The background of the slide features a wireframe model of a car in orange and yellow tones. On the left side, there is a stylized logo consisting of several grey, curved, wing-like shapes. The text 'Automotive industry in' is in a smaller white font, and 'VOJVODINA' is in a large, bold, white font.

# Automotive industry in VOJVODINA

VOJVODINA  
COME AND GROW





# VOJVODINA

NEW GROWING HUB OF THE AUTOMOTIVE INDUSTRY IN EUROPE



Vojvodina is an EU border region, located in the north of the Republic of Serbia, bordering Hungary, Romania and Croatia. Two major pan-European transport routes (Corridor 10 and the Danube River) pass through it.

More than two million inhabitants live in the Autonomous Province of Vojvodina, in an area of 21,506 square kilometres.

” *The Serbian province of Vojvodina is seen today as the country’s gateway to Europe and an alternative to the new EU member states.*

Handelsblatt, “Europe’s Golden Triangle” (26.08.2008.)

” *Vojvodina could evolve to an important automotive location.*

Deutsche Welle, Report on Vojvodina, Aug 2008

Vojvodina is the engine of Serbia’s economic development and host region to some of the most significant foreign companies such as Siemens - Loher, Lafarge, Bauerhin, Stada, Pepsico, ATB Austria, Tarkett Sommer, Draexlmaier, Linde AG, Grundfos, and many others. Vojvodina is proud to be recognized as a long-term production location, as some of the above investors are already reinvesting to expand their production capacities.

The automotive sector became one of the fastest growing sectors in Serbia. At present there are more than eighty companies with 25,000 people employed in the Serbian automotive industry. The decisive impulse for the development of the automotive industry in Serbia has been provided by the new Fiat plant in Central Serbia. The factory in Kragujevac will start producing new Fiat models in 2012 with planned output of 200.000 vehicles p.a. Additional business opportunities for the automotive suppliers located in Vojvodina exist in nearby countries of Eastern Europe such as - Hungary (Daimler - Kecskemet, Audi - Gyor) and Slovakia (VW - Bratislava).

One of the main economy related priorities of the Government of Serbia and the Province of Vojvodina is to support development of the automotive industry and to attract foreign investors in the region. The Government of Serbia has done a great deal to improve the regulatory framework in order to make an attractive operating environment for foreign investors. Corporate profit tax has been reduced to 10%, among the lowest corporate profit taxes in Europe. Favorable foreign trade regimes allow easy access to Russia and the CIS countries.

Serbia is the only country outside the Commonwealth of Independent States that enjoys a free trade agreement with Russia, allowing duty-free export of most goods to the Russian market.

The Stabilization and Association Agreement with the EU, the Central European Free Trade Agreement (CEFTA) and the FTA with Turkey allow export of goods from Vojvodina within the network of the denoted states according to the principle of diagonal cumulation of origin.

That facilitates Serbia’s trade with the region, which has one of the highest growth rates in Europe. The FTAs provide access to companies producing in Vojvodina to their customers around Europe and further.





**FAST TRACK  
TO MAJOR  
EUROPEAN OEM'S**

## THE TOP SIX REASONS

TO INVEST IN THE AUTOMOTIVE INDUSTRY IN VOJVODINA

1. IDEAL GEOGRAPHIC LOCATION FOR JUST-IN-TIME /JUST-IN-SEQUENCE PRODUCTION

2. QUALITY WORKFORCE AVAILABLE AT COST EFFECTIVE RATES

3. PREMIUM GREENFIELD & BROWNFIELD LOCATIONS

4. LOW OPERATING COSTS

5. GENEROUS INCENTIVES PACKAGE

6. LONG-LASTING TRADITION IN AUTOMOTIVE INDUSTRY



# 1 IDEAL GEOGRAPHIC LOCATION FOR JUST-IN-TIME / JUST-IN-SEQUENCE PRODUCTION

The ideal location and developed transportation infrastructure of Vojvodina enables quick and easy access to the wide European transport network and allows implementation of Just-in-Time and Just-in-Sequence Production models.

The vicinity of major OEM's in the region provides great possibilities for automotive suppliers based in Vojvodina. The new plants of Mercedes in Kecskemet and Fiat in Kragujevac are only 100km and 150km, respectively, away from Vojvodina.

Sound transportation infrastructure combined with free trade agreements with most of European countries allows automotive companies to supply their clients and customers in the whole Europe from a single location.

” For us, it is excellent! The skills that we are looking for are better found in this area than in any other area in Eastern Europe and other countries – including England.

Mr. Laurence J. Albon  
OBE Chairman & Managing Director

## 2 QUALITY WORKFORCE AVAILABLE AT COMPETITIVE RATES

An optimal ratio between labour costs, productivity and quality of the workforce provides an attractive basis for successful business in Vojvodina. One of the priority and key factors in making an investment decision for present foreign automotive suppliers in Vojvodina was the availability of the experienced labour force in this branch of industry.

As well as the experience and know-how of producing automotive companies in the region, the University of Novi Sad (“UNS”) offers education for 40,000 students, with specific programs adapted to the needs of investors in Vojvodina. The presence of high quality research and educational institutions for electrical and mechanical engineering at the UNS provide support for investors in this sector. Also, the highest percentage of English, German and Hungarian speaking people in the country is based in Vojvodina. This exceptional value of the workforce in Vojvodina is already being used by many international automotive components suppliers.

### EXAMPLE OF WAGE CALCULATION PROCESSING INDUSTRY IN VOJVODINA

Average for the period January – August 2010

Net	303,97 €	Monthly net income
	43,07 €	12% salary tax
	46,59 €	11% pension insurance
	26,05 €	6,15% health insurance
	3,18 €	0,75% unemployment contributions
Gross	422,86 €	
	46,59 €	11% pension insurance
	26,05 €	6,15% health insurance
	3,18 €	0,75% unemployment contributions
	498,68 €	incl. employer's contribution
	+ 14,80 €	Non taxable transport costs
Total	513,48 €	

Source: Statistical Office of Republic of Serbia





### 3 PREMIUM GREENFIELD & BROWNFIELD LOCATIONS

Vojvodina region as a transit area with great geographic position offers excellent industrial locations to those automotive suppliers seeking to set up plants in the SEE region. A number of developed and fully equipped industrial zones and business parks, with more than 4,000 hectares of land and access to the Pan-European Corridors 10 and 7, offer premium locations for manufacturing facilities.

Foreign investors have a wide range of options when starting a business in Vojvodina:

- Building of a new facility on Greenfield locations
- Brownfield investments – well equipped production facilities and office spaces
- Industrial parks offer custom made solutions, where facilities built according to the investor's specifications can be leased or purchased.
- Entering Joint Venture projects with foreign or domestic partners

Vojvodina has free trade zones in the cities of Zrenjanin, Subotica and Novi Sad, where firms can benefit from VAT and custom duty exemptions.

4 LOW OPERATING EXPENSES

Apart from competitive utility and labour costs, expenses for building a production facility in Vojvodina are from € 200 to € 350 per m².

ELECTRICITY <small>* Additional variable costs - for the calculated power and reactive energy, depending on the consumption category and tariff rates, separately calculated for each industrial consumer</small>	EUR/kWh	High voltage 110 kV 0.0107 - 0.0323	
		Middle voltage 1 - 35 kV 0.0118 - 0.0354	
		Low voltage 0,4 kV 0.0156 - 0.0468	
WATER	EUR/m³	Household 0.36	Industrial use 0.86
SEWERAGE	EUR/m³	Household 0.23	Industrial use 0.54
NATURAL GAS	EUR/m³	0.32	
TELEPHONE	FIXED EUR/min	Household 0.002-0.087	Business 0.0024-0.1089
		International calls 0.137- 0.532	
	MOBILE EUR/min	0.057 - 0.082	

Source: Elektrovojvodina, Water Management Company of Vojvodina, Srbijagas, Telekom Srbije, Telenor, Serbia Broadband, Petroleum Industry of Serbia

\*Monthly fee depending on the selected bandwidth

5 GENEROUS INCENTIVES PACKAGE

- For investment projects of special importance for economic development of the country, in the automotive and electronics industries and ICT amounting to more than €200 million and providing at least 1,000 workplaces, the Republic of Serbia can offer financial support of 25% of the investment amount;
- Investment incentives for new investment projects, between €2,000 and €10,000 for every new job created, and for investment of at least €1 million
- A corporate profit tax rate of 10% - among the lowest in Europe
- 10-year corporate profit tax exemption for investment over app. €7.5 million and 100 new employees
- Corporate profit tax credits up to 80% of the fixed assets investment
- Salary tax exemptions for employees under 30 and over 45 years
- Customs-free imports of equipment based on foreign investment
- A salary tax rate of 12 %, which is lower than in the other Balkan countries.
- Annual income tax deductions up to 50% of the taxable income







## 6 TRADITION IN THE AUTOMOTIVE INDUSTRY

The automotive industry in Vojvodina and Serbia has a long tradition of producing automobiles. In the late 1980's Serbian automotive firms produced over 250,000 automobiles per year and were active in more than 200 joint ventures with leading international producers, as component suppliers or assemblers of licensed cars. Automotive companies from Vojvodina supplied the car factory of Zastava in Kragujevac as well as other truck and bus manufacturers in Serbia. Further development of the automotive industry in Vojvodina continued through cooperation with General Motors (Foundry Kikinda) and Fiat.

At the same time, a large number of small and medium companies in Vojvodina emerged on the automotive components market as original equipment manufacturers for some leading vehicle manufacturers: VW, AUDI and OPEL.

# VOJVODINA AUTOMOTIVE TODAY

## INTERNATIONAL OEM'S AND AUTOMOTIVE COMPONENTS PRODUCERS IN VOJVODINA


YEAR	COMPANY	COUNTRY OF ORIGIN	TYPE OF INVESTMENT	INVESTMENT AMOUNT (in million €)	NUMBER OF EMPLOYEES
2010	Norma Group	Germany	Greenfield	11.2	350
2008	CGS Tyres	Czech Republic	Acquisition	20	520
2007	I.G. Bauerhin	Germany	Brownfield	1.8	300
	Lohr	France	Brownfield	3.5	198
	Dräxlmaier	Germany	Brownfield	7	1,200
	Euro Zeit	Slovenia	Privatization	2.5	100
2006	Albon Engineering	UK	Greenfield	10	75
2004	CIMOS	Slovenia	Privatization	100	2,162
	Streit Groupe	France	Brownfield	3.5	150
	Neobus	Saudi Arabia	Privatization	0.75	220
2003	Le Belier	France	Acquisition	10.5	400

„ We employ at the moment 2,000 people worldwide and we are very happy to start our production also in Serbia, in the region of Vojvodina.


Our first impressions are great! For the beginning we plan to employ 300 people and in the future this number will increase to even 750.”


Joseph Hilmer, CEO of I.G. Bauerhin

## SUCCESS STORIES


**Dräxlmaier**  **Lisa Dräxlmaier GmbH.** The collaboration between Vojvodina Investment Promotion – VIP and the German automotive supplier Dräxlmaier, culminated in the opening of their production plant in Zrenjanin on May 9, 2008. They began production with 350 employees and today the number of employees is 1,200.

The production of car wiring harnesses for Dräxlmaier runs in a production facility of 13,000 m2. Production is conducted according to Just in Sequence principles allowing delivery in four days from the order receipt. The production plant in Zrenjanin produces specific custom/made cable sets, which will be built in the top models of renowned car manufacturers.

**CIMOS**  **Cimos.** From 2004, the Slovenian automotive company has invested more than €100 Millionen in Kikinda. Three foundries on the location are producing castings that are further processed into inserts, flywheels, brake drums, brake discs, manifolds and turbine housings. From Kikinda, Cimos is supplying car manufacturers as well as Tier 1 suppliers such as BMW, Ford, PSA, Honeywell, Delphi, Metaldyne and others. Cimos employs 2,162 people in Kikinda.

 **I.G. Bauerhin GmbH.** The German automotive supplier I.G. Bauerhin invested €1.8 million in Indjija where they are building car seat heating systems. At the moment they employ 300 people, but in the future the number of employees should reach 750. They supply international firms such as Audi, BMW, Fiat, Ford, Hyundai, KIA, Opel, Porsche, Renault, Saab, Skoda, Smart, Volvo and others.

**Norma Group.** Die Norma Group, einer der führenden Hersteller im Bereich Verbindungstechnik, erweiterte ihre globale Präsenz durch ein neues Werk in der Vojvodina. Die Norma Group wird 2011 mit der Produktion am neuen Standort Subotica anfangen.

 Norma Group, a leading manufacturer of joining technologies, expands its global footprint and invests in a new manufacturing facility in Vojvodina. The company will start producing at the new plant in the city of Subotica in 2011. The production will focus on high-tech solutions for fluid transport and emission control applications. The new production plant will be within the Free trade zone of Subotica and will cover an area of 12,400 m2.

Norma Group will employ approx. 350 people in Subotica till the end of 2013.

# AUTOMOTIVE SUPPLIERS IN VOJVODINA

COMPANY	PRODUCTION FOCUS OF THE COMPANY IN VOJVODINA	EXPORT COUNTRIES	NUMBER OF EMPLOYEES IN VOJVODINA
AGENA TECHNOLOGY DOO	Entire turnkey production line solutions for the manufacture of connecting rods. Standard range of machines plus individual machines	Worldwide	75
IGB AUTOMOTIVE COMP. DOO	Production of electrical seat heaters, electronic control units and sensors	Germany (I.G.Bauerhin)	300
DAD DRAXLMAIER AUTOMOTIVE	Car wiring harness production	Germany (Dräxlmaier Group)	1,200
LE BELIER KIKINDA	Casting plant for production of aluminium components for automotive industry	Hungary, France, Romania, Italy, Norway, Germany	400
LOHR BACKA TOPOLA	Production of semi-trailers for transport of vehicles	Former Soviet Union Countries	198
NEOBUS	Buses and bus bodies manufacturing	Former Yugoslavian countries	220
STREIT JUCIT DOO	Automotive parts production - original equipment producer, flywheels	France, Italy	150
CGS TYRES	Tire production	N/A	520
TERMOMETAL ADA	Machine parts	Germany (partner company Schaeffler KG Germany)	200
KNOTT AUTOFLEX YUG	Production of car trailer parts, axles without brake, axles with brake and mudguards	Greece, Bulgaria, Israel, Former Yugoslavian countries (excl. Slovenia)	80
KONKAB	Cable sets finishing	Austria (partner company SMF Neckenmarkt)	40

COMPANY	PRODUCTION FOCUS OF THE COMPANY IN VOJVODINA	EXPORT COUNTRIES	NUMBER OF EMPLOYEES IN VOJVODINA
UTVA-MILAN PREMASUNAC	Mechanical industry	Sweden	180
BATTERY FACTORY SOMBOR	Production of starter and traction batteries for all kinds of vehicles	Europe, Africa, Asia	434
FKL TEMERIN	Metal industry, roller bearings and cardan shaft	Italy, Russia, Iran and other markets	566
FADIP AD BECEJ	Hydraulic brake hoses, metal fittings for brake hoses	Poland, Russia, Romania, Uzbekistan	210
TEHNIKA KULA	Processing of plastic parts for automotive industry	Italy, Serbian automotive producers	61
HIPOL	Production of polypropylene and processing of plastic masses	N/A	311
LAMPONE d.o.o.	Cable and wire production, production of ropes	Slovenia, Bosnia, Macedonia, Bulgaria	25
BANE SEKULIC	Factory for locks, handles and shields	Serbian automotive producers	528
PNEUMATIK - FLEX	Standard metal products, flexible hoses and hose fittings	Bosnia, Montenegro	40
SIGURNO-ST DOO	Rubber parts, hydraulic cylinder repair kit	Egypt, Macedonia, Bosnia, Montenegro	18

Automotive Cluster Serbia includes Serbian companies and institutions that are producing automotive parts and components, respectively providing services in the automotive sector. The Serbian Automotive Cluster is supported by the Serbian Government, German Organization for Technical Cooperation (GTZ), UNIDO (United Nations Industrial Development Organization) and USAID. ACSerbia actually counts 27 members, thereof 22 companies and 5 scientific institutes.






Vojvodina Investment Promotion – VIP was founded by the Parliament of the Autonomous Province of Vojvodina, with the specific goal of facilitating FDI inflow into the region of Vojvodina through activities such as location marketing, investment climate benchmarking, provision of assistance to potential and existing investors with concrete investment projects and cooperation with institutions specialized in FDI promotion world-wide.

VIP services to potential and existing investors are free of charge.

Activities of the VIP Agency include:

- Location Marketing
- Tailor Made Solutions for foreign investors
- Aftercare services
- Policy Advocacy
- Development of business incubators

*financed by*

Austrian  
 Development Cooperation

Production:

Vojvodina Investment Promotion – VIP  
[www.vip.org.rs](http://www.vip.org.rs)

Executive Production:

Beomedia Marketing  
[www.beomedia.co.rs](http://www.beomedia.co.rs)

Print:

Stojkov Printing House  
[www.stojkov.rs](http://www.stojkov.rs)





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