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# DYNAMIC GROWTH AND CONTINUATION OF REFORMS

**E**conomic growth in the province is picking up, and this year, we are recording better results than previous years. FDIs are especially important for creation of new jobs which lead to lower unemployment and higher living standard. Combating shadow economy is the key step towards establishing a predictable and stable business environment and fair market game.

## How would you rate Vojvodina's economic environment?

— Economic growth in the province is picking up, and this year, we are recording better results than previous years. In the first six months of 2017, we recorded positive tendencies relative to the same period last year. Industrial production grew by almost 6%, while external trade went up by almost 19%. In order to have an even more dynamic economic development in the following period, we need to expedite reforms particularly in restructuring and modernization of companies, production standardization, efficient competitiveness policy and infrastructure. In order to raise competitiveness in existing companies, we also need to implement energy efficiency measures which are not expensive and yet often result in saving energy which, in turn, reduces input in forming prices.

## How much did the strong FDI influx in Vojvodina change the province's economic fabric?

— Vojvodina is an attractive area for in-

vestments of large foreign companies because it has a long industrial tradition, good workforce and big potential, particularly in agriculture.

According to the data collated by the Vojvodina Development Agency (RAV), in the last 16 years, 230 foreign companies invested 8.4 billion EUR in Vojvodina's economy and hired 71,500 workers. Companies operating in the province are mostly export-oriented and have been strongly contributing to the higher export from Vojvodina. Apart from agriculture, which received the highest investments, the biggest growing sector is automotive which employs 11,300 workers. A number of German companies are operating in this sector, which also makes it an economic sector with the brightest future.

We are also competitive in agribusiness because of huge natural resources, a long agricultural tradition, good climate, and the favourable ratio between the size of available arable land and a number of people engaged in agriculture. IT is certainly one of the most promising sectors too. It is worth mentioning that Vojvodina is a region with a substantial natural potential in terms of renewable energy resources, especially biomass.

## How important were these investments for boosting domestic economy?

— FDIs are especially significant in terms of creating new jobs, which, in turn, lead to lower unemployment and higher living standard. Domicile com-

panies are hired as suppliers and business partners to foreign companies that operate here. This leads to a higher production volume in our companies which directly boosts export. Not only that, the competitiveness of domicile companies on foreign market also grows, as does production through technology transfer. Additionally, new company and production management methods are introduced.

Apart from potentially strong effects on the economic growth of a country in which foreign investors are investing, FDIs also promote environmental protection, positively affect long-term sustainability of economic growth, and create a possibility for achieving sustainable development. It is also important to mention that the said effects spill over into all connected companies in the production and supply chain, which, speaking long term, leads to higher competitiveness of the entire economy.

#### **What are today the most important priorities in domicile companies?**

— First and foremost, business people in our country want a stable political and economic environment, and to know conditions under which their companies will operate. Infrastructure is one of the most important prerequisites for sustainable economic development which is also an incentive factor for expedited economic growth.

Creating opportunities for new investments in construction of new energy sources directly affects infrastructural policies. Dual education, i.e. building stronger ties between business and education sector, is one of the priorities of our economy.

#### **What are the initial effects of the new organization of the chamber system?**

— The new Law on Chambers of Commerce, which stipulates establishment of a single system of chambers of commerce, has introduced organizational changes into the existing system. Instead of 11 individual associations, the Vojvodinian Chamber of Commerce (PKV) now has only three – services, agriculture and industry. In order for this single chamber system to be sustainable, we need to continuously work and cooperate with all relevant partners – both institutions and business people. This is exactly what the new organization has achieved.

In the following period, we are going to form groups in different associations. Through these groups, which are a way of direct networking between PKV members, businesses will be given more opportunities to voice concrete problems that they are encountering in their work operations.

#### **How would you rate the cooperation with the provincial government and other institutions which are important for economic development?**

— In order to improve conditions for doing business, and develop Vojvodina's economy, PKV has established an official cooperation with the provincial government which stipulates joint activities. We

growth. If we take a look at the chamber system, with the Serbian Chamber of Commerce (PKS) as an umbrella institution, we can see that we have a harmonious and open communication which is a prerequisite for strong collaboration. PKV has been working hard on establishing firm ties with other chambers of commerce in the region, i.e. namely in Hungary, Romania, Bosnia and Herzegovina, Slovenia, and Montenegro. By doing so, we are not only connecting economic institutions in the region, but also paving new roads towards connecting markets, while economies now have new communication channels which are necessary for improving economic climate.

#### **Which measures do you consider the most important for improving the business climate in the province?**

— That is definitely improving investment environment in order to attract as many FDIs as possible, and creating a stimulating environment for growth and development of entrepreneurship and SMEs, and for increasing and re-structuring of export. Also, we need an education reform to suit the demands of the labour market. Furthermore, we need to improve the quality of rural life in order to boost employment in our villages and stop depopulation. Then there is improving cooperation and networking (clusters, associations), and reducing unemployment through development and promotion of tourism, especially in rural areas. Combating shadow economy is the key step towards establishing a predictable and stable business environment and fair market game. ◀

## INVESTMENTS

### CREATING OPPORTUNITIES FOR NEW INVESTMENTS IN CONSTRUCTION OF NEW ENERGY SOURCES DIRECTLY AFFECTS INFRASTRUCTURAL POLICIES

have an excellent communication and cooperation with the provincial government. I believe that key to success lies in team work, hence we have been cooperating with many institutions too – provincial funds, higher learning institutions, associations, clusters, and various business associations. I also think that education is of utmost importance for smart economic

