



EL&I Newsletter

Serbia and Montenegro

Welcome

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Dear Reader!

Welcome to the first EL&I newsletter of the Netherlands Embassy in Belgrade!

This newsletter is a co-production of the Agricultural and Economic Sections of the Embassy. Its title, "EL&I newsletter" is a direct reference to the Ministry of Economic Affairs, Agriculture and Innovation of the Netherlands.

The newsletter will:

- promote the Netherlands as a country of enterprise with a strong international competitive position and an eye for sustainability.
- promote cooperation among Dutch businesses in Serbia and beyond as well as between these businesses and the embassy

- inform Dutch businesses of opportunities in Serbia

It will be practical, an important part of the Embassy's outreach, including the Embassy's webpage, my Embassy twitter-account, Nenad Mitosevic's Embassy LinkedIn group, Nevena Nikolic's Embassy Facebook, business drinks, one-on-one meetings and incidental events. It should also be a meeting place for the Netherlands business community, to exchange information, views and tips in the precompetitive phase.

EU integration issues, economic diplomacy, trade and investment related questions are core business of the Embassy. I would like this newsletter to become a valued window for presenting our work in this respect.

Your comments and contributions would be of invaluable help in this endeavor. Please mail your feedback to us!

Laurent Stokvis

Ambassador to the Republic of Serbia and the Republic of Montenegro

In this edition:

- Royal FrieslandCampina takes over two dairies in Serbia
- Serbia considers oil and gas shale exploitation
- Municipalities to help farmers in Serbia
- Green building expo in Belgrade
- February 15th and 16th public holidays in Serbia

Business News

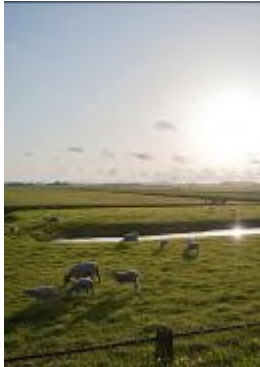
Royal FrieslandCampina to buy Imlek and Subotica dairies

Investment fund Salford Capital Partners agreed on sale of Imlek and Subotica dairies to Royal FrieslandCampina. Companies have signed memorandum of understanding regarding the acquisition of the dairies.

Salford is majority owner of shares in both Imlek and Subotica Dairy with 79% and 82% respectively. The remaining shares are traded on Belgrade Stock Exchange. Through acquisition of these two dairies Royal FrieslandCampina will also take over strong market positions in the markets neighboring Serbia. With already existing

activities in Hungary, Romania and Greece, this acquisition boosts overall competitiveness of Royal FrieslandCampina in South East Europe.

Business news (continued)



Source: Agency NL

Seeking a strategic partner

This month, the Serbian Government is expected to take a decision on calling a tender for advisor for selecting a strategic partner for the exploitation of oil shale in area of Aleksinac. Exploitation of oil shale, from which 500-600.000 tons of oil could be produced a year, could start in six to seven years. The state will certainly have share in a future consortium, which will also include a local company from Aleksinac. Potential of Aleksinac region estimated at two billion tons of oil shale.

EUR 400 million for highway construction

Public company Koridori Srbije announced that in 2012 priority will be given to Corridor 10 towards the Bulgarian border and the Corridor 11 highway from Belgrade to Montenegro. **EUR 50 million for upgrade of irrigation in Serbia in 2012**

Minister of agriculture stated that EUR 50 million from the state budget will be allocated for an upgrade of the irrigation which is the start of major works in the irrigation system. He also announced new set of legal regulations for the support of agricultural production.

Invitation for bids for two sections of Belgrade-Montenegro highway

According to the Minister of Infrastructure and Energy Serbia will invite bids in the coming months for two sections of future "Corridor 11" highway from Belgrade to Montenegro's coast. The two lots of the highway Obrenovac-Ub and Lajkovac-Ljig are ready for realization. Minister added that Turkey and Azerbaijan were offered to participate in this project.

Railway modernization in April

State railway company Zeleznice Srbije and Czech consortium Enixus are expected to sign the first agreement in April on modernization works on the Nis-Pirot railroad, part of Corridor 10. The works on 60-kilometer railroad will cost EUR 53 million. The same companies will carry out the electrification of Nis-Dimitrovgrad railroad which is the only section of Corridor 10 that needs electrification. The whole project amounts EUR 120 million.

EUR 75 million for overhaul of Clinical Center in Belgrade

The overhaul of Clinical Center in Belgrade, which will cost EUR 75 million, is expected to start in the second half of 2012. By that time all related documentation should be approved and all contractors selected. The reconstruction will take three years and will be carried out in stages. Reconstruction of Clinical center in Belgrade is part of the project of European Investment bank (EIB). The project also includes the reconstruction of the clinical centers in Novi Sad, Nis, Kragujevac. For this other clinical centers Serbia will start inviting bids in the first Quarter of 2012. This EIB-funded project amounts to EUR 200 million.

Serbia to use biodegradable bags only

It is expected that in the coming few months' only biodegradable bags will be used in Serbia. Faculty of Technology in Novi Sad is authorized to issue certificates that bags are degradable within a period between one and four years. Certification costs are EUR 489 for local and EUR 950 for foreign bag producers. Annual consumption of plastic bags in Serbia is 250 per person.

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DELTA to reconstruct hotel Continental Belgrade

Delta Holding will close hotel Continental in Belgrade for reconstruction which will last 12 months and will cost EUR 30 million. Delta also has a project for construction of a new shopping mall in Belgrade, in area of Autokomanda that will span on 200.000 square meters and will cost EUR 200 million.

Construction of new wind park

Elektroprivreda Srbije announced the construction of a new wind park in the area of Kostolac with the power of 30MW. The estimated cost of the construction is between EUR 35 and 40 million. Technical and investment documentation is to be completed by the end of September 2012.

Serbian raspberry producers set up nationwide alliance

Raspberry producers from southwestern Serbia formed alliance called Serbian Raspberry which numbers 7000 members. More associations from other parts of Serbia are expected to join in the coming period. This alliance gathers 80% of producers cultivating raspberries on 5,500 hectares of land and produce 65,000 tons per year. Serbian Raspberry is now the representative body for raspberry producers in the country.

New regional recycling center in Batocina

In March, the private company "Brzan Plast" will open in Batocina first center for recycling of tetra-pak. This will be the first center of this kind and will recycle tetra-pak from other countries of the region. Only in Serbia around 16.000 tons of this

Serbian Raspberry is a new alliance of producers from southwestern Serbia with 7000 members

Business news (continued)

Mercator to invest EUR 12 million in overhaul of hypermarket in Belgrade

Slovenia's biggest retailer Mercator will pour EUR 12 million in 2012 into renovation of Mercator hypermarket Center in Belgrade. Hypermarket will be closed from May to September due to the works on 50.000 square meters. According to the reports, Mercator has invested into Serbia around EUR 500 million since 2002 when it started operating on the local market.

Truck factory Priboj for sale

The Agency for privatization opened a tender for 86.49% of Truck Factory Priboj. Deadline for application is March 16. And obligatory deposit is EUR 500.000. Potential bidders must have been in production and distribution of trucks and buses in the last three years. Bidders should also have had

minimum of EUR 25 million of revenues in the last three years.

Formation of merchant fleet of Montenegro

The first freight transoceanic ship built in China has been delivered to the representatives of the new company Navigation of Montenegro. This is the start of the formation of the merchant fleet of Montenegro. This ship is one of two, both with capacity of 35 thousand tons. The building of both ships is financed from Chinese side and with the loan of Exim Bank. Total value of the loan is 47,4 million USD. Loan maturity is 15 years with 5 years grace period and fixed interest rate of 3%.



Source: Port of Rotterdam

Energy in Montenegro

Tenders in the first half of the year

According to Prime Minister Luksic, the Government of Montenegro already has project for exploration and production of oil and gas. The next step should be a tender for concessions for exploration of crude oil and production of carbon dioxide in Montenegrin submarine area. The tender is announced for early spring 2012. Sources close to the Government say that there is great interest for this project and that around twenty companies from all over the world submitted their letters announcing participation at the tender.

In order to obtain important role of Montenegro in the field of energy, this project of interconnecting underwater cables between Montenegro and Italy will be a priority in Government's activities.

At the same time prime Minister said that the realization of contracts for concessions for construction of small hydroelectric power plants is also one of the main items on the Government's agenda. Total investment amounts EUR 140 million.

Activities in planning the construction of wind power plants are to be completed during 2012 for two locations in Mozura and Krnovo.

The total value of this project is around EUR 150 million. The installed capacity should be 118 megawatts.

Several public tenders in first half of 2012 Montenegro aims to attract investments in the energy sector

Municipalities in Serbia buying heifers



Source: Energizing the future

In order to boost the animal husbandry in Serbia, Ministry of Agriculture and Trade supports local authorities in buying heifers and distributing them to the farmers. Heifers (Simmental breed mainly) are purchased by local authorities and given to the farmers that are in dairy or meat production business already. The Ministry of Agriculture is covering 80% of the price of the heifer and local authorities contribute with 20%. Between 200-300 heifers are purchased

per Municipality. The intention of the Ministry is to support the import of several thousand heifers. So far the heifers were given through lottery system to registered farmers in Municipality of Jagodina, Krusevac and Svrljina.

expand and improve the cattle breeding in this region. Municipality of Paracin expects the financial support from the Ministry of Agriculture. The price of one head is EUR 2000 and Paracin Municipality needs EUR 600.000 to carry out this project.

Municipality Paracin to buy 300 heifers

Mayer of Paracin announced that the Municipality is ready to purchase 300 Simmental heifers and distribute them to the farmers in order to

Events in February

Serbia's first constitution in 1835 was modeled on the Dutch Constitution

Serbia Green Building Expo International exhibition and conference will take place in Belgrade 23-25 February 2012 at BEL Expo Center Novi Beograd (Central Hall). Experts from all over the world will discuss latest questions concerning projecting and constructing green buildings, cooperation between companies and market issues. This is the first time that a manifestation like this takes place in

Serbia. City of Belgrade support SGBExpo.

Belgrade fair activities in February

Foodrex - food and beverage fair 09-12.02.2012.

BeoWine, Wine fair – 23-26.02.2012.

Tourism fair (ITTFA) – 23-26.02.2012.

Holidays info

February 15th and 16th National holidays in Serbia

February 15 is day of Constitution. On that day in 1835 Serbia for the first time in its history, as a free country, got a Constitution, after the centuries of the Turkish domination. Known as Sretenjski Ustav, did not last very long and had only few articles. Model for this Con-

stitution was Constitution of the Netherlands. This Holiday is celebrated two days so that companies and Government institutions will be closed. Note that Friday may be considered a bridge day.

Where to stay in Belgrade

Square Nine, a luxury hotel in central Belgrade has received the best Hotel Architecture award as part of the annual International Hotel Awards. The awards are sponsored by Bloomberg TV and exist since 1994. Wallpaper Magazine listed Square Nine as the one of the World's Best Business Hotels in 2011. Forbes Magazine also named this hotel one of the best new hotels opened in 2011.



Culture recommendation in February

This month we recommend you concerts of the Belgrade Philharmonic Orchestra at the Kolarac Concert Hall:

10 February

Conductor: Uroš Lajovic
Soloist: Ognjen Popović, clarinet
Programme: Mozart, Eybler, Rott

17 February

Conductor: Emiliano Patarra
Soloist: Peter Soave, bandoneon
Programme: Gershwin, Piazzolla, Villa Lobos, De Falla

24 February

Conductor: Muhai Tang
Soloist: Aleksandar Madžar, piano
Programme: Strauss, Mozart, Stravinsky

This month's cultural recommendation are concerts of the Belgrade Philharmonic Orchestra

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