Constitution. The government has also assured us that

applicable bylaws will be introduced and we will be sufficiently informed as to the actual application of that legislation.

STANDARDISED INDUSTRY

Speaking about chemical products, all detergents, personal hygiene and cosmetics producers have, on the whole, standard formulas for their products which have been checked in all EU countries. These are manufactured in a certain way, according to EU regulations, and the intention has been to harmonise Serbian law with EU regulations. In the meantime, EU countries have accepted something called REACH, which relates to new provisions. The procedure for applying for and registering all chemical substances used in the production of those products is very complex, but the industry will be harmonised with EU regulations. However, it is not simple to harmonise with the regulations of a certain group or region, such as the EU, because a small number of countries that are not EU members must change their own formulas, packaging or labels from the front or back of the product, for instance. As a rule, what applies in the EU are usually more strict requirements. And, of course, all manufacturers of those products would like those regulations to be valid here too. If that isn't the case, then our products are recalled from sales and new legislation is written in such a way as to leave a very broad opportunity for interpretation to the inspectors in charge. We cannot be certain how someone will interpret something and, therefore, it is important that our local regulations are harmonised with the European ones in order to alleviate the potential problems that all of us could face.





10
years
in
Serbia!

VELUX Srbija d.o.o.
Teodora Drajzera 34
11040 Beograd
Serbia
Tel: +381 11 3670 468
Fax: +381 11 2660 841
office-yu@velux.com
www.velux.co.yu

VELUX®

FIC Human Resources Committee

Between theory and practice



By Miloš Mirić, President of the FIC Human Resources Committee

In 2002, when the first multinational companies arrived in Serbia, the Foreign Investors Council (FIC) commenced its work. In addition to financial and material investments, foreign companies also brought essential changes to capital management methods. Since then, a completely new business discipline started to grow in Serbia – human resource management. Today, thanks mostly to the crucial influence exerted by multinational companies, we can proudly say that the perception of HR management – and thus the way in which this most crucial of commercial capital is managed – has definitely changed.

Despite our companies dealing with completely different businesses, human resource experts face mainly similar problems. These shared problems, coupled with the need for co-operation and the exchange of experiences, brought HR specialists closer together and gathered them within the FIC's human resources committee, which is also celebrating five years of work this year.

Committee meetings provide an opportunity for the exchange of experiences and the joint search for solutions to tangible problems which FIC-member companies encounter during their daily operations.

The FIC and its committees are often the first point of call for companies considering investing in Serbia. Such potential investors frequently attend our meetings, during which we present our experiences to their representatives.

Over the recent period, the HR Committee has dealt with numerous subjects of particular importance. It is sufficient simply to emphasise that each company's restructuring starts with the resolving of surplus staff issues, which is one of the greatest challenges for the transition of the Serbian economy, and one which af-

fects our society in general. The role of the human resources manager in those processes is certainly significant, and facing those negative consequences represents both a professional and human challenge.

Regardless of the fact that recent decades have seen an emphasis placed on human capital in Serbia, as the country's strongest asset, the reality has shown that it is very difficult to find quality, adaptable staff, particularly for managerial positions. The question of their selection, motivation, further professional development, and the objective management of their careers, is increasingly becoming the daily task of HR managers.

Since HR management includes dealing with those fields that are most sensitive for all people, the question of ethical codes and professional conduct also take an important place in our work. As a result of the need to

find daily solutions to existential, life questions, the global norm is for the HR managerial profession to be regulated through the issuing of licences with clearly determined criteria, which firstly consider the absolute domination of professional criteria above any other subjective circumstances, and the Human Resources Committee supports that in its work.

Of course, complex problems that are of essential social importance cannot and shouldn't be resolved only by successful companies. Rather, this should be addressed by the whole society.

The main problems which foreign companies encounter in their operating in Serbia have been systemised in the annual FIC White Book for five years. The White Book cites all foreign investors' recommendations aimed at improving the business climate in Serbia. It is

indisputable that the business climate in Serbia has improved in the recent period, but is certainly necessary to resolve numerous remaining problems – many of which are mentioned in the White Book. Considering those facts, the FIC is interested in co-operating with the government and labour unions more intensively in the forthcoming period, and is keen to put its resources, primarily the vast knowledge and experience which foreign companies have, in the service of the improvement of the whole situation in Serbian society.

We think that efficient social dialogue cannot be considered without the participation of foreign companies, and we expect that a new process which will consider the interests of all participants will start, and will lead to us resolving a great number of problems through mutual communication and co-operation.

Therefore, the HR Committee is entering the sixth year of its existence with great optimism, and we are convinced that we can contribute to the improvement of the Serbian economy and society in general. ■

CLOSE CO-OPERATION

The members of the FIC HR Committee are, by nature, mostly directed towards co-operation with the ministries of labour and social policy, education, youth and sport. We also take great pleasure in saying that that we have established close co-operation with other expert associations which deal with human resources, such as the first Serbian Association of HR Professionals. Next year we are planning to intensify co-operation with other relevant institutions in Serbia, primarily with faculties.





Now, more than
5 million friends
in our network!



you have friends!

www.mts.telekom.yu



Isaac Sheps, Member of the FIC Board of Directors, CEO Carlsberg Srbija

Promoting dialogue

It is my belief that the White Book is seen both by the FIC and the Government as a tool to facilitate dialogue; a regular channel of communication between the regulator and the market.

By Željko Popivoda

Speaking about the future of the Foreign Investors Council, Isaac Sheps, Member of the FIC Board of Directors and CEO of Carlsberg Srbija, says *"my belief is that the FIC should deepen its co-operation with the existing national associations, thus ensuring that our efforts are put to best use and potential overlaps are avoided. Also, I think more emphasis should be given to the FIC Committees, which have been very active in the past."*

● What would you say characterises the evolving role of the Foreign Investors Council?

The primary role of the FIC is to contribute to the improvement of the investment climate in Serbia by engaging in a dialogue with the stakeholders and voicing the position of investors. This is a constant, which has constantly been changing shape as Serbia has been progressing through transition. When the FIC was established, Serbia was in the first phase of reforms, facing challenges such as the introduction of macro-

economic stability and the enforcement of the basic legislative framework. Naturally, these topics also represented the focus of the FIC at that time. As pillars of market economy are being established, the FIC uses its position to point out the specific obstacles to doing business in Serbia. At present, the FIC is more active through the work of its committees, which concentrate on particular topics, such as insurance, corporate social responsibility, real estate & construction, etc. Through their work, the FIC targets the most prominent issues of relevance to foreign investors in Serbia.

● In which direction would you like to see the FIC headed now?

On one hand, I would like to see the FIC more actively promoting the system of values introduced by us, foreign investors in Serbia. Specifically, this means the endorsement of social responsibility to the corporate strategy and the nurturing of human resources. Carlsberg Srbija, for one, has initiated the ongoing activity of cleaning the park surrounding Dunderski summer house, which is located near our Čelarevo plant. Other FIC members are also engaged in numerous CSR (corporate social responsibility) activities. The FIC could be used as a pool for promoting corporate responsibility and creating a complete network of stakeholders. In addition to this, I believe that the FIC should continue to play the role of constructive interlocutor with the government, by presenting its views on how current and planned legislation could be improved in order to better correspond to the needs of the investors.

NUMBER ONE TOPIC

As long as the economy is not the number one topic on the government's agenda, there will be a gap between the possibilities and the accomplishments. We in the FIC are encouraging the Serbian Government to shift its attention back to the economy, because only a strong and developed Serbia can secure the benefit to its people.



● How would you rate the effectiveness of the FIC and how do you think its effectiveness could be best improved?

I do believe that up until now the FIC has been quite effective. Of course, I'll leave the final word on this to our members. But the fact that the FIC has welcomed more than 20 per cent of its members in the past two years alone is, I believe, self explanatory. Going forward, my belief is that the FIC should deepen its co-operation with the existing national associations, thus ensuring that our efforts are put to best use and potential overlaps are avoided. Also, I think more emphasis should be given to the FIC



“It is my belief that the Government should approach this problem in a more centralised manner, by ensuring that representatives from all institutions pay due attention to barriers affecting the improvement of the investment climate in the country.”

Committees, which have been very active in the past.

● **Do you think the annual FIC White Book is given due attention and consideration by the relevant ministries and institutions?**

I do. If one goes through the yearly editions of the White Book and sets them against the contemporary legislative framework, one would have to acknowledge the input provided by the FIC on the Serbian reform path. Of course, not all of the proposals from the White Book have been accepted, but they have all been considered by the authorities.

It is my belief that the White Book is seen both by the FIC and the Government as a tool to facilitate dialogue; a regular channel of communication between the regulator and the market. To that end, the FIC has always been well received by the authorities, who are ready to discuss our proposals and duly respond to the issues burdening foreign investors.

● **How important is it that the FIC be a competent, reliable partner to the government, in your opinion, and how can that be best achieved?**

An open dialogue between the Government and the foreign investors is necessary in order to create the optimal conditions allowing for the swift economic development of Serbia. For this dialogue to bear fruit, both parties need to recognise the potential of their joint collaboration. The simple fact that an association like the FIC has been active in Serbia for five years is the best proof of the willingness of the investors to be a reliable partner.

Instead of approaching the authorities individually, investors chose an organised manner of putting forward their recommendations. All this suggests a strong commitment from the side of foreign investors.

● **Presuming Carlsberg is a member of a similar such organizations elsewhere in the world, what common practices and norms has the company identified that would benefit the FIC in Serbia?**

Carlsberg is one of the biggest breweries in the world, present in more than 50 countries. As a corporate group, Carlsberg set out to be a responsible investor, committed to introducing best practices and sharing experiences. As such, Carlsberg engages in different networks and associations. Carlsberg, along with a few other FIC members, is a member of the European Roundtable of Industrialists, an informal association gathering around 45 chief exec-



EFFICIENCY

How would you rate the effectiveness of the FIC and how do you think its effectiveness could be best improved?

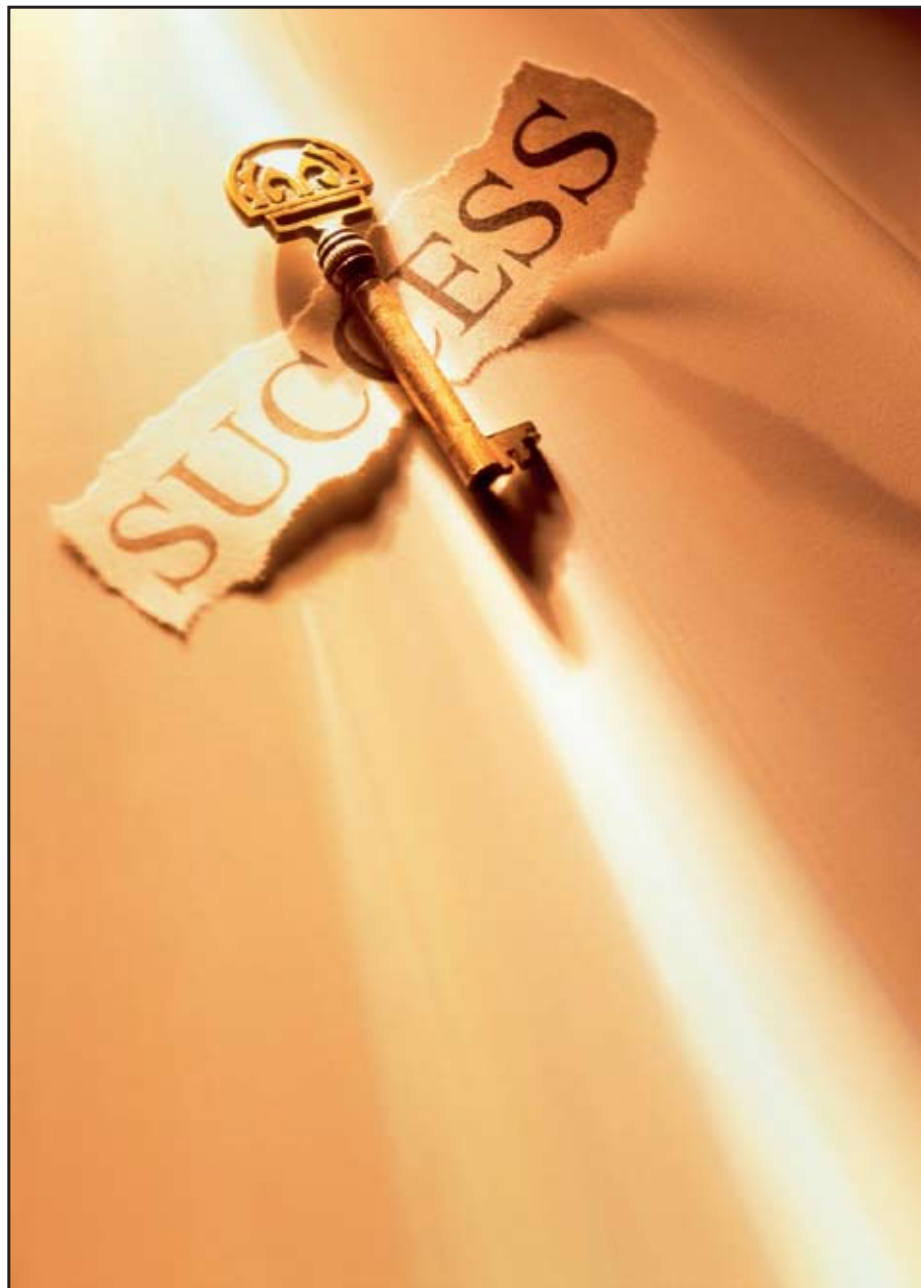
I do believe that up until now the FIC has been quite effective. Of course, I'll leave the final word on this to our members. But the fact that the FIC has welcomed more than 20 per cent of its members in the past two years alone is, I believe, self explanatory.

Going forward, my belief is that the FIC should deepen its co-operation with the existing national associations, thus ensuring that our efforts are put to best use and potential overlaps are avoided. Also, I think more emphasis should be given to the FIC Committees, which have been very active in the past.

utives and chairmen of major multinational companies of European parentage. The mission of the ERT is to advocate policies which help create the conditions necessary to improve growth and jobs. Carlsberg stands firmly behind this mission, both as a member of ERT and the FIC. Mutual collaboration between these associations has already been initiated with the aim of facilitating the further expansion of the Foreign Investors Council.

● **What do you feel are the biggest obstacles hindering existing and future investments, and what suggestions would you give to remedy them?**

I would say that most of the obstacles that investors face in Serbia nowadays are related to a lack of implementation capacity from the side of the authorities. In order to compensate for the late start of transition, Serbia has initiated a vast mechanism for adoption of new legislation. However, the government has not devoted enough attention to the full implementation of these regulations.



I am not talking solely about the legislation that has strategic relevance, but also about small simple things which could hinder company operations just as much. For instance, the transportation law which refers to company-owned cars as if those companies are state-owned, as opposed to being the private assets of the companies.

When it comes to the remedy, the FIC spells out its recommendations on the major obstacles on a yearly basis in the White Book edition. In addition, the FIC maintains an open dialogue with all relevant ministries and institutions, with a central focus on the removal of the existing barriers to investments.

It is my belief that the Government should approach this problem in a more centralised manner, by ensuring that representatives from all institutions pay due attention to barriers affecting the improvement of the investment climate in the country.

● **Despite the required changes to the Constitution and a positive taxation regime, Serbia is still sadly lacking in the greenfield investments it needs. Why do you think this is and what should be done to improve the situation?**

Even though the authorities, especially SIEPA [the Serbian Investment & Export Promotion Agency], have invested a lot of effort in the promotion of Serbia on the global investment map, there is still room for improvement. With a number of outstanding issues not yet resolved, the government still maintains its focus on the political issues.

As long as the economy is not the number one topic on the government's agenda, there will be a gap between the possibilities and the accomplishments. We in the FIC are encouraging the Serbian Government to shift its attention back to the economy, because only a strong and developed Serbia can secure the benefit to its people. ■

Carlsberg®



Probably the best beer in the world



Ljiljana Milosavljević, Advisor to the Serbian Minister of Labour and Social Policy

National Employment Strategy

The strategy encompasses three main goals: full employment, quality and productivity of work, social cohesion and inclusion into the labour market.

By **Ana Stojanović** / Photo: Časlav Vukojičić

● **This year's FIC White Book presented a number of problems relating to the Labour Law. Are those problems actually relevant or not?**

The laws governing the field of labour relations are reformist in orientation; their goal is to further the transformation to a market economy system and the establishment of the labour market.

Serbia is today in the process of transition and the establishment of market forces, and in this field we face not only the inheritance from the period of the 'agreed economy', but also the opposing interests of employees, labour unions and employers. The actual state of these relations is confirmation of the difficulty of the task of both preparing the labour law and achieving the harmony required in certain legal solutions.

The appraisals of the 2005 Labour Law were different. The World Bank assessed it as being reformist, but before its adoption the

bill was given to the International Labour Organisation (ILO) for their consideration, and subsequently the majority of objections and suggestions from them were incorporated into the final version. Moreover, positive marks were given to the part of the law relating to harmonisation with European Union Directives, which firstly refer to provisions on the ban on discrimination, surplus manpower, labour protection in bankruptcy cases, employees' rights in cases of status or ownership changes, etc.

After only a few months of the implementation of this Law, the FIC pointed out the

problems in the implementation of some of its provisions. Some objections were obvious and justified. However, some objections do not stand up.

In spite of the fact that the draft of the labour law was harmonised with representative labour unions and employers, a large number of amendments were submitted in the Serbian Parliament with the intention of incorporating that into a system of labour legislation provisions that had been in effect prior to 2001. The rationale behind that was that those provisions refer to the acquired rights (food expenses, holiday

EMPLOYER OBLIGATIONS

The Ministry of Labour and Social Policy also thinks that the legal obligation of employers to provide a meal allowance during work, holiday bonus and wage increase based on the length of service should be reconsidered, particularly since those earnings have the character of earnings and the employer is thus obliged to pay the obligatory social security contributions and income tax on them. In most European countries the employer's obligation regarding the aforementioned earnings is not determined, but is predicted as a possibility together with appropriate tax exemptions. Future legal solutions in Serbia should be sought in that direction.

compensation and work experience, years of service bonuses, etc.) which were supposed to be retained. The adoption of those amendments crucially changed some of the initially proposed solutions.

● **This year's FIC White Book also presented a number of recommendations relating to the Labour Law. To what extent can and are those recommendations being implemented?**

I will answer with regard to the White Book's statements that *"The new Labour Law unnecessarily imposes an obligation on the employer to respect a notice period of five workdays in cancelling an employment contract during a trial period"*, that *"The employment contract termination procedure is more complicated in the new Labour Law than in the previous one. The employer is obliged to warn the employee, in writing, the reasons for cancelling the employment contract and to provide a period of at least five workdays (from the date that the warning was presented) within which the employee may respond to the written warning"*, as well the White Book's statement that *"An employee whose employment contract is cancelled due to unsatisfactory work performance and/or lack of required knowledge/abilities shall have the right to remain employed for a minimum period of 30 days up to a maximum of three months"*.

Firstly, I would like to remind you that the probation period can last for a maximum of six months, and when that period expires, which is determined in the labour contract, the worker's employment terminates if he/she does not show appropriate working abilities and skills. Therefore, the notice period is predicted only if the employer and employee want to break the contract before the determined time. Pursuant to article 11 of ILO Convention 118, on termination of employment on the employer's initiative, the employee has the right to a notice period or compensation unless he/she has committed a breach of the working disciplinary code. Because of that, the notice period of five days was established for cases which refer to a breach of discipline.

If the contract is broken because the employee does not achieve the required results or does not have appropriate knowledge and abilities, he has the right to an appropriate notice period - considering that the termination of the contract occurred without his guilt and, thus, he must be afforded an adequate period of time in which to find another job which suits his knowledge and skills.

Regarding the White Book's claim that *"Pursuant to the new law, the calculation of salary is more complex than the previous calcu-*

FOREIGN WORKERS

As regards the White Book statement that "temporary employment for foreigners, limited to one year, has proven to be especially problematic since in practice this period has proven to be insufficient", I would remind that the possibility of a longer stay for certain categories of employees, such as owners of registered companies, members of administrative bodies, supervision and company executive bodies, as well as members of their close families, should be considered. However, the stay of foreigners on the territory of Serbia is regulated by rules which are under the jurisdiction of the Ministry of the Interior. Namely, the employment of foreigners is not limited by the Law on the Conditions for the Employment of Foreign Citizens, but is connected with the length of their stay in Serbia.



lation" and *"The Labour Law unnecessarily defines two salary levels, as bonus and as performance at work"*, the fact is that the Labour Law predicts that income, among other things, also consists of earnings on the basis of contributions to the employer's business success – bonuses, awards and similar. Therefore, the law only predicts that this type of income makes up the total income to ensure that all obligations, such as income tax and social security, are paid on these earnings. The employer can pay out bonuses, awards and similar on the basis of exceptional working results.

The part of income that is awarded on the basis of efficiency is, therefore, connected with short time periods, for instance at monthly, quarterly or bi-annual level, while, as a rule, the contribution to the employer's business success (bonus) presents the annual award and in most countries there is a possibility that employees will be rewarded in such a way.

With regard to the comment that the special listing of income payment categories and

special payroll lists "additionally complicate the procedure", I would say that the current solution is fully in accordance with ILO suggestions and, that these employer obligations were introduced as a means of protecting employee earnings – the rationale being that this is in accordance with the Convention of Income Protection and the Convention on the Protection of Labour Claims. Such a provision is very important, because in practice there have been problems when employees have cited unpaid earnings during legal proceedings and the courts have been unable to receive reliable information from the employers about the level of unpaid wages. As a result of that, they had to engage court experts which further extended the court proceedings. The legal solution, according to which the employer is obliged to provide the employee with the wage calculation even when the same was not paid, will significantly facilitate and speed up court proceedings because, at the decision making moment, the courts will have the advanced determined amounts from the payrolls.



THE FIC'S ACCEPTABLE RECOMMENDATIONS

Flexible forms of work belong to those measures which create room for greater employment, thus the FIC's recommendation to provide the legal conditions for the establishment of temporary employment agencies and to extend the time limit for temporary contract employment from one to three years is acceptable to the Ministry. Apart from the predicted possibilities for flexible forms of work, such as part-time, temporary and periodical work, contracted work, etc., the amendments to the Labour Law will propose other forms, such as the possibility of employment for a determined time up to three years and the establishment of agencies for temporary employment which would offer services to employers and employees.

The solutions which relate to the use of annual leave are in accordance with the provisions of the Revised European Social Charter and ILO Convention on Paid Annual Leave. The European Social Charter determines that employees must be allotted at least four weeks annual paid leave and, pursuant to the ILO, the minimal annual holiday must be three weeks.

When the holiday is taken in parts, one part is taken for a continuous period of two working weeks and the rest has to be taken within

the next 18 months. In this way the goal is achieved by which employees are ensured the right to annual leave. That is the confirmation of the minimum period during which employees can rest.

Shorter time periods for taking holidays in more than two parts do not fulfil the aim and purpose of annual leave. Along with this, the rule is that the employees and the employer agree regarding the time for annual holiday and determine the time when the employee takes his/her holidays.

The employee has to plan and co-ordinate the time to take a family holiday and to promptly book the period that he/she wants to take off. As such, the employer is obliged to issue the employee with the decision about the required holiday period at least 15 days before the beginning of the holiday. By reducing the time limit for decision making to five days the employee would probably not be able to plan and book a holiday with his family. On the other side, if it is necessary for the employee to remain at work, the employer can change the time determined for the holiday but is obliged to inform the employee five days before the day determined for the beginning of the holiday.

● How does the Government plan to resolve the unemployment problem in the forthcoming period?

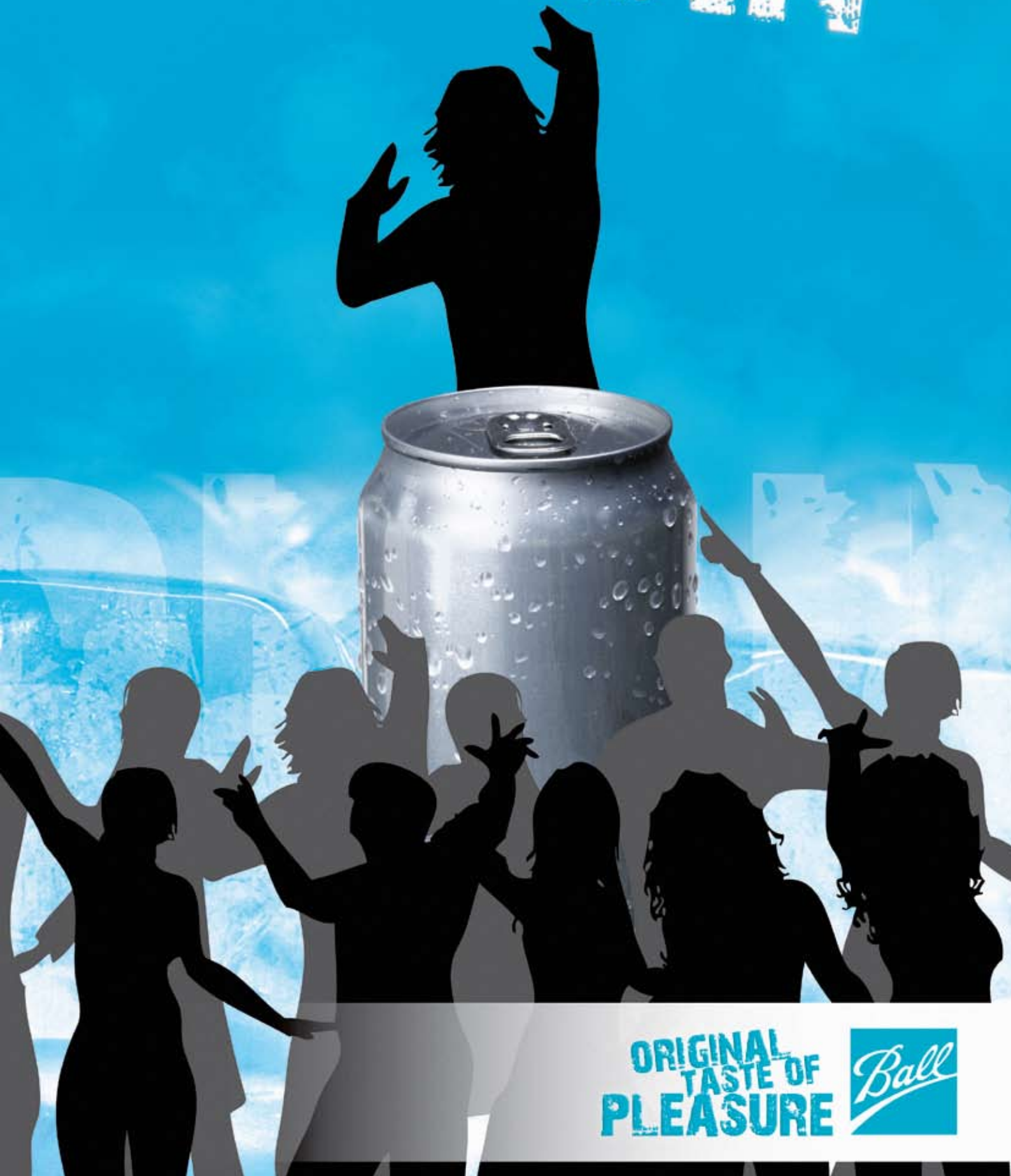
The Government has adopted the National Employment Strategy for the period 2005 – 2010, which contains basic directions for improving employment and the Action Plan for the Implementation of the Strategy for the period 2005 – 2008. The strategy encompasses three main goals: full employment, quality and productivity of work, social cohesion and inclusion in the labour market.

The employment policy in the forthcoming period, in accordance with the aforementioned document, should be directed towards the reduction of unemployment by the end of 2010 and the increase of the employment rate at an annual level, as well as the increase of active employment measures which, among others, also include a self-employment programme, micro-loans, additional training, retraining, advanced training, programmes for the employment of young people and women (the highest unemployment rate) and public work.

Good co-ordination of all relevant factors is needed to ensure the implementation of those measures, as well as the even bigger stimulus of foreign and domestic, particularly greenfield, investments – because this most directly contributes to the increase of employment through the creation of new jobs.

A wide range of initiatives is necessary for the faster development of small and medium-sized enterprises which should absorb the surplus manpower from privatised companies in the forthcoming period. The Government's task is to provide financial resources for the implementation of the Employment Strategy, and the administration will insist on changes in the education system, the transfer of the grey economy into a formal one, the improvement of services in the labour market and other measures aimed at reducing the unemployment rate in Serbia. ■

ONLY CAN



ORIGINAL
TASTE OF
PLEASURE



Zoran Vojnović, Member of the FIC Board of Directors,
Deputy President of UniCredit Bank's Management Board

Attractive sector

Greenfield investments could really help to resolve the biggest problem facing Serbia – that of unemployment. Unemployment is something that can only be resolved through those investments.

By Tatjana Ostojić; Photo: Stanislav Milojković

● **Everybody agrees that the banking sector is now the most well organised sector in Serbia. What was the sector like when the FIC was established?**

The FIC was established in 2002 when the reconstruction of the banking sector was in its initial phase. At that moment there were six foreign banks which had been granted a greenfield licence, and HVB Bank – which is now UniCredit Bank – was among them. The director of HVB Bank at that time was one of the initiators of the establishment of the FIC and the first president of the FIC's management board. He made a significant contribution to the establishment of the FIC and its role.

At that time, the FIC played a very active role. That was the time of changes to many laws connected with the banking sector, so the FIC banking committee was very active. Those employed in banks also participated with comments on certain laws, and we were trying to pass on some of the experiences of foreign banks in order for them to be incorporated into law. Of course, whenever there is a dialogue with the National Bank of Serbia (NBS) and the Government, some things are adopted and some things are not.

In principle, I think the FIC contributed greatly, because that was really the time when the modern banking system was created in Serbia with the help of the IMF and the World Bank. I think that was the key period, primarily because the NBS established its position as the supervisor of the banking system which is, I think – together with the penetration of the foreign banks, nationalisation and the subsequent privatisation of major state-owned banks – one of the pillars of the reconstruction of the banking system.

● **What is the FIC's role today?**

The FIC actively participated in the passing of the Law on Banks, which was adopted in 2005 and came into effect in 2006. The FIC was heavily engaged, together with other institutions such as the Serbian Bankers Association, in providing proposals as to what should be improved in the Law on Banks, which is one of the most important documents for the banking system.

● **What do you think about the announcement of bank mergers in Serbia?**

Some banks remain; some are state-owned and some private. The most important in this group is Komercijalna Banka, which is partially owned by the state and partially by the EBRD. As far as I know, for the time being this bank will not be put up for sale to a strategic partner, but rather an IPO. The other banks are mostly regional ones, AIK Bank, Credy Bank, Univerzal and some other banks which are important and were either not privatised or are private but not owned by foreigners. Agrobanka is one of them. Where or not 38 banks is too much for Serbia depends on whether all of those banks are determined to do the same job, i.e. if they are universal banks. If they are, that is too many, but if some banks are specialised in certain areas then that number might not be too great.

In principle, the number of banks should be reduced. The smallest banks will probably not be able to survive if they do not merge or are acquired by bigger banks. As regards those bigger banks, apart from Komercijalna, there cannot be any merging in the country. Any eventual merging can take place abroad, between the owners of those banks, such as was the case with UniCredit and HVB Bank. I see that as the only possibility for merging those big banks, but local

mergers will not take place because headquarters make decisions about that. Some of those banks might become the subject of purchasing, thus mergers may occur here too. A concrete example is Banca Intesa and Panonska Bank, where Intesa in Italy and Sanpaolo IMI merged.

● **Do you expect the arrival of any other bigger foreign banks in Serbia?**

As far as I can see, the big Anglo-Saxon banks – Citibank, the Bank of America, Chase, maybe English Barclays or HSBC – are not greatly interested in this market.

Those large groups have so far not shown any great interest in our market. Citibank has its branch here; Deutsche Bank is more engaged in investment banking and supports investors, but I do not see that it is present in any Central and Eastern European countries. When we look at which banks are present in Central and Eastern Europe, they are all already here, plus we have some banks which





“As far as I see, the big Anglo-Saxon banks - Citibank, the Bank of America, Chase, maybe English Barclays or HSBC - are not greatly interested in this market.”

are not present in other regions – such as Greek banks.

● **In your view, how much can the FIC help to resolve the issues that remain in the banking sector?**

The FIC could help a great deal, and so far the reactions from the National Bank and the Government have been positive. However, they could, of course, be better.

The Foreign Investors Council thinks that some things should be completely changed and some others improved. For instance, currently one member of a bank's manage-

ment board must be Serbian and must know the Serbian language, and board meetings should be held in Belgrade on a quarterly basis. Those are things which influence corporate management and one of the FIC's proposals is that the NBS refrains from prescribing whether or not one board member will be from Serbia or where management board meetings will take place; that should be left up to the banks to decide – particularly since 80% of banks are now owned by foreigners. That is not an extremely important thing, but it means a great deal to us, as bankers, for operational purposes.

● **What do you think about the measures taken by the NBS?**

If we look at them from the macroeconomic point of view, those measures make total sense because the balance between the monetary and fiscal policy has not yet been established and, as such, some things are corrected through the monetary policy; in practice, the NBS influences reductions in the demand for loans through its high mandatory reserves. The Demand for loans has an influence on inflation, on the balance of payments' deficit. Therefore, from that point of view, I think that the NBS is doing the right thing because its task is to maintain macroeconomic stability.

On the other side, however, this creates real problems for both banks and clients. As a result of high mandatory reserves, loans are becoming more expensive because large sums have to be set aside and remain in the NBS without interest, and somebody has to pay for that. The situation is what it is and



COMMUNICATION

Will the FIC manage to find an appropriate interlocutor for all its subjects?

I think it will, especially since we already have solid communication with the administration. I think that on one side it is very important for the FIC to send this message to ministers and, on the other side, for foreign investors to be given the impression that there is some feedback, and that they can find some appropriate solutions together. Some solutions which are applicable in other countries might not be applicable here for some reason. I think that there should be mutual understanding and communication, because that is the basis of everything and I believe that there is still a great deal of space for the FIC's activities.

I do not expect anything to change in the first half of next year. Bankers have adapted to the new conditions as much as possible, and we are operating.

When mandatory reserves were increased to 40 per cent, and then 60, a shock occurred and, as a result, they were then reduced to 45%. When we plan some of our future operations, it is very important for us to know what we can count on. That means that the big fluctuations that have taken place within an approximate six-month period have tended to totally disrupt everything, forcing us to restructure and adapt in order to be able to operate. That measure has been in effect for over a year and we have found a way to operate. I do not expect any changes regarding the reduction of mandatory reserves in the first half of next year.

As regards fiscal stability, I think that the dinar exchange rate has been maintained thanks to the influx of hard currency through various forms, including privatisation and the stock capital increases that were demanded in the banking sector as a result of NBS measures. I do not expect any significant changes by the end of this year, and I don't think that there should be any major increases next year either. We estimate that the dinar-euro exchange rate will remain 79 – 80 until the end of this year.

What do you think about the NBS's latest measures?

This is practically an administrative measure that has seen cash loan repayments limited to two years at the most. The reason for this move was to stop a major increase in public borrowing. According to NBS data, in the first six months of this year the increase of loans was the same as in the whole of last year and, according to NBS analysis, that was the signal that something should be done by the end of the year in order not to penetrate a risk zone.

This measure was provoked by those banks which started to issue cash loans for ten-year periods. That meant that citizens with lower incomes could get loans, the scope of loans was significantly increased, and all this refers to a genuinely risky product. I think that this could be limited to three or five years and the effect would be a decrease in the demand for loans. This decision definitely hit the banks because demand was drastically decreased.

Apart from limiting loans to two-year periods, a measure whereby the total gross investment to citizens may not be higher than 150% of the basic assets of said bank was also introduced. That means that banks have to take additional assets, which costs. Moreover, we have to prove to the NBS that

we will have the appropriate returns on that capital to satisfy our shareholders. With the current interest rates, the additional capital decreases the rate of return and, in that case, the bank has to increase its income in order to justify the request for capital. In general, banks in Serbia are overcapitalised according to western standards. Apart from that, expected shareholder returns of, for instance, 18%, drop when additional assets are taken. If this refers to a country which has a worse rating than, for instance, the Czech Republic, then a greater return is expected. However, we have reached a situation where we are uncompetitive, which can result in some banks increasing interest rates. UniCredit Bank does not plan to do that. The FIC should perhaps initiate that issue regarding assets; that is something that deserves attention.

It is often emphasised that interest rates in Serbia are too high?

I think that there is a rumour, which often appears in the media, that the interest rate is 30 per cent in Serbia and only five per cent in Croatia. That is simply not true. Thirty per cent is the interest rate on overdrafts on current accounts and credit cards, where the interest rates are the highest. But that is not the case only here: in the U.S. it is 20 per cent and in Italy, for instance, cash credits carry interest rates of 13 or 14 per cent. It is not true that interest rates in Serbia are three times greater.

Two things influence interest rates: mandatory reserves, which increase the price of money, and Serbia's country rating, which is BB-. That rating is something that determines the country's risk and corresponding margins for risk. That is the price which bankers pay on the basic interest rate when we take credits from abroad, and that margin depends on the country's risk rating, i.e., the lower a country's risk, the lower the margins.

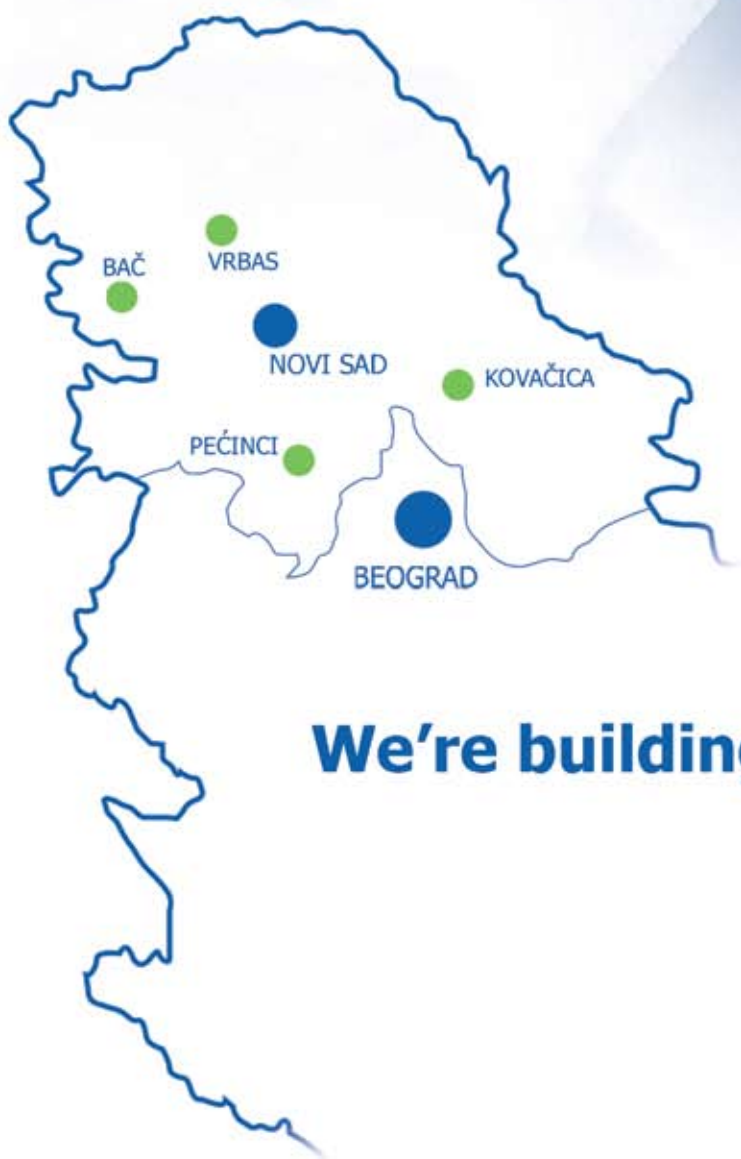
Serbia is assessed as lacking in greenfield investments. Would you agree with that assessment?

As regards banks, there have been no problems. Six greenfield licences were issued and, if it were possible, more would have been taken. The banking sector was obviously attractive, i.e. it was important to create a sector which was attractive and which attracts foreign investors. In other sectors, I guess, the conditions have not yet been established. However, greenfield investments could really help to resolve our biggest problem: unemployment. The deficit in the balance of payments is somehow closing and is not too high in relation to the gross domestic product, and unemployment is something which can only be solved through greenfield investments. ■



Sunoko

Member of Nordzucker Group



We're building a sweeter future!

Sunoko d.o.o. Novi Sad
Member of Nordzucker Group

Trg Marije Trandafil 7, 21000 Novi Sad, Srbija
Tel: +381 (0)21 4878 318; Fax: +381 (0)21 6613 508
E-mail: info@sunoko.co.yu

Gustavo Navarro, Member of the FIC Board of Directors, Holcim Country Manager

ACTIVE CONTRIBUTION



● **What would you say characterises the development and changing role of the Foreign Investors Council?**

One of the FIC's roles from its founding in 2002 has been to promote the investment climate in Serbia. Holcim was one of the founding members of the FIC. It is our wish to actively contribute to the FIC, in order to promote investments in Serbia and further co-operation. I think the FIC is an excellent coordinator, a good speaking partner and the right institution to facilitate investments.

My point of view is that the FIC has been doing the right things throughout, and I think that we can progress even further by learning from past experiences.

Celebrating five years of the FIC this year, I have to say that the FIC did a lot to spread the positive image of Serbia as one of the best investment locations in this part of Europe. When I say that, I mean that it is possible to evaluate the role and the results after a certain period of time. And five years is enough to say that the FIC, with its activities, incentives, campaigns and White Books, has directly and indirectly raised awareness of the importance of investment flow in Serbia. We had, and still have, the government as a good partner, and only together we can make Serbia an even more competitive market.

● **In which direction would you like to see the FIC headed now?**

Continuing in the right direction by providing and advocating for conditions that will further improve the investment climate and attract new investors. Serbia is certainly at a higher level of market competitiveness than it was five years ago. Numerous laws have been adopted; the FIC was one of the partners that, together with the government, worked on these laws – by spelling out recommendations and presentations of best practices from highly developed market economies. Considering the fact that the Serbian economy is in the transition phase, the FIC offered proposals to change existing laws or improve some articles of laws.

Most of the big companies are privatised in all sectors, with exceptions in the energy and mining sector, and the FIC was a really useful partner in those processes.

Now, with reactivation of the committees – like the CSR Committee or the Marketing & Communication Committee – the FIC wants to continue its responsible role with the so-called “fine tuning” of business activities. We want to emphasise and raise awareness among investors and authorities that only socially responsible operations are sustainable.

THE IMAGE OF SERBIA

The image of Serbia as a business friendly location needs to be created and promoted internationally. Serbia should also define which type of investments it wants to attract and lobby intensively, not only at state, but also at corporation level, in order to attract new investments.

One company can benefit all its stakeholders only by respecting the CSR principles.

● **How would you rate the effectiveness of the FIC and how do you think its effectiveness could be best improved?**

As I've said, the FIC did a good job in the previous five years. Certainly, though, there is always room for improvement. Identifying sectors and issues that are becoming more and more important for company operations and initiating a variety of incentives, campaigns and dialogue with the authorities are ways for fostering improvements. Establishing and reactivating certain FIC committees will raise public discussion and promote exchange of best practices among the members, creating instruments that will contribute to the improved effectiveness not only of the FIC, but of the whole Serbian business sector in the long term. I see this as a normal process of a life cycle of one organisation – effectiveness should constantly have a growing trend.

● **Do you think the annual FIC White Book is given due attention and consideration by the relevant ministries and institutions in Serbia?**

I think that the concept of the White Book is something that can be useful not only for transition economies, but for all high developed economies as well. Experience shows that it is good to have an overview of all aspects of the economic and legislative framework, so that we can define where we were, what has been accomplished and what recommendations were adopted, what are the best practices and what should be done in order to achieve optimal standards. We have had constructive co-operation and support

from the relevant institutions. We just need more efficient implementation of existing laws and a proactive approach towards revision and adoption of certain laws relating to the investment ambient.

● **Which obstacles did you encounter when you arrived and have they now been remedied at all levels?**

We were lucky in one sense because we were one of the first to come here. We got in early and learnt a lot and we in Holcim Serbia consider this as our competitive advantage. Now many of the issues that we had at the beginning have already been solved and there are opportunities for new investments, particularly because Serbia as a location is still not appreciated as much as it should be, and that is an advantage. We have already announced our plans regarding the greenfield investments phase of the RMX business. The new Constitution provides solutions to the well-known issues with the title and the cadastre, which were obstacles for us, as for other foreign investors.

● **Which problems relating to the Holcim workforce have you encountered and how have they been overcome?**

First of all, I have to say that the Serbian workforce is well known for its high standards of developed skills and education. Also, it is almost a rule that former state companies in state-run economies had a number of employees that was not in accordance with the standards of rational efficiency. It was the same in Holcim Serbia when we came. Modern standards of business organisation, technology and market efficiency do not allow us to have a surplus of employees if we want to maintain sustainable business in a long term. Employees are the most valuable asset of Holcim. Therefore, we have invested a lot in their education and efficiency improvement. By way of illustration, here are a few facts: in the **education and training of employees**, Holcim Serbia has spent €250,000 annually on training and development during the last five years, 400 employees have attended language training and 150 employees participated in training abroad; in terms of **Headcount efficiency**, 1,300 employees left the company in 2002 through a voluntary redundancy programme and a package of €18.5million was offered together with self-management services.

“The macro and microeconomic framework are already firmly established in the country, as well as the path towards stability and economic development.”

Moreover: 35% of the total number of the employees voluntarily left Holcim Serbia after the SPA was finished as a part of the downsizing process; 432 employees after the downsizing process; the average redundancy pay per employee was 16,745 euros and the average salary in Holcim Serbia is RSD 52,924 gross (without the salaries of the management).

● **Your colleague, Miloš Mirić, is responsible for the FIC HR Committee. Could you tell us something about the FIC's activities relating to the Labour Law?**

The Serbian labour market and workforce have been slow in adjusting to the changing economic situation. Therefore, there is an issue regarding the supply of educated and skilled workers in the market place.

An important element determining workforce capability is the educational system. The supply of bachelor and masters education in Serbia has been significantly improved, but the quality of individual graduates still hasn't been proven in practice. In spite of significant autonomy in their work, state-funded universities tend to be rigid in their teaching approach. Private colleges are more innovative and flexible. However, there is no objective assessment of the quality of graduates that are being supplied to the labour market.

The demand for skilled employees is increasing faster than the supply. Competition is rising among companies in the recruitment of qualified, experienced personnel that is in short supply, such as portfolio managers, CFOs, financial analysts and controllers, internal auditors, various HR, IT and marketing specialists. Additionally, there is a pressure on companies to retain quality personnel. Companies are responding by becoming more proactive in offering incentives – for example, developing compensation and benefits packages within companies instead of traditional rigid payroll schemes.

Since 2000, the number of international companies in Serbia is constantly increasing that, in turn, are introducing new trends in the Serbia labour market. Most importantly, their entry is accompanied by new business values. Many workers have adapted to



“Five years is enough to say that the FIC, with its activities, incentives, campaigns and White Books, has directly and indirectly raised awareness of the importance of investment flow in Serbia.”

the new circumstances and met companies' requirements and performance standards. Moreover, Serbia's labour force is buoyed by returning expatriates who worked abroad and obtained key skills/understanding that are demanded by international companies.

As a result, foreign companies are increasingly appointing local staff to top positions, instead of bringing in international experts. Increasing demand for the universities to improve their performance and to change their curriculum has affected most of the faculties, although not all of them are able to fulfil market needs. Knowledge and know-how are currently the most-wanted assets in Serbia.

With all this in mind, the FIC Recommends: the establishing of a forum in which all interested stakeholders can address human resources issues. This forum should gather representatives from the government (involved ministries) and the FIC, and should meet regularly; interested parties in the social dialogue should be clearly recognised and the selection criteria for choosing company representatives transparently articulated. All decisions regarding social and labour issues should be reached through consensus; the establishing of a licensing system for HR professionals. This system should be developed by independent expert organisations and supported by involved ministries; universities and major companies should establish close mutual co-operation in order that university curricula reflect the needs of the business community and companies.

● **Serbia is still dogged by a lack of greenfield investments. As a company with experience in this, how do you think existing investors can be encouraged to invest further; and what does Serbia need to see happen before significantly more greenfield investments arrive?**

The major challenge facing Serbia is the need to attract higher inflows of greenfield investments. The National Strategy for Economic Development identifies this as a key requirement if Serbia is to sustain high levels of economic growth and create new jobs to replace those lost during the privatisation process. Currently, inflow of greenfield investments to Serbia is modest; until now, privatisation has been the major source of FDI. The macro and microeconomic framework are already firmly established in the country, as well as the path towards stability and economic development. It is now time for Serbia to promote this competitive advantage abroad. The image of Serbia as a business friendly location needs to be created and promoted internationally. Serbia should also define which type of investments it wants to attract and lobby intensively, not only at state, but also at corporation level, in order to attract new investments. In this era of globalisation, there is intense competition and only nations that outperform others will manage to generate FDI. I am positive that, with the creativity and skills of the local people, this will happen in Serbia. ■

RESPONSIBLE ROLE

Now, with reactivation of the committees – like the CSR Committee or the Marketing & Communication Committee – the FIC wants to continue its responsible role with the so-called “fine tuning” of business activities. We want to emphasise and raise awareness among investors and authorities that only socially responsible operations are sustainable.

British American Tobacco – the biggest British investment in Serbia

Four Years of Successful Business in Serbia

British American Tobacco, the world's most internationalised tobacco group – whose quality brands are sold on more than 180 markets – arrived in Serbia 11 years ago and privatised Duvanska industrija Vranje (DIV) four years ago. On the 4th anniversary of the acquisition, the company can be proud of the results it has achieved. BAT's market share growth of over 50% and fourfold production growth are largely due to the more than 100 million euros invested into modernising production, the quality of local tobacco and employee training and development. Alongside 'Growth', 'Productivity' and 'Winning Organisation', 'Responsibility' is one of the pillars of British American Tobacco's business strategy. The company's Corporate Social Responsibility programmes in Serbia have been wide reaching and have focused on a whole palette of issues, such as Sensible Regulation, Social Reporting, Underage Smoking Prevention, Corporate Social Investment and Environment Protection. "In the last four years, we have continuously supported the local community through various Corporate Social Investment programmes," says Luiz Heeren, General Manager of British American Tobacco South-East Europe. "One of our largest programmes has been the investment of more than €150,000 into the Technical College in Vranje, with the aim of improving and modernising educational standards and bringing this institution



Recognising Excellence - BAT Award for the Best Small Entrepreneur in Vranje 2007

closer to the Bologna Declaration. The best students are also offered further development opportunities through internship programmes in the factory," explains Heeren. In recognition of its "extraordinary continuous contribution to the local community", British American Tobacco – Duvanska industrija Vranje was awarded the "Annual 7th September Award" by the Municipality of Vranje in September this year. Members of the selec-

Furthermore, in December last year BAT initiated a Programme for the Development of Entrepreneurship – a specialised training programme for entrepreneurs and would-be entrepreneurs, in partnership with the Serbian Agency for the Development of Small and Medium-sized Enterprises and Entrepreneurship, and the National Employment Agency.

For British American Tobacco, achieving sus-



Investing in environmental protection - Aerox air purification system

tion jury recognised the BAT factory in Vranje as "a good neighbour who supports local economic development, cultural life and invests into education".

In line with the company's belief that the best route to the advancement of a community is the development of the SME sector, three years ago British American Tobacco founded the BAT Award for the Best Small Entrepreneur in the Vranje Region, aimed at supporting entrepreneurial and innovative spirit in the community through a formal recognition of excellent achievement.

"Our four years since the acquisition have proven to be a great success, so we will continue to promote investment opportunities in Serbia"

tainable and continuous business success is about being focused on delivering excellence through the Company's two focal assets: its brands and its people. Attracting, growing and retaining talent has become an ultimate business priority, and through a graduate recruitment programme named "We Challenge You", BAT is offering young graduates opportunities for professional development. For the first time this year, the company also introduced a three-month summer internship programme for third and fourth year students, designed to provide them with an opportunity to acquaint themselves with work practices in a multinational company. British American Tobacco is certain that the good news from Serbia will continue to travel throughout the BAT Group and even further, as BAT has always been an ambassador of the Serbian economy. "Our four years since the acquisition have proven to be a great success, so we will continue to promote investment opportunities in Serbia," concludes Luiz Heeren.



Four years of joint success: British American Tobacco - Duvanska industrija Vranje



Panagiotis Ch. Vlasidis, Member of the FIC Board of Directors, President of the Executive Board of Alpha Bank Srbija

Assistance **for all**

The FIC aims to create an environment which is conducive not only for the foreign investors, but for Serbian companies as well. The aim is to establish a modern, efficient and competitive platform of activity.

By **Mark Pullen**; Photo: **Jelena Seferin**

● **How would you assess the development of the FIC since its inception?**

I have been a member of the FIC board of directors for just less than a year, but we

have been following the FIC's activities in this country since the day we arrived. We are aware of the particular personal effort, and the reasoning, of the individuals who had the original idea and put together what we believe was, and still is, a very successful move

by the foreign investors.

The move to create the FIC was not aimed at creating any sort of friction, but was rather intended to blend with the local economy and assist in the development of the legal and practical platforms and other issues of significant importance to the evolution of the country; and to do so in a constructive manner by taking advantage of the experiences that foreign investors bring from their countries.

I firmly believe that the FIC has adhered to



its purely constructive role throughout. And I will vouch for this, to the extent that I am an existing member of the board, by saying that the only and true mission of the FIC is to constructively assist the government - with ideas, recommendations and discussions - in order to create an environment in Serbia which is conducive not only for the foreign investors, but for Serbian companies as well. The aim is to establish what I would call a modern, efficient and competitive platform of activity.

● **How would you rate the effectiveness of the FIC?**

I believe that the FIC has made, and continues to make, a significant contribution to the reform process – to the extent that there are direct formal and informal discussions with the government; to the extent that the FIC

follows, through its various committees, the activities in the evolution of various sectors of the economy, as well as the legal background, the tax environment, etc., in order to address issues that are of particular importance to the wellbeing of companies, irrespective of their origin. I believe that the FIC is highly efficient in its role and has been highly successful in that sense.

● **How, if at all, do you think the FIC's effectiveness could be best improved, perhaps in terms of communication with the government?**

I'm not particularly ready to comment on the communication with the government because at all times, as one says, it takes two to tango. The desire of the FIC has to be met by an equal or similar desire on the part of the government to participate in what I call 'constructive discussions'. I will stress again here, because I think it's extremely important, that – to the best of my knowledge – there has not been a case where the FIC has tried to initiate discussions in order to benefit a particular foreign company. The discussions that the FIC has had with the government, and is willing to continue to have, are intended to establish a level playing field for all and remove systematic inefficiencies, obstacles and other problems affecting not only FIC members, but all companies in Serbia.

● **Do you think the annual FIC White Book is given due attention and consideration by the relevant ministries and institutions?**

I will answer this question indirectly. We are all well aware that a multitude of laws have been introduced in Serbia over these last few years. All of these laws are attempts to align the local legal environment to European standards, and I must compliment the diligence of the governments that have served during this reform period and their ability to convert the legal environment into something which is more modern. The contribution of the FIC during this period, in terms of suggesting to the government what should be done on which law, is now approaching finalisation because we now have in Serbia, to

a large extent, a relatively modern legal environment following the introduction of all of these laws. So the fact that the legal environment is now more or less in place shows that the contribution of the FIC has been positive in this regard.

Now, of course, the role of the FIC has to change, because it is no longer necessary to concentrate on the legal environment – which has been modernised to a large extent – and should rather seek to identify obstacles that hinder the efficiency of the system: these obstacles can be procedural, regulatory or linked to the application of laws.

● **Bearing in mind that transition success will mean the end of the need for the FIC to exist, how important is it that the FIC be a competent, reliable partner to the government, in your opinion, and how can that be best achieved?**

As the country modernises and removes inefficiencies, the purpose of such a Council has to change focus. Perhaps it will become a platform for the inviting of new investors; perhaps it will become an informal ambassador for Serbia, able to use the positive experiences of the FIC members in order to attract partners and investors. I believe that this is an equally important role, especially if it is done as a result of the true desire of the members and is not something obligatory.

● **Moving on to your sector specifically, this year's FIC White Book saw foreign investors advise Serbia's central bank (the NBS) to lower its mandatory reserve levels. Do you think this is a realistic request; and how much of a problem is posed by the current reserve levels?**

Firstly, I would like to note that this year's White Book was prepared in the first quarter of the year. However, it was published only later because the FIC considered, quite correctly in my opinion, that it would be totally inappropriate to issue a White Book at a time when the government had not been formed. This was not only because there was nobody to whom we could address the book, but also because the FIC is always keen to stay away from any political issues and is extremely

MORTGAGES IN DINARS

When can the public expect mortgages in Serbian Dinars?

We would first need to see the development of a long-term market for dinars, so that the banks can fund themselves. This is not an issue that the banks will create themselves. There needs to be an interest rate curve for dinars; we need to be able to price a three or four-year deposit in dinars. Today, with an unseen inflationary environment and the lack of a curve for dinars, we do not have the long-term securities in dinars that would create the market for dinars over a two, three or five-year period. These things have to be done first, and only then we can expect longer term dinar funds to be available for us to finance mortgage loans in dinars.



sensitive on how the activities of the FIC are seen in the eyes of the government, political parties and the economy. As such, we waited until the government was formed before we published and duly discussed the White Book with the government.

I said this because at the beginning of the year, when we were compiling the White Book, monetary policy conditions and the inflation outlook were somewhat different to that which we have now. Thus, what seemed apposite at the time that the White Book was written is perhaps now incorrect.

There is no question that, macro-economically, the level of mandatory deposits with the National Bank of Serbia create a monetary policy set which is for the good of the country. It is there to protect against demand-driven inflation. Of course, banks in this country work now with a substantially higher cost of funds than in other countries – because of the mandatory redeposits – and interest rates are maintained at a very, very high level compared to what they could be if mandatory redeposits weren't so high. However, let's not forget that the monetary policy – as repeatedly stated by the NBS governor – is designed in a particular way to counterbalance fiscal policy. So, here I would say again that it takes two to tango: in this case both the monetary and fiscal policies.

When it became evident that the budget (the interim budget) would no longer continue to be as restrictive and would be replaced by a more lax budget, it became certain that the monetary policy would have to pick up

“The desire of the FIC has to be met by an equal or similar desire on the part of the government to participate in what I call ‘constructive discussions.’”

the slack created by the fiscal policy. In that sense, I don't believe that anyone can state in adulation that the mandatory redeposits are very high and that that is a problem. The problem is there, but perhaps the mandatory redeposits are necessary in the context of the current monetary policy.

● **Do you think, then, that the NBS is managing to maintain the required balance?**

I do not wish to flatter the National Bank of Serbia, but I think that, time and time again, it has proven to be quite vigilant on this front. They are ready to adjust their key policies, depending on the evolution of macroeconomic trends.

● **The NBS recently shortened loan repayment deadlines. How do you rate this move; do you think it will have a positive or negative effect overall?**

Again, this needs to be seen from two contrasting vantage points. From the macro point, I believe that the moves are correct. They are correct because we have seen a proliferation of debt on retail. Perhaps, at times,

we have seen reckless action on the side of the banks.

This meant that the NBS had to reign in activity and somehow get us back to what I would call 'good, realistic banking practices' which have, in many ways, been forgotten in this country recently. This has been because of the type of competition we have had. For example, I don't think that there is any other transition country in the world where we can get non-purpose cash loans for ten years. The maximum period, for example, that Greece allows on such loans is five years. If there is a specific purpose for that loan, such as the purchase of a car, then repayment periods are calculated in line with the life and value of the asset in question. But here in Serbia we have seen extremes like summer holiday loans that can be repaid over ten years! If we lose our own rationale, then we are just inviting the National Bank of Serbia to take very harsh measures.

It is true that these measures will limit loan growth and, in fact, in many ways the market is now somewhat frozen and it will take the banks some time to redesign their strategies in light of these measures. So, I don't think we have seen all of the effects of these measures, but we now clearly know what the measures are. Again, I will stress that from a macroeconomic perspective these measures are healthy.

● **How do you expect the Serbian banking sector to evolve further, i.e. when can we expect the kind of consolidation that will result in a drop in the number of banks operating in the country?**

First of all, we have to take into account that around 80 per cent of the banks in Serbia are now majority owned through subsidiaries of foreign banks. That said, we believe that there is going to be a round of European consolidation. Indeed, it has already started: UniCredit bought HVB and operations were merged wherever either bank operated. This is also evident in Serbia through Intesa, which bought local Delta banka, then Sanpaolo IMI, then bought Panonska banka, and we believe that they will also be merged naturally into one bank; or the National Bank of Greece's takeover of Vojvodanska, OTP's purchase and consolidation of Niška, Zepter and Kulska banks, etc. So, the further consolidation may not be in the form of mergers and acquisitions in the country, with the marked exceptions of the smaller banks which may at some time opt to joint together to form something with higher access to international markets, deposits, products and technology. But I feel that the drop in the number of banks in Serbia will mainly be driven by ongoing international consolidation. ■



SVA

Dare us with your wishes.

If you look up at the sky tonight, you will see that it looks prettier than ever,
this is because the Hypo constellation is celebrating its 5th birthday.

All the stars from this constellation invite you to make a wish.

Because your wish can move the world. It can elicit a smile. And bring distances closer.

Your wish is a challenge for us.

INFO CENTER
0800 102 102

FREE OF CHARGE

www.hypo-leasing.co.yu



HYPO GROUP
ALPE ADRIA

LEASING



Jelena Udicki, Director of Corporate and Regulatory Affairs, BAT SEE

The Best Recommendation

After 11 years of success in Serbia, BAT “will continue to be ambassadors of this region, with the intention of attracting other potential investors”

BAT (British American Tobacco) was one of the founding members of the Foreign Investors Council back in 2002. However, BAT has been operating in Serbia since 1996. With the privatisation of Tobacco Industries Vranje, British American Tobacco became one of the most important investors in the country. These facts prompted an interview with Jelena Udicki, Director of Corporate and Regulatory Affairs of BAT SEE.

● **As one of the FIC founders, how does Serbia look to you today as a potential investment destination, five years after the founding of the Council?**

Many things have been done in Serbia in the last few years. Accelerated development, reforms and successful finalisation of the three-year arrangement with the International Monetary Fund are all positive signals for foreign investors. Of course, for those five years – as long as the Council has

existed – there have been certain omissions, like, for instance, serious time lost in the process of privatisation and restructuring. Through its recommendations and suggestions aimed at improving the overall business climate in Serbia, the Foreign Investors Council has tried to use the White Book in order to point out the numerous difficulties foreign investors and foreign companies have faced during their operations in Serbia.



Serbia today, as has been the case for many centuries, has a strategic geographical position in Europe; and the economic progress that has been achieved in the last couple of years has only contributed to further strengthening that position. That has been positively reflected also in our operations. For instance, British American Tobacco has operated in Serbia since 1996, and after privatisation of Tobacco Industries Vranje (DIV), BAT became one of the most important foreign investors operating in Serbia: simply because the company invested €100million and, since then, BAT has contributed around €200million to the Serbian budget in the following period. Indeed, the results we have achieved, after almost four years since privatisation, stand as testament to the fact that DIV was the right investment for us. During that period, production levels within BAT-DIV have increased

GREENFIELD INVESTMENTS IN SERBIA

In your opinion, when can we expect to see a marked increase of greenfield investments in Serbia, and what remains to be done in order to make that happen?

Greenfield investments are the best and the most desired for economies, especially for transition economies. Investments in new facilities, on the whole, result in the strong growth of production, new jobs, and often a significant leap in exports. Many foreign investments have already occurred in Serbia. However, those were mostly privatisation revenues, while there have been relatively few greenfield investments. There were more investments in the existing facilities, which shows that greenfield investments were pretty risky for foreign investors – primarily due to the unresolved problems of restitution and unclear property relations in the major part of Belgrade but also elsewhere throughout Serbia.

For a foreign investor planning to enter the Serbian market, crucial factors include the developed banking sector, credible judiciary, but also the serious and full implementation of already adopted laws. A good stimulus for investors has resulted from the wholesale changes to the banking sector, while the best promotion of Serbia as a competitive destination for investments is the belief that the country is protecting its investors, and that the return of money is possible in acceptable time periods.

fourfold, while our market share has grown by some 50 per cent. These successes are a good recommendation, and we will continue to be ambassadors of this region, with the intention of attracting other potential investors in Serbia.

● **Did the FIC confront problems related to its own operations in those five years, i.e. have you constantly been met with understanding from the state side?**

The basic task of the FIC, as we see it, is to suggest specific measures for creating an increasingly beneficial business environment and investment climate in Serbia, which is both in the interests of existing investors and, on the other hand, provides stimulation for new foreign investments. Year after year, the FIC is adding to the improvement of the business environment in Serbia. The FIC's recommendations are based on the rich experiences of the market economy systems of the countries from which the investors hail.

The FIC also exerts great efforts aimed at co-operating with the government, by assisting with possible difficulties that may arise in their relations with the country's foreign investors.

During the five years of its operations in Serbia, the FIC has grown into an important or-

ganisation for foreign investors, but also for the Serbian economy. It is important to note that the FIC, by endeavouring to improve the business and investment environment in the country, is stimulating all investors – not only foreign ones – to invest.

As is the case in other countries where an FIC exists, it cannot be said that all recommendations are heeded, but that is expect-

ed. However, the four previous governments of Serbia have always carefully listened to our suggestions and adopted a great deal of them. We are glad that our role has been recognised and that, through the FIC's operations, we have been able – at least in part – to contribute to the improvement of the business environment in Serbia. Of course, there is still much room for improvement, and work should be undertaken speedily in those fields. As one of the FIC's founders, BAT has tried to add to the improvement

“With the signing of the CEFTA, Serbia will become a part of a free market that is home to thirty million inhabitants. Moreover, there is no doubt that, as the biggest single market in that zone, Serbia will enjoy multiple benefits.”

of the investment climate for domestic and foreign investors, by facilitating an open dialogue between interested stakeholders.

● **In your opinion, what reform elements or actions should be insisted on in the next period; which changes will most significantly contribute to the further improvement of the business climate in Serbia?**



The state of things in Serbia, as well as the whole economic environment, is much better. However, there is still plenty of room for improvement. A stable legal framework that can be predicted is one of the key factors of importance for future investments. In this year's White Book, special attention was given to the need to review the Labour Act, as well as the need for strengthening the capital market. Still, the problem is always that much more attention is given to the passing of the law rather than its actual implementation. Of course, one should not neglect the overcoming of administrative obstacles and the creation of new possibilities that potential investors can offer a country: the creation of new work places, stimulation of exports and co-operation with the local community.

● **What are your expectations following the ratification of the new regional free trade agreement (CEFTA)?**

With the signing of CEFTA, Serbia will become part of a free market that is home to some thirty million inhabitants. Moreover, there is no doubt that, as the biggest single market in that zone, Serbia will enjoy multiple benefits.

The fact that this multilateral agreement will replace the inefficient system of the current bilateral agreements is very positive; it will contribute to an increase of trade levels in the region and, additionally,

open the door to fresh investments. However, speaking of the tobacco industry, the fact is that CEFTA will create the possibilities for greater export only when the other member states harmonise their domestic regulations, rescind all types of fiscal protection for domestic products – as Serbia has done – and approach the requirements of the European Union. That is, in any case, something which Serbia has to insist on at the state level, bearing in mind the great export potential of the domestic tobacco industry, as well as the fact that the world's three greatest tobacco companies are present in Serbia as manufacturers.

“The FIC also exerts great efforts aimed at co-operating with the government, by assisting with possible difficulties that may arise in their relations with the country's foreign investors.”

Regardless of the adoption of the Action Plan, the tobacco industry has, within the White Book, pointed out the lack of institutional capacities for the application of the existing Advertising Act, and especially the lack of expert personnel (that is, of business inspectors), as well as inconsistencies in the interpretation of that Act.

● **Could you elaborate further on the Advertising Act?**

The Advertising Act itself hasn't been included in the national Action Plan, because that Act wasn't a part of the CEFTA package. The Advertising Act of the Republic of Serbia, whose implementation started at the end of 2005, represents by itself one of the most restrictive laws of this kind in Europe – Greece, for instance, still allows advertising of tobacco products on billboards. Although we, as a company, strongly support strict regulation of this field, almost two years after the initial application of this law there are still inconsistencies in its interpretation. The reason for that is the existence of the discretionary right of market inspectors to interpret the law in different ways, as well as the lack of an independent body that would assist in its proper interpretation. We hope that the improvement of communication shall soon occur between the market inspectors and the ministries in charge, which would subsequently lead to the elimination of the problems we face in our everyday work. ■

LEADER IN THE PRODUCTION

of Technical and Medicinal Gases



The name Messer has been associated with expertise in industrial gases for more than 100 years. Messer Group manufactures and supplies oxygen, nitrogen, argon, carbon dioxide, hydrogen, helium, inert welding gases, special gases, gases for medicinal use and a wide variety of gas mixtures.

As broad as the spectrum of gases available is the variety of industries that utilise them and benefit from the application-specific know-how of Messer's personnel. These include steel and metals industries, chemicals, food and pharmaceuticals, the automobile and electronics industries, medicine, research and environmental technology. The Messer group of companies has over 4,000 employees in 33 European countries, China and Peru; over 130 gases and gas mixtures and 120 of its own facilities. The net sales in 2006 amounted to 630 million euros, while the investments were 153 million euros.

Messer disposes over more than 300 proprietary application technologies in the fields of drinking water purification, freezing and conserving food, fish farms, carbonizing soft drinks and packaging non-carbonated liquids, greenhouses, waste water treatment, application of oxygen and nitrous oxide in medicine, metallurgical processes, cutting and welding, laser technology, petrochemical and chemical



Messer's new Air Separation Plant in Smederevo



**Ernst Bode,
CEO of Messer Tehnogas**

industry, recycling waste materials, and many more.

Messer Tehnogas AD, as an integral part of the Messer Group, is the leading industrial and medicinal gases supplier in Serbia.

The company operates two Air Separation plants, a hydrogen plant, a carbon dioxide plant, a nitrous oxide plant and several nitrogen generators as well as acetylene plants and filling plants for technical and medicinal gases. It has more than 60 sales centres, in-house en-

gineering, installation and service teams and a vast fleet of tank trailers and lorries, guaranteeing its customers access to full technical and logistical coverage 24 hours-a-day, 365 days-a-year.



Messer established its Serbian operations in 1997, and this year it celebrates 10 years of its presence in Serbia. It is opening new markets, modernising its production and distribution facilities and investing in new projects. The biggest investment of Messer Tehnogas, and one of the ten biggest investments in Serbia in 2006 was the 44 million euros investment in the new Air Separation

Plant in Smederevo, which produces oxygen, nitrogen and argon primarily for supplying U. S. Steel Serbia.

With regards to quality, besides the latest ISO standards, the company also introduced the HACCP system, allowing its customers to produce in accordance with the latest international standards. Part of its production programme, oxygen, received the EU GMP (Good Manufacturing Practice) certificate as a medication, permitting its use in Serbian and EU medical institutions in accordance with the highest standards. ■

www.messergroup.com

MESSER TEHNOGAS AD

Banjički put 62, 11090 Beograd

Tel: + 381 11 3537 200

Fax: + 381 11 3537 291

E-mail: postoffice@messer.co.yu

www.messer.co.yu

FIC CSR Committee

SUPPORTING CSR

By Leo Hauska, President of the FIC CSR Committee

Corporate social responsibility is gradually becoming an imperative of doing business in the 21st century. Governments and organisations the world over are facing a very difficult task – to create such a business environment where the responsibility is to become an integral part of doing business with an implemented new management approach. Companies are forced to consider their impact on society, the environment and the market, and their performance is evaluated not only through financial, but

THREE MAIN AREAS

At the inaugural establishing assembly of the CSR Committee, the following three main areas were identified as the focus of all future activities:

- Initiating and supporting the establishment of a national CSR platform by creating a cross-sector forum of CSR experts, government authorities and organisations;
- Sharing knowledge and experience on CSR within the Committee;
- Educating and informing the public and the media on this concept in order to raise awareness and understanding.

also through so-called non-financial indicators (human rights, energy-efficiency, societal development, etc.)

In parallel, the consciousness of consumers is rapidly growing, creating a market where only ethically and environmentally-friendly products and services can be profitable and ensure the sustainability of business. Worldwide, the issuing of ISO 26000 Social Responsibility Standard in the fourth quarter of 2008 is to provide guidelines for international companies on how to implement CSR in their core business, whereas the Serbian Working Group is also providing their contribution to this standard development.

Creating a better business climate

The major problem Serbia is facing in regard to CSR is the lack of understanding of the CSR concept and its application in the organisations; a lack of cross-sector co-op-



"In general, Serbia needs to create a stable and sustainable market that can be competitive beyond local borders as well."

eration, deficiency of local experts, university programmes and specialised courses, as well as the lack of a national CSR consensus and platform. Therefore, the government needs to recognise CSR as the priority and impetus for economic development, as well as to implement measures on stimulating companies to act responsibly. Only after the adopting of responsible business strategies, and their integration into all organisations, will Serbia gain a distinctive advantage and "brand" itself as a country that respects and realises CSR principles, which represents the only way towards EU integration. As a precondition for promoting CSR as a national policy, the government needs to regulate the

operating of public institutions and state-owned companies first.

In general, Serbia needs to create a stable and sustainable market that can be competitive beyond local borders as well. In order to ensure that, it is necessary to harmonise local laws and regulations with EU standards that need to be integrated into the operations of all companies. This also implies compliance with responsible business practices in all four areas: workplace, environment, market and society. On the other hand, such a CSR climate – as an element of a better business environment – could result in attracting foreign investors that usually operate under high professional and ethical standards,

stimulation of SME sector development, improvement of Serbia's economic competitiveness on European and world markets, further democratisation and the facilitation of EU accession.

The FIC role in CSR development

As an institution that supports the development of the local economy through utilising foreign practices and know-how, and instigating cross-sector co-operation and knowledge sharing, the FIC identified all existing problems related to CSR and decided to incite and support its development by applying the broad international experience of its members.

Therefore, in September 2007 the FIC initiated the establishment of a CSR Committee with the common goal of supporting and speeding up the overall development of CSR in the country, which should result in wider acceptance and understanding of the concept both by the companies, the government, the general public and the media. ■



SERBIAN STEEL FOR THE WORLD

U. S. Steel Serbia, d.o.o. from Smederevo is a renowned manufacturer of steel, hot and cold rolled products, as well as tin plate.

Due to constant progress and development, it is taking great steps toward a leading position in steel production in this part of Europe.

With the increase of production, export is also increasing, having risen by almost 25 percent in 2005 compared to the previous year.

High-quality U. S. Steel Serbia steel products are exported to over 40 countries throughout the world.

Thanks to that, Serbia Investment and Export Promotion Agency – SIEPA declared U. S. Steel Serbia, d.o.o. the best Serbian exporter in 2005, and in 2007 the Economist Weekly has declared our company the Exporter of the year 2006.

Together with our employees in Smederevo, Šabac and Kučevo we continuously work to make our company become the leader in steel making in this region!

Making Steel • World Competitive • Building Value



U. S. Steel Serbia, d.o.o.



Stein-Erik Vellan, Member of the FIC Board of Directors, CEO of Telenor d.o.o.

Maturing organisation

By **Mark Pullen**; Photo: **Stanislav Milojković**

Opening his interview for the FIC Guide, Telenor Chief Executive Officer, Erik-Stein Vellan, says: “I think the FIC has become more mature under the leadership of Boško Kostić. Their method of working has been much smarter, and I would give Boško Kostić a lot of credit for that. He understands both the international side and the Serbian side, which is maybe what makes the difference,” says Vellan. “The maturing of the FIC is only a reflection of the standing of the framework under which we are all working.”

Speaking about the need for balanced relations with the host nation, Vellan says: “even though the foreign investors have all invested substantially... at the same time we must not forget that we are visitors in Serbia and, thus, we need to show a little bit of humbleness, a little bit of politeness and some respect for the country we’re living in, in order to keep a balance. I think that recently the FIC has been better at doing that, and better at having a constructive dialogue with the government.”

“At the same time,” Vellan continues, “it’s important that Serbia views the importance of the foreign investors, and it seems to me

that the government is at least trying to be more customer-friendly in their dealings with the foreign investors who are present in Serbia”.

● **Do you think, then, that we've seen an increase in mutual respect between the government and the FIC as an organisation?**

I definitely think so... We have to remember that change takes time; we have to take one step at a time and cannot revolutionise everything at once. The foreign companies that come here may have grown accustomed to different playing fields. This is particularly the case with Telenor, which is present all over the world. We could have come here and said “hey, we have 130 million customers worldwide and are one of the biggest mobile operators there is, so we want this, this and this”, but instead we've sought to engage in a dialogue with the government and find a way to help the country's development; to help the development of the regulatory body in Serbia.

● **What would you say characterises the development and changing role of the FIC?**

I would characterise it as being what a mature organisation should be doing in a country like Serbia. I think that we have to lead by example; we have to lead by showing how we can contribute to the environment. I think that on the one side we have to maintain a dialogue with the government, but at the same time we have to be clear that we are here to do business and not politics. Our aim is to shape the playing field as best as possible for our members from a business perspective.

● **Would you say that the FIC is effective, the way it works today?**

I think so, but I'm not the one who should answer that question: it should be up to the members of the FIC to decide. That said, I think the FIC is maturing, as I've said: the White Book is being produced every year; there's more dialogue with the relevant authorities, etc. So, yes, I think it's effective, but then again there's always room for improvement.

● **Do you think the White Book is taken seriously by the authorities?**

It certainly seems so. I know that it's been read because I get questioned regarding it by ministers.

● **How much does the government need a body like the FIC as a partner and 'watchdog'?**

“we have to maintain a dialogue with the government, but at the same time we have to be clear that we are here to do business and not politics. Our aim is to shape the playing field as best as possible for our members from a business perspective.”

I think this again comes back to keeping that balance. Here in Serbia we have the American Chamber of Commerce and the FIC engaging the government, and this gives the government the opportunity to listen to what the foreign investors are concerned about, and in that way take into consideration their concerns.

The FIC creates a two-way street. On the one hand, we are trying to take care of the foreign investors' rights in this country, while on the other hand, if we are treated fairly we will then be able to attract other foreign investors coming into Serbia. And I think that's the common end goal, because both the government and those of us who are already operating here want to see Serbia succeed, and attracting fresh investment is one sure way to provide that success.

● **Telenor is a global company, of course, and is a member of similar such organisations the world over. How do bodies like the FIC operate in other countries where Telenor is present, and could their models and methods help FIC in Serbia?**



BRITISH INTERNATIONAL SCHOOL

ACCREDITED
BRITISH CURRICULUM

PRE-SCHOOL, PRIMARY & SECONDARY

✓ REGISTERED WITH UK DEPARTMENT FOR EDUCATION AND SKILLS (Reg. No. 6352)

✓ RECOGNISED CAMBRIDGE INTERNATIONAL CENTRE (Centre No. EA011)

✓ BIS QUALIFICATIONS ARE RECOGNISED IN 175 COUNTRIES IN THE WORLD

✓ TEN GENERATIONS OF GRADUATES PLACED IN UNIVERSITIES THROUGHOUT THE WORLD

✓ NEW TECHNOLOGIES AND RESOURCES FOR TEACHING

✓ HIGHLY QUALIFIED UK AND LOCAL TEACHERS



Secondary School Buildings



A CLOSED CAMPUS WITH SECURE PLAY AREAS!



NEW FROM SEPTEMBER 2007: BIS has opened a PRIMARY campus in NOVI SAD!

SVETOZARA RADOJČIĆA 4, 11000 BELGRADE
(Braće Jerković, Kružni put Padina 4)
Tel/Fax: +381 11 34-67-000 • 34-67-182 • 34-67-113
E-mail: info@bis.edu.yu • www.british-int-school.org.uk





“it seems that the FIC in Serbia is working just as well, if not better, than other such organisations elsewhere. This is partly because there is a stronger will from the government here to listen to the FIC than is the case in other places.”

There will always be specific elements that are peculiar to a particular country, and what we have seen from all the countries in which Telenor is operating is that things are always done a little bit differently from country to country. However, I think that we at the FIC in Serbia should focus on how we are doing things ourselves. The grass is not always greener on the other side. You can learn from others, but – according to what I’ve seen so far from my colleagues in other Telenor subsidiaries – it seems that the FIC in Serbia is working just as well, if not better, than other such organisations elsewhere. This is partly because there is a stronger will from the government here to listen to the FIC than is the case in other places.

● **Moving on to your sector specifically, do you think legislation and regulations are keeping pace with the developing market conditions?**

To a certain degree. I see a definite will from the regulatory body to move in that direction and to work closely with us as well. It’s impressive to see what they want to achieve, but at the same time – and this is the nature of things – I see that we, as an international company, want to move a bit faster and they have more things to consider.

Perhaps right now they have to produce the bylaws a little bit faster. That said, I think where we are now shows that Serbia has taken huge steps in the right direction.

What I’m looking for now is the predictability that we need for a long-term plan, because that’s what I have to do when I’m laying down the strategies for Telenor; I have to be able to see what the situation will be like in the future and ensure that that’s where Telenor wants to go. The regulatory body is quite clear on where they want to go, but we can always challenge them by reminding them that they’re not getting there fast enough.

In the end, the regulators will be driven by the market and the consumers, and the nature of things means that they will always be lagging behind a little bit. But that’s how it is in other countries as well. So, what I want to see even more of is the kind of long-term predictability we are just starting to see. But, all in all, I think they’re doing a fairly good job.

● **Is the FIC a forum through which you and your competitors can combine forces to push the government in the direction you all want?**

That’s what we do through the White Book, for instance. The White Book raises issues that need to be resolved, but this is what the FIC does throughout the year.

Lately the mobile operators in Serbia have been combining efforts to address issues like the fixed-line area, or import taxes on mobile phones, etc.

● **How do you see that fixed line telephone sector developing in Serbia; are you happy with the way the country’s developing towards that level playing field you spoke about?**

I think I need to see a little bit more in the way of firm steps, because right now we are very close to a monopoly. At the same time, the new minister for telecommunications has been very clear on her desire to move towards liberalisation. I think this is absolutely the right thing to do – though, again, taking one step at a time.

In the end, I think a more competitive environment on the fixed side has to be created as well. That will firstly benefit the end-users. However, I’m a little bit hesitant on that area. I would like to see what’s going to happen in the next couple of months, but I’m not concerned at all.

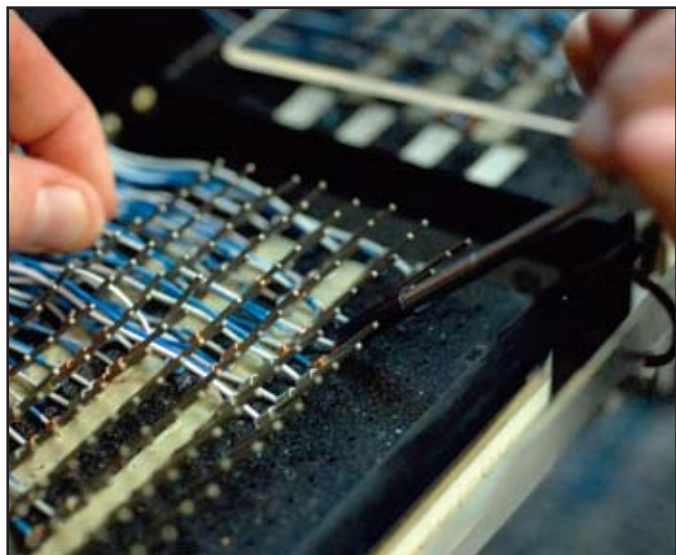
● **What is concerning in this sector?**

I think there would only be a concern if they failed to take this route of liberalisation quickly enough. This directly influences the growth opportunities of the mobile operators and, to a certain degree, the development of Serbia in this area – here I’m not talking only about



MERGING SECTORS:

Fixed line, mobile telephony, TV, cable, VoIP, etc.



"The regulatory body is quite clear on where they want to go, but we can always challenge them by reminding them that they're not getting there fast enough.

In the end, the regulators will be driven by the market and the consumers, and the nature of things means that they will always be lagging behind a little bit."

the mobile domain, but also fixed telephony, VoIP, TV, cable, etc. These areas have somewhat merged and, as such, we have to have a common standpoint on how we want that to play out in Serbia. Actually the biggest challenge is just that: ensuring that the internet providers, cable providers and telephonic providers play this game in a way that doesn't run over Telekom Srbija, but rather ensures that M:TS is given ample opportunity to grow into a market-driven provider.

● **Do you not think that the national operator is now strong enough to be able to handle fair competition in all these market segments?**

I would assume so, but I still think that, in all fairness, they should be given a little bit more time on the fixed side.

This comes back to taking one step at a time. I also believe that this is an area where Serbia has to protect its own interests, which in this case relates to its ownership of Telekom Srbija.

Now we have seen the opening up of the mobile area, next we have to see how we can open up the fixed area, and then the internet provider area will be next in line.

Again this is about long-term commitments. The government needs to tell all the players on the market what they want to achieve in 2008, '9, '10.

● **How seriously does the FIC look at long-term planning?**

I think that in the first place we have the White Book, which is very important. It seems to me that sometimes companies in Serbia are more preoccupied with their history and present than with looking into the future. Personally, coming from an international company, I have to spend more time looking into the future than looking at history, because there's no profit to be found in the past. ■

ADVERTISE WITH CONFIDENCE



www.abcsrbija.com

Darko Babić, General Director of DHL International Beograd

DOMINANT POSITION

● **DHL has been on the market of the former Yugoslavia since 1983. Could you tell us something about the company's development?**

Out of 38 years, the total number of years DHL has been operating around the world, it has been doing business in this area for 24 years. DHL is the global leader in international express overland transport, air freight and contract logistics. DHL's transportation network connects over 220 countries and territories with over 285,000 employees, 72,000 vehicles, 420 aeroplanes and 4,700 business branches around the world. Since 2003, DHL has been 100% owned by Deutsche Post.

Initially, DHL operated in the former Yugoslavia through agents. Then, in 1991, domestic company DHL International Beograd was registered with 100 per cent foreign capital.

DHL chose Pošta Srbije and Pošta Crne Gore for its strategic partners in Serbia and Montenegro. The co-operation with the Customs Department resulted in the establishment of the Custom Referate within DHL's business premises. Since 1991, DHL has reinvested over €30million in the development and maintenance of its services in Serbia and Montenegro. DHL has 158 employees, 85 vehicles and 11 service centres in this area.

● **Which services does DHL offer?**

These days we can offer our clients the most varied forms of transport, from printed/letter parcels, through express parcels to lo-



Photo: STANISLAV MILOJKOVIĆ

gistic solutions. We offer delivery at exactly determined times, the delivery of parcels over 70 kilograms in weight on the exact delivery date, then services with extended delivery times, and various other services which include a palette of services in international and domestic express transport, including insurance, packing and others.

● **Does DHL have any serious competition in Serbia?**

As regards international competition in Serbia, all global integrators which provide services in international transport are present. However, DHL still has the dominant position on the market; we monitor the work of others just as they monitor our work. Our clients know best what distinguishes us from others. We believe that in Serbia 40% of the domestic transport market is still in the grey zone. Namely, it is still common to ask the bus driver or conductor to transfer something for 50

or 100 dinars. We think that it is good that there are several domestic distributors, because that leads to the improvement of the services we offer to the market. We expect a greater number of investments when the

market is regulated. That will be the turning point when domestic distributors will either merge with somebody or give up because they will not be able to keep up. When the market develops, DHL will probably purchase some company or we will decide to develop domestic transport by ourselves. I expect that this will happen two or three years before Serbia enters the European Union.

● **In 2006, DHL opened the logistic-distribution centre in Novi Banovci**

Around €3million was invested in the distribution centre in Banovci – warehouse, land with industrial equipment. Apart from that, the company's policy is to constantly invest all local income into the domestic market.

● **What are your plans for the future?**

We expect relations between the city and the republic to be regulated soon, and then we will see what will happen with the airport. Our

place is at the airport. If we manage to get a bigger Boeing 575 or 767, we could make a smaller centre by the end of this year and connect Skopje, Podgorica, Sarajevo, Tirana and maybe Thessalonica. ■

AGREEMENT WITH SIEPA

Darko Babić, General Director of DHL International Beograd: "We have agreed with the Serbia Investment and Export Promotion Agency – SIEPA to be included in the award for the stimulation of exports. At the same time, we also agreed to establish a long term partnership on the education of the market on exporting procedures and the possibilities of their simplified introduction. We would particularly like to point out that exporting can be simple and in that way encourage small and medium sized enterprises which might not have sufficient experience in that area."

The International Law Firm for the Balkans

"The performance of this firm
nears perfection..."

(©Chambers & Partners)

"...the best outfit around..."

(©Chambers & Partners)

"...highly regarded by peers and clients for consistently
providing "expert advice". Undoubtedly one of the
leading firms in Serbia and Montenegro..."

(©IFLR)

"...The service is up to the Western
standards that international clients expect."

(©Chambers&Partners)

"...the practice is a success
story for foreign enterprise..."

(©IFLR)

"The firm boasts an impressive
clientele of leading companies..."

(©Chambers&Partners)

"...This English firm is now 'reaping the
rewards of its patience and courage' during its
pioneering establishment in the country..."

(© Chambers & Partners)

"This firm attracts the most prominent clients and
participates in many of the biggest domestic deals..."

(©Chambers & Partners)

"...it is considered by clients as "the most
experienced corporate firm in S&M..."

(©Legal 500)

"... Mark Harrison is one of the leading
lawyers in the Balkans..."

(© Legal 500)

"...and is recommended for its 'extremely
qualified, knowledgeable and responsive
approach..."

(©Legal 500)

"...Mark Harrison is regularly seen on the largest
deals the market has to offer..."

(© Chambers & Partners)

15 Old Bailey
London EC4M 7EF, England
Tel: +44 203 0088 245
Fax: +44 203 0088 246

Terazije 34
11000 Belgrade, Serbia
Tel: +381 11 3615 918
Fax: +381 11 3615 030

Bulevar Svetog Petra Cetinjskog 143
81000 Podgorica, Montenegro
Tel: +382 81 235 440
Fax: +382 81 235 441



Nenad Vučinić, Member of the FIC Board of Directors, President of Henkel Adria, Country Manager of Henkel Yugoslavia

ECONOMIC REGION WITHOUT BARRIERS

“Serbia should fight for a place under the sun, attract the attention of foreign investors and be more attractive than other countries.”



By Tatjana Ostojić

● **It has been five years since the FIC was established. How much has the investment climate in Serbia changed since then?**

The first significant privatisations were completed in 2002. Then Henkel, Lafarge, Holcim, and Titan arrived, and by the following year Philip Morris and BAT had arrived. I think that many things have been done since then, and the investment climate has improved.

In all honesty, at the beginning of this year we experienced a certain slowdown in the arrival of new foreign investors, for the simple reason that they were waiting for the

establishment of a government which could offer security to foreign investors.

Now with other countries in the surrounding area having become European Union members, Romania and Bulgaria, the focus will probably be directed towards those markets, and only after that will some investors come to our country. The current situation is very favourable, in spite of the fact that the new government has been operating for only a few months and that numerous laws have been unable to pass through parliament at the right time.



ADVICE

What advice would you offer a potential foreign investor?

If somebody has already made the decision to come to Serbia, we would have pleasure in welcoming them to the Foreign Investors Council and helping them. What is certainly needed in Serbia is persistence. Investors should not be discouraged by any failure. Not everything has gone smoothly in any country, thus it cannot be expected in Serbia either. It is important to understand that every investor is welcome and that the government has an increasing readiness to meet their requests and to help.

The FIC wants to work on the compilation and publishing of the Green Book, because the White Book is something that is directed to the government with proposals for what can be improved, while the Green Book is something that we want to do ourselves, in order to attract more foreign companies. On the initiative of FIC President Boško Kostić, we have agreed to work on attracting new investors to Serbia through the presentation of our own experiences.

What proved the certain maturity of the Serbian economy is the fact that the non-existence of the government for a short period did not have a significant influence on the work of companies which were already here.

● **Did the failure to form a government early slow down the transition process in Serbia?**

Serbia's transition was certainly delayed from 1990 until 2000. That is a ten-year period. I think that we were even delayed for a few more years, because we have to understand one thing: Serbia might have been on a higher level of development until 1990, but we have to accept the fact that we are not as attractive to foreign investors as the surrounding countries which entered the process of transition before us and without the obstacles we faced.

If we want to catch up with those countries, we cannot say that we will reach them in 10 years with some ordinary development. We have to work twice as hard, twice as fast and be twice as successful in order to reach them at a certain point. We cannot develop at the same speed as them, because then we will never reach them. The new Govern-



ment's role is to establish the precondition for foreigners to start coming.

I would say that the period of the establishment of the new government did slow us down. The industrial production index in 2006, in comparison with 1990, was just above 51 or 52 per cent.

There seems to be a consensus in the government regarding the efforts that have to be made in order to attract foreign investors. Last year we received a record amount of direct foreign investments of four billion euros, and we were told that we have to attract around three billion euros in each forthcoming year in order to continue to develop our gross domestic product at a growth rate of 6.5 or seven per cent per year. In addition, we should not forget that this percentage in other Central and Eastern Europe countries amounts to 5 or 6 per cent.

"Political stability is the precondition for attracting investors."

● **What about the investment climate five years ago and today?**

The fact is that October 2000 changed many things. However, after the democratic changes, the new administration needed some time to introduce the basic macro economic parameters and to make decisions on how to carry out the privatisation process in Serbia. Therefore, a large number of foreign companies waited before coming. Henkel was monitoring the market for a long time before coming to the conclusion that Serbia has several produc-

"We have to work twice as hard, twice as fast and be twice as successful in order to reach other countries at a certain point."

ers which were interesting to us. Merima had exceptionally strong domestic brands. In 2002 the conditions for penetration of the market were already different.

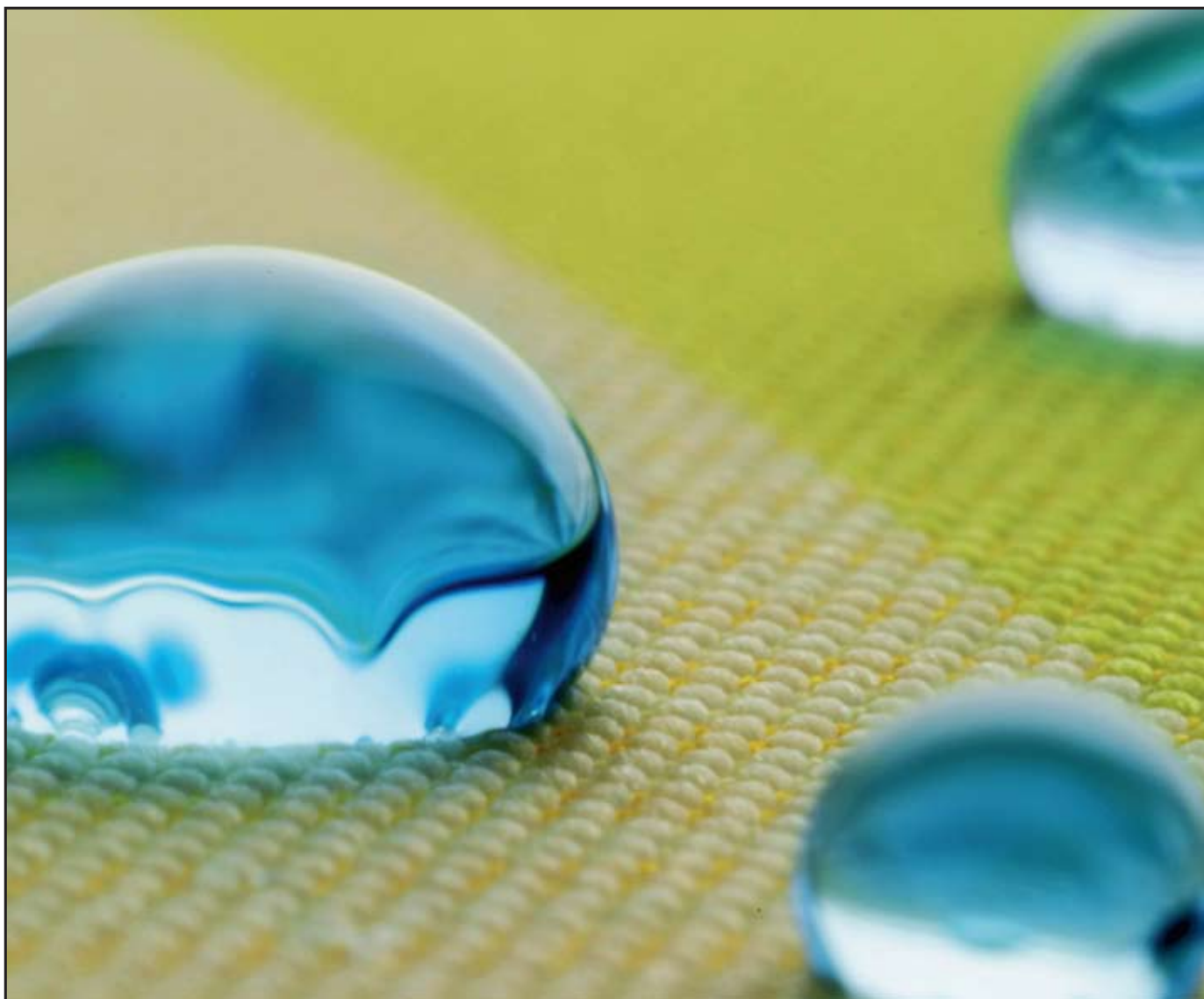
Two years before that, the quotas for imported goods were suspended and the custom rates were reduced from 15 to nine per cent. Foreign investors were then able to sell their goods on the market without any limitations, such as quotas. By purchasing one domestic producer in the privatisation process, Henkel thought that its chances on the domestic market would increase, especially thanks to the strong domestic brands and participation on the market.

The second reason for this acquisition was the geographical position of Merima. When we purchased Merima there were, for instance, detergent factories in the Ukraine, Slovakia, Hungary, Poland and Austria. Today in 2007, in accordance with the decision – and thanks to the significant investment in our factory, Henkel Merima in Kruševac – the detergent factories in Hungary, Slovakia and Ukraine have all been closed down.

The market is changing; the competition is growing stronger and stronger. That impedes but also alleviates things. It makes things more difficult, because you have more companies fighting for a slice of the market cake, which is growing slowly, but it also makes things easier, because consumer awareness about certain products is developing. The market is becoming more competitive. As regards the privatisation process, it seems to me, and to my colleagues in the FIC, that it was easier for companies which started to arrive later than for those which came earlier.

The state was slightly more demanding towards the first companies and set stricter conditions. We particularly appreciate the National Bank's efforts to control inflation. The favourable investment climate will motivate foreign companies to start coming to our country, and that will have a positive influence on the reduction of unemployment, the development of production and the growth of exports.

● **How does political instability influence foreign investors?**



Political stability is the precondition for attracting investors. Foreign Ambassadors have cited three reasons which prevent the development of Serbia by preventing us from signing the Stabilisation and Association Agreement with the EU.

The first was the issue of the State Union of Serbia & Montenegro, and that was resolved in May last year.

Then comes the Kosovo issue. It is positive that negotiations are being held, nobody is so wise as to be able to predict their outcome - whether a compromise will be reached or not - but the negotiating process was launched and it is obvious that the international community greatly appreciates that. This contributes to the government's image and the image of the state itself. It is certain that some solution will be found, a peaceful one, and that is something that everybody wants.

The third issue is co-operation with The Hague Tribunal. Foreign investors cannot do anything there; that is simply a matter for the state.

The truth is that many foreign companies considered whether to penetrate this market, especially in the trade field, and decided

WHITE BOOK

How much understanding has the Government shown for the comments you presented in the White Book?

I think that the comments and recommendations presented in the White Book were carefully read. We do not expect anything to be changed overnight, but the signal and genuine willingness to create better conditions is important. There is a consensus within the government that foreign investors should be attracted, because without additional foreign investments the Serbian economy will not be stimulated, and that economy has to bear the burden of future development.

to wait and to invest their capital elsewhere. But we also know that many companies came and stayed on the market and there are many more which want to invest in Serbia. What Serbia should struggle for is to fight for its place under the sun, to attract the attention of foreign investors, to be more attractive than others. For instance, we had talks with government representatives about various subjects and we sent a concrete inquiry. We still have not received a positive answer, but there is the readiness to hear and to meet requests, we can really praise that attitude. That attitude existed at the very beginning of the FIC's work and it has not changed so far.

● Would you agree that Serbia needs more greenfield investments?

I completely agree with you. There are already positive examples, such as Ball Packaging, Messer Tehnogas and other companies, but from the economic development point of view, more greenfield investments are desirable.

With 7.5 million citizens (9.5 including Kosovo), the Serbian market is not very big, but with the elimination of custom obstacles and the CEFTA agreement, we will attract more companies to invest in Serbia. This will become an economic region without barriers. ■

Predrag Vraneš, General Director of S&T Serbia

MARKET WITH POTENTIAL

“In 2006 we had an increase in sales income of 56%”

● **S&T Serbia was the first IT company in Serbia to be fully established with foreign capital following the introduction of an open market economy.**

We started in May 1996 with one employee and today we have almost 100. We managed to achieve our strategic goal, which was to develop from a company which started as the distributor of HP infrastructural equipment for IT to one of the leading systems integrators in the country. All these years we have achieved positive business results and our profit has been reinvested in the further development and expansion of the company – we have successfully merged and integrated three IT companies.

● **Has the business climate changed in the meantime?**

We can estimate that the current situation is good: the growth of the IT market in Serbia, and expected growth rates, prove that. However, the main problem has remained – an insufficiently developed sense of the role and importance of information technologies for the development of business, as well as for general social progress.

Insufficient accessibility to technological achievements and a low level of computerisation should worry all of us. The IT market in Serbia, with its total value of €320million, is sadly still one of the smallest in Europe. On the other side, the poorly developed and unfulfilled IT market of a country with a central position in Southeast Europe

ATTRACTIVE FOR INVESTORS

In a few years time we could become one of the most attractive countries for foreign investors in this part of Europe, not only regarding investments in the industrial, agricultural, and financial or telecommunications sectors, but also regarding essential investments in research and development.



leaves enormous possibilities for its rapid development and growth.

S&T Serbia was, from its founding, an exceptionally well-developing company. In 2006 we had a growth in sales income of 30 per cent at corporate level, which amounted to almost half a billion euros, while profits reached €12.1million. That was an increase of 42 per cent in comparison with the previous year. We are among the most successful companies in Serbia, with an income of €11.6million in 2006, which is an increase of as much as 56 per cent and a profit increase of 44 per cent in comparison with the previous year.

● **How can Serbia become more interesting to foreign investors?**

In the situation of limited economic possibilities and an insufficiently developed infrastructure, the presence of foreign investments is a necessity. The current trend is for big multinational companies to open their research centres in developing countries, where talented experts are easily accessible – particularly in the field of information technology. What is needed for that is: macroeconomic stability; quality local infrastructure; protection of intellectual rights and education, but also talented and well-trained people.

● **What do you currently offer clients and what are your plans for the future?**

Our company's mission is to speed up the development of the market by offering clients the possibility to improve their businesses and increase their competitiveness, productivity and, consequently, profitability through the implementation of modern IT solutions through the optimisation and automatization of business processes. Specialised software packages enable business to be carried out faster and with higher quality.

Some of the most successful companies in our country realised this on time and, in response to new challenges in an increasingly competitive and dynamic surrounding, have been using S&T solutions and tools for quite some time. We intend to continue doing business with large and medium-sized companies in specific industrial sectors. At corporate level, S&T plans to double its business by 2012. In Serbia we plan to achieve the same or even better results in the same period. We plan, the same as so far, to grow faster than the market, especially in the field of IT business solutions, consulting services and continuous support to our clients. ■

VIŠE OD VEKA ISKUSTVA

OVER A CENTURY OF EXPERIENCE



LAIKI BANK

www.cs.laiki.com

Milena Gajović Shrestha, Head of the Belgrade Representative Office of Bedminster Capital Management

POSITIVE ASSESSMENT

Serbia is a good market for us

In order for Serbia to develop further, one of the primary conditions required is predictable regulations, better implementation of laws and regulations, and faster liberalisation of all market segments

By **Ana Stojanović** / Photo: **Jelena Seferin**

Bedminster Capital Management has successfully managed the Southeast Europe Equity Fund Ltd. (SEEF I), set up back in November 2000. Based on the success of SEEF I, Bedminster Capital Management organised the follow-on fund Southeast Europe Equity Fund II (SEEF II). However, speaking for the FIC Guide, Milena Gajović Shrestha, head of the Belgrade Representative Office of Bedminster Capital Management, insists that *“there is still a lack of basic understanding among Serbian entrepreneurs regarding private equity funds and their general business activity.”*

● **How would you assess your co-operation with the Foreign Investors Council since you joined the organisation?**

SEEF II has been an active participant in the work of the FIC since 2003, when we first became a member. We have also been active in the working committee for telecommunications, and I served as committee president for some time. We have been trying to establish correct relations with the competent institutions in the country, firstly with the former ministry for capital investments – which was responsible for telecommunications – and we organised a number of roundtable meetings in order to exchange opinions and to discuss, primarily, the process of liberalisation. At that time, of course, the law on telecommunications did not exist, so we were trying through our committee to emphasise in some way the necessity of the existence of the law on telecommunications and regulatory bodies. With the adoption of the Law

SERBIA - GOOD MARKET

Serbia has been a good market for us in the past, and we will continue with our efforts to look for profitable investments in any industry in Serbia, as in other countries in Southeast Europe. The Fund's primary focus is on investment opportunities with a close linkage to consumer-related businesses.

“The situation has obviously changed since early 2000. We have witnessed the evolution of the regulatory and legal framework, as many important laws have been adopted since 2001: this includes a total of some 87 new laws enacted in 2004 alone.”

on Telecommunications, this law could not be implemented because there was no regulatory body, i.e. no agency for telecommunications with the authority to implement the law. Of course, some steps forward have now been made in comparison with that time: the Law has been adopted,

i.e. amendments to the law have been implemented, the Agency for Telecommunications has been founded, etc. As a result of these events, a degree of liberalisation has been achieved. For example, the issue of dual ownership has been resolved, because the state was the owner of both of the mobile telephone operators and that was resolved with the sale of the state's shares in Mobtel to Telenor. Those are some of the steps forward which have been made.

● **When did the Fund start working in Serbia and what were the first investments?**

Our first fund, the Southeast Europe Equity Fund Ltd. (SEEF I), was set up in November 2000. This was a US\$200million private equity fund which was sponsored by the OPIC (Overseas Private Investment Corporation) – an agency of the U.S. government. The fund's office in Belgrade was opened in 2002.

Southeast Europe Equity Fund I successfully completed and realised its investment programme, making a total of nine individual investments across a range of sectors – including telecommunications, financial services, beverage production, cable television and FMCG. We made two investments in Serbia: Serbia Broadband d.o.o. (SBB), which is the largest cable television/broadband provider in the country, and the former Eksim banka,



“Southeast Europe Equity Fund I successfully completed and realised its investment programme, making a total of nine individual investments across a range of sectors – including telecommunications, financial services, beverage production, cable television and FMCG.”

which is now operating as an integral part of the Unicredit Bank.

In March 2006, the SEEF II was founded as a successor to SEEF I. SEEF II was organised with aggregate capital commitments of US\$320million. SEEF II investors include a range of North American and European investors, including OPIC, and the EBRD.

● **How did you find the business climate in Serbia at the time when you arrived and how has the situation changed, if at all, since then?**

The situation has obviously changed since early 2000. We have witnessed the evolution of the regulatory and legal framework, as many important laws have been adopted

since 2001: this includes a total of some 87 new laws enacted in 2004 alone. Moreover, during this period the privatisation process has progressed and has now almost reached its final phase.

Nevertheless, the implementation of certain laws remains poor, and the privatisation of companies within the state sector has not even started yet.

Furthermore, human capital is still in a stage of development – particularly in terms of the strategic management and marketing leaders. The corporate governance aspect is improving, but there is still a lack of basic understanding among Serbian entrepreneurs regarding private equity funds and their general business activity.

Private equity funds are still a new “category” of investor in on the Serbian market, and we still have to go through the process of explaining the benefits we can bring to the table, beyond the obvious capital necessary to fund growth and acquisitions.

The SEEF II fund brings a wealth of intellectual capital that management can tap for improving financial discipline and managing M&As. We provide financial advice and guidance on strategic matters, and we also strengthen the financial side of the company as well as the management team.

● **Are you planning to initiate any new investments in Serbia?**

Yes. The SEEF II invests in privately negotiated transactions and in addition to Serbia covers the following countries in the region: Albania, Bosnia & Herzegovina, Bulgaria, Romania, Croatia, Montenegro, Slovenia, and Turkey.

Serbia has been a good market for us in the past, and we will continue with our efforts to look for profitable investments in any industry in Serbia, as in other countries in Southeast Europe. The Fund’s primary focus is on investment opportunities with a close linkage to consumer-related businesses. However, we are open to consideration of other projects as well.

● **In your opinion, what else should be done in order to improve the investment climate in Serbia?**

In order for Serbia to develop further, one of the primary conditions required is predictable regulations, better implementation of laws and regulations, and faster liberalisation of all market segments. This will stimulate more foreign investment and fairer competition. Also needed is a markedly faster decision making process on the side of the relevant bodies and authorities in charge. ■



Ana Firtel Vlajić, Executive Director of the FIC

Better *business climate*

“I think that positive and constant communication and joint actions can help all our members meet their common goal – to operate better”

By Tatjana Ostojić / Photo: Časlav Vukojičić

● **The FIC is celebrating its fifth birthday. How much has the Council grown since its founding?**

The Foreign Investors Council was founded in 2002 by 14 foreign companies who gathered together with the goal of supporting the acceleration of reforms and the improvement of the business climate. From those 14 companies that founded the FIC, the Council today has 120 members. We cover almost every sector of economic life; there are banks, cement plants, telecommunication companies, legal firms and consultancy houses, PR agencies, construction companies, etc.

Who are the members of the Council? The Foreign Investors Council consists of companies who implement the social responsibility principle in their work – not just through their work within companies, but also with their additional engagement within the FIC.

Going forward, I believe that the membership of the FIC will expand in the future. It will expand because operating conditions will improve and, thus, many more investors will be present on the market. As such, I'm sure we'll have more members than today – which is supported by the fact that we started with 14 founders and the FIC today has 120 member companies.

● **What criteria does a company need to fulfil in order to become an FIC member?**

The first criterion is that it is a foreign company, in other words, that it is partly funded by foreign capital. However, that criterion isn't crucial: it is exclusive, but not decisive. This is because when the FIC Board of Directors passes a decision on the membership application of a certain company it is primarily scrutinising the business conduct of that company.

In accordance, the Board considers a company's priorities and operating methods, and compares them to the goals and priorities of the Council before passing a decision on membership.

There are companies that ceased to be members of the Council; even one of the founders withdrew from the association simply because the first criterion is no longer fulfilled, i.e., the company is no longer in foreign ownership.

● **Does the FIC face competition from other organisations of this kind, and can it potentially co-operate or undertake joint activities with them?**

There are a series of other organisations working here. But the majority of them, like the American Chamber of Commerce and many other associations, are operating under the auspices, or within the

Embassies, of different states. That can, of course, be to their advantage in the sense that they have political support for their operations. However, on the other hand, the FIC is open to all and although it does not have that political support it does have the advantage of being extremely open in its work, and really able to gather all companies behind the goals that are common denominators between all of them. Primarily, that means the improvement of operations, or improvement of the business climate. Another advantage is that members of the Council can be companies from any country.

I see all other organisations as partners. I don't see them as competitors. I think that there is great potential to develop relations between the FIC and those associations even further. In my opinion, positive and constant communication, and maybe even some joint actions, can help us all to achieve our common goal of enabling our members to operate better.

If you look at the membership structure of the FIC, you will see that there are many members that are simultaneously members of some other associations. This means that we have a sound basis for co-operation, not least because each of these organisations and associations offers some improvement to those companies.

We are all aware that there are still many problems that are awaiting their solutions in Serbia. There are areas where every organisation should work independently – because it has its own specific goals –

SOLUTIONS

When talking to FIC members, what problems do they complain about the most and what positive aspects are most regularly mentioned?

I must say that the members of the Council do not complain, they suggest: this is one of the virtues of the Council. It is a virtue that this is a constructive environment. Moreover, there is no issue which is beyond limits, that you could not point to and say, this could be done better. That said, Council members primarily speak about solutions, not about problems.

but there is also room for joint operations, and that is my message.

What advantages does this organisation offer its members?

There are multiple advantages. The first advantage is that the Council can serve as a forum for exchanging opinions between our members. Every FIC member company has their own unique story of how they came to this market, but many of the problems that those companies are facing in Serbia are identical. It is precisely for those reasons that the Council is a place where members can meet with colleagues from other companies in order to jointly identify problems and find solutions.

From the other side, membership in the Council offers companies an opportunity to indirectly influence the legislative framework of the country. The Council publishes its unique publication, the White Book, once a year. This book offers recommendations for the improvement of the business climate in the country. A member can participate in the process of compiling that book and offer suggestions; if those suggestions are then subsequently taken on board [by the government], the member company will have assisted in the strengthening of its own operations.

There is also a third dimension. During the five years of its operations, the FIC has been recognised as a good collocutor, not only by the government, but also by other stakeholders active in Serbia. Participation in various networks enables the Council to offer a multitude of information to all of its members, as well as to support co-operational activities at different levels.

What are the current FIC activities, and what are the activities that the FIC will insist on in the future?



COLLIERS
INTERNATIONAL

Commercial & Residential Brokerage Services

Investment Advisory Services

Investor Representation

Market Research and Consultancy

Property Valuation

Tenant Representation

Property & Facilities Management

Complete Care Service

colliers

+ (381) 11 313 9955 | Belgrade www.colliers.com serbia@colliers.com



Of course, there's the White Book – as an FIC Brand. The White Book is a blue-print of the Serbian economy, and is simultaneously a roadmap showing where the country's economy should go in the next year. The book is the result of an original work of the Foreign Investors Council, because it is written by experts working within our member companies, as opposed to being compiled by outsourced consultants. Therefore, this publication offers additional value, because it gives information about problems that the private sector confronts every day. It is our goal to provide public recommendations, available to all, on what foreign investors consider as being priorities to be addressed in Serbia.

But we do not stop there. We have a period of implementation of the recommendations from word to act, as much as is possible in co-operation with other participants. So our committees work diligently during the whole year: they organise roundtables, different closed and open type sessions, elaborating the proposals spelled out in the White Book, improving and modifying them if necessary, in an attempt to reach a compromise that will help Serbia progress and, thus, ease the business operations of our members.

I think that this model of FIC operations is good. The work of the Council can surely be more dynamic; it can be improved and there is also room for expansion of both members and activities. My predecessor, Ms. Petrović, initiated the formation of new committees. We recently established the Corporate Social Responsibility (CSR) Committee, as we consider this to be an extremely important subject. By the end of the year we plan to form some other committees concentrating on both general and specific fields. These will include, for instance, the Committee for Exploitation and Min-

ing, then the Committee for Tax Issues.

In order to make the most of this association, I think a priority lies in encouraging the membership to take more active engagement, be that in existing and future committees or some other activities.

● **The publishing of the FIC's new so-called *Green Book* has also been announced?**

The title *Green Book* is a working title. The goal of that new publication is to help to attract new greenfield investments, hence the title. The target audience for this book are the home countries of FIC member companies. In our opinion, this project is important

because it represents an opportunity to spread the word about what the business climate in Serbia is really like, from the perspective of existing investors.

We are currently working on the proposed structure of the book, as well as defining some basic messages that the publication will offer. The

publication will have a general, introductory part that shall provide a short depiction of where Serbia is today, as well as presenting the FIC's expectations of what the business climate and legislative framework here will be like in the future period.

The book will also include a case study section which will present the specific experiences of some investors: detailing how they were received when they came to Serbia, how they operated upon arrival and how they operate today. The goal of this publication is not simply to present a rosy picture of Serbia. Rather, the goal is to render a realistic picture. FIC members are here because they consider this market to be promising, but they wouldn't be members of the FIC if they thought it was all bloomy, because in that case such associations wouldn't have any reason to exist.

CELEBRATION

Are you planning to host a special event to mark the five years of the FIC?

By the end of the year, the Council's Assembly will have taken place. The goal of the Assembly is to look at where we are, what our results are and what we have achieved in the previous five years; and, of course, to look to the future and how best to implement our basic goal of improving the business climate in Serbia.

**Global strength
at your side.**



Corporate Finance & Investment Banking

Accomplish your global vision with the strong local support from one of the worldwide leaders in the corporate finance and investment banking. Société Générale bank in Serbia can offer you full range of services for your local needs supported by Société Générale Group and its specialised teams. Our dedicated multilingual local team with 30 years of experience in Serbian market will welcome you and provide tailor made solutions to your needs.

Corporate Finance - Advisory - Securities - International Desk

Bulevar AVNOJ-a 50a/b, 11070 Novi Beograd

Phone: (011) 30 11 510

www.societegenerale.co.yu



SOCIÉTÉ GÉNÉRALE YUGOSLAV BANK

**30 years
in Serbia.**

Maja Gedošev, Inaugral Director of the FIC, Marketing Executive IIWB

NEW INVESTMENT POSSIBILITIES

The most important thing was to acquire the reputation of a credible body in the process of the transformation of the Serbian economy.

● **In your opinion, what is the biggest contribution the FIC made while you were working for the organisation?**

The business association, the Foreign Investors Council, played the role of advisory body in the aim of improving the investment climate in the country, therefore the greatest contribution was all the practical advice which can be read in the five issues of the White Book.

● **What was it like at the very beginning of FIC?**

When we started with the initiative for founding the Foreign Investors Council, the most important thing was to define all the partners and interested parties and to include them in every step of the association's development. The partners included government representatives, international organisations, domestic and international companies and foreign diplomatic missions. The most important thing was to acquire the reputation of a credible body in the process of the transformation of the Serbian economy.

● **Did you encounter any problems at the beginning and, if so, what were they?**

When we were getting started, the image of foreign investors still had bad connotations from previous times, which was reflected the most in the media. The typical paraphrase was that foreign investors come to get the money and take it out of the country. That is completely contrary to current statistics, which show that over 60 per cent of existing investors reinvest.

● **Which administration representatives expressed the most understanding?**

I have to admit that we had great support from the government from the very beginning. We received the greatest understanding from the ministers in charge of finance, the economy and international economic



relations, as well as prime ministers and deputy PMs and the governor of the National Bank of Serbia.

● **In your view, what should still be insisted upon?**

The maintaining of all the improvements that are the result of the existence of the Foreign Investors Council, as well as continuing the constant search for new investment possibilities.

● **To what extent has the investment climate in Serbia improved in these past five years?**

I can only say that I am currently in the position in the World Bank which deals with attracting and supporting foreign investors who want to realise their investments in this region. The message I send to everybody is to certainly visit Serbia and convince themselves personally of the possibilities and perspectives for profitable operating. ■

PROMOTING INVESTMENT IN THE WESTERN BALKANS

The Invest in the Western Balkans (IIWB) programme was established by the World Bank Group's Multilateral Investment Guarantee Agency (MIGA) with financial support from the Austrian Government and the European Commission. IIWB covers the following countries: Albania, Bosnia & Herzegovina, Croatia, FYR Macedonia, Montenegro, Serbia and UNMIK Kosovo.

To accomplish the overarching goal of creating jobs and, thus, contributing to stability and sustainable economic growth in the Western Balkans, the IIWB programme focuses on promoting and facilitating FDI flows into the region and on improving the image of the region as an increasingly attractive investment destination.

The programme implementation office, based in Vienna, acts as a partner to potential investors and to investment promotion agencies (IPAs) in the region.

IIWB's core activities

The Western Balkan countries have made considerable progress in improving economic and political stability, implementing reforms and institutionalising regional co-operation, as well as in moving closer to the

EU. As a result, economic growth and FDI inflows have increased in all countries.

Despite a strong base of foreign investors in the region, there is a lingering perception that the countries of the region lack credibility as investment locations, especially among investors in non-neighbouring markets.

The IIWB aims to stimulate increased investor interest in the Western Balkans. The programme's target is to generate up to 70 site visits and up to twelve investment projects by 2009. In bringing the region on the radar screen of potential investors, IIWB focuses its activities on the following three areas:

Implementing investment promotion and facilitation activities in sectors in which the region possesses clear competitive and comparative advantages. During the pilot phase (2004-2006), the IIWB held investor outreach events in neighbouring markets, and in the second phase of the programme (2007-2009), IIWB investor outreach events are being expanded to additional target markets. In partnership with IPAs, IIWB is helping investors establish or expand their business in the region. Core services provided by IIWB include delivering information on costs and conditions, finding business locations and

appropriate partners, co-ordinating site visits, and assisting in sourcing of finances. The IIWB also works with the OECD Investment Compact to deliver in-depth sector specific information on both the demand and supply sides of each sector.

Raising visibility and investor awareness of the Western Balkans region through image building activities. Building on existing investors is one of IIWB's key objectives, as around 50% of companies are considering the expansion of their activities in the region, according to Ernst & Young's perception study conducted in 2007. (Note: these are preliminary data that are in the process of being validated.) Sector and country specific campaigns, such as Johnson Controls and Johnson Matthey in Macedonia, will also help attract investors.

Strengthening the institutional effectiveness of investment promotion agencies. Developing the skills of local IPAs, so that they have the capabilities to apply best practices in investment promotion, enhances the region's chances of competing for global FDI. IIWB, thus, provides training to increase the quality of the IPAs' services to potential investors and of their investment marketing.



*A part of us is
in everything you use*

Company Neochimiki – L.V. LAVRENTIADIS S.A. was founded in 1974. It is a leader in industry and distribution of chemical products with over than 30 years experience and more than 3,000 business partners from the field. It operates in the chemical industry field, manufacturing, processing, packaging and distributing chemical materials.

Thanks to major investments, substantial and recognized know-how, and its extraordinary distribution chain, NEOCHIMIKI has grown to become one of the most important suppliers of high quality chemical products, supplying a wide spectrum of different industrial sectors:

- Detergents
- Medicines and cosmetics
- Plastics
- Food and drinks
- Paints and dyes
- Textiles
- Processed paper
- Fertilizer and animal feed
- Processed water
- Leather
- Refined fuel
- Lubricants
- Processed paper
- Industrial tyres
- Laboratory equipment and consumable materials

The NEOCHIMIKI group of companies has expanded its operations beyond Greece by establishing new daughter companies in Cyprus (Neochimiki Lavrentiadis Limited), Serbia (Neochimiki D.O.O. Beograd), Romania (Neochimiki Romania S.A.), Bulgaria (Neochimiki Bulgaria S.A.), Ukraine (Neochimiki Ukraine S.A.), Germany (Atlantic Polymers G.m.b.H.) and Poland (Atlantic Polymers Poland S.p. ZOO).

Neochimiki D.O.O. Beograd

Takovska 45A, 11000 Belgrade, phone: 011/2084-942, fax: 011/2751-950

e-mail: neochimiki@neochimiki-beograd.gr, www.neochimiki-lavrentiadis.gr



THE FOREIGN INVESTORS COUNCIL

The FOREIGN INVESTORS COUNCIL – FIC is a business association set up to assist Serbia in fully accepting and nurturing market economy and introducing the system of European values and standards. By taking an active role in the transition process, the FIC contributes to the improvement of the investment climate in Serbia, engaging in a dialogue with the stakeholders and voicing the position of the investors.

Major foreign investors in Serbia established The FOREIGN INVESTORS COUNCIL – FIC at the Official Foundation Meeting (Constituent Assembly) held in Belgrade on 15th July 2002, with the clear mission:

“To contribute together with the Authorities to a better investment environment for foreign and domestic companies on the market through open, informal dialogue between different willing stakeholders.”

The FOREIGN INVESTORS COUNCIL was founded with the support of the OECD – Investment Compact for SEE. Today, it gathers over one hundred foreign companies present in Serbia, covering a vast range of industries and economic sectors.

The aims of the FIC are:

- to improve the investment and business development climate in Serbia by making concrete reform proposals
- to stimulate foreign direct investment
- to promote communication between the foreign investors and the Serbian authorities
- to assist and support the international business community and help in overcoming difficulties which may exist in relations with foreign investors
- to link with other similar associations across the SEE region to benefit from best practices sharing
- to study concrete means to facilitate regional operations
- to facilitate the flow of information between FIC members and the Government

The FIC is managed by the Board of Directors, which approves programmes and development plans, decides on the organisation and participation of the Council in public events, decides on the membership of the Council in other organisations, and approves the basic principles of the structure and operations of the committees of the Council.

As an active participant in the process of driving reforms and economic development, the FIC is recognised by the Government as one of the crucial stakeholders.

The FIC remains a reliable partner of numerous international organisations present in Serbia, such as IMF, World Bank, Delegation of the European Commission, European Union, UNDP, etc.

FIC BOARD OF DIRECTORS



BUDIMIR BOŠKO KOSTIĆ **President of the FIC Board of Directors**

Budimir 'Boško' Kostić is the current president of the FIC and, since 2006, Deputy President of the Managing Board of Raiffeisen banka a.d.. Between 2001 and 2005 he held the post of President of the Managing Board of Raiffeisen banka a.d., and prior to that – from 1997 to 2001 – he was General Manager of City Trade and Finance Ltd., London (CTF). Between 1989 and 1997 he held the post of General Manager of AY Bank Limited, London, and from 1983 to '89 he was President of Investbanka, Beograd. Mr. Kostić was Vice-President of the Executive Board Association of Belgrade Bank, New York, from 1979 to '83, which followed 16 years (1963 to '79) as President and General Manager of Progres, Beograd. The current FIC president began his professional career in 1961 with company Elektrosrbija, Beograd.

A former student of the Belgrade Law Faculty and Belgrade University's Faculty of Electrical Engineering, Mr. Kostić is fluent in English and Russian as well as his native Serbian.

As well as being the current president of the FIC board of directors, Mr. Kostić is also a member of AMCHAM Beograd and a member of the Business Advisory Council of the Stability Pact for South Eastern Europe.

ONLY CAN



ORIGINAL
TASTE OF
PLEASURE



FIC BOARD OF DIRECTORS

SRĐAN JANIČIJEVIĆ

Vice President of the FIC Board of Directors

Srđan Janićijević, who became General Manager of Politika Newspapers and Magazines in 2005, is a graduate of the Law Faculty of the University of Belgrade. Mr. Janićijević started his professional career in Philip Morris, Belgrade, but also worked for them in Lozana, Switzerland, Moscow and St. Petersburg, Russia and Almaty in Kazakhstan.

Mr. Janićijević has also worked in a number of Central and East European countries in the field of marketing, sales, business development and general



management. Prior to coming to the position of the General Manager in Politika, he was General Manager of Coca-Cola Company for Serbia & Montenegro and Macedonia for three years. Since 2004, Mr. Janićijević has been the Manager and Owner of KOMOH CENCE group – Consulting for development and improvement of business, strategic marketing planning and brand development.

Mr. Janićijević is very active in business and social circles. He is the President of the Management Board of the Belgrade Philharmonic Orchestra and is a member of the Management Board of the Serbian Chamber of Commerce. He is a married father of two.



PANAGIOTIS VLASIDIS

Member of the FIC Board of Directors

Panagiotis Vlasidis is the President of the Executive Board of Alpha Bank Srbija A.D., in turn a wholly owned subsidiary of Alpha Bank A.E., a regional Financial Services Group, headquartered in Greece.

Mr. Vlasidis has a long professional career in banking, having held senior positions with National Westminster Bank and Societe Generale in Greece, and served as Group Treasurer for the Hellenic Telecommunications Organisation (OTE). Before joining Alpha Bank A.E. in November 2004, he was Deputy Governor of the Agricultural Bank of Greece.

Mr. Vlasidis holds an MBA from Babson College, Massachusetts, USA.



LUIZ AUGUSTO HEEREN

Member of the FIC Board of Directors

Luiz Augusto Heeren became General Manager of British American Tobacco South-East Europe on 1st July, 2007. A graduate in Economics, he has been with British American Tobacco since 1986, when he started his career in Brazil as Financial Manager of Souza Cruz, the

Group's Brazilian subsidiary. He went on to work as Business Development Manager in the Acquisitions and Mergers Department of British American Tobacco's headquarters in the UK, then as the Finance Director at Nobleza Piccardo (British American Tobacco's subsidiary in Argentina), Regional Director for South and Central America and Managing Director in Peru and Ecuador. Prior to coming to South East Europe, Heeren spent three years in the position of General Manager of British American Tobacco Poland.

Mr. Heeren holds an MBA from the Rio de Janeiro University. He is married and has two daughters.



DR ISAAC SHEPS

Member of the FIC Board of Directors

Dr. Isaac Sheps became CEO of Carlsberg-South East Europe on 1st March, 2007 and CEO of Carlsberg Croatia. He has held the post of CEO of Carlsberg-Serbia since January 2006, while simultaneously serving as the Chairman of the Board of Carlsberg Croatia, Carlsberg Serbia and Carlsberg Bulgaria – a position he was re-elected to hold in January 2006. Until 1st August 2005 he was Chairman of the Board of Carlsberg Bulgaria and Carlsberg Serbia.

He was the President of the United Romanian Breweries (Tuborg Romania), a position he held for five years. Dr. Isaac Sheps held several top management positions in the Electronic and Electro-optic Industry before he started his professional career in the beer industry. Dr. Sheps is educated within Industrial Engineering and Management, holds an



TO WORLD UNDER FULL SAIL

First in credit insurance

SMECA - provides financial services for the export-oriented businesses

SMECA supports your exports by:

- Export Credit Insurance
- Working Capital Loans and Guarantees for the production of goods for export
- Arranging Bid Bonds, Performance Bonds, Advance Payment Guarantees
- Arranging Guarantees for the import of machines and equipment
- Factoring financing future export receivables
- Consulting Services

Do business with the world at the highest possible level

smeca

Fond za osiguranje i finansiranje
spoljnotrgovinskih poslova

PRAGUE CLUB
berneunion



Cara Lazara 3/I,
Belgrade, Serbia
Tel. 2627 617, 2627 660
3216 930, 2620 340
Fax 381 11 2631 725
E-mail: smeca@eunet.yu

www.smeca.co.yu

FIC BOARD OF DIRECTORS

MBA and a PhD in Economics.

Dr. Isaac Sheps is a known expert in Quality Management, has published several papers in this field and held numerous lectures on the topic. As an expert, he has been a member of the international committee ISO/TC176 for the last 10 years, responsible for preparing the ISO 9000 family of standards.



NENAD VUČINIĆ

Member of the FIC Board of Directors

Nenad Vučinić was appointed the President of Henkel Adria region in August 2006, being mainly responsible for organisational topics and administration in Henkel Croatia and Slovenia. He joined Henkel in Serbia in late 2002 as the Country Manager, immediately after they bought the biggest local detergents manufacturer, Merima, in October that same year. His main tasks included achievement of mid-and long-term business and qualitative organisation growth and protection of business development from over-proportional influence by the acquisition. In his function as the Business Unit Manager, Mr. Vučinić established a small and efficient Detergents and Cosmetics sales and marketing organisation for both units. One of his biggest challenges was the implementation of the Voluntary Redundancy programme resulting in a significant reduction of employees from 1,140 to 740. Prior to his professional career with Henkel, Mr. Vučinić worked for Procter and Gamble for ten years. Mr. Vučinić graduated from Belgrade University's Law Faculty, and at the beginning of his professional career he was

a representative of Yugotours for South Dalmatia and worked in a two-man team foreign trade company (Intkom GesmbH) in Vienna, Austria, for two years.



GUSTAVO NAVARRO

Member of the FIC Board of Directors

Gustavo Navarro has been the General Manager of Holcim Serbia since 2006. Prior to taking up that position he was Financial Director of Holcim Serbia for two years.

Mr. Navarro has held international management positions in Europe (especially in Central and East Europe and the Commonwealth of Independent States (CIS)), Latin America and Asia for over twenty years. He has very rich experience in all aspects of business development, finances, tax and non-pecuniary resources management and improvement of production. His special skills include initiation of business operations, establishment of new organisations and business revitalisation.

Mr Gustavo Navarro holds an MBA from the Lozana Business School in Switzerland and is an Authorised Chartered Accountant of the Buenos Aires University in Argentina.

STEIN-ERIK VELLAN

Member of the FIC Board of Directors

Prior to his arrival in Belgrade to take up the post of CEO of Telenor d.o.o., Stein-Erik Vellan was Vice President in Telenor and spent a year heading up Telenor's sales and marketing division in the Norwegian business market.

Before joining Telenor as a Sales Director in 2001, Mr. Vellan was CEO of The



Thrane Group. From 1993 until 2000 he worked with Cap Gemini as Group Marketing Director both in Norway and internationally, based in Paris. Mr. Vellan has been and is a board member of various Norwegian companies. He holds a degree in marketing from the Norwegian School of Management. A former basketball player, Mr. Vellan played on the Norwegian national team for several years.



ZORAN VOJNOVIĆ

Member of the FIC Board of Directors

Zoran Vojnović is Deputy CEO and CFO of UniCredit Bank Serbia. He graduated from the faculty of economics, University of Belgrade, and finished his MBA studies at IMADEC University in Vienna. He worked for almost 20 years in Jugobanka in different management positions in the international division, including Jugobanka's branch in New York, and ended his tenure with the bank as acting CEO during Jugobanka's rehabilitation process. Since 2002 Mr. Vojnovic has acted as Deputy CEO, CFO and CRO in HVB Bank Serbia & Montenegro JSC. From 1st April 2007 he has continued his executive position in UniCredit Bank Serbia JSC.

City within a city



Airport City Belgrade

the place where successful
business gather

Our tenants recognize this quality.



telenor



UniCredit



GlaxoSmithKline



Alcatel-Lucent



U. S. Steel Serbia, d.o.o.

Thank you for your trust!

FIC COMMITTEE HEADS



BORIS BAKLAJA

HEAD OF THE FIC LEGAL COMMITTEE

A specialised business lawyer, Boris Baklaja graduated from the Law Faculty of the University of Belgrade before obtaining a Master's Degree (LL.M) in European Business Law at Pallas Consortium at the University of Nijmegen, the Netherlands. Mr. Baklaja has worked for a prominent law office in Belgrade and as a contract officer in the European Agency for Reconstruction in Belgrade, involved in the preparation of supply and service contracts. Before starting at the Belgrade office, he was on secondment at Clyde & Co's London office. Boris has advised clients on corporate and commercial, corporate finance, privatisation, oil and gas, public procurement, intellectual property and securities matters etc. Boris holds the position of Head of the Legal Committee of the Foreign Investors Council (FIC) in Serbia. He is fluent in English and French.



NENAD VUČINIĆ

HEAD OF THE FIC ADCPI COMMITTEE

(Association of Cosmetics and Detergents Producers and Importers)

Nenad Vučinić is currently the President of Henkel Adria and Henkel Serbia. After graduating from Belgrade University's Faculty of Law, Mr. Vučinić started his career as Young Attorney in 1986. As he

was unsure whether to remain a lawyer for life, Mr. Vučinić went on to work as a tourist representative for Yugotours in South Dalmatia in 1988 and 1989 – a decision that indeed changed the direction of his further career development.

He went to Vienna, Austria, where he worked for two years in foreign trade company *Intkom GesmbH*.

In September 1992, he moved to Procter & Gamble Austria and, after 10 years in various positions, Mr. Vučinić got a great opportunity to join Henkel in Serbia, which had just bought the biggest local detergents manufacturer, Merima, in October '02.

One of the biggest non-business challenges facing Vučinić at Henkel Serbia was the implementation of the Voluntary Redundancy programme, which resulted in a significant reduction of the plant's headcount – from 1,140 to 740 employees.

As of August 2006, Vučinić has held the position of Henkel's Adria Region President, where he is mainly responsible for all organisational topics and administration in Croatia and Slovenia.



LEO HAUSKA

HEAD OF THE FIC CSR COMMITTEE

In 1990 Leo Hauska established Public Relations consulting firm Hauska & Partner. One year later he started to build his own network in Central and Eastern Europe (CEE).

Today, Leo Hauska is the CEO of the H&P Group that manages its own offices in Austria, Croatia, Czech Republic, Serbia and Latvia.

Additionally, Hauska & Partner administers a comprehensive network of partner agencies in CEE (Bulgaria, Estonia, Hungary, Lithuania, Montenegro, Poland, Romania, Russia, Slovenia and Slovakia).

Hauska & Partner is the only agency

in Austria that implements its own CSR (corporate social responsibility) Management, under the leadership of Leo Hauska. Moreover H&P is 'Organisational Stakeholder of the Global Reporting Initiative (GRI)' and a signatory of the UN Global Compact Principles.

Leo Hauska has vast experience in implementation of CSR projects in different Eastern European countries. He is the founder and the leader of the CSR task force of the Austrian Public Relations Association (PRVA), a co-worker in the Austrian Standards Institute, responsible for the CSR Guideline ISO 26000, and has given numerous lectures in CSR. Leo Hauska specialises in the fields of Strategic Consulting, Reputation Management, Risk Issues Management and Corporate Social Responsibility.



MILOŠ MIRIĆ

HEAD OF THE FIC HUMAN RESOURCES COMMITTEE

Miloš Mirić graduated from the Military Academy in Belgrade in 1998 and also holds a Master's Degree in political sciences.

From 2000 he dealt with education and training, when he started to work at the Military Academy as an instructor and, later, as a teacher.

In 2003, Mr. Mirić was hired by the Peacekeeping Operations Centre, in the training division. He was responsible for the organisation of various training courses, mostly with NATO armies and in accordance with NATO standards. Mirić finished his military carrier as Chief of Staff to Assistant Minister for Defence Policy, dealing mostly with international co-operation in the area of defence.

Since 2006 he has been employed in Holcim Serbia as Deputy Human Resources Manager. He supports the HR Manager and EXCO team in a very intense period of management transformation in a multinational environment.

Mirić is a married father of two.

Michail Kefalopoulos, General Director of Mellon d.o.o.

HERE TO HELP

Mellon is a leading multinational group offering world-class technological solutions and value added services, to serve the increasing needs of financial institutions and organisations with strong consumer transactions business. Mellon Technologies, the parent company of the Group, was founded in 1994 in Athens, Greece. Today, Mellon Group of Companies employs more than 2,000 people in over 10 countries.

● **When did you decide to come here?**

Mellon's venture in Serbia was the result of the aforementioned growth strategy of the Group. The Serbian financial market was at the time beginning to focus on a more retail-oriented model, offering in 2001 favourable conditions for the launch of Mellon Transaction Technologies (MTT) & Mellon Transaction Solutions (MTS).

MTT offers leading front-end and back-end

transaction solutions and services incorporating the Group's international know-how with the company's local expertise. MTS provides world-class, integrated card issuing and acquiring processing services, enabling businesses to accept every form of payment available including Visa, MasterCard, DINA card and Diners Club, and allowing cardholders to use every major POS and ATM card networks nationwide. MTS is unique not only because it is the only processing company of the Group, but primarily because today it is the most advanced processing centre in Serbia and one of the top processors across the entire Balkan region.

● **What are your further plans in Serbia?**

The plans of both companies are aligned

to those of our customers. Right now, the Serbian banking system is going through an intensive restructuring period, characterised by mergers and acquisitions, forming local and international alliances. The rapid developments across the region leave no choice to the banks in Serbia, but to offer competi-

tive and attractive products and services, and most of them have already started to implement significant investment plans towards this trend.

At the same time, the legal system of the country is also going through some significant changes, creating the right framework to support this migration. Retail banking and consumer credit are among

the top priorities of our customers, and we already observe, through the products and services offered by MTT and MTS, a steady shift of the banks towards a more flexible and competitive retail model. MTT and MTS are here to help financial institutions build a cost-effective and profitable proposition that will help them increase their market share and nurture a sound business proposition. ■



Your Local Partner
for World-Class
Transaction Facilitation
Products & Services

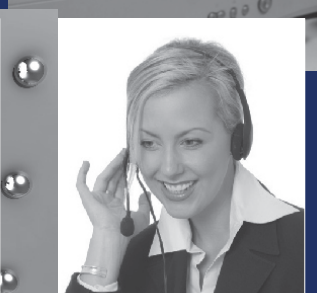
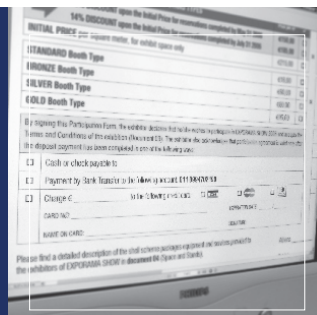


Mellon Transaction Technologies
Milentija Popovica 9, Sava Centar, Delegatska 29
11070 Novi Beograd, Serbia
Tel./Fax: +381 11 3114965, 3114970, 3114013
email: office@mellon.co.yu



Mellon Transaction Solutions
Milentija Popovica 9, Sava Centar, Delegatska 29
11070 Novi Beograd, Serbia
Tel./Fax: +381 11 3111775, 3111193, 3112575
email: office@mellon.co.yu

- Convenient
- Fast
- Personalized
- Secure



www.mellongroup.com



Jérôme Bayle

First Spokesman of the FIC

Born in France in 1948, Bayle enrolled in the Faculty of Business and Finances at the Paris IX University, from which he graduated with a Master's degree in 1972. He started his career in Tetra Pak France in 1974 as the head of marketing, and was later in charge of new projects. From July 1982 he worked in Nigeria as the Tetra Pak Managing Director for the country; in September 1985 he moved to the post of company Managing Director in Yemen; from April 1988 he was in Turkey as the Managing Director of Tetra Pak Turkey and Central Asia. He was appointed as Managing Director of Tetra Pak Yugoslavia in 2000.

In Nigeria, Yemen, and Central Asia he took part in the establishing of new Tetra Pak companies, while in Turkey and Yugoslavia his task was to help the development of existing companies.

Mr. Bayle proudly points out that he has spent nearly 30 years in the same company. "In July 2000, during my first visit to Belgrade, we agreed that Tetra Pak should keep performing its activities on the local market. I still believe that we must be consistent when it comes to preserving the quality of products and services we offer. But there is one big difference – the market is no longer the same. It is developing, improving, and becoming increasingly demanding and we have to adjust in order to satisfy the needs of our partners in the best possible way. We have always supported the development and restructuring of our customers and that is exactly what we are doing in Yugoslavia. After I arrived in Yugoslavia, we focused on making the best possible relations with our customers. We will continue to do so in the coming years." After more than 32 years with Tetra Pak, at the end of 2005, Jérôme Bayle decided to

step down and left Tetra Pak in order to take up new challenges.

Major foreign investors in Serbia established the Foreign Investors Council – FIC on July 15, 2002. One of founding members and initiators was Tetra Pak, and Mr. Bayle was the first Spokesman of the FIC.

Christoph Greussing

FIC President and Spokesman from 2003 – 2004



Born 26th January 1965, Christoph Greussing joined the Creditanstalt Bankverein, Hard Branch, Austria, in August 1984, where for the next three years he acquired banking experience in the retail banking business.

He then joined the Creditanstalt Bankverein, Innsbruck Branch, Austria, and worked in the Corporate Banking Department and in Risk Management and Corporate Finance. In 1991, he headed the Marketing department of Cassa Centrale, Bozen, Italy, where he devised the marketing strategy, organised sales seminars and handled public-relations activities.

In August 1994, Mr. Greussing moved to Creditanstalt Bankverein Vienna, Austria, and worked for the Central and Eastern Europe Department, International Division, and became country manager for Poland and Hungary. In addition to the network management responsibilities, Mr. Greussing was also responsible for the creation of feasibility studies on the Croatian and Romanian banking markets. This led him to becoming the Vice-President of Bank Austria Creditanstalt, Romania in 1997 and, as a further step, in 2001 Mr. Greussing joined HVB Bank Yugoslavia, a subsidiary of Bank Austria Creditanstalt, as Chairman & CEO.

In September 2004, Mr. Greussing became a CEO of the CAC Leasing AG, Prague – member of the HVB Group, from where he recently moved to take up the position of Deputy CEO with Dornbirner Sparkasse Bank AG in Austria.

Mr. Greussing is a graduate of the Diplomatic Academy, Vienna, and the University of Innsbruck. He holds a degree in Strategic Management and Finance. Mr. Greussing speaks German, English and French fluently, and is an Honorable Member of the Romanian Banking Institute. He is co-founder of the Foreign Investors Council, Belgrade (FIC).

Mike Ahern

FIC President and Spokesman from 2004 – 2006



Mike Ahern is a Tax Partner in PricewaterhouseCoopers' CEE-CIS practice, primarily based in Belgrade and Warsaw. Mike led the PwC tax and legal practices in Serbia, Montenegro and Albania. He is also responsible for the tax mergers and acquisitions department in Warsaw, Poland.

Mike first moved to the CEE region in 1998. In the period from 1998 to 2001 he led Deloitte's tax practice in Warsaw. Pursuant to changing to PwC, Mike moved to Belgrade and spent four years there. Mike's career began with Deloitte in Johannesburg, South Africa. Mike is a South African Chartered Accountant, has an MBA from Exeter University (UK), and has passed the exams of the UK Institute of Taxation.

Mike was president of the Foreign Investors Council of Serbia from 2004 to 2006. ■

Thinking of property investments?



The finest residences, apartments,
vacant land and private islands
now in our portfolio.

Allow us to help you find your new
home, commercial property or
holiday retreat - in Serbia and abroad.

Call us today on (+381-11) 244-8127
or email us estates@laurus-global.com

Yours truly...



Laurus
ESTATES



Ana Firtel Vlajić

FIC Executive Director

September 2007 to present

Ana Firtel Vlajić was born in Belgrade, where she completed the Faculty of International Management and received the title of Graduate Manager of International Business. Ana also completed Advanced Undergraduate studies for the most promising students of Belgrade University at the Belgrade Open School. After spending a period in the private sector, she continued her professional career as the Deputy Chief and later Chief of the Office of Deputy Prime Minister Miroljub Labus (2001 – 2003). From 2004 to May 2006 she was Chief of Staff in the Office of Deputy PM Labus, co-ordinator of Serbia's economic policy and the leader of the European integration process.

Before joining the FIC as the Executive Director in September 2007, Ana was Business Enabling Environment Specialist at International Finance Corporation, FIAS. As part of the team, she worked on analysing key investment climate issues linked to ongoing efforts to systematically improve the quality of regulations affecting the business environment across the region. The main substantive areas covered were those benchmarked in Doing Business.



Ivana Petrović

FIC Executive Director

November 2006 to September 2007

Ivana Petrović was born in Belgrade on 8th May, 1973. After graduating from the University of Belgrade's Faculty of Philology, she joined the National Bank of Serbia as Personal Assistant to the Governor, and also worked for DHL International. In March 2004 she was appointed the Chief of the Minister's Cabinet at the Ministry of Finance, where she spent two years working on a wide range of economic, foreign and domestic policy development projects and supervising the staff of many associates. In June 2006 she moved to the Government of the Republic of Serbia, Office of Deputy Prime Minister, and took a position of the Chief of the Deputy Prime Minister's Cabinet. She was responsible for the management of the affairs of the Cabinet, overseeing, organising and co-ordinating the activities of the staff and the units within the Cabinet, such as the Serbian European Integration Office and the Serbian Investment & Export Promotion Agency. In November 2006 she joined the Foreign Investors Council and took up the position of Executive Director. Ivana left the FIC in September 2007 and went to London to complete her MSc studies in Public Service Policy and Management at King's College, as one of the Chevening Scholars.



Maja Gedošev

FIC Executive Director

2003 to August 2006

Maja Gedošev was born in Belgrade on 6th May, 1975. After completing the American High School in Heidelberg, Germany, she continued her studies in Hospitality and Tourism Management in Montreux, Switzerland. Immediately after her studies, Maja joined the Hyatt International Group and worked for them in Hong Kong and Germany. In 2002, Maja enrolled in the University of Bradford MBA studies in Bonn, Germany, and completed them successfully in 2003, after which she returned to Serbia to take up the post of Head of the Investment Promotion Department of SIEPA (the Serbia Investment and Export Promotion Agency) from where she made a move to join the Foreign Investors Council business association at the stage of its initiation. Maja held the post of Executive Director of the Foreign Investors Council from 2003 until August 2006, before working as Director of Advisory services for a U.S. real estate fund in the set-up phase.

Today, Maja lives in Vienna, Austria, where she works as a Marketing Executive for the Invest in the Western Balkans programme of the FIAS, World Bank Group. The programme focuses on supporting investors interested in investing in the countries of the region (for more information please visit: www.iiwb.org).

The Best Option for All Your Needs in Serbia



ACCOMMODATION
FAMILIES
DINING
BARS & CAFÉS

MEDICAL SERVICES

TRANSPORTATION
ENTERTAINMENT

CULTURE

EMBASSIES

SHOPPING

TELECOM

TOURISM

SERVICES

HEALTH & FITNESS

USEFUL INFO

EVENTS

OFFERS

[Home](#) / [News](#) / [Forum](#) / [Exchange](#) / [Weather](#) / [Dictionary](#) / [About us](#) / [Contact](#)



Belgrade at your fingertips

[http://
www.expats.org.yu](http://www.expats.org.yu)

Comprehensive, Constantly-updated News on Events and Happenings in Belgrade
Features and Reviews Authored by Fellow Expat Residents of Serbia
Up-to-date Accommodation and Entertainment Information
Useful Links, Listing and Information on Services, Offers and the Best Deals

FOUNDERS

1. **BAT South East Europe d.o.o.**

Bulevar Mihaila Pupina 165g, 11070 Beograd

Phone: 011/ 3108-755; Fax: 011/ 3108-777

2. **NESTLE ICE CREAM SRBIJA a.d.**

Milutina Milankovica 9B, 11070 Beograd

Phone: 011/ 3010-410; Fax: 011/ 31 82 533

3. **OMV**

Omladinskih brigada 90a, 11070 Beograd

Phone: 011/2071-500

4. **UniCredit Bank**

Rajiceva 27, 11000 Beograd

Phone: 011/ 3204-501; Fax: 011/ 3342-200

5. **Hyatt Regency**

Milentija Popovica 5, 11070 Beograd

Phone: 011/ 301-1234; Fax: 011/ 311-4201

6. **DaimlerChrysler SCG**

Omladinskih Brigada 33, 11070 Beograd

Phone: 011/ 3019-040; Fax: 011/ 3019-048

7. **PriceWaterhouseCoopers**

Omladinskih brigada 88a, 11070 Beograd

Phone: 011/ 3302-100; Fax: 011/ 3302-101

8. **Siemens d.o.o.**

Omladinskih brigada 21, 11070 Beograd

Phone: 011/ 3070-187; Fax: 011/ 3030-175

9. **Societe Generale Banka**

Vladimira Popovica 6, 11070 Beograd

Phone: 011/ 3011-515; Fax: 011/ 3282-230

10. **Tetra Pak Production**

Bulevar Zorana Djindjica 44, 11070 Beograd

Phone: 011/ 2017-361; Fax: 011/ 2017-380

11. **Messer Tehnogas**

Banjicki put br.62, 11 090 Rakovica

Phone: 011/ 3583-243; Fax: 011/ 3537-201

12. **VELUX Srbija d.o.o.**

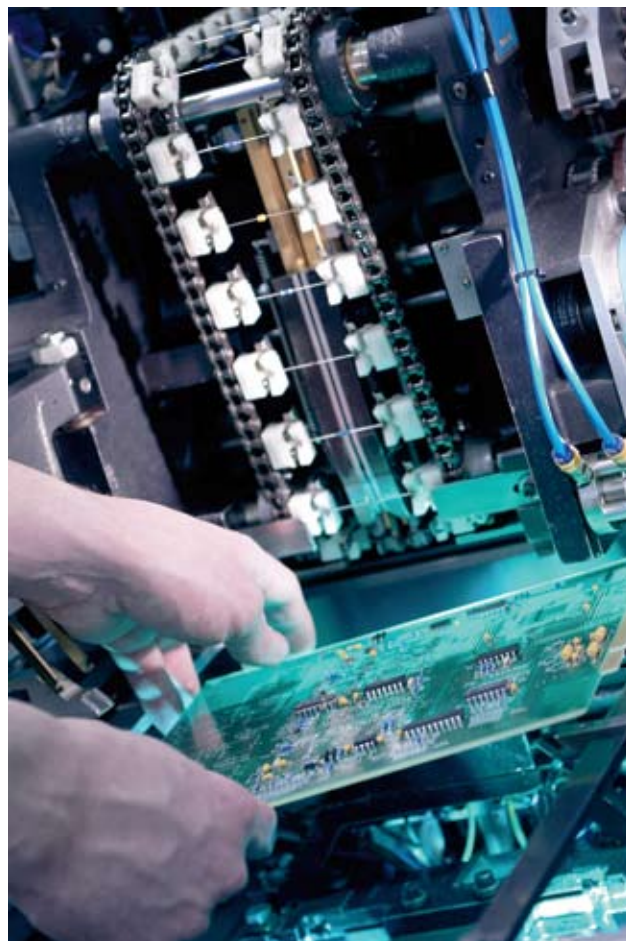
Teodora Drajzera 34, 11000 Beograd

Phone: 011/ 3670-468; Fax: 011/ 2660-841

13. **HOLCIM Novi Popovac**

35254 Novi Popovac kod Paracina

Phone: 035/572-330; Fax: 035/572-207



MEMBERS 2002

14. **A&P d.o.o. - Pepsi Bottling Group**

Marsala Tita 204, 11272 Dobanovci

Phone: 011/ 8469-100; Fax: 8465-440

15. **DHL International (Belgrade) d.o.o.**

Omladinskih brigada 86, 11000 Beograd

Phone: 011/ 310-5511; 011/ 310-5510

16. **Unilever Beograd d.o.o.**

Omladinskih brigada 88, 11070 Beograd

Phone: 011/ 2091-801; Fax: 011/ 2160-178

17. **Ericsson d.o.o.**

Vladimira Popovica 6, 11070 Beograd

Phone: 011/ 2013-716; Fax: 011/ 311-2249

18. **COCA-COLA COMPANY**

Batajnicki drum 14-16, 11080 Beograd

Phone: 011/ 308-1100; Fax: 011/ 308-1177

19. **Lafarge BFC a.d.**

Trg bfc 1, 21300 Beocin

Phone: 021/874-101; Fax: 021/874-104

20. **Raiffeisen banka a.d. Beograd**

Bulevar Zorana Djindjica 64a, 11070 Beograd

Phone: 011/2207-001; Fax: 011/ 2207-019

21. **COLLIERS - Continental Properties**

Bulevar Mihaila Pupina 115D/IV, 11070 Beograd

Phone: 011/ 313-99-55; Fax: 313-99-58

22. **KPMG d.o.o.**

Studentski trg 4, 11000 Beograd

Phone: 011/ 3282-892; Fax: 011/ 3281-193

23. **Hypo Alpe-Adria Bank a.d., Beograd**

Bulevar Mihaila Pupina 6, 11070 Beograd

Phone: 011/ 2226-714; Fax: 011/ 2226-799

MEMBERS 2003

24. **Wolf Theiss & Partners d.o.o.**

Cika Ljubina 12, 11000 Beograd

Phone: 011/ 330-2900 ; Fax: 011/ 330-2925

25. **AON Ltd.**

Bulevar Mihaila Pupina 10ž/543, 11000 Beograd

Phone: 011/ 311-3676; Fax: 011/ 311-7984

26. **Pernod Ricard Serbia (Allied Domecq Agencies d.o.o.)**

Bulevar oslobodjenja 211, 11000 Beograd

Phone: 011/ 3091-517; Fax: 011/ 3974-380

27. **National Bank of Greece S.A.**

Bulevar Mihaila Pupina 113, 11070 Beograd

Phone: 011/ 3019-900; Fax: 011/ 3019-936

28. **ALSTOM Holdings**

Gracanicka 1, 11000 Beograd

Phone: 011/ 3282-652; Fax: 011/ 638-109

29. **S&T Yugoslavia d.o.o.**

Narodnih heroja 43/XXIII, 11070 Beograd

Phone: 011/ 311-6221; Fax: 011/ 311-7665



30. Japan Tobacco International

Trgovacka 2, 11000 Beograd

Phone: 011/ 2399-764; Fax: 011/ 2050-180

31. Politika Newspapers and Magazines d.o.o.

Makedonska 29, 11000 Beograd

Phone: 011/ 330-1153; Fax: 011/ 3373-435

32. Deloitte

Kralja Milana 16, 11000 Beograd

Phone: 011/ 3612-524; Fax: 011/ 3613-037

33. EUROBANK EFG Stedionica

Kolarceva 3 11000 Beograd

Phone: 011/ 3082-860; Fax: 011/ 3376 807

34. SEEF (Bedminster Capital Management LLC)

Prizrenska 4a, 11000 Beograd

Phone: 011/ 3067-595; Fax: 011/ 3067-596

35. Fabrika Secera "Sajkaska" (Hellenic Sugar)

Curuski Put 3, 21230 Zabalj

Phone: 021/831-387; Fax: 021/832-395

36. DIHK

Cara Urosa 9, 11000 Beograd

Phone: 011/ 3285-436; Fax: 011/ 3034-780

37. Efes Weifert Pivara ad.d. Pancevo

Stevana Supljikca b.b., 26000 Pancevo

Phone: 013/306-202; Fax: 013/512-039

38. SCP d.o.o. Beograd

27. Marta 39/II, 11000 Beograd

Phone: 011/3343-334

39. S-Leasing d.o.o.

Bul. Mihaila Pupina 165g/II, 11 070 Beograd

Phone: 011/ 2010-750; Fax: 011/ 2010-702

40. **Raiffeisen Leasing**

Bulevar Zorana Djindjica 45, 11000 Beograd

Phone: 011/ 201-7700; Fax: 011/ 313-0081

41. **Hypo-Leasing**

Bulevar Zorana Djindjica 8A, 11000 Beograd

Phone: 011/ 2016-100; Fax: 011/ 2016-199

42. **Metro Cash & Carry**

Autoput za Novi Sad 120, 11080 Beograd

Phone: 011/ 3777-120

43. **Karanovic & Nikolic**

Lepenicka 7, 11000 Beograd

Phone: 011/ 3094-200; Fax: 011/ 3094-223

44. **ORACLE**

Bulevar Zorana Djindjica 64a, 11070 Beograd

Phone: 011/ 201-6800; Fax: 011/ 313-0108

45. **Unicredit Leasing - d.o.o.**

Bulevar umetnosti 2a, 11070 Beograd

Phone: 011/ 3093-504; Fax: 011/ 3093-598

46. **Wiener Staedtische Osiguranje**

Bulevar Mihaila Pupina 165g/I, 11000 Beograd

Phone: 011/ 220-9901; Fax: 011/ 2209-900

MEMBERS 2004

47. **Carnex Group**

Cika Ljubina 8/4, 11000 Beograd

Phone: 011/ 3343-537; Fax: 011/ 3342-047



48. **MIDLAND RESOURCES**

Knez Mihailova 20-22, 11000 Beograd

Phone: 011/ 2627 679

49. **Banca Intesa a.d. Beograd**

Milentija Popovica 7b, 11070 Beograd

Phone: 011/ 201-1200; Fax: 011/ 201-1207

50. **Hypo - Alpe- Adria Consultants**

PC Usce Bul.Mihajla Pupina 6, 11070 Beograd

Phone: 011/ 222-6821; Fax: 011/ 222 6898

51. **Ernst & Young Beograd d.o.o.**

Trg Republike 5/IV, 11000 Beograd

Phone: 011/ 3284-571; Fax: 011/ 3284-559

52. **Henkel Merima A.D. Krusevac**

Dunavska 86, 11000 Beograd

Phone: 011/ 2072-200 ; Fax: 011/ 2072-299

53. **Hellenic Petroleum - EKO YU**

Teodora Dratzera 17b, 11000 Beograd

Phone: 011/ 2061-500 ; Fax: 011/ 2061-555

54. ACTAVIS Trading Ltd.

Omladinskih brigada 21, 11070 Beograd
Phone: 011/ 2099-300 ; Fax: 011/ 2099-301

55. Procter & Gamble Marketing and Services

Airport City Belgrade, Omladinskih brigada 88, Belgrade

56. NBG Leasing

Kolarceva 7/I, 11000 Beograd
Phone: 011/ 3227-955 ; Fax: 011/ 3248-515

57. HARRISONS

Terazije 34, 11000 Beograd
Phone: 011/ 3615-918 ; Fax: 011/ 3615-030

58. TARKETT

Industrijska Zona bb, 21400 Backa Palanka
Phone: 021/755-7705; Fax: 021/7557 292

59. SBB - Serbian Broadband

Kralja Petra 45, 11000 Beograd
Phone: 011/ 330-5210; Fax: 011/ 303-3215

60. Coca-Cola HBC – Srbija

Batajnici Drum 14-16, 11000 Beograd
Phone: 011/ 3073-111; Fax: 011/ 3073-253

61. CLYDE & CO.

Gospodar Jevremova 47/VII, 11000 Beograd
Phone: 011/ 3038-822 ;

62. CA IB Corporate Finance

Knjeginje Ljubice 11, 11000 Beograd
Phone: 011/ 3036-321; Fax: 011/ 3285-509

63. BALL Packaging

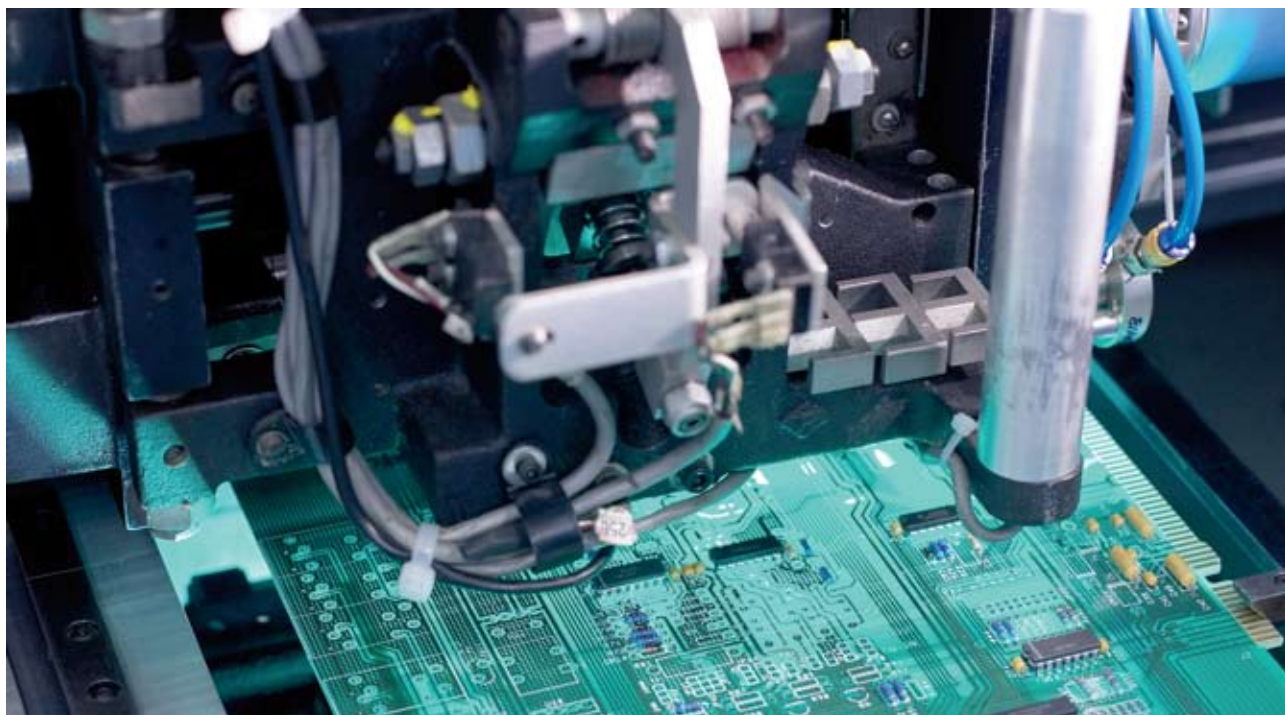
Batajnici drum b.b. 11185 Zemun polje
Phone: 011/ 3076-770; Fax: 011/ 3076-770

64. Tele Trader

Bul.vojvode Misica 39a/III, 11000 Beograd
Phone: 011/ 369-3234; Fax: 011/ 2650-131

65. CMS Reich-Rohrwig Hasce Sigle

Cincar Jankova 3, 11000 Beograd
Phone: 011/ 3030-136; Fax: 011/ 3030-137



Cord

interviews
opinions
news
comments
events

Political, Business & Lifestyle Magazine in English

SUBSCRIBE NOW!
and receive your copy
FOR ONLY €26



CONTACT US
WITHOUT DELAY!

tel.

011 3089-977

011 3089-988

011 2448-127

e-mail

subscription@cma.co.yu

www.cordmagazine.com

66. PWC Consulting d.o.o.(Bojovic & Dasic)

Makedonska 30, 11000 Beograd

Phone: 011/ 3302-100; Fax: 011/ 3302-101

67. ProCredit Bank

Bulevar Despota Stefana 68c, 11000 Bgd

Phone: 011/ 2077-900 ; Fax: 011/ 2077-905

68. Philip Morris

Bulevar Zorana Djindjica 64a, 110070 Beograd

Phone: 011/ 2010-800; Fax: 011/ 2010-824

69. Rio Tinto Exploration

Bulevar Zorana Djindjica 71, 11070 Beograd

Phone: 011/ 311-0239; Fax: 011/ 311-8822

70. L'Oreal

Bulevar Zorana Djindjica 64a, 11070 Beograd

Phone: 011/ 2205 900; Fax: 011/ 2205 901

71. VolksBank

Bulevar Mihaila Pupina 165g, 11070 Beograd

Phone: 011/ 2013-250; Fax: 011/ 2013-270

72. Mmd Public Relations

Brace Jugovica 5, 11 000 Beograd

Phone: 011/ 328-5939 ; Fax: 011/ 2635-235

73. Cementara Kosjeric – Titan

Zvojina Misica bb, 31260 Kosjeric

Phone: 031/590-301 ; Fax: 031/590-398

74. Pamet d.o.o.

Milentija Popovica 9, 11 070 Beograd

Phone: 011/ 2600-878; Fax: 011/ 2600-878

75. Sladara Maltinex – Soufflet

Industrijska Zona bb, 21400 Backa Palanka

Phone: 021/752-922; Fax: 021/742-399

MEMBERS 2005**76. GLN Support International**

Andricev venac 2, 11 000 Beograd

Phone: 011/ 3024-900; Fax: 011/ 3024-910

77. Airport City Belgrade

Omladinskih brigada 88, 11070 Beograd

Phone: 011/ 3189-516; Fax: 011/ 3189-519

78. BID - Balkan Investments & Development

Knez Mihailova 2-4, 11000 Beograd

Phone: 011/ 3032-258; Fax: 011/ 2626-870

79. GTC International Development

Bulevar Zorana Djindjica 64a, 11070 Beograd

Phone: 011/ 313-0751; Fax: 011/ 313-0752

80. NEOCHIMIKA A.D. BEOGRAD

Takovska 45a, 2nd floor, 11000 Beograd

Phone: 011/ 2084-942; Fax: 011/ 2751-950

81. Hauska & Partner d.o.o. Beograd

Cika Ljubina 12, 11000 Beograd

Phone: 011/ 3287-397; Fax: 011/ 2631-134

82. CARLSBERG Srbija Ltd

Viline vode 6, 11000 Beograd

Phone: 011/ 3303-901; Fax: 011/ 3303-919

83. **Hewlett-Packard d.o.o.**

Bulevar Mihaila Pupina 10b/II, 11070 Beograd

Phone: 011/ 2019-920; Fax: 011/ 2019-936

84. **RHEIN-DONAU YARD A.D.**

Djerdapski put b.b., 19320 Kladovo

Phone: 019/801-128; Fax: 019/801-024

85. **DUNDEE Plemeniti Metali d.o.o.**

Makedonska 30/7, 11000 Beograd

Phone: 011/ 3374-133; Fax: 011/ 3374-145

86. **SVETI VID specijalna bolnica**

Dobracina 27, 11000 Beograd

Phone: 011/ 328-3737; Fax: 011/ 3692-720

87. **ERSTE BANKA a.d.**

Bul. Mihajla Pupina 3/III, 21000 Novi Sad

Phone: 021/423-910; Fax: 021/529-507

MEMBERS 2006

88. **RECKITT BENCKISER Adriatic d.o.o.**

Bulevar Mihaila Pupina 10v/224, 11070 Beograd

Phone: 011/ 311-9790; Fax: 011/ 313-1865

89. **EC HARRIS**

Bulevar Zorana Djindjica 87/17, 11070 Beograd

Phone: 011/ 2120-334;

90. **BELEXPOCENTAR d.o.o.**

Cika Ljubina 14/8 11000 Beograd

Phone: 011/ 3284-074; Fax: 011/ 3284-074

91. **MELLON TRANSACTIONS**

Milentija Popovica 9, 11070 Beograd

Phone: 011/ 3114-965; Fax: 011/ 3111-775

92. **PIRAEUS BANK**

Kolarceva 1, 11000 Beograd

Phone: 011/ 3024-070; Fax: 011/ 3024-052

93. **BD AGRO AD**

Lole Ribara bb, 11272 Dobanovci

Phone: 011/ 2675-165; Fax: 011/ 8465-550

94. **MARS SERBIA**

Francuska 81, Luka Beograd, III sprat

Phone: 011/ 2084-291

95. **GORENJE d.o.o. BEOGRAD**

Kralja Milutina 46, 11000 Beograd

Phone: 011/ 3610-555; Fax: 011/ 3613-215

96. **NLB Continental Banka a.d. Novi Sad**

Trg mladenaca 1-3, 21000 Novi Sad

Phone: 021/ 422-073; Fax: 021/ 6616-560

97. **TELENOR d.o.o.**

Omladinskih brigada 90, Beograd

Phone: 063/7908131; Fax: 063/7908390

98. **SPECHT Law Office**

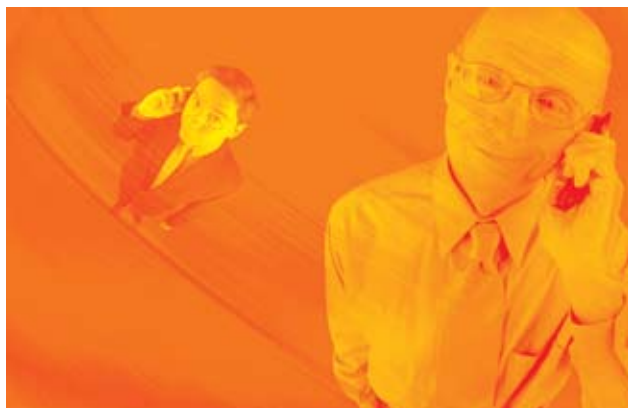
Nemanjina 40/III/8, 11000 Beograd

Phone: 011/ 3343-157; Fax: 011/ 3238-144

99. **ALPHA BANK SRBIJA A.D.**

Kralja Milana 11, 11000 Beograd

Phone: 011/ 3230-685; Fax: 011/ 3243-516



100. ASCO VIDAk Ltd.

Zeleznicka 5 21410 Futog

Phone: 021/895-090; Fax: 021/895-768

101. MERIDIAN BANK CA GROUP

Futoski put 42-44, 21000 Novi Sad

Phone: 021/ 4876-876; Fax: 021/ 4876-976

102. UNIQA OSIGURANJE ado

Milutina Milankovica 134G, 11070 Beograd

Phone: 011/ 2024-103; Fax: 011/ 2024-160

MEMBERS 2007

103. SUNOKO d.o.o.

Trg Marije Trandafil 7, 21000 Novi Sad

Phone: 021/ 4878-300; Fax: 021/ 420-018

104. BEIERSDORF d.o.o.

Vladimira Popovica 8, 11070 Beograd

Phone: 011/ 311-3080; Fax: 011/ 311-3813

105. AD POLET IKG-NEXE GROUP

Zeleznicka 13, 23272 Novi Becej

Phone: 023/771-054; Fax: 023/773-035

106. ALTIS CAPITAL d.o.o.

Simina 15, 11000 Beograd

Phone: 011/ 333-4803 ; Fax: 011/ 333-4888

107. ALAS HOLDING A.D.

Jovana Djordjevica 2, 21000 Novi Sad

Phone: 021/ 457-949; Fax: 021/ 557-236

108. VIP MOBILE d.o.o.

Omladinskih brigada 21, 11070 Beograd

Phone: 011/ 225-3001; Fax: 011/ 225-3002

109. MEDIAPRINT SRBIJA WAZ

Mosorska 14, 11000 Beograd

Phone: 011/ 3976-570; Fax: 011/ 3373-042

110. DELTA SPORT d.o.o.

Bulevar Mihaila Pupina 7v, 11070 Beograd

Phone: 011/ 2011-800; Fax: 011/ 2011-88

111. FARMER & SPAIC

Sarajevska 38, 11000 Beograd

Phone: 011/ 3660-153; Fax: 011/ 3238-896

112. EUROPEAN NICKEL d.o.o.

Beogradska 27/2, 11000 Beograd

Phone: 011/ 3234-652; Fax: 011/ 3341-635

113. TELEKOM SRBIJA a.d.

Takovska 2, 11000 Beograd

Phone: 011/ 3032-030; Fax: 064/6105425

114. HOCHEGGER d.o.o.

Kralja Petra 71, 11000 Beograd

Phone: 011/ 2634-681; Fax: 011/ 2910-322



Expand your vision - go further than others

10 SUCCESSFUL YEARS OF ERNST & YOUNG IN SERBIA

 **ERNST & YOUNG**

Quality In Everything We Do

Assurance & Advisory · Tax · Transaction Advisory

Ernst & Young Belgrade
Bulevar Mihajla Pupina 115d
Call Center: (381) 11 20 95 700
Reception: (381) 11 20 95 800
Fax: (381) 11 20 95 890
E-mail: eyoffice@yu.ey.com



**As simple as an investment fund!
And it's growing.**

Raiffeisen Investment Funds

If you believe that investment funds are too complicated to comprehend, that they are only reserved for big business or American movies, then you are mistaken.

Raiffeisen investment funds are at your service if you wish to invest money and place it in the securities market. The Management Company uses its knowledge and strength to work for you and manage your capital in accordance with your needs.

Call Centre:
011/22 07 777
www.raiffeiseninvest.co.yu



**Raiffeisen
INVEST**

Investment today, opportunities tomorrow.