

Ernst Bode, President of the German Economic Delegation in Serbia and CEO of Messer Tehnogas

ACCELERATED REFORMS

Ernst Bode is careful when he talks about new investments, particularly those in the banking sector



Viewing the situation in Serbia from a perspective which offers both good and bad, Ernst Bode is opti-

mistic about the long-term prospects and the future of German-Serbian business co-operation.

■ **Mr. Bode, you chair one of the**

most active chambers of economy in Serbia. What are your goals and priorities?

□ The German Business Association in Serbia represents about 140 companies with a total of about two billion euros in annual revenues and approximately 13,000 employees. It is our goal to create value for our members by providing information, training, networking and a joint position on issues of general concern.

■ **Germany is one of the foremost investors in Serbia's economy. Do you believe your investments have lived up to their full potential?**

□ German companies were among the first that began investing in Serbia (e.g. Messer purchased the majority of Tehnogas and entered the Serbian market as early as 1997). However, investments have not yet achieved their full potential. This is also partly influenced by the general economic situation, which is slowing most business activities down.

■ **Where do you see space for improvements in the investment area?**

□ Besides the general improvement which will inevitably follow after the world crisis begins to subside, other improvements will surely take place after investing in the development and revival of Serbian industry and agriculture, after the adoption and implementation of new, modern laws and the cancelation of old, inapplicable

ones, which will hopefully speed up necessary procedures. Foreign investments can achieve their full potential only if the country's economy becomes stronger and more competitive.

■ **Are you and your members generally satisfied with the business conditions in Serbia; do you believe Germany's role as one of the biggest investors in the region is being taken into account adequately?**

□ Our members are generally satisfied with their investments in Serbia, although the level of satisfaction has been decreasing during the last few years compared to other countries in Eastern Europe. The reasons for this lie in the often long and painful administrative procedures and the lack of interest on the side of the local administrations and utility providers, etc., to solve the issues and remove obstacles swiftly and efficiently.

Generally, I believe that the German contribution, which is most significant not only in terms of direct investments but also in terms of project financing, donations and political support, tends to be underestimated. Of course, that is also a shortfall on the side of the sender.

■ **German companies entered Serbia immediately after the sanctions were lifted. How do you see the relations between the two countries' economies?**

□ Germany is the biggest economy in Europe and is geographically closer to Serbia than most other big econo-

mies. The two countries have traditional, very long and strong economic relations. German technology has influenced Serbia more than any other country and Germany is the biggest trade partner of Serbia, if oil and gas are excluded. So, it was a logical step for German companies to enter Serbia and, although a lot has been done, I think there is still potential to do a lot more.

■ **The Serbian market has not yet seen the arrival of major German banks, which were to follow the arrival of German interests in Serbia. When can we expect this to happen?**

□ Unfortunately, it seems that, despite the good margins in the banking sector, Serbia is currently not attractive to German banks and I believe

of them implement these standards in the areas of health and safety, environmental protection and corporate governance as part of their worldwide company policies. This has a positive impact on local business partners and the general business climate in Serbia. To reinforce this trend, it is important to apply EU standards in Serbia and, thus, maintain a level playing field. It would neither be in the interest of German companies, nor the Serbian economy at large, if the companies that are applying EU standards are placed at a disadvantage.

■ **What hampers the arrival of new German investors and the expansion of existing ones the most?**

□ At the moment, new investments and the extension of existing ones is a very rare occurrence all over the world. I think that Serbia is generally attractive and that the investments will come, but for the moment everyone is still under the influence of the great crisis. Serbia could, in the near future, profit more than others from a recovery in the world economy if some smart measures are taken. The sharp economic downturn was triggered by external factors outside Serbia. At the same time, the crisis revealed Serbia's vulnerability and internal deficits. In order to be in a good starting position once the world economy picks up again, reforms should be accelerated.

■ **After 12 years in Serbia, Messer became a significant factor in the Serbian economy. When you compare**

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that in the near future we will not see big German investments in this segment, which I believe does not exclude smaller engagements in some aspects of banking.

■ **How do you see the impact of your association on Serbia's economy and local companies, when it comes to bettering the general understanding of EU standards?**

□ Our members are generally familiar with the EU standards and most

INVESTMENTS

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SUPPORT

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EU STANDARDS

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Messer's potential in Serbia with the achievements so far, what do you see?

□ As any other company, we depend on the wellbeing and success of our customers, so we can be as good as the general business environment around us. Comparing Serbia with Western Europe, but also with some neighboring countries, I think there is a significant potential for growth and positive economic improvement. We shall hopefully all prosper from this after Serbia regains and develops its economic strength.

■ What are the most significant plans of Messer Tehnogas in Serbia for 2010?

□ Messer Tehnogas plans to maintain its strong and solid position in the Serbian market and continue growing and improving together with its customers and clients. On the internal plan, since the end of 2008 and throughout 2009, despite the difficult economic situation, there was no cutting of the number of employees in the company, and even the salaries were slightly higher compared to previous year level, which is also the plan for the following year. Furthermore, along with entering new markets, the plans for next year also include introducing new applications of gases in many industrial branches for a more effective production, environmental protection, production safety, quality, etc., and supporting our customers in their advancement and expansion.

■ You are the most significant supplier of oxygen to hospitals in Serbia, including oxygen tanks. Do you find the changes you have to make in infrastructure significant and do they ever seriously obstruct the supply?

□ Messer Tehnogas supplies medical oxygen as well as nitrous oxide (laughing gas), used as an anesthetic during surgeries, to Serbian hospitals and medical institutions and is the single producer of these medical gases in Serbia. Other companies from this field import medical oxygen and nitrous oxide and only fill cylinders in Serbia.



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Messer Tehnogas is also the only company in the country with the European Union GMP certificate for these two gases and three certified laboratories. Besides supplying gas, the company also installs tanks for storing liquefied gases and builds gas supply installations and pipelines for the internal supply directly on customer's sites. The changes in the infrastructure, however significant they are, never obstruct the supply and the hospitals and medical institutions always have what they need when they need it.

■ For several years now, Messer has been the recipient of the award "Best from Serbia" in the category of foreign companies on the domestic market.

What do you believe makes Messer so distinctive in the eyes of Serbia's business community?

□ Messer Tehnogas has received the "Best from Serbia" award four times in a row, from 2005 to 2008, as the best foreign corporate brand in Serbia. It is a company with a very long tradition in the gas industry; Messer is celebrating its 111th anniversary this year, while Tehnogas was founded in 1929 and celebrates its 80th birthday. Over the decades, we have supplied and worked with countless companies and gained the trust of both the business community and the public. But the key to our success are our employees and the work and efforts each of them is putting into making Messer Tehnogas such a distinctive and recognisable brand.

■ What benefits will Messer and other large EU companies have once Serbia enters the EU?

□ Messer will particularly benefit from new environmental legislations, which must trigger significant investments in this field. Besides this specific subject, I believe that if Serbia succeeds in entering the EU with a good economic package and if the Serbian Government acts responsibly and professionally, creates trust and avoids the mistakes of some negative examples in the direct neighbourhood, EU accession will generally jumpstart the economy of Serbia.

■ As a man who is well-familiarised with this region, where do you see Serbia in the next five years?

□ I wish to see Serbia with higher growth rates and productivity improvements than the neighbouring countries, with investments in industry, modern equipment which will help save costs, improved quality and efficiency, which will make goods produced in Serbia competitive on the world markets. Most of all I would like to see the Serbian industry revived and see smart measures that will support the industry instead of permanently harming it and depriving it of any chance to be competitive on the world's markets. ■