

IN THIS ISSUE: *PR in Energy sector*

***SEE** Perspective*

MORE THAN ANALYTICS

BSN South East Europe Business magazine in English. Year 2.

FEATURED TOPIC:

Wages in SEE - between the needs and abilities



Exclusive interview:

Zorana Mihajlović, PhD
*Serbian Minister of Construction,
Transport and Infrastructure*



Ralf Hälgl:

*Reflections on my time
spent in Serbia*



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While in Balkans the appearance of drones, carrying political propaganda, especially on football games, causes diplomatic scandals and inter-country arguments, the western countries are going to use them in a totally different manner in the nearby future: according to the German Handelsblatt, citing German statistics, an average German annually spends 7 full days in the supermarket. Due to that, large German retail giants, such as Edeka or Rewe, intend to improve their delivery services in an innovative way. Amazon, for example, is already testing delivery by drones carrying the bags. However, no one says how many people will lose their jobs due to such innovations in the nearby future. It is similar to what happened to the car and metal industry: millions of workplaces were replaced by introduction of automatics and robotics in production. Now, that trend expands to the service sector as well.

As far as Southeastern Europe goes, it is still a Mecca of cheap and relatively quality workforce. This is, among other factors, why west European investors come to this part of Europe. Current average of wages in the SEE region is certain to stay on the same levels in the following years. One text from this issue deals with the answer to

the question how much are the minimum wages in the Balkan countries. This is why the featured topic of this issue is „Wages in SEE – between the needs and abilities“. However, what are the future trends in wages and stimulation of employees in SEE will be answered by a large conference on this topic that will be held in Belgrade on May 28th and 29th, which is also spoken of in this issue.

We received an exclusive interview for this issue from Serbian Minister of Construction, Transport and Infrastructure, Zorana Mihajlović,

PhD, who kindly and patiently answered our questions concerning national railways of Serbia.

For the first time in our magazine, Ralf Hälgl writes his impressions as a foreigner visiting Serbia.

In this issue we are also dealing with

the topic of the importance of strategic communication in the planning and implementation of energy projects. Where? In Balkans and in Serbia.

Of course, our other texts in this issue are also interesting and are surely worth the read. That is why we wish you a pleasant stay on the pages of our newest, issue number 6 of the SEE Perspective magazine. As you will undoubtedly realize again, we don't make the claim that our magazine is "more than analytics" for nothing.

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IMPRESSUM

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CONTENT

April
2015

SEE Perspective

06-18 | **FACTORY NEWS**

FEATURED TOPIC

19 | **REGIONAL CONFERENCE ON WAGES
AND REWARDING EMPLOYEE MODELS**

21 | **MINIMAL WAGE
ON THE BALKAN**

22

**AVERAGE (NET) SALARY
COMPARISON IN SEE REGION**

EXCLUSIVE INTERVIEW

23-25 | **ZORANA MIHAJLOVIĆ, PhD**
*SERBIAN MINISTER OF CONSTRUCTION,
TRANSPORT AND INFRASTRUCTURE*

27-28 | **SERBIAN PROJECT RAILWAY LINE
BELGRADE - BUDAPEST**



29 | **BSN ORGANIZES BUSINESS
VISIT TO BAVARIA**



31-33 | **PR IN ENERGY SECTOR**

CORPORATE CULTURE

34 | **REFLECTIONS
ON MY TIME SPENT
IN SERBIA**



35 | **BSN'S SECOND BUSINESS TABLE**



36-37
SERBIA: TRAVEL & TOURISM

38 | **FAIRS IN THE SEE REGION,
MAY AND JUNE 2015**

SERBIA

Contact with new Smederevo steel mill management signed



The contract with HPK Engineering BV as the new management of Zelezara Smederevo was signed in Smederevo on 21st of March.

The contract was signed by Serbian Minister of Economy Željko Sertić, Executive Director Bojan Bojković on behalf of Železara steel mill and Dutch company HPK Engineering representative Peter Kamaras, and the signing ceremony was attended by Serbian Prime Minister Aleksandar Vučić.

The management contract was closed for the duration of three years with the possibility of interruption in case an adequate partner for the steel mill purchase is found.

The ownership over Smederevo Steel Mill was transferred back to the Republic of Serbia in January 2012 when the previous owner, U.S. Steel, decided to sell the steel mill for USD 1 after nine years of operation due to the mill's losses caused by the drop of the price of steel on the global market.

Smederevo Steel Mill employs around 5,000 people and currently has an annual output of around 350,000 tons of steel, although its total annual production capacities add up to around 2.2 million tons of steel.

Turkey's Halkbank formally acquired Čačanska bank

Turkey's Halkbank, which formally acquired Čačanska bank on March 20th, intends to expand operations in Serbia through supporting investments, Serbian Finance Minister Dušan Vujović said.

Following the signing of an agreement with the Turkish bank's officials on the acquisition of a 76.74 per cent stake in Čačanska banka for EUR 10,1 million, Vujović told Tanjug that the transaction holds much promise.

"I think that Halkbank will undertake bigger risks and back investments more aggressively," Vujović said. "They want to expand their presence in investments and long-term investments, which are considerably rare in Serbian banking," the minister said.

The arrival of the Turkish bank will be followed by a boost in trade and the presence of the Turkish industry and investments in Serbia and the Balkans, Vujović noted.

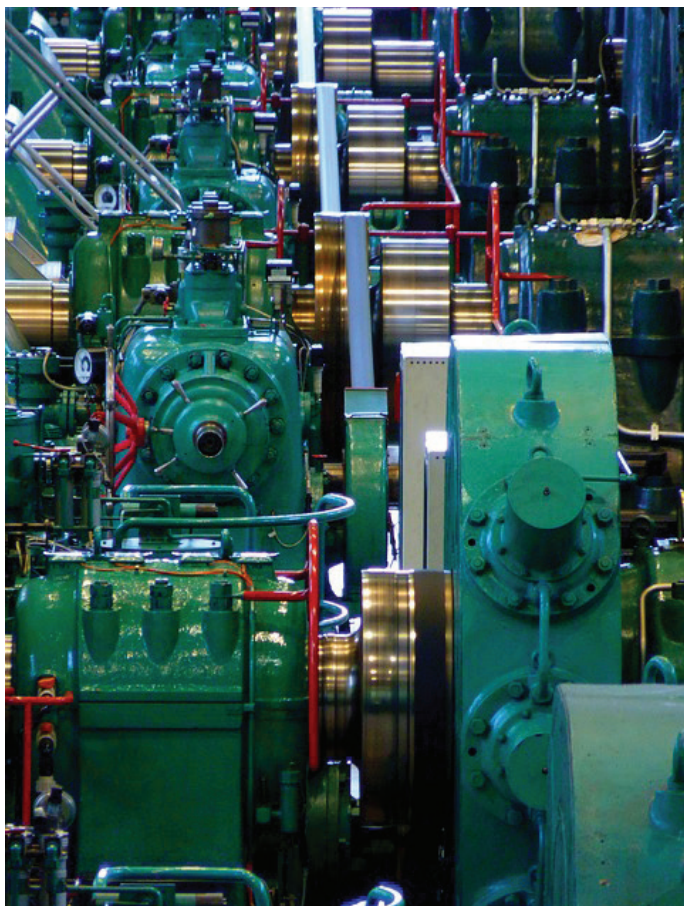
Čačanska banka was previously owned by Serbia, the EBRD, the IFC and the now-bankrupt Beogradska banka.

Serbia and Czech Republic wish to jointly construct a power station on Drina

Serbia and the Czech Republic have a mutual interest in building a power station on the river Drina, according to what was said at a meeting between Serbia's Minister of Mining and Energy Aleksandar Antic and a delegation from the Czech Ministry of Industry and Trade.

The two sides said progress in cooperation on the mining projects Cirikovac, Sokok and Stavalj had been achieved, the Serbian Ministry of Mining and Energy has stated.

They agreed to strengthen their cooperation and on new joint activities in the energy sector.



tricity price increase after April 1, Murgasova said that this matter would be a topic of the next agreement review some time in mid-May.

Potential delays in the search for a solution to the problem of Petrohemija petrochemical complex, Azotara fertilizer plant and chemical manufacturer and distributor MSK will also be a topic of the talks in the review, she said and expressed the hope that the government would find a solution to the companies by that time.

Murgasova expressed the belief that the stand-by arrangement closed with Serbia is a high quality one. We are satisfied with the fact that the World Bank and the European Bank for Reconstruction and Development would be included in the realisation of the arrangement, she said.

Only „Lazard Freres“ submits offer for Serbian Telekom



As reported by TANJUG news agency, the French company „Lazard Freres SAS“ is the only one to submit an offer to become an adviser for the privatisation of Telekom Srbija. „The commission determined that the offer was submitted within the deadline and that the offering party presented all the necessary documents. Telekom Srbija will decide on whether the offer is acceptable within the legal deadline,” the statement says.

The adviser's job in the first stage is to estimate the value of the company, conduct an economic and legal analysis, research the market, suggest privatisation models and prepare the deadlines and methods for the privatisation.

After the first stage, in case the majority shareholder picks one of the privatisation models, the second stage will start, where all the activities will be coordinated by the adviser, from the invitation for bids to the end of the transaction.

Reconstruction of Bar railway to begin by end of 2015

The reconstruction of the section of the railway towards Bar in Montenegro through Serbia will begin by the end of

The Czech delegation, led by Deputy Minister Vladimir Bartlo, arrived in Belgrade for the 8th meeting of the joint committee for economic cooperation between the two countries.

Czech officials invited Serbian companies on March 12th to work with theirs, while Serbian officials said there were many projects in which the two countries could work together.

Czech business people are at the top of the ladder in terms of quality and capabilities and they want to work with Serbia, President of the Czech Chamber of Commerce Borivoj Minarz said at a business forum between Serbia and the Czech.

Energy price rise part of IMF-Serbia agreement

The electricity price increase of 15 percent is part of the agreement with Serbia, as stated in the memorandum which the country submitted prior to the closing of the arrangement with the International Monetary Fund (IMF), Head of IMF Mission in Serbia Zuzana Murgasova said.

Replying to Tanjug's question as to how she sees the fact that officials in Serbia are announcing an elec-



the year and it will be funded from the Russian loan worth USD 200 million, Serbian Deputy Prime Minister and Minister of Construction, Transport and Infrastructure Zorana Mihajlovic announced.

A total of 200 kilometres of the road through Serbia will be repaired and this will require at least a year-long work, Mihajlovic told reporters after visiting the reconstructed section between Valjevo and Lastra which was damaged in last year's floods.

She noted that the planned speeds for the railway range from 80 to 100 kilometres per hour, which is much faster than the current average train speed which totals around 40 kilometres per hour.

Mihajlovic noted that the Serbian Railways have lost almost RSD 1 billion since May 2014 to this day, taking into account the revenues from transport of goods and passengers.

Chinese are building another bridge in Belgrade

As reported by the "Blic" daily newspapers and "eKapija" news portal, the bridge at the Danube at Vinca with access road and a railroad will cost some EUR 140 m and the Chinese have already entered the game for funding of this large project.

New road and railway bridge is a key one to build Belgrade on water since it will exclude freight trains from the city center and it will complete road bypass around Belgrade.

This will directly connect the highway with Banat main roads so drivers will not have to enter Belgrade or Pancevo. The documentation for bridge and bypass construction has been under preparation for some time, general and preliminary projects have been done and

have been in approval status as well as environmental impact assessment. The City of Belgrade and the City of Pancevo adopted the detailed regulation plans.

Serbian exports to EU grow 70 percent

Serbian exports to the EU increased by more than 70 percent from 2010 to 2014, or since the start of the implementation of the Stabilisation and Accession Agreement (SAA) and the previous Interim Trade Agreement between Serbia and the EU marked the start of liberalization of trade between them, according to a release issued after a meeting of the Stabilisation and Association Council (SA Council).

According to the release from the Serbian government's European Integration Office, participants in the meeting emphasized that the EU would continue to support Serbia in the EU accession process, observing that since 2007, it had approved nearly 1.7 billion from its funds to support development of all segments of Serbian society.

The meeting focused a lot on recovery from last year's flooding, for which the EU has already allocated EUR 102 million and should approve additional EUR 60 million in the months to come.

Since 2000, it was pointed out, the EU had been by far the largest donor to Serbia, its donations accounting for 75 percent of the total non-refundable aid that Serbia had received since then.



Albania offers "Albpetrol", oil blocks to foreign investors



As reported by "Tirana News", the Albanian government has invited international investors to participate in the

privatization of Albpetrol oil company and get involved in onshore and offshore oil and gas exploration.

Speaking at an international energy summit in Tirana this week, Prime Minister Edi Rama described energy as one of the most important sources of Albania's growth at a time when the country is set to become a regional gas hub from the construction of the Trans Adriatic Pipeline bringing Caspian gas to Europe through Albania, Greece and Italy.

Addressing investors in the two-day summit, many of whom shareholders in TAP, Prime Minister Rama reaffirmed government's plans to complete the privatization of Albpetrol oil company after a failed tender in 2012, and make the free oil and gas blocks under Albpetrol's management available to foreign investors for exploration.

Energy Minister Damian Gjiknuri announced government would soon initiate tender procedures for the exploration of the first three oil and gas blocks under concession contracts.

Albania currently has 13 free onshore and offshore oil and gas block which are scheduled for concession. Foreign investors engaged in oil and gas exploration in Albania are exempted from the 20 percent VAT, can have their exploration stage extended from 5 to 7 years and engage in production from 25 to 30 years.

Studies show Albania's oil and gas reserves are estimated at 400 million tons, of which around 10 percent are easily extractable.

Switzerland grants 6.6 million Euros to support Albania in reaping full benefits from TAP

A new Swiss government grant will support Albanian institutions in developing capacities to create a gas market, to successfully implement large investment projects and to benefit from the Trans Adriatic Pipeline (TAP), "Independent Balkan News Agency" reports.

Ambassador Beatrice Maser, Director at the Swiss State Secretariat for Economic Affairs (SECO) together with ministers Damian Gjiknuri and Shkëlqim Cani signed a new agreement that

commits 6.6 million Euros to develop a domestic gas market, implement the TAP project and manage large infrastructure projects.

Ambassador Maser, said the project and the TAP investment are of a higher strategic importance for Albania. Among the results expected by this contribution she mentioned improved energy security through energy diversification, economic growth through a strengthened investment framework and reduced greenhouse emissions through lower imports of fossil-fuelled energy.

Whereas the Minister of Energy and Industry, Damian Gjiknuri said: "With the Swiss government we now have an intensive programme in diversifying energy sources through this important fund that serves the strategic objective of our country's gasification".

As the implementation of the TAP project begins, this latest Swiss contribution aims at improving capacities of state institutions in managing the country's emerging gas market. Between 2011 and 2013 Switzerland facilitated Albania's entry into the TAP project by creating the proper framework conditions and laying the ground for a potential gas supply to the country.

The new agreement will aim to improve technical and managerial capacities of the public administration in the new gas sector especially in connection with the TAP project. As a new energy source, gas can greatly contribute to energy security by complementing the current hydro power sources.



Import and Export in Federation of BiH increased in February

The total value of export in Federation of Bosnia and Herzegovina was 497,370,000 BAM in February 2015, being higher than previous month by 8.1%, while the value of import was 803,150,000 BAM, and is higher by 14% than in January.

Therefore, the trade deficit of Federation of BiH in February 2015 was 305,780,000 BAM, reported Federal Office of Statistics.

The percent of export-import coverage was 61.9% in Federation of B&H in February, being smaller by 3.4% in comparison to January 2015.

Most of the exports were made to Germany, totally worth 91,617,000 BAM, and Croatia, totally worth 64,338,000 BAM. The most Imports were made from Germany, totally worth 103,613,000 BAM and Croatia, totally worth 95,067,000 BAM.

New Investments for Socks Factory in Tešanj

Italian company "Socks maker 3" in Tešanj, announced new investments in expansion of capacities in this year. The plan is to increase current production of around 18.000 pairs of socks for 40%, said Fabio Nobis, the director of the company "Socks maker 3", as the BH news agency Patria transmits.

As he said for the web portal ekapija.com, new investments in Tešanj are coming up after the reconstruction of the facility, which is currently in progress.



Tešanj, Bosnia and Herzegovina

"We are now working on the expansion and the reconstruction of the hall for knitting socks. In the coming period, we are planning investments in machines, generally, as well as in the expansion of production. It will bring job for 50 workers", said Nobis.

The company previously announced that plans to invest million euros in the next two years in the facility in Tešanj. As it was said after the meeting with FIPA, the goal is to produce 36.000 pairs of socks daily. Factory currently employs 100 qualified workers that produce around 6 million socks annually. Socks produced in Tešanj are exported to Italy, that is, to the parent company "Trete Innovation".

Turkish "Anadolu Botanik" to build a Business Center in Brčko

Anto Domic, the Mayor of the Brcko district of BiH and the president of the Managing board of the company Anadolu Botanik from Turkey, Durmuş Koç signed yesterday in the City hall a protocol on the cooperation related to providing a location for the building of the business center in Brcko district BiH.



Brčko, Bosnia and Herzegovina

Namely, representatives of Anadolu Botanik previously sent a letter of intent where they sought for a minimal surface area of about 100 ha in the lease and 4 ha with objects for purchase in Sumarija (Gornji Rahici Okrajci) with the aim of realization of the project. They made the presentation of the project with all related parameters related to the production, needed mechanization, number of permanent and seasonal workers that they intend to employ, and the five-year investment plan.

Mayor Domic rated the initiative of the company

Anadolu Botanik, as very useful for Brcko district BiH emphasizing that the Government of Brcko district accepted the business initiative of the company and that its representatives took over the obligation to start with the implementation of the proposed project.

BULGARIA



EU Commission Accuses Bulgarian Energy Holding of Gas Market Abuse

State-owned Bulgarian Energy Holding (BEH) has been charged with breaching EU anti-trust rules, the European Commission said on 23rd of March, "Novinite" daily newspaper reports. In a statement to the media it accused the BEH of barring competitors' access to elements of Bulgaria's gas infrastructure. In the words of EU Competition Commissioner Margrethe Vestager, barriers have to be broken down so "businesses can enjoy more competitive energy prices and security of supply."

"Historically BEH is the state-owned energy operator in Bulgaria. It is vertically integrated, which means it delivers gas and its subsidiaries own or control the domestic gas network, the single gas deposit in Bulgaria and the capacity of the main pipeline to import gas in Bulgaria, the statement also reads. The Commission now fears "BEH and its subsidiaries denied competitors access to their gas transportation grid and to the gas storage facility and booked a capacity that is not needed for imports." The message was also sent to Bulgartransgaz and Bulgargaz, the grid operator and public supplier respectively. The holding wrote on its website it was already informed by the EU Commission and vowed to "continue cooperation with the European Commission to overcome all kinds of concern in a constructive way". The holding promises to make itself

familiar with the Commission's objections and preliminary statement about supposed hindrance of third-party access to the pipeline system.

Bulgaria Ranks as World's Third Most Attractive Outsourcing Location

Bulgaria was identified as the third most attractive outsourcing location in the world, according to research conducted by global real estate adviser Cushman & Wakefield.

Bulgaria moved eleven positions from its ranking in 2014, when it occupied 14th place, and is currently preceded only by Vietnam and the Philippines. The report notes that the country benefits from low tax rate and has one of the lowest labour costs in the EU. Nearly 50 % of Bulgarian graduates obtain degrees in majors suitable for the Business Process Outsourcing (BPO) industry. The country also possesses strong labour pool suited to BPO with more than 60 000 students graduating annually from Bulgarian universities. The labour pool is also noted for its strong international language base as 98 % of students enrolled in secondary school study a foreign language and 73 % study at least two foreign languages. The report assesses factors likely to affect the successful operation of BPO functions around the world and ranks top outsourcing locations by assessing costs, risks and operating conditions.

CROATIA



Croatia's unemployment rate in February stagnates at 20.3%

As reported by the Croatian news agency "HINA" the registered unemployment rate in Croatia in February was 20.3%, the same as in January, according to figures released by the National Bureau of Statistics at the end of March.

Following month-on-month increases over the last five months, the registered unemployment rate stagnated in February, partly as a result of seasonal hiring for tourism services that usually begins that month.

The number of job seekers registered with the National Employment Office (HZZ) on Monday was 323,585, or 6,166 fewer than by the end of February when 329,751 unemployed people were registered with the HZZ.

Compared with February 2014, the number of unemployed people registered with the HZZ in February 2015 was down by 14.2%, or 54,625 people. The registered unemployment rate decreased by 2.4 percentage points year on year, from 22.7% in February 2014 to 20.3% in February 2015.

Croatian MEP: Balkan countries must become part of EU

Croatian member of the European Parliament Ivan Jakovčić said on Monday, 23. marta he was confident that Balkan countries had no alternative but to become part of the European Union, noting that the pace of their integration into the EU depended primarily on themselves and much less on the European Commission and the European Parliament.

MACEDONIA (FYR)

Macedonian pipeline construction starts in March



Skopje, Macedonia

Macedonia joined the efforts of Balkan countries to secure energy supply. The first phase of the Macedonia gasification project is to begin with the construction of national

pipeline. The second phase will be the to construct local gas network in individual municipalities.

According to the Macedonian news sources, most of the national pipeline will be constructed by Italian company Concordia, which will perform construction in second and third region, while it will contend with Turkish company Asko energy for the Skopje region. Simultaneously, public tenders will be held for companies to construct distribution networks throughout the country. Total worth of the investment for the construction of 650 km of network in the country is 150 million EUR. Gasification will be conducted according to the public-private partnership model.

Macedonia ranks 47th on the Global Talent Competitiveness Index

Macedonia is ranked 47th out of 93 countries in the world on the Global Talent Competitiveness Index (GTCI) of the Business School for the World – INSEAD prepared in partnership with the World Economic Forum, the World Bank, World Intellectual Property Organization and several universities. In the latest ranking Macedonia moved up five spots compared to last year's when it was 52nd, MIA reports.

MONTENEGRO

Italy-Montenegro energy cable installation started

According to the Belgrade TANJUG news agency, installation of submarine energy cable between Italy and Montenegro started on Friday, February 27, 2015 from Italian side also, after a few years of delaying. The works on construction of cable, totaling some EUR 800 m from Montenegrin side started a few days ago. Total length of submarine interconnection is 390 km. The first stage implies set up of 140 km of cable and it should end in twenty days.

The Italian investor will provide funds for construction of cable of some EUR 700 m while Montenegrin side will pay for construction of the facility where the cable will be connected as well as energy transmission system from the coast to north border of Montenegro.

Cyprus and Malta to assist Montenegro's EU accession course



Budva, Montenegro

As reported by the Famagusta Gazette (FG), The Foreign Ministers of Cyprus Malta and Montenegro have met to set the fundamentals for a solid tripartite partnership, Cypriot Minister of Foreign Affairs Ioannis Kasoulides has said.

Kasoulides, Malta's George W. Vella, and Montenegro's Igor Lukšić held a trilateral meeting in the Cypriot Foreign Ministry during which they reviewed Montenegro's accession process to the EU and identified areas where Cyprus and Malta could assist by providing their expertise, know-how and implementation of best practices and they discussed regional issues of common interest.

SLOVENIA

Industrial Production Surged 8.8% in January

Slovenia's industrial output surged 8.8% in January over the year before, as the positive trend which started in mid-2013 accelerated, the Statistics Office said on Monday.

The output value soared 11.3% in electricity, gas and steam supply, and 8.8% in manufacturing, while declining 13.3% in mining.

Sales revenue also rose, by 6.5% over the year before, as manufacturing sales rose 6.6% and mining sales were up 3.6% on the back of robust exports.

The value of inventories dropped 0.2% at the annual level, though it was down 1.5% on December.

IMAD Expects Growth of Up to 2.6% This Year

The Slovenia Times reports that the boss of the government's economic think-tank has announced that Slovenia's economic growth is to stand between 2% and 2.6% this year, the latter being on a par with last year's growth. A detailed spring forecast of the Institute for Macroeconomic Analysis and Development (IMAD) is expected to be published this month.

Speaking at a meeting of employers in the small business in the town of Medvode on Monday, Boštjan Vasle said that the main driving forces of growth will be the same as last year, when Slovenia recorded a 2.6% growth.

Exports will be the key element, but their growth will be slightly lower than last year, standing at between 5% and 6%. The growth of investments and consumer expenditure is also expected to continue, according to him.

A turnaround in all segments of the labour market is expected, and projections also indicate an improvement on the financial market.

In its latest growth forecast at the end of December last year, IMAD upgraded projection for this year to 2% and to 1.7% for 2016.



Ljubljana, Slovenia, Canal

Sava Re Reports Record Profit

The insurance group Sava Re reported a record profit for 2014 at EUR 30.5m net, almost double from the year before, in what was the first year showing full effects of the acquisition of insurer Zavarovalnica Maribor.

Preliminary unaudited data released by the group via the website of the Ljubljana Stock Exchange on Monday put gross written premiums for 2014 at EUR 468m, 21% more than in 2013.

The release said the management welcomed the results as a basis for long-term profit growth on the group level after Zavarovalnica Maribor was included for the first time in the consolidated accounts in 2013.

The Slovenian insurance division generated 71% of the group premium income. The company underscored that the record net profit was achieved despite the February 2014 ice storm, which it said affected the group's bottom-line by EUR 6m.

The parent company, reinsurer Pozavarovalnica Sava, increased net profit by 51.4% to EUR 22.4m, chiefly owing to reinsurance business written in international markets as well as due to net investment income.

The group plans a 1.8% premium growth for 2015 with over 10% growth planned for its insurance companies outside Slovenia and a 4% rise in the reinsurance division.

A 0.2% growth is projected for property insurance in the Slovenian market and a 0.2% fall in life insurance premiums as the market has been contracting.

Long-term targets remain to exceed a premium volume of EUR 500m and top a 11% return on equity, with a priority being completing the integration of Slovenian members of the group.

Sava Re's strategic plan for 2015-2019 also envisages further expansion outside Slovenia, primarily targeting the Western Balkan markets.



GREECE



Merkel and Tsipras ease tension but do not find political solution

As reported by "Ekathimerini", German Chancellor Angela Merkel and Prime Minister Alexis Tsipras struck a conciliatory tone after their first bilateral meeting in Berlin on Monday but the Greek leader's host insisted that she is not in a position to ease Greece's liquidity problems on her own.

The two leaders held a news conference after talks at the Chancellery that lasted more than an hour and before they were due to hold a working dinner. Both politicians sought to ease the tension that has built up between

the two countries over the last few weeks, particularly due to comments from their finance ministers.

Merkel and Tsipras insisted that their talks had been productive despite differences on a number of issues.

"I did not come here to ask for financial aid," Tsipras said. "I came for an exchange of our thoughts and opinions, to see where there is common ground and where there is disagreement."

Merkel said that she sensed an "appetite for cooperation" during the talks but insisted that she could not intervene to ease Greece's liquidity concerns. She said it was paramount for Athens to present its list of reforms to its lenders, thereby paving the way for the disbursement of the 7.2 billion euros remaining in bailout loans.

"Reforms have to be discussed with the institutions, not with Germany," she emphasized.

"We want Greece to be strong economically, we want Greece to grow and above all we want Greece to overcome its high unemployment," she told reporters. "For that you need structural reforms, a solid budget and a functioning administration."

Both leaders warned about the promoting of stereotypes about Greeks and Germans in each other's countries as a result of political differences.

"The Greeks are not lay about, neither are the Germans to blame for Greece's ills," said Tsipras. "We have to work hard to overcome these stereotypes."

The Greek prime minister emphasized that many of Greece's problems have roots within the country. He also described as "extremely unfair for the chancellor and for Germany" a front cover of Der Spiegel magazine which had superimposed Merkel on a picture of Nazi officers on the Acropolis during the Nazi occupation of Greece. He also described how he had been enraged by a cartoon in SYRIZA-backed Avgi newspaper portraying German Finance Minister Wolfgang Schäuble as a concentration camp commander.

Tsipras, however, did raise the issue of Second World War reparations, claiming that there is a moral duty to settle the matter. However, he stressed that the reparations and the return of a loan the Bank of Greece was forced to provide to Nazi occupiers were a completely different issue from the current bailout negotiations and that the two should not be linked.

The Greek prime minister also called on German authorities to help the new government in Athens tackle corruption by cooperating in the investigation of the Siemens cash-for-contracts scandal.

HUNGARY



P+P completes HUF 3 bln expansion

Supplier "Poppe+Potthoff" (P+P) Hungária has completed a HUF 3 bln expansion at its plant in Ajka in northwestern Hungary, managing director László Gellen told Hungarian news agency MTI.

P+P won a HUF 622 mln European Union grant for the project, which increased capacity at its plant, introduced new technology and was used to purchase production equipment. The investment also created ten new jobs in bringing headcount to 420, according to Gellen. P+P supplies parts to Daimler, BMW, Renault, Caterpillar, Delphi and Cummins.

Number of registered sole proprietorships on the rise

The number of registered businesses in Hungary rose by 1% to 1,845,436 last year due to an increase in the number of sole proprietorships, a report published by the Central Statistics Office (KSH) reveals, Budapest Business Journal (BBJ) reports.

The number of companies fell 2% to 588,263, while

the number of sole proprietorships rose 2.5% to 1,115,463, thereby increasing the number of smallholders by nearly 7% to 285,617. KSH said the decline in the number of companies could be attributed to an increase in the minimum capital requirement for limited liability companies to HUF 3 mln from March of last year.

Packaging company to build HUF 868 mln production hall

Hungarian packaging company Sipospack in Sósút, central Hungary, is planning to establish a new 2,400 sqm production hall and will purchase machinery to expand production capacity with an investment of HUF 868 mln, national news agency MTI reported.

The company expects to wind up the investment by June. The project is being supported with a European Union grant of HUF 260 mln, which will cover the costs of switching from natural gas to renewable energy through the use of solar panels and biomass fuel.

Project Manager Viktor Horváth told MTI that as a result of the expansion, the company expects to increase revenue by HUF 1 bln and raise headcount from 22 to 37, while also increasing their share of export revenue.

Sipospack, which makes packaging for Hungarian food companies, had revenue of HUF 2.4 bln in 2013, including export revenue of HUF 162 mln, MTI noted, adding that it had after-tax profit of HUF 193 mln.



Wizz Air to face legal action by CAA

Hungarian low-cost airline Wizz Air, along with Aer Lingus and Jet2, are facing legal action by U.K. Civil Aviation Authority (CAA) over alleged breaches of consumer law in their handling of passengers affected by flight disruptions, British daily The Guardian reported on Saturday.

According to the daily, despite extensive discus-

sions, the three airlines failed to make the requested changes contained in the regulations, CAA has therefore launched an "enforcement action against the carriers and will seek a court order unless they comply".

The move follows a six-month-long CAA review of the policies of the three airlines, including handling compensation on flight delays and informing passengers of their rights.

The paper noted that Wizz Air "failed to satisfy the regulator that they are consistently paying compensation for disruption caused by technical faults, despite a court of appeal ruling." Wizz Air is also "imposing two-year time limits for passengers to take compensation claims to court, despite a court of appeal ruling that passengers should have up to six years," the British daily added.

ROMANIA

Report points to an improved economic feeling in Romania

BCR, Romania's largest bank, revised up its estimation about Romania's economic growth both in 2015 and 2016 amid a growing consumption in households and the overall feeling of confidence.

"The very low inflation, modest improvements in the private sector of the labour market and the Government's inclination towards social and personnel spending and are the main elements that support our scenario concerning a strong private consumption in 2015", BCR says in its report.

At the same time, the bank's research experts revised up the economic growth prognosis for this year, from 2.2 to 2.8 per cent, with the private consumption weighing decisively in this evaluation. The low inflation should keep the income level in the territory on a positive level while the retail sales are expected to be solid.

At the same time, experts say, investments could register a timid increase in 2015, but tensions between Greece and the Eurogroup could affect the flux of investments towards Romania, the report also notices. Also, a possible continuation of public investments contraction could also impact on Romania's economic growth. Next year economic growth prognosis shows an advance from the initial estimated 2.7 to 3 %, according to the same source.



As concerns consumption in the households, BCR says it could grow by 3.2 % in real terms over the course of 2015, beyond the initially assessed 2.3 %, while the perspective of retail sales remains good since consumption loans in the national currency could accelerate. "Annual increases of the nominal average salary have accelerated up to the 5.5 % level in January, suggesting that, after four years of consecutive economic growth, signs of positive effects on the labour market are starting to notice", it further says.

The European Commission anticipates a 2.7 % economic growth for Romania in 2015, up from a previous 2.4 % estimation, while the World Bank appreciates Romania's GDP will go up by 2.9 %. The European executive arm argues Romania's economic growth prospect remains a robust one especially thanks to the internal demand and a stable labour market. After an abrupt decline in 2014, the European Commission expects the inflation to stay on a moderate level this year, too, while it assesses the fiscal consolidation will continue over the course of the year.

Turkey's first nuclear plant delayed, 'not ready before 2022'

Turkey's first nuclear power plant is unlikely to be ready before 2022, energy officials said on March 23 of the \$20-billion project that has been beset by regulatory hurdles and complicated by Russia's financial woes.

Dependent on imports for almost all of its energy, Turkey has embarked on an ambitious nuclear program, commissioning Russia's State Atomic Energy Corporation (Rosatom) in 2013 to build four 1,200 megawatt (MW) reactors.

With energy import costs at about \$50 billion annually and demand forecast as the fastest growing in Europe, Ankara wants at least 5 percent of its electricity generation to come from nuclear energy in under a decade, cutting dependency on natural gas largely bought from Russia.

Rosatom initially pledged to have the first of the four reactors in the southern Turkish town of Akkuyu ready by 2019.

A senior Turkish energy official said the project would not be online before at least 2022, given that ground-breaking has yet to happen. "The first reactor can be online at least seven years after the ground-breaking so the 2019-2020 date is impossible," the official said.

"This is a key project for Turkey. The schedule needs to be sped up," Energy Minister Taner Yıldız told Reuters.

Part of the delay has been environmental approval after heightened concern about nuclear power following the 2011 earthquake and tsunami that crippled Japan's Fukushima plant.

Akkuyu NGS, the project company set up by Rosatom, had to wait for almost a year to obtain environmental approval from Turkish authorities. Consent was given in December, coinciding with Russian President Vladimir Putin's visit to Turkey.

Turkish Finance Ministry eases tax conditions for innovators

The Finance Ministry will not charge value added tax to innovators or software developers as long as they sell,



Mehmed Simsek, Turkey's finance minister

rent or transfer their products or the ownership rights of their products, according to an amendment to be issued soon.

Some 50 percent of earnings from these transactions will be exempted from corporate and income taxes, Minister Mehmet Şimşek said.

"Such innovative activities are of great importance in increasing the products with added value, creating local brands and rising export levels so as to decrease the current account gap. We'll keep supporting initiatives that will accelerate our country's transition to an economy that creates higher added value," he said.

"With a regulation that became effective in February 2014, we have supported our citizens who develop products with high quality. Innovators or software developers are exempted from value-added tax as long as they sell, rent or transfer their products or the ownership rights of their products. Some 50 percent of the income

from their acquisitions from these transactions will be exempted from corporate and income taxes,” Şimşek added.

“We’ll elaborate how the regulation will be realized in a notification soon. After the notification becomes effective, our inventors will have a serious tax advantage,” he said.

Şimşek also stated that Turkey’s R&D spending

has increased significantly over the last decade.

“Despite improving figures in spending, we need progress in patenting, branding and commercialization of the inventions. The government has taken several measures to make progress here,” he said.

He added that tax exemptions will also be enacted for research and development activities in Turkey.



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REGIONAL CONFERENCE ON WAGES AND REWARDING EMPLOYEE MODELS ON MAY 28TH AND 29TH IN BELGRADE

Belgrade, Serbia and SEE are finally getting a large regional HR conference on wages and reward models that is to be held on 28th and 29th of May in the premises of the Belgrade Banking Academy, in partnership of the Business Support Network (BSN) association with Faculty of Banking and Insurance, Institute of Economic Sciences from Belgrade and International Labour Organisation (ILO).

It is planned that plenary session is to be led by renowned experts in the field, such as, for example: Nebojša Janićijević, PhD from the Belgrade Faculty of Economy, Lovorka Galetić, PhD from the Zagreb Faculty of Economy and Živka Pržulj, PhD from Belgrade Banking Academy.

Large number of attendants are planned from all the countries of the region, most numerous among them the HR managers from domestic and foreign investor companies from Bosnia and Hercegovina, Serbia, Macedonia, Slovenia, Montenegro and other countries from the region, but also the lead agencies for wage consulting in the region, as well as the ILO experts.

Through individual presentations and involvement in the panel-discussion, leading HR experts, both domestic and foreign will answer the question what is the best way to design motivational and competitive wage system, and what are the future trends in rewarding employees, following the norms and practice of socially-responsible business model.

Basic goals of this conference, according to the organisers, are to:

- Perceive the issue of wage competitiveness in local and global context and possible rewarding strategies for the companies operating in the region in the conditions of global crisis;
- Offer possible solutions and recommendations to HR managers for improvement of their salary models;
- Give incentive to improve rewarding systems in the companies;
- Focus the attention of HR managers and academic public on the importance and possible models of determining wages;

- Expand the knowledge and exchange experiences on the effects and the conditions of application of different wage and reward models for the employees, basic and special benefits, as well as short- and long-term stimulations;
- Examine the role and function of HR experts and relationship between HR and financial sector in companies in wage management.

Four panels are planned for the first day, on the following topics:

1. Comparison of wages in the region according to structure and all forms of bonuses;
2. Models of employee stimulations that are used in companies in the region;
3. Participation of human resources managers in financial planning on the company level and how employee stimulation models are used in order to rationally manage companies (public sector, manufacture, service sector, etc.), group and individual award models, wage and reward strategies, benefits, non-material rewards;
4. Rewarding employees according to groups and structure.

Two closing panels will be held on the second day:

1. Participation of the employees in the implementation of wage and reward system, wage secrecy, good and bad examples, effectiveness of wage systems and reward policies;
2. Experiences and recommendations of leading university researchers and HR managers, short presentations of individual researches and papers on the topic of wages and stimulations in SEE region.

All interested can receive information concerning the conference via e-mail, info@bsn.rs

Serbian for Foreigners

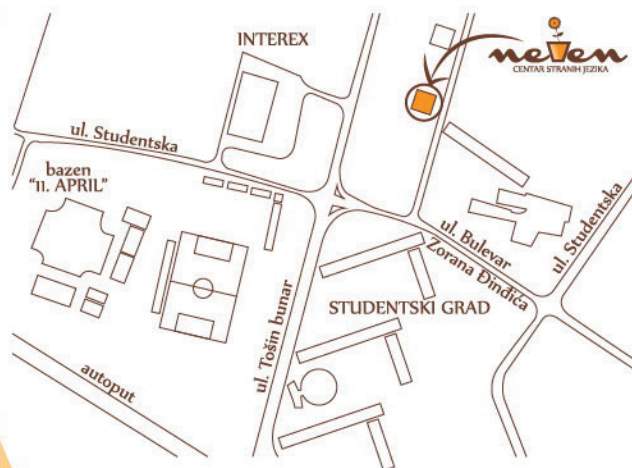
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MINIMAL WAGE ON THE BALKAN – THE LOWEST MINIMAL WAGE IN EUROPE

How many days one citizen of Luxembourg will live with minimal wage from one Balkan country? Latest data about minimal wages in Europe reveals huge difference in life standard of the working people in some European countries.

The biggest minimal wage in EU is in Luxembourg – 1923 EUR. This is 15 times higher than minimal wage in Balkan countries. The lowest minimal wage on the Balkan is in Kosovo and Metohia – 130 EUR.

Minimal wages in the Balkan are on the Europe bottom. This is a result of researching of Anatolia agency. This research showed that minimal wages are the lowest in Kosovo, Macedonia and Albania. The biggest minimal wages are wages in Croatia.

Latest data reveals that average minimal wage on Kosovo are from 130 to 170 EUR, 130 EUR in Macedonia, and 149 EUR in Albania. Minimal wage in Serbia is 174 EUR. In the middle of Balkan minimal wage list are the citizens of Bosnia and Herzegovina (191 EUR) and Montenegro (193 EUR).

The biggest minimal wage is in Croatia, 396 EUR.

EUROSTAT statistics also discover that minimal wage in EU countries are from 184 EUR in Bulgaria to 1923 EUR in Luxembourg.

Minimal wage is established by the local laws in 22 from 28 countries of EU. In the countries without laws prescriptions for minimal wage this amounts are calculated in accordance with working hours on the monthly level.

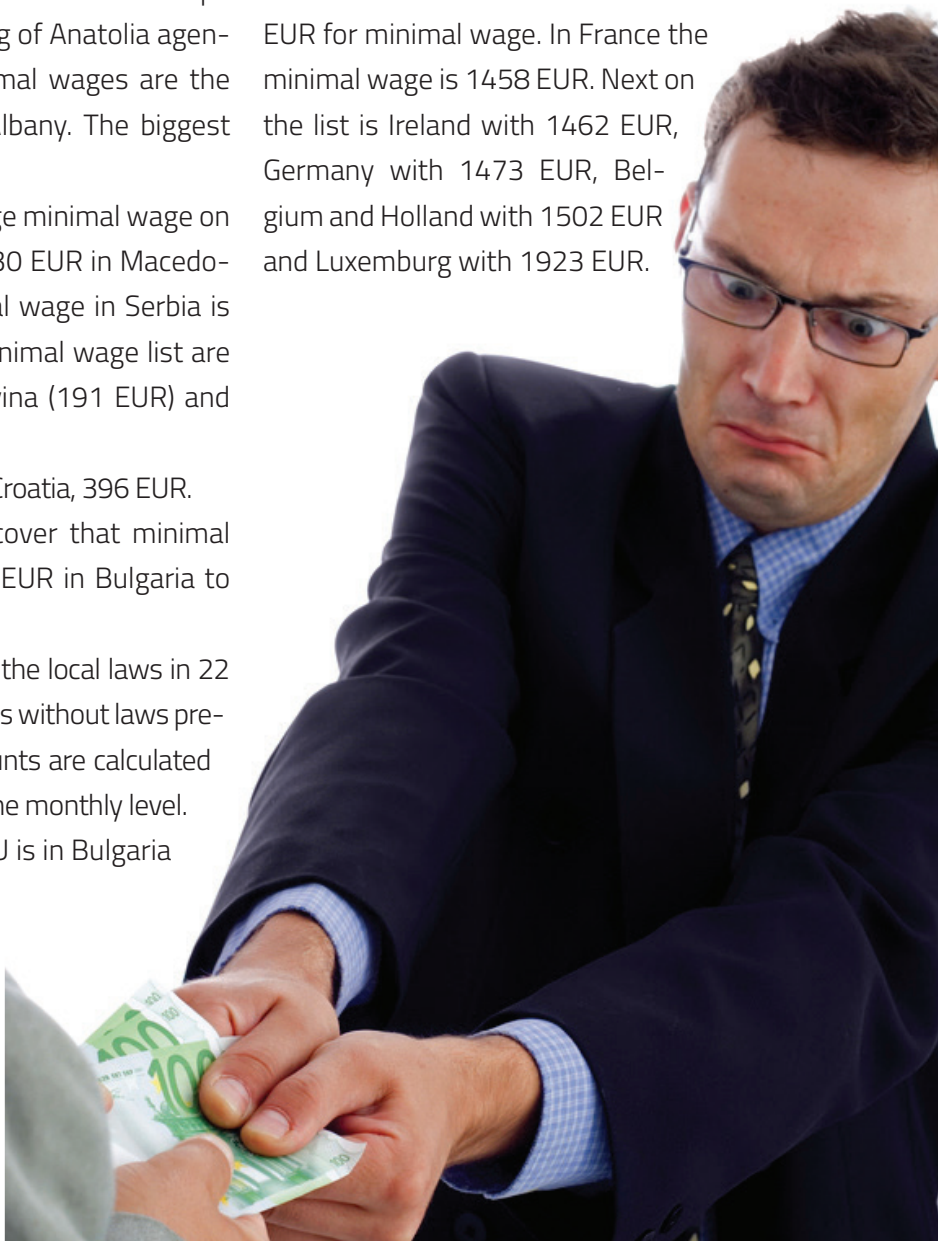
The lowest minimal wage in EU is in Bulgaria (184 EUR), Romania (218), Lithuania (300 EUR), Czech Republic (332 EUR), Hungary (333 EUR), Latvia (360 EUR), Slovakia (380 EUR), Estonia (390 EUR), Croatia (396 EUR) and Poland (410 EUR).

In the middle are Portugal (589 EUR), Greece (684 EUR),

Malta (720 EUR), Kingdom of Spain (757 EUR) and Slovenia (791 EUR).

Seven countries of EU have minimal wage above 1000 euros.

Citizens of Great Britain receive 1379 EUR for minimal wage. In France the minimal wage is 1458 EUR. Next on the list is Ireland with 1462 EUR, Germany with 1473 EUR, Belgium and Holland with 1502 EUR and Luxembourg with 1923 EUR.



AVERAGE (NET) SALARY COMPARISON IN SEE REGION:

COUNTRY		AVERAGE NET SALARY (IN EUR)
AL	Albania	360,00
BIH	Bosnia and Herzegovina	380,00
BG	Bulgaria	390,00
HR	Croatia	710,00
MK	Macedonia	390,00
MNE	Montenegro	420,00
RO	Romania	450,00
SLO	Slovenia	910,00
SRB	Serbia	370,00
SK	Slovakia	710,00
HUN	Hungary	495,00



SERBIAN RAILWAYS – ONE OF THE GOVERNMENT'S PRIORITIES

BSN received an opportunity to talk with the Serbian Minister of Construction, Transport and Infrastructure. We asked her several questions concerning the state of the railways in Serbia, Ministry's current efforts to improve it, and future plans to make it.



BSN: Government of Serbia announced that it will deal more with development of railway infrastructure in the upcoming period. Significant funds were assigned in the budget for that. What funds are those exactly and for which projects?

When we took over the Ministry, we found the situation that most of the projects were late, and that the previously granted credits for railway weren't used. That is why our first task was to unblock these credits, such as Russian or Kuwait, and to speed up the realization of the projects.

The second task was to initiate reforms in Serbian Railways, so that the company would begin operating more efficiently and become capable to carry out large infrastructure projects which were assigned to it. I don't need to remind that this is the first Government to essentially start this process.

Currently, there are eight projects in realization or preparation phase. After 40 years, Prokop will finally be finished, which is financed from the Kuwait credit, and the finish of construction works is planned for January 2016. Thanks to the efforts of the Ministry, the works on Žeželj bridge re started again. The bridge itself is important not only for Novi Sad, but for the whole of Serbia, and will be an important part of the project for construction of the Belgrade-Budapest railway.

For the Belgrade-Budapest project, feasibility analysis is currently performed. The study will be completed in April, and the beginning of works is planned to happen until the end of this year.

The Russian credit is used to construct a second track of Belgrade Center – Pančevo Central railway, worth about 90 million USD. This project is progressing well.

Russian credit is also intended for the reconstruction of six sections on Corridor X, total worth of approximately 89 million USD, as well as for the reconstruction and modernization of Stara Pazova – Novi Sad section, estimated worth of 450 million USD. Also, this loan includes the reconstruction and modernization of the Belgrade – Vrbnica (Bar) railway, total estimated value of about 200 million USD and the procurement of diesel engine trains, worth about 100 million USD. European Bank for Reconstruction and Development (EBRD) is financing Corridor X project with 100 million EUR, which, among others, includes delivery of new materials for rehabilitation of six railway sections, new mechanization for maintenance, as well as procurement of 15 new multi-system locomotives. Also, for the rehabilitation of railways, EBRD granted additional 95 million USD.

Credit of European Investment Bank worth 80 million EUR is used to finance the reconstruction and modernization of Batajnica-Golubinci section and reconstruction of Gilje-Čuprija-Paraćin section, including the construction of the bridge across the Great Morava river.

The negotiations concerning the signing of the agreement for reconstruction and modernisation of Niš-Dimitrovgrad railway, worth about 55 million EUR, are also in the final stage.

BSN: After 2001, Serbia generally did not use its central position in Southeast Europe to become leader in revitalisation of regional railways. Ministry in charge of railway management has announced far more active policies in this matter. What does this policy include, and what are the priorities in railway?

You are right that we haven't used the potentials we have as a country. I am afraid that the previous Governments didn't know or want to set priorities. This is something in which this Government is different from all the previous ones – in clear determination of priorities, and decisiveness to perform faster and more efficiently. The main goal is to increase quality and quantity of transport and services in cargo and passenger transport, along with the increase of efficiency and functioning on all levels. Workgroup for management of the reform process of Serbian Railways adopted a project task for creation of study for corporate and financial restructuring in February 2015, which will be a basis to reform the company. Also, preparations for founding of three separate companies – for passenger, cargo transfer and manage-





ment of railway infrastructure are underway. Reform is necessary since the proposed investments will not give expected effects in the current business model. Also, reforms should enable that budget funds granted to the railway sector aren't used only on the employee salaries, as it is currently, but on the maintenance and construction of infrastructure, as well as the public transport services where there is need for them.

BSN: There are significant barriers for cargo transport and lack of synchronization between railway companies in the region. Trains are stopped at the borders, locomotives are changed when entering each country, bureaucratic procedures in transport are complicated and slow the movement of goods. Experts estimate that due to these factors Serbia and countries in the region lose 5-6 billion EUR worth of traffic of goods annually, which is a great loss for Serbian Railways, but for the state as well, due to the loss of fiscal and parafiscal income. Which activities will be undertaken, together with partners in the region, to remove these obstacles in railway transport?

One of the activities is to create preconditions for the increase of volume of traffic of goods by railway, together with the colleagues from the countries in the region. We will do so by simplifying the procedures, which will enable shorter stops on the border crossings. Currently, a tripartite Memorandum of Understanding is being prepared with Slovenia and Croatia, that will significantly contribute to the development of projects and railway traffic in the region, and is initiated by Ministry of Construction, Transport and Infrastructure of Serbia.

BSN: How ready are the Serbian Railways to accept the European standards in railway traffic, with the support of the Ministry, and to increase safety of railway vehicles, as well as the safety of passengers and cargo?

Serbian Railways possess certificate of safety. Since Serbia has decided on joining the EU, we are bound to accept their standards, which is important in order to reduce the number of crashes and accidents.

BSN: Speaking of investors from Europe and other parts of the world, and their engagement in the railway sector, how safe can they be if they decide to invest in certain segments of the railway infrastructure, equipment and techniques, and general improvement of railway safety systems, considering that Serbian Railways are a state-owned company and that the priorities are changed depending on the programme and personal initiative of Minister in charge and the elected directors of the Serbian Railways?

Ministry set clear policy which does not depend on the change of individuals on certain positions. Recently, after a selection process open to public, a new leadership of Serbian Railways was set. Its transformation, as well as the reform of the entire sector is currently in progress. The most important part is the organisational and accounting separation of infrastructure, cargo transport and passenger transport through formation of separate companies. Reforms are necessary. Government plans that these separate companies for infrastructure, passenger and cargo transport become operational from 1st of July 2015.



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Serbian Project Railway line Belgrade-Budapest

RESPONSIBLE PARTY:	Ministry of Construction, Transport and Infrastructure JSC „Serbia Railways“
INVESTOR:	Reconstruction, modernization und construction of a double-track line on Stara Pazova – Novi Sad section of the railway line (Belgrade) – Stara Pazova – Indjija – Subotica – Hungarian border
CONTRACTOR:	RZD International
SUPERVISION:	-
DESIGNER:	Institute of transportation „CIP“, Belgrade
STRATEGIC/ LEGAL FRAMEWORK:	<p>Agreement between the Government of the Russian Federation and the Government of the Republic of Serbia on granting state export credit to the Government of the Republic of Serbia, dated 11 January 2013, for financing the supply of goods, works and services for JSC „Serbia Railways“ (confirmed in the territory of the Republic of Serbia by means of the Bill on „Confirmation of the Agriment between the Government of the Republic of Serbia and the Government of the Russian Federation Granting a State Export Credit to the Government of the Republic of Serbia“ dated 15 March 2013, published in the Official Gazette of RS – International Agreements No. 3/13), including sunsequent amendments to the same, concluded on 10 December 2013 in Belgrad between „RZD International“ and „JSC Serbian Railways“;</p> <p>ANNEX No 3 ON THE FACILITY CONSTRUCTION „Reconstruction, modernization and construction of a duble-track line on Stara Pazova– Indjija – Subotica – Hungarian border“ to the Contract on the perfomance of works on the construction of railway infrastructure and supply of diesel engine trains No 300/2013-427Ž/1 dated 10 December 2013;</p> <p>National Strategy of Serbia for the Serbia and Montenegro's accession to the European Union; Strategy of railway, road, inland waterway, air and intermodal transport development in the Republic of Serbia 2008-2015</p>
PROJECT IMPORTANCE:	<p>The Spatial Plan of the Republic of Serbia, 2010-2020, stipulates a longterm development program for the Corridor X railway infrastructure. The reconstruction, construction and modernization of the existing Corridor X railway lines (E-70 and E-85) through Serbia has been planned with the aim of obtaining high-performance, electrified, double-track railway lines for mixed traffic (passenger and freight) and combined transport, in accordance with the needs, the Trans-European Railway Network Interoperability Standards (TSI). The commercial speed should be at least 130 km/h for passenger trains, with minimum designed speed up to 160 km/h.</p> <p>The Republik of Serbia and JSC „Serbia Railways“ are planning the railway line E-85: Belgrade-Novı sad-Subotica-Hungarian border-(Kelebia), which represents a section of the railway Corridor Xb: Belgrade-Budapest, as one of the priorities of the railway infrastructure development.</p> <p>This railway line is of great internal as well as international importance both for passenger and freight transport. Within the international traffic, it represents the shortest and the most cost-effective railway lineconnecting Belgrade and Serbia with Budapest and Vienna and , via the latter, with parts of Central, Western and Eastern Europe, as well as a transit connection with Greece and the Middle East.</p> <p>The existing railway (Belgrade)-StaraPazova-Novı Sad-Subotica-Hungariab border-(Kelebia) in the lenght of 150 km was built in 1883 as a singl-track railway line, nowadays with worn out superstructure and substructure and a large number of restricted speed trips and slow rides.</p> <p>Train travel time from Belgrade to Budapest, across the distance of around 350km, today amounts to over 8 hours including border waiting time, at a commercial speed of around 43 km/h. The objective is to increase the speed and substantially shorten the travel duration.</p>

PROJECT IMPORTANCE:	<p>Through the implementation of the subject project, the following objectives will be achieved:</p> <ul style="list-style-type: none"> • Increasing the reliability of the construction and electric and technical infrastructure, • Enhanced traffic safety; • Increase in the railway capacity, with significant shortening of trip duration on the subject section. • Introduction of new services in the passenger and freight traffic, thus meeting the needs of existing users and attracting new transport services users, • Creating conditions for development and application of intermodal transport systems, • Enhanced traffic safety and shorter travel duration, • Provision of UIC-C clearance in this part of the railway line, • Quality railway integration of the Serbian Railways in the European transport system, • Upgrade of the quality of passenger and freight transport services
INVESTMENT VALUE:	<p>The estimated investment value for the preparation of the missing documentation and performance of works amounts to 370,000,000 EUR.</p> <p>For the purpose of projekt implementation, it is necessary to provide the funds for participation in the credit (15% of the investment value), funds for indirect and overhead costs (preliminary estimated at 1,523,000 EUR), funds for the expropriation of land necessary for construction (preliminary estimated at 5,670,000 EUR, however, the amount will be known upon completion of the design documentation).</p>
PROJECT START DATE:	---
PROJECT AND DATE:	YEAR 2018.
FUNDING:	<p>The credit of the Government of the Russian Federation with the participation of the Republic of Serbia in the amount of 15% (in order to proceed with the signing of Annex No 3, The Republic of Serbia needs to provide the participation in the credit in the amount of 15%)</p>

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BSN ORGANIZES BUSINESS VISIT TO BAVARIA

Between March 11th and 13th, 2015, Business Support Network (BSN) organized an attractive business visit to the capital of the German federal state of Bavaria, the City of Munich.



On the first day, the representatives of Serbian companies: New Free Look LS, Inprus, Linea Milanović, ProSmart, MFC Mikromerc, Teleoptik gas equipment, Pavle, STS Kan Group, Workshop Tomašević, as well as the representatives of the City of Subotica and BSN association had an opportunity to be received in Maximilianeum, symbol and the seat of Bavarian parliament. Serbian business representatives have individually represented their companies and their capacities to the highest representatives of two largest German business clubs (OWWC and DOM).

On the following day, the delegation visited largest fair of crafts in Europe, IHM, where they were received and greeted by the fair's manager, Ms. Olivera Baro.

Finally, the business delegation from Serbia visited

one of the oldest restaurants in Europe, the famous Hofbraeuhaus (founded in 1517), in which they enjoyed the unique ambient, famous HB beer and Bavarian specialties.



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THE IMPORTANCE OF STRATEGIC COMMUNICATION IN THE PLANNING AND IMPLEMENTATION OF ENERGY PROJECTS

With so many internal and external influences in business especially when starting a big project, foreign companies which have concluded a partnership or joint venture with a domestic public company in the energy sector, should pay particular attention to this because domestic partner can draw them down in a series of internal scandals.

Author: Milan Vučković



The pace of economic development and long-term projections of energy security and stability in countries in transition depends on the resources available and how to use existing and finding new sources of energy. Energy crisis in the history led to small and large conflicts and wars for energy resources. They have also caused economy crises at the global level. For these reasons, the media is closely monitoring what is happening in the energy sector of a country, because this area has a large impact on the economy and security of the state and nation. Thus it becomes the ob-

ject of attention of many stakeholders in the country and abroad.

Refinement of communication when it comes to the energy sector in transition countries begins with the identification of significant energy projects due to the pre-defined energy reserves that can be exploited. Given the deficit of financial resources and the exploitation of new technologies, these countries are forced to opt for specific projects, and select the so-called "strategic partners" from abroad who have in their possession the mentioned technological resources.

From the moment of choosing a partner, signing contracts and further cooperation process, the state and the ministry initiates a process of communication with the general public with the aim of gaining the trust and support for its selection of partners and the announced projects. In the Western Balkans, for example, a key player in the energy sector is the state while the private sector has an inferior role. This is the case with foreign international companies too, although they are officially declared as “strategic partner”. Given that the domestic state energy companies have a monopoly on the market, they also believe that they can determine the rules of the game, despite the fact that their cooperation with foreign partners is clearly defined by agreements.

Due to the social aspect, work of state or public enterprises has been under particular scrutiny of local media and the general public. More specifically, the current price of energy has a strong influence in the election cycles on votes received by parties who have a direct influence on work, budgeting and personnel policies of these public enterprises.

However, it is a long way to the realization of such a project, especially if it entails great financial resources, as is usually the case in the energy sector. At the very start of the project numerous obstacles pop up. Political opposition and numerous stakeholders in the economy – both domestic and foreign will try to sabotage such projects at each step using the ultimately creative means. For this reason it is very important to develop preventive strategies in communication by all partners of a major project. This means that for at least a year in advance, you need to define a PR strategy and preventive action starting at the local level, or location where the implementation is intended (local government, local media, local NGOs...) to the national level (broad public opinion). Every working hour in communication involvement in such international projects is essential.

In all the projects in the so-called “Green energy”, for example, in the beginning it is necessary to identify a series of challenges and potential problems (threats). This is a “standard” PR package that includes the entire communications strategy including post-project engagement.

In external communication, special attention is paid to the environmental aspect, then the benefits to the national economy and its citizens that will arise from the

project, such as greater energy independence, then a significant reduction in energy imports, the possibility of increased export, transparency in cooperation with the local government and the calling of tenders for each phase of the project, technology know-how that foreign partner brings with him, intensifying cooperation with the EU through the project and so on. However, it is also important to devote considerable attention to the internal communication with project partners as well as companies that are subcontractors and workers.

Every major project in this sector requires a well-prepared, agile and flexible communication strategy. Past experiences have shown that, for example, “green projects” are related to between 12 and 20 target groups and for each of them we separately define messages, tactics, and most important goals and channels. Channels are defined in accordance with the needs and opinion makers.

Large closed and privileged monopolistic business models, as well as public utility companies in the Western Balkans, often cause major media scandals, and they have an unpopular position in society and the local public. Large systems are also extremely slow, with old ways of thinking – of both management and employees and unions – and therefore they are totally inflexible. They consist of various political and interest groups and individuals who, because of their personal interests as “insiders” lobby for the interests of the various companies on the side. With so many internal and external influences in business especially when starting a big project, foreign companies which have concluded a partnership or joint venture with a domestic public company in the energy sector, should pay particular attention to this because domestic partner can draw them down in a series of internal scandals. This can cause immense damage to their international image and reputation of their companies

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and all that in an international context because the development of the implementation of their project will certainly be monitored by the media in their home country.

For all these reasons international companies in the country where they realize their projects, engage at least one of the local national experts who can be an important lever in their cooperation and strategic communication planning. In addition to coordinating and implementing PR strategies with the selected PR agency that monitors the project, they are able to react timely and take preventive measures based on internal observation of all relevant events in the system of the local partner. Such people are familiar with how government monopoly system, with no awareness of corporate responsibility, operates. At the

same time, they can be an important advisor to foreign companies regarding the interpretation of irresponsible public statements of top management of domestic public companies: for example, three years ago the director of the EPS (Electric Power Industry of Serbia) made a statement to the media that "his company is facing bankruptcy." This further implies that the Serbian government, as the owner, is also facing bankruptcy. I do not know how did the foreign partners of EPS, well-known international companies in a number of large countries, as selected strategic partners in the planned projects, understand this statement at all. But certainly a more precise interpretation of "what the author is trying to say" could be obtained from local communication experts.

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REFLECTIONS ON MY TIME SPENT IN SERBIA

Nowhere have I met so many talented people, be it in languages, sports, science or culture. When this rich potential is paired with discipline, as in the case of the physicist Nikola Tesla or, in present times, with the number one tennis player in the world Novak Djokovic, then we can see Serbia at its best.

Author: Ralf Hälgl

To me, Serbia appeared as a country of extreme contrasts, of which its capital city is a prime example. Just as Belgrade is divided in an old part east of the Sava and the modern New Belgrade on the western riverside, Serbia itself contains the full spectrum from rural tradition to the newest urban trends.

New Belgrade was built in 1947 on previously uninhabited ground and has become the financial center of the city and its fastest developing area in recent years. With its strictly geometric architecture this district is the absolute opposite of Belgrade's old town centre with its maze of small streets and winding alleys. There, instead of supermarkets and business premises one finds small groceries and restaurants on just about every corner. The old part of town casts a spell over Belgrade's visitors with its frenzy of activity, and it is not only the big fortress in the centre that reminds us of centuries under the rule of the Ottomans.

East and West, past and future – if Serbia was a piece of music, this could easily be its leitmotif.

Just as this country is neither one nor the other but a blend of both, so too the Serbian mentality is quite accommodating. Noble hospitality, warm cordiality and a cherished heritage on the one hand, and splendid innovation, ingenuity and effectiveness on the other – unite this diversity, and it is likely to be Serbia's strength in the near future.

The Serbs are very proud of their history and their characteristics, and deservedly so. Their monasteries are most impressive and even Goethe much admired the elaborately composed Serbian epic poetry. As well, Serbs



have a sense of humour, that makes them open to the new and therefore they will always welcome strangers with an open heart. Nowhere have I met so many talented people, be it in languages, sports, science or culture. When this rich potential is paired with discipline, as in the case of the physicist Nikola Tesla or, in present times, with the number one tennis player in the world Novak Djokovic, then we can see Serbia at its best.

Serbia has become my second home, the place where I met my lovely wife and to which I will return as many times as possible to spend time with friends and to enjoy good food and a huge variety of cultural activities, such as concerts, theatre and visits to historical places.

Ralf Hälgl

BSN'S SECOND BUSINESS TABLE

On March 19th members and friends of the Business Support Network gathered for the second BSN Business Table / Stammtisch. They used the occasion to talk about the need of networking small- and medium-sized companies with the EU markets. One of the topics was also a recent visit of Munich and Bavaria for 10 Serbian companies organized by the BSN.



SERBIA AND TOURISM

Travel & Tourism is one of the most important industries in the world and makes a greater contribution to both GDP and employment than the largest manufacturing sectors. In Serbia, direct Travel & Tourism employment supported an estimated 32,100 jobs in 2011, accounting for 2.4% of total formal employment. This is forecast to rise to 43,500 jobs by 2023, increasing its total formal employment share to 3.2%

Source: World Travel & Tourism Council report, Ekapija

Serbia is recording great results in attracting foreign tourists and improving its capacities and tourist offers. According to the official statistical data, 2,192,268 tourists visited Serbia in 2014, which is at the same level as in 2013. Due to the Christmas and New Year Holidays increase of 4,1 % was recorded in December 2014. In comparison to the previous year, in 2014 Serbia recorded 12% more foreign visitors than in 2013.

Belgrade had the highest percentage of overnight stays of foreign visitors (10% more than in the previous year) and was followed by Novi Sad, Zlatibor and Vrnjaka Banja. According to this criteria, the largest number of overnight stays had tourists from Bosnia and Herzegovina, Russia, Montenegro, Germany and Croatia. Also, Belgrade Airport Nikola Tesla had more than 4.6 million passengers in 2014 (increase of almost 32%) and was among the first in Europe, while air traffic has increased by 70%.

According to the National Bank of Serbia, foreign currency inflow from tourism for the first 11 months of 2014 amounted to US\$1.17 billion, which is 8.6% more than in the same period in 2013, when we had the largest foreign exchange inflow from tourism ever. In the last five years, 77 new hotels were open in Serbia (out of 328 which operate in Serbia). Only in Belgrade, as the largest construction site, we soon expect to see some of the world's largest chains like Marriott or Hilton hotel. The interest of investors shows that Serbian capital has possibilities for additional accommodation capacities. For the third time Serbia was positioned in the top 50 conference destinations in the world. With 66 international events held in 2014, Serbia is ranked 42, while Belgrade was 44th on the world map. This year we expect to have



15% growth in the number of events.

Travel & Tourism is one of the most important industries in the world and makes a greater contribution to both GDP and employment than the largest manufacturing sectors. Taking indirect and induced employment into account, Travel & Tourism sustains 1 in 11 of all jobs in the world. In Serbia, direct Travel & Tourism employment supported an estimated 32,100 jobs in 2011, accounting for 2.4% of total formal employment. This is forecast to rise to 43,500 jobs by 2023, increasing its total formal employment share to 3.2%. In addition, the Travel & Tourism industry indirectly supports further jobs through supply chain and induced impacts, pushing total Travel & Tourism employment to 80,100 jobs, accounting for 6.0% of total formal employment. This is below the regional and world averages of 10.5% to 10.2% respectively, however the Travel & Tourism industry in Serbia remains a key source of jobs for the national economy. Total Travel & Tourism employment in Serbia is forecast to grow by 1.8% per annum, and by 2023 is estimated to account for 7.7% of total employment, or 103,200 jobs. That places



Serbia above the Eastern European average of 7.0% of total employment in 2023, but remains below the world average of 10.2%.

As seen in other countries in the region, Travel & Tourism can also play an important role in Serbia's future economic development. Indeed, the industry already makes a significant contribution to both GDP and employment. In 2011, Travel & Tourism directly contributed 1.8% of Serbia's GDP and accounted for 32,100 jobs directly in Travel & Tourism, representing 2.4 per cent of

total employment. Taking the wider impacts of the industry into account, Travel & Tourism contributed 5.4% of GDP and 80,100 jobs in 2011 (6% of total employment). Furthermore, over the next ten years and with the right policies in place, Travel & Tourism in Serbia is forecast to achieve growth of 4.8% per annum, in terms of its contribution to GDP compared to 4.5% per annum growth in Travel & Tourism in Eastern Europe and 4.3% in the world as a whole. This would take the total contribution of Travel & Tourism in Serbia to GDP to 6.8% of the economy in 2023.

WTTC collaborated with the Serbian Ministry of Economy and the National Tourism Organization of Serbia to produce this report, which presents analysis of the economic impact of tourism in Serbia using the UN-approved Tourism Satellite Accounting (TSA) methodology. The World Travel & Tourism Council (WTTC) is the global authority on the economic and social contribution of Travel & Tourism. It promotes sustainable growth for the industry, working with governments and international institutions to create jobs, to drive exports and to generate prosperity.

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FAIRS IN THE SEE REGION, MAI AND JUNE 2015

BOSNIA AND HERCEGOVINA (SARAJEVO):

SARAJEVO	38 th INTERNATIONAL TOURISM DAYS	14 – 16 MAY	
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BULGARIA (SOFIA):

SOFIA	BULMEDICA / BULDENTAL	13 – 15 MAY	
	DIGITALK	27 – 28 MAY	
	THE BALKANS INTERNATIONAL WINE COMPETITION	28 – 31 MAY	


CROATIA (ZAGREB AND SPLIT):

ZAGREB	RIGHT AGE: Senior Fair (first time in Croatia)	21 – 23 MAY	
	23 th INTERGRAFIKA: The International Printing and Paper Industry,	27–30 MAY	
	28 th MODERNSPAK: Manufacturers and consumers-users of packaging		


MACEDONIA (SKOPJE):

SKOPJE	5 th INTERNATIONAL TOURISM FAIR	7-9 MAY	
	WIZ AIR SKOPJE MARATHON EXPO 2015		

MONTENEGRO (BUDVA):

BUDVA	33 th NAUTIC SHOW	16-18 APRIL	
	41 th SUMMER FAIR	15 JUN - 15 SEP	


ROMANIA (BUCHAREST):

BUCHAREST	T.M.A., Alternative Medicine Fair	28-31 MAY	
	DENTA: EQUIPMENT, ACCESSORIES...FOR DENTISTRY PRODUCTS	28-30 MAY	

SERBIA (BELGRADE AND NOVI SAD):

BELGRADE	59 th INTERNATIONAL FAIR OF TECHNIQUE	11 – 15 MAY	
	8 th TOTAL FUTURE GAMING BELGRADE	19 – 21 MAY	
	8 th MILITARY FAIR	23 – 26 JUN	
NOVI SAD	82 th INTERNATIONAL AGRICULTURAL FAIR	9 – 15 MAY	

TURKEY (ISTANBUL AND ANTALYA):

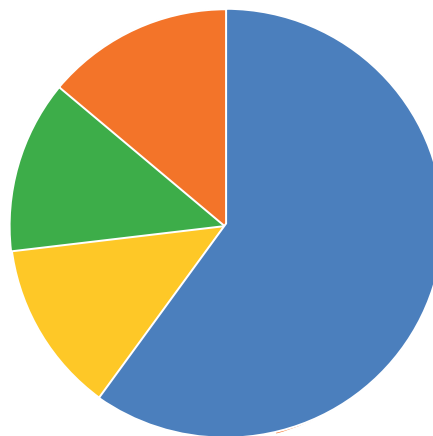
ANTALYA	TURKEY STONE: INTERNATIONAL NATURAL STONE AND PRODUCTS FAIR	28 – 31 MAY	
ISTANBUL	NATURAL STONE	3 – 6 JUNE	
	P-MEC, Pharmaceuticals Fair	3 – 5 JUNE	
	INNO PACK, Packaging and packaging solutions	19 – 23 MAY	
	SNACKEX, INT. EXHIBITIONS FOR SAVOURY SNACKS AND NUTS	11 – 13 JUNE	
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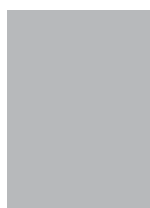


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