

Del Ponte report negative

Hague Tribunal chief prosecutor Carla Del Ponte's report to the UN Security Council said Serbia and Montenegro's cooperation with the Prosecution had deteriorated. Del Ponte said there was no serious and planned action to apprehend Hague fugitives, primarily Radovan Karadzic Ratko Mladic and others hiding on SCG territory. She added that, with the exception of Vlastimir Djordjevic, who is currently hiding in Rostov (Russia) according to her most recent knowledge, every one else on the Tribunal's wanted list could be located and arrested through a joint action of SCG and Republika Srpska authorities.

Euro-Atlantic integration halted

US Ambassador to Serbia and Montenegro Michael Polt said he would travel to Washington D.C. on Tuesday to consult his government on future US policy towards SCG, adding that cooperation with the Hague Tribunal would top the agenda. Polt warned earlier that if Tribunal chief prosecutor Carla Del Ponte submits a negative report on this cooperation to the UN Security Council, it was quite clear that Serbia and Montenegro's door to membership in NATO, the Partnership for Peace and the EU would be closed.

NBS set to reduce inflation in 2006

The National Bank of Serbia adopted a monetary policy programme for 2006 that will have a decisive curbing of the inflation rate and the maintenance of financial system stability as its overriding aims. Monetary policy strives for the liberalisation of the foreign exchange market and a gradual watering down of the NBS role in foreign exchange operations, so as to direct the flow of foreign exchange to commercial channels to the greatest possible degree, and to reduce NBS direct interventions. This would help to form the managed floating dinar exchange rate on the basis of supply and demand on the foreign exchange market. Besides the reduction in the volume of direct interventions on the foreign exchange market, the NBS will aim to adjust the exchange rate with the mid-term sustainable balance of payments position of the country, in view of its primary objective – sizeable bearing down on inflation in 2006. The NBS will also continue to develop and strengthen the market instruments of monetary regulation, primarily repo operations, and it will also promote the further development of the interbank money market for the purposes of more efficient

management of banking sector liquidity. If it transpires that banks' lending activity hinders the accomplishment of the primary aim, this being the taming of inflation, the NBS will undertake additional regulation measures within the scope of its activities – it will use the banks' required reserve rate in case all other monetary regulation market instruments have been used up. In 2006, the NBS will further improve bank, IFOs, insurance and leasing activities supervision, with the aim of creating sound and stable banking and financial systems. In addition, the NBS will use required reserves as an instrument of demand regulation if it ascertains that financial leasing operations affect excessive demand growth, and it will make sure that all financial market participants are granted equal conditions. All monetary aggregates have been harmonised with the assumptions regarding 2006 economic policy and the budget, as well as the expected 5% GDP growth in 2006, said a National Bank press release.

EU-Balkans customs union

Former Swedish PM Carl Bildt suggested a multilateral agreement between Balkan states and the EU that would integrate the whole region into the European customs system. "Eventual EU membership is the light by which all Balkan political systems are trying to navigate. If it fades or goes out, peace efforts will be doomed throughout the region," Bildt warns in an article to newly-launched online policy journal Europe's World. The former Swedish Prime Minister said there was widening recognition that the status quo in the Balkans was no longer sustainable and encouraged efforts to solve the difficult issue of Kosovo's status, but not in isolation from other outstanding issues in the region, notably the Balkans' path towards integration with the European Union. He also said it was up to Belgrade and Podgorica to agree either to a functioning separation or to a functioning federation in the coming year.

Energy sector presented in Brussels

Serbian Minister of Energy and Mining Radomir Naumov is heading energy sector delegation at a two-day gathering which is taking place in Brussels from December 15 to 16. Together with his advisors from the ministry and the CEOs and experts of the Serbian Power Company, the electricity transmission company "Elektromreza Srbije" and the public enterprises Transnafta and Srbijagas, Naumov will present to European Commissioner for Energy Andris Piebalgs

and representatives of the European Commission's Directorate-General for Energy and Transport the policies and plans for further development of the Serbian energy sector. At the seat of the European Union, the officials will discuss the position, importance and abilities of the electric power and gas sectors in Serbia in the process of formation of a joint energy market.

Parivodic explains mortgage bill

Serbian Minister of International Economic Relations Milan Parivodic said that once the issue of mortgages has been put in order with a high degree of legal safety, thus addressing an issue of great importance for a large number of citizens and helping to solve the country's economy. Speaking about the Bill on mortgage at the Serbian parliament, Parivodic explained that the Bill establishes the right to pledge immovables as a guarantee in case the debtor fails to pay the mortgage debt to the creditor. A contract on mortgage and the records kept by a public registry, which is the central inventory of mortgages for the territory of Serbia, will offer sufficient enough guarantees for issuing bigger loans, and the government is in this way trying to solve current problems that are preventing clients from receiving bigger loans, he pointed out. Parivodic said that certain changes introduced by the Bill will enable the issuing of loans not only for the entire immovable property, but also for immovables under construction, unregistered objects and land. The creditor is guaranteed that the debt will be repaid in an efficient and safe way, while at the same time the debtor and owner of immovable property is also protected without too much red tape. He stressed that the procedure of selling pledged immovables will be cut from the current three to five years of court proceedings down to three to six months.

Small business share experiences

Representatives of the Ministry of Labour, Employment and Social Policy and the International Labour Organisation held a seminar on Thursday in Belgrade, at which they presented the experiences of other countries in the implementation of the self-employment and micro-credit programmes. Ways of financing small and medium-sized enterprises were also discussed at the seminar. The two-day seminar aims to acquaint the participants with employment strategies in EU countries. The credit programmes were presented by the Ministry of Labour, Employment and Social Policy, Belgrade

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local government, Procredit Bank, German humanitarian organisation Help, and the Micro Development Fund (FMR).

Coca-Cola gives up Fresh & Co?

Coca-Cola Hellenic Bottling Company (CCHBC) has pulled out of negotiations to acquire Subotica-based juice maker Fresh & Co. "Negotiations were halted after a deal has been struck with financial institutions on refinancing of the company Fresh & Co," says the statement issued by Coca-Cola Hellenic Bottling Company in Serbia. Owner of the Subotica-based company Zivojin Djordjevic and Coca-Cola Hellenic Bottling Company have reached an agreement for negotiations, which have started in September, to be halted at this time. Majority owner of the Fresh & Co is Zivojin Djordjevic with a capital of CSD 1,2 billion, while the European Bank for Reconstruction and Development holds a stake worth CSD 637,9 million, while the third shareholder is company Braca Djordjevic with a stake of CSD 48,5 million.

Prime Wool eyes Leteks

Leskovac-based Factory for production of woollen fabrics Leteks, which is one of the oldest and largest of its kind in SCG and the Balkans, is negotiation a strategic partnership deal with Prime Wool Export company from Sidney, Australia. Initial deal would include investments worth EUR 7 million in revitalisation of Leteks capacities and introduction of new equipment. Sidney-based company is also interested the privatisation of Leskovac-based company Inkol.

Eight companies auctioned off

The Serbian Privatisation Agency held its 159th public auction on Thursday, at which eight companies were sold for the total of 168.144 million dinars. The companies sold were:

1. Minel-alarm, Belgrade;
2. Sloboda, Novi Pazar;
3. Prosveta, Nis;
4. Imekšplet, Belgrade;
5. Celpapir, Belgrade;
6. Utva-mepro, Padina;
7. Neretva, Belgrade;
8. Izgradnja, Bosilegrad;

The auction sales of five companies - Jugoslavija komerc and Geosondaprojekt from Belgrade, Kovgrap Stavitel from Kovacica, Hod from Nis, and Grafos from Aleksandrovac, were all declared unsuccessful.

Kia Rio Award

The Kia Rio has won the Autobest 2006 award voted for by a panel of journalists from Eastern Europe. The Rio won for being "the new car most suitable for the needs of the population of the region, thoroughly modern with new technology

and affordable to buy." The countries represented by the panel include Croatia, Cyprus, Czech Republic, Romania, Poland, Serbia, Turkey and Ukraine – a total market of more than 200 million people. Announcing the 2006 winner, Autobest Chairman Mr Dan Vardie commented, "This year's competition was very tight, and the Kia Rio emerged as the winner thanks to its fantastic value for money, great versatility, and the important strides made by Kia in developing an excellent dealer network across all of Europe." The other shortlisted cars were the Ford Focus, the Renault Clio, the Chevrolet Spark known as Matiz in some markets) and the Suzuki Swift.

Japanese institute awards Tetrapak

Japanese Institute for Production Management presented award to Tetrapak's factory in Gornji Milanovac for exceptional achievements in the sphere of production, protection at work and environment protection. Japanese professors Mitsuo Skaguchi and Yoshiro Fakuda visited on December 8 this year Tetra Pak D.O.O. in Gornji Milanovac and learned in detail about the factory's production process. After the visit, Skaguchi and Fakuda stated that the factory received a prestigious Excellence award for 2005 for achievements in the sphere of production, protection at work and environment protection. Tetrapak's factory in Serbia is the only factory in the country and second in Europe to receive this prestigious award. Tetra Pak cooperates with the factory's partners and jointly develops solutions for food packaging and operates in 165 countries around the world, employing about 21.000 people worldwide.

Zastava wants car imports halted

Workers of Kragujevac-based automobile factory Zastava demanded on Thursday from the Serbian government to prohibit further imports of vehicles with Euro 3 engines, as such liberalised imports will destroy this domestic factory. Zastava Automobili labour union officials will meet Kragujevac Mayor Veroljub Stevanovic in order to warn him that they would be blocking on December 21 all regional freeways around this city protesting over liberalisation of used car imports. They are seeking from the Government to ban imports of vehicles with Euro 3 engines, even though such free imports represent one of the preconditions for signing of the Contract on Stabilisation and Association between Serbia and EU. Factory officials say that thanks to the previous ban on imports of vehicles older than 3 years, the factory sold this year a total of 15.000 vehicles, 2.000 more than last year. New Zastava's Yugo model costs on average the same as

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a used imported vehicle, around EUR 4.000. Economist Dejan Soskic says that it was high time for domestic producers to start competing for consumers with high quality and lower prices, and not to expect for consumers to cover their losses, or the state from the budget. "By protecting domestic industry with subventions and customs duties – we have created sleeping giants not capable of exporting to the world market and sell their models with profits," stressed Soskic.

US Steel Serbia to increase capacity

Smederevo-based US Steel Serbia Director General Michael Fedorenko announced on Tuesday that this company would increase in 2006 production capacity by about 1,8 million metric tonnes. "We are still preparing production plans for 2006," Fedorenko told Tanjug, adding that the focus of Smederevo-based steelworks would be placed on production increase of all products – hot and cold rolled steel and tinplates. Company US Steel Serbia participated this year with more than 15 percent in Serbia's exports, with sold more than one million metric tonnes of steel, while the products were exported to about 40 countries worldwide.

Govt sets pollution tariffs

Serbian government adopted on Thursday a Decree on types of pollution, criteria for calculation of environment pollution tariffs and pollutants liable to pay these fees, said Serbian Minister for International Economic Relations Milan Parivodic. He told a press conference, that this Decree represents an integral part of the Law on environment protection and determines criteria, according to which the future taxpayers would be precisely calculated tariffs to be imposed by the Government to pollutants, for which it is established they are polluting the environment in a certain degree. The Government also said that municipality of Beocin should no longer charge and collect taxes from cement producer Lafarge, as this would be in the future be the task of the state bodies after adoption of this Decree, while 60 percent of collected taxes would be returned to local authorities. Parivodic warned municipality Beocin to revoke the previous decision on pollution tax imposed to Lafarge, as such decision was, as he explained, now completely illegal.

Intellectual property protected

Serbian Minister for International Economic Relations Milan Parivodic said on Thursday that Serbian government adopted a Draft law on special authorities, which aims to efficiently protect intellectual property. Parivodic told a press conference that the purpose of this law was to introduce greater powers of

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inspection services in Serbia, which will be able to prevent breaches of intellectual property rights by confiscating all products and equipment used for manufacturing of products on the spot, for which it is determined that they are in the violation of intellectual property rights. "We must civilise our society regarding tights to intellectual property," said Parivodic, adding that such inspection powers were the only way to achieve this goal. This law, which should be adopted in the next month or two, will authorise practically all inspection services in the country to confiscate from the seller all goods bearing someone else's brand name, design or patent, or to close down such retail outlets if intellectual property violations are detected.

Mercator to build in Valjevo

Mercator Director for Serbia Vladimir Kravcuk confirmed on Thursday that this Slovenian trade company would build a large trade centre in Valjevo. Kravcuk told a press conference, held after talks with Valjevo municipality officials, that Mercator had already purchased a lot in attractive location in Valjevo. According to him, Valjevo would be one of the eight cities in Serbia where this Slovenian trader would be opening trade centres, adding that construction would start once the local administration issues all necessary licenses.

Metro opens distribution centre

German company Metro Cash & Carry officially opened on Wednesday in Zemun its second distribution centre in Belgrade worth EUR 20 million – which is at the same time the largest such facility in Serbia, as it spans over 12.730 square metres, said Metro Cash & Carry Serbia Managing Board President and Metro Southeast Europe Managing Board President Damir First.

Optel up for sale

Montenegrin Agency for Restructuring and Foreign Investments has published an invitation for submitting of offers for the acquisition of majority package of shares of Pljevlje-based Special Production Factory Optel, which deals with production of optical-electronic, electronic, telecommunications and microwave devices and systems. The company also produces mining devices, radars and aerial systems. The Agency has offered 28,300 shares for sale, which represents 53,2 percent of the Optel's capital, which is owned by the Government of Montenegro, Development Fund, Pension Fund and Employment Bureau. Rights to participate in this tender have all domestic and foreign legal entities and entrepreneurs with at least three years of experience in the sphere of production

of optical-electronic, electronic, telecommunications and microwave devices and systems, while offers must be submitted by January 26, 2006 with a prior deposit or a bank guarantee in the amount of EUR 50.000.

BayernLB eyes Panonska Banka

Germany's state-owned BayernLB is one of ten banks that have indicated their interest in buying Serbia's state-owned Panonska Banka, Financial Times Deutschland reported, citing a spokesman for BayernLB. According to the newspaper, analysts value the bank at EUR 50 million. If successful, the BayernLB acquisition would be made via Hungarian unit MKB, which is eyeing acquisitions in Serbia, Romania, Bulgaria and Croatia. The newspaper said MKB, in which BayernLB has a 90% stake, recently made a bid for Bulgaria's Union Bank, citing no sources. It also cited Serbian government sources as saying the other interested parties include Banca Intesa SpA, Credit Agricole, Unicredito Italiano SpA's Bank Austria Creditanstalt, Hungary's OTP and several Greek banks. Earlier this week brokers said Greece's National Bank, Alpha Bank and Pireaus Bank have also expressed an interest. The privatisation is to be completed by mid-2006. Panonska Banka, with total assets of EUR 126.8 million, has about 100,000 customers in Serbia, many of them medium-sized corporate clients.

Bids for NIS sale advisor opened

The Serbian Privatisation Agency stated on Friday that the public opening of six offers of qualified bidders was carried out on Friday, as part of the second phase of the restrictive procedure of public purchase for providing consultancy services of the privatisation advisor for the Serbian oil industry NIS. The Public Purchase Commission stated that the bids had been submitted on time and in the way established in the tender documentation by the following bidders:

1. BNP Paribas SA, Paris, France
2. Joint offer:
 - a. Deutsche Bank AG, London Branch
 - b. Roland Berger Strategy Consultants GmbH, Vienna
 - c. CSP Consult & Strategy GmbH, Berlin
3. Joint offer:
 - a. Credit Suisse First Boston (Europe) Limited
 - b. Dewey Balantine
 - c. Drazic, Beatovic & Partners
4. Joint offer:
 - a. Merrill Lynch International
 - b. Raiffeisen Investment AG
5. Joint offer:
 - a. CA IB Corporate Finance
 - b. Goldman Sachs International
6. Joint offer:
 - a. McKinsey

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- b. EKI Investment
- c. Synergy Capital
- d. Deloitte
- e. Simmons & Simmons
- f. Harrisons Solicitors
- g. JP Morgan

The Commission will examine the bids within 15 days from their public opening and reach a decision on their technical evaluation. After that, financial bids will be opened. The criterion for the selection of the most favourable bid will be the financially most favourable offer.

BSE reports higher turnover

Belgrade Stock Exchange (BSE) reported on Monday 970 transactions with shares of privatised companies and Serbian government bonds, 69 more than on Friday, while the total value of recorded transactions reached 163.026.401 dinars, or close to CSD 90 million less than on Friday, out of which 29,52% was conducted by foreign investors. BELEX15, a blue-chip company index, reached 1.032,20 index points, 0.19% up on Friday, while BELEXfm reached 1.600,66 index points, which is also 0.19% up on Friday. The highest price increase of 20,18 percent per share was recorded for Zrenjanin-based Bio-ekoloski centar, while the increase of 20% was recorded for Jugolek from Belgrade and Subotica-based Fidelinka. A 20% decrease per share was reported for Belgrade-based Zastava-Vozdovac. The highest turnover of CSD 35.168.490 was reported for the shares of Novi Knezevac-based Lepenka, then follow Pancevo-based Ratar with CSD 25.060.000, Nis-based AIK bank with CSD 14.415.570 and Varvarinsko polje from Varvarin with CSD 10.200.000.

Official dinar exchange rates:

EUR: buy 85.7420, sell 86.2580

USD: buy 71.3506, sell 71.7800

GBP: buy 126.3886, sell 127.1492

CHF: buy 55.6008, sell 55.9354

Belgrade Weather: Overcast. Temperatures 0 to 5 degrees C.

News Sources: VN – Vecernje Novosti, P – Politika, PR – Pregled, Radio B92, TV Studio B, BK TV, B – Blic, RTS – Radio TV Serbia, GJ – Glas javnosti, D – Danas, EK – Ekonomist, V – Vijesti, K – Kurir, TV B92, INT – Internacional...

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