

TOWARDS REVITALIZATION OF INDUSTRIAL CITIES IN SERBIA

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Basic information of Serbia

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

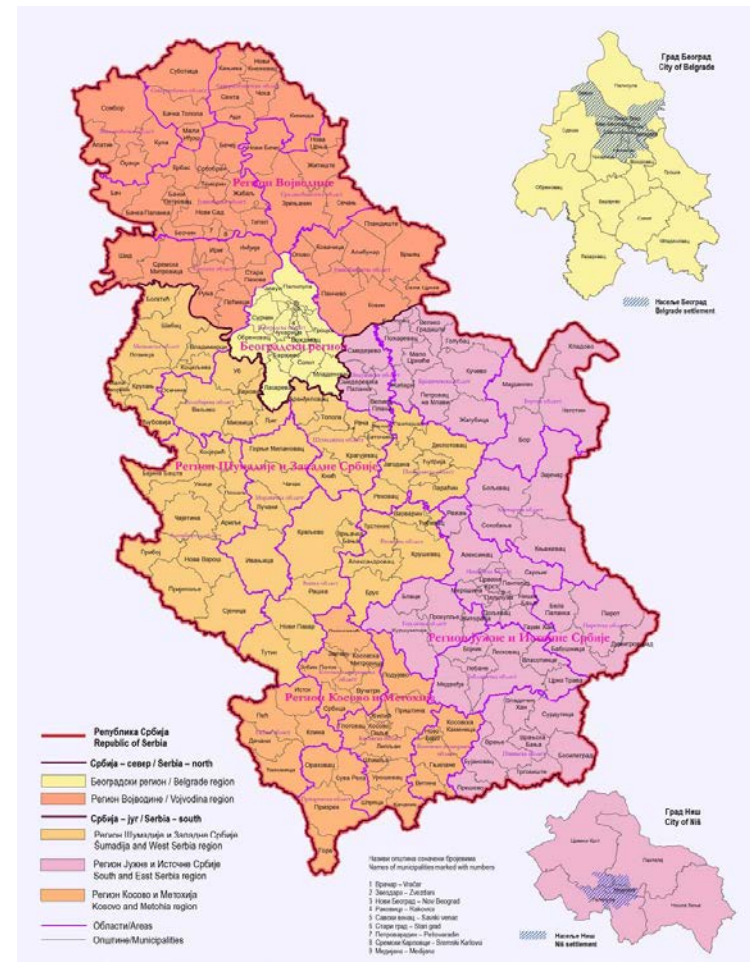


Figure 1. Municipalities and cities of the Republic of Serbia by areas and regions

Retrieved from: 2011 Census of Population, Households and Dwellings in the Republic of Serbia - Age and sex. Statistical Office of the Republic of Serbia.

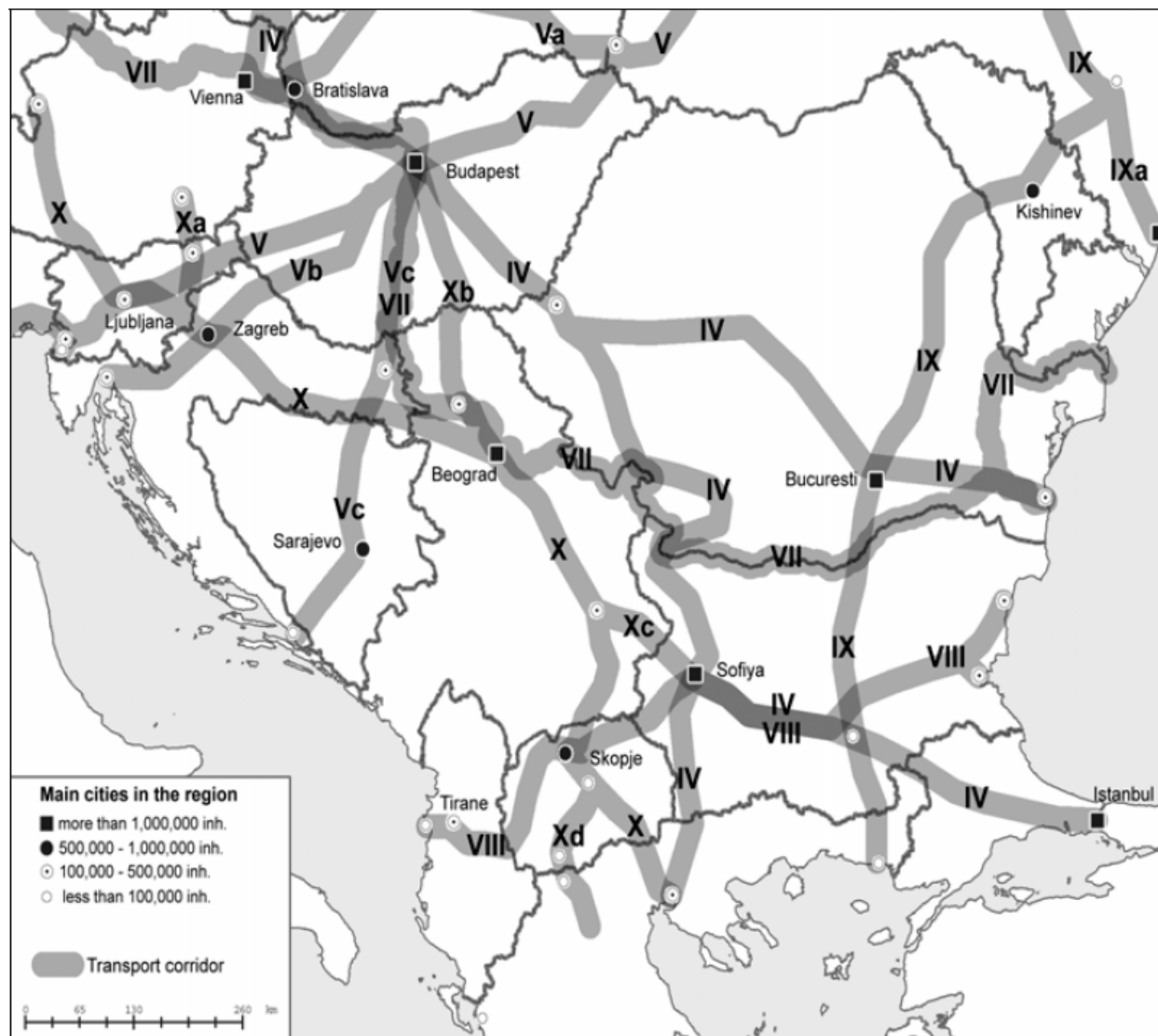


Figure 2. Pan-European corridors in SE Europe

Retrieved from: Grčić M., Ratkaj I. (2004). Transport Corridors as a Factor of Integration in South-Eastern Europe. Collection of papers of Geographical Institute "Jovan Cvijić" SASA 53.

Transition in Serbia

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)

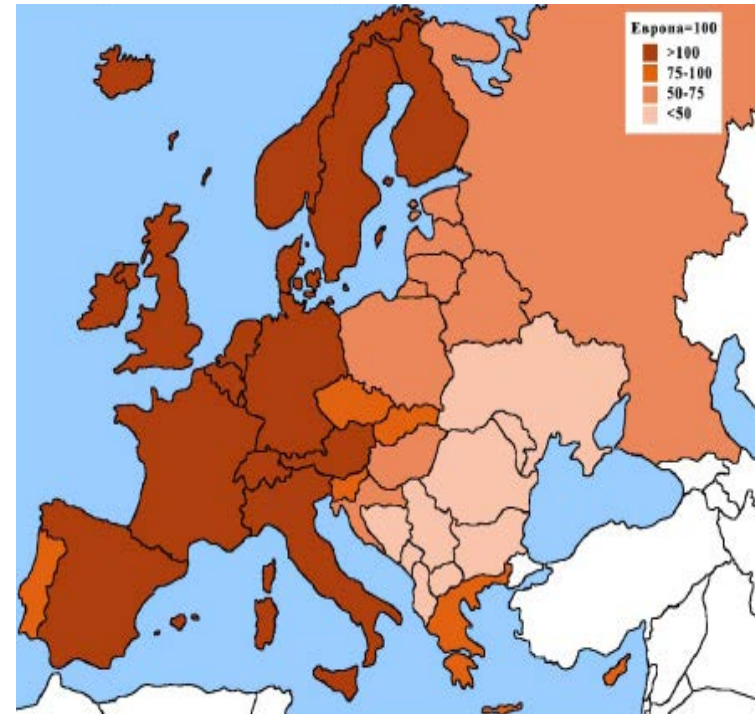
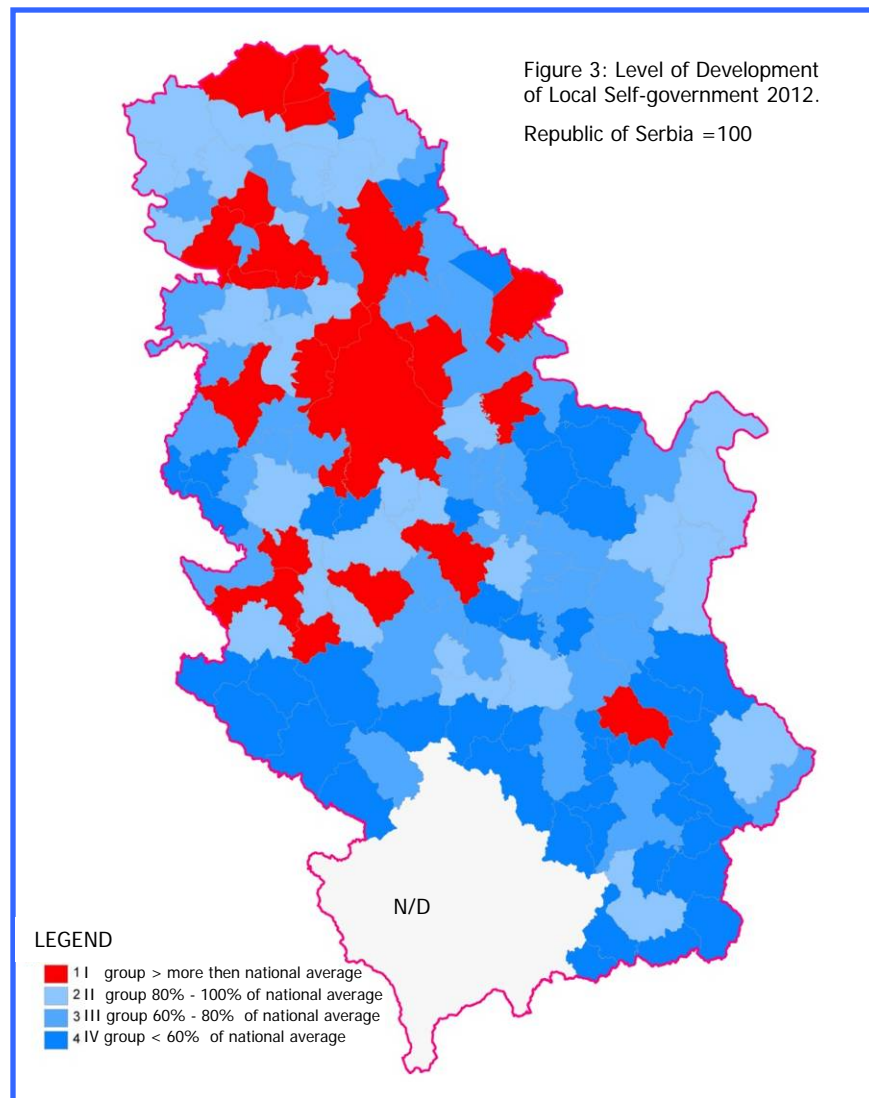


Figure 2: GDP per capita (in PPP \$)

Retrieved from: Serbian Development Report 2012.
Ministry of Regional Development and Local Self-government, 2013.

Level of Development of Local Self-government (LS) 2012.



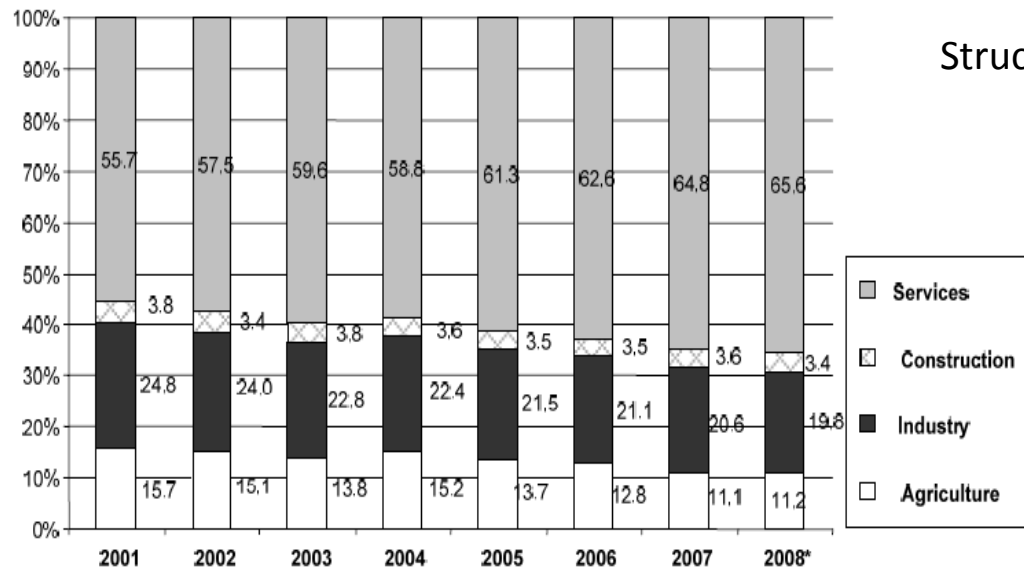
Source: The Regulations on establishing a methodology for calculating the degree of development and local self-government units, and on establishing a single list of regional development and local self-government units, 2012.

Regional competitiveness

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

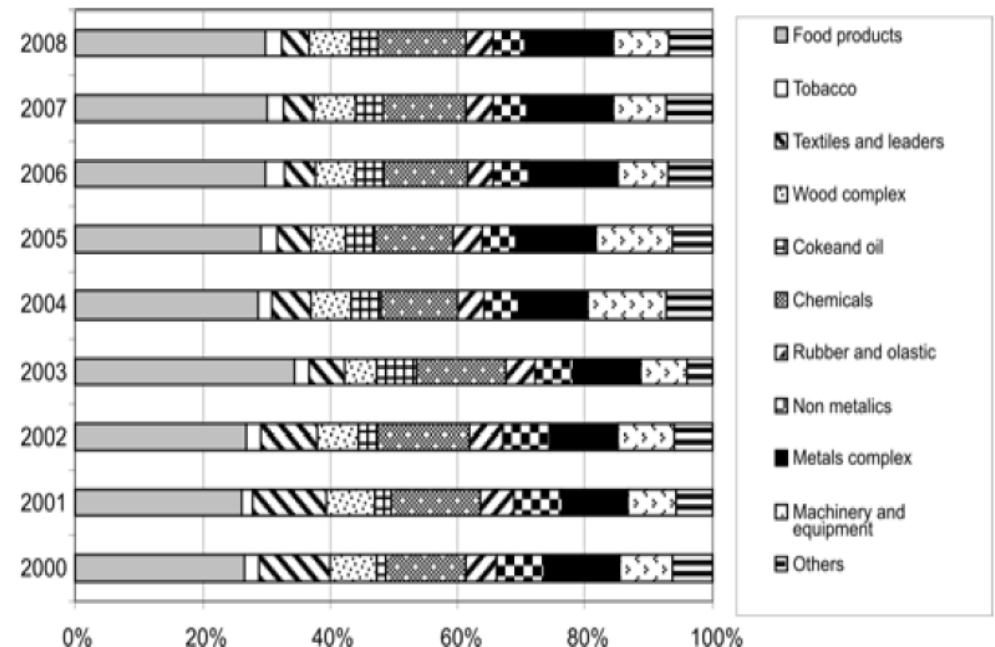
Source: Vukovic, D. (2013a). Model of regional competitiveness: theoretical-methodological analysis and possibilities of application in Serbia

Structure GVA -

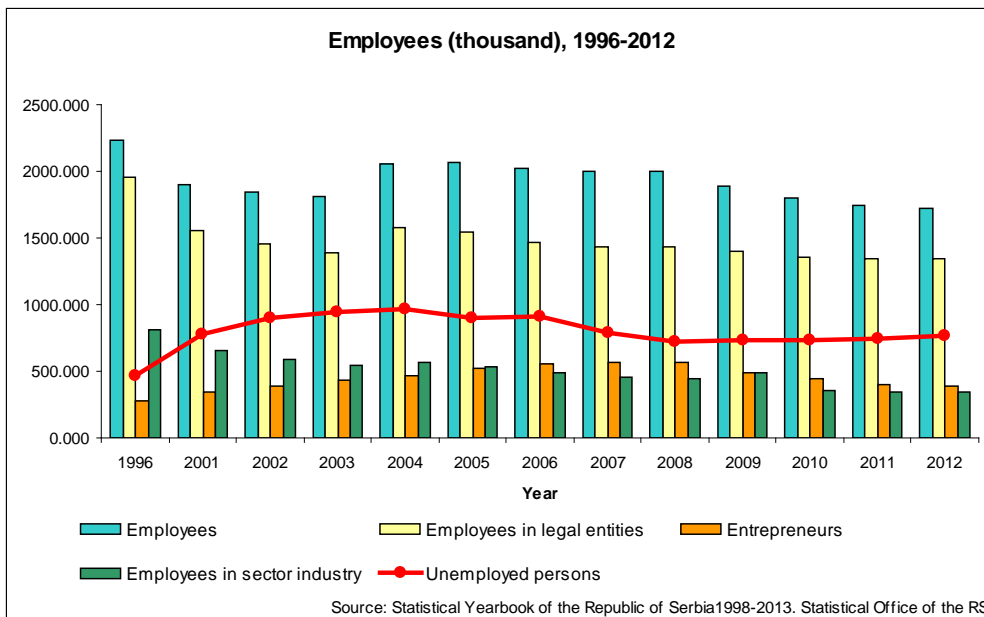


Structural Changes in Serbian Economy 2001-2008

Structure of Manufacturing 2000-2008



Retrieved from: Jakopin E., Bajec J. (2009). Challenges of Industrial Development of Serbia. Panoeconomicus 4.



- 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.

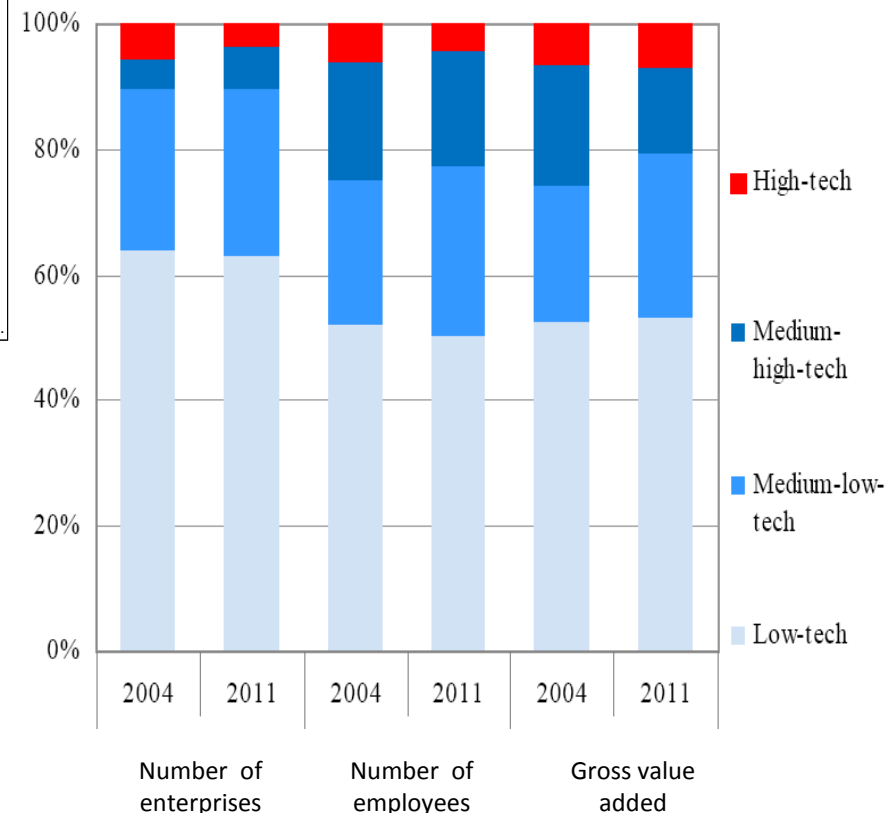


Figure 4. The tehnology structure if the industry

Retrieved from: Serbian Development Report 2012. Ministry of Regional Development and Local Self-government, 2013.

Size of industrial centre (number of industrial workers)	Number of industrial centers1996.	Number of industrial centers 2008.
1. Metropoliten-industrial centre >50,000 employees	1 (Beograd)	1 (Beograd)
2. Large industrial centres (20,000-50,000 employees)	8 (Novi Sad, Niš, Kruševac, Subotica, Kragujevac, Pančevo, Smederevo i Leskovac)	1 (Novi Sad)
3. Medium industrial centres (10,000-20,000 employees)	17 (Zrenjanin, Kikinda, Sombor, S.Mitrovica, Lazarevac, Požarevac, Užice, Kraljevo, Čačak, Šabac, Loznica, Valjevo, Trstenik, Jagodina, Bor, Vranje, Pirot, Priština)	4 (Subotica, Pančevo, Kragujevac, Niš)
4. Medium industrial centres (5,000-10,000 employees)	26	18 (Kikinda, Zrenjanin, Pančevo, Valjevo, Šabac, Valjevo, Smederevo, Požarevac, Jagodina, Trstenik, Užice, Čačak, Kraljevo, Kruševac, Pirot, Leskovac, Vranje, Bor)
5. Small industrial centres (1,000-5,000 employees)	125 (with Kosovo)	55 (without Kosovo)

Retrieved from: Zeković S. (2009), Regional competitiveness and territorial industrial development in Serbia. *Spatium International Review*, 21.

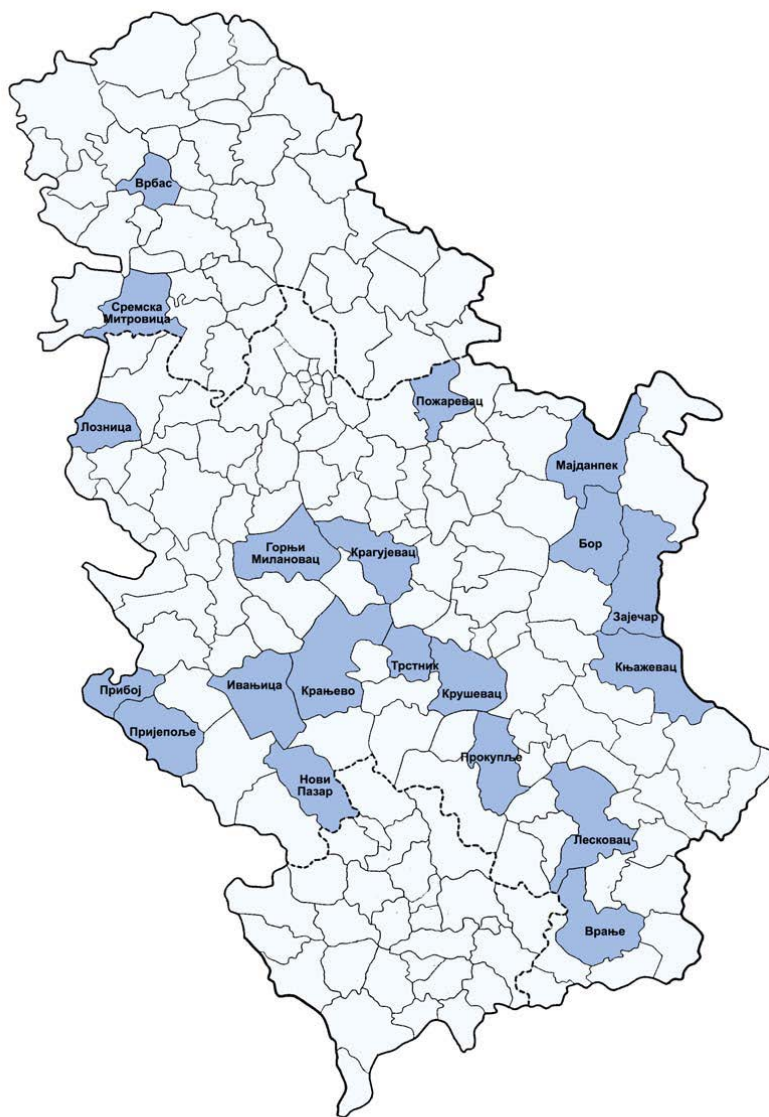
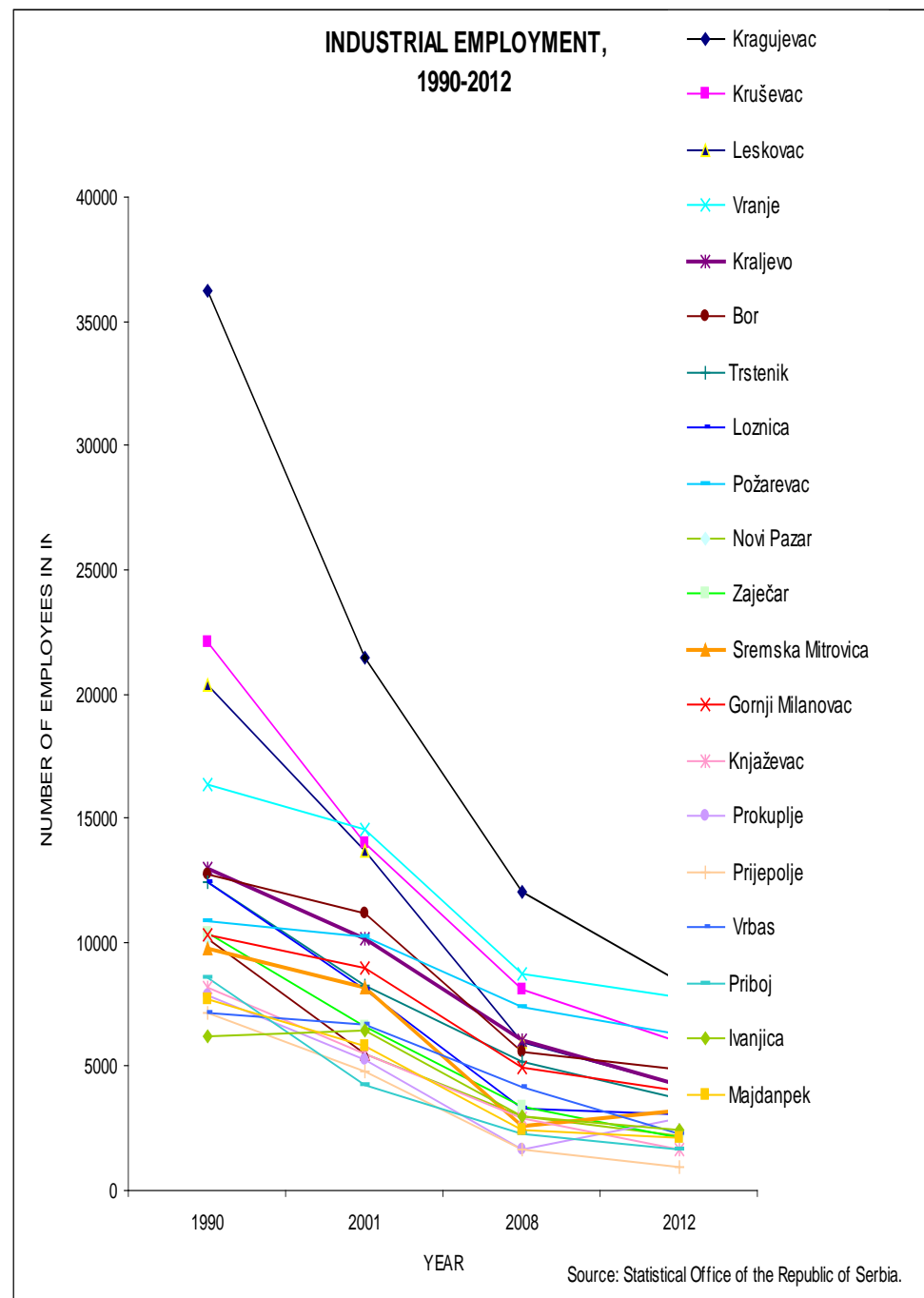


Figure 5. Industrial devastated areas 1990-2007
Retrieved from: Jakopin E., Devetaković S. (2009).



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

Company	Country of origin	Activity	Investment amount (mill. EUR)
Telenor	Norway	Telecommunications	1602
Banca Intesa – Delta banka	Italy	Finance	1355
Gazprom Neft - NIS	Russia	Oil and Gas	947
Fiat Automobili Serbia	Italy	Automotive	940
Delhaize	Belgium	Retail	933
Philip Morris DIN	SAD	Tobacco Industry	733
Stada - Hemofarm	Germany	Pharmaceutical Industry	650
Mobilkom - VIP Mobile	Austria	Telecommunications	633
Agrokor	Croatia	Food, Drink and Agriculture	614
Raiffeisen bank	Austria	Finance	500
Merkator	Slovenia	Trade	500
Salford Investment Fund	United Kingdom	Food, Drink and Agriculture	500
Eurobank EFG	Greece	Finance	500
StarBev – Apatinska pivara	SAD	Food, Beverage and Agriculture	487
CEE / BIG shopping centers	Israel	Real Estate	470
National Bank of Greece – Vojvođanska banka	Greece	Finance	425
Crédit Agricole Srbija	France	Finance	264
Fondriaria SAI	Italy	Insurance and pensions	220
Lukoil - Beopetrol	Russia	Oil and gas	210
British American Tobacco South East Europe	United Kingdom	Tobacco industry	200

<http://www.pks.rs/SADRZAJ/Files/CMIP/Brosura%20PKS%20en.pdf>

Examples of Largest Foreign Investors in Serbia - SIEPA research 2011



Source: Investor's Profile Serbia, SIEPA, Beograd, 2011.

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

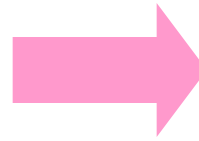
Business infrastructure - has been recognized as a tool for intensifying economic development: to attract investment, increase of employment, increase business competitiveness and territorial competitiveness.

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

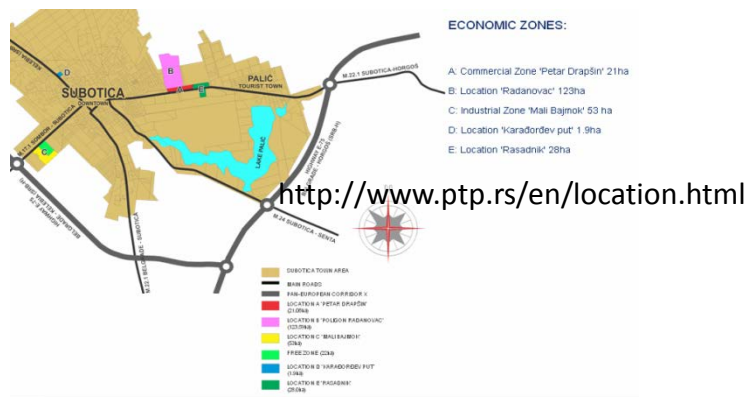
- Industrial zones in urban centers (existing and new)

Today

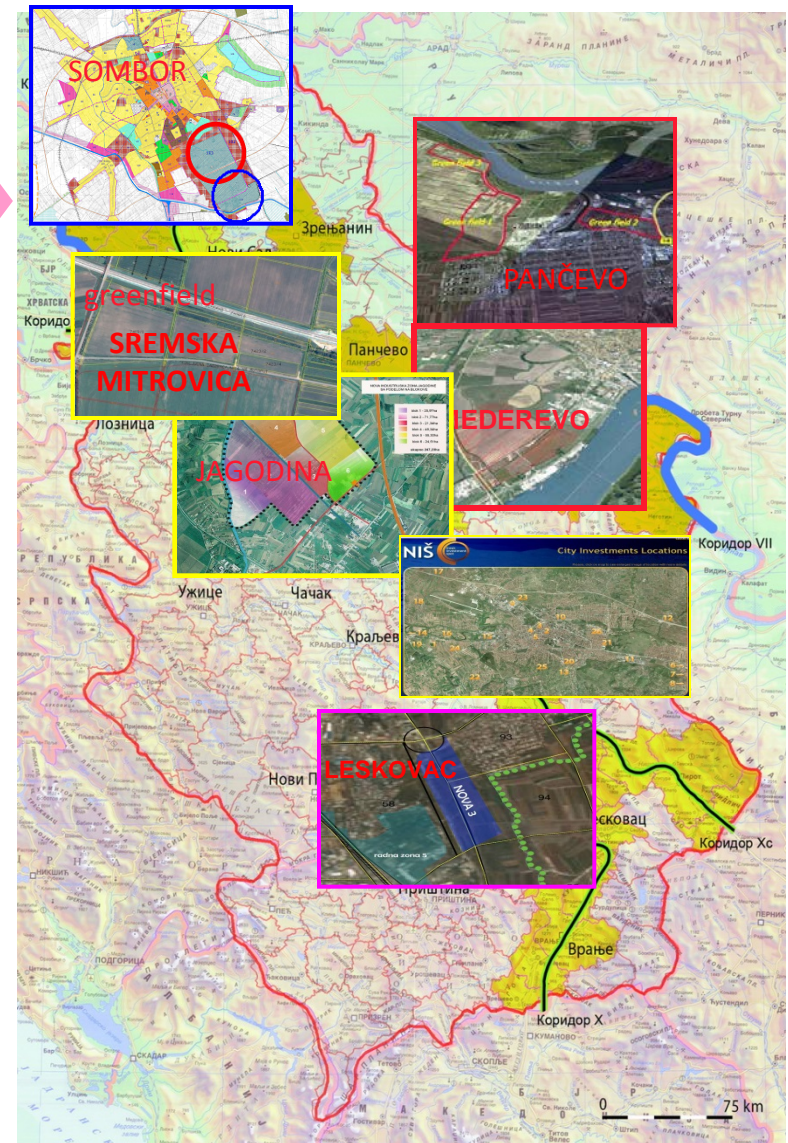


- But, only:

1. The Public Enterprise "Economic & Technological Parks Subotica" (established 2010, 5 location, area 300 ha)



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



Naučno-tehnološki park – Niš
**Science and Technology Park
Niš (in building)**



Naučno-tehnološki park – Novi Sad
**Science and Technology Park,
phase I, Novi Sad**



**Embassy Techzones IT Park,
Indija (in building)**



Serbian Business Incubator Network

<p>Funkcional incubator</p>	<p>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 "Rtanj" Boljevac Business Incubator Center Užice Business Incubator Center Vranje Incubator Center for Entrepreneurship Development Raca Business Incubator Zrenjanin Business Incubator Novi Sad</p>
<p>Registered incubators (in the phase of choosing enterprises - tenants</p>	<p>Nonprofit Development Center Incubator Korrak ltd Rakovica, Beograd Business Incubator Center Medvedja Business Incubator Center Senta</p>
<p>Cities that have initiative for establishment of incubator</p>	<p>Pancevo Valjevo Kraljevo</p>



<http://www.bitf.rs/cms/item/clubs/sr/networks/incubators.html>

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 "Subotica"

- **Loher Elektro (SIEMENS)**, production of parts for wind power generators
- **Dunkermotoren GmbH**, production of motors for blinds
- **Norma Group**, production for industrial applications and distribution
- **Contitech Fluid Serbia**, production of parts for automobile industry

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**

Free zone "Pirot"

- **Michelin – Tigar Tyres**, production of car tyres
- **Tigar Rubber Footwear**, production of footwear and rubber products
- **Tigar Technical Rubber**, production of rubber products
- **Novadis**, production of sport fishing accessories
- **Elisa Pro**, production of herbal and cosmetic products
- **RBL**, production of food products packaging

Example of revitalization - City of Kragujevac

<http://www.kragujevac.rs/>

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:

- Sustainable Development Strategy Šumadije and Morava 2011-2021.
- 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 . . .

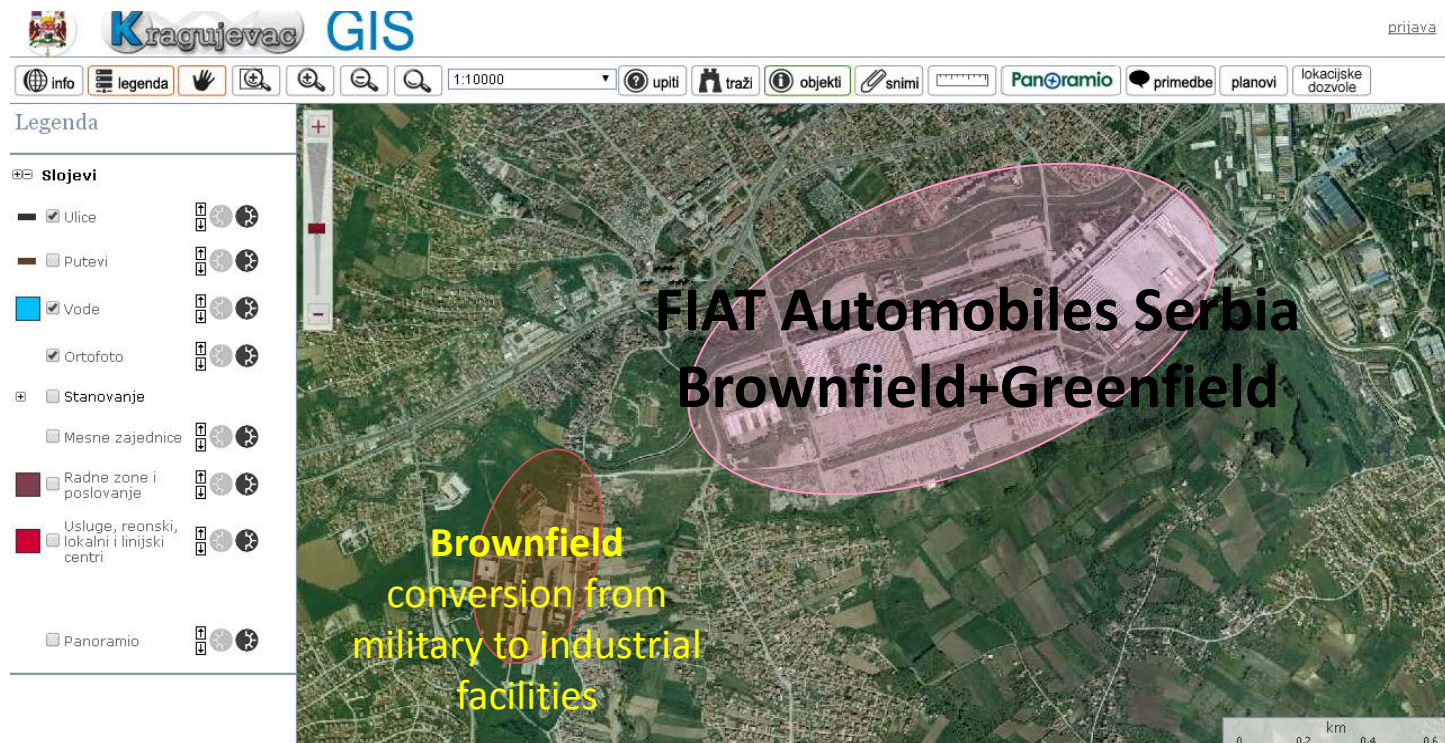


Example of revitalization - City of Kragujevac

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.



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www.horizonti.ekfak.kg.ac.rs/sites/default/files/Casopis/2013_3/EN/Darko_Vukovic_EN.pdf
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