



With a business-friendly Prime Minister finally at the helm, Serbia now offers unprecedented opportunities.



On the road to E.U. membership, Serbia is transforming itself into a hub for the south-east European region.



Serbia is a country with riches in sectors across the board, and is calling for investment to help it build a sustainable economy.

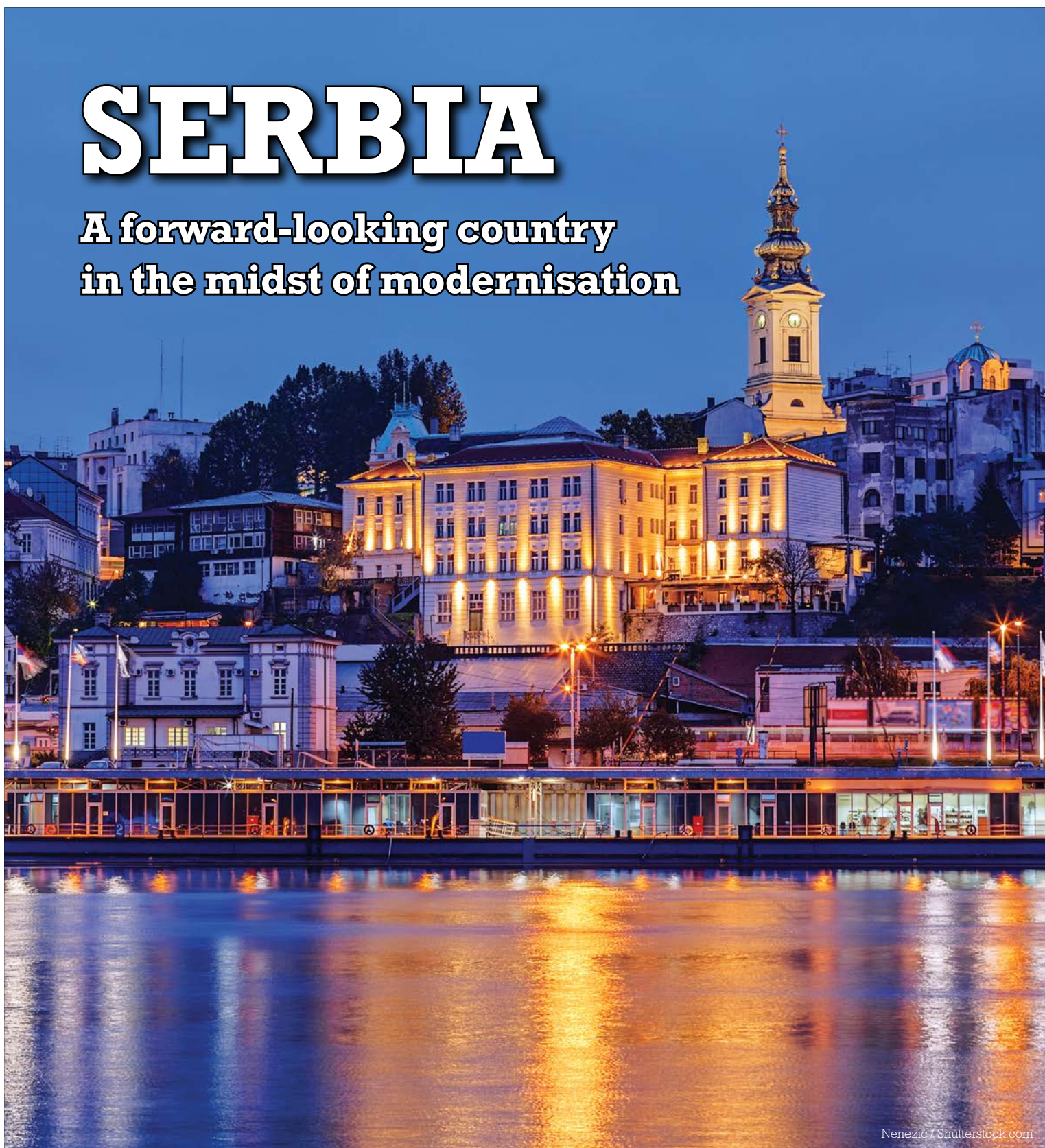
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SERBIA

**A forward-looking country
in the midst of modernisation**



Gearing up for E.U. membership

Far-reaching reforms are grabbing the attention of investors and officials who can help Serbia reach its goal of E.U. accession by 2020.

With its sights set on becoming a member of the European Union by the end of the decade, Serbia is in the midst of widespread change as it moves to modernise and expand its economy. The former Yugoslavian republic of 7.2 million people, headed by President Tomislav Nikolić since May 2012 and governed by Prime Minister Aleksandar Vučić after a landslide election victory in April this year, is becoming increasingly admired for its forward-looking ethos.

In recent years, the country has grown into one of the premier investment locations in Central and Eastern Europe. The throng of household names that have arrived include world-class companies and banks such as Fiat, Telenor, Stada, Michelin, Coca-Cola, Microsoft, Gazprom, Intesa Sanpaolo, and Siemens, which resulted in €21 billion of inward FDI since 2000. Serbia has also become a destination country for 50% of greenfield FDI in the south-east European region.

As one of the favoured destinations in Europe for large manufacturing projects, Serbia performed well in terms of FDI in 2012, attracting 78 new projects—an increase of 16.4% on the year before. FDI created 10,302 jobs in the country, giving it the rank of 6th in Europe for FDI job creation. Serbian projects are among the most labour-intensive in Europe, creating an average of 132 jobs each. According to the Ernst & Young European attractiveness survey 2013, almost 90% of these projects came from European companies.

Brownfield investments amounted to around €1.9 billion in 2012 and were the dominant component of overall FDI in 2013. According to the National Bank of Serbia, in 2014, the largest part of expected FDI inflow will be directed to the energy sector (48%), followed by manufacturing (20%) and trade (7%).



Serbia will remain a pillar of stability, and become an economically prosperous and very modern state.

Aleksandar Vučić, Prime Minister

Boasting science and engineering prowess, competitive labour costs, and free trade agreements with Russia, Central Europe, Turkey and the European Union—a total market of 1 billion consumers—the Balkan state is pushing ahead with austerity reforms to balance the books, while creating an appealing climate for business investors.

Given the E.U.'s current sanctions against Russia as a result of the Ukraine situation, Prime Minister Vučić believes Serbia serves as a pillar of stability in the region.

“Our strategic path is the path to the E.U., and because of Serbia and its citizens we must preserve good, friendly relations with Russia,” he says. “Serbia will remain a pillar of stability, and become an economically prosperous and a very modern state.” President Nikolić adds: “We see European integration as the quickest and most efficient way to achieve high standards in all fields, which is vital to comprehensive progress. This is also a prerequisite for attracting foreign investments, kick-starting small and medium entrepreneurship, and ensuring economic growth and social prosperity in the country.”

For Jadranka Joksimović, the Minister without portfolio responsible for European Integration, Serbia will bring a lot to the table as an E.U. member.

“Serbia is in a position to offer many advantages for the E.U., including investment incentives, a highly-qualified and considerably cheaper labour force than the European average, a young generation that speaks English, and free access to

markets across the world. With the valley of Morava, we are also the transport hub between east and west, and we have seven ports on the Danube and the Sava. A new air agreement between Serbian Air and Ethiad airlines means Belgrade is fast becoming a hub of the whole region. People are coming here to take their flights to elsewhere in Europe.

“The government has shown considerable determination to implement the reforms needed to ensure fiscal and budgetary stability, regardless of whether they are unpopular. It has also been highly proactive in attracting new investors: the company Etihad engaged in a strategic partnership with national airline company Air Serbia, and cooperation with investors from UAE regarding the Belgrade Waterfront project worth approximately €3 billion was agreed.

“Intensive work has been conducted regarding strategic partnerships for about 150 state-owned companies as we undergo widespread privatisation. The success of the reforms in the Republic of Serbia represent the ultimate challenge as we strive to accomplish sustainable growth, but there is a reasonable basis to expect that Serbia will achieve respectable growth rates in 2016. This represents an important precondition for the successful completion of the E.U. accession negotiations, and is strongly supported by the European commission and other E.U. institutions, which have positively evaluated government activities so far.

Serbian-U.K. relationship strong

Ognjen Pribičević, the London-based Ambassador for Serbia expresses how grateful his country is for the concrete support it is also receiving from the U.K. as well.

“Britain is helping Serbia implement reforms in a range of important areas, including the rule of law, regional cooperation, human rights, the economy, and the fight against organised crime and corruption: areas which are very important for the development of Serbia and its progress to E.U. integration. There have been a number of visits from the Minister of Justice and the Home Office here, and we have delegates moving regularly between London and Belgrade.

“As far as the E.U. is concerned, we opened the process of negotiations and candidate status in January. After the conflicts of the 1990s, the role of the E.U. is very important for us not only because of our shared values—we were fighting for democracy, the protection of minorities, the rule of law; everything the E.U. represents—but added to that, we were also in the process of a reconciliation between the nations involved in this conflict. Another key issue is that the E.U. is our main trade and economic partner—more than 60% of our trade exchange is with countries who are members of the E.U.

“Personally, I have wanted this to happen for 25 years, but it is only now we have the political will. Not a single member of the Serbian parliament is against E.U. integration and that is unique in current-day Europe. I really would like to stress this. All 250 of our MPs belong to pro-European parties. Support for E.U. membership among Serbians is also high, with only around 19% of the population against it.”

Bilateral relations between the U.K. and Serbia have improved greatly over the last two years. Prime Minister Vučić, who once worked in a corner shop in London, visited the U.K. in October, and delivered a lecture to a packed hall at the London School of Economics, where he reiterated his vision of making Serbia a top economic performer. “We want to lead in road-building attracting investment and agriculture.”

Ambassador Pribičević draws on an interesting historical anecdote to show the extent of the links between the two countries. “Historically, we are allies who fought side by side in two world wars,” he says. “Serbians are all aware that there were Scottish-run hospitals in Serbia helping Serbian soldiers who had been injured on the front line.

“Today, there is a strong U.K. presence in Serbia, especially in terms of the English language. Most of the young population now learn English at school, the British Council is seen as a very respectable institution here, and British music, films and

books are very popular. We would be very happy to see more British companies in Serbia and would very much welcome a visit from Prime Minister Cameron.

“I would love to see the visa restrictions lifted for Serbians entering the U.K. area. We have to get a visa to enter and we would of course like very much to see the restrictions removed. Our diaspora includes a lot of young doctors and professional bankers, and some who are real stars here, like Roksanđa Ilinčić, a world-famous designer whose dresses are worn by Kate Middleton. We have some very prominent players in the Premier League, including Branislav Ivanović, one of Chelsea’s key players, and Nemanja Matić, who debuted for the team this year, we have two players at Manchester City: Aleksandar Kolarov and Matija Nastasić, and one, Lazar Marković, now at Liverpool.

“I am extremely proud that tennis ace Novak Djokovic is also Serbian; I was at Wimbledon the last time he won the title.”

For Siniša Mali, Mayor of Belgrade, the capital is leading the way for the company’s modernisation: “First of all, we are trying to build Serbia as an investment destination, and we’ve managed to do that in a consistent way. Of course, Belgrade is a locomotive of Serbian development. Most investors who come to Serbia arrive in Belgrade, so the first impression is very important.”

“Even though Belgrade doesn’t have that many factories, we’re actually the commercial, business and financial centre of the region, and in that respect we’re trying to carve Serbia out as an investment destination hub. We also need to strengthen Belgrade’s position within that. We have introduced an Office of Quick Response in all 17 local municipalities, where each and every entrepreneur and investor will



We focus on innovation and have invested millions of dollars into new factory line, production and upgrades.

Daniel M. Boehi, CEO of Knjaz Milos/COO of Bambi



Knjaz Milos.

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be able to access all the answers he or she may need related to the business, what kind of documentation is needed, and so on.

“We are trying to be proactive and present in each and every community. We are doing this together with SIEPA, the Belgrade Chamber of Commerce. It’s like a one-stop shop where you have dedicated people within each and every local municipality, so the infrastructure is in place.

“We’re trying to increase the level of entrepreneurial spirit in Belgrade, not only through various stimulus packages that the city offers, but also through these business incubators. This is where each and every person with a sound business idea will be given office space and a computer with all utilities and phones paid. We will give them approximately a year to build their own business like a start-up.

“We are also putting together a major strategy to be adopted by the end of this year that will actually be a perfect opportunity for us to start looking for investors.

“Apart from being very attractive because again, the city can offer various tax incentives, tax holidays and so on, we’re actually raising awareness of Belgrade as the real centre of the region.”

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**BEST FROM
SERBIA**

Opening the gates of growth

Widespread privatisation, together with fiscal reforms, are showing a new side of Serbia: one that is open to partnership and investment.

As part of the move to bring Serbia out of recession, lawmakers approved the appointment of a new economy minister in September. Željko Sertić, a member of Vučić's Progressive Party, who previously led the Serbian Chamber of Commerce since March 2013, took over from Dušan Vujović, who is now the Minister of Finance.

With Sertić at the helm, there is now an able team steering the much-needed public sector reform and clamping down on the black economy, particularly in the issues of VAT avoidance and the illegal trade of excise goods, especially tobacco.

The government hopes such measures will provide budgetary savings of around €700 million per year and reduce the deficit from 7% to 3% within a period of three years.

The goal of the government's fiscal consolidation measures is also to bring an end to public debt, which is currently 65% of GDP. The austerity measures now in place will, the government assures, take into account the status of socially vulnerable groups and citizens with the lowest salaries and pensions.

The reforms will also impact the business and investment environment, with new laws on labour, privatisation, bankruptcy and construction permits being adopted. European Union support has been given to all these economic policy reform measures, which have in turn been developed in cooperation with international financial institutions such as the IMF.

The fact that the new reform measures have been so widely supported, by the European Commission, international economic and financial institutions, respectable economists and business pundits, and key companies in the private as well

as public sector, is a clear indication that Serbia is on the right track to fully stabilise the country's economy and assure conditions are in place for sustainable economic growth in forthcoming years, and also to fulfil all economic and other conditions imposed by the E.U. membership negotiation process.

As Governor of the Central Bank of Serbia Jorgovanka Tabaković notes: "The road to Europe is a two-way street. Though we are among the last to join the E.U., it is a chance for us to offer our full contribution to the achievement of unquestionable E.U. objectives—peace and progress.

"It is also a chance for the E.U. to show that there is no Eurosclerosis and that the "periphery of the periphery" should not be left to anybody, not even to itself, because Serbia's natural position is within the E.U. zone. We offer a friendly, predictable and comparable environment and the possibility to sell goods in third markets.

"The line between caution and hesitation is a thin one. We need to make up for the time lost and change the model of advance spending. In the run-up to the crisis, Serbia recorded relatively high annual growth rates of around 4–5%. Unfortunately, this growth was led primarily by consumption. Of course, this was very good for political ratings since higher consumption created the impression of a permanent rise in the standard of living. Very soon, however, it became evident that such a rise in consumption did not create preconditions for stable and sustainable economic development.

"Macroeconomic stability was overshadowed by mounting foreign trade and current account deficits, the latter exceeding 20% of GDP in 2008, as well as by the build-up in external debt.

"The global financial crisis only brought these weaknesses to the surface and showed that the adjustment was absolutely necessary. Restrained access to external sources of funding helped reduce the external imbalance, while net exports and investment became the main drivers of economic growth. Like other countries in the region, Serbia has been recording relatively low growth, but generally more sustainable rates since 2008. The greatest challenge facing Serbia today is to create conditions for sustainable economic growth and higher employment. Stepping up the reform process is crucially important.



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We are using our organisational expertise and professionalism to work as if we were already an E.U. member.

Dejan Branković, Managing Director of Energogroup

"The reform measures to be adopted will be geared at improving the business and investment climate. The government is fully aware of the importance of this task and is making every effort to achieve it.

"Despite the challenges it is facing, the Serbian banking sector remains exceptionally stable and well-capitalised. At the end of June 2014, its capital adequacy ratio was 20.44%, the share of Tier 1 capital and risk-weighted assets was 17.61%, and NPLs were covered by regulatory provisions to the extent of 113.46%.

"In addition to being markedly resilient to all current and potential risks, it is worth noting that the profitability of the Serbian banking sector continues to be relatively satisfactory. The losses posted by the banking sector in the period prior to the crisis were due to the losses of a small number of banks. Most of the banks in the group of the largest players are still profitable. In fact, the 10 largest banks account for 76.1% of total banking sector assets."

Privatisation drive

With Serbia's massive state-owned enterprise sector weighing heavily on the country's finances the impetus is now on relieving the government coffers of over 500 state-owned enterprises, many in poor financial condition. It is estimated these collectively cost the government up to €1 billion per year.

Marijana Radovanović, director of the Privatisation Agency of Serbia offers an overview of the new privatization law, which invited all relevant parties to express their interest in these companies.

"The deadline for the submission of the letters of interest expired after 30 days, and we were very satisfied with the response of potential investors that have shown interest in a significant number of companies," she says.

"Based on the submitted letters and on the business analysis of each company, the Privatisation Agency has proposed a model and a method of privatisation for each company to the Ministry of Economy. The Ministry will then further decide, within 30 days, on the model of privatisation of companies that do have market potential, and on companies that will go into bankruptcy procedure.

"Based on the Ministry's decision, the Privatisation Agency is planning to launch year a public invitation for submission of binding offers for the sale of each individual company this December. For the companies that are deemed unviable, a bankruptcy procedure will be initiated with workers receiving severance pay.

"It is important to state that the investors who did not participate in the preliminary privatisation phase, and who did not submit letters of interest, will be able to participate in the main privatisation phase which refers to the public invitation for sale of assets or capital," Radovanović continues.

"Letters of interest serve as an important indicator for the model of privatisation which will be proposed to the Ministry of Economy. Information about the companies from the Privatisation Agency portfolio can be found on our website www.priv.rs. The new Privatisation Law ensures more flexible models of privatisation which offer more opportunities for potential investors. Possible models of sale are strategic partnerships, sale of capital and sale of assets."

The companies earmarked for privatisation cross all Serbian economic sectors,

such as agriculture, food, construction, manufacturing industries, and tourism, as well as companies related to the media, which will be privatised in line with the Law on Public information. The law states the government must be completely withdrawn from the ownership structure by mid-2015 and the whole process completed by 2016.

"Most foreign investors come from the E.U.- Austria, Germany, Italy, as well as from neighbouring countries—Croatia, Slovenia, Hungary, Bulgaria and Greece. There are also investors from Russia and countries within Central and Eastern Europe," Radovanović says. "Legally speaking, foreign investors will enjoy the sametreatment as domestic investors, and the Privatisation Agency as well as the Ministry of Economy will fully support them in the process."



We have a successful business, we have a business that is growing and as soon as business in Serbia gets better, we will grow even faster.

Vladimir S. Milovanović, CEO, Energoprojekt

Those entities exempt from the first round of privatisations include large public enterprises, and public utilities, such as Železnice, Elektroprivreda, Srbijagas and Telekom.

"The government of Serbia will decide later whether, when and how these big companies will be privatised," Radovanović says. "The goal of this privatisation is to find strategic partners and investors for those companies who will provide them with a stable economic position in the next period.

"This should all make a significant contribution to fiscal consolidation and aid sustainable economic development of Serbia by new investments in the production cycle."

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Driving ahead with change

Serbia is pulling out all the stops to become an oasis of manufacture and a modern transport hub for the region.

In terms of what it has to offer investors, Serbia is a land of riches. It boasts more than 4 million hectares of arable land and produces superior quality organic crops, including corn, wheat, barley, sunflowers, sugar beet, apples and plums. The world leader in the exportation of frozen raspberries, Serbia employs around 26% of its workforce in the agricultural sector.

With more than 100 natural springs, Serbia is also a successful producer of mineral water. Take Knjaz Miloš, a carbonated mineral water producer and distributor based in Arandjelovac, which was founded in 1811. The company, which restructured in 2000, now also produces a line of fruit juices and soft drinks, Aqua Viva spring water, Aqua Una mountain water, and Guarana energy drink. Its sister company Bambi, is a strong, well-organised, market-oriented company that employs 1,074 highly professional and devoted individuals at its Belgrade headquarters and four factories in Požarevac and Vršac.



The road to Europe is a two-way street. It is a chance for us to fully contribute to the achievement of the E.U.'s aims of peace and progress.

Jorgovanka Tabaković, Governor, National Bank of Serbia

The confectionary company produces the extremely successful Plazma brand which today has grown into an entire family of products such as the Wellness wholegrain biscuit and bars, Yo D'Oro wafers, sandwich biscuits, tea biscuits, snack bars, Juhu chocolate bars, tablets and spread, Bambi dark, milk and white chocolate, Small chocolate pleasures, Yo Yo rice tablets and bars, Još! salted snacks, Zlatni Pek lent biscuit, Belvit mleni keks, Bambi cooking chocolate and Poslastina cooking compound, Scarlet pralines, Boni Fazoni hard and gummy bonbons.

Owned by FPP Balkan Ltd. Knjaz Miloš added Salford Investment Fund as partners in 2005, and a year later obtained an ISO 22000 certification for food safety, the first company to obtain this certification in Serbia. Its flagship products are imported in the United States by AB Company, Inc. and Grand Prix Trading Corp.

Knjaz Miloš CEO and Bambi COO Daniel M. Boehi explains how his company keeps ahead of the game: "We focus very much on innovation and in the last couple of years have invested tens of millions of dollars into new factory lines, production

and upgrading what was there before. We are still more focused on the ex-Yugoslavian market, which is not large enough that we need to be too sophisticated, so within that model, we are as efficient as we can be. We are, however, heavily focused on brand building.

"As a foreigner when you look at Knjaz Miloš, at Bambi or Plazma it's very difficult to comprehend what Plazma means. People here have an emotional response to the brand: it is far more than just a biscuit. When people leave the country to go on holiday, they take two or three things with them, and one of those is Knjaz Miloš and a few packs of Plazma biscuits because that's what you take away to have some bond to your country. It's unbelievable.

"So we continue to strengthen the brands. We have of course developed the brand portfolio, the brand hierarchy, all the things we should be doing. The Knjaz Miloš brand is more than 200 years old, and if you think about that, you will not find a 200-year-old water brand in Europe. Historically, this has to do with the fact that many of the Roman emperors came from this region and when they came back, they brought the bathing spa culture here. This is why we have such a high density of spas and traditional water drinks.

"So that's where the origin of Knjaz Miloš is, way back then in the health business where the emperors and the kings went for treatment; it was very much comparable to modern-day Vichy in France.

"So we heavily invested in the brand, upgraded the technology and then in route-to-market and sales. We bought 30,000 coolers that we placed throughout the region. In Bambi, we bought a huge amount of racks that have a very strong route-to-market and access for the consumer to buy these brands."

Making up for lost time

Miodrag Kostić, the highly regarded president of MK Group, which owns some 35 companies and is in the top three most diversified groups in Serbia, is also excited at the new direction the country is taking.

"If someone were to write a book, Serbia would be an excellent example for other countries about starting a privatisation process to underline what needs to be done and what obstacles they would encounter. We made a major mistake because we didn't privatise the state-owned companies 20 or 15 years ago, when they still had some equity. Today Serbia has 500 companies undergoing privatisation, but most of them, with the exception of those in the agricultural sector, have high production costs, old machinery and negative equity. Their actual value is in the hands of the investors who will invest the money needed.

"In 2003, I personally experienced controversies relating to this issue. MK Group bought a sugar refinery that had gone into bankruptcy and was sold to us for €3, but

of course we had to invest another €65 million! So we actually bought the refinery for €65 million, plus the working capital which was about €80-85 million, which was in total around €150 million. Ten years ago when Sunoko was established Serbia had 15 sugar companies. Now, Sunoko with its three production centres is the only one with sustainable development. More privatisations like this would boost the Serbian economy.

“The agricultural sector has major potential. My advice to the government would be to start with an auction model as soon as possible, sell the assets and the liabilities, take over a company and then collect the money and pay the liabilities from that amount. Without a doubt, the government has chosen the right direction regarding this issue of the streamlining of the public sector, and the message has been sent.

“I don't think any government could do that in one year, but if the government reduces the public sector by 50,000 people per year and at the same time encourages the private sector with investments, that would surely increase the GDP and compensate one part of the problem.

“I am very much looking forward to seeing Serbia become a part of the E.U., because 45% of the income of MK Group in Serbia comes from E.U. exports, and we have implemented all our standards in accordance with the E.U. standards. When I give lectures to students and we discuss Europe, the best way to explain what is better for Serbia is simply to look at the map.

“The only other option we have is to be like Switzerland. Serbia is an economy of €33 billion GDP and that equals the size of a good European country. We have 7.5 million people, we are on the transit way to Turkey, Greece, Bulgaria and the eastern part of the E.U., so with a few billion euros of soft grants financed by the European Union in order to support the Serbian infrastructure, build roads or invest in railways, the positive effects would be obvious. It may not work like that these days, but it would certainly give us the boost we need.”

Construction firms build the economy

In the meantime, investment is coming into Belgrade, with the UAE planning to pump some €3 billion into the Belgrade Water project. For Snežana Marković, General Manager of Projmetal, this is exciting news.

“Serbian construction companies like us have great experience and a long tradition in designing and executing industrial and public complexes, not only in Serbia and the region, but also abroad. This has resulted in the successful completion of numerous buildings for the needs of the metal and mining industries, the electric power industry, chemical and processing industries, the food industry, as well as health care centres, sports facilities, residential buildings, showrooms, office and administration buildings, water supply buildings and environmental projects.

“Unfortunately, due to political events and economic factors, investments in construction have fallen significantly over the last two decades, which has inevitably affected the volume of business of construction companies in Serbia. Through privatisation, which has encouraged investment in construction, construction companies have been given a new chance to maintain their business and their reputation acquired over many decades.”

The greatest challenge, Marković says, is to keep the highly qualified Serbian staff in the country and avoid the brain drain that has occurred in recent years. He discusses the projects that are currently under way:

“Since the Serbian Oil Industry's takeover by Gazprom Neft, we have collaborated actively with this Russian company. The major oil industry projects that we have been engaged in have been completed to our mutual satisfaction and within agreed deadlines. Another recently completed project is the Immo Rent commercial-business centre, commissioned by a foreign investor.

“In view of the company's past experience and our employees' qualifications and experience, we are planning to become actively involved in construction projects in the gas industry.

“Our experience in partner relationships with foreign companies shows that Serbian companies are capable of providing quality support for projects, and of actively participating by providing complete designing services, engineering, consulting and construction work for investors.

“Serbia is well on the way to creating a favourable climate for foreign investments and thus accelerating economic growth and development. All Serbian companies, including Projmetal, are planning to take an active part in planned investment projects, the most important of which is Belgrade Waterfront.”

For Dejan Branković, president of Energogroup, another construction company,

The advertisement features a blue background with a grid pattern. At the top center is the logo for ENERGOPROJEKT, which consists of a stylized 'E' with a building icon inside, followed by the text 'ENERGOPROJEKT' in a bold, white, sans-serif font. Below the logo are four images: a modern glass skyscraper, a large industrial building at night, a large industrial facility with a red roof, and a large dam with water flowing over it. In the bottom right corner is a circular logo with the text 'YEARS OF EXCELLENCE' around a stylized 'E'. At the bottom of the advertisement is a white banner with the text 'BUILDING A BETTER WORLD' in a bold, black, sans-serif font. Below this banner is a blue bar with the text 'Energoprojekt Bulevar Mihaila Pupina 12 Belgrade, Serbia www.energoprojekt.rs' in a white, sans-serif font.

BUILDING A BETTER WORLD

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new planning and construction laws due to be passed next spring will kick-start investment from bigger players. “We are preparing ourselves, as a company to ensure our standards will be interoperable with those of the European Union.

“I personally believe in this new government that we have right now, I believe in this new energy of all people led by Prime Minister Vučić, so this all will hopefully create better conditions for work and life in Serbia. So I do expect the economy to grow, and for there to be a boom in construction work, and this expected level of investments by spring of course, and not only because of this great project Belgrade Waterfront, for which we are preparing, but also after this long, long break and pause that we have.

The joint venture we signed with Etihad for Air Serbia is very important because it has increased the number of passengers this year by 82%.

Siniša Mali, Mayor, City of Belgrade

“What need to focus on now is there must be a change, first of all, a change in the Serbian people’s mindset. So we have to have this new idea of bringing law and order and stability so we can attract new investors. For example, Slovenian investors are producing and manufacturing things which are intended for the Russian market because we have good contracts with the Russians. Only this morning, I read in the newspapers that the average salary in Serbia is 380 euros per month, in Croatia, it is 720 euros and more than 1,000 euros in Slovenia. An Italian investor would be interested in investing in Slovenia because he wants a cheap labour force, he wants new markets, so if we offer stability and good laws and security and safety, then he will come to us. This is our advantage.

“We are doing our best to use our organisation and expertise and professionalism to work as we are already an E.U. member, all of our engineers and employees are proficient in languages, except for myself, we’re learning. The way I see the future is the following: the average age in our company is 32 at the moment and these are all people who have 7, 8 or 10 years work experience, and they will give their best in the following 10-15 years and I think in the following two or three years we will double the number of our employees.”

For Vladimir S. Milovanović, CEO of Energoprojekt Holding plc, there is a long climb ahead, but, having been able to steer his company through wars, sanctions and recession over the last 20 years, he is unfazed. “Energoprojekt survived all that mainly because of our businesses abroad, but in this process, we have to pull back

from some markets, to reduce the number of employees over time, to stabilise and to restructure our business because the world is changing; nothing is the same as 20 years ago,” Milovanovic says. “Today, Energoprojekt has maintained its position on four continents. We have a successful business, we have a business that is growing and as soon as business in Serbia gets better, we will grow even faster.

“The company’s prime business is infrastructure, and we are building some outstanding projects within Serbia. One, which is near completion, is the construction of the new smelter plant and sulphuric acid plant in RTB Bor, in mining, where we are extracting copper and gold. We are subcontractors to a Canadian company SNC Lavalin, and a Finnish company, Outotec, which is best known for its technology in smelter systems. The project should be completed by the end of this year and will be a very important part of the recovery of the Serbian economy.

“We are also executing a project with an Azerbaijani company that is the main contractor for the construction of the section of the road on Corridor II. We are building the first phase of a railway project and we are a subcontractor to a Chinese company for a portion of the construction of the road. So basically, for any foreign company that is negotiating bilateral agreements or credit agreements, we are the number one local choice, the biggest and most experienced Serbian engineering infrastructure company.

“Serbia has many resources that are not yet utilised, not only in coal-fired thermal power plants, but also in the hydropower sector. There are a lot of potentials but because there is not enough money to invest in those projects, and due to very intensive changes in the legal framework of doing business here, everything is delayed. Nevertheless, I believe we are also going to have a lot of work in that sector in the future.”

Belgrade mayor Siniša Mali can hardly contain his excitement at the impact the new developments will have on his city and its people.

“We are about to establish a new waste management project at a cost of €250 million, which is something we’re going to do through a PPP arrangement, and we plan to start with the tender next spring. The same applies to building the underground garages here, we plan to do this through PPP.

“The consultant has already been selected and he’s working on the feasibility study. We have an obligation to increase the quality of life for people here and we cannot do this through stand-alone agreements. “The joint venture we have signed with Etihad for Air Serbia is very important because it has increased the number of passengers this year by 82%. Air Serbia is contributing approximately 1.4% to the Serbian GDP overall. Investors coming to Serbia are seeing the new planes, the new food, and the fact we have the best business class in Europe. That contributes to the overall image of the country, and of course, the city of Belgrade, and when you have such a first impression of the country and the city, you think “Good, everything else is going to go well.”

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