TOWARDS REVITALIZATION OF INDUSTRIAL CITIES IN SERBIA

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Area 88.502 km²

Population: 7.186.862 according to the 2011 Census (not including data for Kosovo and Metohija)

• 2 autonomous provinces - AP Vojvodina and AP Kosovo and Metohija (since June 1999 AP Kosovo and Metohija has been under the temporary protectorate of the UN mission- Resolution 1244 UNMIK)

• 150 municipalities, and 23 cities organized in 29 districts and the City of Belgrade as territorial units.

Statistical regions  NUTS level2:

• Vojvodina
• Belgrade
• Šumadija and Western Serbia
• Southern and Eastern Serbia
• Kosovo and Metohija

Figure 1. Municipalities and cities of the Republic of Serbia by areas and regions

Figure 2. Pan-European corridors in SE Europe

The Republic of Serbia still lags behind many of its neighbors, particularly due to (the main results of transition 2012):

- Low per capita GDP 4100 EUR
- Low Net wages 360 EUR
- Low competitiveness 95th on the world list
- Public debt 17.7 billion EUR
- High rate of unemployment 24.6%
- Low rate of employment 48.9%
- Uneven regional development
  - The City of Belgrade represents underlined pole of development in all segments with 23% of population in Serbia, 33% employed, 40% in GDP, 40% of enterprises
  - Big gap in development level (Figure 3)

Figure 2: GDP per capita (in PPP $)
Level of Development of Local Self-government (LS) 2012.

Source: The Regulations on establishing a methodology for calculating the degree of development and local self-government units, and on establishing a single list of regional development and local self-government units, 2012.
# Regional competitiveness

<table>
<thead>
<tr>
<th>Region</th>
<th>Index of regional competitiveness</th>
<th>Rang</th>
<th>Rang</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgrade</td>
<td>10,59</td>
<td>1</td>
<td>I</td>
</tr>
<tr>
<td>Southern and Eastern Serbia</td>
<td>7,14</td>
<td>4</td>
<td>IV</td>
</tr>
<tr>
<td>Šumadija and Western Serbia</td>
<td>9,71</td>
<td>2</td>
<td>II</td>
</tr>
<tr>
<td>Vojvodina</td>
<td>9,33</td>
<td>3</td>
<td>III</td>
</tr>
<tr>
<td>Kosovo and Metohija</td>
<td>n/a</td>
<td>n/a</td>
<td>V</td>
</tr>
</tbody>
</table>

Structural Changes in Serbian Economy 2001-2008

Structure of Manufacturing 2000-2008

Incomplete structural changes: slow privatization, technological backwardness, founded on a labor-intensive and resource sub-sectors etc and lack of investment (especially foreign direct investment) slow down the formation of the industrial structure based on high technology and knowledge.

It is still dominant sectors of low i medium-low-tech industries in structure of employment and gross value added (over 50%) and less share of sectors of medium-high i high-tech industries.

Figure 4. The technology structure if the industry
<table>
<thead>
<tr>
<th>Size of industrial centre (number of industrial workers)</th>
<th>Number of industrial centers 1996.</th>
<th>Number of industrial centers 2008.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Metropolitan-industrial centre &gt; 50,000 employees</td>
<td>1 (Beograd)</td>
<td>1 (Beograd)</td>
</tr>
<tr>
<td>2. Large industrial centres (20,000-50,000 employees)</td>
<td>8 (Novi Sad, Niš, Kruševac, Subotica, Kragujevac, Pančevo, Smederevo i Leskovac)</td>
<td>1 (Novi Sad)</td>
</tr>
<tr>
<td>3. Medium industrial centres (10,000-20,000 employees)</td>
<td>17 (Zrenjanin, Kikinda, Sombor, S.Mitrovica, Lazarevac, Požarevac, Užice, Kraljevo, Čačak, Šabac, Loznica, Valjevo, Trstenik, Jagodina, Bor, Vranje, Piroet, Priština)</td>
<td>4 (Subotica, Pančevo, Kragujevac, Niš)</td>
</tr>
<tr>
<td>4. Medium industrial centres (5,000-10,000 employees)</td>
<td>26</td>
<td>18 (Kikinda, Zrenjanin, Pančevo, Valjevo, Šabac, Valjevo, Smederevo, Požarevac, Jagodina, Trstenik, Užice, Čačak, Kraljevo, Kruševac, Piroet, Leskovac, Vranje, Bor)</td>
</tr>
<tr>
<td>5. Small industrial centres (1,000-5,000 employees)</td>
<td>125 (with Kosovo)</td>
<td>55 (without Kosovo)</td>
</tr>
</tbody>
</table>

Figure 5. Industrial devastated areas 1990-2007

The industry and industrial cities in transition

Example of successful privatization:

• Production of cement: Holcim Serbia Novi Popovac/Paraćin, Lafarge Beočin, Titan Cementara Kosjerić

• Tobacco and cigarette industry: Philip Morris Internacional Niš, British American Tobacco Vranje...

• Brewery: Apatin (InBev, later StavBev, now part of Molson Coors Central Europe), Carlsberg Čelarevo, Efes Weifert Pančevo, Zaječar, Heinken international Novi Sad etc,

• Chemistry and pharmacy industry: Henkel in Belgrade, Kruševac, Indjija, Hemofarm (Stada Group) Vršac and Šabac, Actavis Serbia Leskovac, etc.)

• Recently, the automotive industry with complementary industry: FIAT Serbia Kragujevac, Yura Cooperation Rača, Niš, Dräxmaier Zrenjanin, ContiTech Subotica etc...
**Twenty largest investors into Serbia**

<table>
<thead>
<tr>
<th>Company</th>
<th>Country of origin</th>
<th>Activity</th>
<th>Investment amount (mill. EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telenor</td>
<td>Norway</td>
<td>Telecommunications</td>
<td>1,602</td>
</tr>
<tr>
<td>Banca Intesa – Delta banka</td>
<td>Italy</td>
<td>Finance</td>
<td>1,355</td>
</tr>
<tr>
<td>Gazprom Neft - NIS</td>
<td>Russia</td>
<td>Oil and Gas</td>
<td>947</td>
</tr>
<tr>
<td>Fiat Automobili Serbia</td>
<td>Italy</td>
<td>Automotive</td>
<td>940</td>
</tr>
<tr>
<td>Delhaize</td>
<td>Belgium</td>
<td>Retail</td>
<td>933</td>
</tr>
<tr>
<td>Philip Morris DIN</td>
<td>SAD</td>
<td>Tobacco Industry</td>
<td>733</td>
</tr>
<tr>
<td>Stada - Hemofarm</td>
<td>Germany</td>
<td>Pharmaceutical Industry</td>
<td>650</td>
</tr>
<tr>
<td>Mobilkom - VIP Mobile</td>
<td>Austria</td>
<td>Telecommunications</td>
<td>633</td>
</tr>
<tr>
<td>Agrokor</td>
<td>Croatia</td>
<td>Food, Drink and Agriculture</td>
<td>614</td>
</tr>
<tr>
<td>Raiffeisen bank</td>
<td>Austria</td>
<td>Finance</td>
<td>500</td>
</tr>
<tr>
<td>Merkator</td>
<td>Slovenia</td>
<td>Trade</td>
<td>500</td>
</tr>
<tr>
<td>Salford Investment Fund</td>
<td>United Kingdom</td>
<td>Food, Drink and Agriculture</td>
<td>500</td>
</tr>
<tr>
<td>Eurobank EFG</td>
<td>Greece</td>
<td>Finance</td>
<td>500</td>
</tr>
<tr>
<td>StarBev– Apatinska pivara</td>
<td>SAD</td>
<td>Food, Beverage and Agriculture</td>
<td>487</td>
</tr>
<tr>
<td>CEE / BIG shopping centers</td>
<td>Israel</td>
<td>Real Estate</td>
<td>470</td>
</tr>
<tr>
<td>National Bank of Greece –</td>
<td>Greece</td>
<td>Finance</td>
<td>425</td>
</tr>
<tr>
<td>Vojvodinska banka</td>
<td>France</td>
<td>Finance</td>
<td>264</td>
</tr>
<tr>
<td>Crédit Agricole Srbija</td>
<td>Italy</td>
<td>Insurance and pensions</td>
<td>220</td>
</tr>
<tr>
<td>Fondiaria SAI</td>
<td>Russia</td>
<td>Oil and gas</td>
<td>210</td>
</tr>
<tr>
<td>Lukoil - Beopetrol</td>
<td>United Kingdom</td>
<td>Tobacco industry</td>
<td>200</td>
</tr>
<tr>
<td>British American Tobacco</td>
<td>United Kingdom</td>
<td>Tobacco industry</td>
<td>200</td>
</tr>
</tbody>
</table>

Towards revitalization of industrial cities

Strategic documents of the Republic of Serbia adopted in period 2001-2012:

http://www.gs.gov.rs/english/strategije-vs.html
Towards revitalization of industrial cities

Business infrastructure - has been recognized as a tool for intensifying economic development: to attract investment, increase of employment, increase business competitiveness and territorial competitiveness.

The types of business infrastructure:

• Industrial zones, industrial and technology parks, free zones, business incubators, etc.

• And brownfield, greenfield and mixed (brownfield - greenfield) type in depending on the status of the use of location and type of investment at the location business infrastructure
Today

- Industrial zones in urban centers (existing and new)
- But, only:
  1. The Public Enterprise "Economic & Technological Parks Subotica" (established 2010, 5 location, area 300 ha)
  
  http://www.ptp.rs/en/location.html

2. Industrial technological park, Vršac (area 27 ha, Intended use: SME sector development. Suitable for light industrial metal and prefabrication work, limited chemical and textile industries.)
Science – technology parks

Today

SCIENCE & TECHNOLOGY PARK
ZEMUN – BELGRADE, SERBIA

WITH
RESEARCH & DEVELOPMENT CENTER
AND MEMBERS
SMALL & MEDIUM ENTERPRISES

INCUBATOR OF TECHNOLOGIES AND NEW BUSINESSES

Science and Technology Park
Zvezdara (Belgrade)

Science and Technology Park
Niš (in building)

Science and Technology Park,
phase I, Novi Sad

Embassy Techzones IT Park,
Indjija (in building)
<table>
<thead>
<tr>
<th>Funkcional incubator</th>
<th>Business Incubator Subotica, Business Incubator Zrenjanin, Business Technology Incubator of Technical Faculties Belgrade (Palilula) Business Innovation Center Kragujevac Business Incubator Center Prokuplje Business Incubator Ltd Krusevac Incubator Center Nis Business Incubator Center Knjazevac Business Incubator Center Bor Business Incubator Center &quot;Rtanj&quot; Boljevac Business Incubator Center Užice Business Incubator Center Vranje Incubator Center for Entrepreneurship Development Raca Business Incubator Zrenjanin Business Incubator Novi Sad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered incubators (in the phase of choosing enterprises - tenants)</td>
<td>Nonprofit Development Center Incubator Korrak Ltd Rakovica, Beograd Business Incubator Center Medvedja Business Incubator Center Senta</td>
</tr>
<tr>
<td>Cities that have initiative for establishment of incubator</td>
<td>Pencevo Valjevo Kraljevo</td>
</tr>
</tbody>
</table>

Map of free zones in Serbia

**Free zone “Novi Sad”**
- Belarus-Agropanonka, assembly and storage of tractors
- NIS Gazprom Neft - part of Oil Refinery Novi Sad

**Free zone “Šabac”**
- SBE Serbia (Vescovini Group), production of car parts

**Free zone “Užice”**
- Copper mill Sevojno, production of copper and copper alloys
- Impol Seval Aluminium Rolling Mill a.d. Sevojno
- Atlas, manufacture of furniture
- Copper Com, trading and production of copper

**Free zone “Kruševac”**
- Trayal Corporation, production of rubber and chemical products

**Free zone “Zrenjanin”**
- Kolpa – production of bathtubs, shower cabins and hydro massage appliances
- LK Armature, production of steel pipes
- Dräxlmaier Automotive, production of parts for automobile industry

**Free zone “Smederevo”**
- Metech, production of sheet metal

**“FAS Free Zone” “Kragujevac”**
- FIAT Automobiles Serbia, automobile industry
- subcontractors of FIAT Automobiles Serbia: Magneti Marelli, Magneti Marelli Automotive, Sigit, H.T. & L.Fitting Serbia, Johnson Controls Automotive, JCMM Automotive, PMC Automotive

Source: Ministry of Finance of the Republic of Serbia. Free Zones Administration
www.usz.gov.rs
Example of revitalization - City of Kragujevac

BASIC INFORMATION
• Macro - regional center of Serbia
• The fourth largest city in Serbia
• Total population of 177 456 inhabitants, area of 835 km²
• University Center - 11 faculties

Support to development:

Institutions:
• Regional Chamber of Commerce Kragujevac
• Regional Development Agency for Economic Development Šumadije and Morava REDASP
• National Employment Service
• Local economic development office . . .

Strategy and development documents:
• Spatial plans of City of Kragujevac
• General Plan “Kragujevac 2015”
• Strategic plan of local economic development of the City of Kragujevac between 2007. and 2011.
• Catalog of Brownfield locations Šumadija and Pomoravlje . . .
Example of revitalization - City of Kragujevac

Types of business infrastructure:
- Several industrial zone, brownfield and greenfield locations
- Fiat Automobiles Serbia AS Free Zone, Free Zone Svilajnac (around)
- Business incubators: Business Innovation Centre Kragujevac, Incubator Centre for Entrepreneurship Development Raca (around)
- Clusters: Cluster of Flowers "Šumadijski flower", Cluster of furniture "Netwood", "Regional Automotive Cluster of Central Serbia"

Business Base on important and prospective companies: Wood processing, Food industry, Medical equipment, Textile and shoes, Metal processing sector, IT sector, Construction Sector, Trade and services.

Brownfield conversion from military to industrial facilities


