



SIEPA

Serbia Investment and Export Promotion Agency

Assistance to investors and Serbian exporters

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ABOUT SIEPA

Non-profit Government Agency

Established in 2001.

Main tasks of the Agency are:

- Promotion of Serbia internationally
- Attraction of FDI
- Providing support to domestic companies in internationalization

Close to 40 employees in 3 sectors

- Investment promotion department
- Export promotion department
- Marketing and research

INVESTMENT DEPARTMENT ACTIVITIES



EXPORT PROMOTION DEPARTMENT

SIEPA

Financial support

Sector
promotion

Linking
businesses

Technical
assistance

For new
projects

For export
oriented
companies

FINANCIAL SUPPORT FOR EXPORTERS

SIEPA administered the program between 2006 - 2013

Funds were allocated based on activity refund principle (first the activity and then funding)

2006 budget was 1.2 million EUR

2007,2008 and 2009 600.000 EUR

2010 800.000 EUR

2011 1.5 million EUR

2012/3 1.5 million EUR

For which activities?
Product testing, certification, and recertification
Design of promotional materials
Quality control certification and recertification
Participation at international exhibitions
New product packaging design
New product design
Advertising in foreign trade publications
Organizing visits to foreign markets.
Organizing business meetings abroad.

INTERNATIONAL FAIRS PREVIOUSLY ORGANIZED BY SIEPA

Grune Woche ,Berlin, Germany

Fruit Logistica, Berlin, Germany

BioFach Nirnberg, Germany

Gulfood, Dubai, UAE

CeBIT, Hanover, Germany

Gitex, Dubai, UAE

ProWein, Dizeldorf, Germany

Fancy Food , New york, USA

Anuga, Keln, Germany

Heimtextil, Germany

SIAL, Paris, France

World Food Moscow, Russia

Foodex, Tokyo, Japan

Maderalia, Valencia, Spain

Real Vienna, Vienna, Austria

Expo Real, Minhen, Germany

Auto Equip, Paris, France

Automechanika, Germany

MosBuild, Moscow, Russia

CPM textile, Moscow, Russia

Rendez-vous, Paris, France

Seoulfood, Seoul, Korea

TEHNICAL ASSISTANCE TO SERBIAN COMPANIES

Via projects organized by international organizations (some of the most important ones are listed below):

Export development program financed by the EAR 2004-2007;

Enterprise Europe Network;

Local Supply Chain Development, 2006-2008;

Local Supply Chain Development, part 2, 2009-2011, SECEP project;

Specialized training in export marketing, export financing, transportation, exhibiting at trade fairs, and other subject areas;

Publishing the quarterly periodical *Exporter*, whose goal is to educate Serbian businesses;

Actively cooperating with, and providing assistance to, clusters in Serbia, in particular to the Automotive, ICT, and Embedded Electronics clusters

WHAT WERE SOME OF THE LESSONS LEARNED?

Although they were a part of a broader scheme **development policy**, the focus was on quantity and delivery rather than quality.

They were **focused on action**. Not a lot of time was given to analysis and re-thinking of the measures. Building on top of these did not follow.

Lack of coordination. Support to companies was viewed as a good political and marketing measure so many stakeholders wanted in. The result? A set of activities which were implemented by different stakeholders but with the same goal and in many cases with almost identical format. And it also stands for many donor projects in the past.

Financial/government support. While it makes sense to support SME's when they introduce standards or open new markets, the key thing in Serbia is access to finance which enables access to technologies. Serbian development fund so far had limited resources and limited range of delivery.

FOCUSING ON FOREIGN INVESTMENTS

We heard of many Korean government activities from a broader policy level to the concrete sets of measures.

Not repeating any, I would just like to underline the key difference between the Korean approach and the way we looked at things in Serbia.

Korea focused on the local economy, helping the industry perform better, moving value chains to a more productive and efficient environment.

We instead saw our economy as limited and in previous years focused on attracting foreign investments contemplating that the influx will in time generate introduction of new technologies, markets, development of skills and other.

FOCUSING ON FOREIGN INVESTMENTS

And there are shining examples of such an approach, from FIAT to Siemens, from Schneider Electric to Microsoft and many others.

OEM's (such as FIAT) are in a way a snapshot of a investor any country would like. Providing access to technologies and having hundreds of suppliers, interacting and exchanging best practices. Many followed their path and established production in the country providing further opportunities down the value chain.

Or, as Microsoft or Schneider examples show, investors who form strong linkages with universities and young generation. Investors whose growth opportunities go hand in hand with knowledge.

The list of top 10 exporters in Serbia nowadays has only 2 local names, steel maker Smederevo and Petrohemija, both still in state ownership and so far dependent on heavy subsidies.

FOCUSING ON FOREIGN INVESTMENTS

It sounds like a good plan ideally suited for Serbia.

But at the same time, in a study we have done it was clear that many of investors we have attracted in previous years use 0 – 20% of local input.

Not only is their interaction with suppliers limited, there is almost no knowledge or tech transfers, but it also enables them to move quickly once the source of competitiveness has dried out.

On another hand, the study showed that Serbian owned exporters use more of local input, most of them between 60 – 100% and hence generate better results for the overall economy.

JOB CREATION VS VALUE CREATION

It is easy, under the conditions of high unemployment, to fall into this trap where we favorite quantity over quality of jobs.

If investors seek labor cost competitiveness than their stay in Serbia will not be too long.

At the same time there are over 300.000 entrepreneurs and SME's in Serbia. They account for 34% of GDP (2013) and 50% of total exports. If they employed just one person each that would amount to more jobs than FDI to Serbia created from 2001.

Acknowledging the limited resources which Serbia has, financially helping foreign investors inevitably means less support to Serbian companies.

SERBIAN DEVELOPMENT AGENCY

SIEPA will soon cease to exist in this form and a new Agency will be formed also taking within itself work of the National Agency for regional development at the first instance.

We will still work on providing support to Serbian exporters but with much more linkages with the Serbian Chamber of Commerce (trade networks and officers in major economies) and more guidance and coordination with the Ministry of Economy.

We will still work with investors, both foreign and domestic but with a clear focus on activities which include more linkages with local companies and special focus on reinvestments and knowledge based investments.

The idea is also to add a part of development funding activities to the portfolio of the work in future.

HOW CAN WE SPREAD THE MESSAGE?

Asia is far away, geographically, financially, culturally.

Serbia is not well known. Serbia does not have a recognized global competitive edge, our companies are not global players. How difficult is it to get any message across?

SIEPA participated on three investment fairs organized by KOTRA in Seoul so far, 2011/13/15. We also participated on Seoul food in 2012.

Yura Corporation employs almost 5.000 people in Serbia these days. But a few know how Serbia even got an opportunity to be considered as a candidate.

In order to spread the word of our small economy we need to make a much stronger effort. We need to act as long term investors. To have patience and clear performance metrics and goals. There are no such things as quick fixes, especially in economies further away from Europe.



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Thank you for your attention!

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